
Financial Briefing for the Six Months Ended September 30, 2024

November 22, 2024



1. Consolidated Financial Results for the Six Months ended September 2024



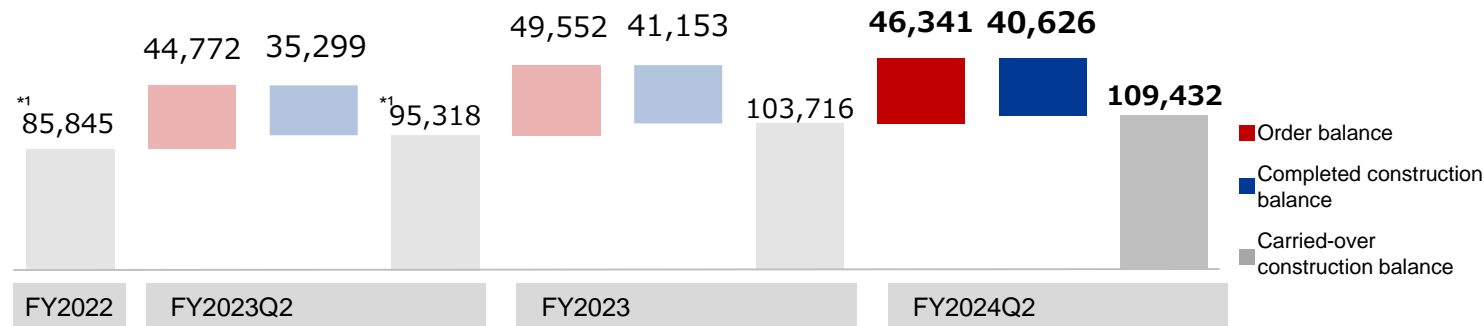
Consolidated carried-over construction balance

109,432 million yen (up 5.5% from the previous fiscal year end)

Construction carried-over construction balance increased by 5.5% from the end of the previous fiscal year to 109,432 million yen, remaining above 100 billion yen

Reference: (Year -end) Carried-over construction balance
+ Order balance
- Completed construction balance
= (Period -end) Carried-over construction balance

(Millions of yen)



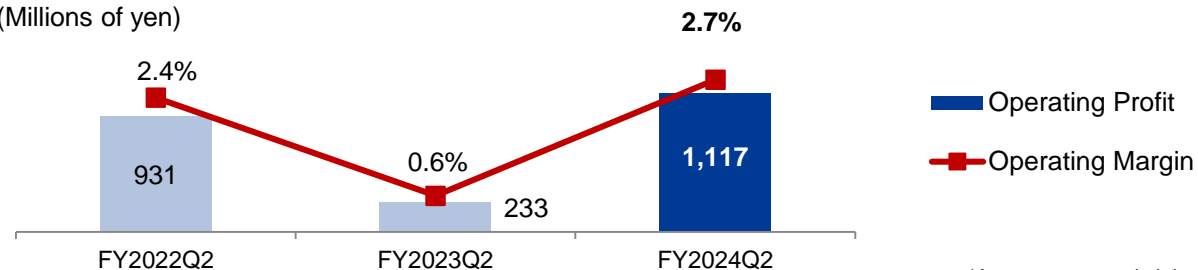
*1 Carried-over construction balance of FY2022 and FY2023Q2 includes that of Kamisima Corporation, which became our wholly owned subsidiary in November 2023

Consolidated operating profit

1,117 million yen (consolidated operating margin 2.7%)

Low profitability constructions ordered during the period of soaring construction material prices were largely completed by the end of the previous fiscal year. This led to a significant improvement in operating profit. The operating margin rose back to 2.7%

(Millions of yen)



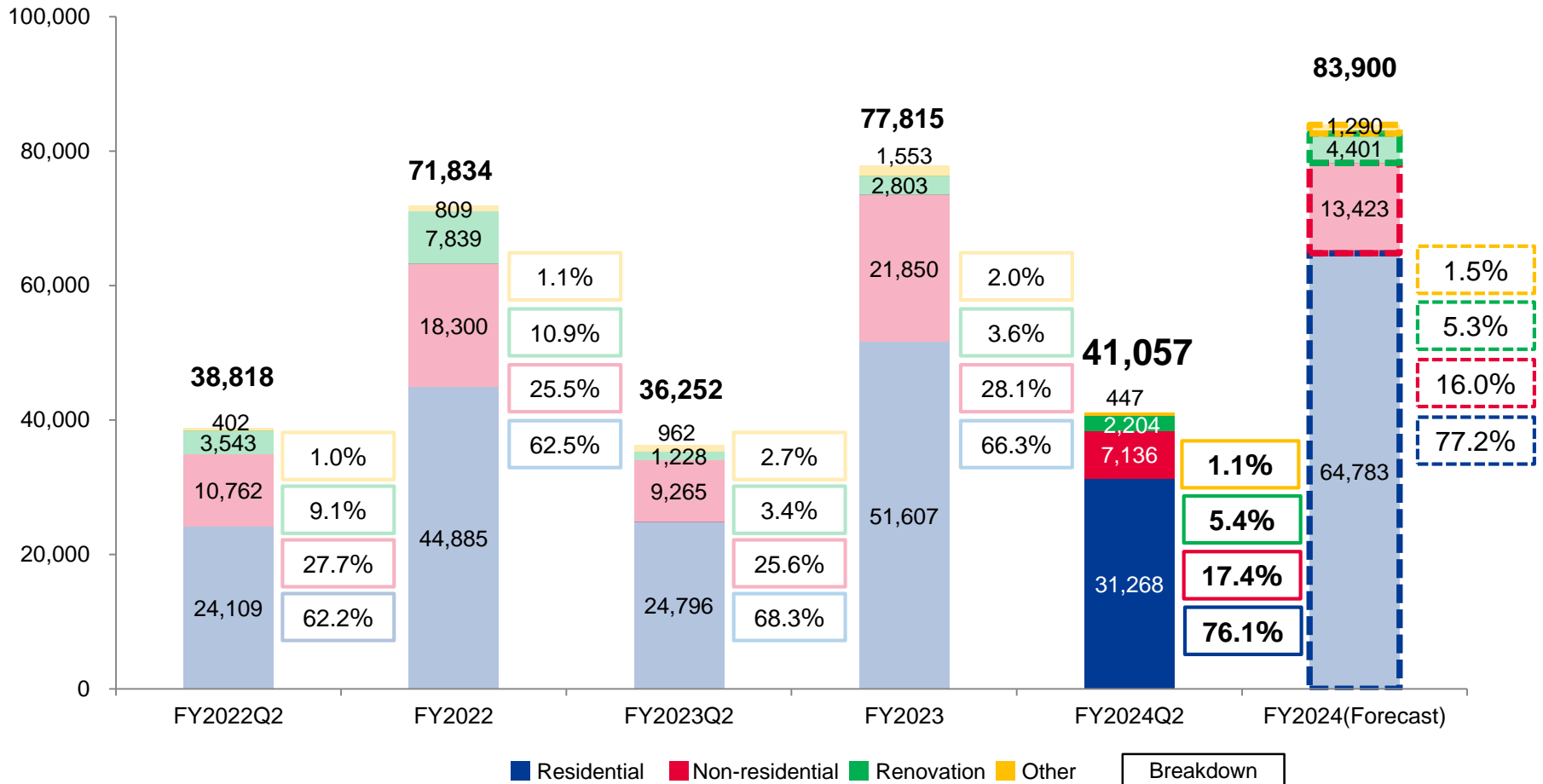
*Amounts are rounded down to the nearest 1 million yen.

