

# Quarterly trends and results

Quarterly(cumulative) (JPYmn)	FY06/22				FY06/23				FY06/24	FY06/24	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	% of forecast	Company forecast
Revenue	3,085	6,237	14,738	19,607	150	5,826	11,698	20,265	4,598	18.4%	25,000
YoY	2.9%	-23.5%	-15.3%	-6.4%	-95.1%	-6.6%	-20.6%	3.4%	-	-	23.4%
Real estate	3,071	6,206	14,691	19,539	125	5,765	11,596	20,112	4,547	-	-
YoY	2.5%	-23.8%	-15.5%	-6.7%	-95.9%	-7.1%	-21.1%	2.9%	-	-	-
% of total	99.6%	99.5%	99.7%	99.7%	83.5%	98.9%	99.1%	99.2%	98.9%	-	-
Real Estate Development	2,854	5,860	14,222	18,789	0	5,502	11,182	19,578	4,433	-	-
YoY	6.2%	-23.9%	-15.5%	-7.2%	-	-6.1%	-21.4%	4.2%	-	-	-
% of total	92.5%	94.0%	96.5%	95.8%	-	94.4%	95.6%	96.6%	-	-	-
Real Estate Purchase and Sales	62	62	62	217	0	0	37	37	0	-	-
YoY	-68.8%	-68.8%	-68.8%	9.0%	-	-	-40.3%	-82.9%	-	-	-
% of total	2.0%	1.0%	0.4%	1.1%	-	-	0.3%	0.2%	-	-	-
Other	154	283	407	532	124	262	376	496	113	-	-
YoY	42.6%	17.9%	13.4%	12.5%	-19.5%	-7.4%	-7.6%	-6.8%	-8.9%	-	-
% of total	5.0%	4.5%	2.8%	2.7%	82.9%	4.5%	3.2%	2.4%	2.5%	-	-
Hotel business	13	30	46	68	25	60	103	152	51	-	-
YoY	-	304.0%	191.2%	177.5%	89.8%	100.0%	122.4%	124.0%	107.8%	-	-
% of total	0.4%	0.5%	0.3%	0.3%	16.5%	1.0%	0.9%	0.8%	1.1%	-	-
Cost of revenue	2,619	5,205	12,506	16,064	81	4,903	9,678	16,226	3,944	-	-
YoY	10.4%	-17.8%	-10.9%	-6.4%	-96.9%	-5.8%	-22.6%	1.0%	-	-	-
Cost ratio	84.9%	83.5%	84.9%	81.9%	53.9%	84.2%	82.7%	80.1%	85.8%	-	-
Gross profit	465	1,032	2,231	3,543	69	923	2,020	4,039	654	-	-
YoY	-25.3%	-43.2%	-33.7%	-6.8%	-85.2%	-10.5%	-9.5%	14.0%	848.8%	-	-
Gross profit margin	15.1%	16.5%	15.1%	18.1%	46.1%	15.8%	17.3%	19.9%	14.2%	-	-
SG&A expenses	309	632	945	1,321	342	721	1,152	1,609	384	-	-
YoY	-15.7%	-10.0%	-13.3%	-10.7%	10.7%	14.1%	21.8%	21.9%	12.4%	-	-
SG&A ratio	10.0%	10.1%	6.4%	6.7%	228.3%	12.4%	9.8%	7.9%	8.3%	-	-
Operating profit	157	400	1,286	2,223	-273	203	868	2,430	270	10.8%	2,500
YoY	-39.1%	-64.1%	-43.4%	-4.3%	-	-49.4%	-32.5%	9.3%	-	-	2.9%
Margin	5.1%	6.4%	8.7%	11.3%	-	3.5%	7.4%	12.0%	5.9%	-	10.0%
Real estate	397	901	2,025	3,253	-18	693	1,657	3,522	540	-	-
YoY	54.6%	-45.4%	-33.8%	-4.6%	-	-23.0%	-18.2%	8.3%	-	-	-
Margin	12.9%	14.5%	13.8%	16.6%	-	12.0%	14.3%	17.5%	-	-	-
Hotel business	-16	-31	-40	-61	-9	-17	-15	-23	9	-	-
YoY	-	-	-	-	-	-	-	-	-	-	-
Margin	-	-	-	-	-	-	-	-	-	-	-
Adjustments(Company-wide expenses)	-225	-470	-699	-969	-246	-474	-774	-1,070	-278	-	-
Recurring profit	113	310	1,125	1,986	-360	50	638	2,140	212	9.4%	2,250
YoY	-41.1%	-68.9%	-46.4%	-4.6%	-	-84.0%	-43.3%	7.8%	-	-	5.2%
Margin	3.7%	5.0%	7.6%	10.1%	-	0.9%	5.5%	10.6%	4.6%	-	9.0%
Net income	66	185	737	1,314	-229	32	406	1,447	138	9.2%	1,500
YoY	-44.9%	-72.5%	-43.6%	2.6%	-	-82.5%	-44.9%	10.1%	-	-	3.6%
Margin	2.2%	3.0%	5.0%	6.7%	-	0.6%	3.5%	7.1%	3.0%	-	6.0%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods, and blank spaces are not disclosed.

