



MEIWA ESTATE Co., Ltd. (8869)
Financial Results for Q3 FY03/24



February 13,2024

- Summary of Consolidated Financial Statements Q3 FY03/24
- Revision of the full-year financial results forecast for FY03/24
- Shareholder Returns
- Consolidated Financial Results for Q3 FY03/24
- Residential Development Business
- Real Estate Agency business
- Condominium Management Business
- Fact Sheet

- **The full-year forecast for FY03/24 has been revised downward**
- **The annual dividend forecast has been revised from the previous forecast of 50 yen to 40 yen per share.**
- **Q3 FY03/24 net sales and profits increased YoY**
 - Net sales increased due to a rise in sales price of new condominiums and an increase in the number of units delivered in the Purchase and Resale Business**
 - Net sales: ¥37.4 billion (up ¥9.3 billion YoY),**
 - Operating profit: ¥0.9 billion (up ¥0.5 billion YoY),**
 - Ordinary profit: ¥0.1 billion (compared with ordinary loss of ¥0.5 billion in Q3 FY03/23)**
- **The Residential Development Business, our core business; the company have carried out carefully selected purchases in consideration of location, convenience, and living-environment.**

- **The Real Estate Agency Business; both the Purchase and Resale Business and the Brokerage Business performed well and the Company aims to capture the expansion of secondary market. For high net worth (HNW) individuals, the purchases have increased to expand the Wealth Solution Business.**
- **The Condominium Management Business made steady performance due to strong switchovers from other property management companies.**

**Revision of
the full-year financial results forecast
for FY03/24**

■ The full-year consolidated financial results forecast for FY03/24

On February 13, 2024, the revised forecast of the full-year results was announced. Both net sales and profits are expected to be lower than the previous forecast due to delayed deliveries of two condominiums to the following fiscal year

Expected to increase in net sales and decrease in profits YoY, decrease in net sales and profits compared to the previous forecast

- **Net sales: ¥70 billion** (up12.3% YoY, down15.7% vs. the previous forecast)
- **Operating profit: ¥4.5 billion** (down 24.3% YoY , down 28.6% vs. the previous forecast)
- **Ordinary profit: ¥3.5 billion** (down 29.9% YoY , down 32.7% vs. the previous forecast)

■ The full-year non-consolidated financial results forecast for FY03/24

Expected to **increase in net sales and decrease in profits YoY, decrease in net sales and profits compared to the previous forecast**

- **Net sales: ¥64 billion** (up 13.0% YoY, down 16.9% vs. the previous forecast)
- **Operating profit: ¥3.9 billion** (down 25.8% YoY , down 31.6% vs. the previous forecast)
- **Ordinary profit: ¥3.3 billion** (down 30.0% YoY , down 34.0% vs. the previous forecast)

Revision of financial results forecast

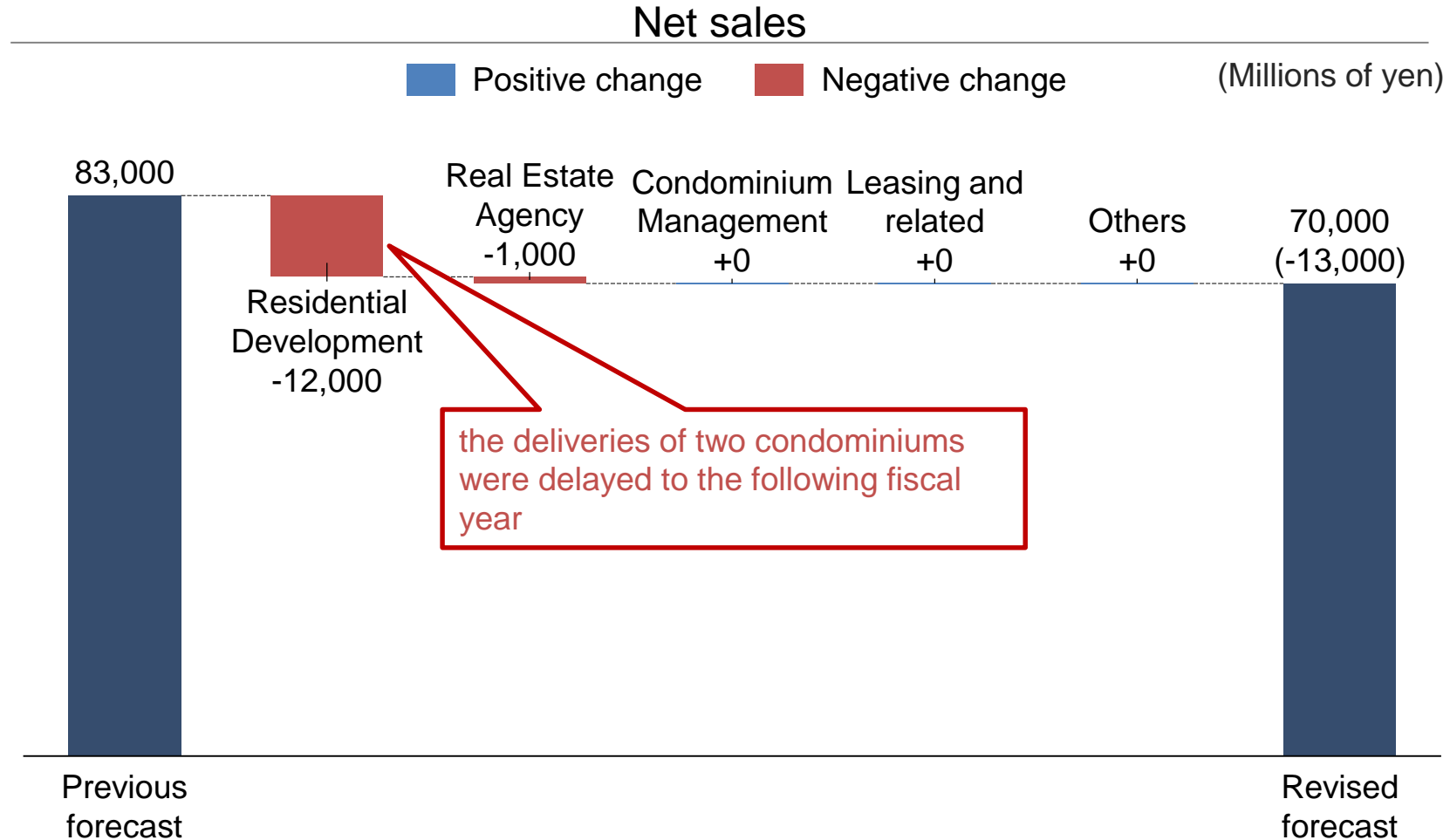
- On February 13, 2024, the revised forecast of the full-year results was announced.
- Net sales ¥70 billion, Operating profit ¥4.5 billion, Ordinary profit ¥3.5 billion, Profit attributable to owners of parent ¥2.4 billion.

(Millions of yen)

	Full-year FY03/23 Actual	Full-year FY03/24 Previous forecast (Announced May 11,2023)	Full-year FY03/24 Revised forecast (Announced Feb 13,2024)	Change from the previous fiscal year	Change (%) (compared to the previous fiscal year)	change from the previous forecast	Change (%) (compared to the previous forecast)
Net sales	62,319	83,000	70,000	7,680	12.3%	-13,000	-15.7%
Gross profit	15,656	17,500	15,100	-556	-3.6%	-2,400	-13.7%
(Gross profit margin)	(25.1%)	(21.1%)	(21.6%)	(-3.6pp)	—	(0.5pp)	—
SG&A expenses	9,714	11,200	10,600	885	9.1%	-600	-5.4%
Operating profit	5,941	6,300	4,500	-1,441	-24.3%	-1,800	-28.6%
(Operating profit margin)	(9.5%)	(7.6%)	(6.4%)	(-3.1pp)	—	(-1.2pp)	—
Ordinary profit	4,989	5,200	3,500	-1,489	-29.9%	-1,700	-32.7%
(Ordinary profit margin)	(8.0%)	(6.3%)	(5.0%)	(-3.0pp)	—	(-1.3pp)	—
Profit attributable to owners of parent	4,415	3,800	2,400	-2,015	-45.6%	-1,400	-36.8%
(Profit margin)	(7.1%)	(4.6%)	(3.4%)	(-3.7pp)	—	(-1.2pp)	—

Factors behind the revision of full-year forecast: Net sales by segment 明和地所

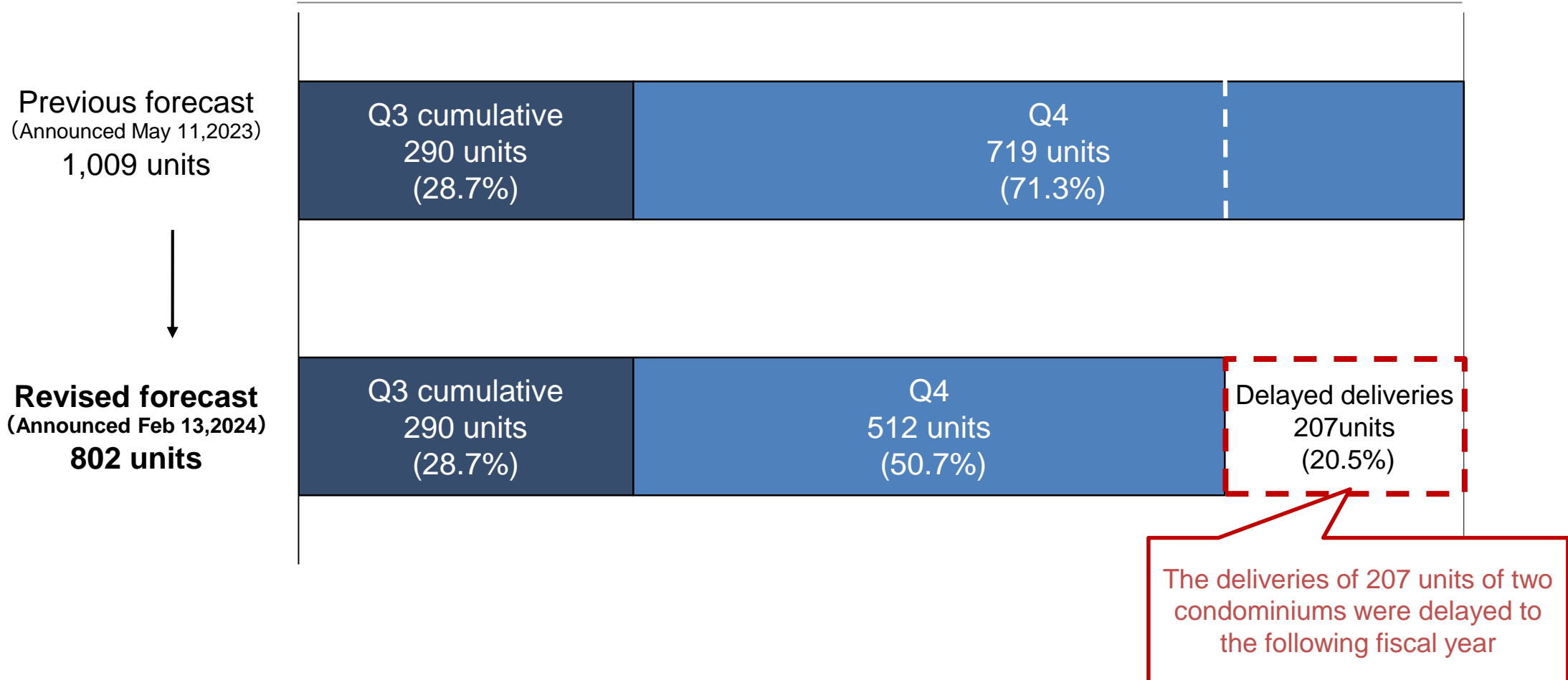
- Net sales declined due to delayed deliveries of two condominiums scheduled to be delivered in Q4



Residential Development Business: Completions Schedule

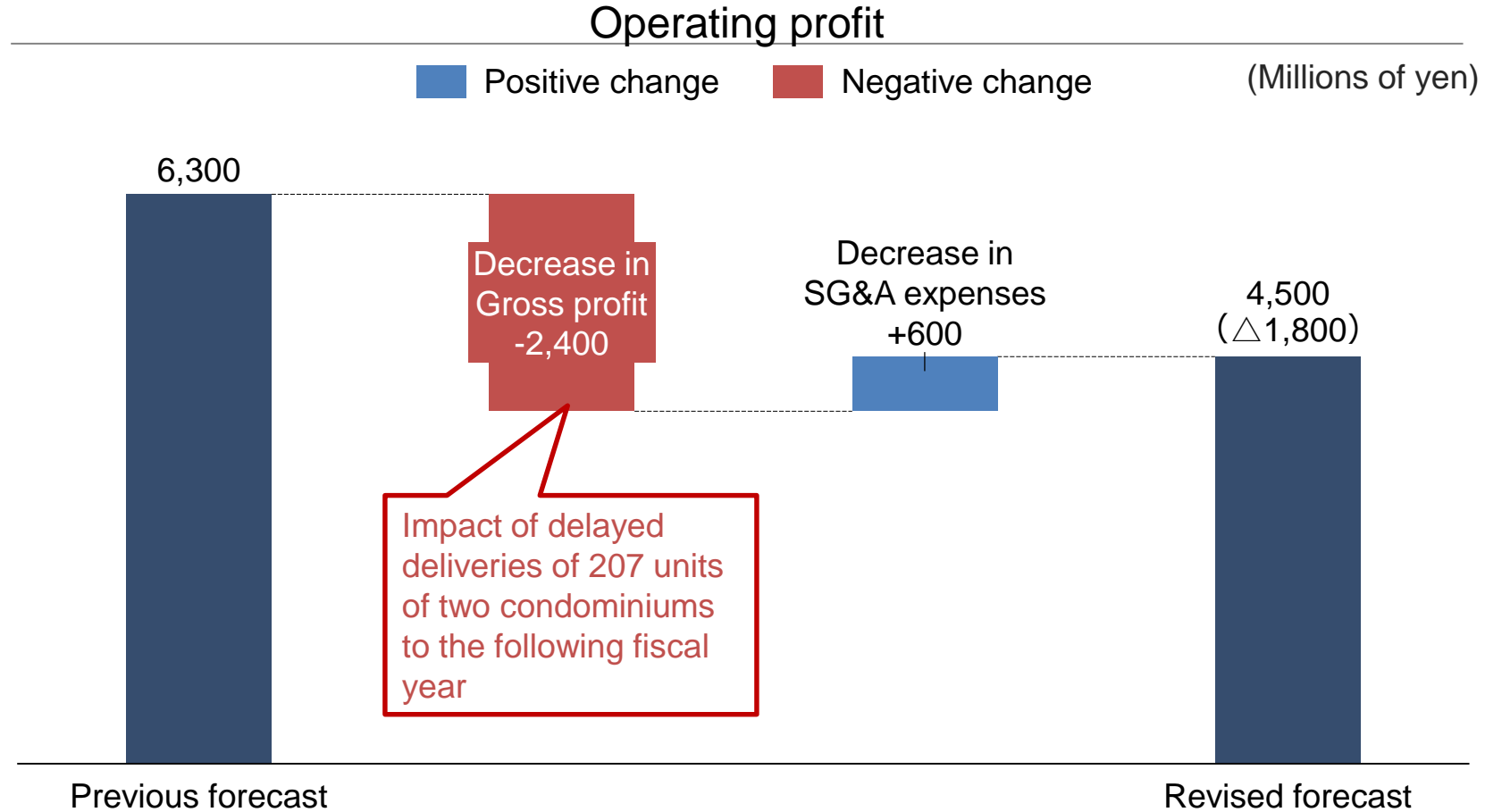
- Of the condominiums scheduled for completions and deliveries in Q4, the deliveries of two condominiums were delayed to the following fiscal year

