



Sansei Landic Co., Ltd.

**Financial Results for the Second Quarter
of the Fiscal Year Ending December 2021**

August 24, 2021

Overview of Financial Results for the
Second Quarter of the Fiscal Year
Ending December 2021

2Q Topics



- Both sales and profits exceeded the plan, and we revised upward our business forecasts.
- Purchase amount fell below the year-on-year results and plan but the current purchase situation is favorable.

| | | |
|-----------|--------------------------|--------------------|
| Net sales | 9,109 million yen | Up 9.0% YoY |
|-----------|--------------------------|--------------------|

| | | |
|------------------|------------------------|---------------------|
| Operating income | 689 million yen | Up 74.3% YoY |
|------------------|------------------------|---------------------|

| | | |
|-----------------|------------------------|----------------------|
| Ordinary income | 631 million yen | Up 116.4% YoY |
|-----------------|------------------------|----------------------|

| | | |
|------------|------------------------|----------------------|
| Net income | 402 million yen | Up 120.8% YoY |
|------------|------------------------|----------------------|

| | | |
|---------------------|--------------------------|-----------------------|
| Amount of purchases | 4,491 million yen | Down 50.4% YoY |
|---------------------|--------------------------|-----------------------|

Comparison of Consolidated Income Statement



- As we recovered the delay in the progress of the Real Estate Sales business reflecting the impact of COVID-19, profits grew significantly mainly due to a large increase in sales of leasehold land.

(Unit: Million yen)

| | 19/2Q | 20/2Q | 21/2Q | | |
|------------------|---------|---------|-------|---------|----------|
| | Results | Results | Plan | Results | Vs. plan |
| Net sales | 7,701 | 8,354 | 8,375 | 9,109 | +734 |
| Gross profit | 2,341 | 1,931 | 1,960 | 2,331 | +371 |
| SG&A | 1,550 | 1,535 | 1,674 | 1,642 | -31 |
| Operating income | 790 | 395 | 286 | 689 | +402 |
| Ordinary income | 750 | 291 | 214 | 631 | +416 |
| Income taxes | 277 | 109 | 77 | 232 | +155 |
| Net income | 473 | 182 | 137 | 402 | +265 |

Summary of Consolidated Balance Sheet



- Property for sale decreased due to steady sales.

(Unit: Million yen)

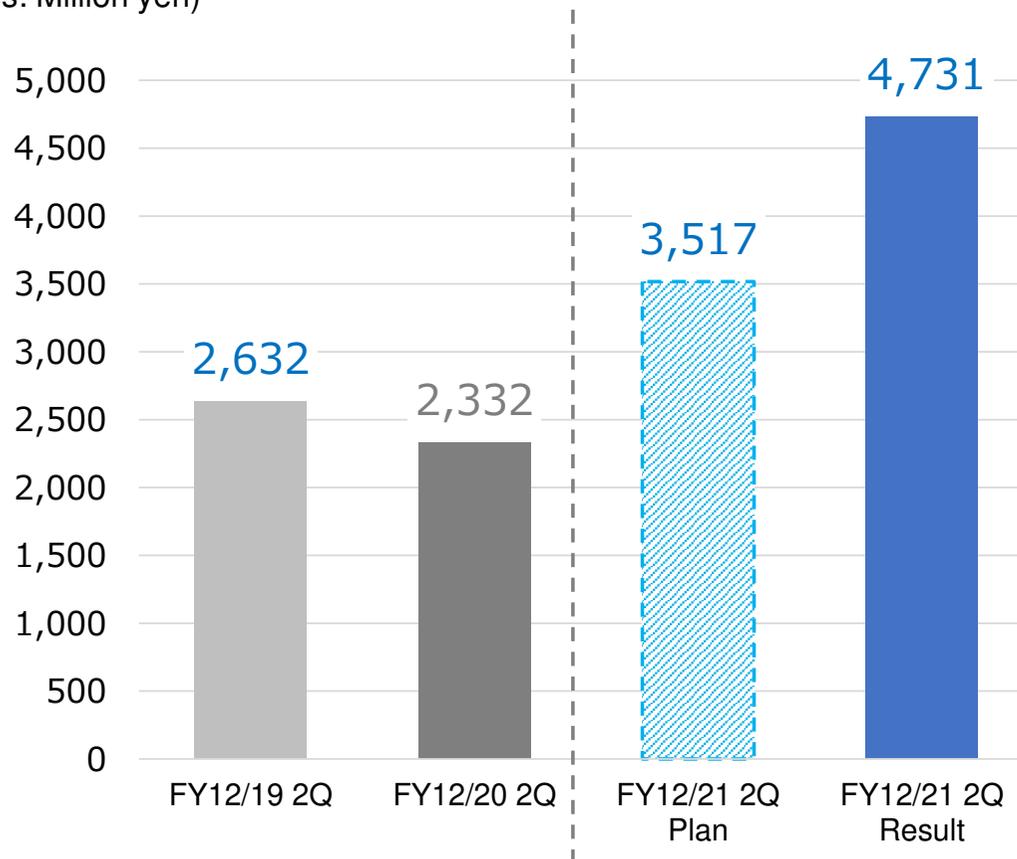
| | FY12/20 | 21/2Q | | |
|------------------------------|---------|--------|--------------------------|-------------|
| | Amount | Amount | Vs. end of previous term | Pct. change |
| Cash and deposits | 4,329 | 4,281 | -48 | -1.1% |
| Property for sale | 14,424 | 12,586 | -1,838 | -12.7% |
| Interest-bearing liabilities | 8,341 | 6,587 | -1,754 | -21.0% |
| Net assets | 10,066 | 10,093 | +26 | +0.3% |
| Total assets | 20,070 | 18,425 | -1,645 | -8.2% |
| Shareholders' equity ratio | 50.1% | 54.8% | +4.7pt | — |

Results by Business: Leasehold Land



- Sales increased by **102.8%** year-on-year, **34.5%** below the plan.

