



# **Sansei Landic Co., Ltd**

**Financial Results for the Fiscal Year  
Ended December 2023**

**February 22, 2024**

# **Overview of Financial Results for the Fiscal Year Ended December 2023**



# FY12/23 Topics



- Net sales and profit for each stage reached a record high and significantly exceeded the previous year's levels

Net sales	<b>23,269</b> million yen	<b>Up 49.8%</b> YoY
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Operating income	<b>2,155</b> million yen	<b>Up 46.7%</b> YoY
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Ordinary income	<b>1,765</b> million yen	<b>Up 37.5%</b> YoY
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Net income attributable to owners of parent	<b>1,182</b> million yen	<b>Up 11.6%</b> YoY
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Amount of purchases	<b>18,617</b> million yen	<b>Down 9.8%</b> YoY
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# Comparison of consolidated income statement



- Net sales and profit are largely in line with the revised plan announced in August

(Unit: million yen)	FY12/21	FY12/22	FY12/23			
	Results	Results	Revised plan (announced in May 2023)	Revised plan (announced in Aug 2023)	Results	Difference
Net sales	16,836	15,533	20,500	23,500	23,269	-230
Gross profit	4,368	5,047	—	—	6,342	—
SG&A	3,250	3,578	—	—	4,186	—
Operating income	1,117	1,469	1,700	2,150	2,155	+5
Ordinary income	999	1,283	1,400	1,800	1,765	-34
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

# Summary of consolidated balance sheet



- Although sales activities progressed steadily, property for sale and interest-bearing liabilities increased due to continued firm purchases, resulting in an improved shareholders' equity ratio

(Unit: Million yen)

	FY12/22	FY12/23		
	Amount	Amount	Vs. end of previous term	Pct. change
Cash and deposits	3,827	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	—
ROE	9.9%	10.2%	+0.3pt	—

# Summary of consolidated cash flow



- CF from operating activities was negative mainly due to an increase in inventories despite record-high net income
- CF from investing activities was negative due to an increase in non-current assets resulting from the relocation of the head office and Kansai branch

(Unit: Million yen)

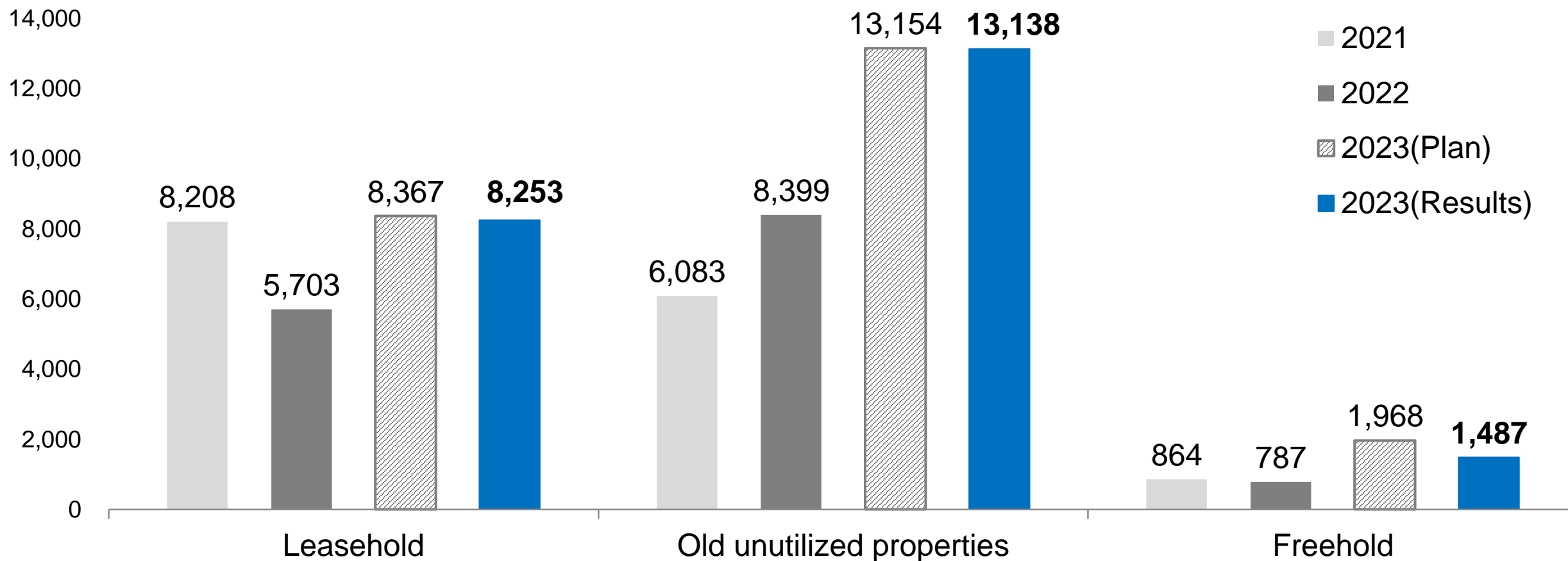
	FY12/21	FY12/22	FY12/23
	Results	Results	Results
Cash flow from operating activities	1,704	-9,267	-11
Cash flow from investing activities	-51	-266	-765
Cash flow from financing activities	-608	7,971	302
Net increase in cash and cash equiv.	1,045	-1,563	-474
Cash and cash equiv. at end of period	4,752	3,188	2,714

# Sales by business segment



- Leasehold : Sales and profits were well above the previous year's level and almost in line with the plan
- Old unutilized properties : Sales and profits were well above the previous year's level and almost in line with the plan
- Freehold : Sales and profit were significantly higher than the previous year but below the plan

Sales (million yen)

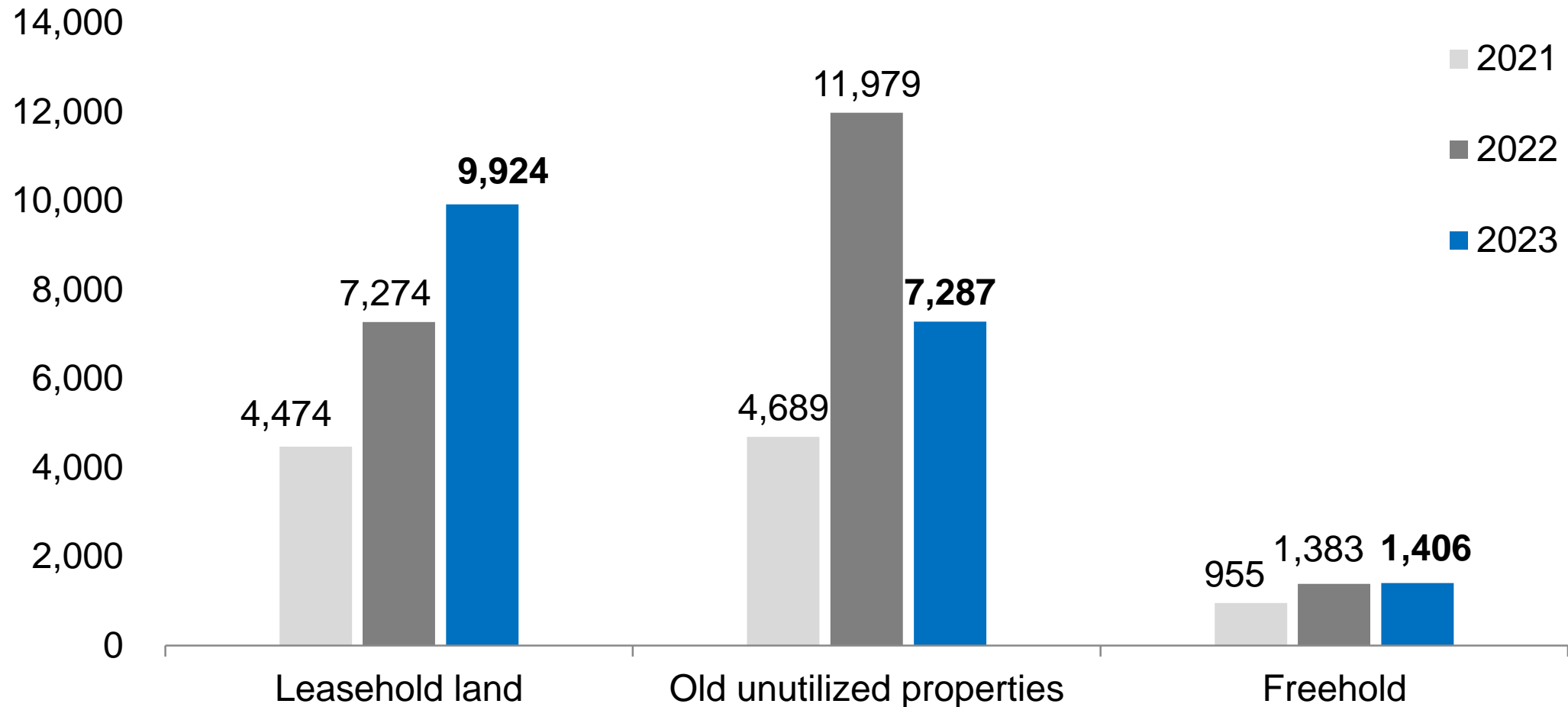




# Purchases by business segment

- Purchases of leasehold land increased significantly due to the purchase of a large property
- Old unutilized properties and freehold properties also achieved a high level of purchases, far exceeding the planned 14.4 billion yen

Purchase amount (million yen)