FY03/24 Planned Completions (based on number of units) *Only for new condominiums



Factors behind the revision of full-year forecast : Operating profit

- Operating profit declined due to delayed deliveries of two condominiums



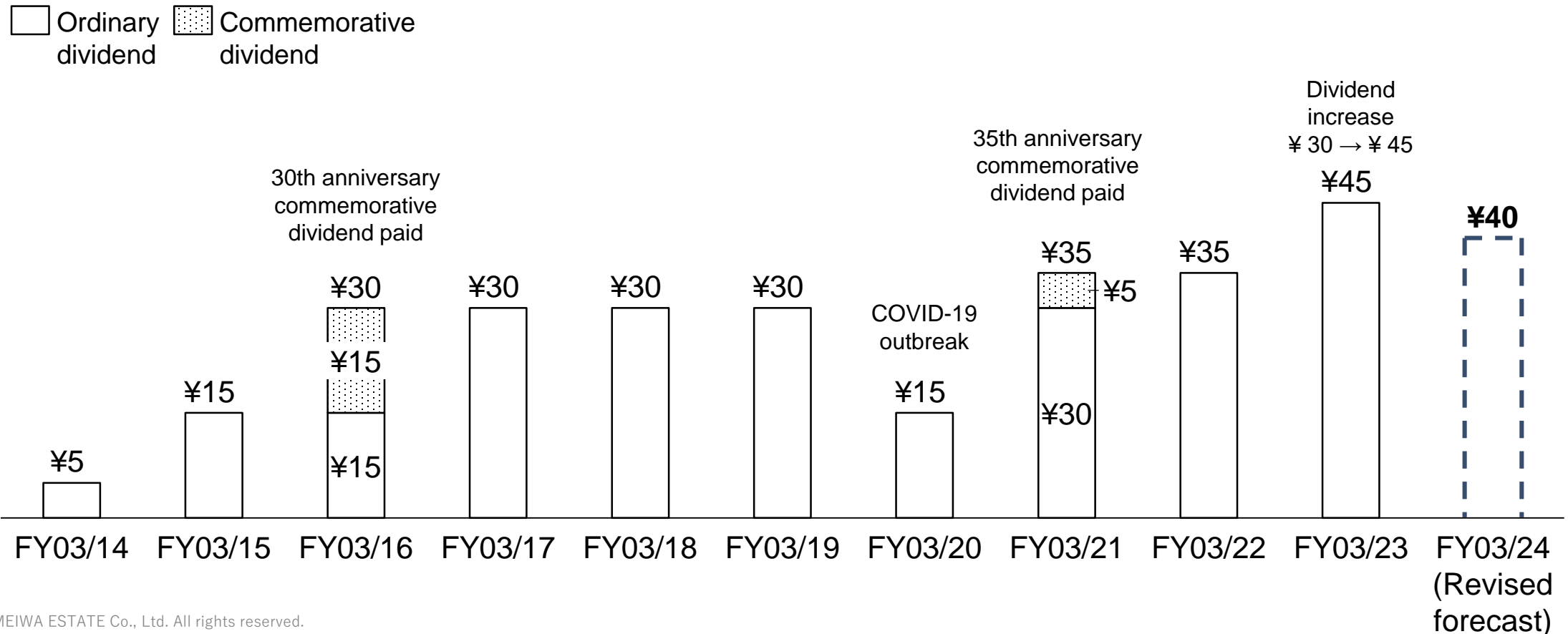


Shareholder Returns



- Dividends of ¥40 per share is planned for FY03/24 (previous forecast: ¥50)
- Based on the revised full-year forecast, the Company considered both the shareholder returns and the internal reserves strengthening its financial position.(no change in the dividend policy)

Dividends



- A shareholder benefit program to improve share liquidity is ongoing.
- Points will be awarded based on the number of shares held as of March 31 each year.

Shareholder benefit points are awarded based on the number of shares held

Number of shares held	Benefit points
600 shares to 699 shares	4,000 points
700 shares to 799 shares	6,000 points
800 shares to 1,499 shares	12,000 points
1,500 shares to 1,999 shares	20,000 points
2,000 shares to 2,499 shares	25,000 points
2,500 shares to 2,999 shares	30,000 points
3,000 shares or more	50,000 points

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Consolidated Financial Results for Q3 FY03/24



Change in Reporting Segments

- As announced in May 2023, we change reporting segments to suit our current management structure

➤ Former reporting segments



➤ New reporting segments



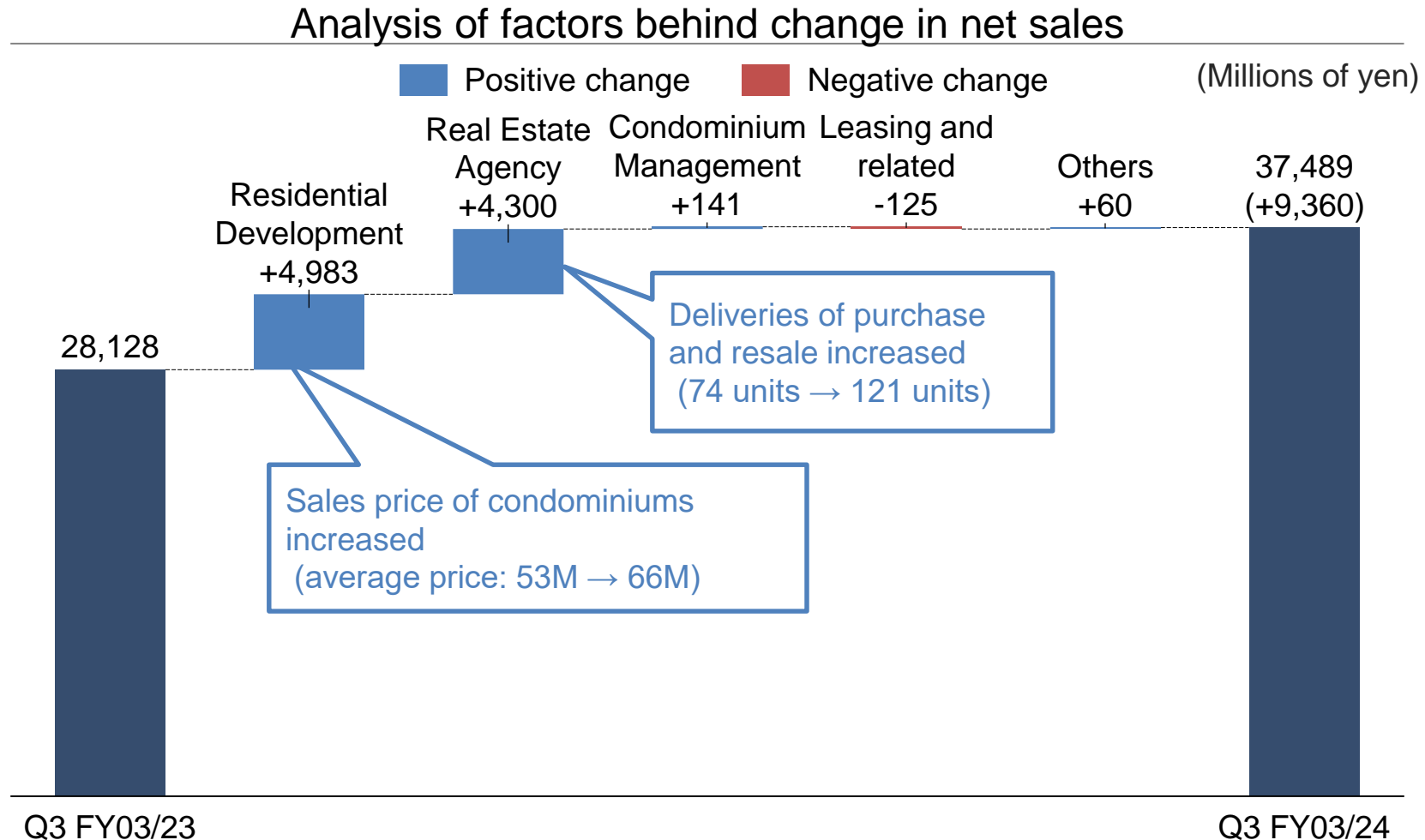
Consolidated Financial Results Q3 FY03/24

- Net sales: ¥37.4 billion (up ¥9.3 billion YoY), Operating profit: ¥0.9 billion (up ¥0.5 billion YoY), ordinary profit: ¥0.1 billion (compared with ordinary loss of ¥0.5 billion in Q3 FY03/23)

	Q3 FY03/23 Actual	Q3 FY03/24 Actual	Change	Change (%)		(Millions of yen)	
						Full-year FY03/24 Revised forecast (Announced Feb 13,2024)	Progress
Net sales	28,128	37,489	9,360	33.3%	<ul style="list-style-type: none"> increase in sales price of condominiums (average price: 53M → 66M) increase in deliveries of purchase and resale (74units →121units) 	70,000	53.6%
Gross profit	7,105	8,727	1,621	22.8%		15,100	57.8%
(Gross profit margin)	(25.3%)	(23.3%)	(-2.0pp)	—		(21.6%)	—
SG&A expenses	6,702	7,774	1,071	16.0%	<ul style="list-style-type: none"> Personnel expenses +257M Taxes and duties* +420M Brokerage fees, etc. +218M Advertising expenses +159M 	10,600	73.3%
Operating profit	403	953	549	136.2%		4,500	21.2%
(Operating profit margin)	(1.4%)	(2.5%)	(1.1pp)	—		(6.4%)	—
Non-operating income	95	112	16	17.4%		—	—
Non-operating expenses	1,035	884	-151	-14.6%		—	—
Ordinary profit	-535	181	717	—	<ul style="list-style-type: none"> Gain on sale of non-current assets (5 properties) Gain on sale of stocks by The Impact Neutralization Trust 	3,500	5.2%
(Ordinary profit margin)	(-1.9%)	(0.5%)	(2.4pp)	—		(5.0%)	—
Extraordinary income	6	144	138	2,191.7%		—	—
Extraordinary loss	3	82	78	2,443.4%	<ul style="list-style-type: none"> Loss on liquidation of subsidiaries acquired through real estate M&A 	—	—
Profit before income taxes	-532	244	777	—		—	—
Profit attributable to owners of parent	-440	208	649	—		2,400	8.7%
(Profit margin)	(-1.6%)	(0.6%)	(2.1pp)	—	(3.4%)	—	

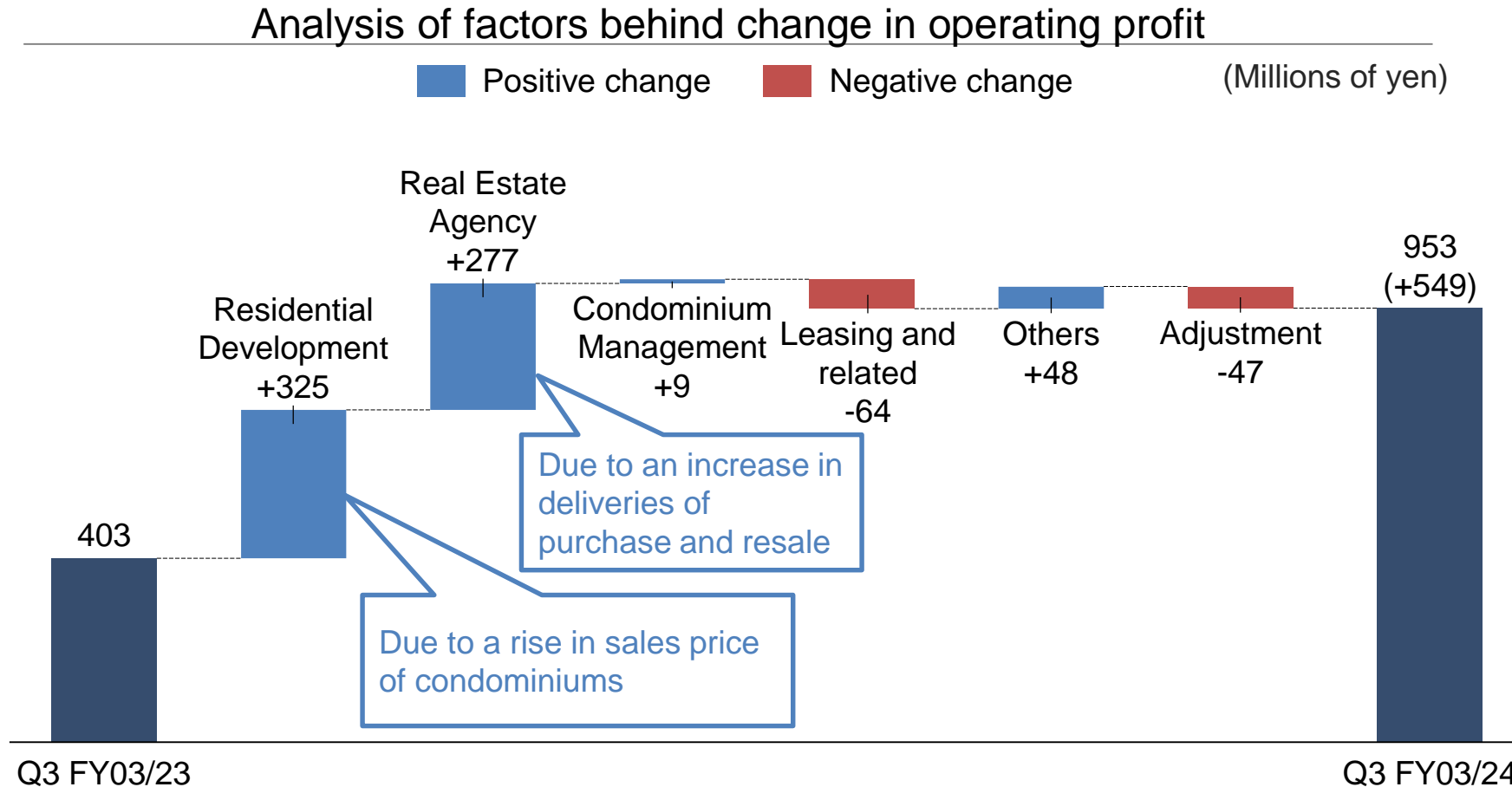
Factors Behind Change in Net Sales by Segment

- Net sales increased due to an increase in sales price of condominiums and an increase in the number of units delivered in the Purchase and Resale Business