(Sales: Million yen)



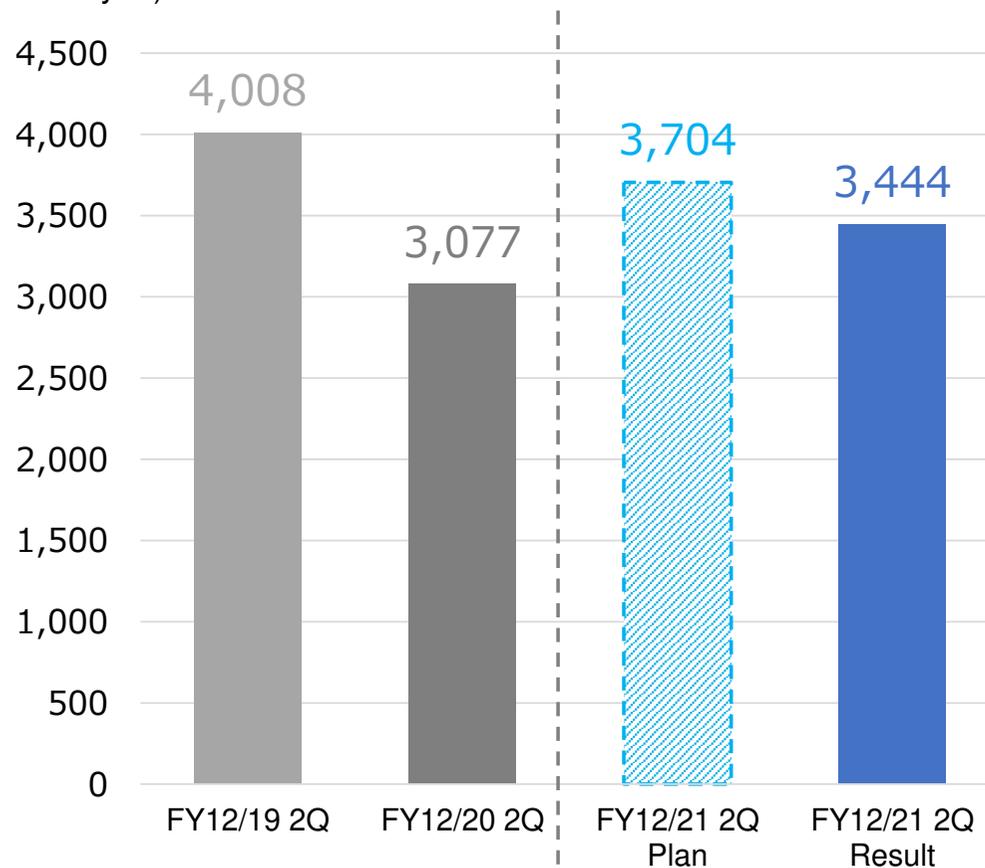
- Both sales and profits substantially exceeded the plan.
- Sales significantly increased due to the recording of mixed properties with old unutilized properties, which were expected to be sold in the previous year, in 1Q.
- Full-year sales planned at **8 billion yen.**

Results by Business: Old Unutilized Properties



- Sales increased by **11.9%** year-on-year, **7.0%** below the plan.

(Sales: Million yen)

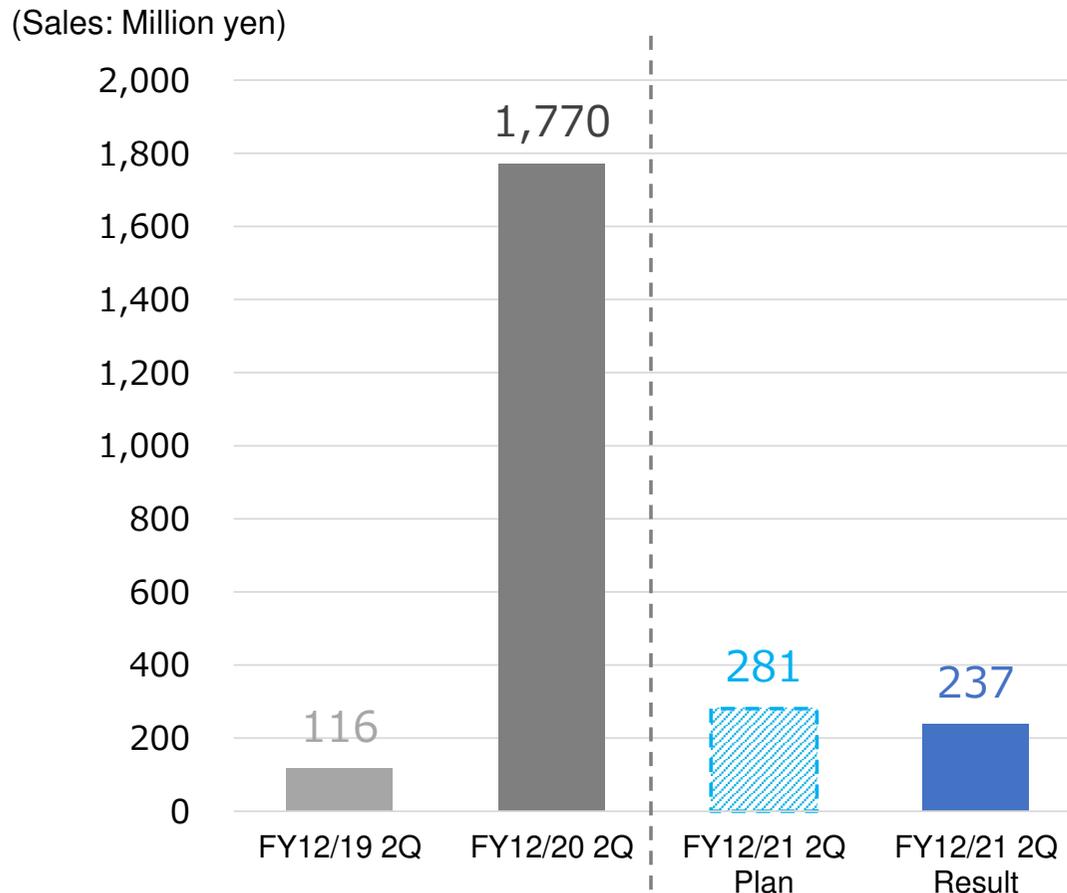


- Sales fell short of plan, but profits increased due to the higher-than-expected profit margin.
- Full-year sales planned at **7.3 billion yen.**

Results by Business: Freehold



- Sales significantly decreased year-on-year, **15.6%** below the plan.



