

Sansei Landic Co., Ltd.

Supplementary Materials for Consolidated Financial Results for FY12/23

February 14, 2024



- Sales and profits reach record highs
Progressing mainly in line with the revised plan announced in August 2023
- Purchases far exceeded the target of 14.4 billion yen due to an increase in purchases of Leasehold land, setting a new record for inventory
- The company plans to pay an interim dividend from FY2024
The dividend forecast for FY12/2024 is 40 yen (an increase of 7 yen from the previous year), the 11th consecutive year of dividend increases

Financial Results



| | FY12/21 | FY12/22 | FY12/23 | | | | |
|---|---------|---------|--|---|---------|------------|---|
| | Results | Results | Revised plan (announced in May 2023) | Revised plan (announced in Aug. 2023) | Results | Difference | |
| (Unit: million yen) | | | | | | | |
| Net sales | 16,836 | 15,533 | 20,500 | 23,500 | 23,269 | -230 | ■ Net sales +49.8% YoY |
| Gross profit | 4,368 | 5,047 | — | — | 6,342 | — | ■ Gross profit +25.7% YoY |
| SG&A | 3,250 | 3,578 | — | — | 4,186 | — | ■ SG&A +17.0% YoY |
| Operating income | 1,117 | 1,469 | 1,700 | 2,150 | 2,155 | +5 | ■ Operating income +46.7% YoY |
| Ordinary income | 999 | 1,283 | 1,400 | 1,800 | 1,765 | -34 | ■ Ordinary income +37.5% YoY |
| Extraordinary income | 3 | 20 | — | — | 0 | — | |
| Extraordinary loss | 0 | 33 | — | — | 8 | — | |
| Net income attributable to owners of parent | 609 | 1,060 | 900 | 1,180 | 1,182 | +2 | ■ Net income +11.6% YoY |

Balance Sheet Summary



(Unit: million yen)

| | FY12/22 | FY12/23 | | |
|------------------------------|---------|---------|--------------------------|-------------|
| | Amount | Amount | Vs. end of previous term | Pct. change |
| Cash and deposits | 3,837 | 3,770 | -66 | -1.7% |
| Property for sale | 23,657 | 25,365 | +1,707 | +7.2% |
| Interest-bearing liabilities | 16,399 | 16,878 | +479 | +2.9% |
| Net assets | 11,056 | 12,076 | +1,020 | +9.2% |
| Total assets | 28,976 | 30,976 | +1,999 | +6.9% |
| Shareholders' equity ratio | 38.1% | 39.0% | +0.9pt | — |

■ Cash and deposits
Decrease of 66 million yen year-on-year, mainly due to increased purchase expenditure

■ Property for sale
Record-high levels due to continued high level of purchases

■ Interest-bearing liabilities
YoY increase due to increase in purchases

Sales by Business Segment



(Unit: million yen)

| | FY12/21 | FY12/22 | FY12/23 | | |
|----------------------------|---------|---------|--------------|---------|----------|
| | Results | Results | Revised plan | Results | Vs. plan |
| Real Estate Sales Business | 15,529 | 15,311 | 23,891 | 23,269 | -2.6% |
| Leasehold land | 8,208 | 5,703 | 8,367 | 8,253 | -1.4% |
| Old unutilized properties | 6,083 | 8,399 | 13,154 | 13,138 | -0.1% |
| Freehold | 864 | 787 | 1,968 | 1,487 | -24.4% |
| Others | 373 | 420 | 401 | 388 | -3.2% |

■ Leasehold Land

Sales and profit were significantly higher than in the same period of the previous year and were almost in line with the plan

■ Old Unutilized Properties

Sales and profit were significantly higher than in the same period of the previous year and were almost in line with the plan