2-1. Changes in consolidated Net sales

Consolidated net sales increased by 13.3% year-on-year to 41,057 million yen

Due to the large amount of carried-over construction balance, annual net sales are estimated at 83,900 million yen

(Millions of yen)



2-2. Main completed works



T-Logi Tsurugashima

Tokyo Tatemono Co., Ltd
Tokyo Gas Real Estate Co., Ltd. / Saitama



PMO Akihabara III

Nomura Real Estate Development Co., Ltd.
/ Tokyo



Suzuran Department Store
Takasaki *1

Excellent buildings co-constructors' council of
Miyamoto-cho 2nd district / Gunma
*1 By a joint venture



PRESSANCE LOGER Ogaki

Pressance Corporation Co.,Ltd / Gifu



New production facilities and storage
warehouse of SUPER TOOL

SUPER TOOL CO., LTD. / Osaka



ALBIO GARDEN Shin-Kurashiki Ekimae

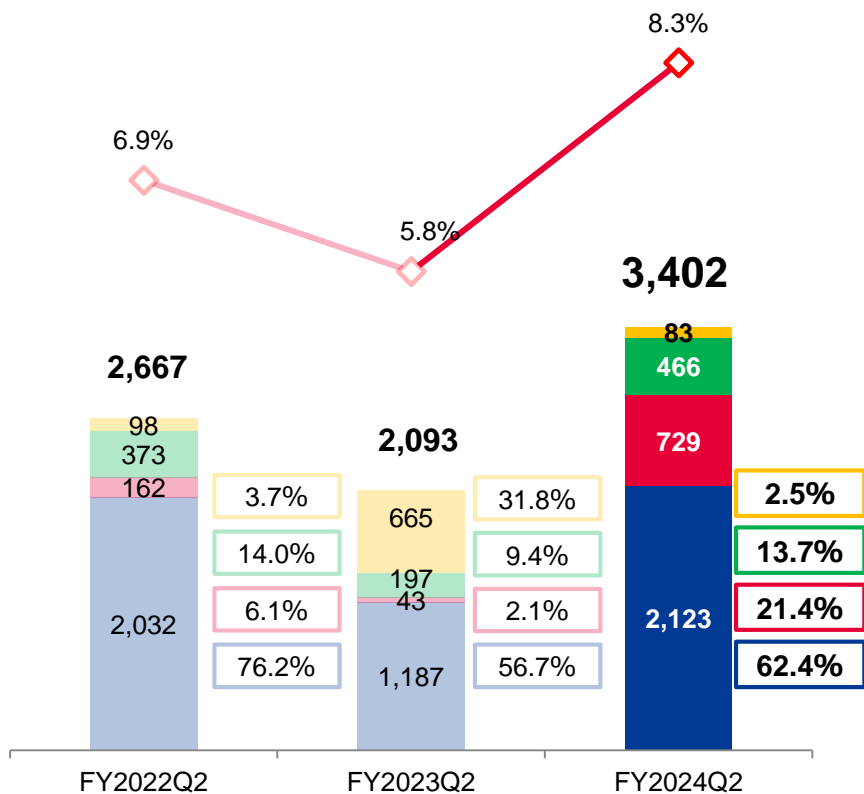
MISAWA HOMES CHUGOKU Co., Ltd / Okayama

3-1. Changes in Gross profit and Operating profit

Gross profit increased by 62.6% year-on-year to 3,402 million yen due to improvements in profitability of constructions
 Operating profit jumped to 1,117 million yen, up 378.1% year-on-year