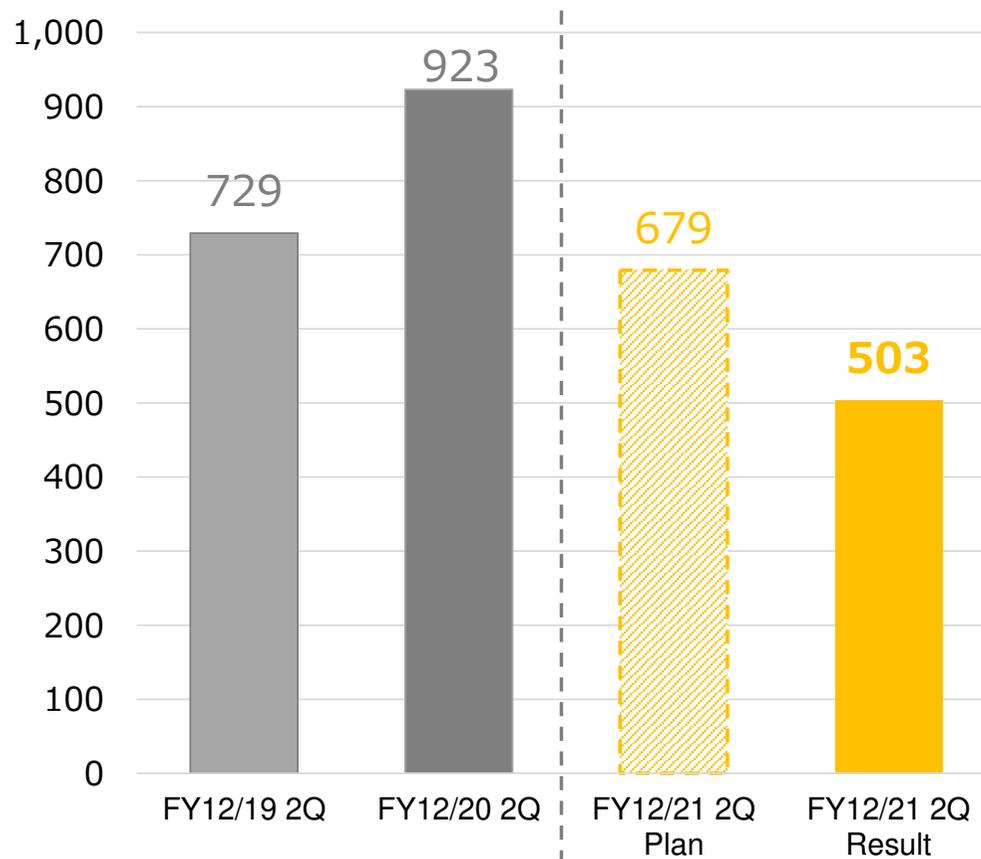
- Based on the inventory at the beginning of the fiscal year, sales for the current fiscal year are expected to significantly decrease year-on-year.
- Sales fell short of the plan, but profits exceeded the plan.
- Full-year sales planned at **800 million yen.**

Results by Business: Construction



- Sales decreased by **45.4%** year-on-year, **25.8%** below the plan.

(Sales: Million yen)



- Sales decreased significantly year-on-year due to a small order backlog at the beginning of the fiscal year.
- Due to the impact of the COVID-19, business negotiations and construction starts were delayed, and sales fell short of the plan.
- Full-year sales planned at **1.7 billion yen.**

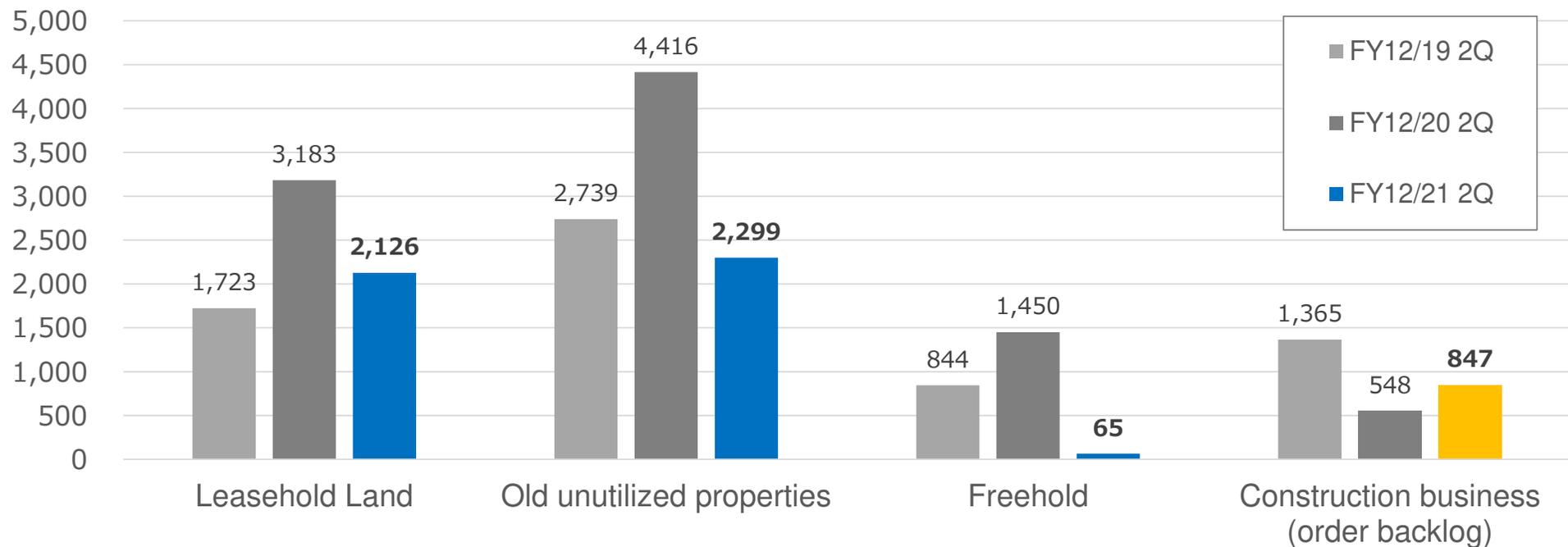
Purchases and Orders Received by Business