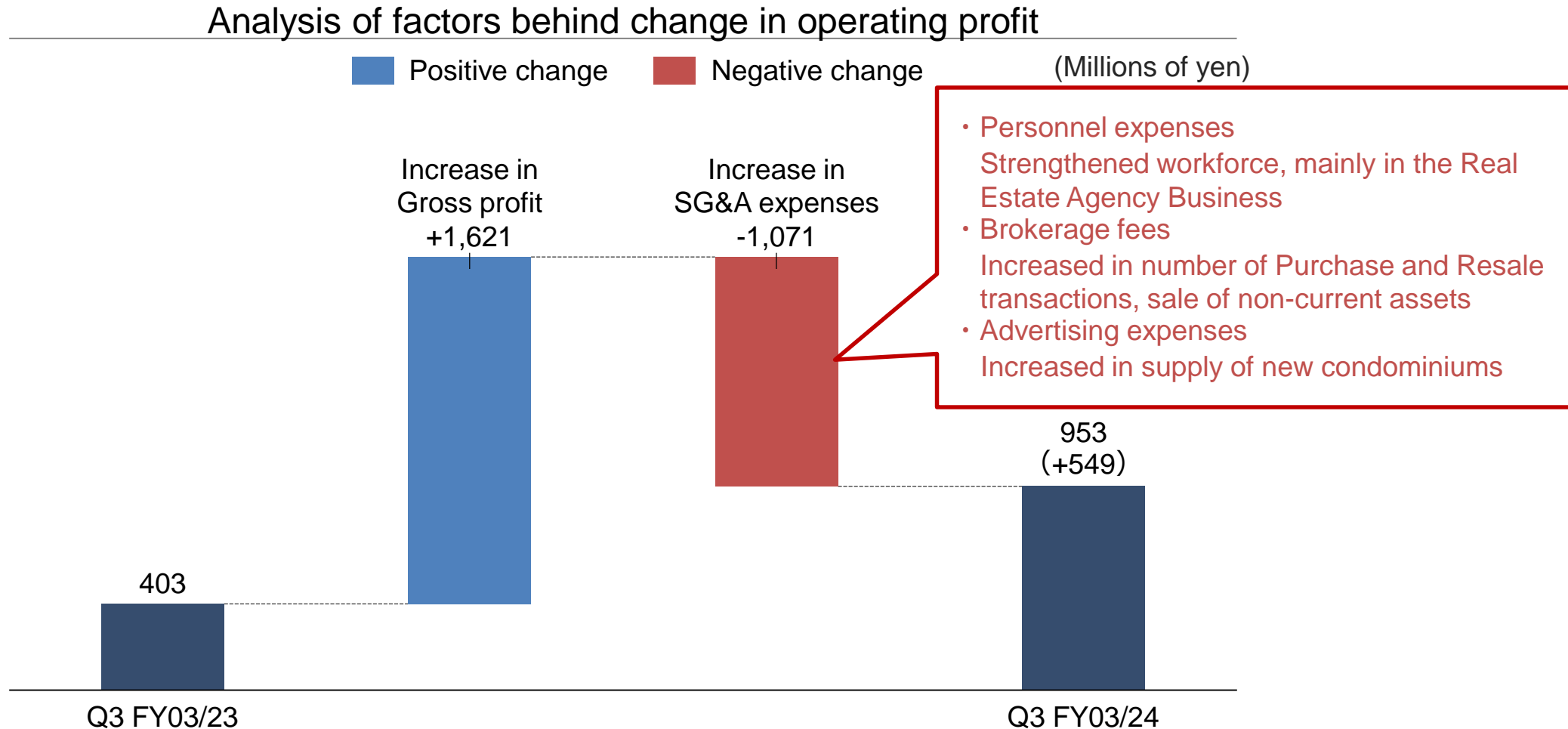
Factors Behind Change in Operating Profit by Segment

- Operating profit in both the Residential Development and the Real Estate Agency increased



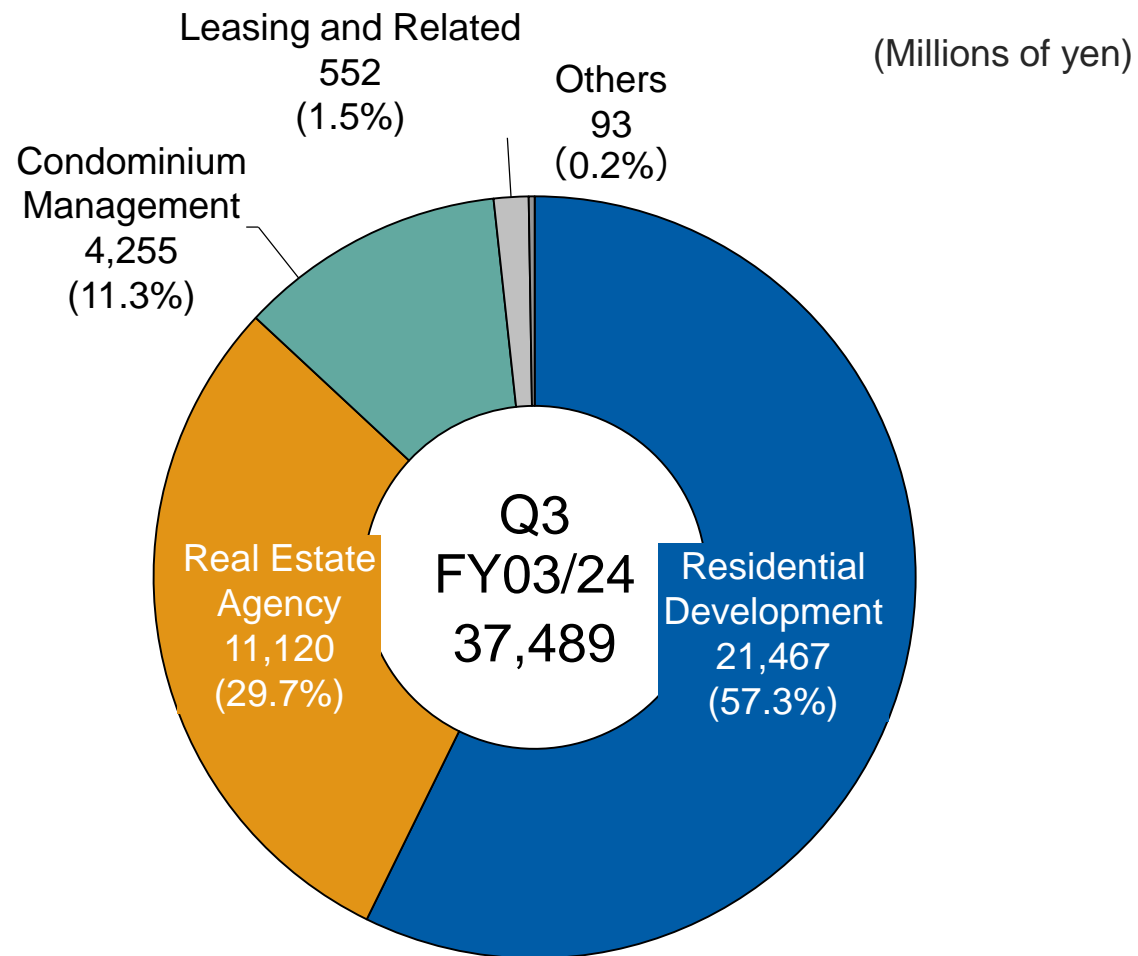
Factors Behind Change in Operating Profit by Accounting item

- As sales price of condominiums rose and deliveries for purchase and resale increased, gross profit increased absorbing ¥1 billion increase in SG&A expenses aimed at strengthening sales capabilities, and operating profit increased



Composition of Net Sales and Segment Profit

Composition of net sales



Net sales and profit by segment

(Millions of yen)

Segment	Net sales (Composition ratio)	Segment profit
Residential Development	21,467 (57.3%)	532
Real Estate Agency	11,120 (29.7%)	380
Condominium Management	4,255 (11.3%)	261
Leasing and Related	552 (1.5%)	215
Others	93 (0.2%)	47
Adjustment	—	-484

Residential Development Business

- **In FY03/24, the deliveries of two condominiums scheduled in Q4 were delayed, resulting in the downward revision of the full-year forecast**
- **In Q3, net sales and profits increased YoY**
- **Purchases: ¥20.6 billion (down 65.6% YoY)**
 - **Secured properties of ¥140 billion for the following fiscal year onward**
 - **Additional purchases have been executed for Wealth Solution Business**
- **Supply: ¥51.5 billion (up 21.5% YoY)**
 - **Some condominiums whose supply had been delayed were supplied in Q3**
- **Sales contracts: ¥35.7 billion (down 9.5% YoY)**
 - **The sales progress was slow due to the supply schedule delay in 1H**

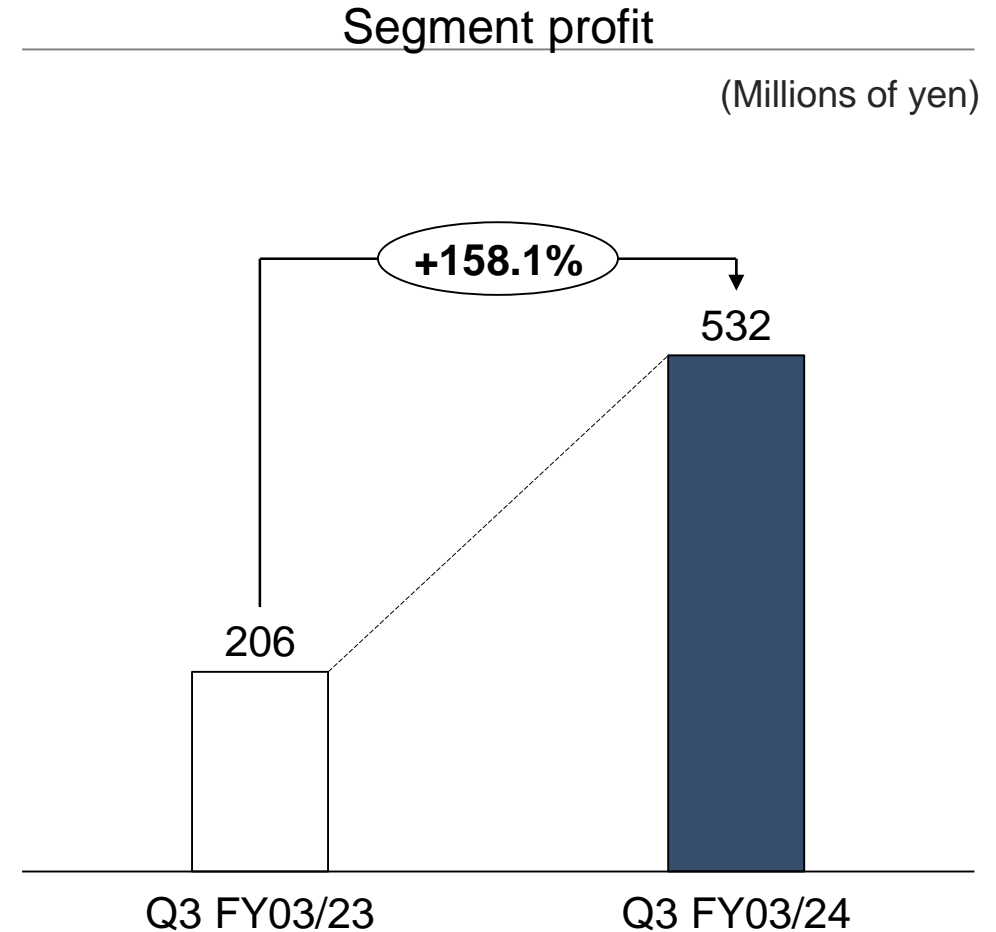
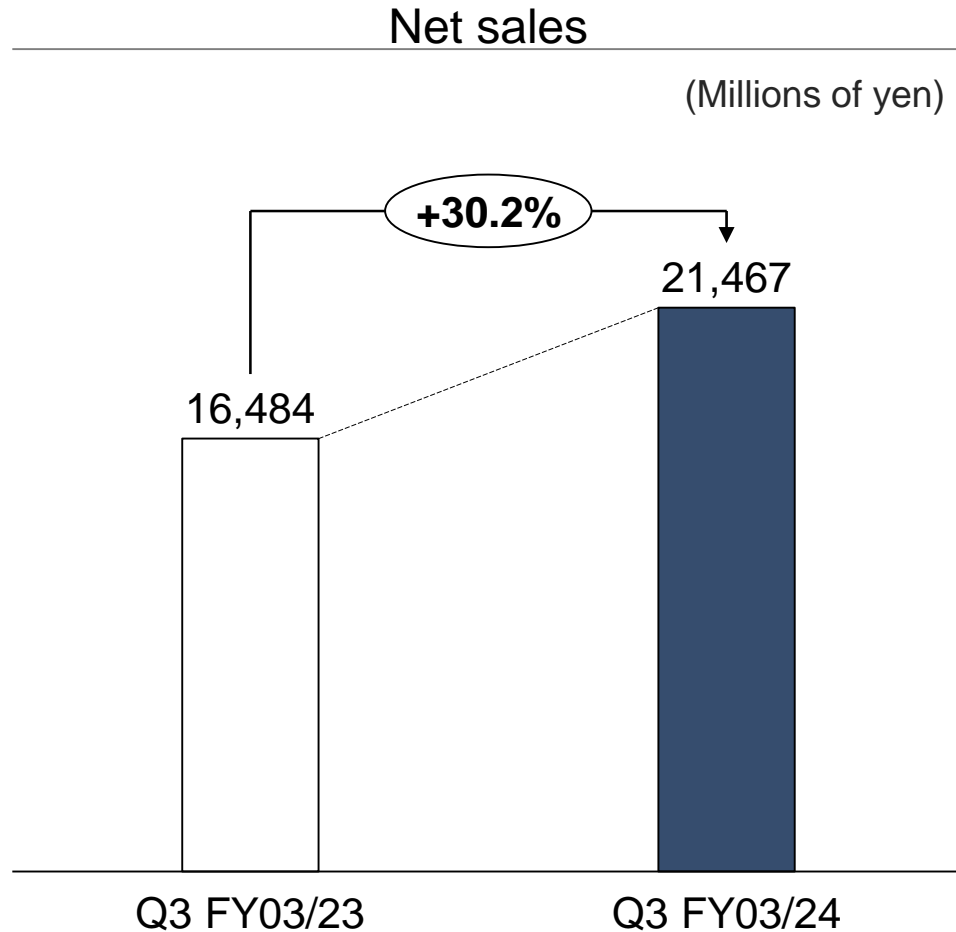
- In Q3, net sales and profits increased YoY

(Millions of yen)

	Q3 FY03/23 Actual	Q3 FY03/24 Actual	Change	Change (%)
Net sales				
Sales to external customers	16,484	21,467	4,983	30.2%
Intersegment sales and transfers	8	—	-8	—
Total	16,492	21,467	4,974	30.2%
Segment profit	206	532	325	158.1%

