

Summary of Business Results for the Second Quarter (Interim period) Ended June 30, 2024 [Japan GAAP] (Consolidated)

August 9, 2024

Company **Sansei Landic Co., Ltd** Listed on the TSE
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 Expected date of filing of quarterly report: August 9, 2024 Expected starting date of dividend payment: September 6, 2024
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the six months ended June 2024

(January 1, 2024 through June 30, 2024)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 2024	12,991	8.4	1,025	-38.1	861	-39.5	573	-39.0
Six months ended Jun. 2023	11,980	46.7	1,656	81.4	1,423	70.9	939	31.7

(Note) Comprehensive income

Six months ended June 2024: 573 million yen (-39.0%)

Six months ended June 2023 :939 million yen (31.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 2024	69.54	-
Six months ended Jun. 2023	114.38	114.26

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Jun. 2024	30,560	12,397	40.6
As of Dec. 2023	30,976	12,076	39.0

(Reference) Shareholders' equity

As of June 2024: 12,397 million yen

As of December 2023: 12,076 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 2023	-	0.00	-	33.00	33.00
Year ending Dec. 2024	-	16.00	-	-	-
Year ending Dec. 2024 (forecast)	-	-	-	25.00	41.00

(Note) Revisions to dividend forecast for the current quarter: No

3. Forecast of consolidated business results for the fiscal year ending December 2024

(January 1, 2024 through December 31, 2024)

(Figures shown in % are the YoY percentage change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Dec. 2024	23,700	1.9	1,800	-16.5	1,500	-15.0	1,000	-15.5	121.35

(Note) Revisions to business forecast for the current quarter: No

*** Notes**

- (1) Significant changes in the scope of consolidation during the period under review: None
- (2) Application of accounting procedures specific to the preparation of the consolidated quarterly financial statements: Yes
- (3) Changes in accounting policies, accounting estimates and restatement
- | | |
|--|--------|
| ① Changes in accounting policies associated with revision of accounting standards: | : None |
| ② Changes in accounting policies other than ① | : None |
| ③ Changes in accounting estimates | : None |
| ④ Restatement | : None |

(4) Shares outstanding (common stock)

- ① Number of shares outstanding at the end of the period (treasury stock included)
- | | |
|---------------------|------------------|
| As of June 2024 | 8,584,900 shares |
| As of December 2023 | 8,584,900 shares |
- ② Treasury stock at the end of period
- | | |
|---------------------|----------------|
| As of June 2024 | 326,434 shares |
| As of December 2023 | 343,992 shares |
- ③ Average number of stock during period (quarterly cumulative period)
- | | |
|----------------------------|------------------|
| Six months ended June 2024 | 8,245,916 shares |
| Six months ended June 2023 | 8,212,220 shares |

***Quarterly financial summary is not subject to auditing procedures by certified public accountants or auditing firms.**

***Explanation regarding the appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deemed reasonable when this report was prepared. Due to various factors, actual results may differ significantly from the forecasts.

I. Qualitative Information on Quarterly Financial Results

(1) Results of Operations

In the second quarter of the current fiscal year, net sales were 12,991 million yen (up by 8.4% YoY), operating income was 1,025 million yen (down by 38.1% YoY), ordinary income was 861 million yen (down by 39.5% YoY), and net income attributable to owners of parent was 573 million yen (down by 39.0% YoY).

Sales and purchases in the second quarter under review are as follows.

① Sales Results

Classification	Number of contracts	YoY (%)	Sales (Million yen)	YoY (%)
Leasehold land	155	-7.7	4,775	-3.8
Old unutilized properties	53	+12.8	7,470	+20.4
Freehold	7	-30.0	528	-12.8
Other real estate sales business	—	—	217	+7.1
Total	215	-4.4	12,991	+8.4

(Note) 1. "Number of contracts" indicates the number of transactions.