Gross profit Trends

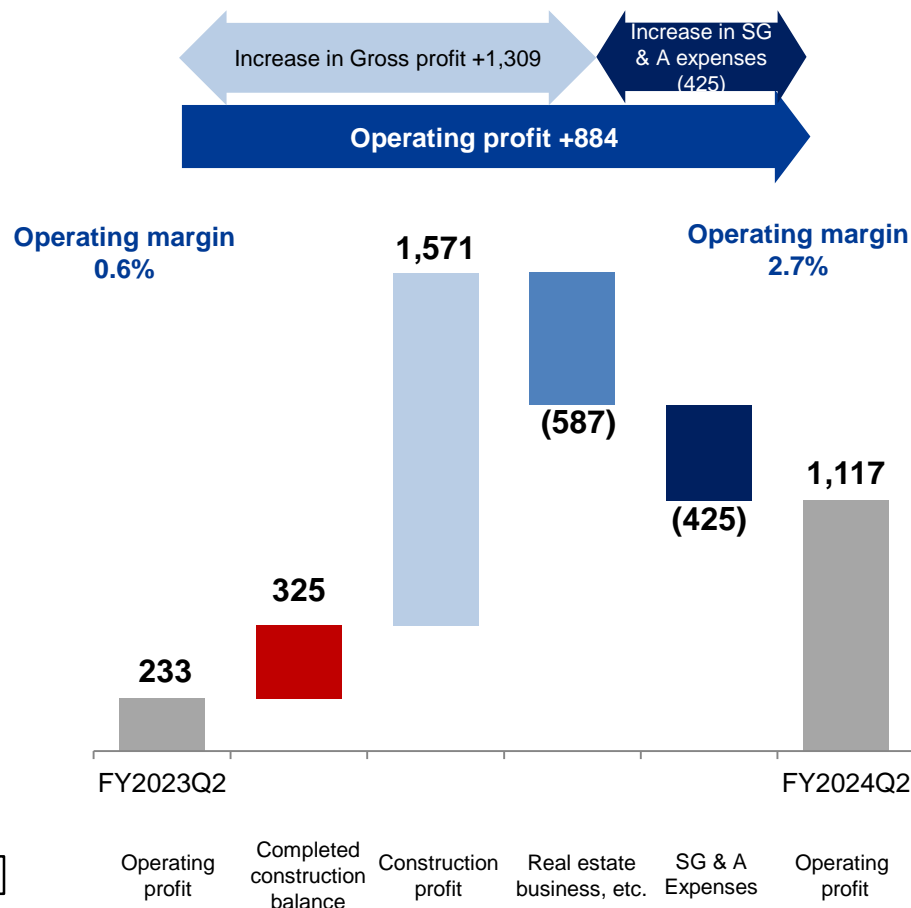
(Millions of yen)



■ Residential ■ Non-residential ■ Renovation ■ Other Breakdown

Increase/decrease in Operating profit

(Millions of yen)

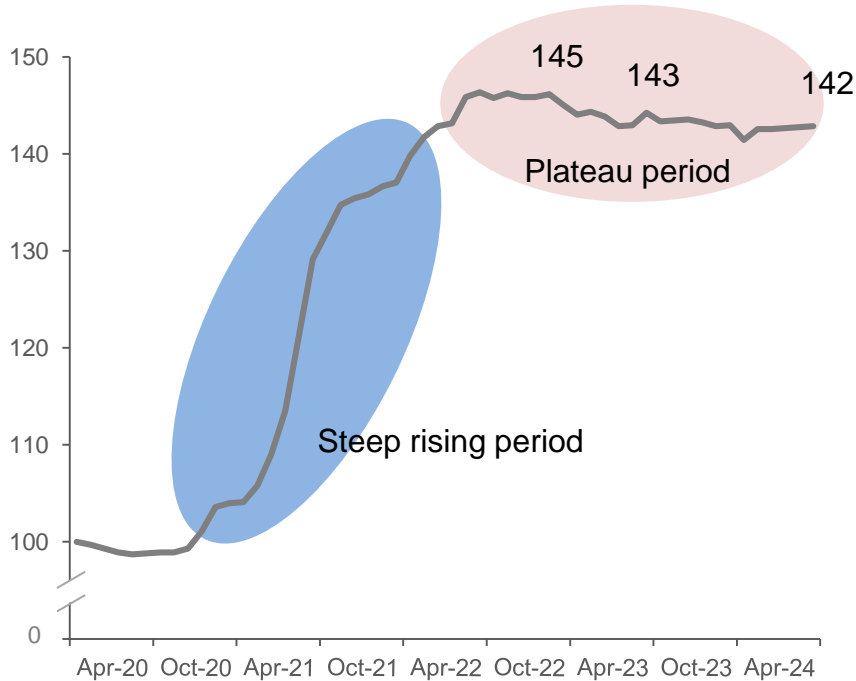


3-2. Improvement factors of construction profitability

[Factor 1] Shifting cost incremental to sale prices

- Construction material prices have risen rapidly since mid-2021
- While the prices remain high, we are making progress on passing cost incremental to sales prices

