



Six Months Ended September 30, 2022

Financial Results Briefing Materials

December 7, 2022

ICHIKEN Co., Ltd.

Bringing the future to you through innovative living spaces

~For Your Living Space~

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I.

Overview of Financial Results for the Six Months Ended September 30, 2022

Business Environment

- 1. The business outlook remains uncertain due to the continuing impact of the COVID-19 pandemic, soaring raw material prices and price hikes due to the prolonged situation in Ukraine, and fluctuations in financial and capital markets**
- 2. In the construction industry, government construction investment has maintained a certain level, and private-sector capital investment is showing signs of picking up, but conditions remain difficult due to intensifying competition for orders, as well as rising construction costs caused by a chronic shortage of skilled workers and soaring construction material prices**

Corporate Efforts

- 1. Maintained precautionary measures against the spread of COVID-19 to continue our business activities**
- 2. Aggressively sought orders to meet the demand for new construction, interior design, and renovations for stores and other businesses by leveraging upon our know-how from our core commercial facility construction business as well as our planning and proposal expertise. Also engaged with a wide range of private sector businesses, including condominiums, logistics facilities, medical and welfare facilities, etc.**

Financial Results for the Six Months Ended September 30, 2022

Summary

1. [Orders Received] Decreased due to intensifying competition for orders
2. [Increased Revenue] Contracts carried over from the previous fiscal year (ended March 31, 2022) to the next fiscal year were successfully completed, resulting in an increase in the amount of completed construction contracts
3. [Decreased Profit] Profit declined due to a decrease in gross profit on completed construction contracts

(Millions of yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022		Target	vs. Target	
	Amount	Amount	YOY Change	Change (%)	Amount	Change (%)
Orders	43,647	39,520	(4,126)	(9.5%)	-	-
Contracts carried over	79,479	79,382	(96)	(0.1%)	-	-
Net sales	37,911	44,534	6,622	17.5%	44,000	1.2%
Gross profit	3,637	3,060	(576)	(15.9%)	-	-
SG&A	1,345	1,393	48	3.6%	-	-
Operating profit	2,292	1,666	(625)	(27.3%)	2,100	(20.6%)
Ordinary profit	2,285	1,642	(642)	(28.1%)	2,050	(19.9%)
Extraordinary income or loss	125	-	(125)	-	-	-
Profit	1,697	1,106	(590)	(34.8%)	1,400	(20.9%)

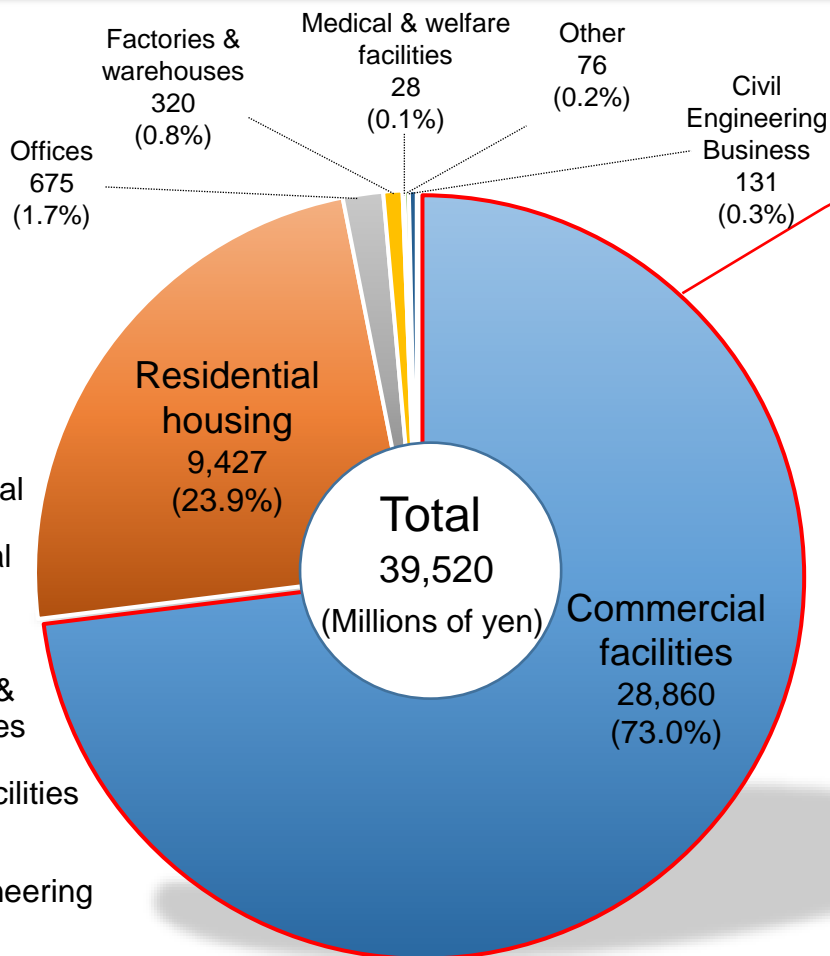
○ Breakdown by Category (1)