- "Classification" of Leasehold land, Old unutilized properties, and Freehold is stated according to the classification at the time of purchase. When leasehold land has changed to freehold with rights adjustment after purchase, this case is included in "Leasehold land" based on the classification at the time of purchase. As for the classification of mixed properties with leasehold land, old unutilized properties, and freehold, properties including leasehold land are classified as "Leasehold land", and properties containing a mix of old unutilized properties and freehold are classified as "Old unutilized properties."
- "Other Real Estate Sales Business" consists of rent income, income from brokerage fees, and commission income from outsourcing.

Although sales of Leasehold land and Freehold decreased, sales of Old unutilized properties increased, resulting in an increase in sales YoY.

② Purchase Results

Classification	Number of lots	YoY (%)	Purchase amount (Million yen)	YoY (%)
Leasehold land	122	-34.8	2,367	-56.1
Old unutilized properties	23	-50.0	4,028	+17.5
Freehold	6	-25.0	706	+123.9
Total	151	-37.3	7,103	-22.3

(Note) 1. "Number of lots" indicates the number of sales lots expected at the time of purchase of the property, such as the number of leaseholders in the case of leasehold land.

- As for the classification of mixed properties with leasehold land, old unutilized properties, and freehold, properties including leasehold land are classified as "Leasehold land", and properties containing a mix of old unutilized properties and freehold are classified as "Old unutilized properties."

In terms of purchases, although there was an increase in the purchase of old unutilized properties and freehold, there was a decrease in the purchase of leasehold land. As a result, the total amount of purchases decreased YoY.

(2) Financial Position

① Status of assets, liabilities and net assets

(Current assets)

Current assets at the end of the second quarter of the current fiscal year were 28,219 million yen, a decrease of 1,302 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 1,218 million yen in cash and deposits and a decrease of 2,628 million yen in real estate for sale.

(Fixed assets)

At the end of the second quarter under review, fixed assets increased by 886 million yen compared to the end of the previous fiscal year to 2,341 million yen. This was mainly due to an increase of 861 million yen in property, plant and equipment and an increase of 16 million yen in intangible fixed assets.

(Current liabilities)

Current liabilities at the end of the second quarter decreased by 749 million yen to 14,996 million yen compared with the end of the previous fiscal year. This was mainly due to a decrease of 1,405 million yen in short-term borrowings, an increase of 787 million yen in the current portion of long-term borrowings, and a decrease of 282 million yen in income taxes payable.

(Fixed liabilities)

Long-term liabilities at the end of the second quarter increased by 12 million yen compared to the end of the previous fiscal year to 3,166 million yen. This is due to a decrease of 49 million yen in long-term loans payable and an increase of 62 million yen in other fixed liabilities.

(Net assets)

Net assets at the end of the second quarter increased by 320 million yen compared to the end of the previous fiscal year to 12,397 million yen due to an increase in retained earnings of 301 million yen.

② Cash Flow Status

Cash and cash equivalents (hereafter, "cash") at the end of the second quarter of the current fiscal year increased by 1,510 million yen compared to the end of the previous year, to 4,225 million yen.

The status of each cash flow and the main factors during the first half of the current fiscal year are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was 3,076 million yen (up 2,164 million yen YoY).

The main components of income were 861 million yen in income before income taxes and 2,625 million yen in a decrease in inventories, while the main element of expenditure was 558 million yen in income taxes paid.

(Cash flow from investing activities)

As a result of investment activities, 626 million yen (down 29 million yen YoY) was used.

The primary source of income was 199 million yen in proceeds from the withdrawal of time deposits. In comparison, the primary sources of expenditure were 853 million yen in payments for the acquisition of real estate for lease, 198 million yen in payments for time deposits, and a decrease of 284 million yen in restricted deposits.

(Cash flow from financing activities)

As a result of financing activities, 939 million yen was used (up 883 million yen YoY).

The primary source of income was 1,780 million yen in proceeds from long-term loans, while the primary sources of expenditure were a decrease of 1,405 million yen in short-term loans and 1,041 million yen in repayments of long-term loans.

