

Sansei Landic

Financial Results Briefing Documents

Sansei Landic Co., Ltd

TSE Standard : 3277

Second Quarter of the Fiscal Year Ending December 2024



- **Overview of Financial Results for the Second Quarter of the Fiscal Year Ending December 2024**
- **New Medium-Term Management Plan (August 2024 - FY2027)**
- **FY12/24 Business Forecasts**

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FY12/24 2Q Financial results

Net sales	12,991 million yen	vs. plan	Up 11.0%	Up 8.4% YoY
Operating income	1,025 million yen	vs. plan	Up 2.6%	Down 38.1% YoY
Ordinary income	861 million yen	vs. plan	Up 3.8%	Down 39.5% YoY
Net income attributable to owners of parent	573 million yen	vs. plan	Up 4.3%	Down 39.0% YoY

- Due to sales of Old unutilized properties exceeding the previous year's and planned figures, sales have increased significantly, and the financial forecast for 2Q has been revised upwards. No revision will be made to the full-year financial forecast at this stage
- Although some Old unutilized properties had lower-than-expected profit margins, sales and profits for the Real Estate Sales business exceeded forecasts
- The company paid its first interim dividend at the end of the second quarter of FY12/2024. Based on the upward revision of the first-half financial forecast, the dividend was increased by 1 yen from the initial forecast of 15 yen per share to 16 yen per share

Comparison of consolidated income statement

- Sales of old unutilized properties have progressed smoothly, and sales and profits exceeded the plan

(Unit: Million yen)

	22/2Q	23/2Q	24/2Q		
	Results	Results	Plan	Results	vs. plan
Net sales	8,165	11,980	11,700	12,991	+1,291
Gross profit	2,708	3,801	—	3,243	—
SG&A	1,795	2,144	—	2,217	—
Operating income	913	1,656	1,000	1,025	+25
Ordinary income	832	1,423	830	861	+31
Net income attributable to owners of parent	713	939	550	573	+23

Summary of consolidated balance sheet

- Although steady purchasing continued, real estate for sale and interest-bearing liabilities decreased, and the equity ratio increased because sales activities progressed smoothly

(Unit: Million yen)

	FY12/23	24/2Q		
	Amount	Amount	Vs. end of previous term	Pct. change
Cash and deposits	3,770	4,988	+1,218	+32.3%
Property for sale	25,365	22,736	-2,628	-10.4%
Interest-bearing liabilities	16,878	16,211	-667	-4.0%
Net assets	12,076	12,397	+320	+2.7%
Total assets	30,976	30,560	-415	-1.3%
Shareholders' equity ratio	39.0%	40.6%	+1.6pt	—

Summary of consolidated cash flow

- CF from operating activities was significantly positive, mainly due to solid sales
- CF from investing activities was negative, mainly due to the acquisition of rental real estate

(Unit: Million yen)

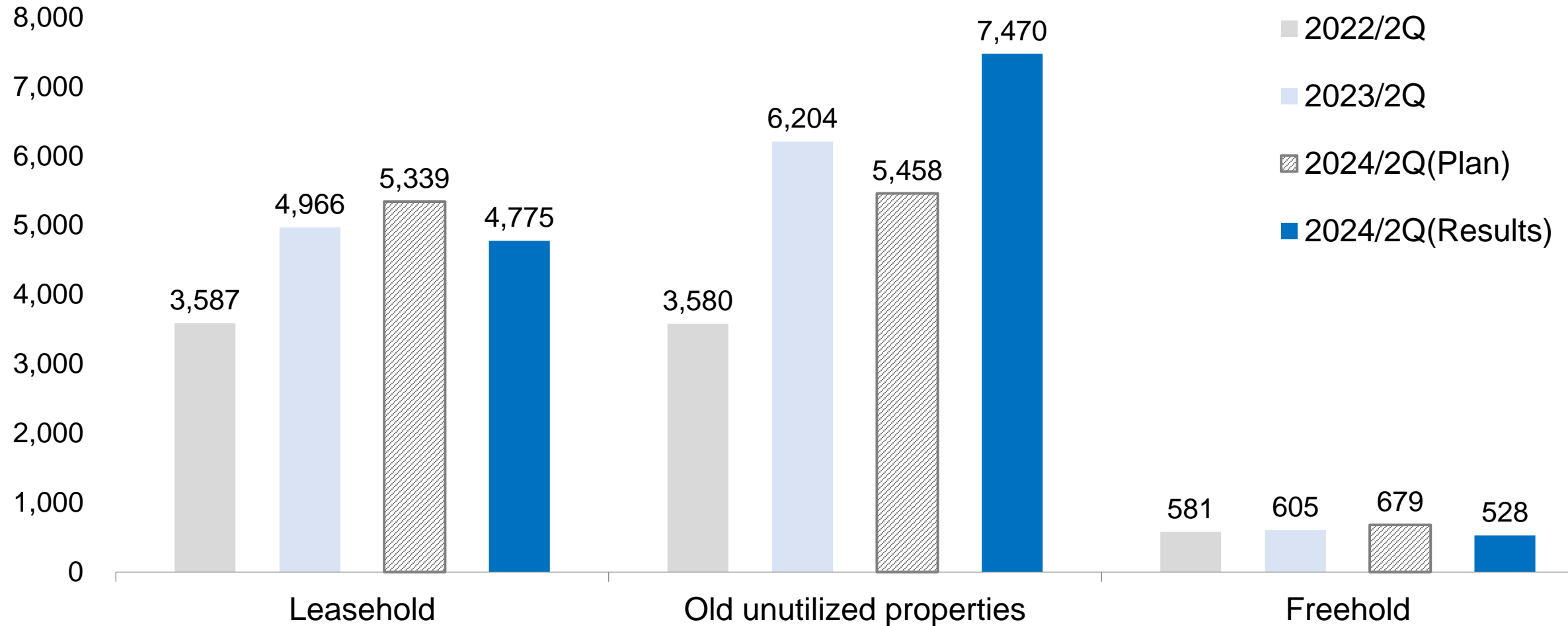
	22/2Q	23/2Q	24/2Q
	Results	Results	Results
Cash flow from operating activities	1,184	911	3,076
Cash flow from investing activities	-205	-655	-626
Cash flow from financing activities	-559	-56	-939
Net increase in cash and cash equiv.	420	200	1,510
Cash and cash equiv. at end of period	5,173	3,389	4,225

Sales by business segment

Sales were up 8.4% YoY to **12.991 billion yen**

- The number of old unutilized properties sold increased significantly YoY, exceeding the plan

Sales (million yen)

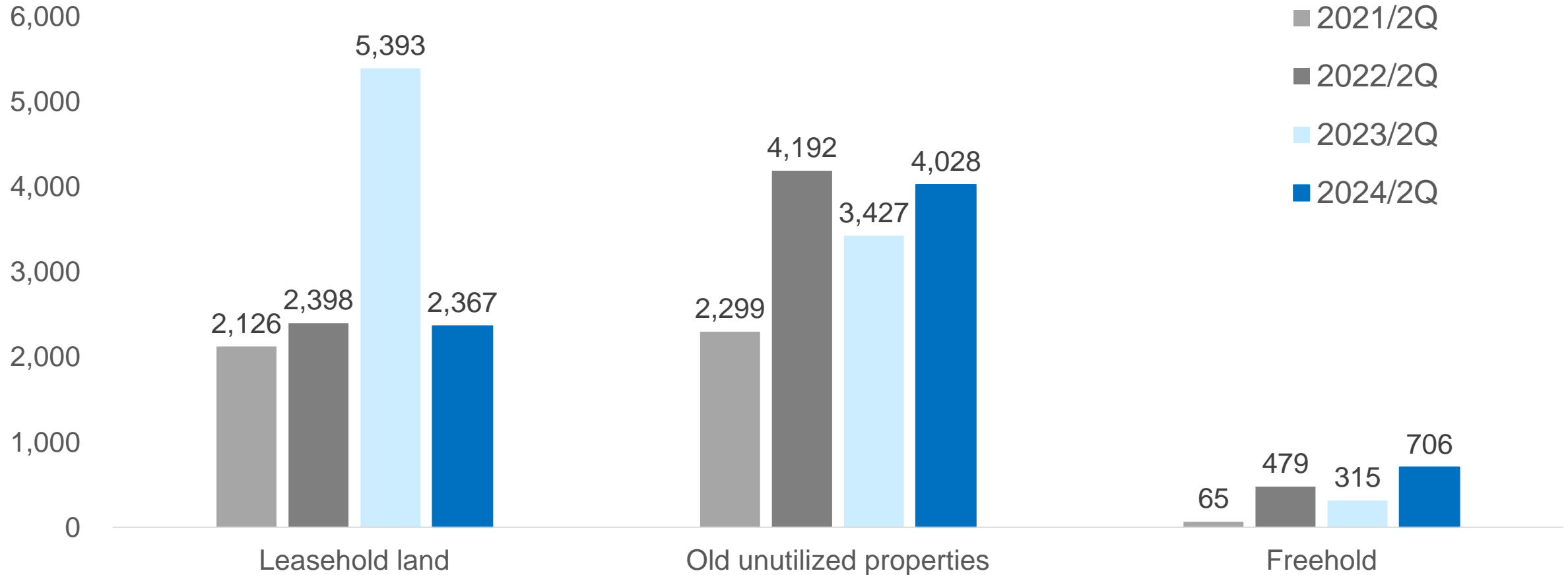


Purchases by business segment

Purchases were down 22.3% YoY to **7.103 billion yen**

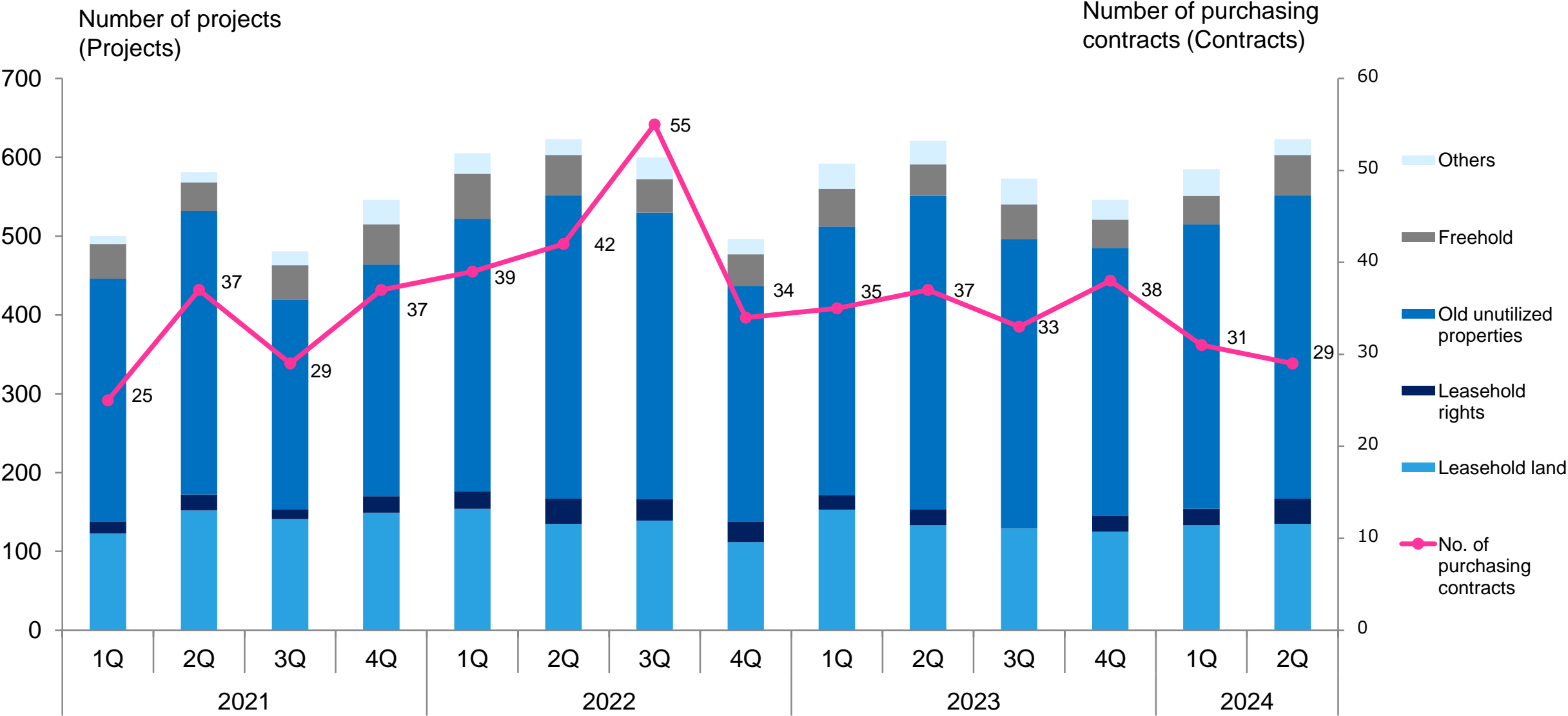
- The decrease in the purchase of leasehold land is due to the purchase of large properties in the same period of the previous year