■ Freehold

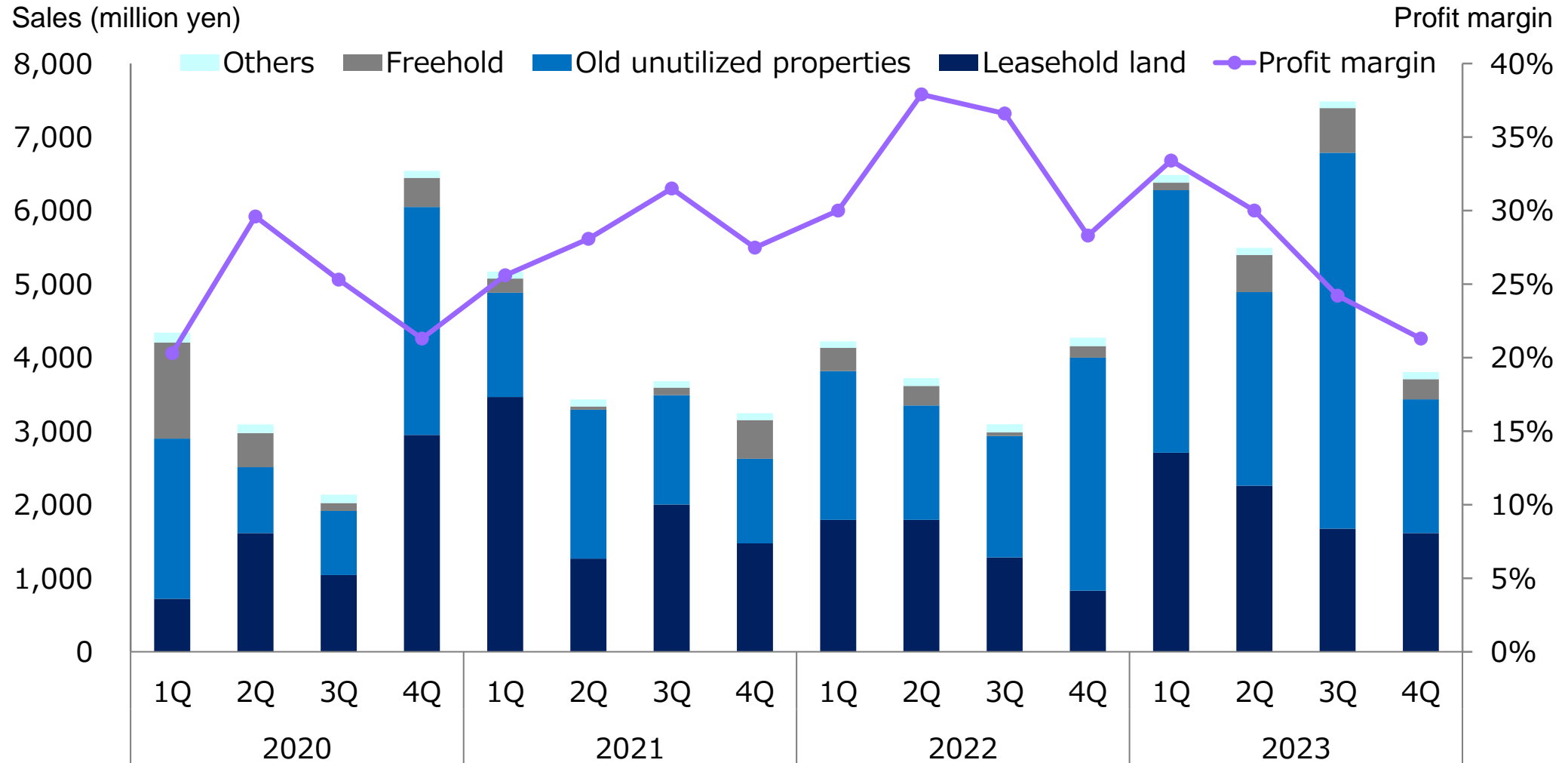
Sales and profit significantly exceeded those of the same period previous year but fell short of the plan

※In the previous consolidated fiscal year, the Company sold all shares of One's Life Home Inc., which was engaged in the construction business, and as a result, it became a single segment of the Real Estate Sales business in the current consolidated fiscal year.