Construction material price index (nationwide)*1

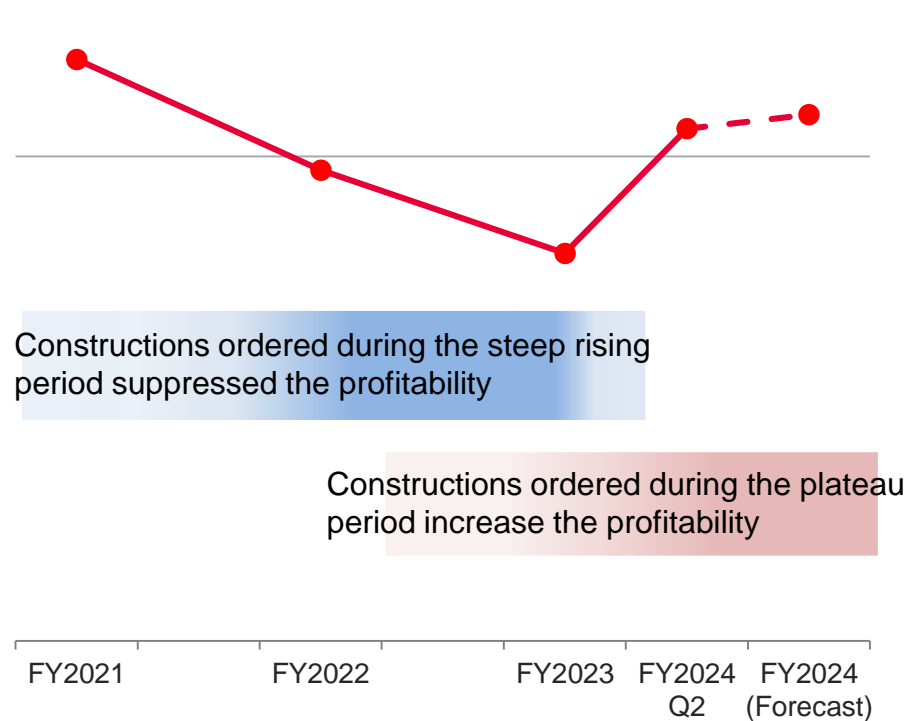


*1: Compiled based on data published by the Economic Research Association; Figures as of April 2020 = 100.

[Factor 2] Lifting profitability

- Constructions started to receive orders during the steep rising period have largely completed by the end of the previous fiscal year
- As constructions reflecting the higher costs progresses, the profitability improves

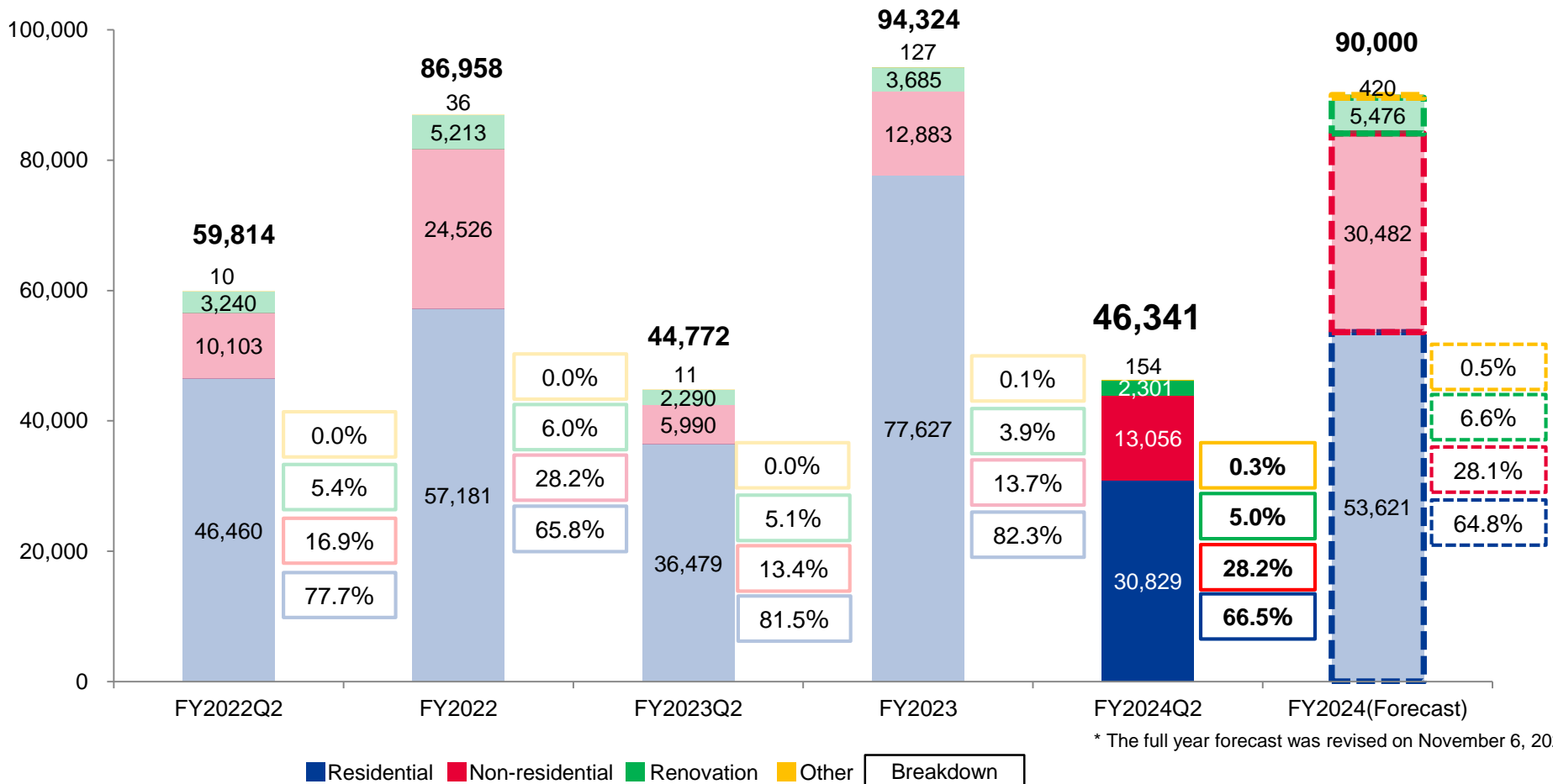
Trends in construction profitability



4-1. Trends in consolidated order balance

Consolidated order balance increased by 3.5% year-on-year to 46,341 million yen due to a large scale order of non-residential. Taking into account the recent circumstance, revised the order balance of the full fiscal year forecast to 90,000 million yen, up 7,300 million yen from the original forecast at the beginning of the fiscal year.