Purchase amount (million yen)



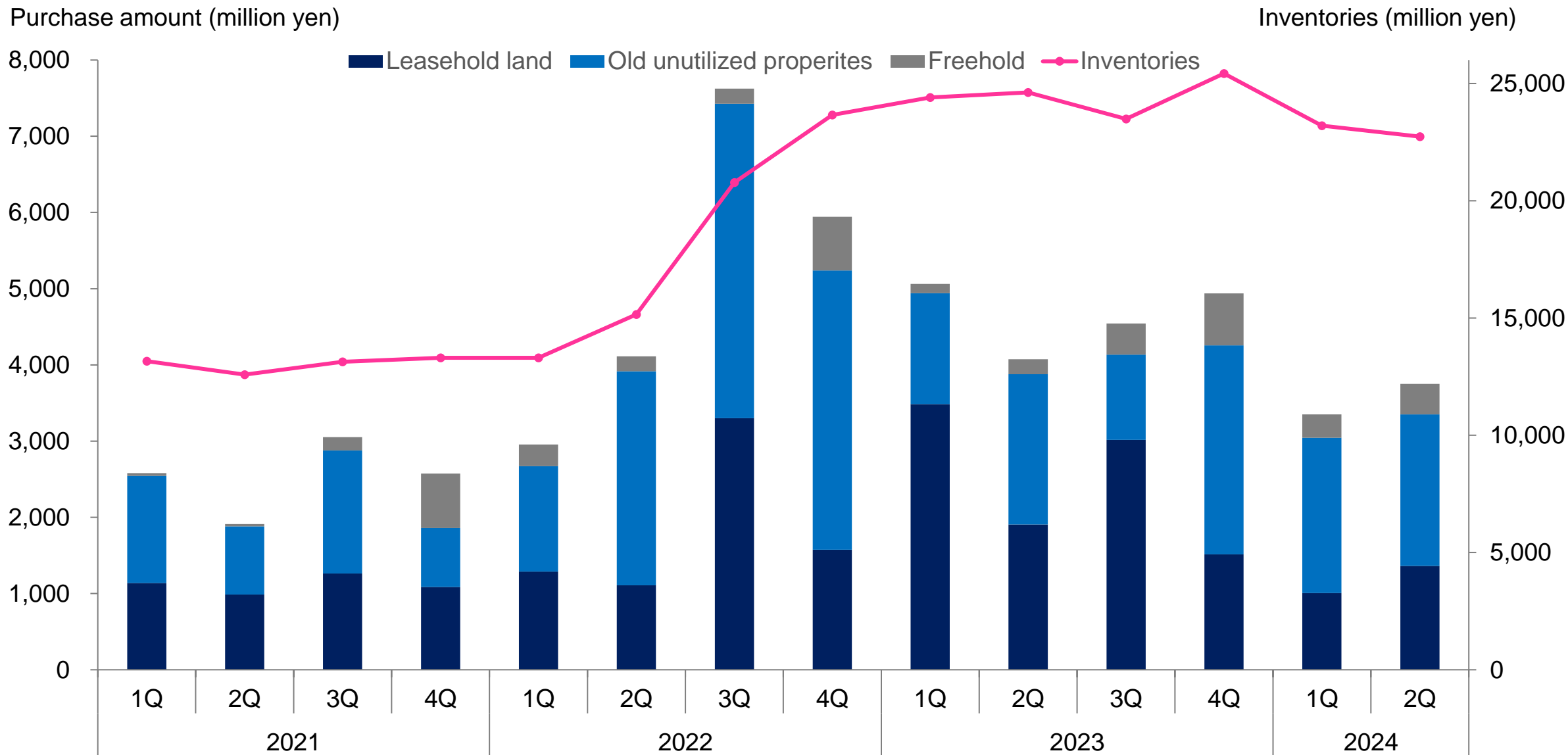
Changes in the number of projects and number of purchasing contracts

- The number of projects has remained stable



Changes in the amount of purchases and inventories

- Although inventory levels have decreased due to progress in sales activities, they stay high



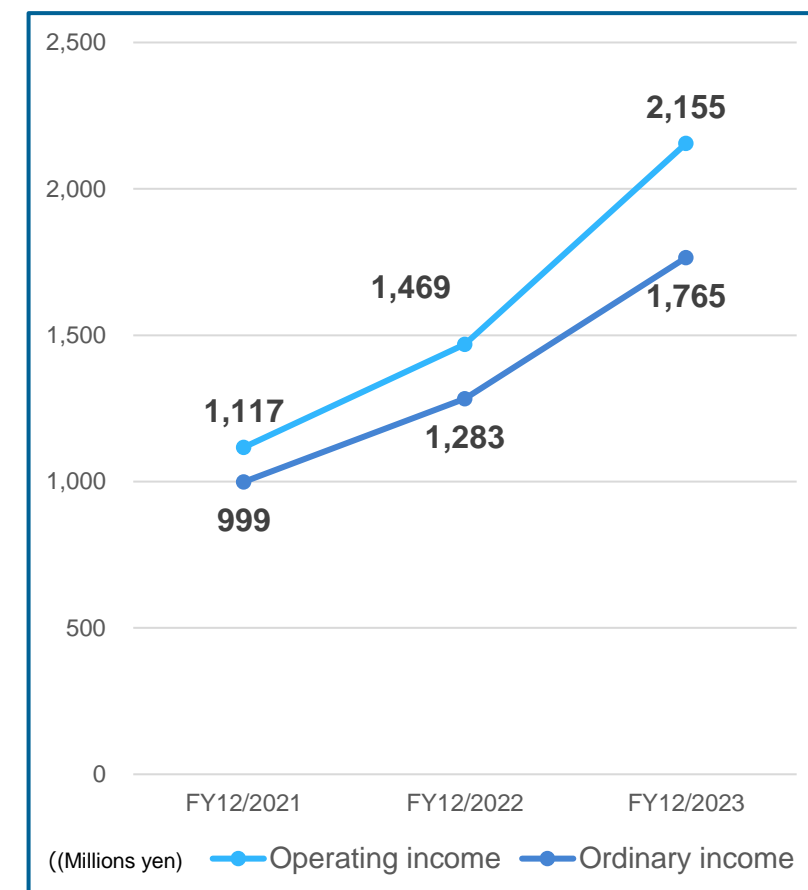
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- FY12/24 Business Forecasts

Review of the previous medium-term management plan (2022-2024)

- Achieved final year quantitative targets for FY12/2023. ROE and DOE both met targets
- Investment in new businesses fell short of targets but will continue to be focused on

	Final year of the MMP for the year before last (FY12/2020)	Final year of previous MMP (Target value)	Track record (FY12/2023)
Operating income	847 million yen	1,800 million yen	2,155 million yen
Ordinary income	709 million yen	1,650 million yen	1,765 million yen
New Business* Investment	- billion yen	1 billion yen	0.04 billion yen
Gross profit	- billion yen	100 million yen	0.0 billion yen
ROE	3.6%	9.0 or more	10.2%
DOE	2.1%	2.0 level	2.4%

Results for the last three years (FY2021~FY2023)



* For new business, cumulative amount through July 2024

Corporate Philosophy

Be a trailblazer for connecting people and their future

Since our foundation, our group has grown by breaking through the established concept of real estate. We make the best use of the expertise we have cultivated to have connections with all over the world, and thereby eliminating the imbalances. We also pledge to be a company that delivers enrichment and affluence to society by sincerely addressing social issues such as disasters, aging population, poverty, and environmental problems

Long-term vision

Solving a wide range of social issues related to real estate

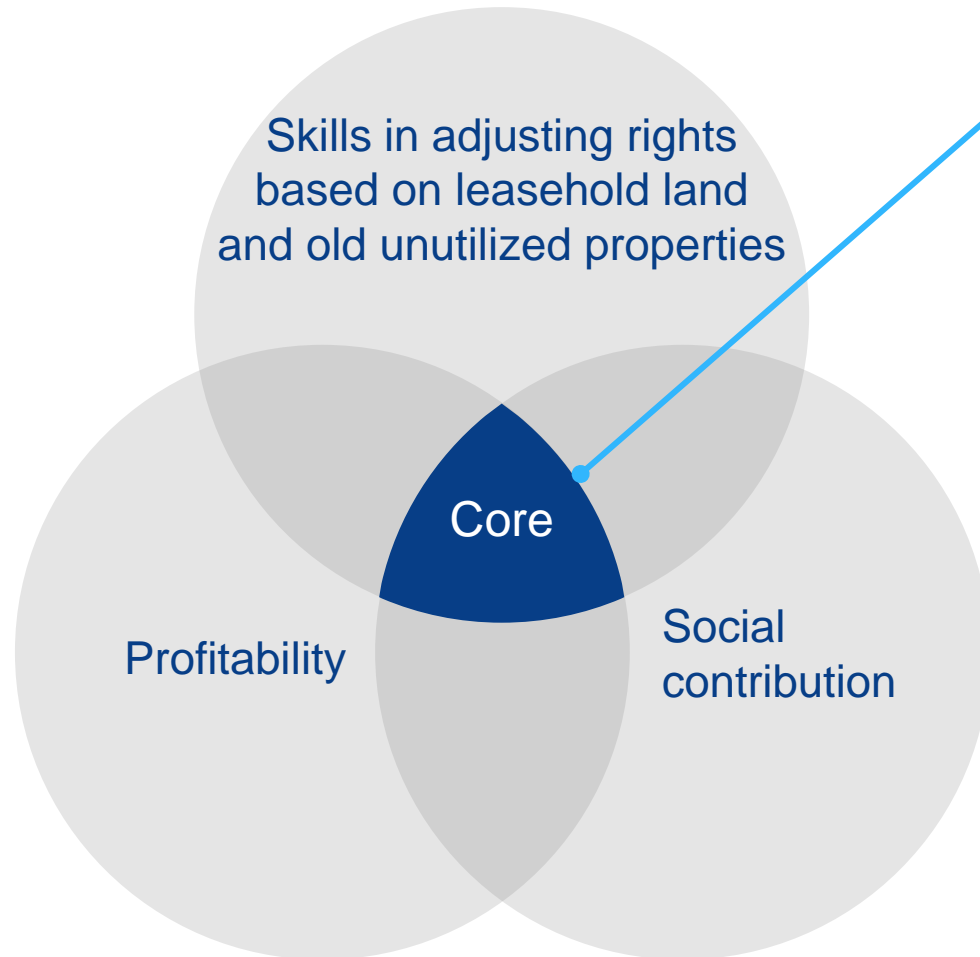
We aim to become a company recognized by the general public as solving various problems related to rights, such as leasehold land and Old unutilized properties, by providing safe, secure, and courteous transactions through a wide range of business menus and human and proposal capabilities that other companies do not have. We aim to receive consultations from all over Japan and solve these problems