Quarterly Changes in the Real Estate Sales Business



- Came in as planned, although the profit margin in 4Q declined due to a larger proportion of Old unutilized properties, including those included in Leasehold land (mixed)



Purchases by Business Segment



(Unit: million yen)

| | FY12/21 | FY12/22 | FY12/23 | |
|----------------------------|---------|---------|---------|--------|
| | Results | Results | Results | YoY |
| Real Estate Sales Business | 10,118 | 20,636 | 18,617 | -9.8% |
| Leasehold land | 4,474 | 7,274 | 9,924 | +36.4% |
| Old unutilized properties | 4,689 | 11,979 | 7,287 | -39.2% |
| Freehold | 955 | 1,383 | 1,406 | +1.7% |

■ Purchasing

Annual purchase plan: 14.4 billion yen

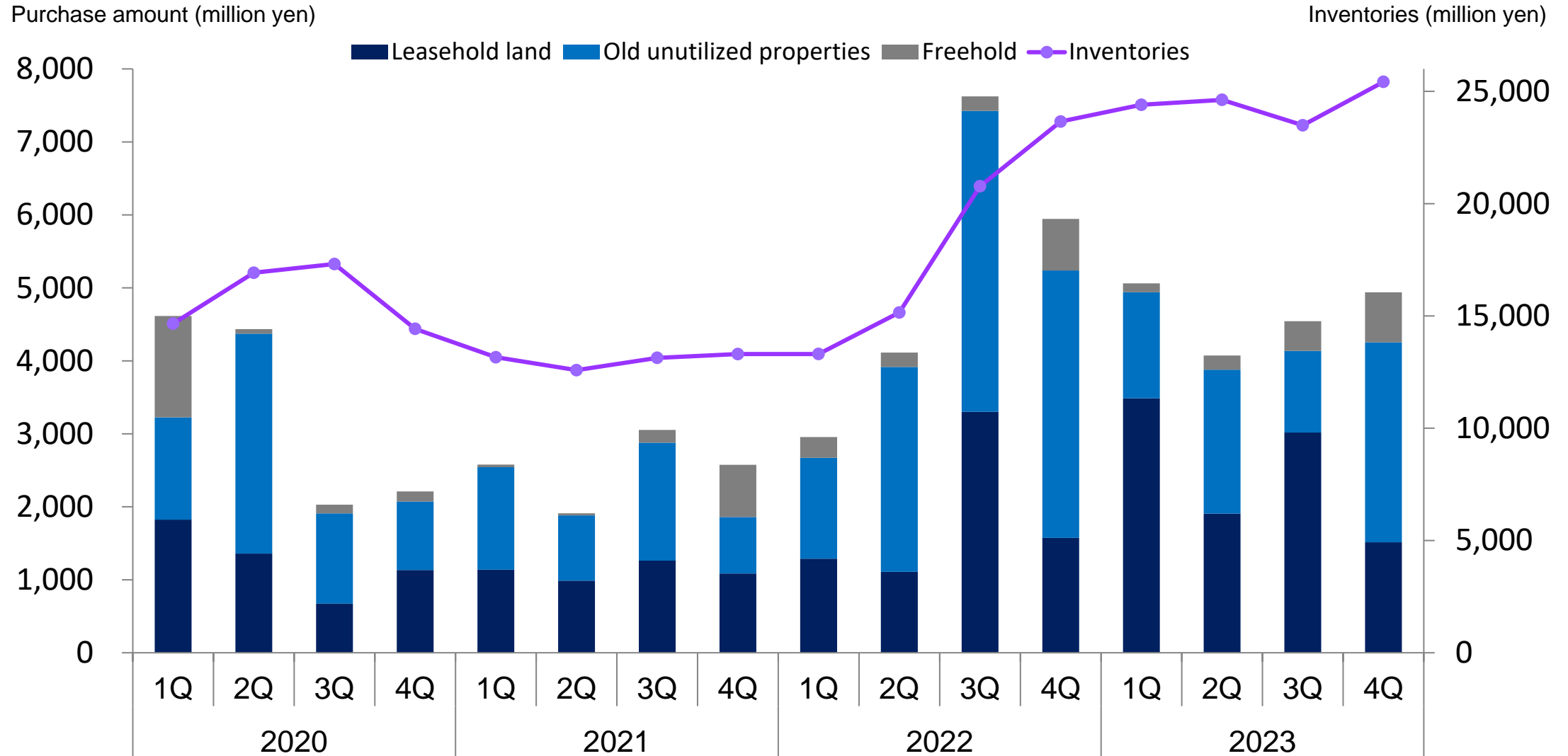
Significant increase in the purchase of Leasehold land