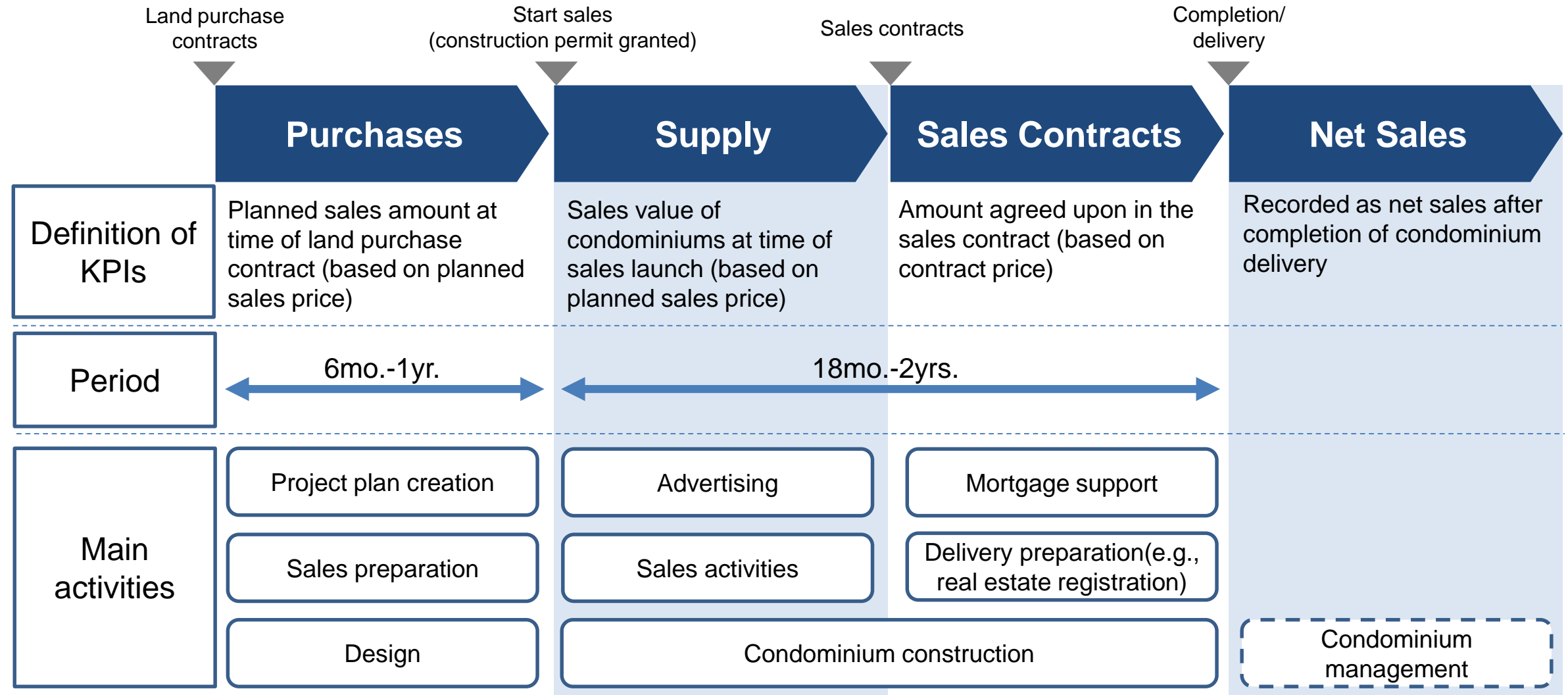
Residential Development Business: Net sales and Segment profit

- Net sales in Q3 were ¥21.4 billion, up 30% YoY
Segment profit was ¥532 million, up 158% YoY



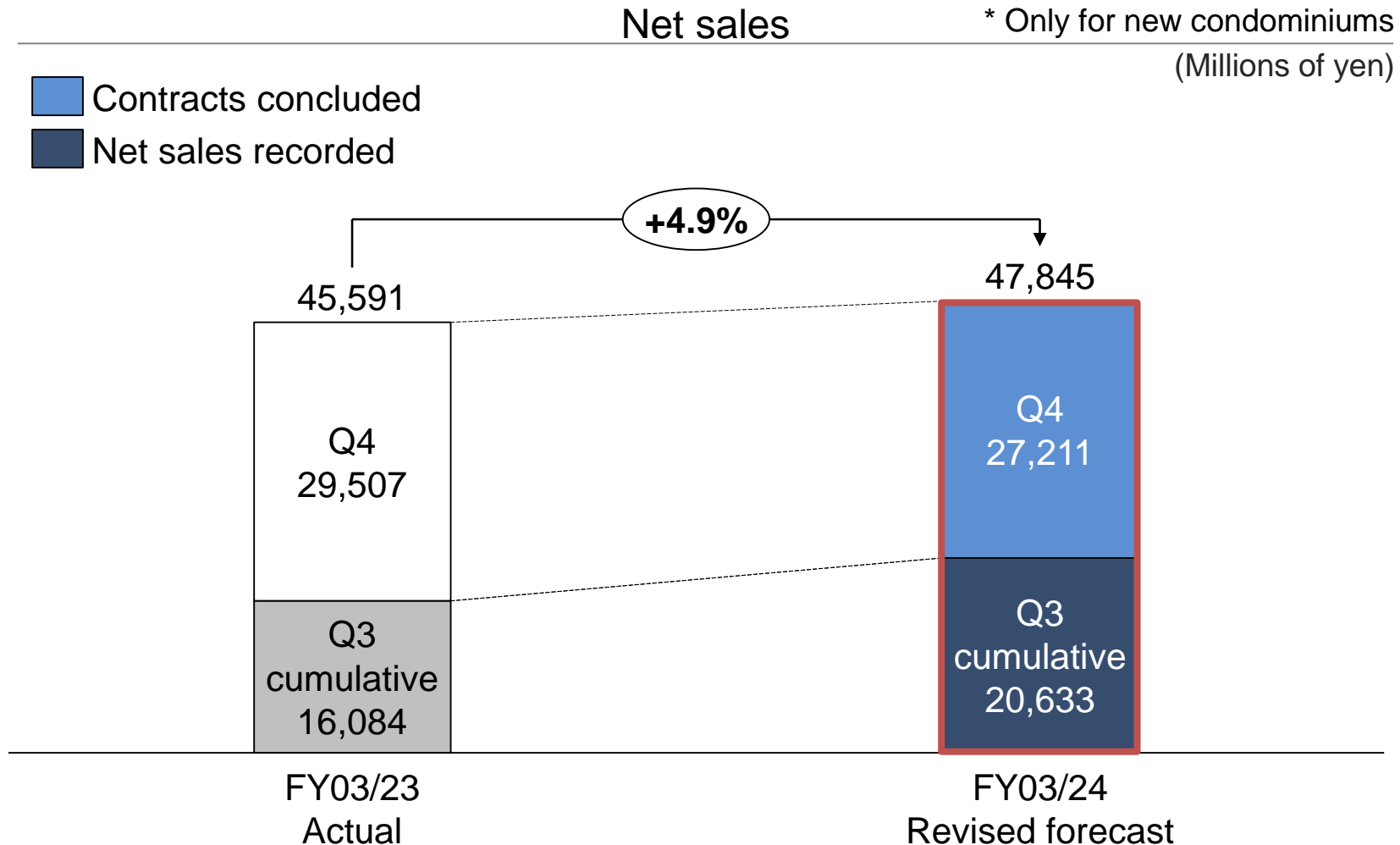
[Ref.] Leading Sales Indicators (KPIs) for the Residential Development Business

■ KPIs are defined as follows.



Residential Development Business: Progress Against Full-year Net Sales Plan

- Full-year net sales are projected at ¥47.8 billion (up 4% YoY)



- 1 condominium completed, 27 units delivered

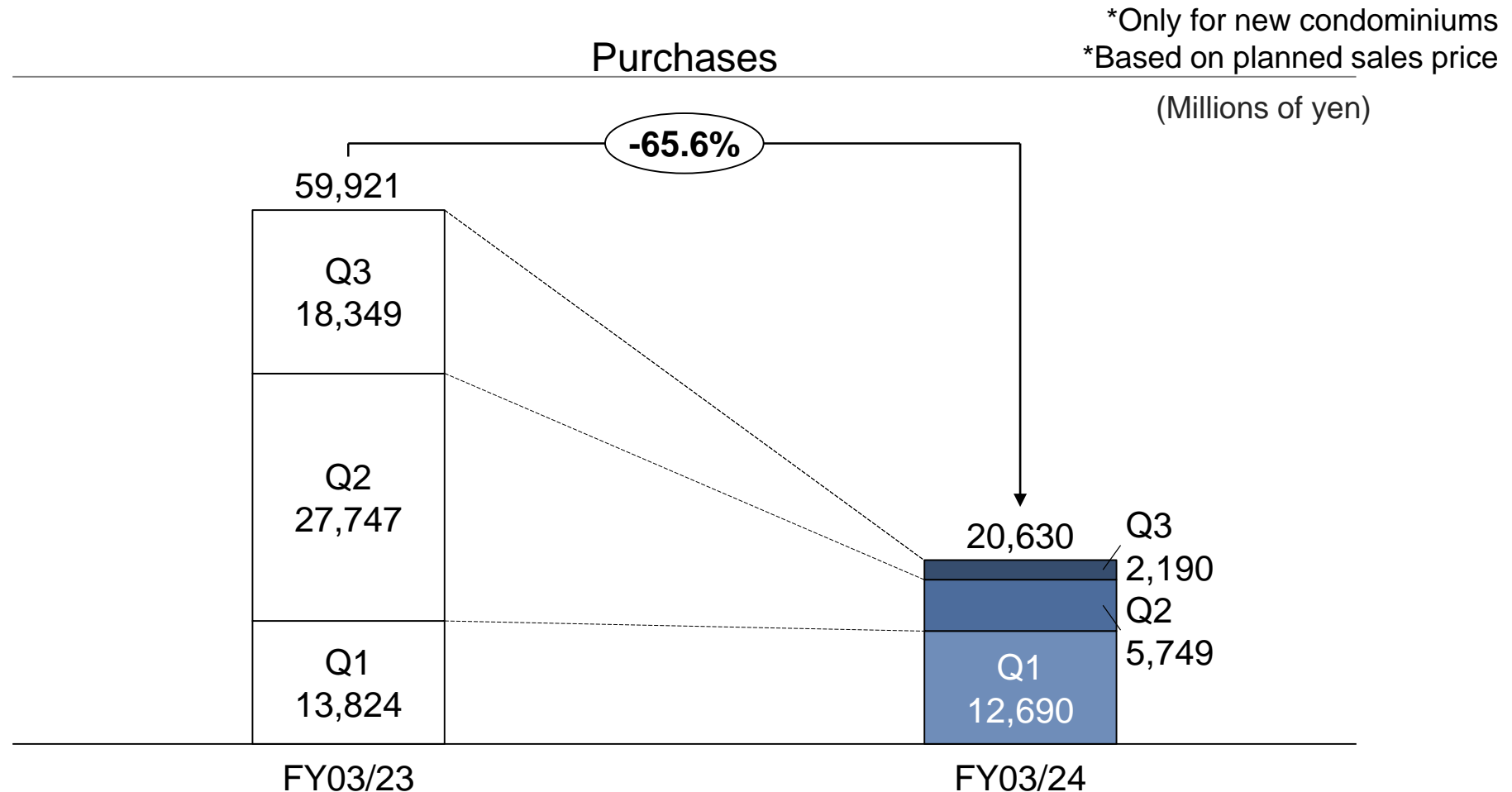
CLIO クリオ ラベルヴィ三鷹グランクラス
CLIO la belle vie MITAKA GRAND CLASS



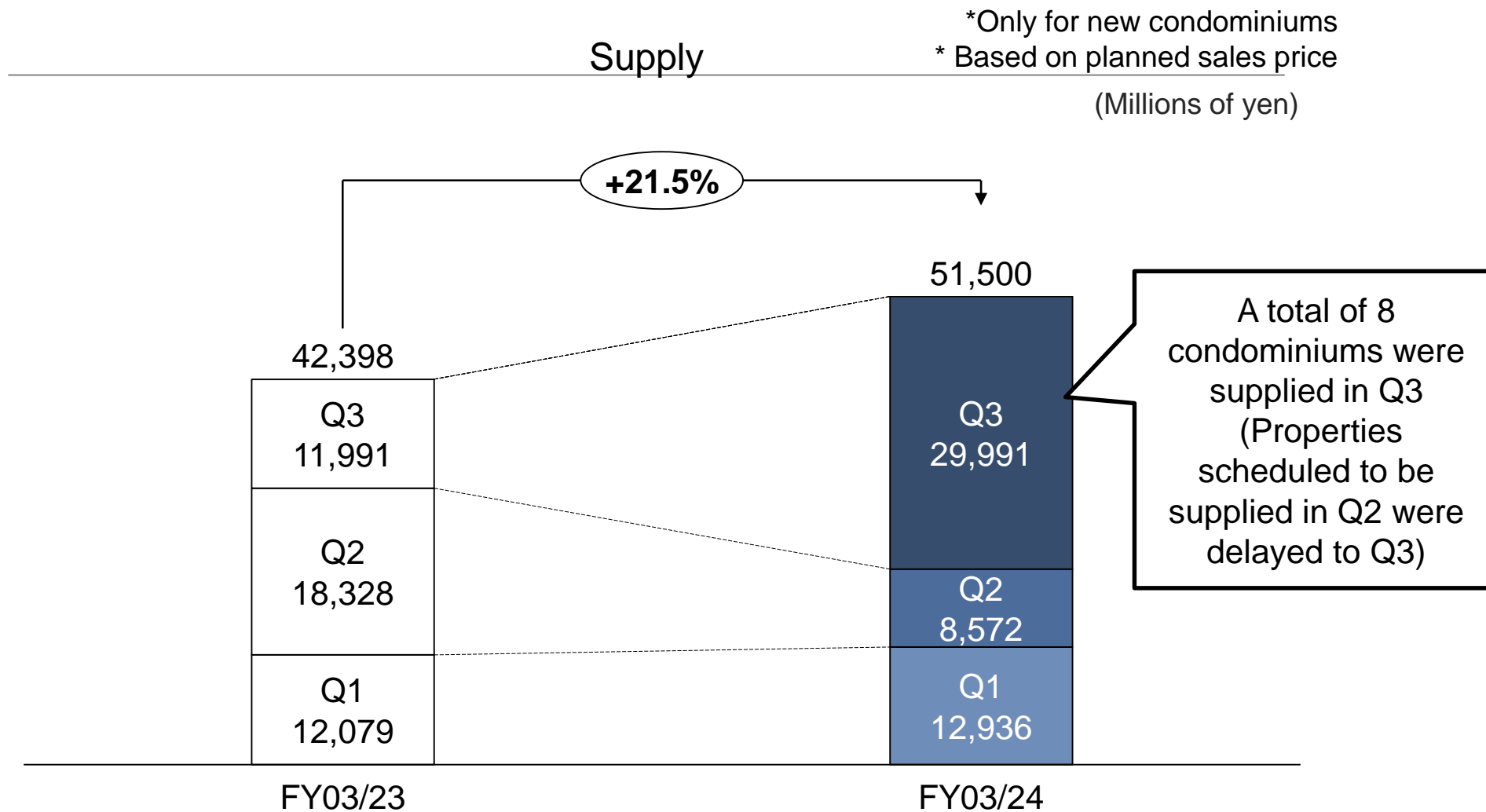
Mitaka, Tokyo
Total number of units:29
Completed and delivered in October 2023

Residential Development Business: Purchases

- Purchases in Q3 amounted to ¥20.6 billion (down 65% YoY)
- Secured properties of more than ¥140 billion worth for FY03/25 onward, and conducted carefully selected purchases in consideration of the recent sharp rise in construction costs