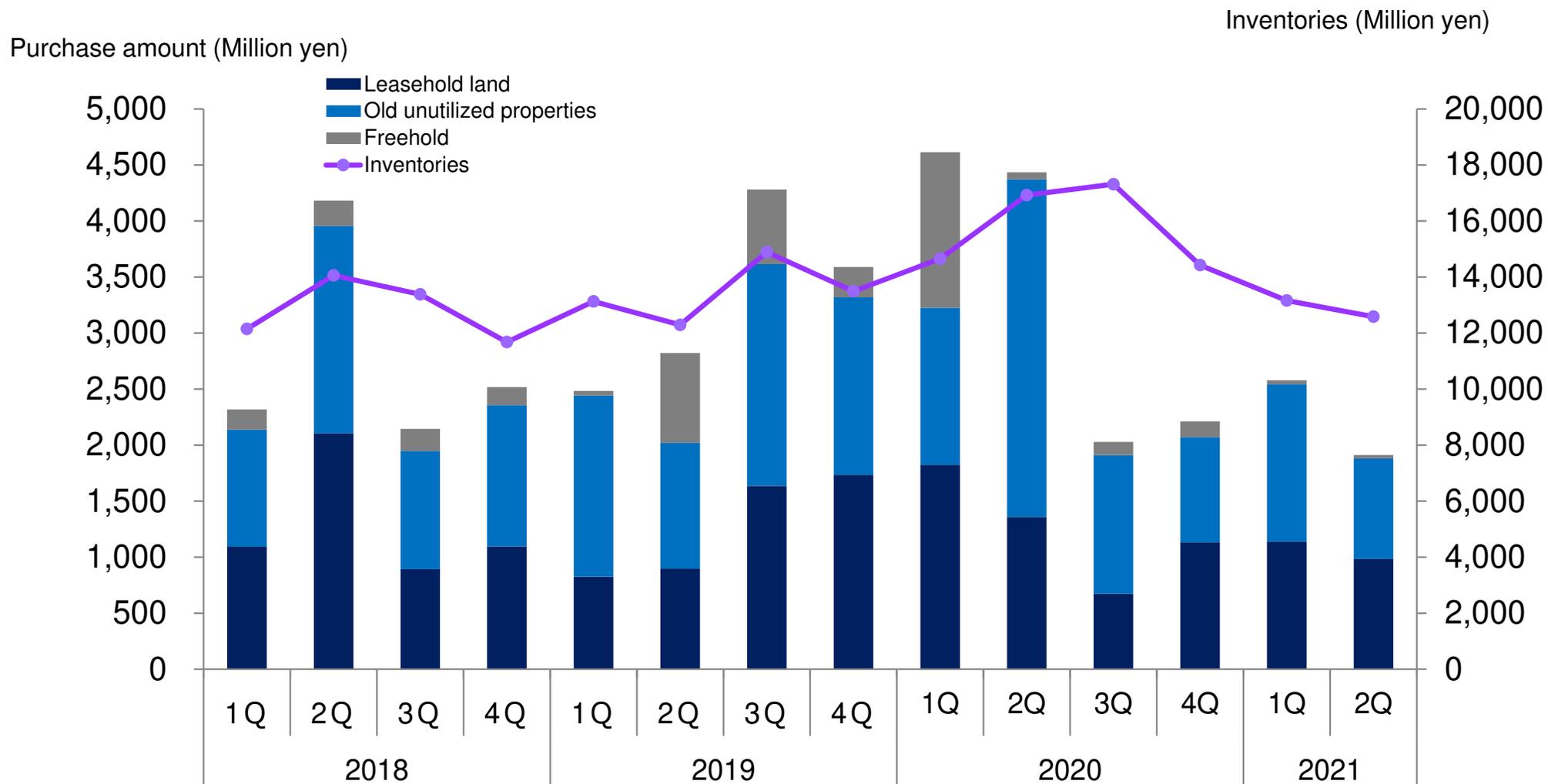
Purchases decreased by 50.4% year-on-year to **4,491 million yen.**

- In the Real Estate Sales business, although orders significantly decreased, the situation is improving as the number of projects and the number of purchasing contracts are currently growing.
- In the Construction business, orders greatly exceeded the previous year as we caught up with the negotiations delayed from the previous fiscal year.