Further strengthen
Leasehold land and Old
unutilized properties
businesses

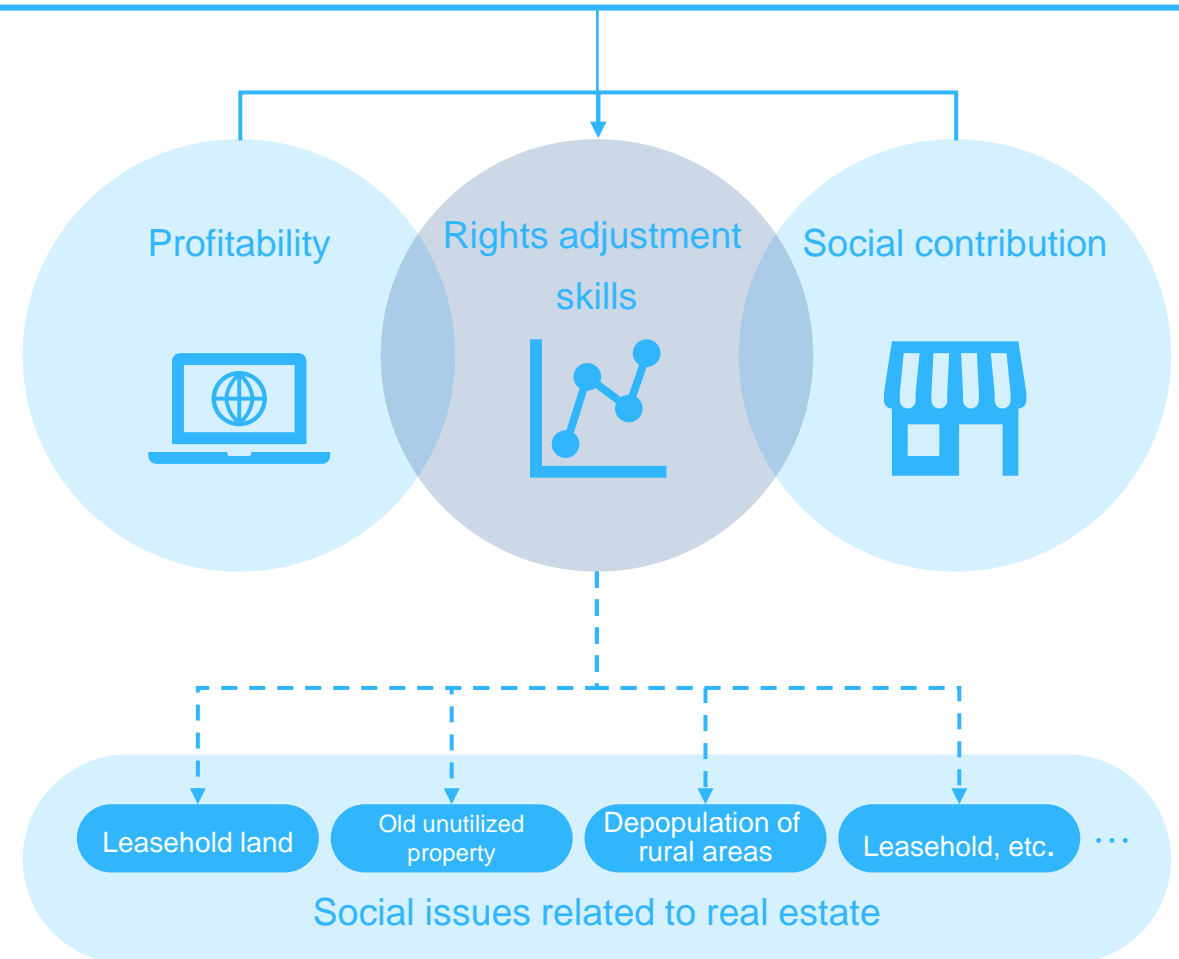
Expansion from Leasehold
land and Old unutilized
properties businesses to
derivative businesses*

Establishment of a
business foundation for
regional revitalization
business

* Derivative businesses are businesses that have not yet been scaled or commercialized (existing few or no businesses), although information on projects has been received to the Company



- Rehabilitate real estate that has lost its original value
- Promote regional revitalization centered on real estate





Business strategy

- Expansion of derivative businesses
- Diversification of business menu
- Enhanced skills
- Expanding the quality and quantity of recognition
- Area expansion
- Diversification of deal acquisition channels
- Establishment of a business foundation for regional revitalization business

Financial strategy

- Identification and optimization of capital costs
- Optimize cash allocation
- Stable cash generation
- Strengthening shareholder returns

Non-Financial strategy

- Strengthening human capital
- Promoting sustainability
- Strengthen governance structure
- Strengthen IR and PR
- Promote cost efficiency
- Promoting operational efficiency