- Supply in Q3 amounted to ¥51.5 billion (up 21% YoY)



Residential Development Business: Properties Supplied in Q3 (1)

CLiO クリオ横浜ザ・グラン CLIO YOKOHAMA THE GRAND



Yokohama, Kanagawa
Total number of units:81
Sales launched in October 2023
Scheduled to be completed in March 2025

CLiO クリオ レジダンス八王子セントラルマークス CLIO RÉSIDENCE HACHIOJI CENTRAL MARKS



Hachioji, Tokyo
Total number of units:132
Sales launched in October 2023
Scheduled to be completed in March 2026

Residential Development Business: Properties Supplied in Q3 (2)

CLIO クリオ横濱センター北グランシック CLIO YOKOHAMA CENTER KITA GRAND CHIC



Yokohama, Kanagawa
Total number of units:26
Sales launched in October 2023
Scheduled to be completed in February 2025

CLIO クリオ上板橋グランヒルコート CLIO KAMIITABASHI GRAND HILL COURT



Itabashi, Tokyo
Total number of units:53
Sales launched in December 2023
Scheduled to be completed in March 2025

Residential Development Business: Properties Supplied in Q3 (3)

CLiO クリオ市谷薬王寺 CLIO ICHIGAYA YAKUOJI



Shinjuku, Tokyo
Total number of units:54
Sales launched in October 2023
Scheduled to be completed in September 2025

CLiO クリオ横濱鶴見セントラルマークス CLIO YOKOHAMA TSURUMI CENTRAL MARKS



Yokohama, Kanagawa
Total number of units:41
Sales launched in October 2023
Scheduled to be completed in April 2025

Residential Development Business: Properties Supplied in Q3 (4)

CLIO クリオ ラベルヴィ中央湊
CLIO la belle vie CHUO MINATO



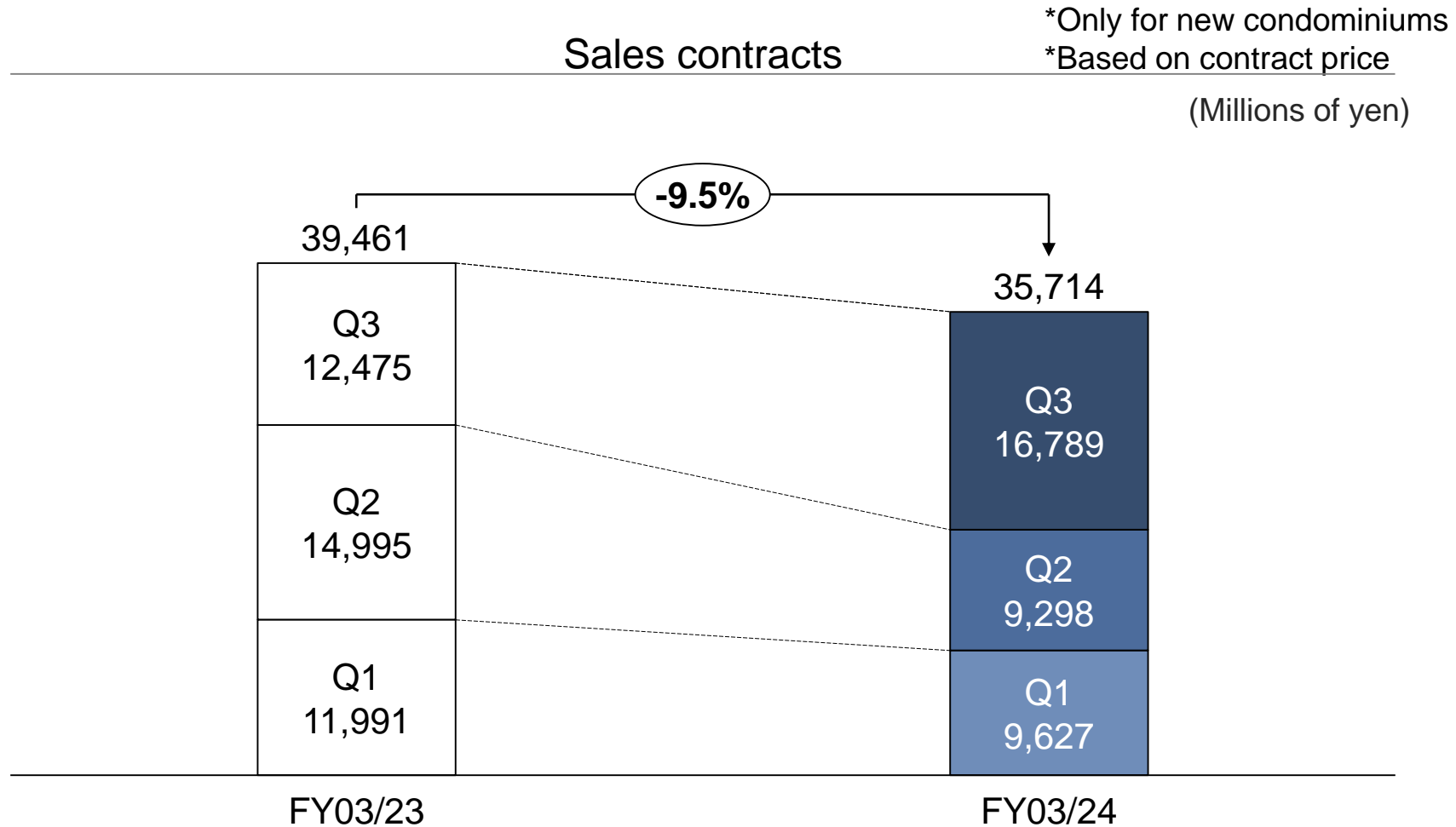
Chuo, Tokyo
Total number of units:28
Sales launched in October 2023
Scheduled to be completed in January 2025

 GRAND TOWER AKAIKE



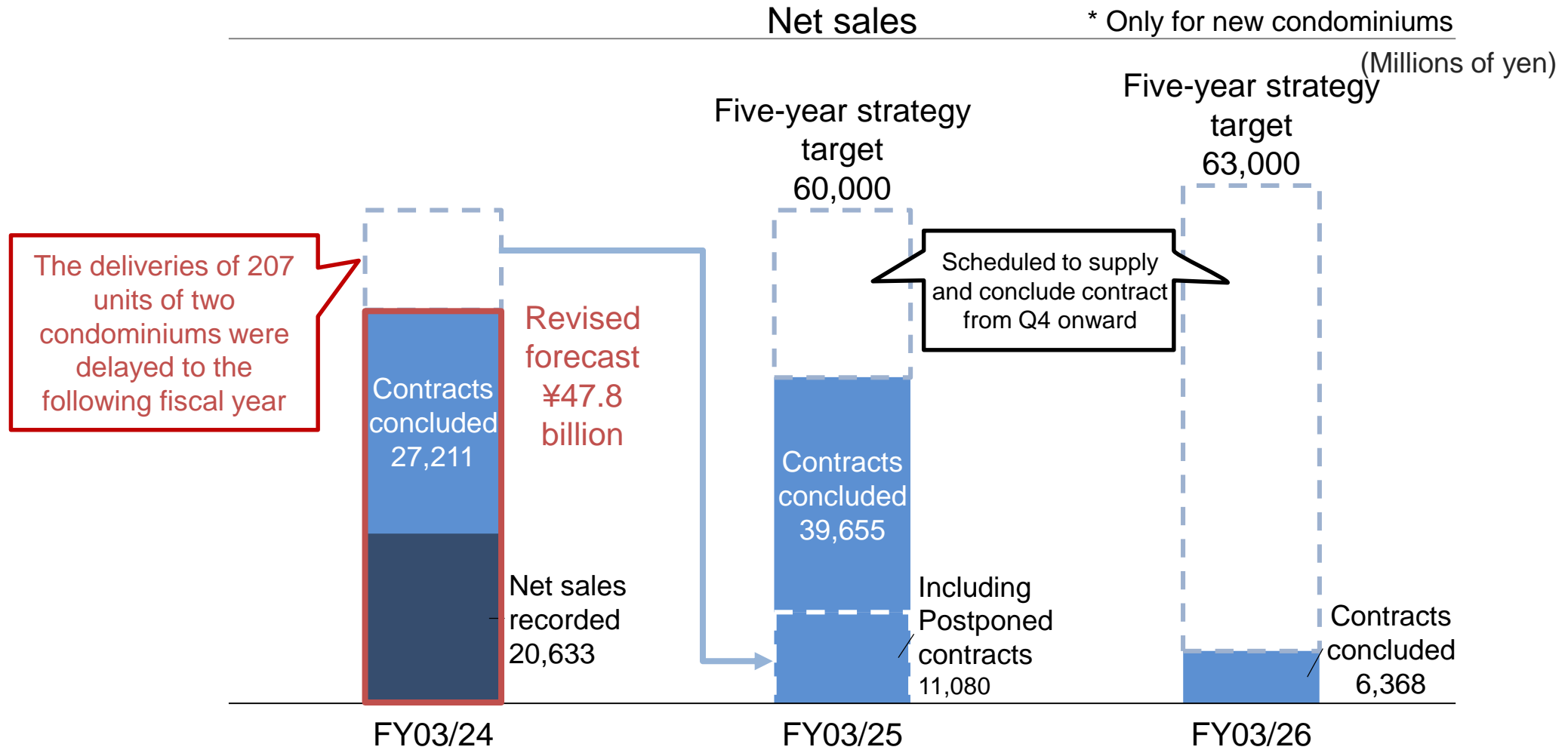
*Joint project with Toyota Smile Life Inc.
Nisshin, Aichi
Total number of units:112
Sales launched in October 2023
Scheduled to be completed in January 2025

- Sales contracts in Q3 amounted to ¥35.7 billion (down 9% YoY)



Residential Development Business: Contracts concluded

- Secured ¥47.8 billion with net sales recorded and contracts concluded as of end of Q3

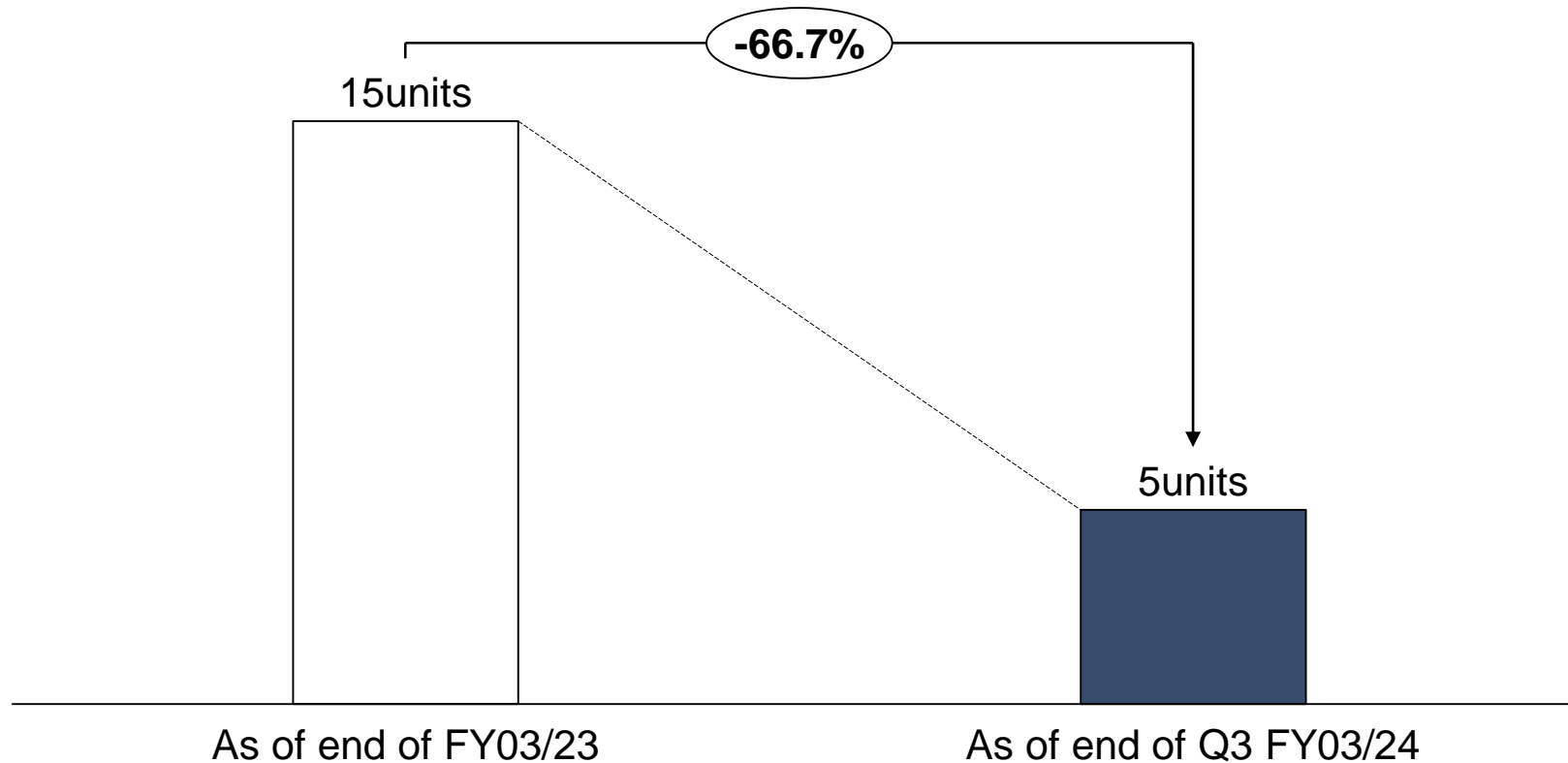


*The "Five-year strategy target" is the target figure for our five-year strategy announced on February 28, 2022.

*The fiscal year in which concluded contracts are recorded as net sales is determined based on the expected delivery date.