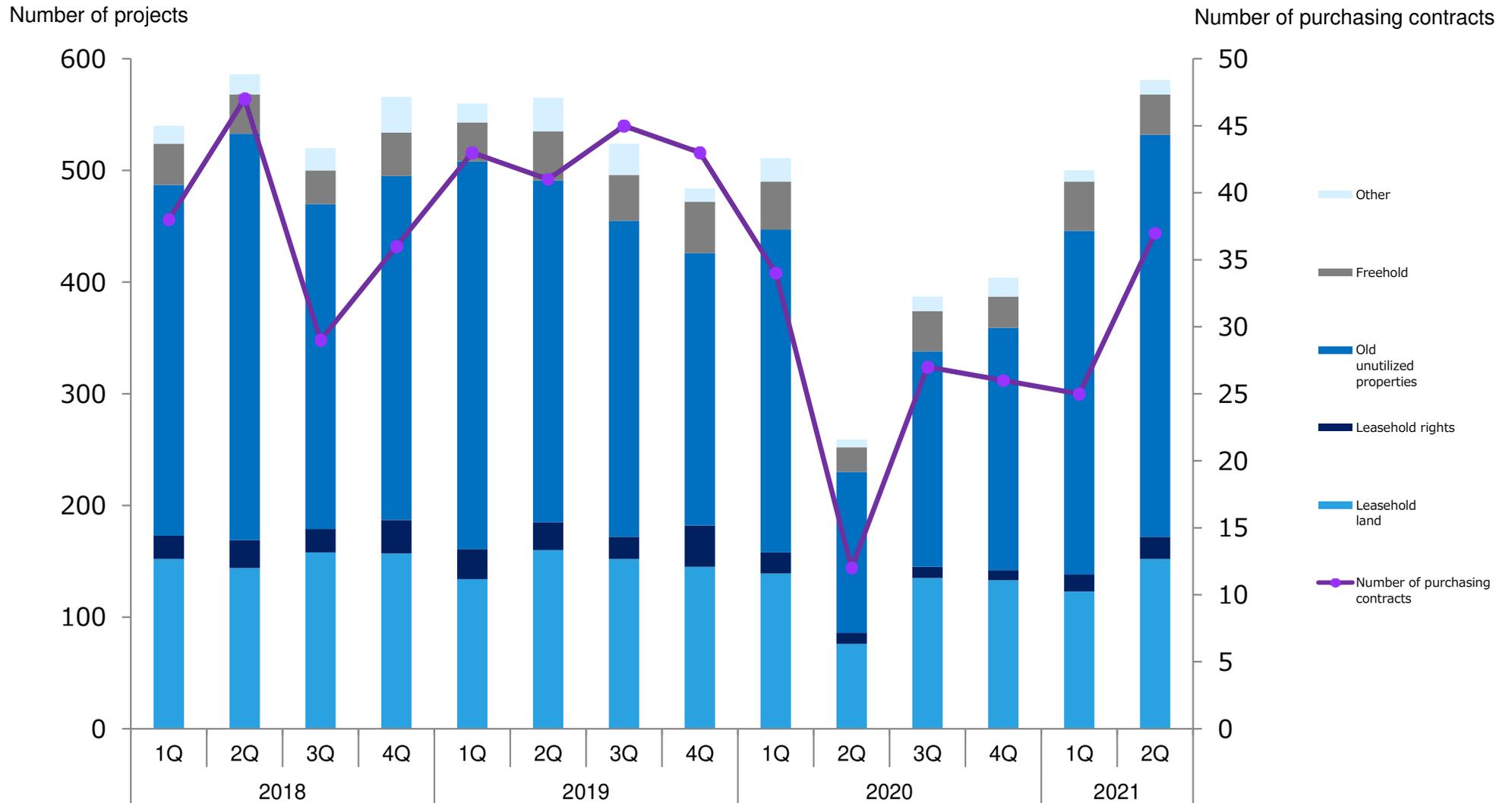
(Unit: Million yen)



Changes in the Amount of Purchases and Inventories



Changes in the Number of Projects and Number of Purchasing Contracts



Inappropriate Transactions at One's Life Home (excerpt from disclosed materials)



- As stated in the "Notice of Absorption-type Merger of Subsidiary (Simplified Merger and Absorption-type Merger) and Discontinuation of Debt Waiver" as of June 28, 2021, we found out that inappropriate transactions may have been conducted at our consolidated subsidiary One's Life Home (hereinafter referred to as "OLH"). Accordingly, we established an internal investigation committee and have been investigating this matter.
- As a result of the investigation, it was found that the former employee of OLH had transferred a total of 12 million yen in construction costs during the period of his employment at OLH, from January 2019 to March 2021.
- An omission of 1,197 thousand yen from costs was found after checking the particulars of outstanding construction fees claimed by several suppliers. The outstanding invoices were settled after careful examination. In addition, an overstatement of accounts payable of 79 thousand yen and an omission from accounts payable of 65 thousand yen were found after examining the relevant account balances at suppliers as of June 30, 2021.
- Interviews with executives and employees revealed that no company personnel were involved, and we have determined that this case is an action by the former employee alone. In addition, we have determined that inappropriate transactions have not become the norm and that there is no systemic problem.
- Prior year financial statements will not be retroactively adjusted as the impact of this issue on the consolidated financial statements is insignificant. However, we plan to implement appropriate accounting treatment of the issue in the second quarter of the current fiscal year.
- Regarding the merger with OLH, which we had decided to suspend, based on the results of the above investigation, we will reconsider whether and when to implement the merger with OLH after confirming the implementation status of measures to prevent recurrence.

Our Response to COVID-19



We will continue to respond flexibly to prevent the spread of COVID-19.

| Response to our clients | Response to our employees |
|---|--|
| <ul style="list-style-type: none">• During the spread of COVID-19, conduct PCR tests before visiting customers and thoroughly implement measures against infections such as wearing masks when seeing customers• Conduct telephone and online meetings• Refrain from holding and participating in face-to-face seminars• Refrain from holding and participating in business dinners and social gatherings• Installation of air purifiers on each floor including reception• Installation of carbon dioxide meters on each floor including reception• Apply antiviral agents and antibacterial finishing on each floor including reception | <ul style="list-style-type: none">• Provide masks for all employees• Continue remote working and staggered work hours• Lend computers and printers, etc. for remote working• Promotion of online application procedures• Conduct antibody tests• Conduct regular PCR tests• Establishment of vaccine leave• Establishment of COVID-19 special leave |

Purchasing and Sales under COVID-19



- The impact of COVID-19 has slowed down since the second half of last year, and sales activities have regained stability.

Purchasing

- No change in the lending attitude of financial institutions nationwide
- Real estate prices tend to remain high
- Demand for detached houses and condominiums is brisk

The lead time for contracts and settlements is lengthening due to the impact of COVID-19, but we continue to take a cautious approach to purchase.