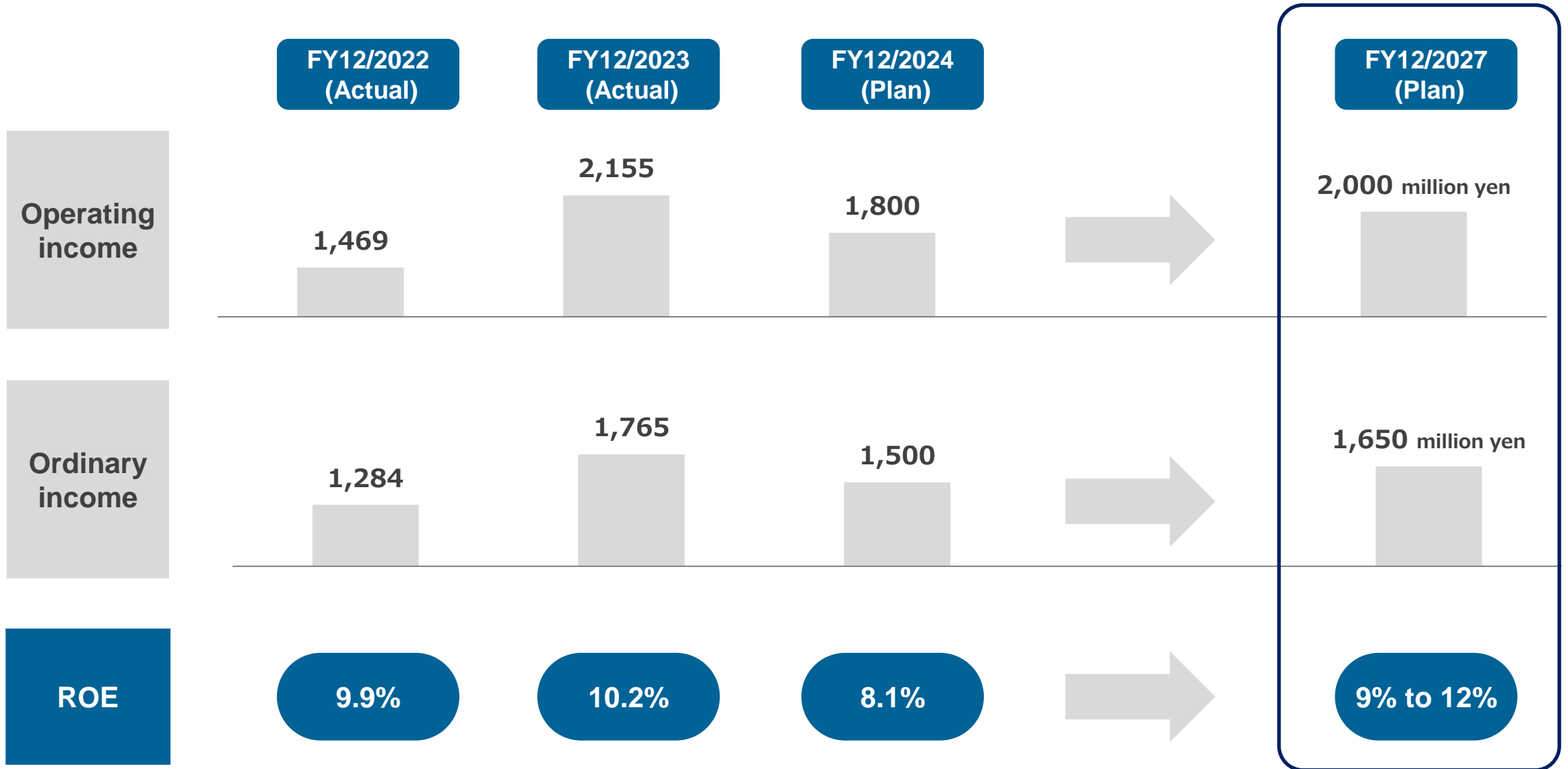
Improvement of ROE

Improvement of PER

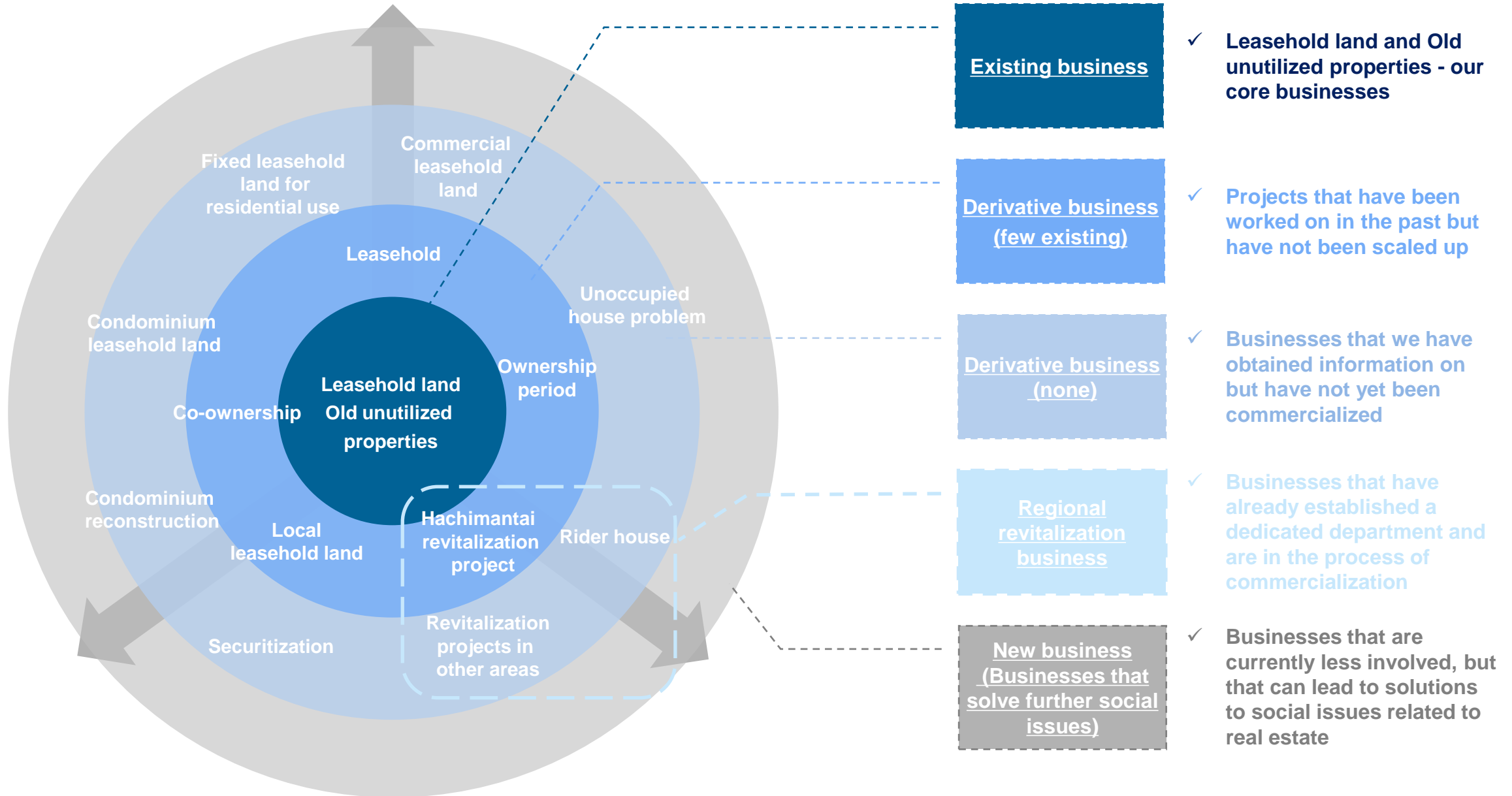
Optimization of capital cost

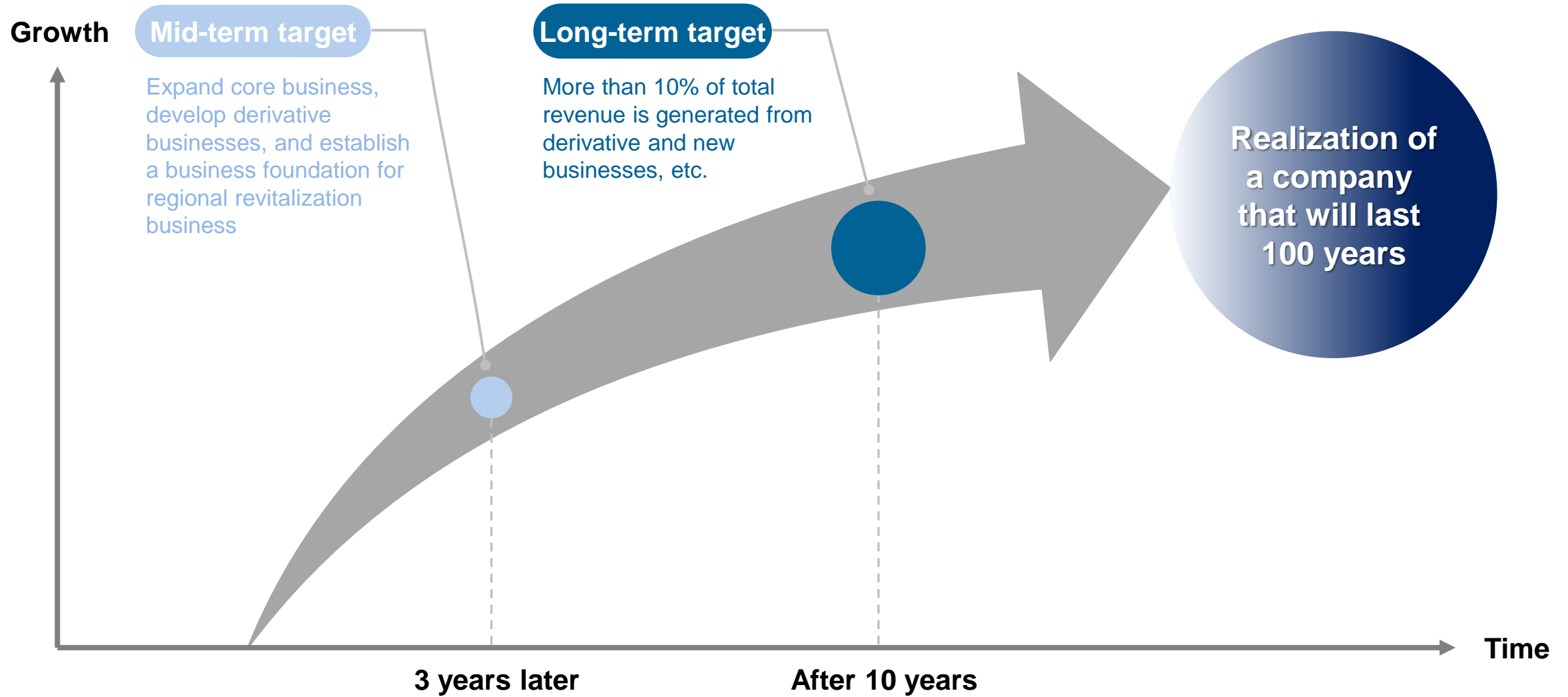
Aim to improve PBR while expanding businesses that solve social issues and charting a growth trajectory with both profitability and efficiency

Management objectives

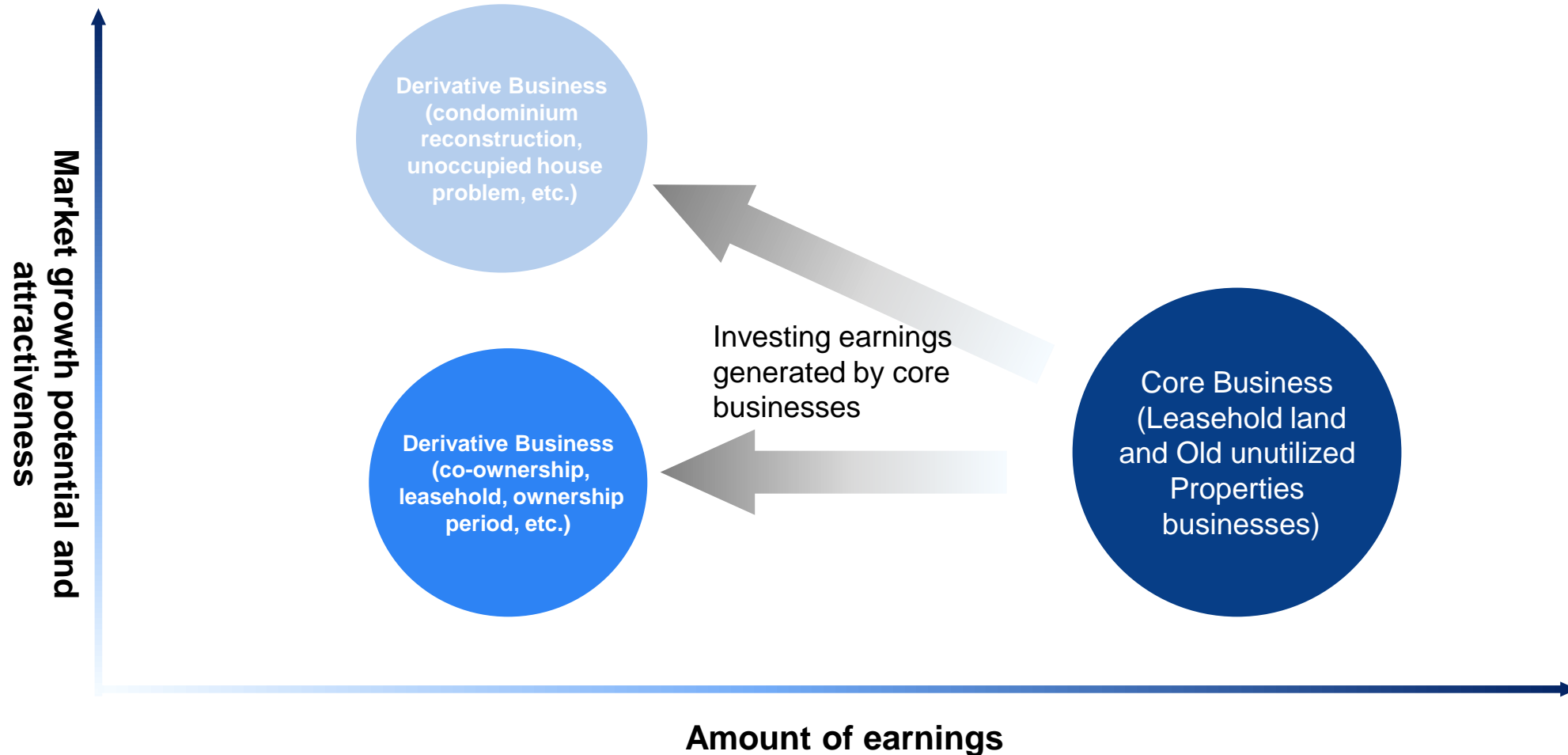


Business portfolio expansion





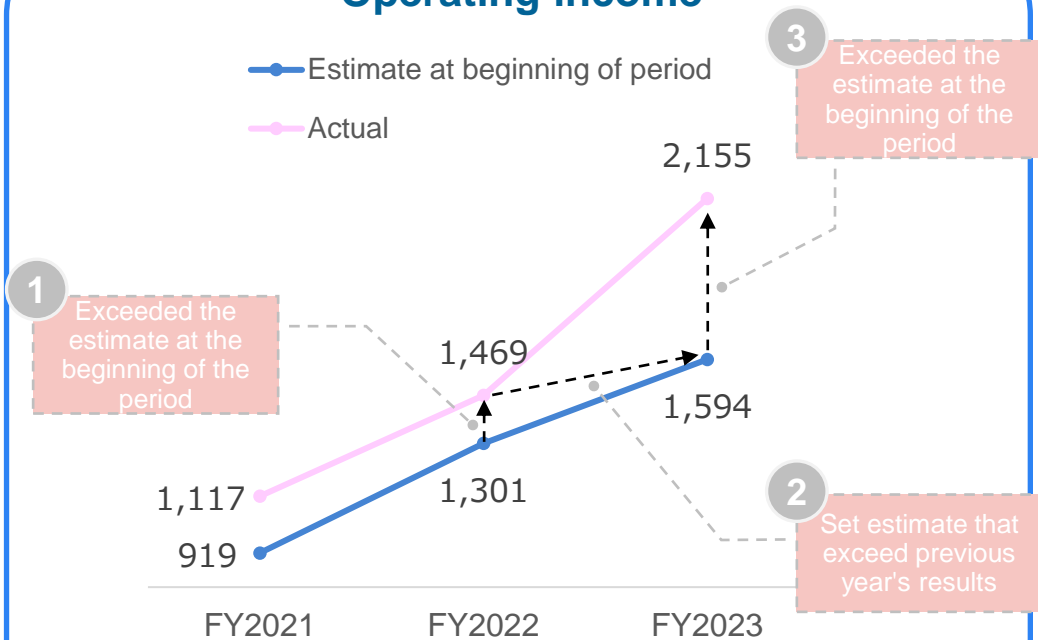
Medium- to long-term business portfolio



Achieve steady and stable growth by reinvesting in core businesses, and then allocate a certain amount of earnings to derivative businesses to achieve further growth

Performance over the past three years

Operating income



(Unit: Million yen)

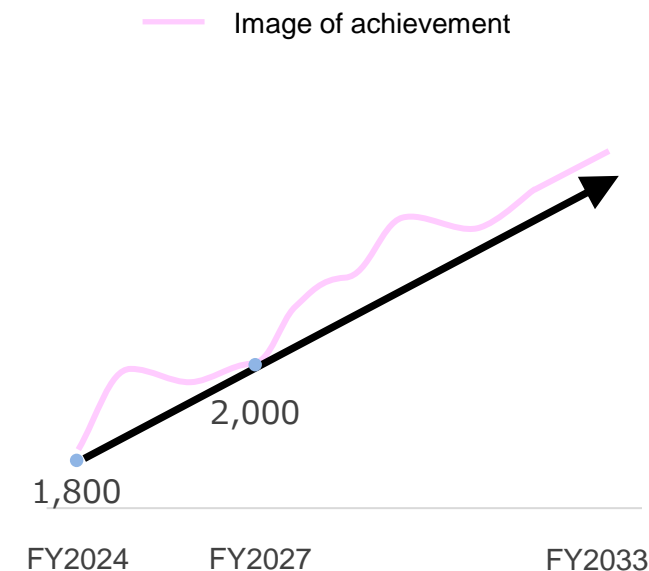
Issue

- Being a real estate flow business, the company's performance is prone to fluctuations depending on purchasing conditions and market conditions. In recent years, the increase in the number of large properties has increased the risk of fluctuations in business performance
- Rising finance burdens due to expanding business results have reduced the priority of new initiatives
- Shorter-than-expected growth curve, higher financial burden, and increased business risk