Quarterly(3 months) (JPYmn)	FY06/22				FY06/23				FY06/24
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	3,085	3,152	8,501	4,869	150	5,677	5,872	8,566	4,598
YoY	2.9%	-38.8%	-8.1%	37.0%	-95.1%	80.1%	-30.9%	75.9%	-
Real estate	3,085	3,135	8,485	4,847	150	5,640	5,831	8,517	4,598
YoY	2.9%	-39.1%	-8.3%	36.4%	-95.1%	79.9%	-31.3%	75.7%	-
% of total	100.0%	99.5%	99.8%	99.5%	100.0%	99.4%	99.3%	99.4%	100.0%
Real Estate Development	2,854	3,006	8,362	4,567	0	5,502	5,680	8,396	-
YoY	6.2%	-40.0%	-8.3%	33.0%	-	83.0%	-32.1%	83.8%	-
% of total	92.5%	95.4%	98.4%	93.8%	-	96.9%	96.7%	98.0%	-
Real Estate Purchase and Sales	62	0	0	155	0	0	37	0	0
YoY	-68.8%	-	-	-	-	-	-	-	-
% of total	2.0%	-	-	3.2%	-	-	0.6%	-	-
Other	154	129	124	125	124	138	114	120	113
YoY	42.6%	-2.3%	4.2%	9.6%	-19.5%	7.0%	-8.1%	-4.0%	-8.9%
% of total	5.0%	4.1%	1.5%	2.6%	82.9%	2.4%	1.9%	1.4%	2.5%
Hotel business	13	17	29	39	25	35	67	85	51
YoY	-	129.0%	246.3%	348.0%	89.8%	107.8%	130.9%	118.8%	107.8%
% of total	0.4%	0.5%	0.3%	0.8%	16.5%	0.6%	1.1%	1.0%	1.1%
Cost of revenue	2,619	2,585	7,302	3,557	81	4,822	4,775	6,547	3,944
YoY	10.4%	-34.7%	-5.2%	14.1%	-96.9%	86.5%	-34.6%	84.1%	-
Cost ratio	84.9%	82.0%	85.9%	73.1%	53.9%	85.0%	81.3%	76.4%	85.8%
Gross profit	465	567	1,199	1,312	69	854	1,097	2,019	654
YoY	-25.3%	-52.5%	-22.5%	200.5%	-85.2%	50.8%	-8.6%	53.9%	848.8%
Margin	15.1%	18.0%	14.1%	26.9%	46.1%	15.0%	18.7%	23.6%	14.2%
SG&A expenses	309	323	314	375	342	379	431	458	384
YoY	-15.7%	-3.8%	-19.2%	-3.4%	10.7%	17.2%	37.4%	21.9%	12.4%
SG&A ratio	10.0%	10.3%	3.7%	7.7%	228.3%	6.7%	7.3%	5.3%	8.3%
Operating profit	157	243	886	937	-273	475	666	1,562	270
YoY	-39.1%	-71.6%	-23.6%	-	-	95.2%	-24.8%	66.7%	-
Margin	5.1%	7.7%	10.4%	19.2%	-	8.4%	11.3%	18.2%	-
Recurring profit	113	197	815	861	-360	409	589	1,501	212
YoY	-41.1%	-75.6%	-25.9%	-	-	108.3%	-27.8%	74.4%	-
Margin	3.7%	6.2%	9.6%	17.7%	-	7.2%	10.0%	17.5%	-
Net income	66	119	552	578	-229	262	374	1,041	138
YoY	-44.9%	-78.6%	-12.9%	-	-	120.7%	-32.2%	80.2%	-
Margin	2.2%	3.8%	6.5%	11.9%	-	4.6%	6.4%	12.2%	-

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Progress rates were low in cumulative Q3, but were mostly commensurate with the company's expectations because the company had initially projected that it would generate a disproportionately high amount of earnings in 2H, particularly through many properties on which construction is scheduled for completion in Q4. Performance achieved through the company's mainstay business of developing and selling studio apartment buildings for investment tends to fluctuate significantly from quarter to quarter because factors such as lot sizes, apartment counts, construction periods, the timing at which sales are recorded (dependent upon completion and delivery times), selling prices, and profit margins vary by project.