Sales

- Negotiations with leaseholders postponed partly due to the impact of the current spread of COVID-19
- Some delays in work requiring attendance, such as surveying
- Consumer sentiment is recovering

Continue sales activities through taking all possible measures against COVID-19 and minimizing the impact of the spread of infection.

Community Redevelopment Project Business



External environment

- Increase in the number of sale project of hotels and Japanese style inns, and in the number of consultations for local governments
- Stagnation in the tourism and accommodation industry due to the spread of COVID-19

Internal environment

- Strengthening of conceptual and proposal capabilities through business alliance with three specialized companies
- Expansion of targets for consideration

Promote initiatives for specific projects that leverage the characteristics of each of the 3 specialized companies (promote projects that can build WIN-WIN-WIN relationships and lead to regional revitalization).

Regional redevelopment projects have the same business structure as Leasehold Land business (Few major companies have entered the market in earnest. Weak fundraising ability of main players.) We can build our own business model in cooperation with local communities by utilizing our real estate rights adjustment know-how and local redevelopment know-how.

Developing Employees to Create New Business



Purpose

- Training began from October 2020 to develop human resources capable of creating new businesses

Details

- Lecture on the method of "thinking, focusing, and deepening" for new businesses
- Inspection of local sites
- Exchange of opinions with young entrepreneurs who are engaged in community development
- Presentation of new business plans to local and management teams

Considering the concrete potential of the business plan proposed by a female employee of the Sales Department. (Field survey, conceptualization, service design, needs survey, etc.)

Financing Initiatives Crowd Funding

- 1st to 3rd offerings: total of 200 million yen raised.
- 4th offering: 100 million yen raised in June 2021.
Funding rate decreased from initial 3.0% to 1.8%.



The image displays four overlapping screenshots of crowdfunding pages for 'Sodechi-kun Fund' offerings #1 through #4, managed by Sansei Landic. Each page shows the offering amount, funding progress, and key terms.

| Offering # | Offering Amount (¥) | Funding Rate | Yield (Annual) | Term | Redemption Method | Interest Payment Method |
|------------|---------------------|--------------|----------------|------|-------------------|-------------------------|
| 1 | 50,000,000 | 100% | 3.0% | 約1年 | 満期一括 | 毎四半期 |
| 2 | 50,000,000 | 100% | 2.5% | 約8ヶ月 | 満期一括 | 毎四半期 |
| 3 | 100,000,000 | 100% | 2.0% | 約1年 | 満期一括 | 毎四半期 |
| 4 | 100,000,000 | 100% | 1.8% | 約7ヶ月 | 満期一括 | 毎四半期 |

Additional details for Offering #4:

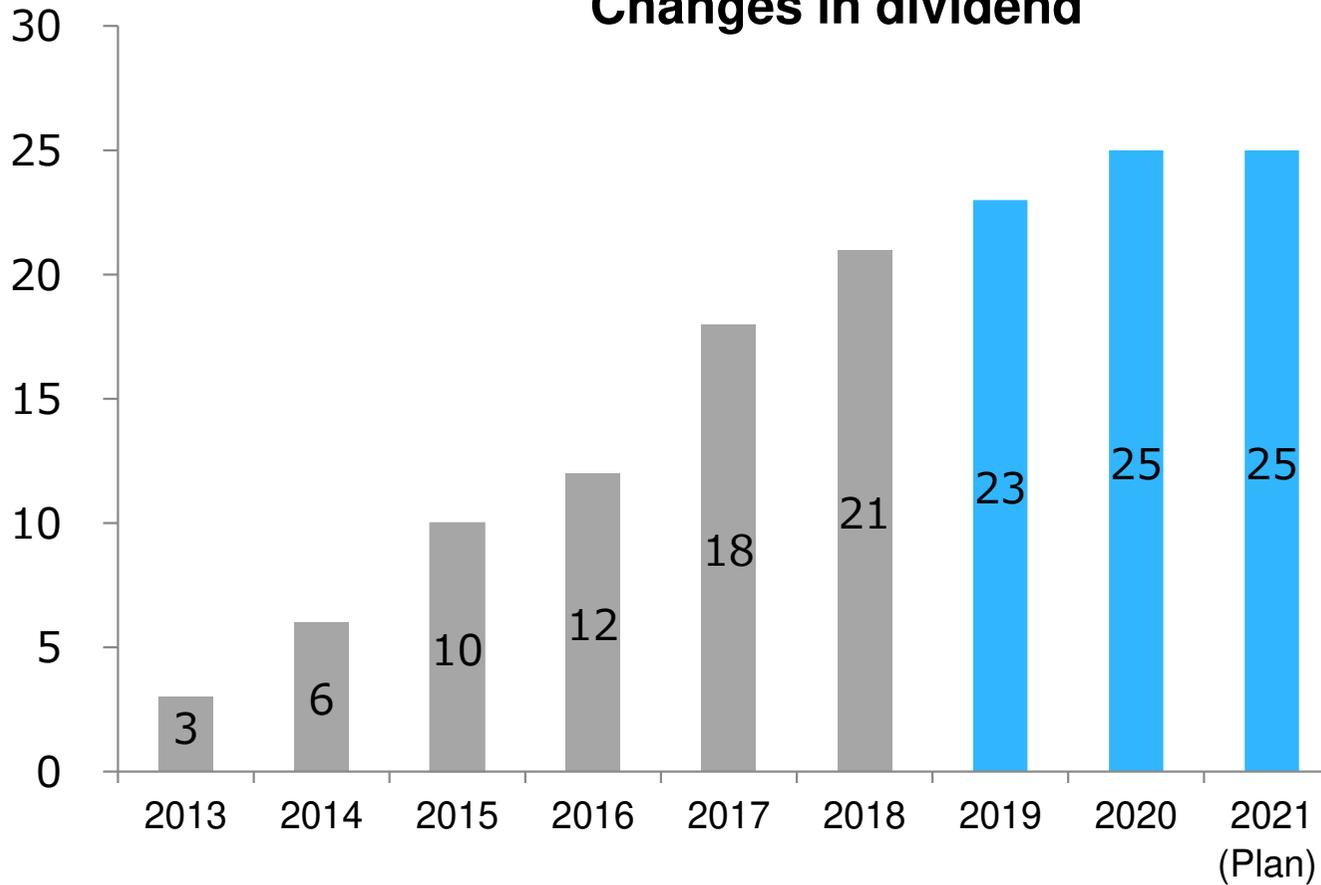
- Interest: 担保なし・保証なし
- Minimum Investment: 30,000,000円
- Status: 先着 (First come, first served)
- Message: 先着での申込受付は終了いたしました。