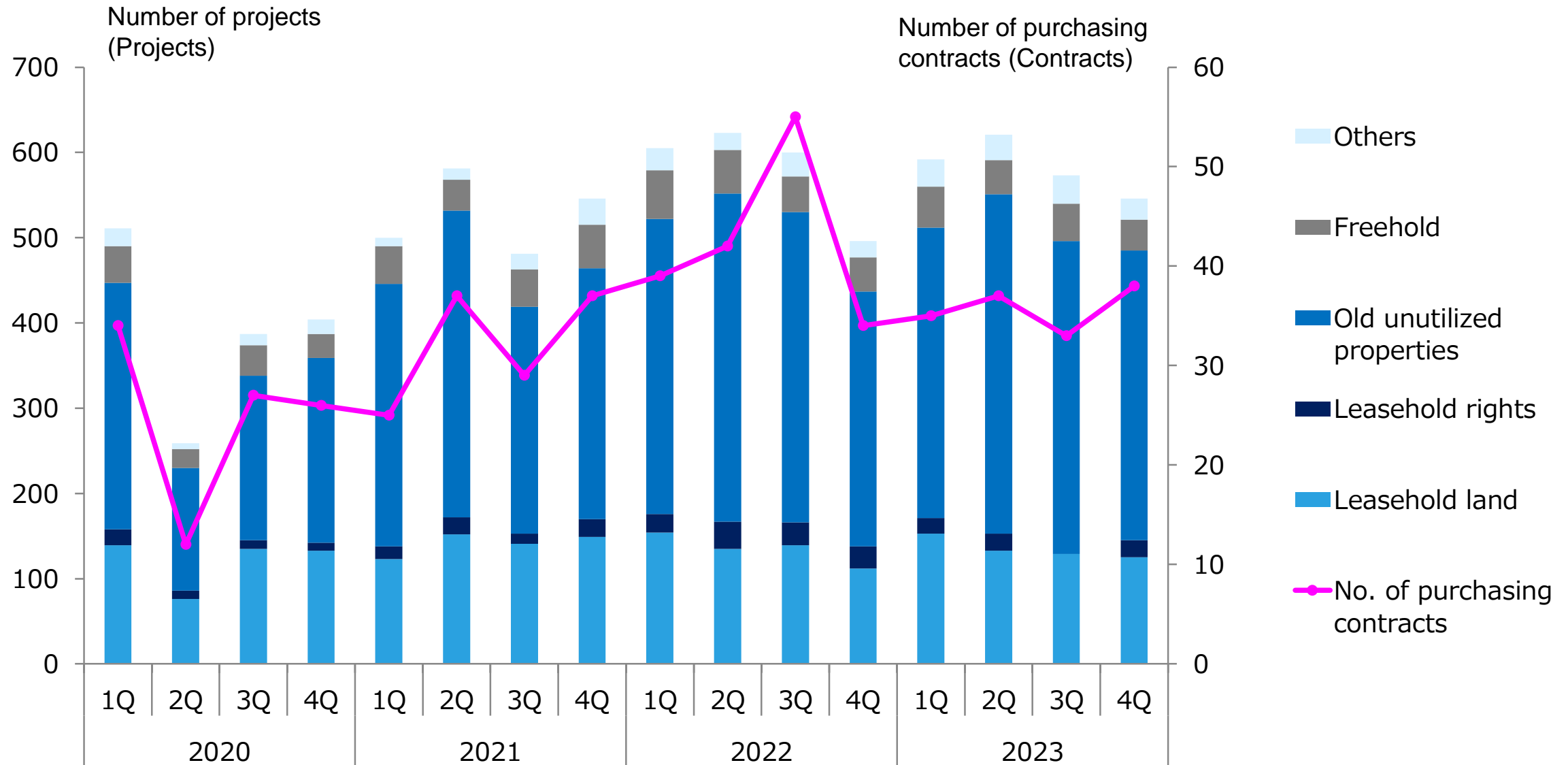






# Changes in the number of projects and number of purchasing contracts

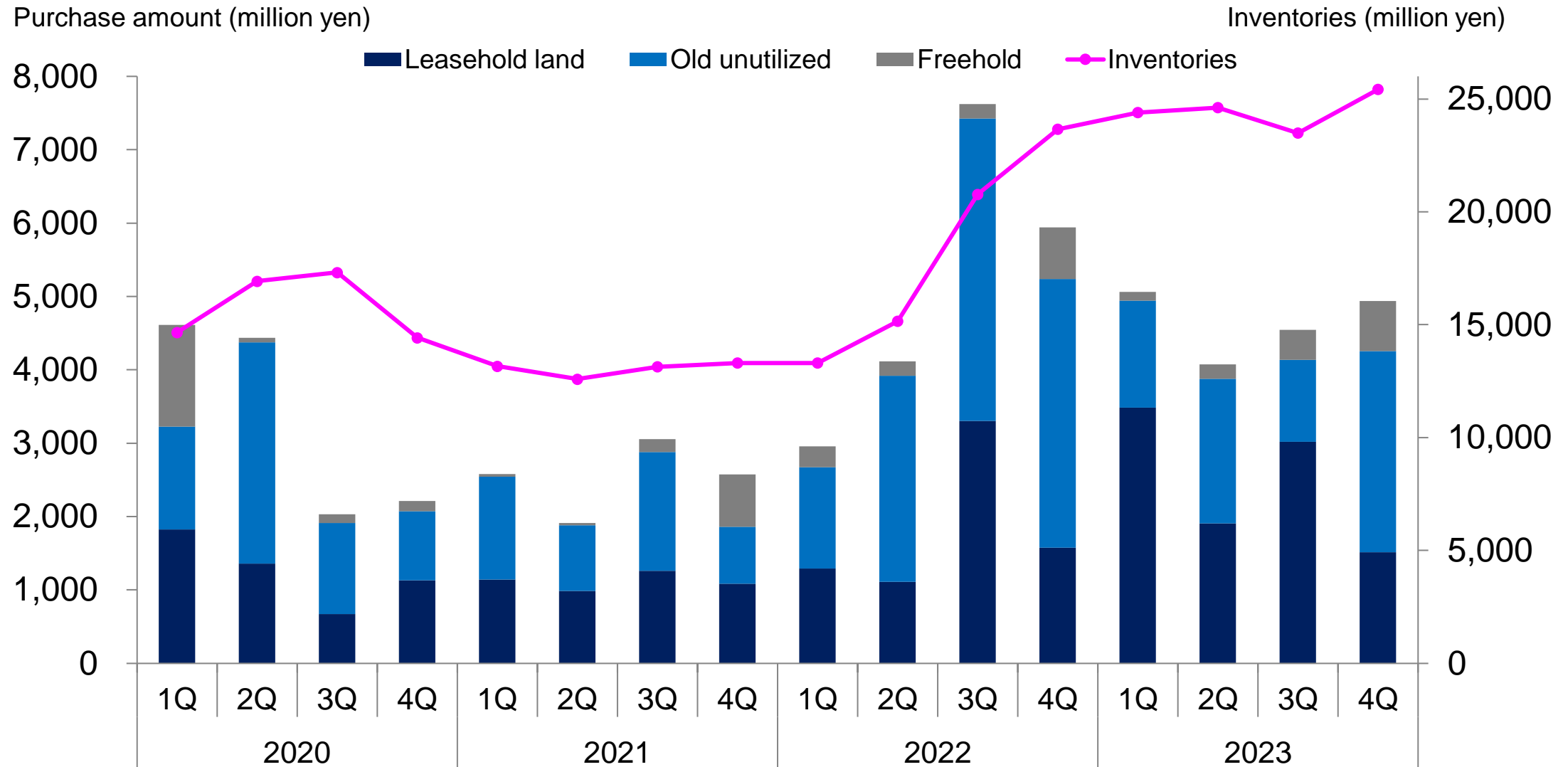
- Stable and high level of both number of projects and contracts





# Changes in the amount of purchases and inventories

- Purchases significantly exceeded the plan due to an increase in the purchase of leasehold land, and inventories are at a record high level



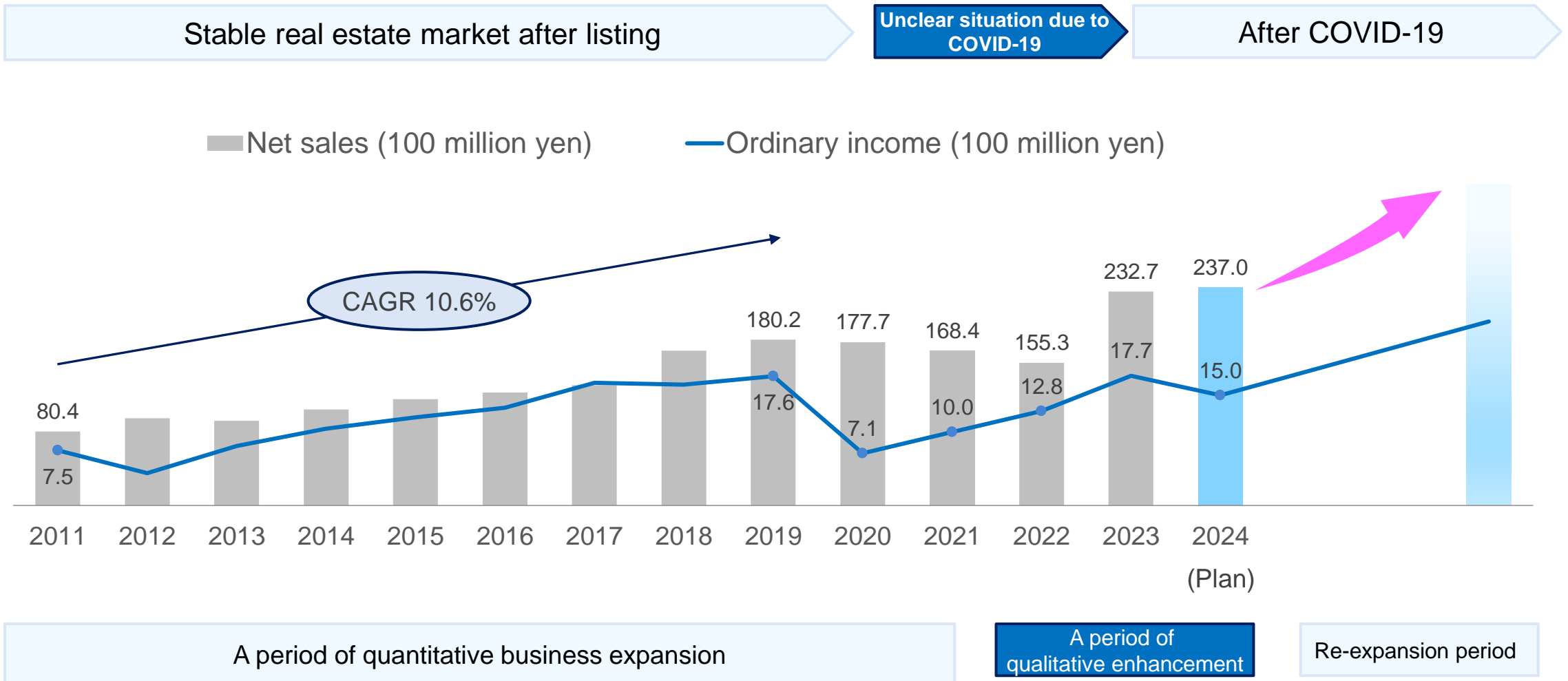
# **Medium-term Management Plan** **(2022-2024)**