(Millions of yen)



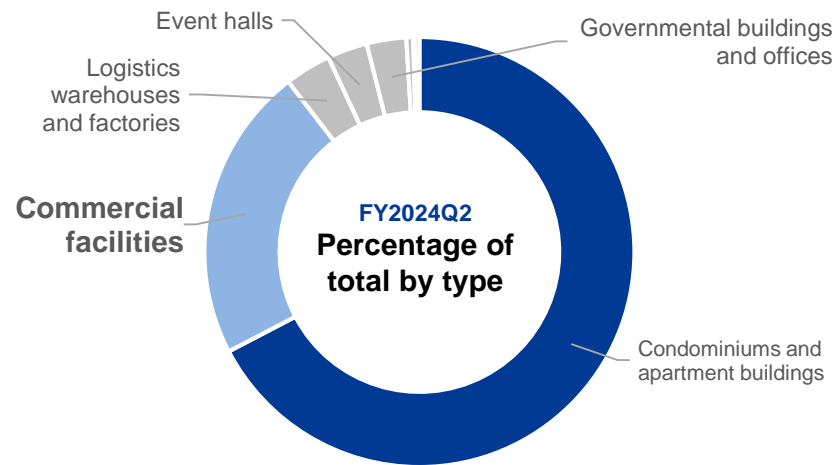
4-2. Consolidated Order Balance Breakdown

By type

A large scale project led to an increase in the order balance of commercial facilities

(Millions of yen)

	FY2022Q2		FY2023Q2		FY2024Q2	
		% of total		% of total		% of total
Condominiums and apartment buildings	47,121	78.8%	36,681	82.0%	31,212	67.4%
Commercial facilities	4,049	6.8%	1,149	2.6%	10,293	22.2%
Logistics warehouses and factories	5,790	9.7%	3,192	7.1%	1,608	3.5%
Event halls	248	0.4%	56	0.1%	1,400	3.0%
Governmental buildings and offices	1,877	3.1%	1,990	4.4%	1,373	3.0%
Education, culture, and sports	525	0.9%	74	0.2%	238	0.5%
Medical welfare and housing for the elderly	179	0.3%	1,614	3.6%	54	0.1%
Others	20	0.0%	12	0.0%	160	0.3%
Total	59,814	100.0%	44,772	100.0%	46,341	100.0%



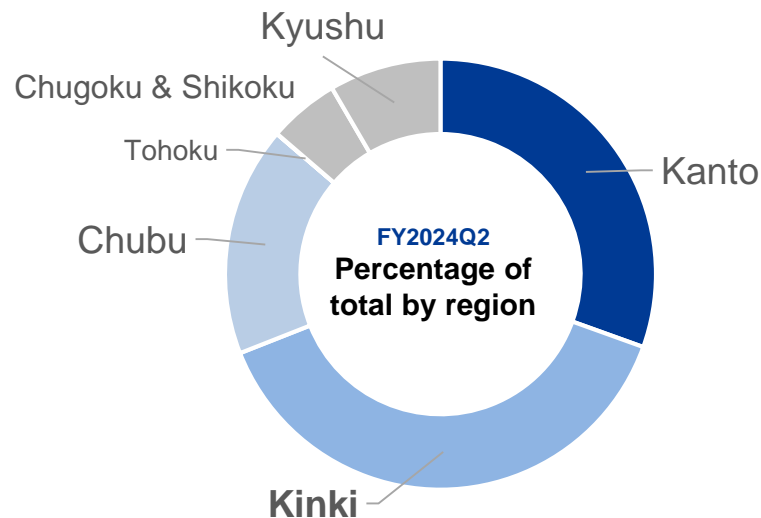
*The renewal work is classified according to the type in buildings.

By region

Major year-on-year increase in Kinki area

(Millions of yen)

	FY2022Q2		FY2023Q2		FY2024Q2	
		% of total		% of total		% of total
Kanto	24,856	41.5%	12,105	27.0%	14,130	30.5%
Kinki	21,642	36.2%	7,350	16.4%	17,855	38.5%
Chubu	5,945	9.9%	13,785	30.8%	7,995	17.3%
Tohoku	2,734	4.6%	1,971	4.4%	8	0.0%
Chugoku & Shikoku	2,843	4.8%	4,643	10.4%	2,456	5.3%
Kyushu	1,791	3.0%	4,915	11.0%	3,894	8.4%
Total	59,814	100.0%	44,772	100.0%	46,341	100.0%



4-3. Major ordered constructions

Client	Building (Project)	Prefecture	Use
Mitsui Fudosan Residential Co., Ltd. Japan Post Real Estate Co., Ltd.	Kikuna 6-chome, Kohoku-ku, Yokohama-shi, Kanagawa Plan	Kanagawa	Condominiums / apartment buildings
Sekisui House, Ltd.	GRAND MAISON Kakuozan Tsukimizaka	Aichi	Condominiums / apartment buildings
JR Tokai Real Estate Co., Ltd.	Kyoto Hachijo Higashiguchi Plan	Kyoto	Commercial facilities (Hotel)
Czech Republic	The Czech pavilion for the World Expo 2025 Osaka, Kansai	Osaka	Event halls
KUBOTA Corporation	Anti-earthquake and stormy wind resistance work at KUBOTA Sakai D1 wing	Osaka	Logistics warehouses and factories (Renovation)
Kyuden Fudousan Co., Ltd	Kanaikeminami 1-chome, Oita-city Plan	Oita	Condominiums / apartment buildings

*Displayed in the order of prefecture code.