Image of future growth

Operating income

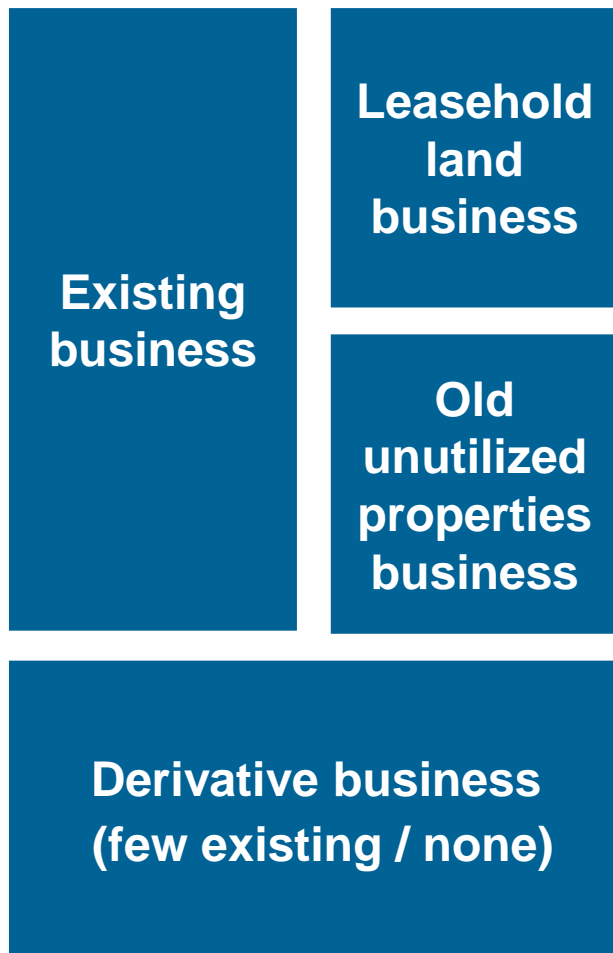


(Unit: Million yen)

Future policies

- Although the budget will steadily expand, priority will be given to new initiatives for stable growth over the medium to long term, rather than for short-term, steady expansion of business performance.
- Stable growth curve improves financial stability and reduces business risk

Classification



Policy

- Define areas to be strengthened, and then build and execute strategies based on market and customer characteristics to increase the number of cases and profits
- Increase competitive advantage by refining valuation methods and profit recognition logic, taking into account changes in demographics and customer attitudes
- Promote leveling and refinement of appraisal methods to respond flexibly to changes in market conditions and the competitive environment
- Steadily expand business by resolving issues at each branch
- To create the third and fourth arrows following the existing businesses and beyond, we will sequentially develop the businesses that have the greatest potential for scaling up
- To complement the flow nature of existing businesses, we also aim to accumulate businesses with stock value

Policy

- Define areas to be strengthened, and then build and implement strategies based on market and customer characteristics to increase the number of cases and profits
- Increase competitive advantage by refining valuation methods and profit recognition logic, taking into account changes in demographics and customer attitudes

Growth strategy

Area strategy

- Selection of areas for expansion and strengthening
- Reinforcement of web customer attraction
- Change in sales tools

Purchasing strategy

- Expanding the area to be addressed through a selection of areas to be strengthened
- Review of assessment criteria for competitive advantage

Sales strategy

- Expansion of sales methods and sales destinations
- Expansion and development of rights adjustment menu
- Upgrading of proposal documents and tools

External environment

- Decline in total population and working-age population
- Increase in single-person households
- Increase in the number of inheritances
- A certain amount of new entrants each year

Our strengths

- Leasehold land = Sansei Landic, a high-profile name in the real estate industry
- Uniqueness and reliability to carefully negotiate in line with the intentions of land leaseholders
- Business characteristics that are not easily affected by economic ups and downs
- Secure nationwide branch offices to cover a wide range of areas and reduce risk due to changes in market conditions

- The areas, methods, etc., for the expansion and strengthening of departments and branches that have been decided at this stage, are as follows

Headquarters



We will strengthen the Kanagawa area of the Head Office Leasehold Land Business

Kansai Branch



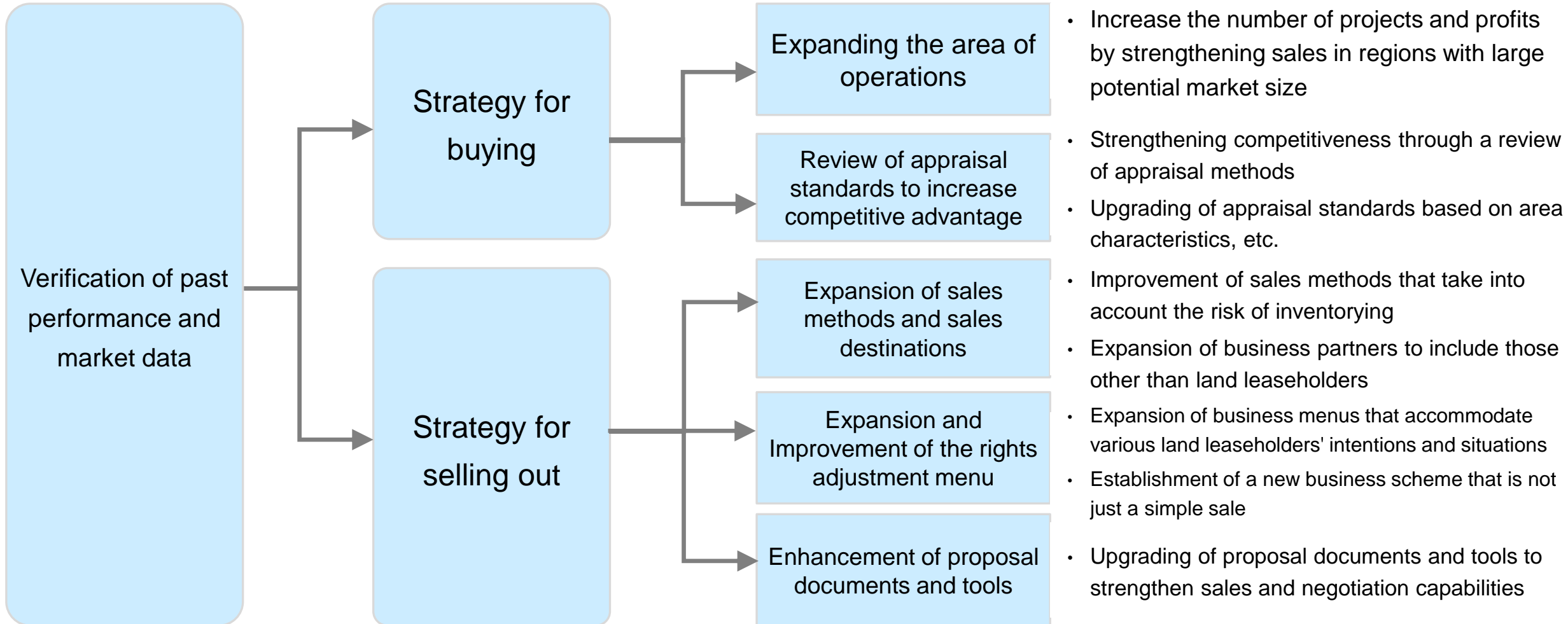
The areas of Osaka and Hyogo Prefectures will be strengthened, with a particular focus on areas that have not yet been fully developed

Nagoya Branch



Aims to expand the area of operations from the center of Nagoya City

- As a “strategy for buying”, we will decide on expanding and strengthening the Leasehold land expansion department and branches and aim to expand as much as possible. In this, full-time employees will focus on high-value-added work such as rights adjustment, so we will utilize part-time employees to gather information on purchases (the same applies to old unutilized properties)
- Also, considering the inventory risk in the event of expansion, we will aim to expand sales methods and destinations, etc., as a “strategy for selling out”



Policy

- Promote leveling and refinement of appraisal methods to respond flexibly to changes in market conditions and the competitive environment
- Steadily expand business by resolving issues at each branch

Growth strategy

Company-wide strategy

- Business period: establishment of calculation logic based on actual results and optimization of inventory turnover ratio
- Assessment criteria: establishment of criteria for target profit margin and project period, and improvement of estimation accuracy for various expenses
- Exit strategy: strengthen relationships and develop exits for all areas and uses

Strategy by each department and branch

- Identification of issues to be addressed to expand business in each division and branch
- Implement measures to resolve issues at each division and branch, such as strengthening sales by channel, strengthening sales by area, strengthening sales force, and strengthening initiatives for commercial businesses

External environment

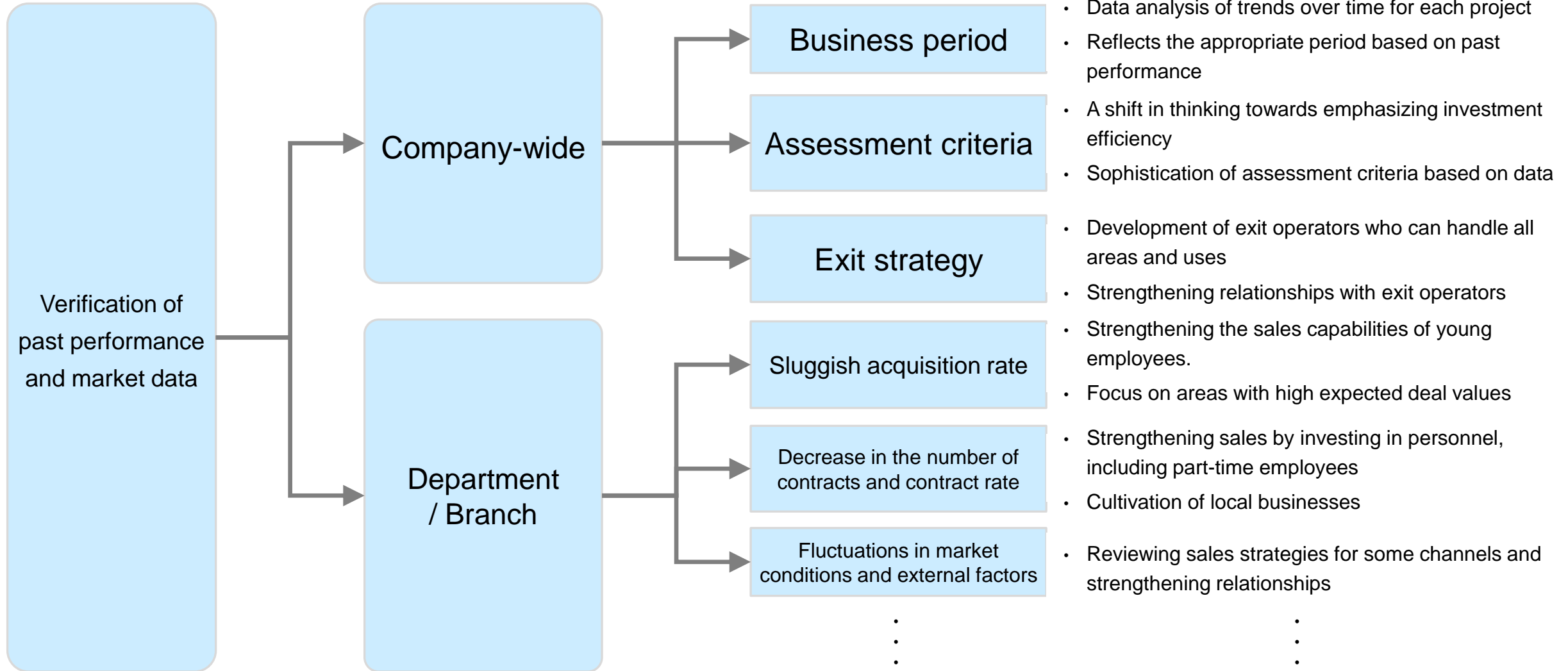
- Decline in total population and working-age population
- Stable new supply of older income-producing properties
- Increase in the number of inheritances
- Soaring real estate prices due to rising interest rates and construction costs
- Increase in new entrants

Our strengths

- Experience and recognition acquired through the execution of large and commercial properties
- Uniqueness and reliability to carefully negotiate in line with the leaseholder's intentions
- Nationwide branches are secured to cover a wide range of areas and reduce risk due to changes in market conditions

Old unused properties business (Company-wide, by department and branch)

- To respond flexibly to changes in market conditions and the competitive environment, we will promote the standardization and refinement of assessment methods
- We will work to resolve issues at each department and branch office to expand our business steadily



Policy

- To create the third and fourth arrows following the existing businesses and beyond, we will sequentially develop the businesses that have the greatest potential for scaling up
- To complement the flow nature of existing businesses, we also aim to build up businesses with a stock nature

Growth strategy

Co-ownership

- Developing a system for acquiring projects and strengthening marketing
- Developing and upgrading assessment criteria
- Negotiation manual development, etc.