- Completed inventory at the end of Q3 was low at 5 units

Completed inventory (completed uncontracted units) *Only for new condominiums



Real Estate Agency Business

- **Purchase and Resale Business continued to grow at a CAGR of 69%**
 - **Net sales: ¥7.4 billion**
- **Brokerage Business continued to grow at a CAGR of 19%**
 - **Net sales: ¥729 million**
- **Wealth Solution Business for high net worth (HNW) individuals**
 - **Purchases: ¥9.8 billion**
**Considered in various aspects utilizing properties information
obtained by the Company**

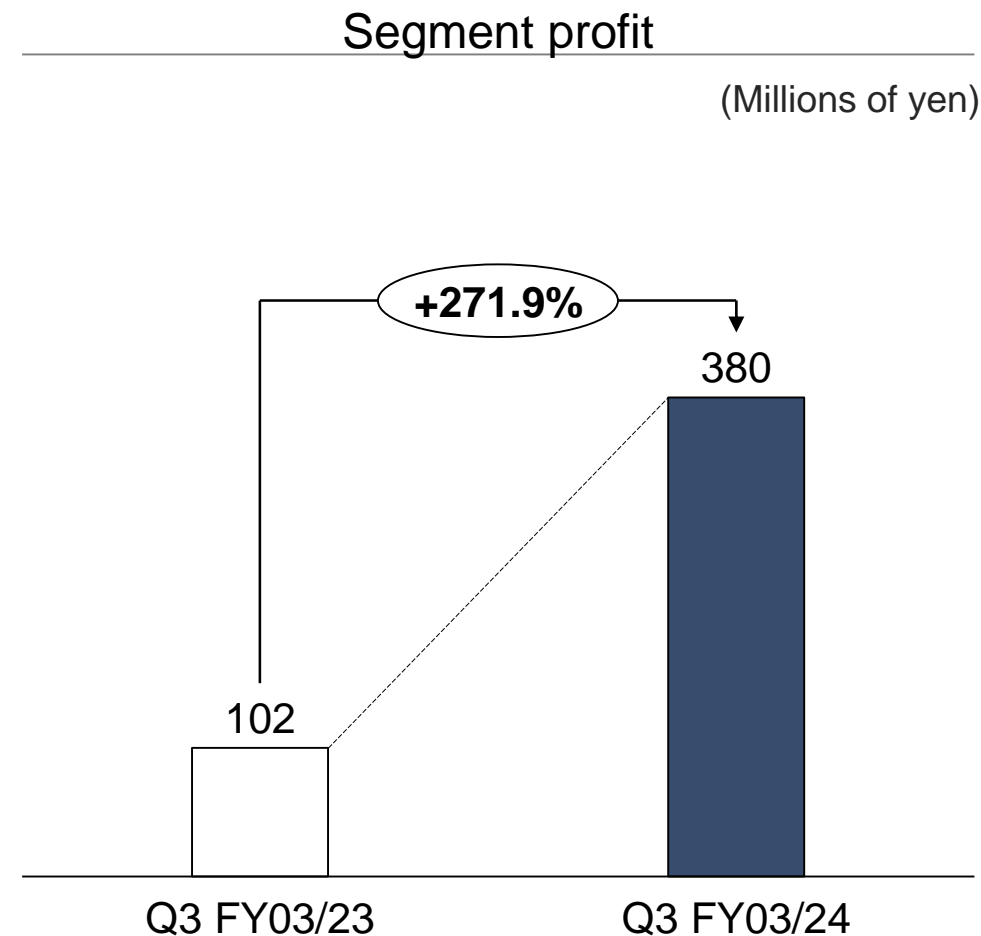
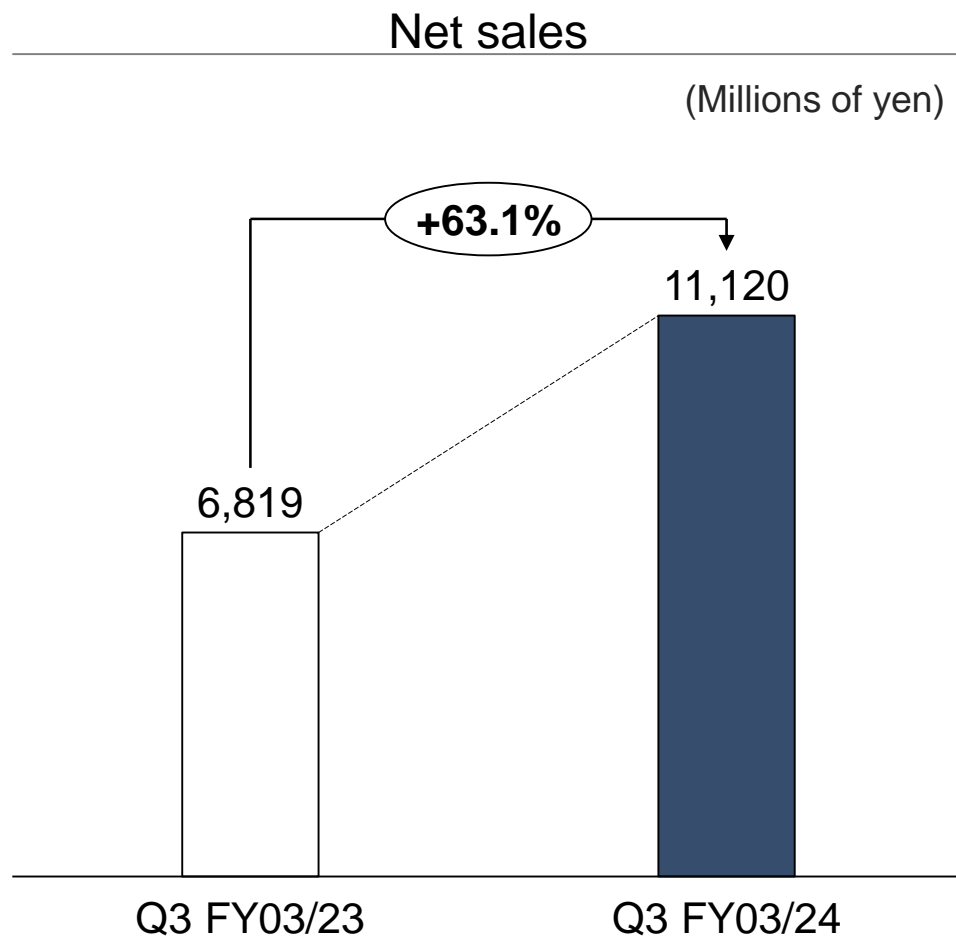
- Strong performance in Purchase and Resale Business and Brokerage led to increased net sales and profits YoY

(Millions of yen)

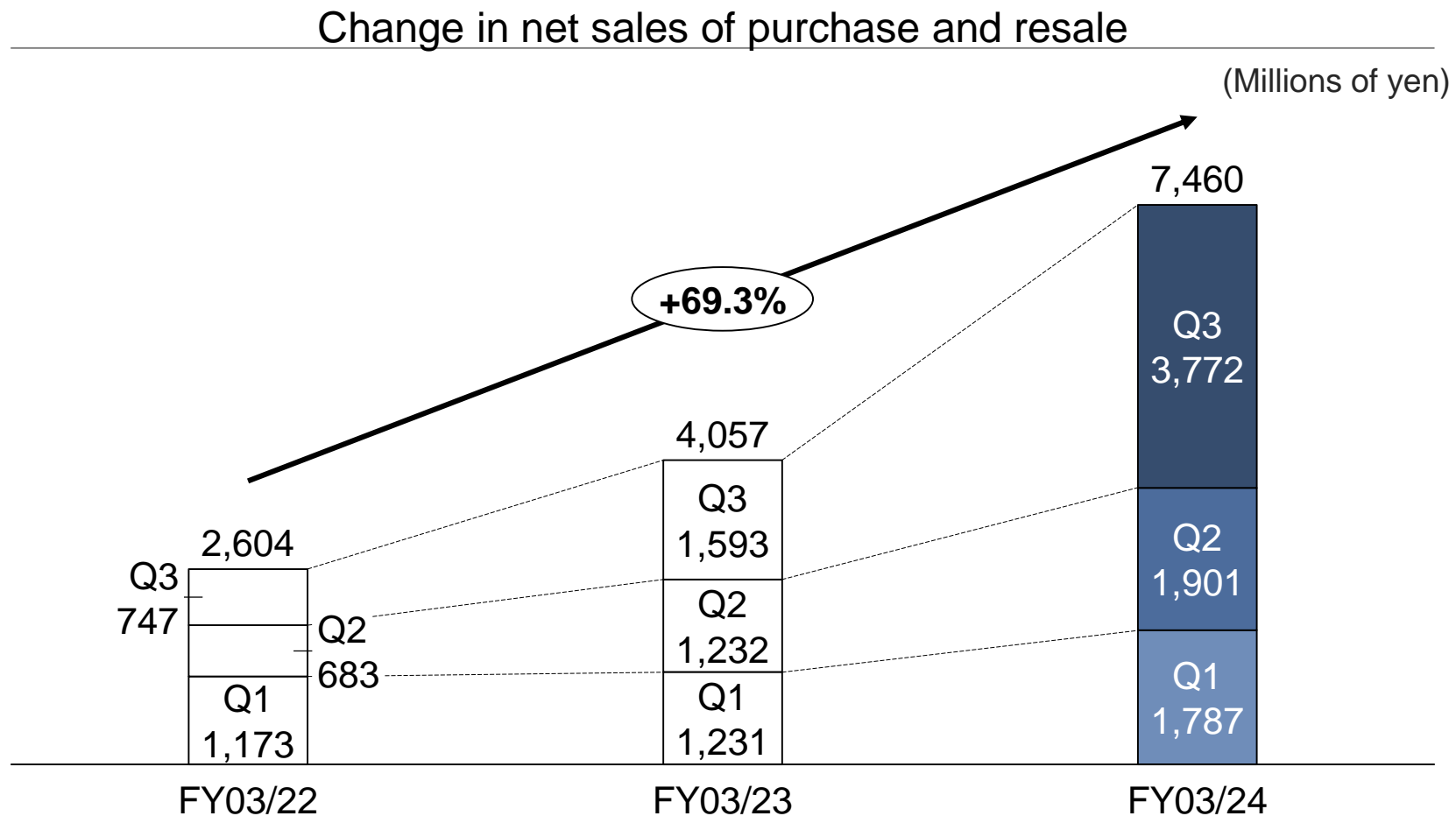
	Q3 FY03/23 Actual	Q3 FY03/24 Actual	Change	Change (%)
Net sales				
Sales to external customers	6,819	11,120	4,300	63.1%
Intersegment sales and transfers	—	—	—	—
Total	6,819	11,120	4,300	63.1%
Segment profit	102	380	277	271.9%

Real Estate Agency Business: Net sales and Segment profit

- Net sales in Q3 were ¥11.1 billion, up 63% YoY
Segment profit was ¥380 million, up 271% YoY

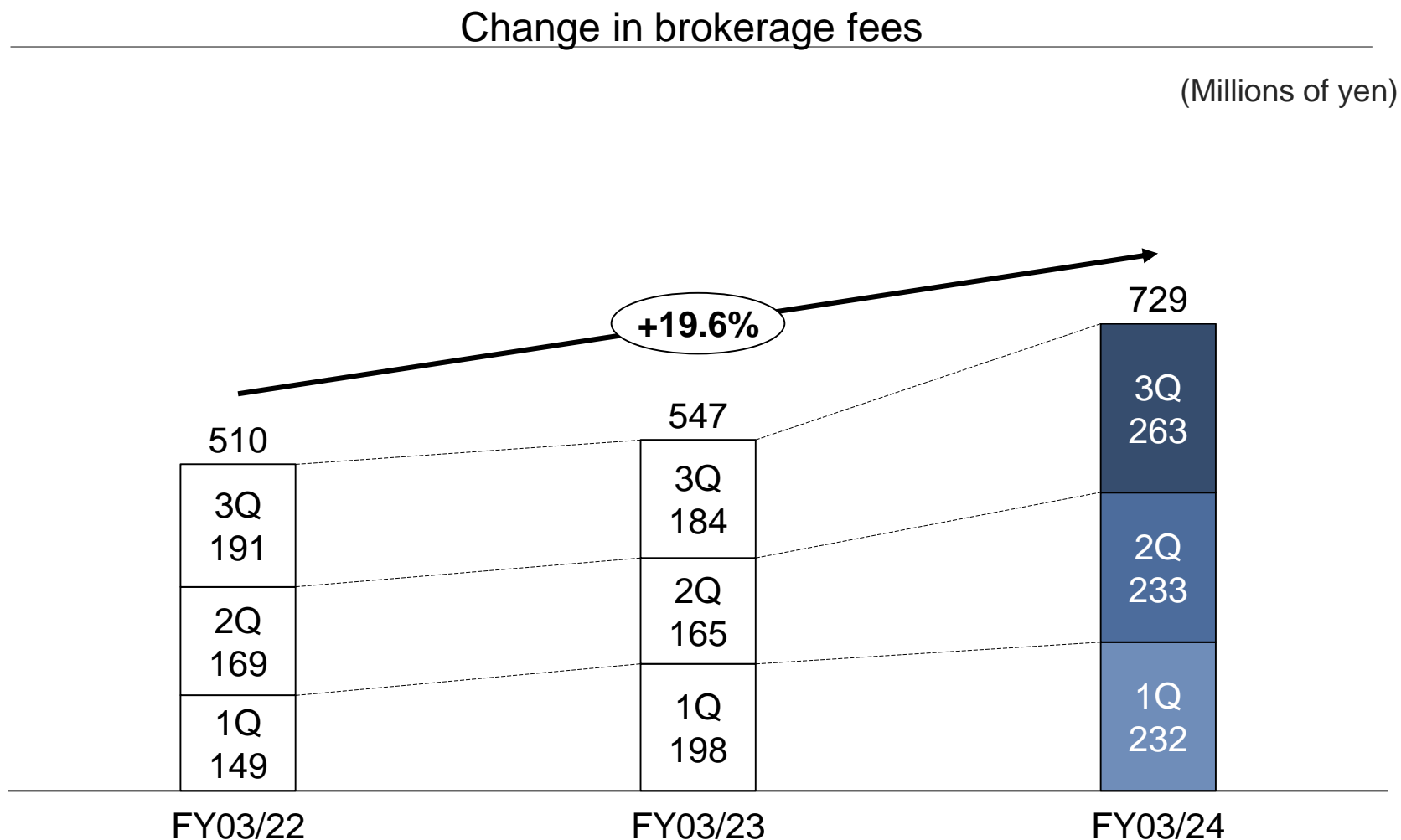


- Net sales in Q3 increased to ¥7.4 billion at a CAGR of 69%



*CAGR: Compound Annual Growth Rate

- Net sales in Q3 increased to ¥729 million at a CAGR of 19%



*CAGR: Compound Annual Growth Rate

Condominium Management Business

- **Achieved high customer satisfaction**
- **Significant increase in switchovers of condominiums managed by other companies (1.8x YoY)**
- **Number of units under management as of the end of Q3: 48,105 units**
- **Performance maintained steady growth**