Old unutilized properties remained high despite YoY declines

Changes in the Amount of Purchases and Inventories



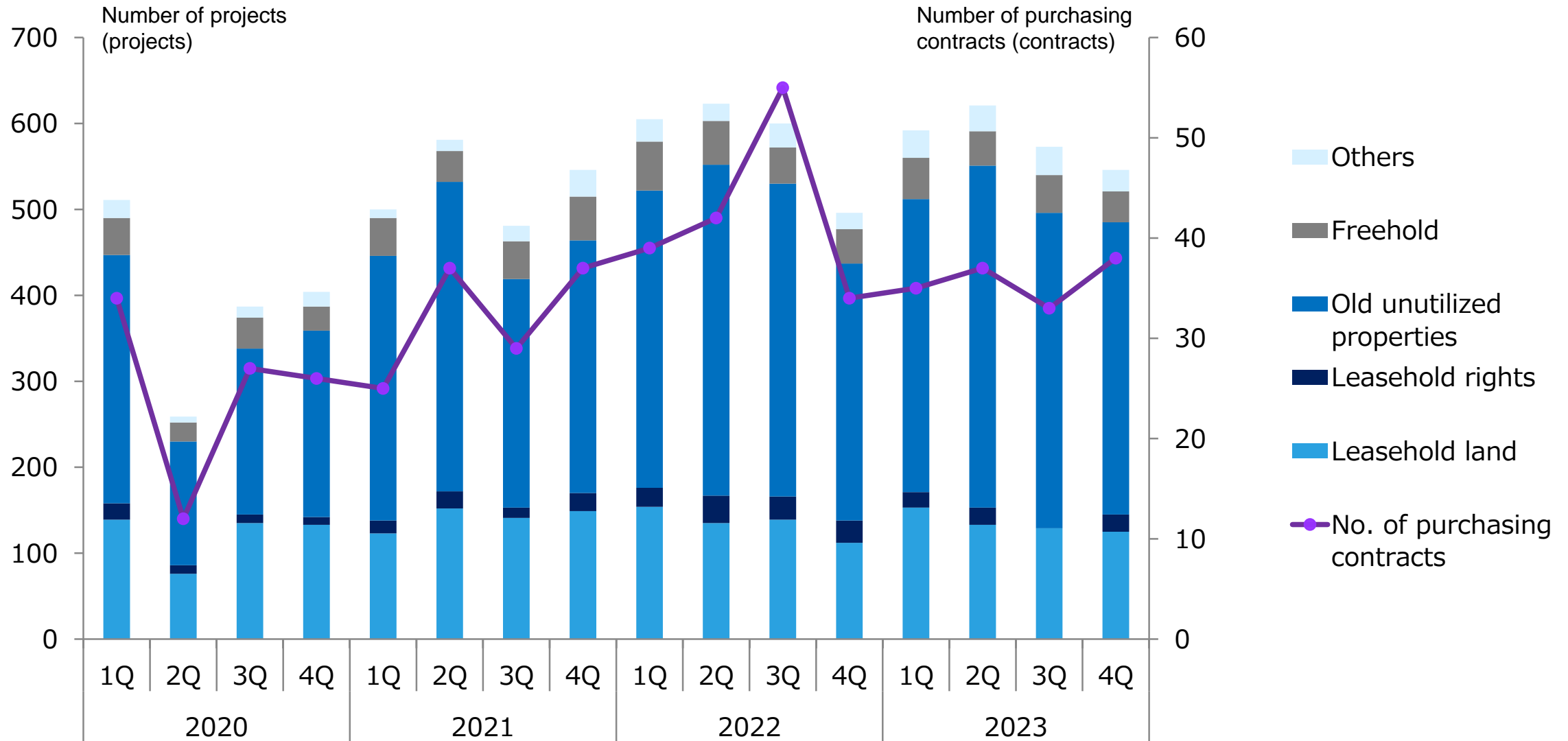
- Progress in purchasing Leasehold land and Old unutilized properties led to significantly higher-than-planned purchase volume, and inventories reached a record high