## Q1 FY06/24 results (out November 8, 2023)

### Earnings summary

#### Q1 FY06/24 (July–September 2023)

- Sales: JPY4.6bn (JPY150mn in Q1 FY06/23)
- Operating profit: JPY270mn (loss of JPY273mn in Q1 FY06/23)
- Recurring profit: JPY212mn (loss of JPY360mn)
- Net income attributable to owners of the parent: JPY138mn (loss of JPY229mn)

Progress rates versus the full-year FY06/24 forecast were 18.4% for sales, 10.8% for operating profit, 9.4% for recurring profit, and 9.2% for net income attributable to owners of the parent.

#### Reasons for increase in sales and decline in profit

Sales of projects for FY06/23 were disproportionately recorded in Q4. In Q1 FY06/24, the Real Estate business sold 117 units (none in Q1 FY06/23) in three buildings and one land parcel. The company's cost of sales ratio rose to 85.8% (+31.9pp YoY).

While SG&A expenses rose 12.4% YoY, operating profit was JPY270mn, and OPM was 5.9% (versus operating loss in Q1 FY06/23). The company booked a JPY15mn refund from canceled insurance policies as an extraordinary gain and posted positive recurring profit and net income.

## Development environment and the company's response

The company continues to face a challenging procurement environment. Competition for acquiring well-located land for condominium sites in Greater Tokyo is intensifying. In addition to rising construction material prices, labor costs are increasing rapidly due to labor shortages. The company is making efforts to reduce costs and prevent construction delays, including by cooperating with existing general contractors and proactively seeking new ones.

## Sales environment and the company's response

Demand for investment properties in central Tokyo from domestic and overseas investors remains robust, and inquiries about the company's properties for sale continue to come in strongly. The company will keep an eye on changes in domestic and international financial conditions and market trends and strive for sales at appropriate times and prices.

# Performance by segment

## Real Estate business

In Q1 FY06/24, the Real Estate business (Real Estate Development and Sales, Real Estate Purchase and Sales, Other Real Estate Business) posted sales of JPY4.5bn (JPY125mn in Q1 FY06/23) and segment profit of JPY540mn (versus loss of JPY18mn in Q1 FY06/23).

### Real Estate Development and Sales

In Q1 FY06/24, total subsegment sales were JPY4.4bn (none in Q1 FY06/23). URBANET in Q1 FY06/24 sold three buildings with 117 studio condo units for investment (none in Q1 FY06/23), and sold one land parcel (none in Q1 FY06/23).

### Real Estate Purchase and Sales

Real Estate Purchase and Sales generated no sales (none in Q1 FY06/23) in Q1 FY06/24 from resales of one pre-owned condo unit and pre-owned detached home.

### Other Real Estate Business

Sales in this subsegment (real estate brokerage and real estate leasing) were JPY113mn (-8.9% YoY) in Q1 FY06/24.

## Hotel business

In Q1 FY06/24, the Hotel business generated sales of JPY51mn (+107.8% YoY) mainly from room fees for Hotel ASYL Tokyo Kamata and a segment profit of JPY9mn (versus loss of JPY9mn in Q1 FY06/23). The business achieved profitability as room fees and occupancy rates improved significantly owing to removed behavioral restrictions and a surge in inbound tourism demand.

# Assets, liabilities, and net assets

At end-Q1 FY06/24, total assets amounted to JPY43.3bn, down JPY962mn compared to end-Q1 FY06/23. This decrease occurred primarily because the balance of cash and deposits declined JPY212mn and real estate for sale in process decreased JPY4.8bn, while real estate for sale increased JPY3.8bn compared to end-Q1 FY06/23.

Liabilities fell to JPY28.2bn, down JPY839mn compared to end-FY06/23. This decrease was mainly due to a JPY1.8bn decrease in long-term borrowings (including long-term borrowings due within one year) as a result of progress in the sale of projects, despite a JPY1.2bn increase in accounts payable. Net assets amounted to JPY15.1bn (JPY122mn compared to end-FY06/23) mainly because an increase in net income was more than offset by year-end dividend payments. The company's equity ratio rose to 31.0% (versus 30.6% at end-FY06/23).

# Cash flows

Q1 FY06/24 saw operating cash inflows of JPY1.4bn (versus outflows of JPY5.7bn in Q1 FY06/23) accompanying a decrease in inventories and an increase in notes and accounts payable-trade. Proceeds from the release of insurance reserves resulted in cash inflows from investing activities of JPY36mn (versus inflows of JPY25mn in Q1 FY06/23). Financial cash flows were negative at JPY1.6bn (versus inflows of JPY3.2bn in Q1 FY06/23) due to dividend payments and repayment of long-term

borrowings as it completed building projects. The balance of cash and cash equivalents at end-Q1 FY06/24 was JPY8.9bn (-JPY212mn YoY)

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