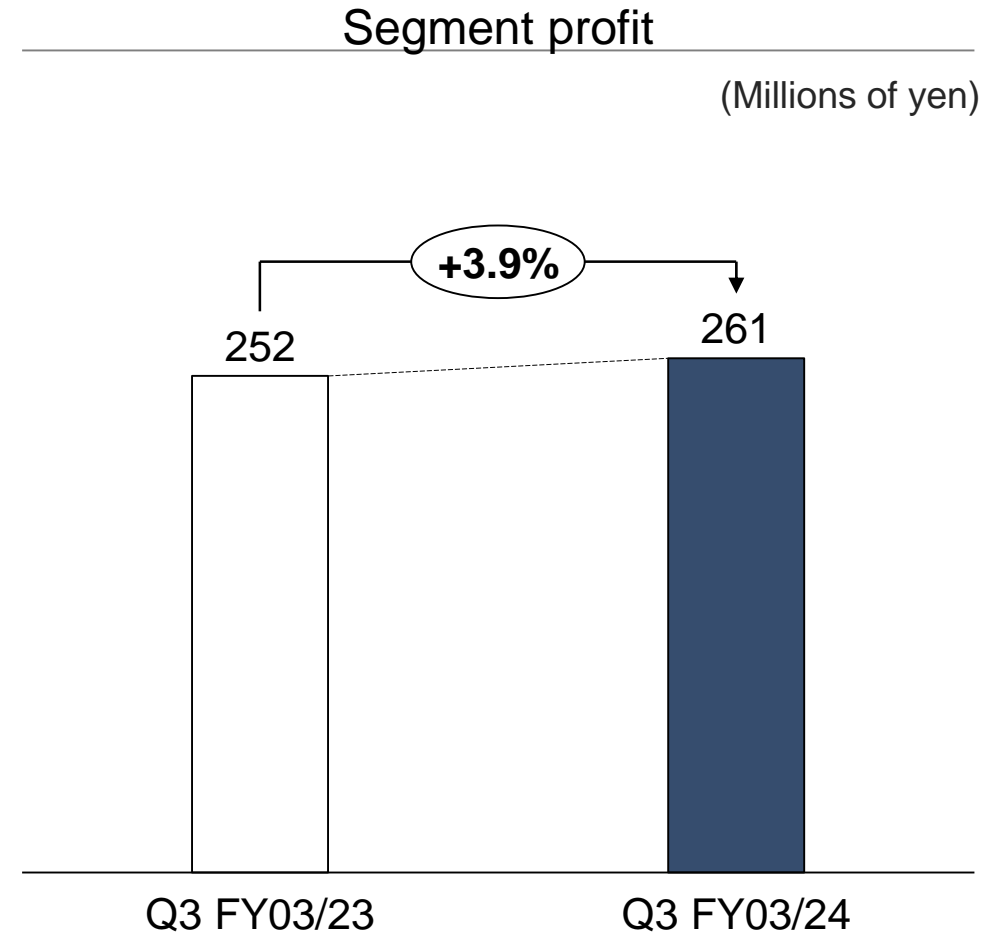
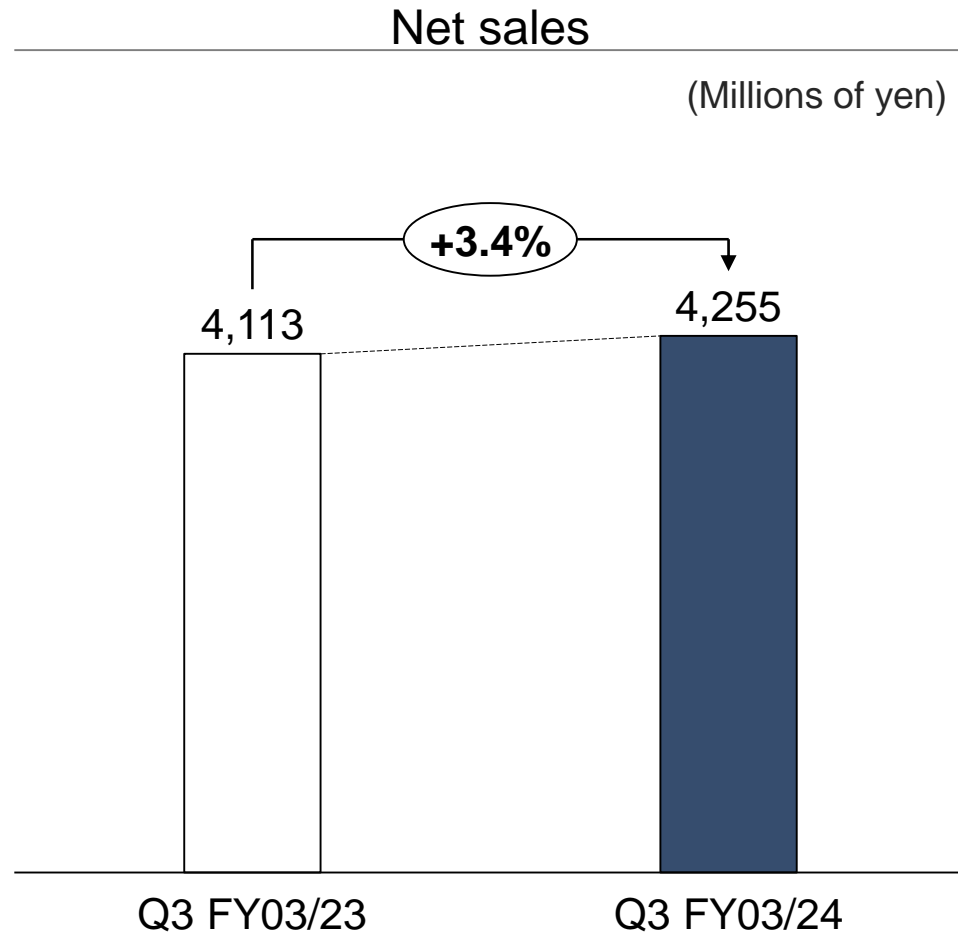
- Net sales and profit increased as switchovers of condominiums managed by other companies progressed strong

(Millions of yen)

	Q3 FY03/23 Actual	Q3 FY03/24 Actual	Change	Change (%)
Net sales				
Sales to external customers	4,113	4,255	141	3.4%
Intersegment sales and transfers	33	26	-6	-20.1%
Total	4,146	4,281	134	3.2%
Segment profit	252	261	9	3.9%

Condominium Management Business: Net sales and Segment profit

- Net sales in Q3 were ¥4.2 billion, up 3% YoY
Segment profit was ¥0.2 billion, up 3% YoY



- Meiwa Jisyo Community Co., Ltd. achieved high levels of customer satisfaction

明和地所グループの明和地所コミュニティは

2023年 オリコン顧客満足度ランキング
「分譲マンション管理会社 首都圏」において※1



第2位 **第3位**

管理会社担当者 小規模部門(100戸未満)

※1 / 2023年 オリコン顧客満足度®調査 分譲マンション管理会社 首都圏 管理会社担当者 第2位 / 小規模 第3位

Highly rated in the Oricon Customer Satisfaction Ranking

明和地所グループの明和地所コミュニティは

購入者が選ぶ「SUUMO AWARD 2022
首都圏分譲マンション管理会社」において



購入者が選ぶ
SUUMO AWARD 2022

総合評価 優秀賞

100戸未満の部

Won the SUUMO AWARD 2022 Excellence Award

Condominium Management Business: Customer Satisfaction

- The Company was highly evaluated continuously in Oricon Customer Satisfaction Ranking 2023 “Tokyo Metropolitan Area Condominium Management Company”

Management company staff satisfaction ranking

Rank	Company Name	Score
1	Mitsui Fudosan Residential Service	72.2
2	Meiwa Jisyo Community	72.0
3	Nomura Real Estate Partners	71.8

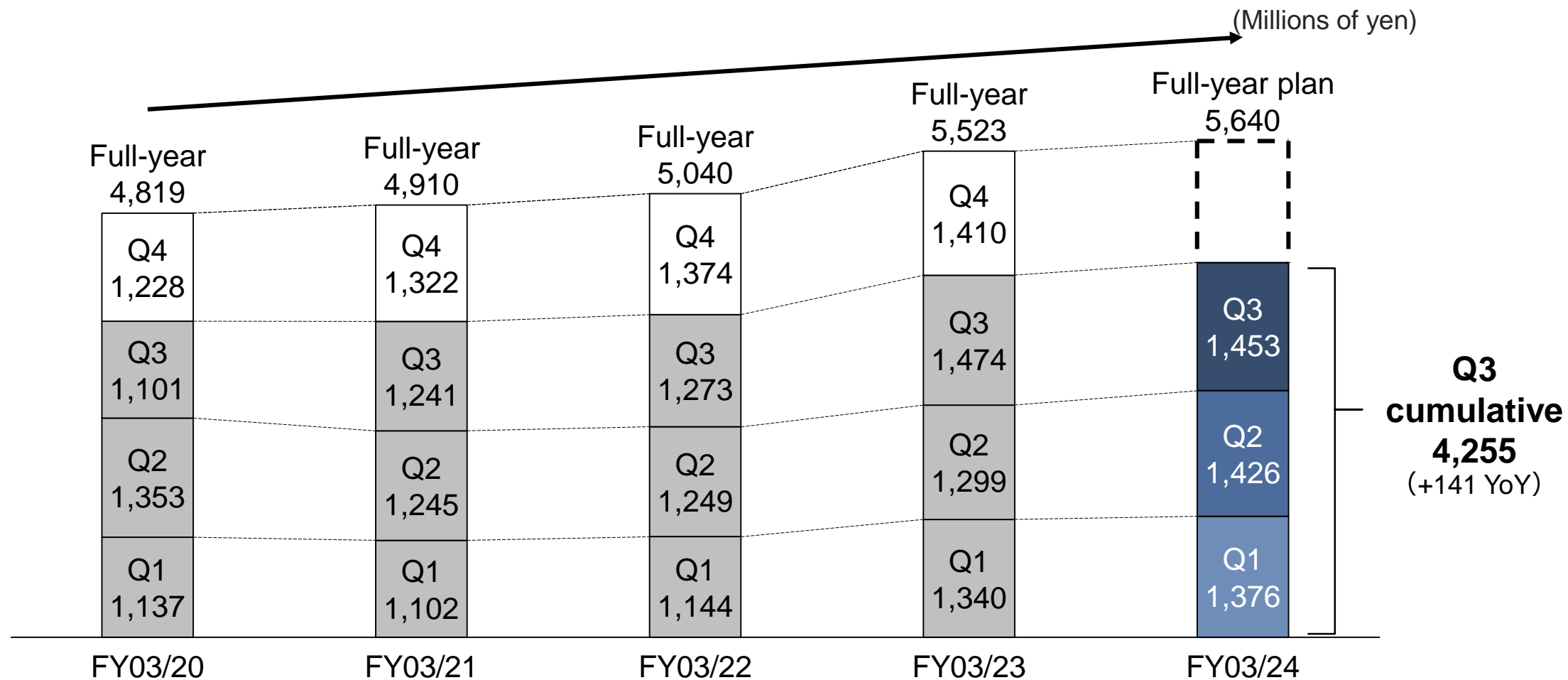
Small-scale* satisfaction ranking

Rank	Company Name	Score
1	Mitsui Fudosan Residential Service	71.9
2	Tokyo Tatemono Amenity Support	71.6
3	Meiwa Jisyo Community	71.3
4	Nomura Real Estate Partners	71.0
5	ITOCHU Urban Community	70.8

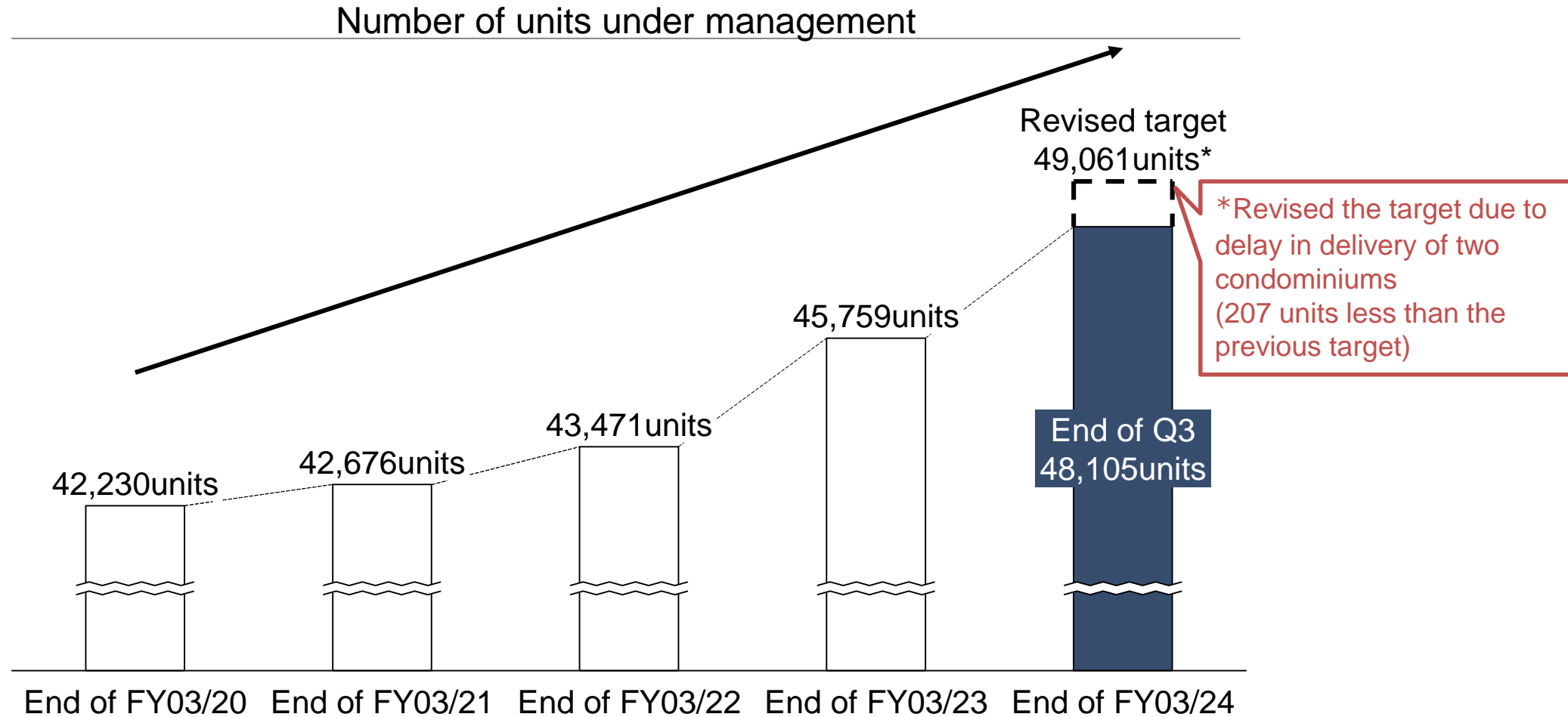
*"Small-scale" refers to apartments of less than 100 households in which the respondents live. Respondents are those who live in or own such apartments.