Changes in the Number of Projects and Number of Purchasing Contracts



- Stable and high level of both number of projects and contracts



FY12/24 Business Forecasts



Consolidated financial forecast for FY12/2024 (January 1, 2024 - December 31, 2024)

(Unit: million yen)

| | 2020 | 2021 | 2022 | 2023 | 2024 (Plan) | Pct. change |
|---|--------|--------|--------|--------|----------------|----------------|
| 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 | 40 | — |

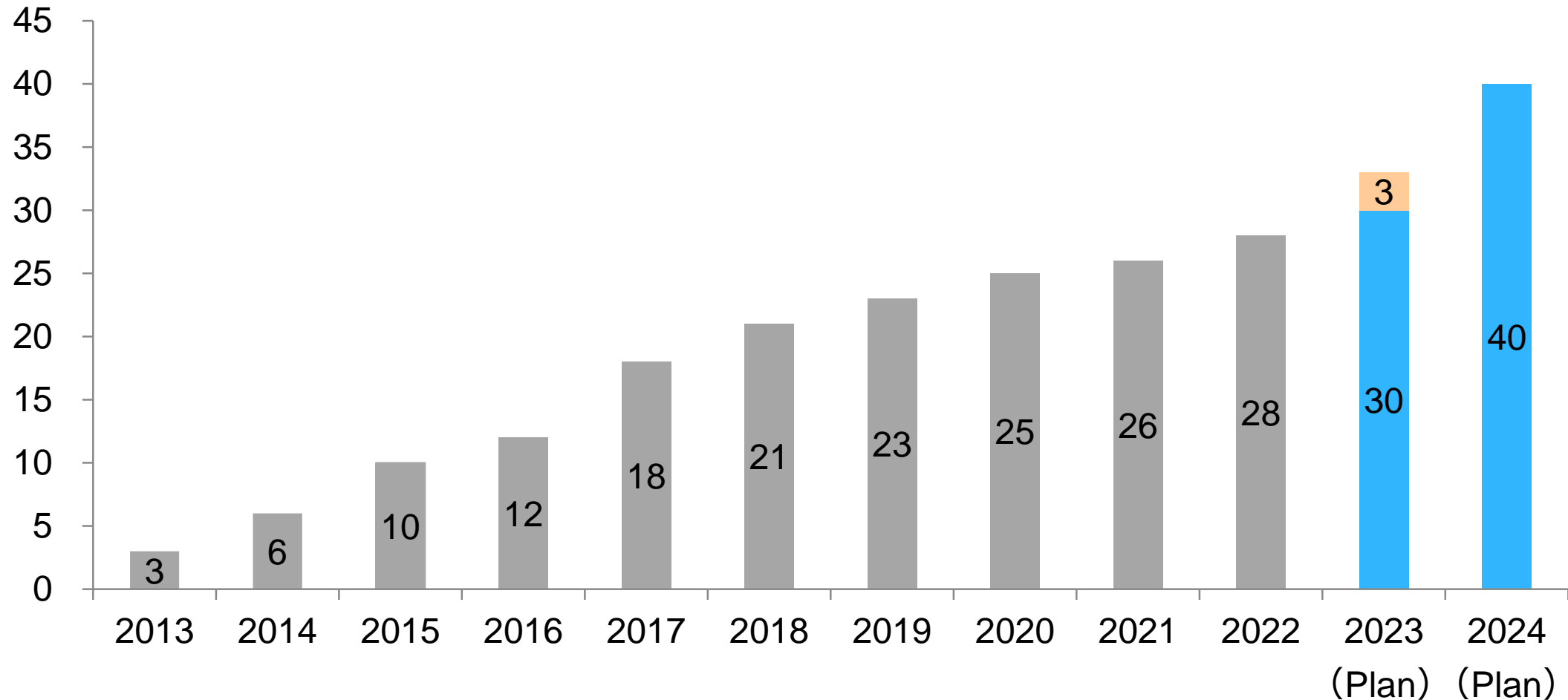
- Record sales and profits were registered for 2023 due to aggressive sales ahead of schedule and the inclusion of large properties, as uncertainty in the real estate market was increasing
- In 2024, the company plans higher sales over 2023. In terms of profit, a YoY decrease is planned due to better-than-expected performance in 2023 and a conservative profit margin projection for 2024
- Dividend is expected to increase by 7 yen to 40 yen, marking the 11th consecutive fiscal year of dividend increase