Leasehold

- Clarification of approach policy
- Clarification of the various conditions required to acquire a project
- Establishment of investment criteria, etc.

Ownership period (Long-term holding business of Old unutilized properties)

- Clarification of the size, location, and other conditions of the property to be addressed by the Company
- Establish internal hurdle rates appropriate to the property's conditions, area, etc.

External environment

- Decline in real estate demand due to decrease in population and number of households
- Increase in the number of inheritances
- Soaring real estate prices due to rising interest rates and construction costs
- Increase in new entrants

Our strengths

- High recognition of Leasehold land and Old unutilized properties business
- A great deal of information on the manifest and potential in the adjacent areas of Leasehold land and Old unutilized properties business
- Business experience in adjacent areas of Leasehold land and Old unutilized properties

Monetization of projects that solve social problems in local governments
Expanding nationwide as a model project

Selection of promising areas and expansion 2022-2024

- Consider expanding into promising areas and formulating a business plan
- Pensions and villas in Hachimantai and projects utilizing vacant houses in Hirado City are being implemented or considered.
- Business preparation in the Izu area for Rider House

2024
1
Stage

Monetization of investment projects 2025-2027

- Mainly located in Hachimantai City, Hirado City, and the Izu region
- Priority is given to building a business foundation
- Consideration of next business area based on actual results

2027
2
Stage

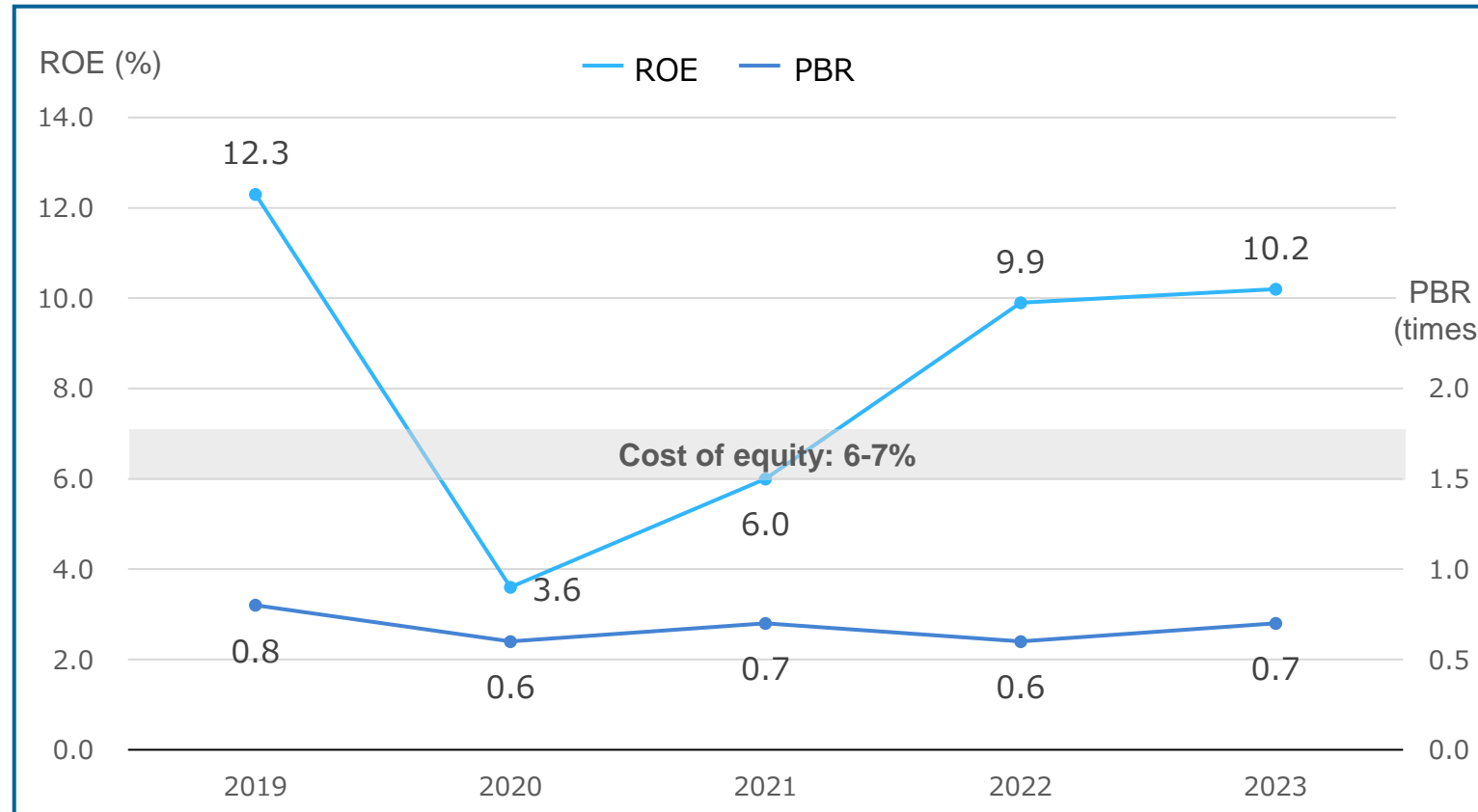
Inquiries from municipalities nationwide 2028-2034

- Resolving vacant houses and other problems in local government
- Establish an investment model of 100 million yen per business
- Realization of business operations with a view to recovery of investment (EXIT)

2034
3
Stage

Understanding of the present situation

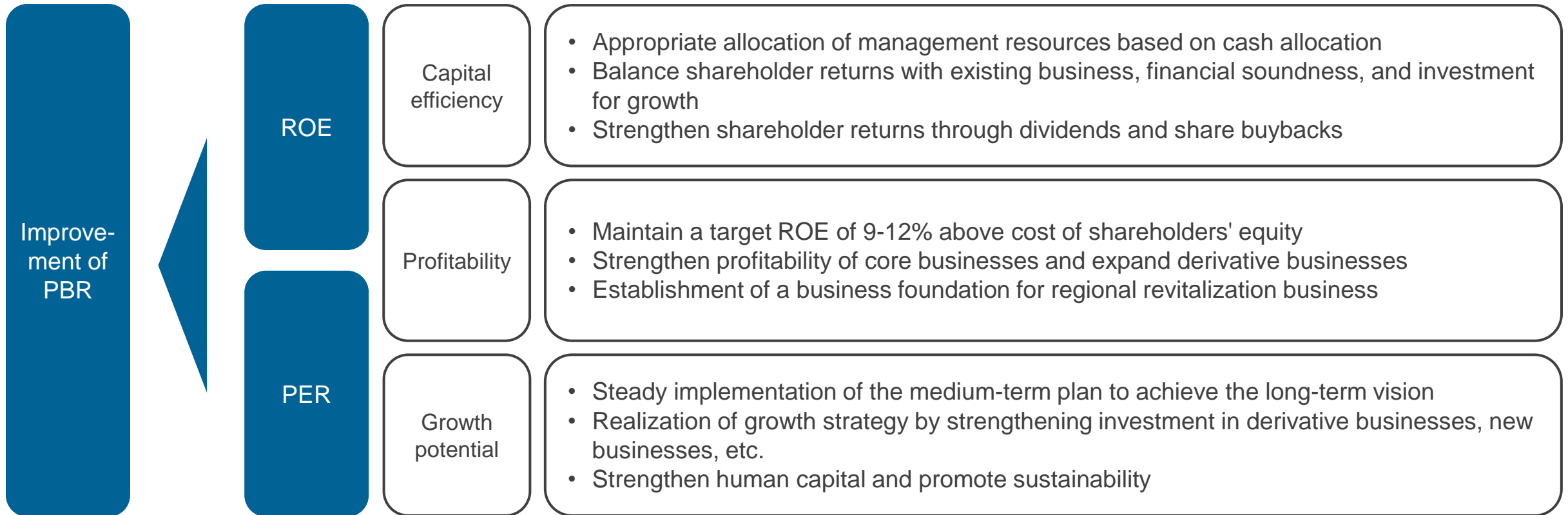
- Current PBR is 0.6-0.7x
- ROE has recently increased to 10.2%, which is higher than the CAPM-based cost of equity (around 6~7%)
- The main reasons for PBR below 1x were that the company did not sufficiently explain its more concrete growth strategy and did not meet an appropriate level of shareholder returns



Policy Initiatives

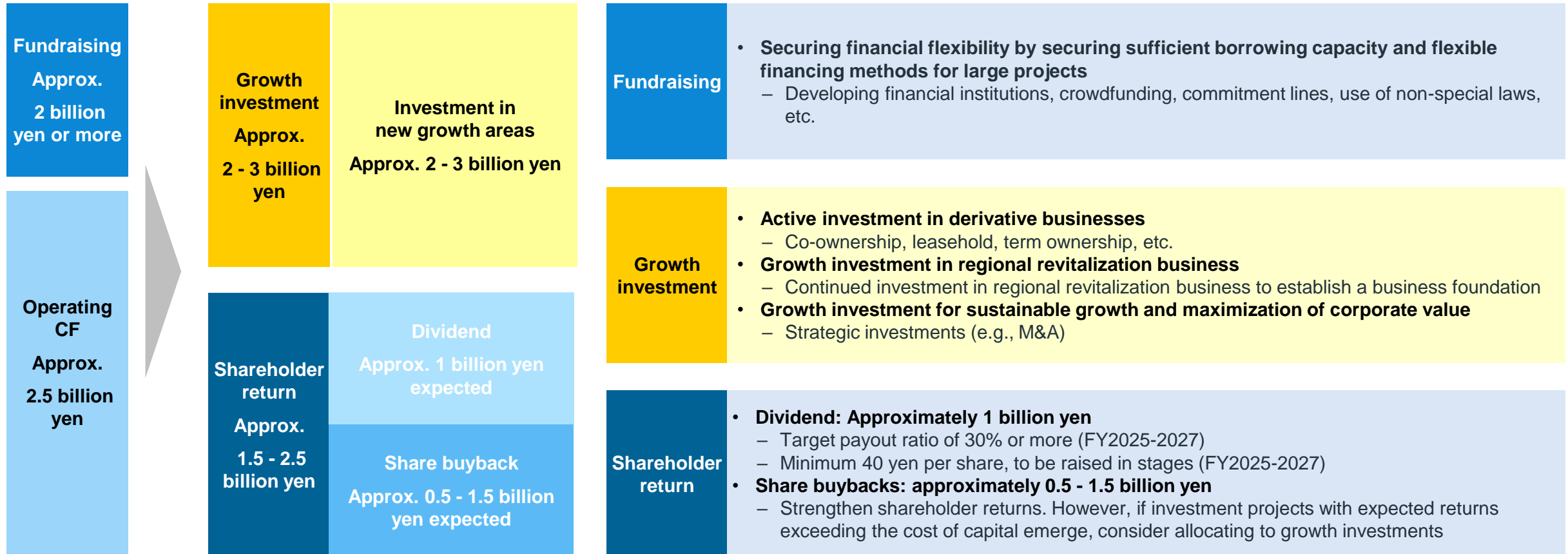
- Advance initiatives of the medium-term management plan and begin full-fledged management with an awareness of the cost of capital and stock price
- Aim to enhance corporate value through initiatives to improve profitability and capital efficiency and accelerate growth