# Positioning of the medium-term management plan

- Focus on growth initiatives in 2022-24 as a period of qualitative enhancement
- With the quantitative targets for the final year of the plan achieved in 2023, a new medium-term management plan is being developed



## Medium-term management plan: Overall objective



### Build a solid business foundation that can realize a stable business growth even after the COVID-19 ends

#### Expansion of existing businesses

- Strengthening of organizational capability
- Creation of opportunity for business expansion due to the promotion of new initiatives
- Human resources development

#### Expansion of business domain

- Efforts toward new businesses
- Implementation of M&As and alliances

#### Strengthening of management base

- Strengthening of governance system
- Review of back-office capable of responding to organizational growth
- Strengthening of financial foundation
- Personnel reform

# Expanding existing businesses: Initiatives to strengthen sales and marketing



	Progress in the first year of the plan	Progress in the second year of the plan	Key actions for the third year of the plan
<b>Strengthening of organizational capabilities</b>	<ul style="list-style-type: none"> <li>Introduce SFA (Sales Force Automation - sales support) and BI (Business Intelligence - analysis) systems</li> <li>Establish dedicated websites for each site</li> <li>Strengthen inventory management</li> </ul>	<ul style="list-style-type: none"> <li>Introduced a system for sharing project case studies</li> <li>Establishment and operation of business-specific websites</li> <li>Promotion of building an environment where employees can concentrate on sales activities</li> <li>Improved sales productivity by utilizing part-time employees</li> </ul>	<ul style="list-style-type: none"> <li>Further enhancement of knowledge management to improve efficiency and sophistication of sales activities</li> <li>Expansion of business-specific websites and enhancement of website content by division and branch</li> <li>Formation of various project teams across divisions and branches</li> <li>Further improve sales productivity</li> </ul>
<b>New initiatives</b>	<ul style="list-style-type: none"> <li>Implement new business schemes on a trial basis, focusing on leasehold land and old unutilised properties businesses as the core</li> </ul>	<ul style="list-style-type: none"> <li>Formulated a model for a business scheme as a derivative of the core business</li> </ul>	<ul style="list-style-type: none"> <li>Conduct test marketing of the new scheme to actual properties and customers</li> </ul>
<b>Human resources development</b>	<ul style="list-style-type: none"> <li>Review the sales education system, which has been mainly on-the-job training</li> <li>Establish a human resources department to strengthen the education system</li> </ul>	<ul style="list-style-type: none"> <li>Analyzed the behavior of top salespeople to formulate a training system targeting younger employees</li> <li>Formed a new HR strategy team for the entire company and built it</li> </ul>	<ul style="list-style-type: none"> <li>Company-wide development of education program for younger employees</li> <li>Establishment of an education system for mid-level and above</li> <li>Formulate strategies in collaboration with the HR strategy team</li> </ul>
<b>Numerical targets</b>	<ul style="list-style-type: none"> <li>Revise gross profit margin targets upwards for the current fiscal year</li> <li>Achieve procurement targets in 3Q</li> </ul>	<ul style="list-style-type: none"> <li>Achieved the quantitative target for the final year of the medium-term plan one year ahead of schedule</li> <li>Maintained firm purchase volume</li> </ul>	<ul style="list-style-type: none"> <li>Formulate a new medium-term plan to be released in mid-2024 or later</li> </ul>

**Focus on measures to strengthen sales in order to achieve**  
**"stable and sustainable growth"**

# Expanding existing businesses: Strengthen web marketing



## Operation of a landing page dedicated to Old unutilized properties

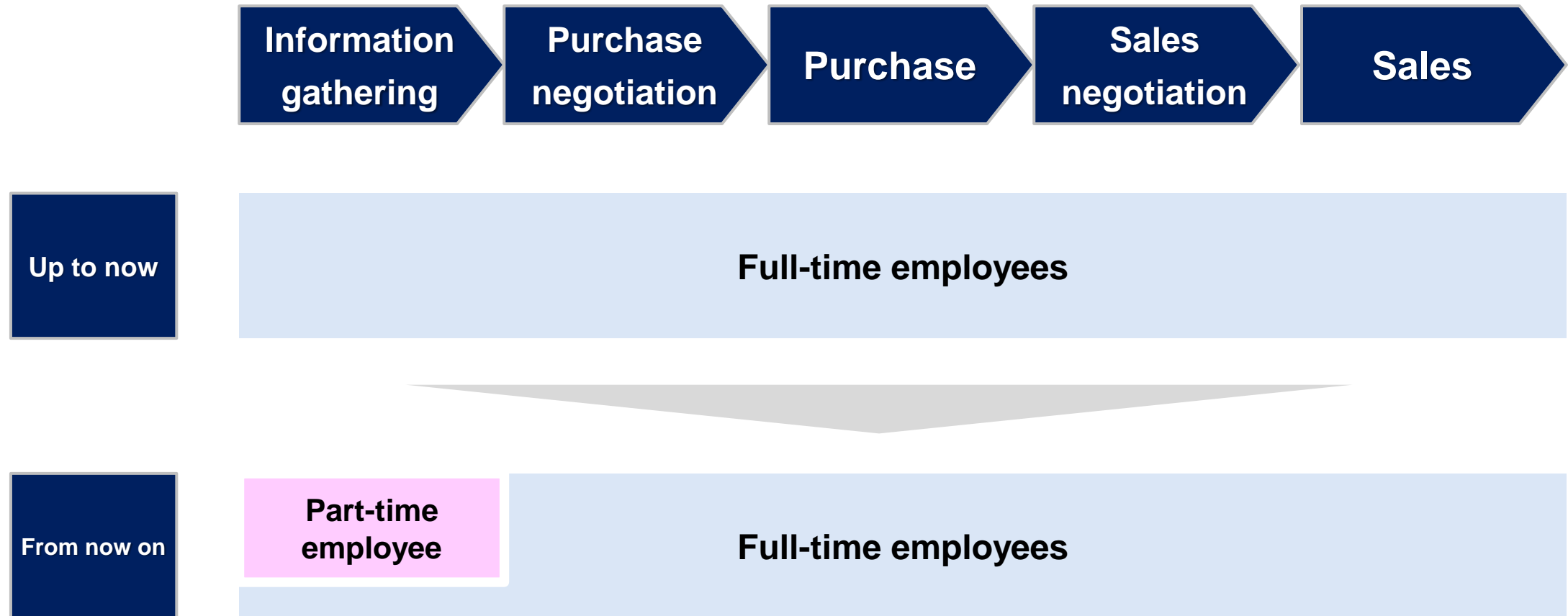
- Conduct marketing research and consider a variety of personas to obtain direct consultation from "Old unutilized properties" owners
- Aiming to acquire a new customer base in the web domain that is different from the real customers received from brokers