Shareholder Returns



Dividend (yen)

Changes in dividend



- Purchased 0.2 million shares of treasury stock from February 2021.
- We plan to pay a dividend of 25 yen per share in 2021, maintaining the level of 2020.
- Strengthen preferential treatment for long-term stockholders through shareholder benefits. With this, we abolished the special benefit program for shareholders holding 100 shares for less than 1 year.

Shareholder Returns



- Beginning with 2020, there are two shareholder benefit categories.
- Upgraded benefits for long-term shareholders** in order to encourage more shareholders to hold our shares over the long term.

| Number of shares held | 2020 | | 2021 | |
|-----------------------------|---------------------------|--------------------------------------|--------------------------|--------------------------|
| | QUO Card and canned bread | | QUO Card or gift catalog | |
| | Holding less than 1 year | Holding more than 1 year | Holding less than 1 year | Holding more than 1 year |
| 100 shares | QUO Card (500 yen) | | Not eligible | QUO Card (500 yen) |
| 200 to less than 500 shares | 3 canned breads | 3 canned breads + QUO Card (500 yen) | QUO Card (500 yen) | Gift catalog ① |
| 500 shares or more | 4 canned breads | 4 canned breads + QUO Card (500 yen) | QUO Card (1,000 yen) | Gift catalog ② |

*The gift catalog includes canned bread.

FY12/21 Business Forecasts



- Consolidated business forecasts for FY12/21 (January 1, 2021-December 31, 2021)

(Unit: Million yen)

| | FY12/21 | Pct. change |
|------------------|---------|-------------|
| Net sales | 18,385 | +3.4% |
| Operating income | 919 | +8.5% |
| Ordinary income | 762 | +7.5% |
| Net income | 505 | + 41.3% |
| EPS (yen) | 59.88 | + 41.4% |
| Dividend (yen) | 25 | — |

- In the Real Estate Sales business, sales and profits are expected to exceed the results for 2020.
- Achieved sales and profits significantly higher than planned in the 1H of the fiscal year. Although we expect the performance for the second half of the fiscal year to progress generally as planned, we have left our full-year forecast unchanged, taking into account the impact on sales activities of the current spread of COVID-19, as well as the expected sale of a portion of our assets since 2019.
- Plans to pay a year-end dividend of 25 yen per share, maintaining the level of last year.

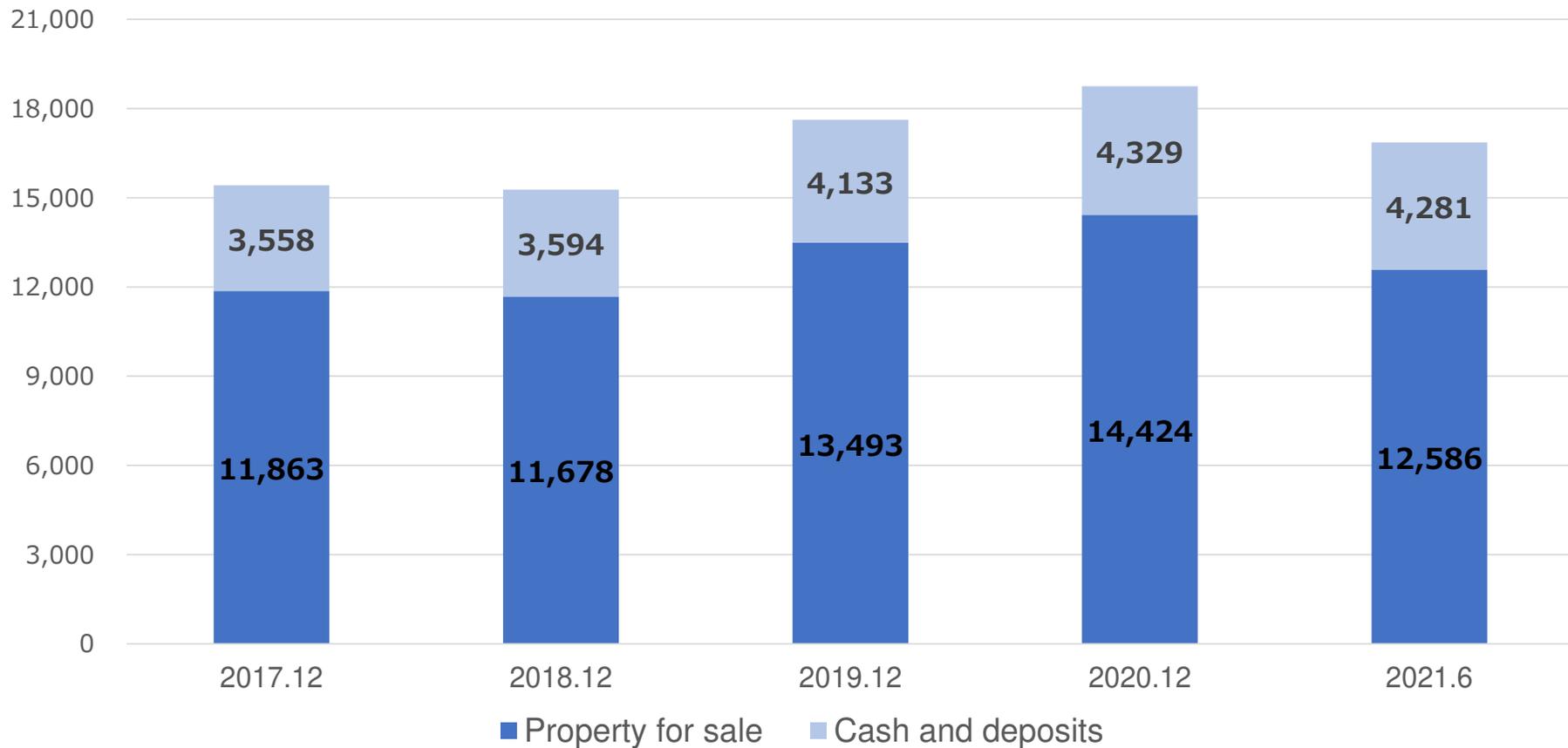
Partial Sales of Owned Assets



Objective: To reclassify assets to improve cash position and provide funds for investments and shareholder returns.