(Millions of yen)

		Orders		Completed Construction Contracts		Contracts Carried Over		
		Amount	Share	Amount	Share	Amount	Share	
Construction Business	Commercial facilities	28,860	73.0%	21,145	47.6%	42,462	53.5%	
	Breakdown	Retails & stores	26,955	68.2%	19,759	44.5%	35,956	45.3%
		Lodging facilities	1,405	3.6%	1,193	2.7%	6,095	7.7%
		Amusement facilities	499	1.2%	192	0.4%	410	0.5%
	Residential housing	9,427	23.9%	14,248	32.2%	30,697	38.7%	
	Offices	675	1.7%	722	1.6%	647	0.8%	
	Factories & warehouses	320	0.8%	6,896	15.6%	3,350	4.2%	
	Medical & welfare facilities	28	0.1%	1,181	2.7%	2,096	2.6%	
	Other	76	0.2%	39	0.1%	68	0.1%	
	Total	39,389	99.7%	44,235	99.8%	79,323	99.9%	
Civil Engineering Business Total		131	0.3%	72	0.2%	59	0.1%	
Total		39,520	100.0%	44,307	100.0%	79,382	100.0%	

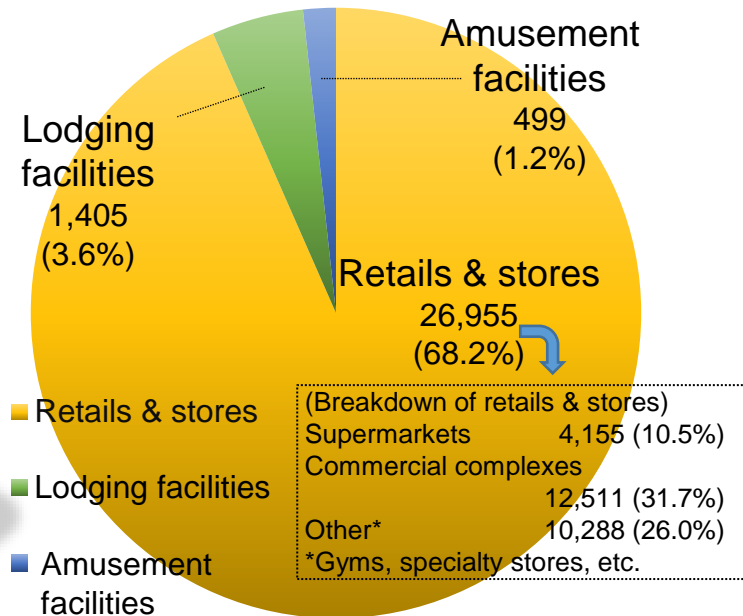
○ Breakdown by Category (2) Orders

- Orders received for commercial facilities account for approximately 73% of total orders received.
- Commercial facilities and residential housing account for approximately 97% of total orders received.



Percentage of commercial facilities 73.0%

Breakdown of commercial facilities (73.0%) (Millions of yen)