5. Consolidated Balance Sheets

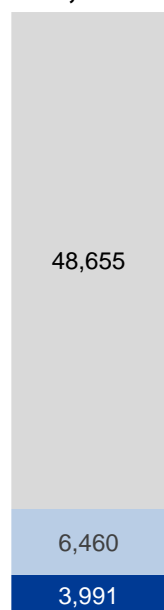
As the last day of March 2024 was a holiday, notes due on that day were included in the balance at the end of the previous fiscal year. Cash and deposits and trade payable (notes receivable and electronically recorded monetary claims - operating) decreased because the notes were settled at the beginning of the current period

■ Assets (2,386)

(Millions of yen)

Total assets

59,107



Mar-2024

Cash and deposits	(3,126)
Trade receivable	387
Inventories	348
Current assets	(2,350)

Tangible and intangible assets	225
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Investments and other assets	(260)
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■ Current assets
■ Tangible & Intangible assets
■ Investment Other Assets

Total assets

56,721



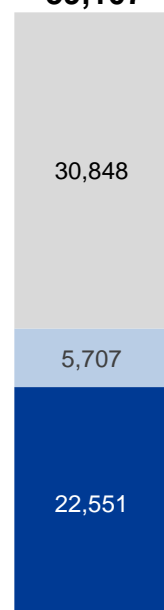
Sep-2024

■ Liabilities and Net assets (2,386)

(Millions of yen)

Total liabilities and net assets

59,107



Mar-2024

Trade payable	(3,923)
Interest-bearing debt	(513)
Advances received on construction contracts in progress	1,773
Income tax payable	129
Current liabilities	(2,375)

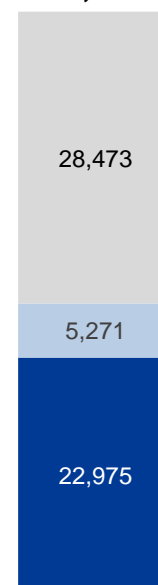
Interest-bearing debt	(174)
Deferred tax liabilities	(127)
Non-current liabilities	(435)

Retained earnings	397
Net assets	424

■ Current liabilities
■ Non-current liabilities
■ Net assets

Total liabilities and net assets

56,721



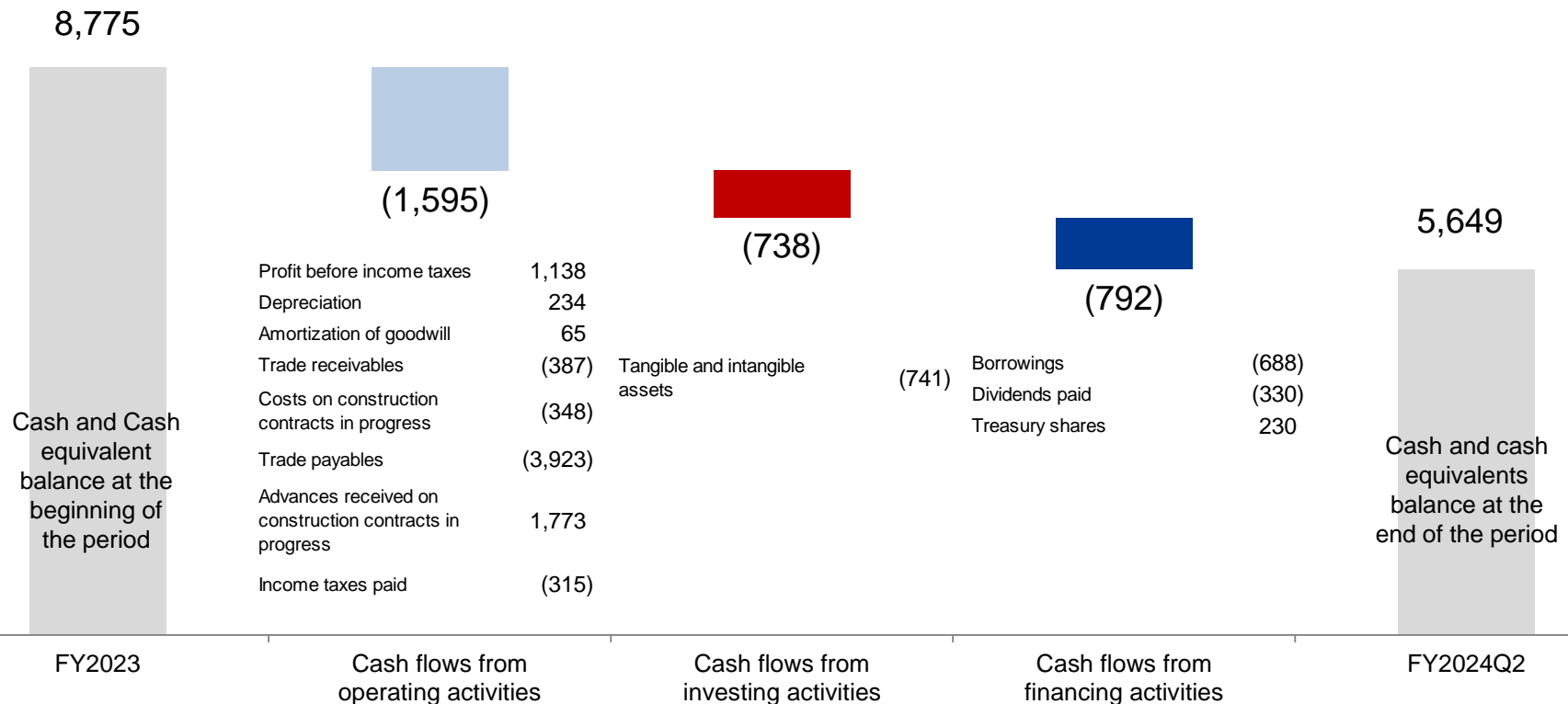
Sep-2024

Equity ratio	As of Mar 2024	As of Sep 2024
	38.2%	40.5%

6. Consolidated Cash Flows

Cash and cash equivalents at the end of September 2024 decreased by 3,126 million yen to 5,649 million yen due to a decrease in cash flows from operating activities stemming from a decrease in trade payables (accounts payable for construction contracts and electronically recorded obligations - operating), as well as declines in cash flows from investing activities and financing activities