## Expanding existing businesses: Improve sales productivity (use of part-time employees)

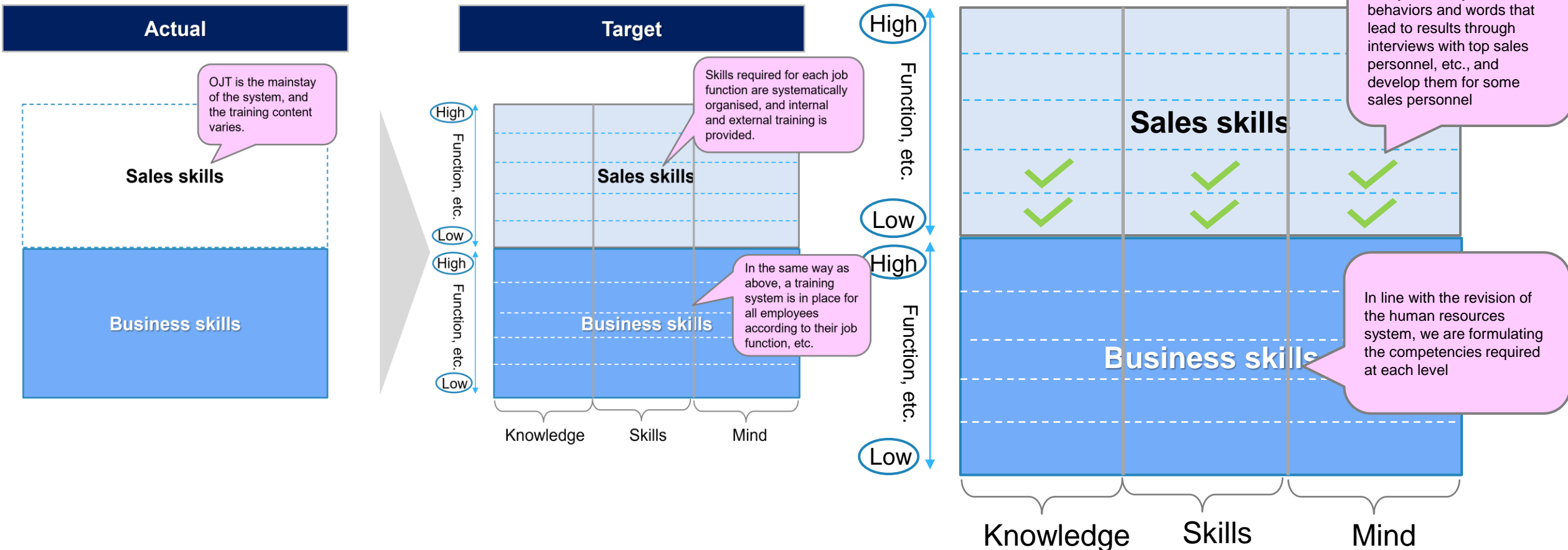


- Improve sales productivity by hiring new part-time employees to create an environment where full-time employees can focus on higher value-added tasks such as real estate rights adjustment





# Expanding existing businesses: Strengthen the sales training system





# Management of leasehold land (Owner's Partner)

- A business that bears the duties of the landowner who owns leasehold land



Examples of contracted services

- Land rent collection
- Liaison for promotion of land rent arrears
- Land rent revision support
- Other operations related to renewal, etc

Number of square meters of  
leasehold land under management

Approx. three times the size of the Tokyo Dome

**160,000 m<sup>2</sup>**

**Over 880 cases**

of leasehold land under management



Building relationships with landowners by  
undertaking management services  
**Responding to various circumstances  
of landowners**



# Expansion of business domain: The project to promote regional revitalization



## External environment

- Revival of inbound tourism
- Increasing domestic and international flows of people
- An increasing number of municipalities and other organizations want to use idle assets, including vacant houses effectively

## Internal environment

- Strengthening the workforce by recruiting people with OTA experience
- A cooperation agreement will be signed to strengthen cooperation with the local community further

## Status of deployment



[Hachimantai]

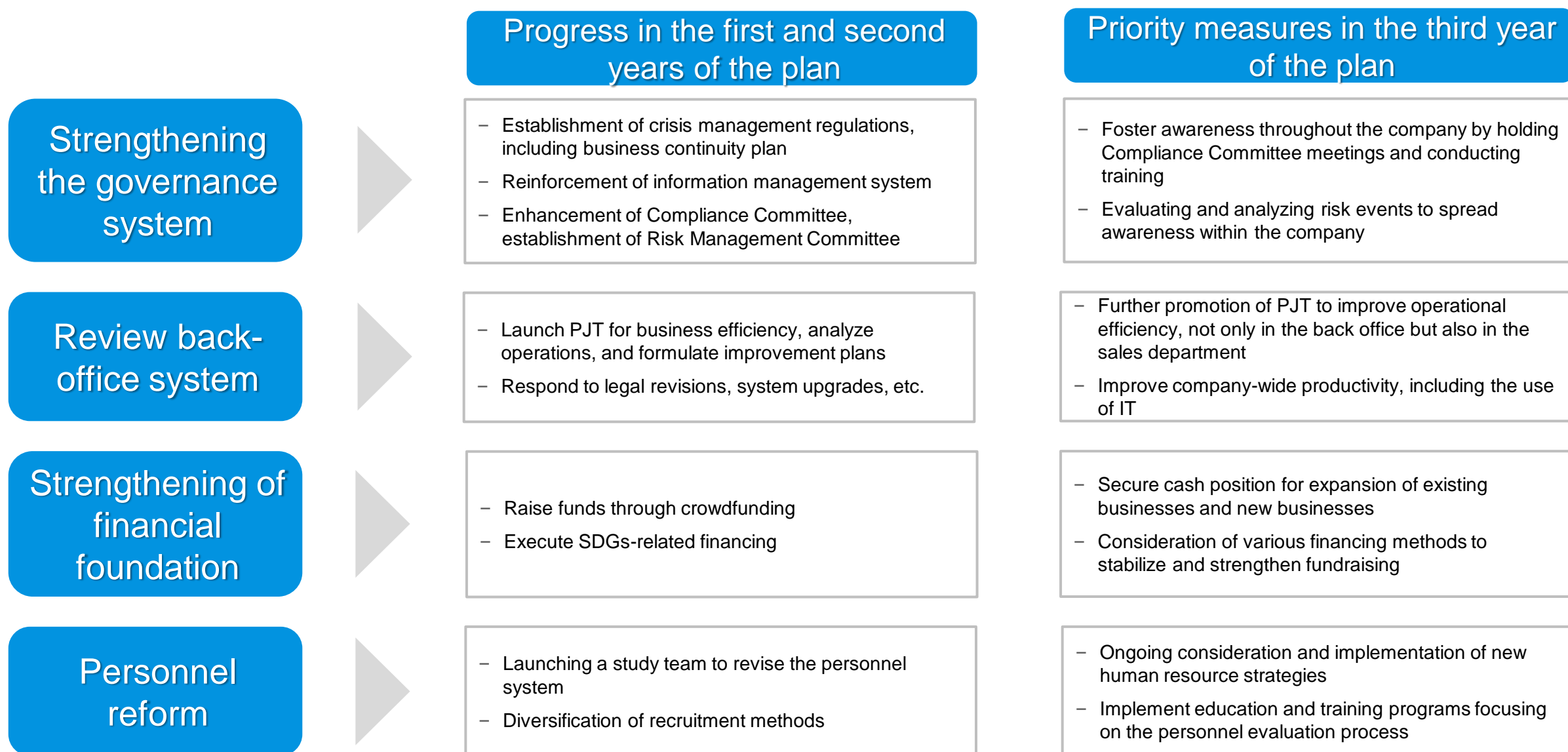
Pension business increased the number of plans and adjusted prices depending on the season  
YoY increase in occupancy rate and stabilization of clientele  
Plans to purchase idle vacation homes and operate them as additional lodging facilities



[Rider house for women]

Preparing to open this summer an accommodation facility using trailer houses in Izu this summer

# Strengthening the management infrastructure



# Strengthening the management infrastructure: Crowdfunding

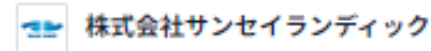


- Offering in Funds 1st-11th Offering. Raising over 1 billion yen
- Plans to continue to conduct subscriptions as needed
- As part of fundraising diversification, newly conducted CF with Takashimaya Financial Partners Inc.

## 高島屋ファンディング

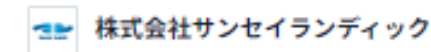


## 底地くんファンド#1



運用終了

## 底地くんファンド#11



運用中

投資受付金額

200,000,000円/200,000,000円

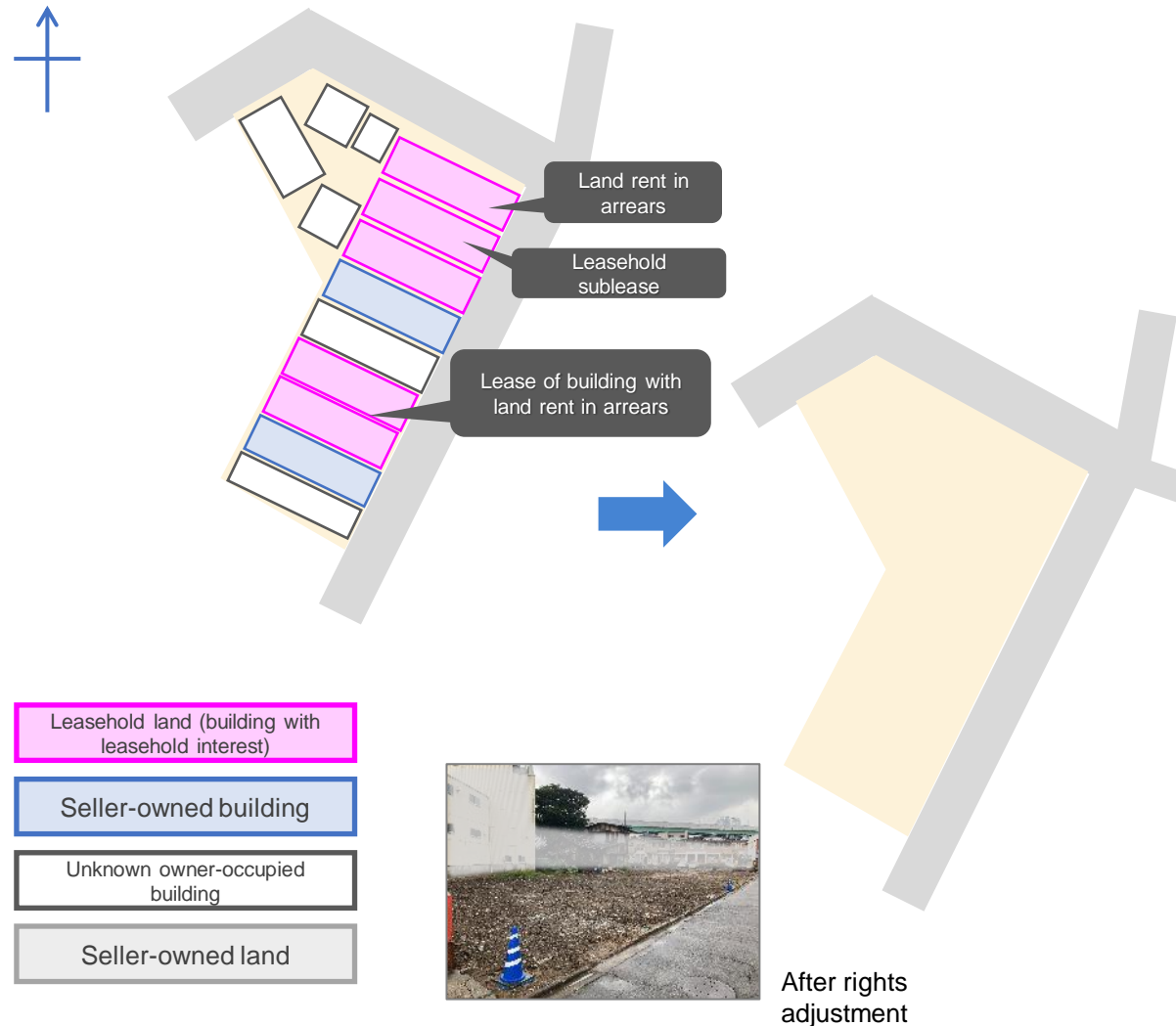
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# ESG initiatives: Real estate rights adjustment example