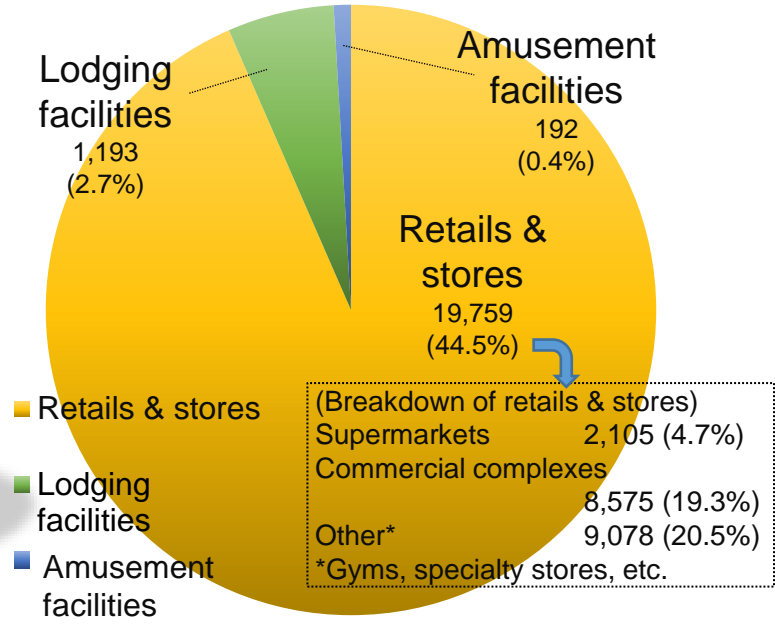
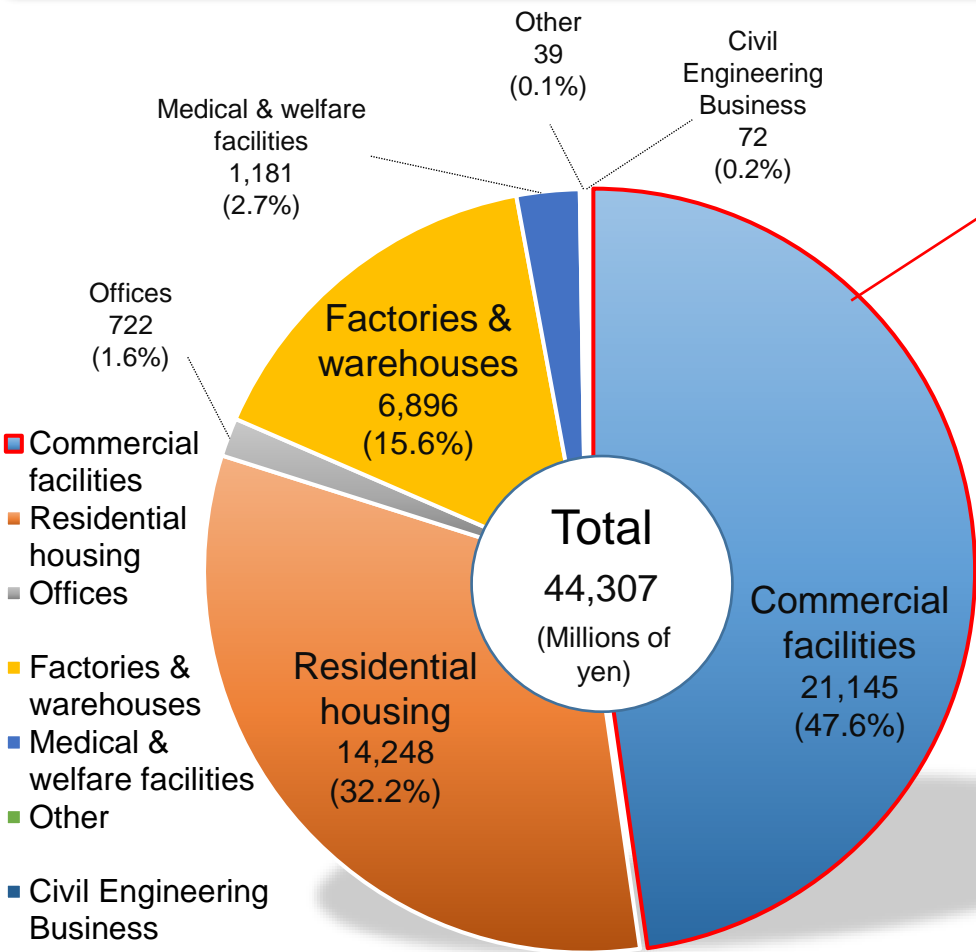


○ Breakdown by Category (3) Completed Construction Contracts

- Completed construction contracts for commercial facilities account for approximately 48% of total completed construction contracts.
- The construction of large logistics warehouses that were ordered last year progressed smoothly, resulting in a significant increase in the percentage of factories and warehouses.