Concrete plan



- Aim to improve business growth, capital efficiency and profitability by strategically allocating operating cash flow and external financing to investment in growth and shareholder returns
- Respond flexibly to growth investments such as M&A by utilizing external debt

Three-year cash allocation (plan for 2025-2027)

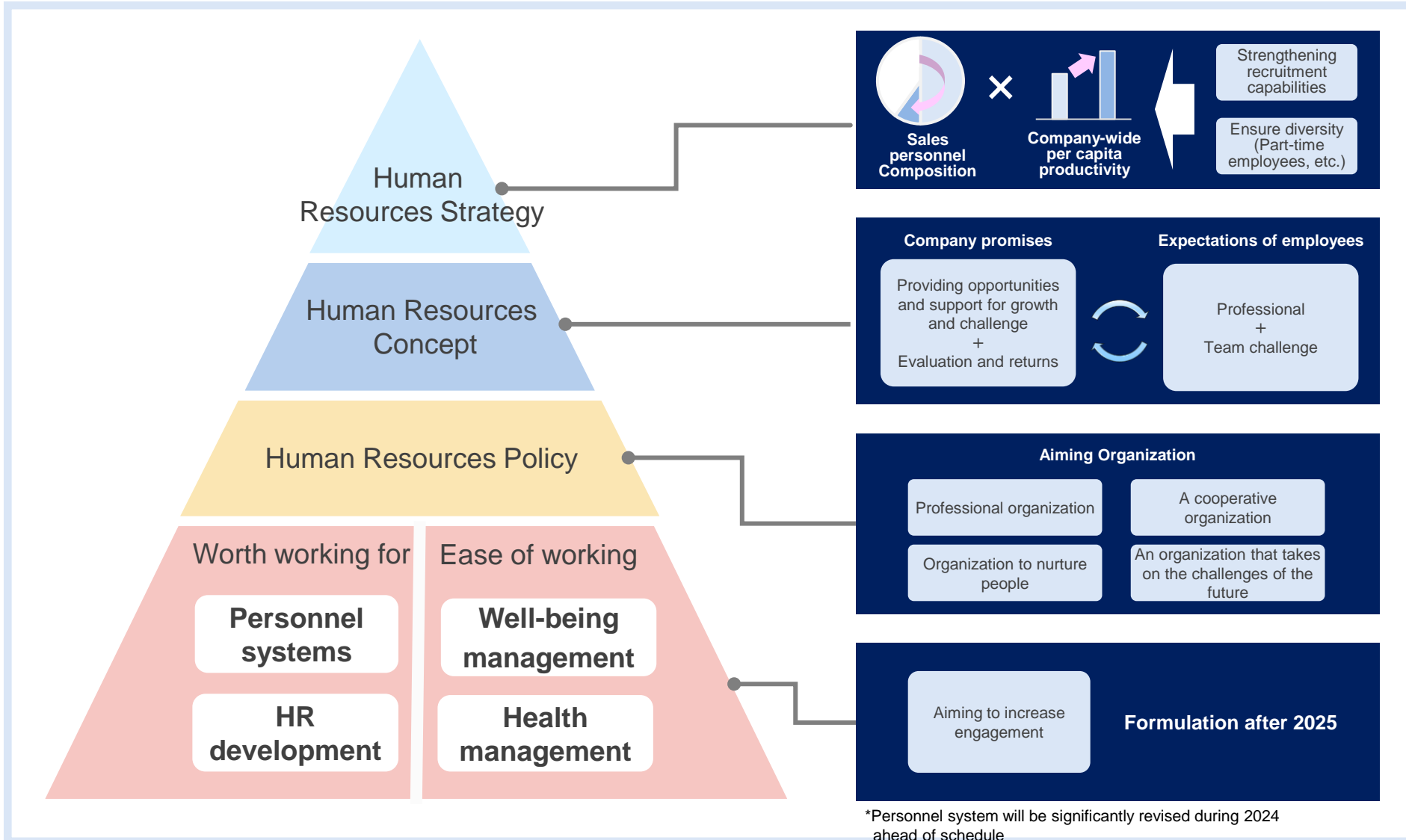


Cash generation	Stable generation of operating CF	<ul style="list-style-type: none"> - Generation of operating CF by optimizing inventory turnover in existing businesses - Invest the cash generated in the next growth business
	Diversification of financing methods	<ul style="list-style-type: none"> - Consideration of financing methods from sources other than existing financial institutions - Expansion of crowdfunding - Consideration and implementation of financing methods utilizing the Real Estate Specified Joint Enterprise Act
Strengthening shareholder returns	Balance financial stability and optimal capital allocation	<ul style="list-style-type: none"> - Proactively allocate cash generated for sustainable corporate activities to shareholder returns while maintaining financial stability
	Introduced a dividend payout ratio target as a new initiative	<ul style="list-style-type: none"> - Set a dividend payout ratio target of "30% or more" as a new approach to shareholder returns - Minimum of 40 yen per share, to be raised in stages
	Reduction of equity capital to build optimal capital	<ul style="list-style-type: none"> - Plans to purchase treasury stock totaling approximately 0.5 to 1.5 billion yen. If investment projects in growth businesses that exceed the cost of capital emerge, we will consider the optimal allocation of funds from the perspective of increasing corporate value - We will consider the use of treasury stock, including its cancellation and use in M&A

Strengthening human capital

- Medium-term Management Plan basic strategies
- Further strengthening of Leasehold land and Old unutilized properties
- Expansion into derivative businesses
- Business establishment of regional revitalization business

Integrate individual "strengths" to create a team-oriented organization that works together to realize the basic strategy



*Personnel system will be significantly revised during 2024 ahead of schedule

Promoting sustainability



- Identification of materiality issues that should be prioritized to enhance the corporate value of the Group and develop a sustainable society
- Establish a Sustainability Committee to continuously set KPIs and promote activities, and disclose progress on the newly established sustainability website as appropriate

Theme	Materiality	Main initiatives	Contribution to the SDGs
Environment	Promote activities aimed at reducing environmental impact and disaster risk	<ul style="list-style-type: none"> • Waste reduction and recycling • Promote initiatives to protect stakeholders from natural disasters 	
Society	Realization of Win-Win-Win for all parties involved in the transaction	<ul style="list-style-type: none"> • Contribution to a safe and secure society • Rehabilitation of real estate through right-of-way adjustments • Community revitalization 	
Human capital	Human resource development of diverse values and a comfortable work environment	<ul style="list-style-type: none"> • Acquisition and training of human resources to enhance business growth and customer satisfaction • Employee health • Diversification of work styles and work-life balance 	
Governance	Sustainable growth through management with greater emphasis on governance	<ul style="list-style-type: none"> • Legal compliance awareness • Risk management with emphasis on BCP 	

Strengthen governance structure

- Risk assessment and formulation of countermeasures against rapid changes in the social and business environment
- Development of a Succession Plan, including executive training

Strengthen IR and PR strategies

- Creation of a company-wide branding strategy
- Creation of marketing strategies for each of IR and PR based on branding strategy

Cost efficiency

- Understand the Company's cost structure and challenges
- Review expense plans, taking into consideration the effectiveness and efficiency of expense
- Increase profit margins by controlling the rate of increase in expenses, not by reducing expenses

Business streamlining

- Review operations, mainly back office operations, and build a system that can handle business expansion with the existing number of employees
- Reduce the burden of sales administration to create a system that allows sales personnel to focus on sales
- Considering introducing new mechanisms throughout the company, including DX

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FY12/24 Full-year Business forecasts

- Consolidated forecasts for FY12/24 (January 1, 2024 - December 31, 2024)

(Unit: Million yen)

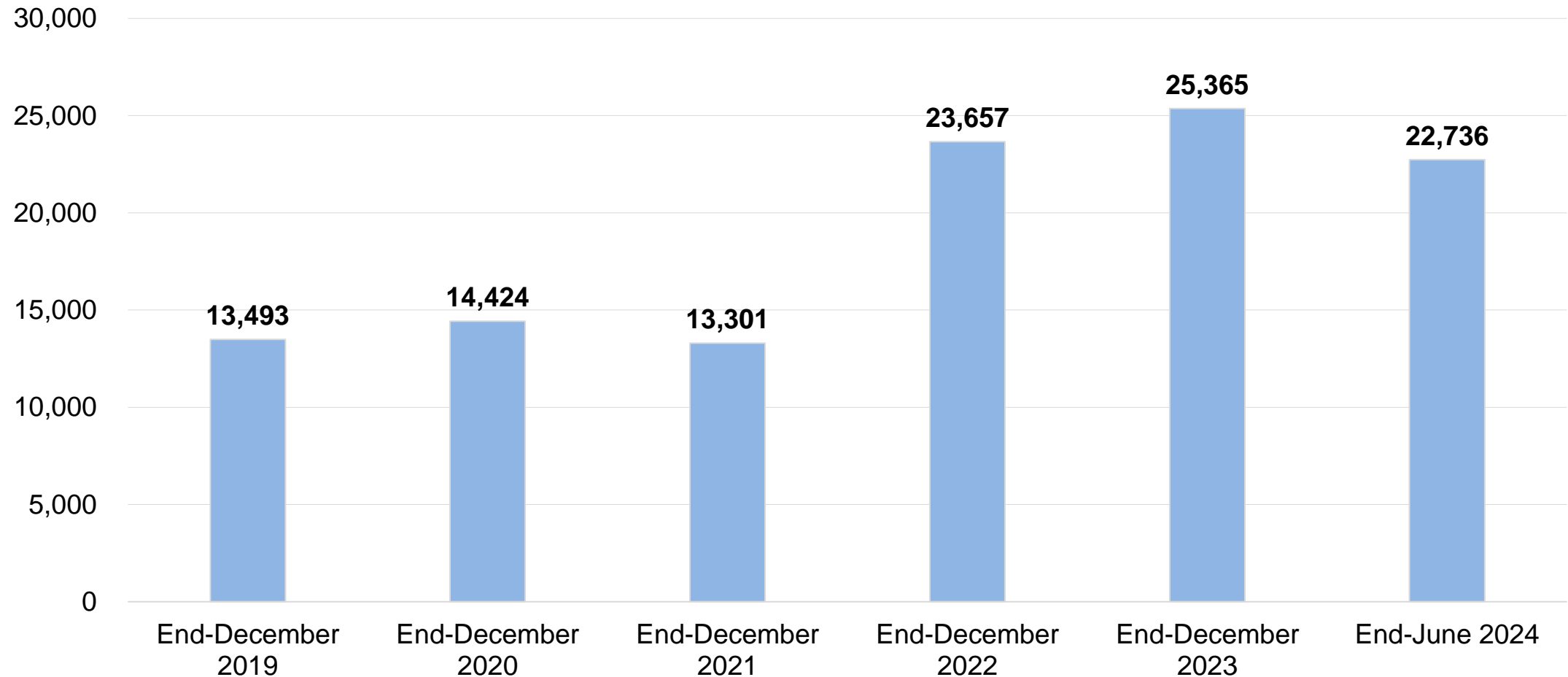
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Net sales	17,774	16,836	15,533	23,269	23,700	+1.9%
Operating income	847	1,117	1,469	2,155	1,800	-16.5%
Ordinary income	709	999	1,283	1,765	1,500	-15.0%
Net income attributable to owners of parent	357	609	1,060	1,182	1,000	-15.5%
EPS (Yen)	42.34	73.56	129.61	143.79	121.35	-15.6%
Dividend (Yen)	25	26	28	33	41	—

- Plan to exceed 2023 sales
- Revised upward sales for the first half due to acceleration of sales properties, achieving planned profits. Full-year progress is expected to be generally on track with the plan, so forecasts remain unchanged
- Increased interim dividend to 16 yen per share from the initially forecasted 15 yen, with a year-end dividend of 25 yen per share, totaling an annual dividend of 41 yen