Location: Nagoya City, Aichi Prefecture Land area: approx. 300 tsubo Land leaseholders: 4



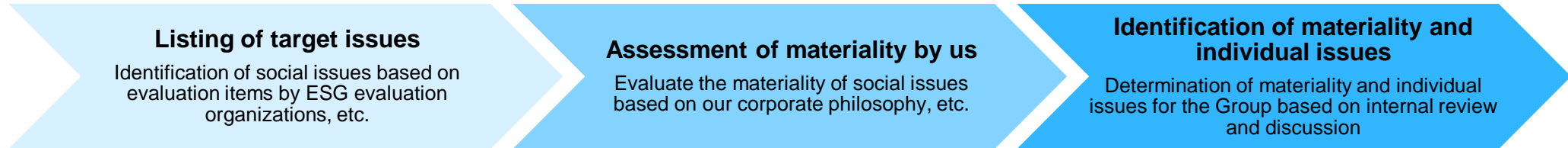
A mixture of leasehold land, freehold, and owner-occupied buildings  
Many buildings are vacant, and grass and trees are growing freely

# Sansei Landic's materiality and individual issues



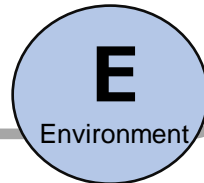
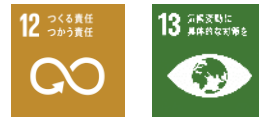
- We are currently formulating its sustainability policy and is considering the following materialities and individual issues

## Materiality Identification Process



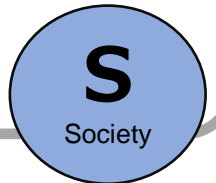
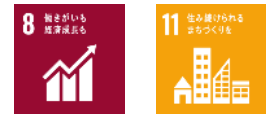
### Promote activities aimed at reducing environmental impact and disaster risk

- Waste reduction and recycling
- Promote initiatives to protect stakeholders from natural disasters



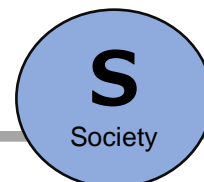
### Realization of win-win-win for all parties involved in business transactions

- Contribution to a safe and secure society
- Revitalization of real estate through rights adjustment
- Regional revitalization



### Cultivate human resources with diverse values and create a comfortable work environment

- Acquire and develop human resources to enhance business growth and customer satisfaction
- Employee health
- Diversification of work styles and work-life balance



### Sustainable growth through management with greater emphasis on governance

- Ensure legal compliance
- Risk management with emphasis on BCP





## Salary

Plans to continue base increase from the previous fiscal year

## Holidays

In addition to statutory holidays and scheduled holidays, employees are entitled to an additional six days off as company holidays

## Environ- -ment

Plan to relocate Kyoto branch in February 2024 to enhance convenience and provide a comfortable working environment for employees



# FY12/24 Business Forecasts



# FY12/24 Business forecasts



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

(Unit: Million yen)

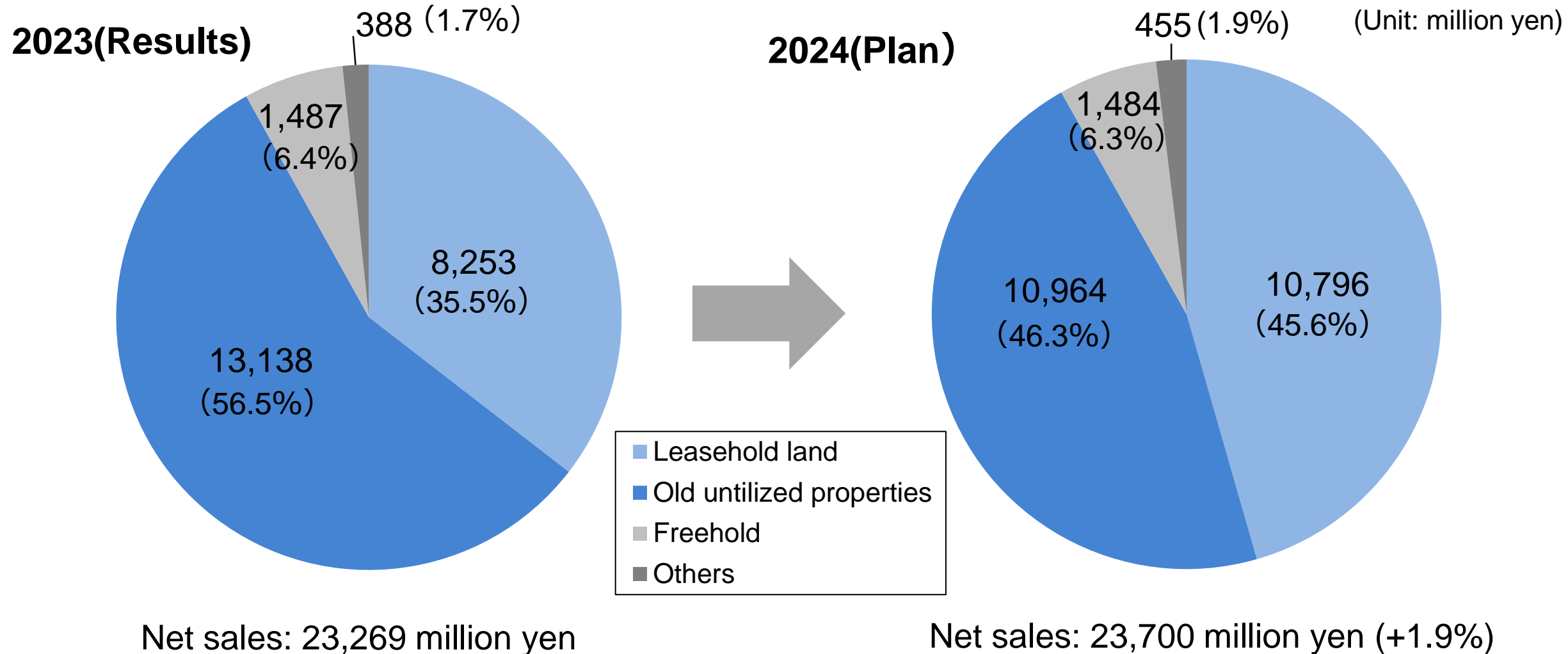
	2020	2021	2022	2023	2024 (Plan)	Pct. change
Net sales	17,774	16,836	15,533	23,269	23,700	+1.9%
Operating income	847	1,117	1,469	2,155	1,800	-16.5%
Ordinary income	709	999	1,283	1,765	1,500	-15.0%
Net income attributable to owners of parent	357	609	1,060	1,182	1,000	-15.5%
EPS (Yen)	42.34	73.56	129.61	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
- YoY profit decline is planned for 2024 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