- Net sales in Q3 were ¥4.2 billion

Change in net sales of Condominium Management Business

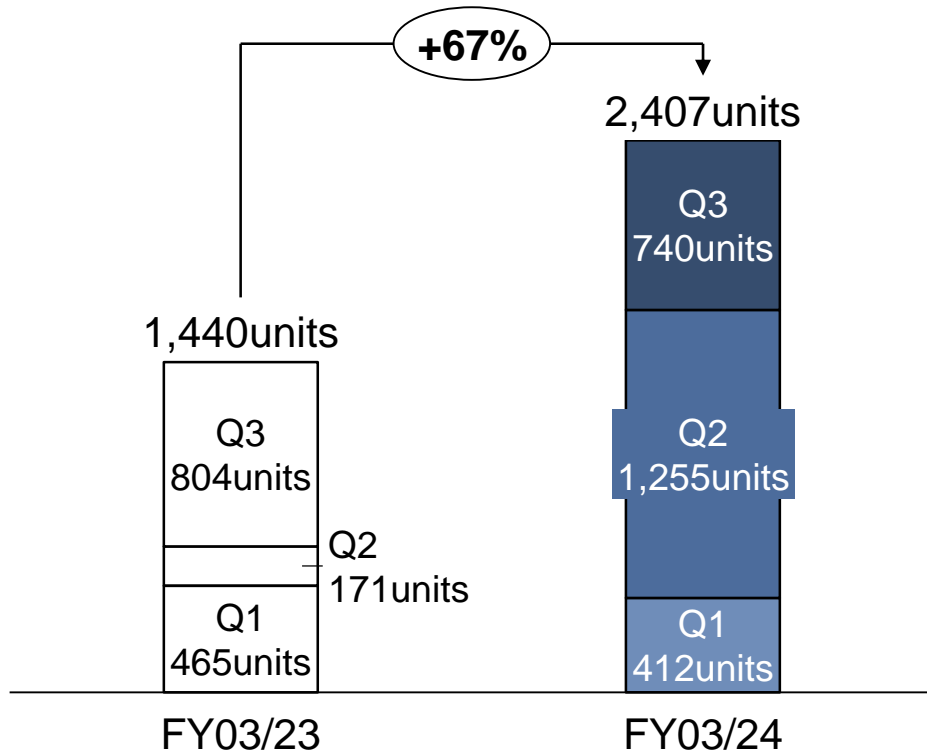


- Number of units under management increased to 48,105 units as of the end of Q3



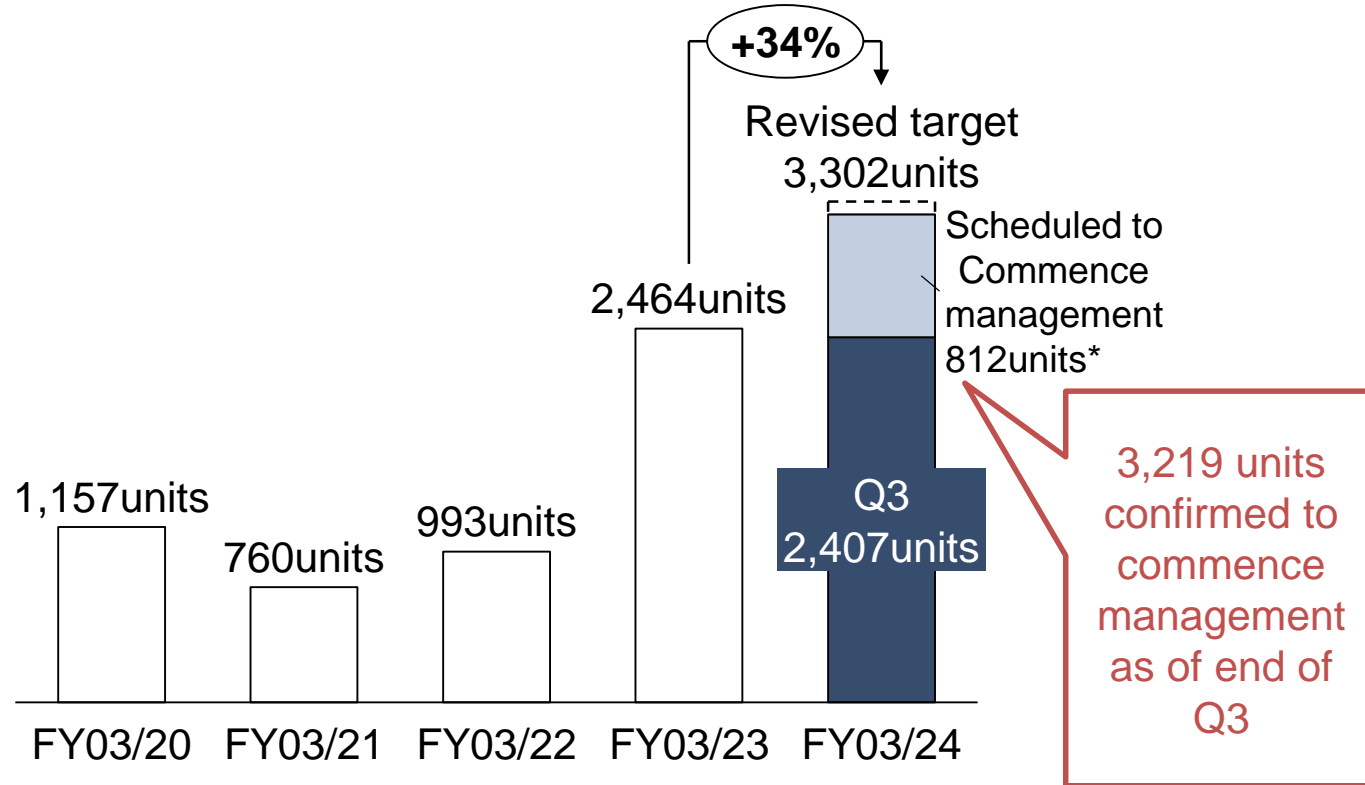
■ The number of new management contracts increased

Q3 new management contracts



Up 67% YoY

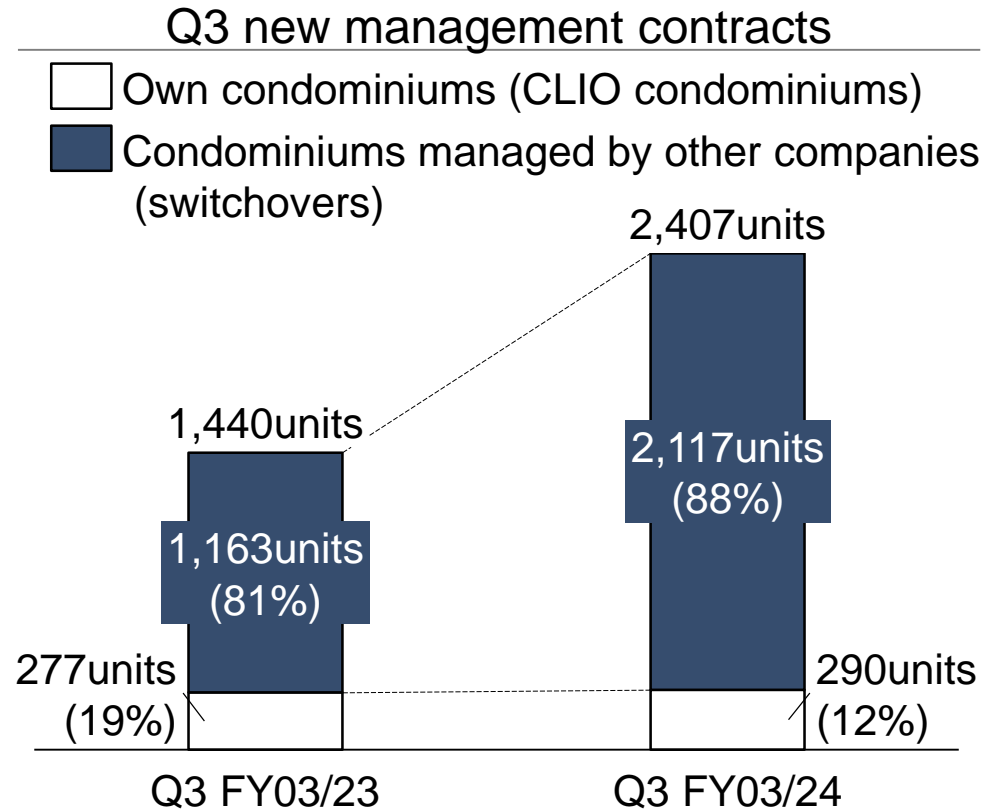
Change in full-year new management contracts



Aiming to achieve 3,302 units* in new contracts, based on start of management, up 34% YoY, for the full year

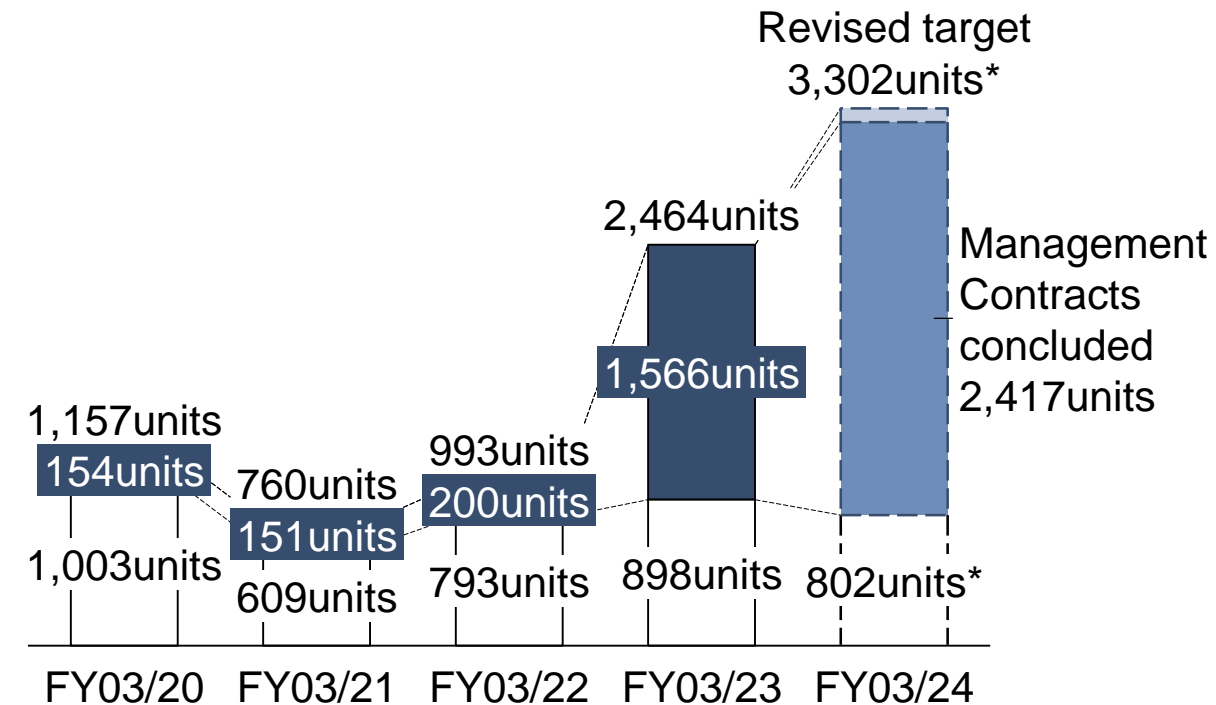
*Revised the target due to delay in delivery of condominiums (207 units less than the previous target)

Strengthen switchovers from other management companies (1.8x YoY)



Number of units switched from other management companies increased from 1,163 units to 2,117 units (1.8x YoY)

Change in full-year new management contracts



Expect switchovers from other management companies to account for over 70% of new contract units for the full year

*Revised the target due to delay in delivery of condominiums (207 units less than the previous target)



Fact Sheet



Consolidated Balance Sheet as of End of Q3 FY03/24

(Millions of yen)

	End of FY03/23	End of Q3 FY03/24	Change	Change (%)
Total assets	116,538	111,973	-4,564	-3.9%
Current assets	104,242	102,265	-1,977	-1.9%
Cash and deposits	34,147	20,268	-13,879	-40.6%
Real estate for sale	7,015	5,979	-1,036	-14.8%
Real estate for sale in process	61,371	73,712	12,341	20.1%
Non-current assets	12,295	9,707	-2,587	-21.0%
Property, plant and equipment	7,544	6,858	-686	-9.1%
Intangible assets	251	232	-19	-7.6%
Investments and other assets	4,499	2,616	-1,882	-41.8%
Total liabilities	86,539	82,562	-3,977	-4.6%
Interest-bearing liabilities	58,092	63,822	5,730	9.9%
Other liabilities	28,447	18,739	-9,707	-34.1%
Net assets	29,998	29,411	-587	-2.0%
Equity ratio	25.7%	26.3%	0.5pp	—

Residential Development Business: Sales Breakdown and Leading Sales Indicators

(Millions of yen)

	23/3期3Q 実績	24/3期3Q 実績	増減	増減率	23/3期 通期実績	24/3期 通期修正予想 (2024/2/13公表)	進捗率
Net sales	16,484	21,467	4,983	30.2%	46,326	—	—
Condominiums	16,084	20,633	4,549	28.3%	45,591	47,845	43.1%
Units delivered	301	311	10	3.3%	841	802	38.8%
Gross profit margin	21.1%	20.0%	-1.1pp	—	22.8%	—	—
Land and buildings	347	794	447	128.6%	647	—	—
Others	52	39	-12	-24.8%	87	—	—
Purchases	60,206	20,849	-39,357	-65.4%	68,651	—	—
Condominiums	59,921	20,630	-39,291	-65.6%	67,606	—	—
Land and buildings	285	218	-66	-23.3%	1,045	—	—
Supply	43,046	51,610	8,563	19.9%	55,858	—	—
Condominiums	42,398	51,500	9,101	21.5%	54,450	—	—
No. of units	651戸	864戸	213	32.7%	865	—	—
Land and buildings	647	109	-537	-83.0%	1,407	—	—
Sales Contracts	40,109	35,824	-4,285	-10.7%	52,684	—	—
Condominiums	39,461	35,714	-3,747	-9.5%	51,276	—	—
No. of units	681	582	-99	-14.5%	885	—	—
Land and buildings	647	109	-537	-83.0%	1,407	—	—

Real Estate Agency Business: Sales Breakdown and Leading Sales Indicators

(Millions of yen)

	Q3 FY03/23 Actual	Q3 FY03/24 Actual	Change	Change (%)	FY03/23 Full-year Actual	FY03/24 Full-year revised forecast (Announced Feb 13, 2024)	Progress (%)	
Net sales	6,819	11,120	4,300	63.1%	9,501	—	—	
Purchase and resale	4,057	7,460	3,402	83.8%	6,436	10,269	72.6%	
Units delivered	74戸	121戸	47戸	63.5%	114戸	—	—	
Gross profit margin	14.2%	11.5%	-2.7pp	—	13.8%	—	—	
Brokerage fees	547	729	182	33.2%	823	965	75.5%	
No. of transactions	400	470	70	17.5%	599	—	—	
Wealth solution	2,062	2,699	636	30.9%	2,062	2,699	100.0%	
Others	151	230	79	52.6%	178	—	—	
Purchase and resale	Units purchased	135	120	-15	-11.1%	182	—	—
	Sales contracts	4,788	7,810	3,021	63.1%	7,251	—	—
	No. of units	91	123	32	35.2%	127	—	—
Brokerage	Brokerage fees	547	729	181	33.2%	823	—	—
	No. of transactions	400	470	70	17.5%	599	—	—
WS	Purchases	—	9,881	9,881	—	2,062	—	—
	Sales contracts	2,061	698	-1,363	-66.1%	56	—	—

Condominium Management Business: Sales Breakdown and Leading Sales Indicators

(Millions of yen)

	Q3 FY03/23 Actual	Q3 FY03/24 Actual	Change	Change (%)	FY03/23 Full-year Actual	FY03/24 Full-year revised forecast (Announced Feb 13, 2024)	Progress (%)
Net sales	4,113	4,255	141	3.4%	5,523	5,640	49.7%
Management fees	3,220	3,434	213	6.6%	4,314	—	—
Construction-related	720	672	-47	-6.7%	938	—	—
Others	172	148	-24	-14.1%	270	—	—
No. of new management contracts	1,440	2,407	967	67.2%	2,464	3,302	72.9%
No. of units under management	44,767	48,105	3,338	7.5%	45,759	49,061	98.1%

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