(Millions of yen)



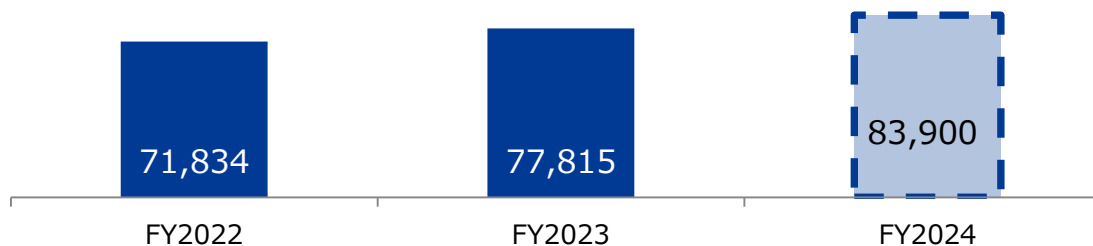
7. Summary of the plan for FY2024

Consolidated net sales

83,900 million yen (up 7.8% year-on-year)

As the construction business progresses steadily, the net sales forecast for this fiscal year stands at 83,900 million yen, unchanged from the original forecast at the beginning of this fiscal year

(Millions of yen)

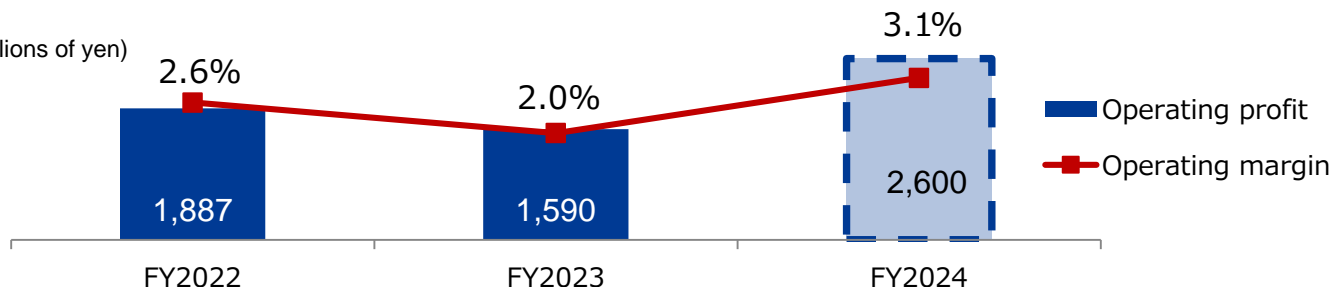


Consolidated operating profit

2,600 million yen (up 63.5% year-on-year)

While operating profit for FY2024Q2 surpassed the initial forecast due to a slide of investment-related costs into the second half, the full year forecast remains at 2,600 million yen, unchanged from the original forecast

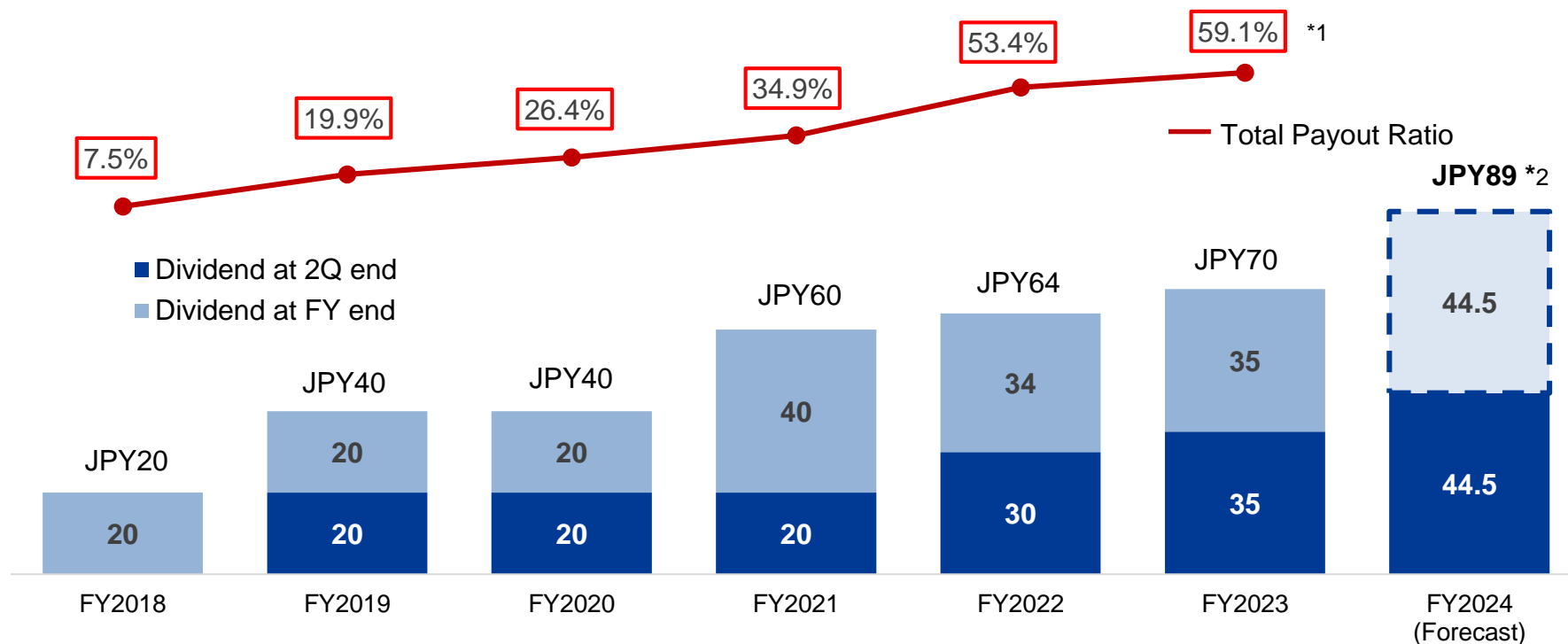
(Millions of yen)