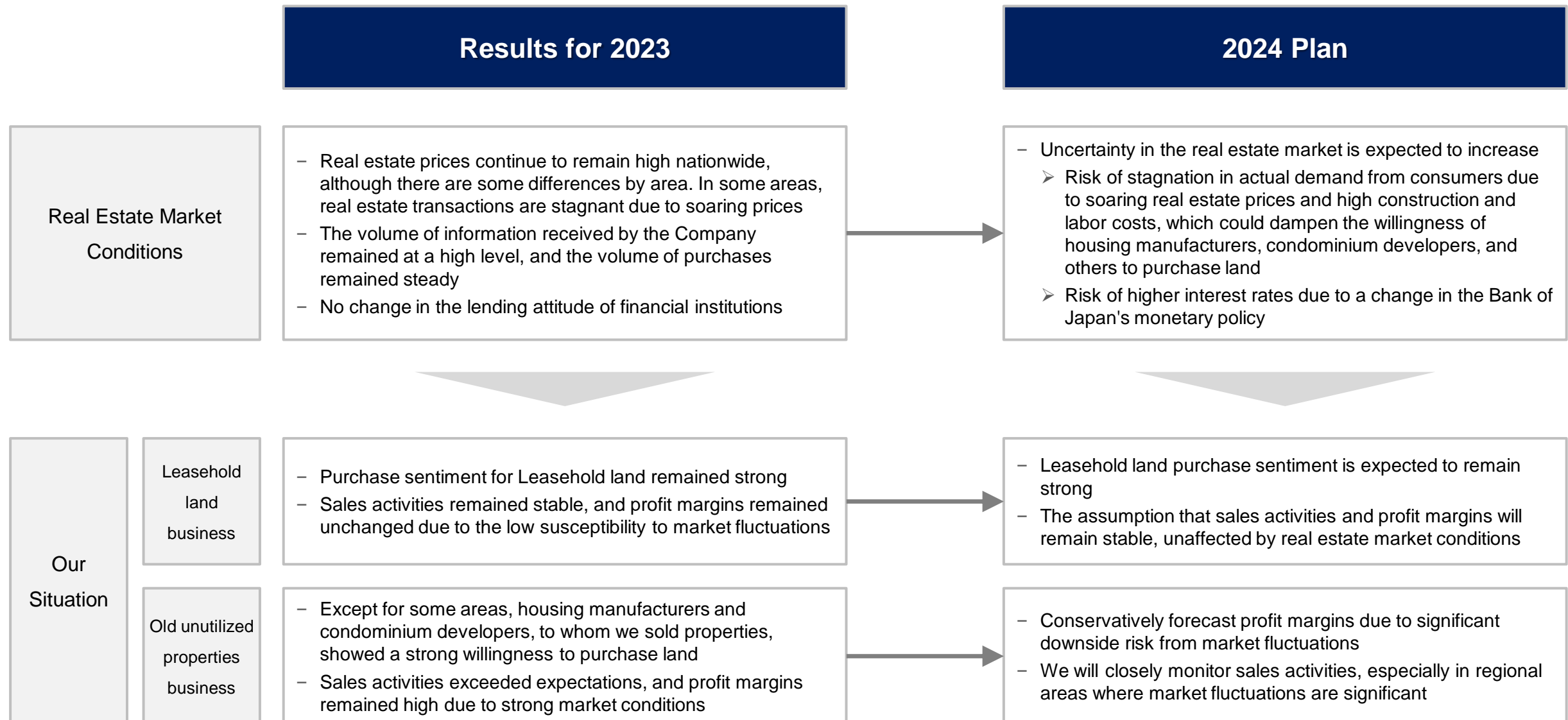
# Real estate sales business: Sales plan by business



- Leasehold land: 10,796 million yen, Old unutilized properties: 10,964 million yen, Freehold: 1,484 million yen, Others: 455 million yen



# Real estate market and our situation

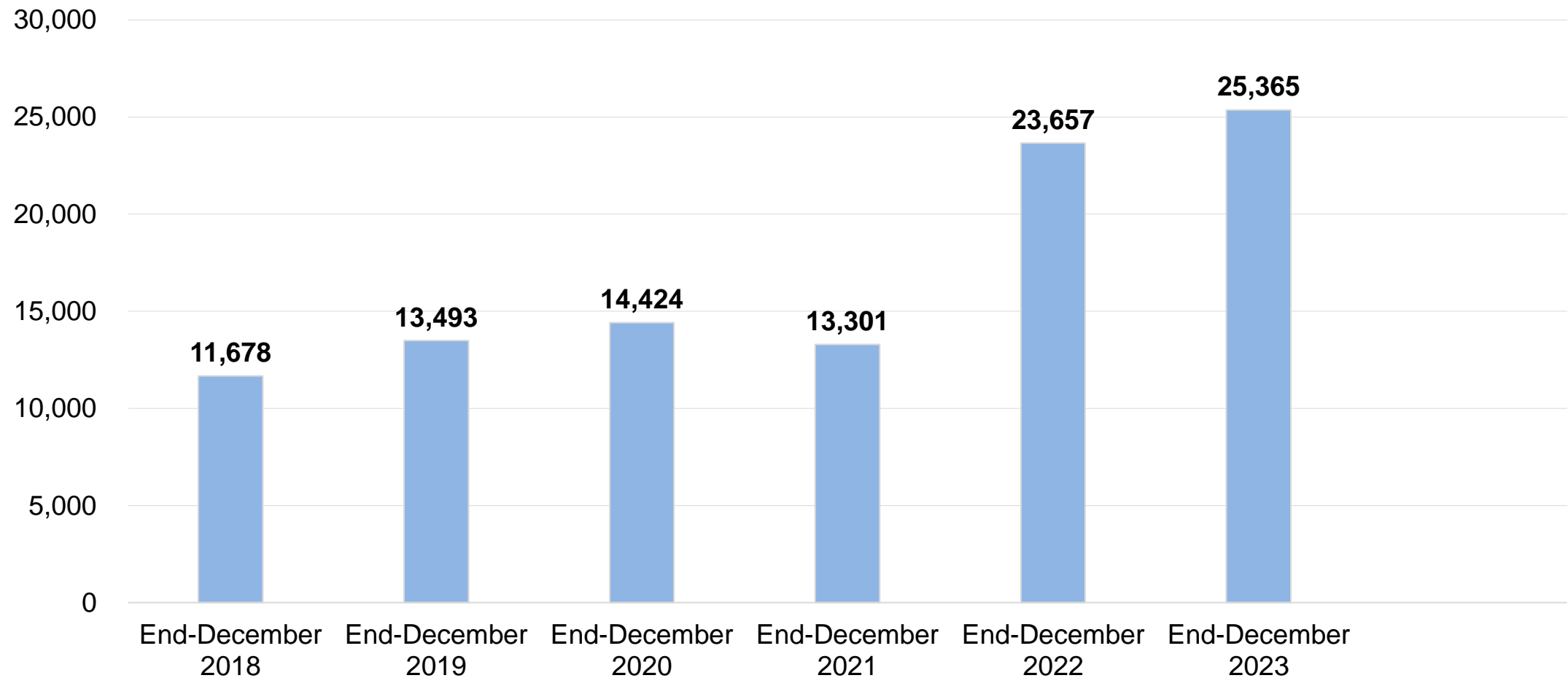


# Property for sale



- Property for sale continued to be at record high levels, as 2023 saw record sales and continued strong purchasing

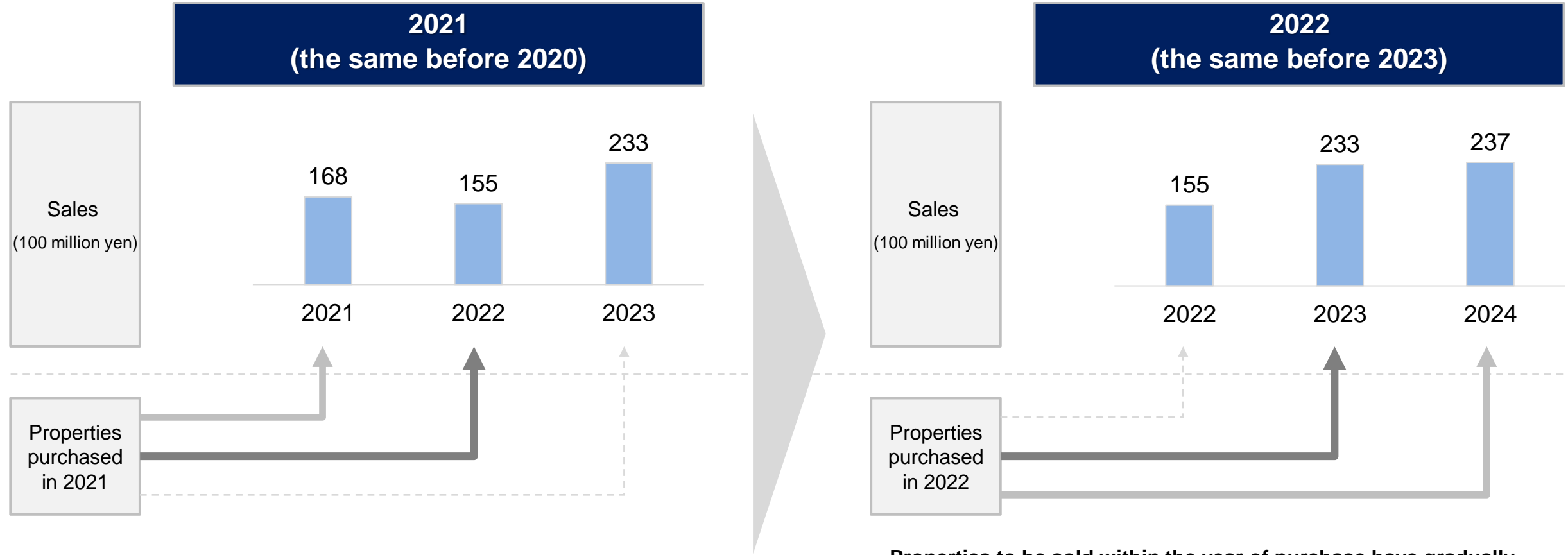
(Unit: Million yen)





# Changes in the business period for Leasehold land and Old unutilized properties

- While the rotation from purchase to sale used to be within one year, it is now possible to purchase with an eye to the next fiscal year and the following two fiscal years as well
- In 2023, the company achieved its best-ever performance as sales ahead of schedule progressed better than expected. On top of that, we anticipate a large number of properties to be sold in 2024 and beyond