(3) Consolidated Business Forecasts and Other Forward-Looking Information

The financial forecasts announced on February 14, 2024 remain unchanged.

Our group has formulated a medium-term plan covering August 2024 to fiscal year 2027. The previous medium-term management plan was a period of qualitative strengthening as we entered a plateau in the wake of the COVID-19 crisis, and thanks to the smooth recovery from the pandemic crisis, our mainstay Real Estate Sales business progressed more than planned, and we achieved our targets of consolidated operating income of 1.8 billion yen, consolidated ordinary income of 1.65 billion yen, and ROE of 9.0% one year ahead of schedule (for the fiscal year ended December 2023).

In our new medium-term management plan, we have set out a long-term vision of "solving a wide range of social issues related to real estate", and we will work to expand our business in a way that leads to the resolution of social issues. To this end, we will work further to strengthen our existing businesses over the next three years while also focusing on creating new businesses for stable medium- to long-term growth. We will also work to strengthen our management base and shareholder returns. Our targets for the final year of the plan are a consolidated operating income of 2.0 billion yen, a consolidated ordinary income of 1.65 billion yen, and an ROE of 9.0-12.0%.

I Strengthening existing businesses

In our existing businesses, we have organized our long-term vision, have extracted the components that should be strengthened over the next three years, and will promote initiatives aimed at business expansion.

(Leasehold land business)

In the Leasehold land business, we will consider market disparities to determine which branches to strengthen. We will then aim to increase the number of transactions and profits by building and implementing strategies based on the characteristics of each market and customer. We will also refine our appraisal methods and profit calculation logic by considering demographic trends and changes in customer attitudes, thereby enhancing our competitive advantage.

(Old unutilized properties business)

In the Old unutilized properties business, we will work to steadily expand the business by resolving issues at each branch office. In addition, we will quickly promote the standardization and refinement of assessment methods, such as target profit ratios, business periods, and cost concepts, so that we can withstand changes in market conditions and intensifying competition.

II Expanding the business portfolio

To expand businesses that lead to the resolution of social issues, we have defined "businesses that have a track record but have not yet been scaled up" and "businesses for which we have information but have not yet been commercialized" as derivative businesses, and we will work to develop them in order of their potential for scale, to create the third and fourth arrows and beyond, following on from our existing businesses. In addition, to supplement the flow of existing businesses, we will actively utilize M&A and alliances, not limiting ourselves to building up businesses with a stock-like nature or in-house development.

In the area of regional revitalization projects already being commercialized, we aim to generate revenue from projects that help local governments solve social problems, and over the next three years, we will prioritise establishing a business foundation. We will focus on Hachimantai City, Hirado City, and the Izu region, and as we steadily build up our track record, we will consider the next business area.

III Strengthening the Management Base

To strengthen the existing businesses mentioned above and expand the business portfolio, we are focusing on the following areas: reviewing the back office to support organizational growth, strengthening the financial base, strengthening human capital, and promoting sustainability.

In order to strengthen our human capital and realize the basic strategies of our medium-term plan, we are reviewing our personnel concepts and policies and beginning to consider specific personnel systems. Our aim is to create an organization in which individuals can combine their strengths and work together as a team. We will continue to create systems to improve the satisfaction and comfort of our employees.

IV Strengthening shareholder returns

Our basic dividend policy provides continuous and stable dividends and actively returns profits in line with business performance by improving profitability and securing dividend resources. Regarding dividends, we will gradually increase the dividend per share (from FY2025 to FY2027) with a minimum of 40 yen per share and aim for a payout ratio of 30% or more. We also plan to acquire treasury stock with a total value of 500 million to 1.5 billion yen (FY2025 to FY2027). However, if investment projects with expected returns that exceed the cost of capital come up, we will consider allocating them to growth investments.

For details, please refer to the "Notice Regarding the Formulation of a New Medium-Term Management Plan" released today (August 9, 2024).