Property for sale

- Although the balance of real estate for sale decreased due to steady sales activities in the first half of the year, it remains high
- In addition, the number of large property deals, including Leasehold land, has increased recently

(Unit: Million yen)



2024 First Half Results

Outlook for 2024

Real Estate Market Conditions

- Although there are regional variations, real estate prices nationwide continue to remain high. The price surge has led to a slowdown in real estate transactions in some areas
- The volume of information our company receives remains high, and procurement is also performing steadily.
- There has been no change in the lending stance of financial institutions



- The uncertainty in the real estate market is expected to increase
 - There is a risk of decreased demand from consumers due to soaring real estate prices, as well as the high costs of construction and labor, which could dampen the willingness of homebuilders and condominium developers to purchase land
 - There is a risk of rising interest rates due to the Bank of Japan's monetary policy



Our Situation

Leasehold land business

- The willingness to purchase leasehold land continues to be strong
- Sales activities remain stable due to the lesser impact of market fluctuations, and profit margins are trending upward



- The willingness to purchase leasehold land is expected to remain strong
- It is assumed that both sales activities and profit margins will remain stable, unaffected by fluctuations in the real estate market

Old unused properties business

- In some areas, the willingness of homebuilders and condominium developers to purchase land is slightly declining due to factors like high construction and labor costs
- Although some properties had profit margins significantly below expectations, the profit margins were largely in line with expectations



- Due to the high risk of downside from market fluctuations, profit margins are conservatively projected
- Particular attention will be paid to properties in regional areas and large-scale properties, where market fluctuations are more pronounced

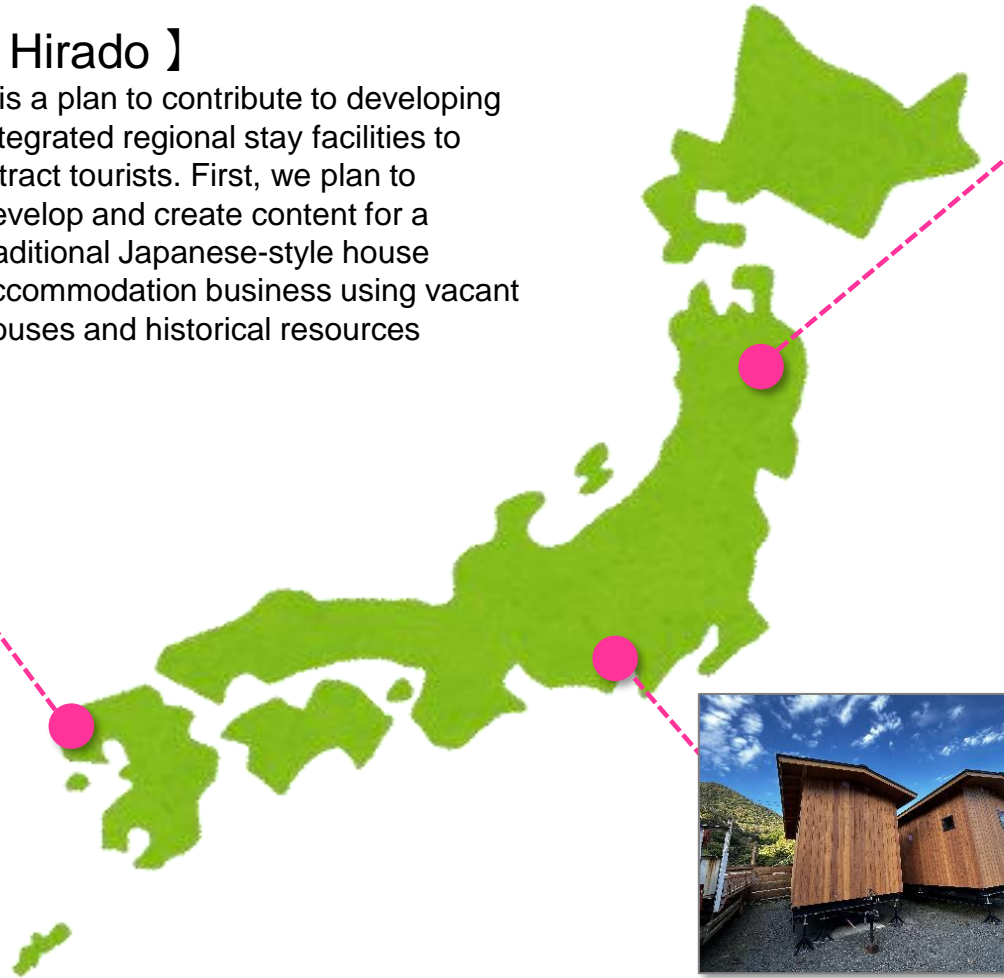


【 Hirado 】

It is a plan to contribute to developing integrated regional stay facilities to attract tourists. First, we plan to develop and create content for a traditional Japanese-style house accommodation business using vacant houses and historical resources



Image of the restoration of an old private house



【 Hachimantai 】

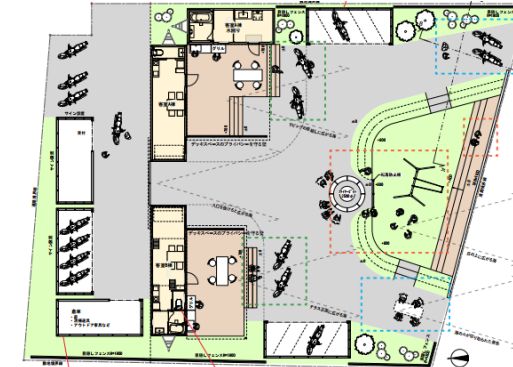
We have purchased an idle villa as the second property following Pension Hinode. Renovation work will be carried out, and the property will be operated as an additional accommodation facility



Pension Hinode



No. 2 Property



Rider House Completion Image



【 Rider house for women 】

Preparations are underway to open a trailer house accommodation facility in Izu. The facility will provide a clean and comfortable space where women can feel safe staying and offer opportunities for interaction among guests

- Offering in funds 1st-12th offering. Raising over 1 billion yen
- As part of diversifying our funding sources, we have newly collaborated with Takashimaya Financial Partners Co., Ltd. to conduct a crowdfunding (CF) initiative, which has now commenced operation

高島屋クラウドファンディング



高島屋ファンディング No.0300

【高島屋ファンディング】

サンセイランディック

ファンド第1号

ファンド申込状況	
募集金額	50,000,000円
申込完了金額	50,000,000円
申込可能残額	0円
募集方式	先着式
募集期間	開始: 2024/02/22 12:00 終了: 2024/02/28 23:59
出資単位	1口あたり 10,000円 最低口数 1口
一人当たり投資可能上限口数	5,000口
運用期間	6ヶ月
予定分配率(年換算)	2.60%
ファンドNo.	No.0300

2019/12/6 (金) 19:00 募集開始

底地くんファンド#1

株式会社サンセイランディック

運用終了



2024/3/13 (水) 19:00 募集開始

底地くんファンド#12

株式会社サンセイランディック

運用中



予定利回り ※年率・税引前

2.60%

予定運用期間

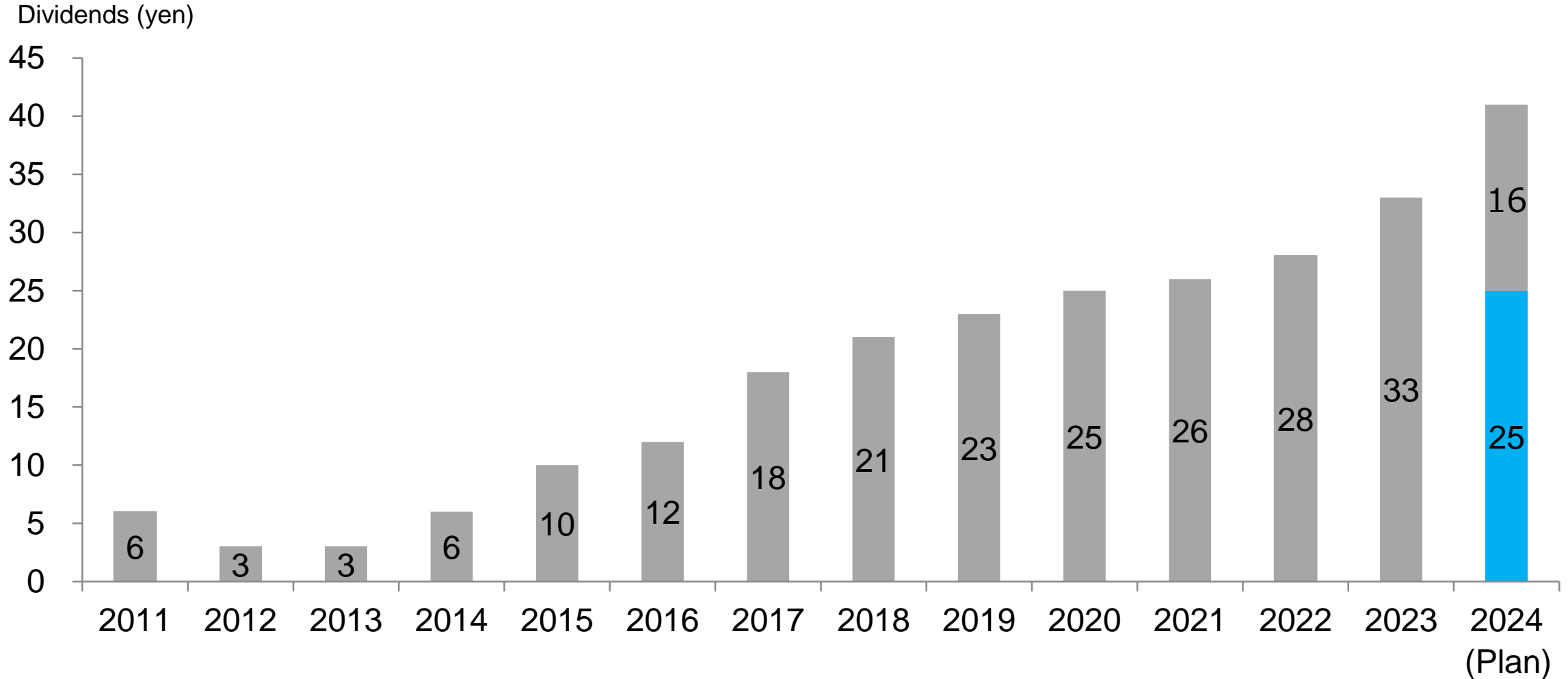
約20ヶ月

募集金額

300,000,000円

Shareholder returns (dividends)

- In the second quarter of FY12/2024, the interim dividend was increased by 1 yen from the initial forecast of 15 yen to 16 yen. Combined with the year-end dividend of 25 yen, the annual dividend amount is expected to be 41 yen
- With the dividend increase for FY12/2024, this will mark the 11th consecutive year of dividend increases



Company name	Sansei Landic Co., Ltd
Representative	Takashi Matsuzaki, President and CEO
Established	February 1976
Capital stock	860,878,000 yen (As of the end of December 2023)
Listing	Standard Market of the Tokyo Stock Exchange Securities Code : 3277 *Listed on the JASDAQ Stock Exchange on 2011, First Section of the Tokyo Stock Exchange on 2014
Head office	6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Branch	Sapporo, Sendai, Musashino, Nagoya, Kyoto, Kansai, Fukuoka
Number of employees	187...As of the end of December 2023

Thank you very much for your attention.

- The statements including perspectives on our group, plans, policies, strategies, schedules and judgements that are not facts in this material are forward-looking statements about the future performance.
- Forward-looking statements about the future performance are based on information currently available and certain assumptions that our group believes to be reasonable. Actual results may differ significantly from the forward-looking statements due to various risk factors and uncertainties. Please do not place undue reliance on these forward-looking statements.
- The data in this material contains quotations of public information that we believe to be reliable and accurate, but we do not guarantee the accuracy or certainty of the contents.

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