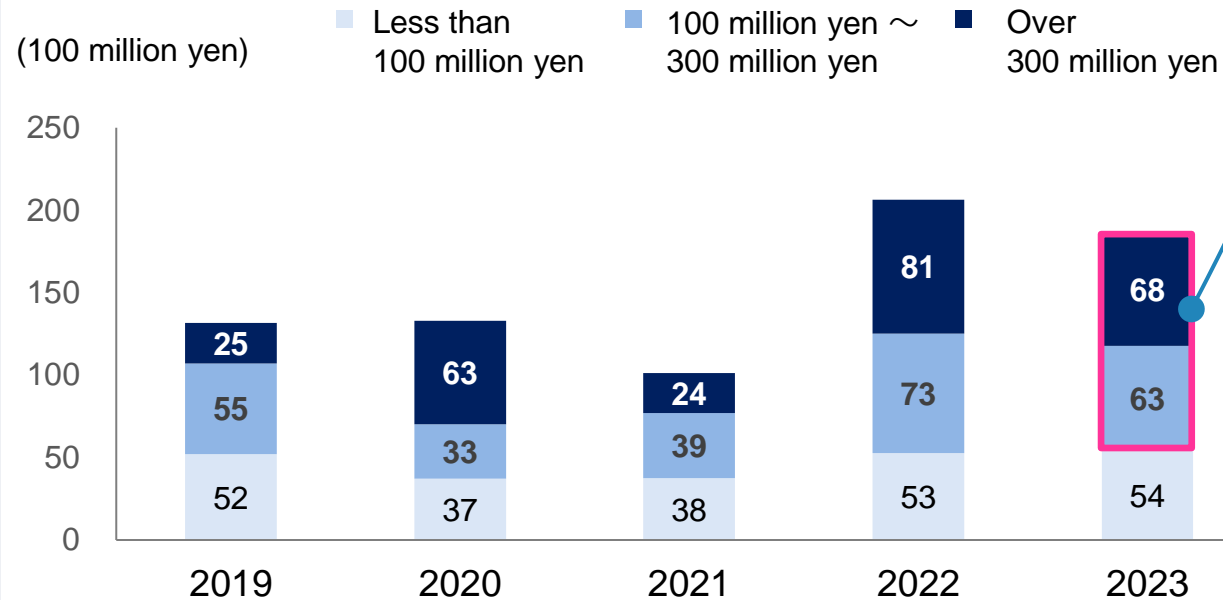
Most properties are to be sold in the year of purchase or the following year - a flow business with a turnover period of 1 year

Properties to be sold within the year of purchase have gradually decreased in recent years.  
High-risk properties will be sold upfront, while properties whose profit can be maximized will be sold for more than one year with risk management

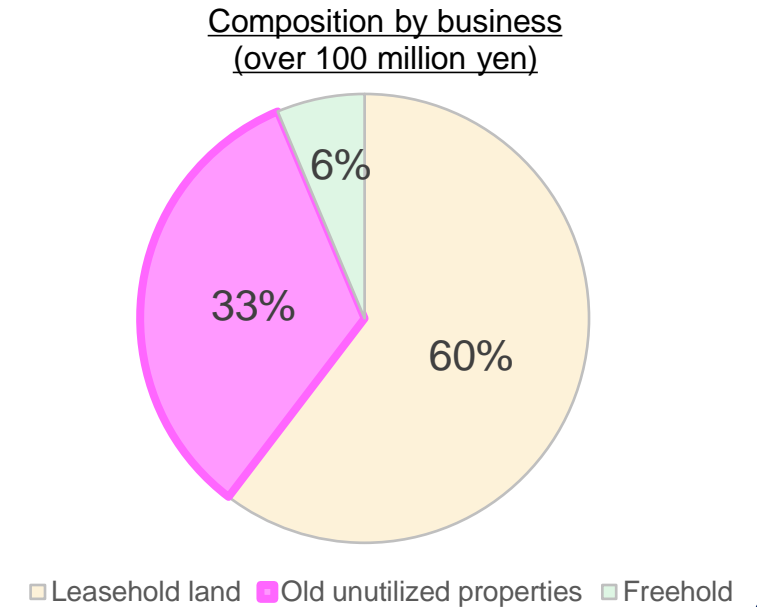
# Risk management of purchased properties



## Purchases by value scale



Due to the inclusion of large purchases of leasehold land, The ratio of leasehold land to total purchases of 100 million yen or more increased



## Our policy

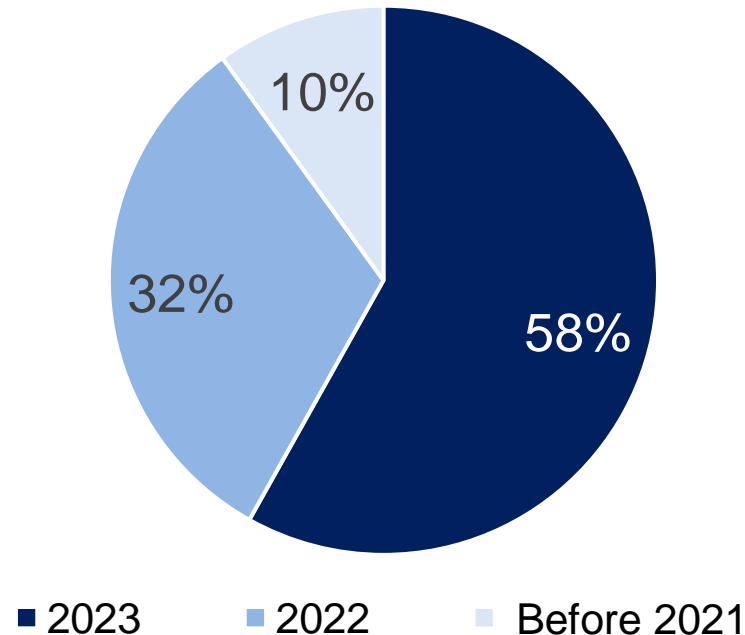
- We will not assume that property prices will rise and maintain a cautious approach to property purchases
- Wherever possible, conclude a contract of sale at the same time as concluding a contract of property purchase
- Determine each property's risk and distinguish between properties to be sold in the short term and properties to be sold over time to maximize profit

# Portfolio of property for sale

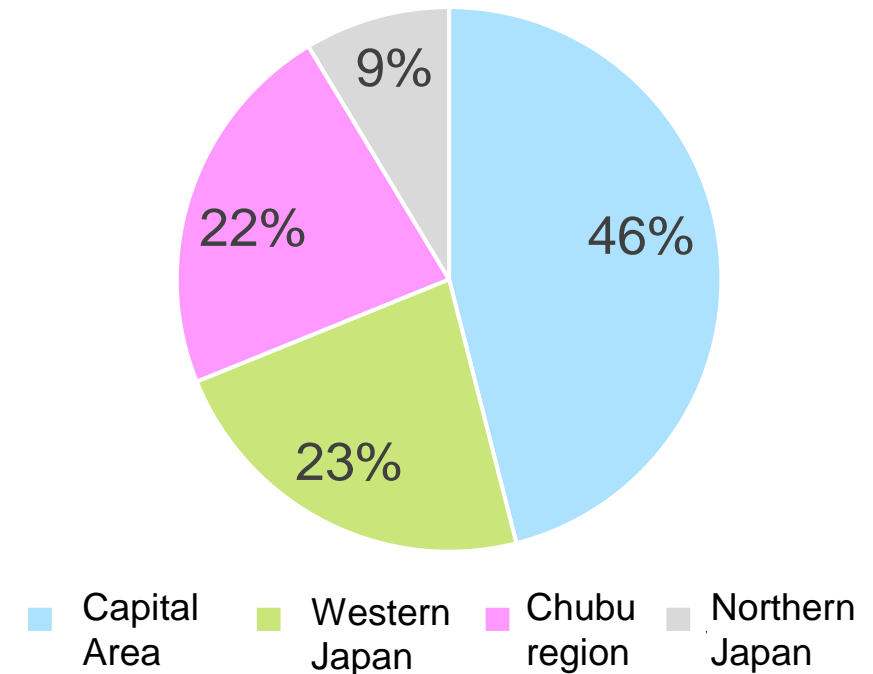


(End-December 2023, by value)

## Composition of balance by purchase period



## Composition of balance by region



### Details of property for sale

- Increased proportion of properties purchased in 2022 due to an increase in the number of properties to be worked on over a one-year project period, in addition to properties to be sold in a short period
- Diversified portfolio by area maintained