8.Shareholder Returns

In order to provide a stable return to our shareholders, we have established a policy on shareholder return of **"Total Payout Ratio of at least 50% and DOE of at least 4.0%."** We will maintain active shareholder returns in accordance with the policy

We plan to pay JPY89 per share as an annual dividend, of which we decided in November 2024 to pay an interim dividend of JPY44.5 per share



*1 The figure was calculated on the basis that the following effects were deemed to belong to the period;

i) the acquisition of treasury stock through a tender offer in November 2023, and

ii) the acquisition and disposal of treasury stock associated with the issuance and exercise of the first series of stock acquisition rights (Recap Warrants) through third-party allotment using treasury stock, which began in November 2023 and completed in May 2024.

*2 The annual dividend of FY2024 is determined on a basis of information available as of the date of this document. The actual dividend amounts will vary with the extent to the actual results.

9. DX Initiatives

Digital Transformation Certification



We obtained the "Digital Transformation Certification" from METI in October 2024. Our medium- and long-term management plan, business plan, and DX building system, as well as our appropriate disclosures to stakeholders, etc., were recognized and brought about this certification.

*Digital Transformation Certification

The Digital Transformation Certification is a certification based on the "Act on Facilitation of Information Processing."
The government certifies companies that meet the basic requirements of the "Digital Governance Code," which outlines the actions required of management in light of the social transformation brought about by digital technology, and that are deemed to be ready to promote DX.

Collaboration with FPT Software Japan



Based on the Global Partnership MOU, concluded with FPT Software Japan in April 2024, we are going to provide solutions centered on jointly developed Construction DX system to other construction companies.

We will introduce our initiatives at "JAPAN BUILD TOKYO" at Tokyo Big Sight (Dec 11-13, 2024).

Please visit the website for more details of JAPAN BUILD TOKYO.

JAPAN BUILD TOKYO












<https://www.japan-build.jp/tokyo/en-gb.html>



10. Initiatives for SDGs

In our long- and medium-term business plan, which commenced in FY2024, we have established 17 KPIs for sustainability issues

We made a good progress in addressing these issues by September 2024

Materialities and Major Initiatives (excerpted)		FY2024	Sep 2024	
 Environment	Addressing climate change <ul style="list-style-type: none"> Reducing GHG emissions Pursuing ZEB, ZEH structures and wood construction 	  	Scope1 5,017.4t-CO ² Scope2 953.3t-CO ² <hr/> Total 5,970.7t-CO ²	2,297.5t-CO ² 381.9t-CO ² <hr/> 2,679.4t-CO ²
	Pursuing environmentally friendly business activities <ul style="list-style-type: none"> Reducing construction byproducts 		Ratio in new buildings (including scheduled for certification) 10.5%	45.0%
			Construction byproducts per unit 6.6kg/m ²	5.3kg/m ²
			Ratio of taking paternal leaves 72.7%	100%
			Accident frequency rate (four or more lost work days) 1.02	0.86
 Society	Pursuing work-life balance <ul style="list-style-type: none"> Encouraging to take paternal leave programs 	  		
	Ensuring occupational health and safety <ul style="list-style-type: none"> Reducing the number of occupational accidents 	  	Ratio of female managers 3.6%	4.8%
	Promoting diversity <ul style="list-style-type: none"> Increasing the number of female employees Increasing the number of experienced workers 		Ratio of female employees 13.3%	13.8%
			Ratio of experienced workers in new hiring 16.6%	21.1%

11. EXPO 2025

We participate in the Osaka-Kansai Expo 2025 as the constructor of the Czechia National Pavilion

As a national event to be held in Osaka, and as the Czech Republic proactively disseminates information, our construction site received coverage from the media



Work in progress at the construction site



Coverage from the media

(Reference) Sponsored Research Report

Our corporate research report has been released. It was created through a joint business of Sponsored Research by QUICK Corp., Nomura Investor Relations Co.,Ltd., and Nomura Securities Co.,Ltd.

This report was prepared at the request of our company and was written with ensuring accuracy and objectivity.

The report is available through financial data vendors, e.g. QUICK, Bloomberg, FactSet, LSEG, and others.



(Note) About QUICK & NOMURA Corporate Research (Q&N Research)

Q&N Research is a joint business of Sponsored Research by QUICK Corp., Nomura Investor Relations Co.,Ltd., and Nomura Securities Co.,Ltd.. Reports are distributed through financial data vendors, e.g. QUICK, Bloomberg, FactSet, LSEG, and others.

A company that creates spaces
rich in security and joy



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