Changes in property for sale and cash and deposits

(Unit: Million yen)



Our sales activities, centered on face-to-face sales, are significantly affected by the spread of COVID-19.



Prioritize response to COVID-19 and implement measures to deal with the various problems and management issues we are facing.



The new medium-term management plan is scheduled to be disclosed from September 2021 onward.

Reference material

Corporate Data

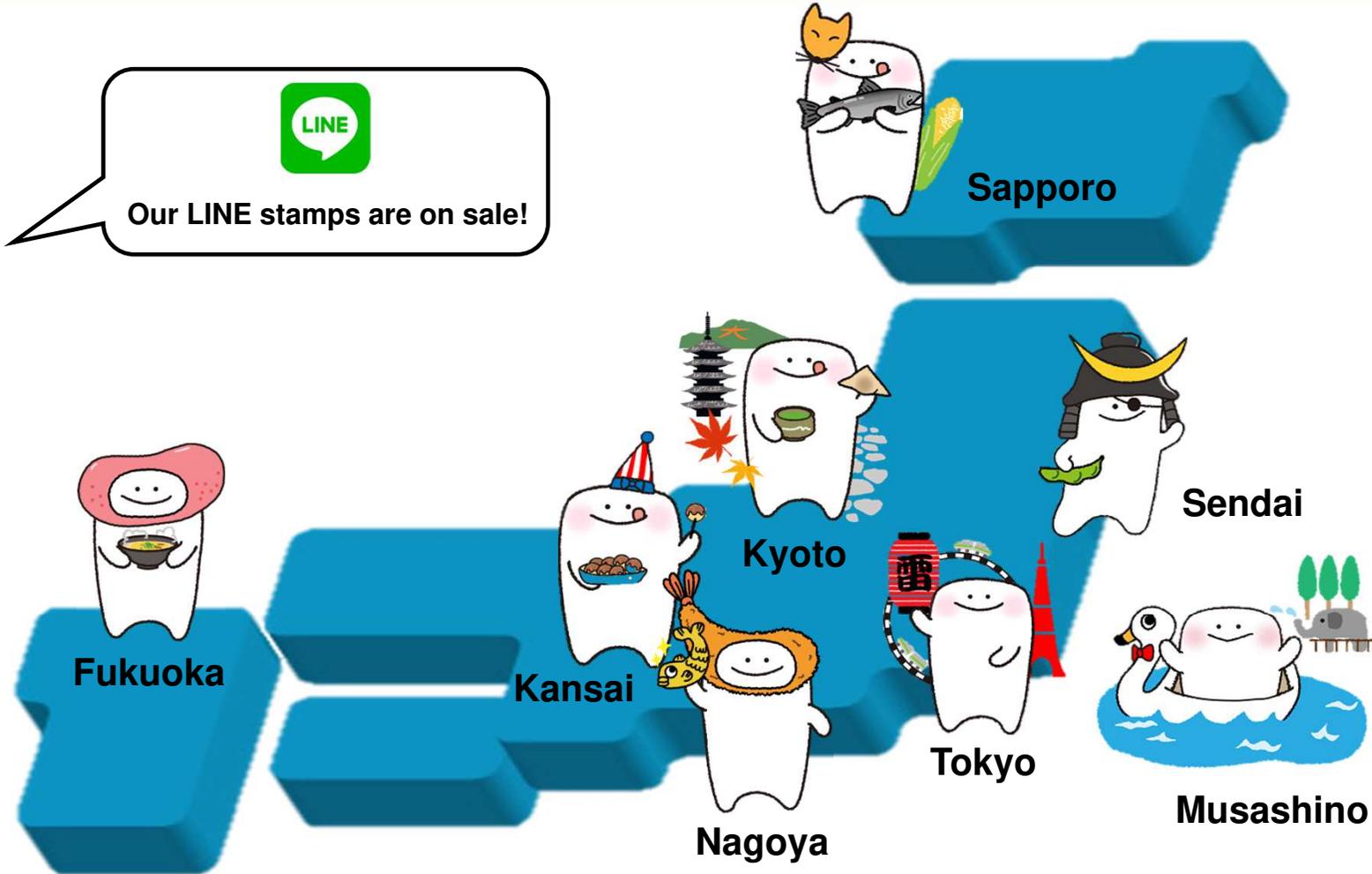


| | |
|---------------------|---|
| Company name | Sansei Landic Co., Ltd |
| Representative | Takashi Matsuzaki, President and CEO |
| Established | February 1976 |
| Capital stock | 819,891,600 yen (As of the end of June 2021) |
| Listing | December 18, 2014, First Section of the Tokyo Stock Exchange Securities Code: 3277 *Listed on the JASDAQ Stock Exchange on December 13, 2011 |
| Head office | 5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo |
| Branch | Sapporo, Sendai, Musashino, Nagoya, Kyoto, Kansai, Fukuoka |
| Subsidiary | One's Life Home Co., Ltd. (Construction)  One's Life Home natural modern from architects |
| Number of employees | Non-consolidated: 167 (consolidated: 188) ...As of the end of June 2021 |

Network of 8 Locations Nationwide



Our LINE stamps are on sale!



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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