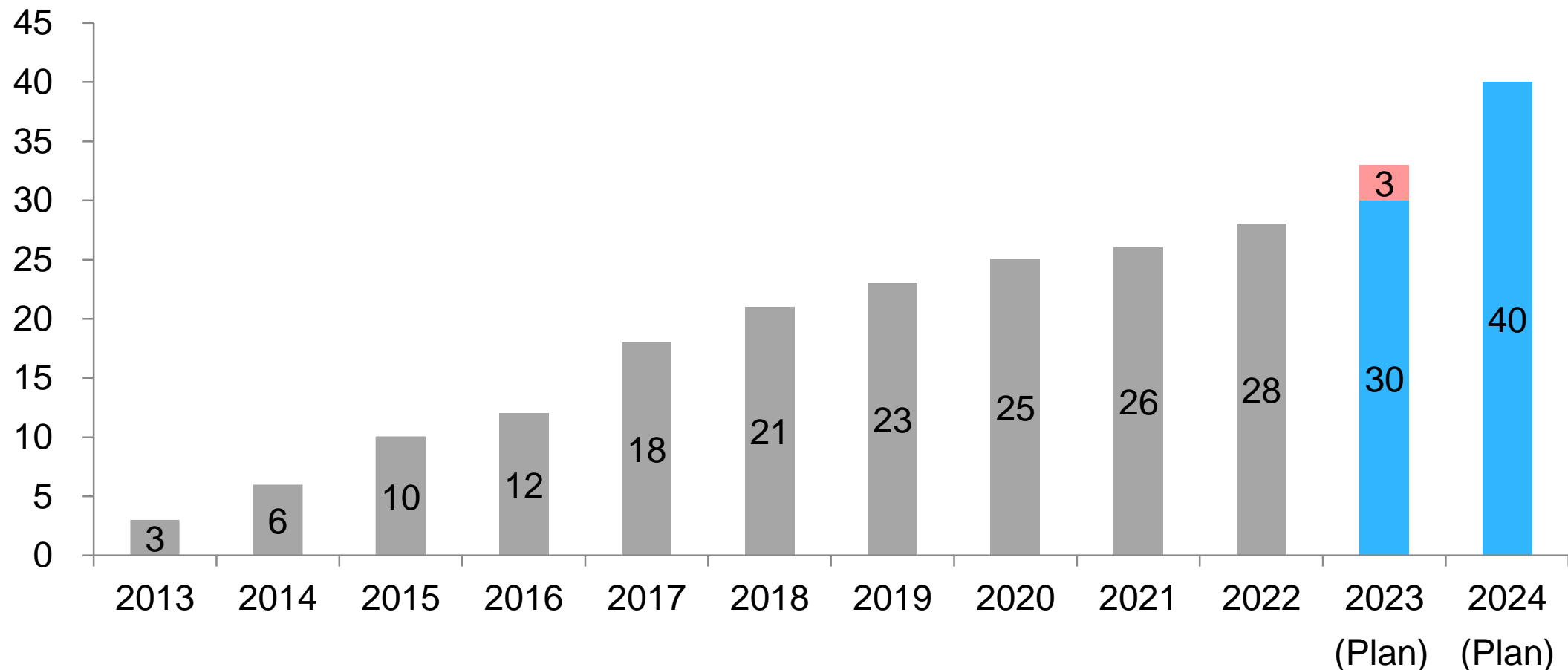


# Shareholder returns (Dividends)



- 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 acquisition of treasury stock

Dividends (yen)



# Abolition of shareholder benefit plans and introduction of interim dividends



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

	Annual dividend (yen)		
Record date	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.

# **Actions to Achieve Management** **Conscious of Cost of Capital and Stock** **Price**

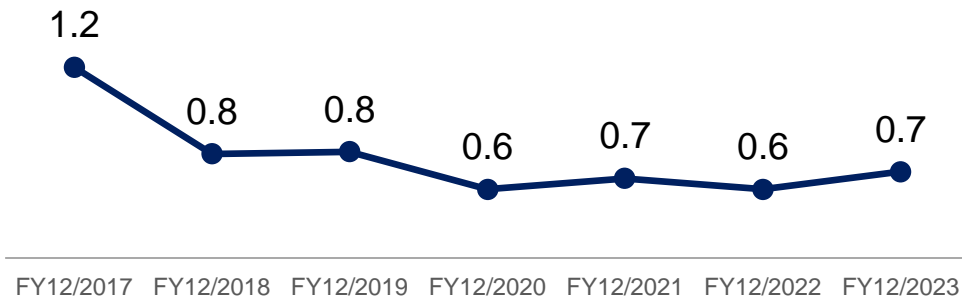




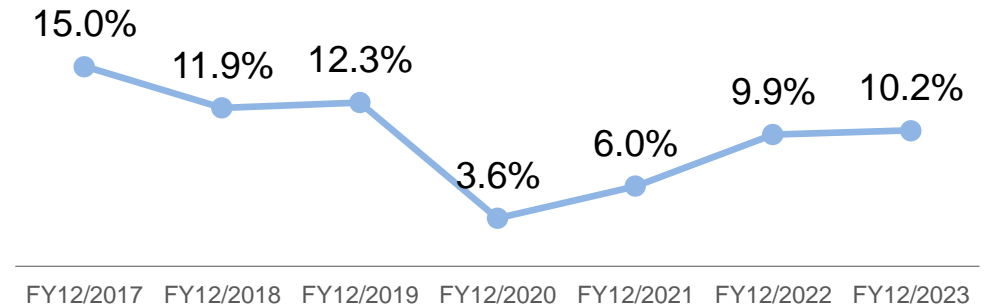
# Trends in PBR, ROE, and PER

- PBR has been below 1x since 2019, and the guideline of 1x has not been achieved
- Although ROE and PER have been improving recently, some improvement is needed to achieve a PBR of 1x

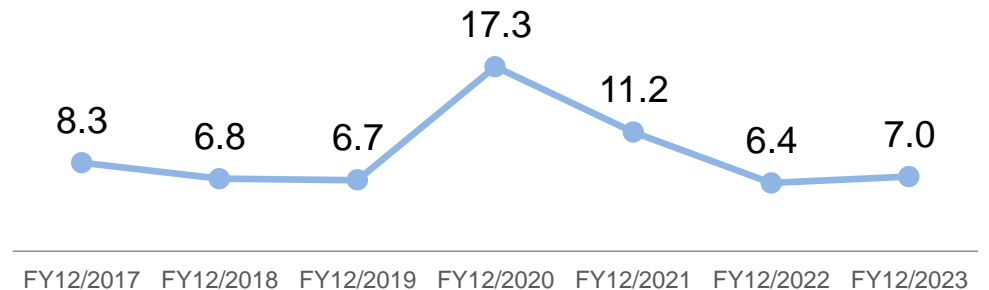
PBR



ROE



PER



# New medium-term plan and management conscious of cost of capital and stock price



## 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

# Strengthening IR and PR



## Major challenges in IR and PR

- Low awareness of the Company among institutional and individual investors
- Lack of proper understanding of our business and strengths, etc.

## Efforts to date

- Strengthening approaches to institutional investors through overseas IR, strengthening approaches to individual investors through participation in IR events, strengthening the Company's information dissemination, and promoting branding activities using "Sokochi-kun," etc.
- Although the effects are gradually emerging, the Company recognizes that it still lacks sufficient recognition and appeal

## Future policies

- Examining specific measures to strengthen IR and PR
- Considering policies focusing on enhancing information disclosure, reviewing our business presentation materials, formulating IR and PR strategies, reviewing our IR and PR structure (e.g., establishing a dedicated department), expanding dialogue with investors, etc.

# Leasehold Land Business



# The market size of Leasehold land and Old unutilized properties



## Leasehold land

There are **873,000** leased land nationwide and **155,000** in Tokyo

(**2018** Ministry of Internal Affairs and Communications statistical survey)

**FY12/2023** Number of our sales of leased land with leasehold interest: **292**

(approx. **0.03%** of all leased land with leasehold interest in Japan)

Net sales **8,253** million yen

## Old unutilized properties

Approximately **1,606,000** wooden rented housing units built **30** years or older exist in Japan

(**2018** Ministry of Internal Affairs and Communications statistical survey)

The number of new housing starts for rental housing is approximately **343,000** units

(**2023** Ministry of Land, Infrastructure, Transport and Tourism survey)

**FY12/2023** Number of Old unutilized properties handled by the Company: **89**

Sales: **13,138** million yen

⇒ **There is significant room for growth in the business due to the increase in the number of projects handled by the Company**

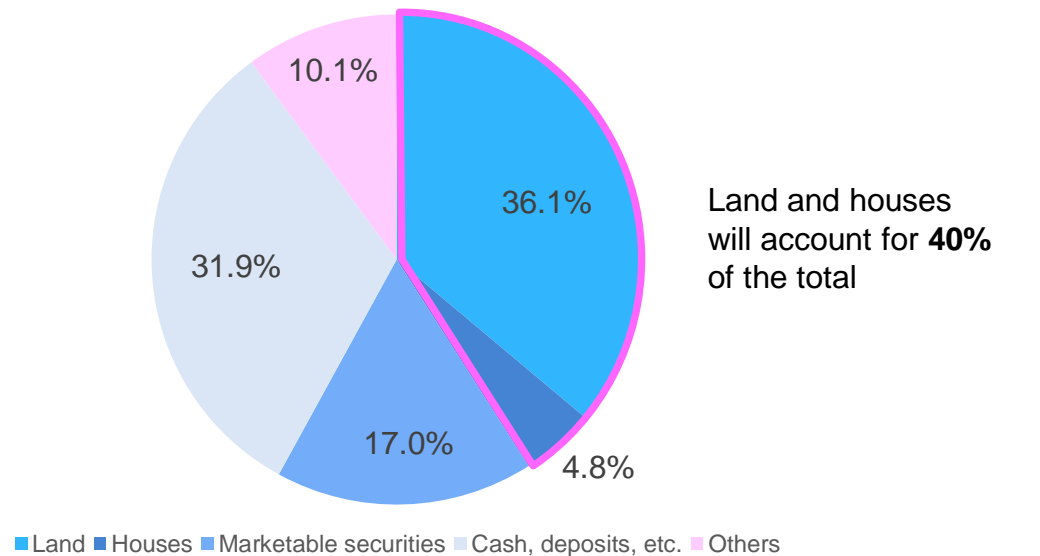


# Business growth opportunities and measures to be taken



- The market supply of leasehold land and old unutilized properties is expected to increase with the increase in the number of inheritances and to reap the benefits. We will expand the number of owner's partners and strengthen relationships with business partners

## Composition of inherited assets in 2022



Source: National Tax Agency

## Measures for the future

**Retention of landowners through expansion of owner's partners  
(Leasehold land under management: over 880 cases)**

**Strengthen relationships with professionals, local real estate agents, and financial institutions**

→ Leasehold land and old unutilized properties, often sold due to inheritance or inheritance planning, are expected to increase in market supply as the number of inheritances increases in the future

# Company profile



Company name	Sansei Landic Co., Ltd
Representative	Takashi Matsuzaki, President and CEO
Established	<b>February 1976</b>
Capital stock	<b>860,878,000</b> 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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