Shareholder Returns (Dividends)



- For FY12/2023, the annual dividend is expected to be 33 yen per share, including an ordinary dividend of 30 yen and a special dividend of 3 yen per share
- For FY12/2024, the company plans to increase the dividend by 7 yen to 40 yen. This will be the 11th consecutive fiscal year of dividend increases
- We will continue strengthening shareholder returns and consider flexible shareholder return measures, including share repurchases

Dividends (yen)



- Plans to introduce an interim dividend from FY12/2024, following the abolition of shareholder benefit plans

| | Annual dividend | | |
|---|-----------------|---|---|
| | End of 2Q | End of Fiscal Year | Total |
| Forecast: Next FY (FY12/2024) | 15.00 yen | 25.00 yen | 40.00 yen |
| Forecast: Current FY (FY12/2023) | 0.00 yen | 33.00 yen (Ordinary dividend 30.00 yen) (Special dividend 3.00 yen) | 33.00 yen (Ordinary dividend 30.00 yen) (Special dividend 3.00 yen) |
| Actual: Previous FY (FY12/2022) | 0.00 yen | 28.00 yen | 28.00 yen |

In FY12/2024, in addition to the stable year-end dividend, we will pay an interim dividend of 15 yen per share to enhance opportunities to return profits to shareholders and encourage them to continue to hold our shares

Recognition of the current situation

- We recognize that our cost of equity is generally around 7% (based on CAPM)
- ROE is expected to be 10.2% in FY12/2023 and around 8% in FY12/2024, above the level of cost of shareholders' equity
- PBR and PER have remained low for a long time after 2019
- While ROE exceeds the cost of shareholders' equity, PBR is below 1x. To improve PBR, the company recognizes the importance of formulating and implementing medium- to long-term growth strategies while further improving ROE

Issues felt to be vital

- We have achieved stable growth to date but have not sufficiently explained our growth strategy in detail
- Lack of sufficient IR and PR regarding the nature and attractiveness of our business
- The level of shareholder returns does not meet the expected returns demanded by the stock market



Policy

- Review the current medium-term plan and start a new medium-term plan to formulate a medium- to long-term growth strategy to improve PBR. We schedule to disclose the plan in mid-2024 or later
- Further expansion of existing businesses, formulation of policies for new businesses utilizing resources from existing businesses, enhancement of human capital, formulation of IR and PR measures, and enhancement of shareholder returns will be considered the main pillars of the plan
- To enhance shareholder returns, introduce an interim dividend in February 2024 and increase dividends to a higher level

- 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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