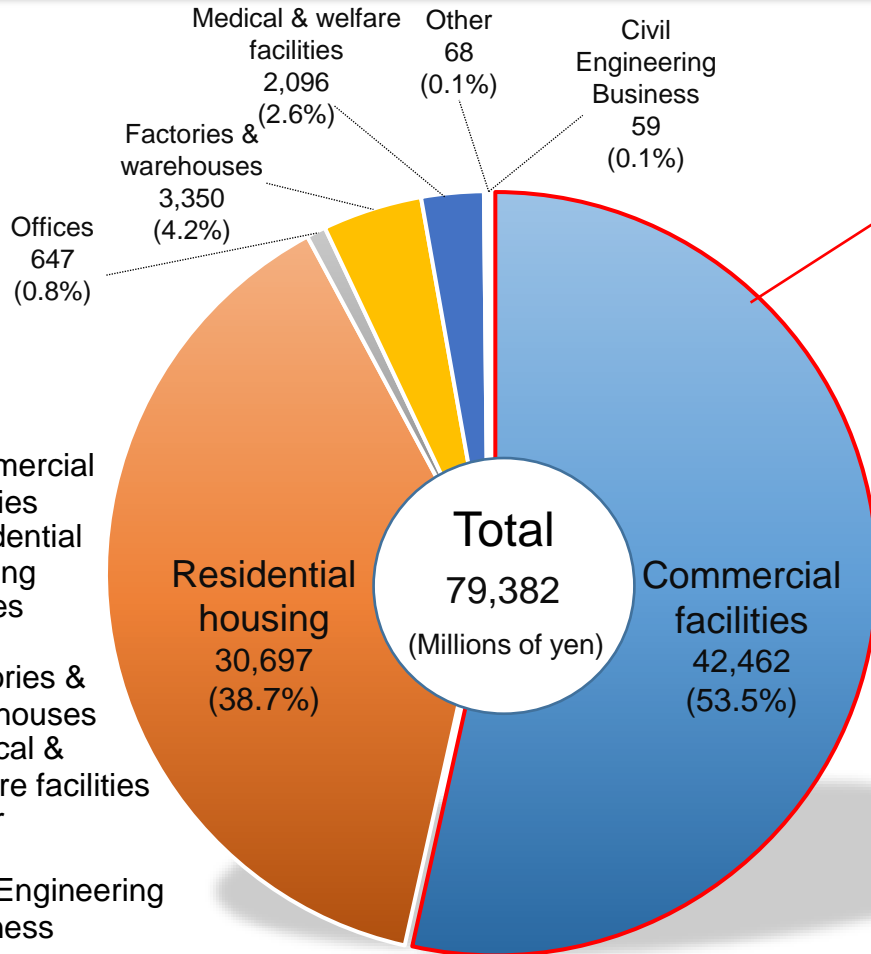
Percentage of commercial facilities 47.6%

Breakdown of commercial facilities (47.6%) (Millions of yen)



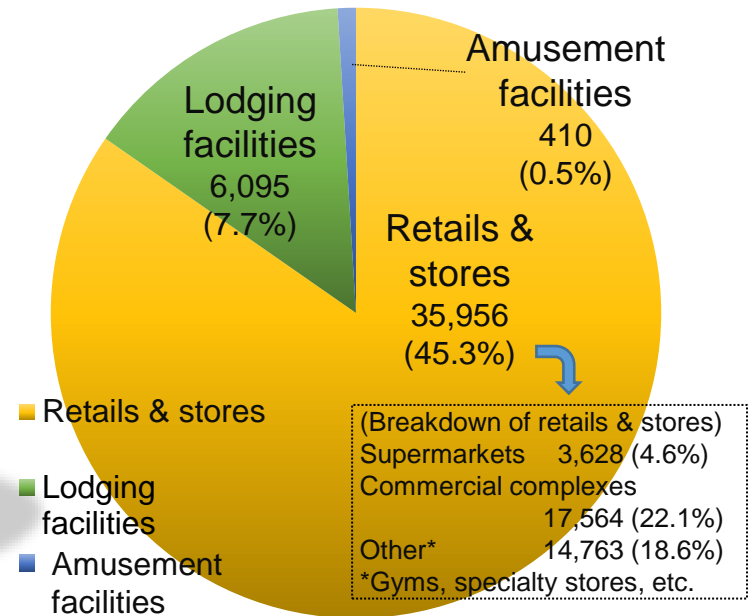
○ Breakdown by Category (4) Contracts Carried Over

- Contracts carried over to the next fiscal year for commercial facilities account for approximately 54% of the total contract amount carried over to the next fiscal year.
- From the second half of the fiscal year, we aim to achieve our target by building up commercial facilities.



Percentage of commercial facilities
53.5%

Breakdown of commercial facilities (53.5%) (Millions of yen)



Major Completed Projects & Orders Received

Major Projects Completed

Project Name	Building Application	Location
SG Chihaya Reconstruction	Commercial complex	Fukuoka
Green Plaza Befu Renovation	Large shopping center	Hyogo
Nitori Meguro Store New Construction (tentative name)	Large specialty store	Tokyo
APA Hotel Ueno Ekiminami Project New Construction (tentative name)	Lodging facility	Tokyo
Eslead Shinsakae 3-chome New Construction (tentative name)	Condominium building (for sale)	Aichi
Forest Mall Sakudaira New Construction (tentative name)	Commercial complex	Nagano



SG (Sports Garden) Chihaya Reconstruction

Major Orders Received

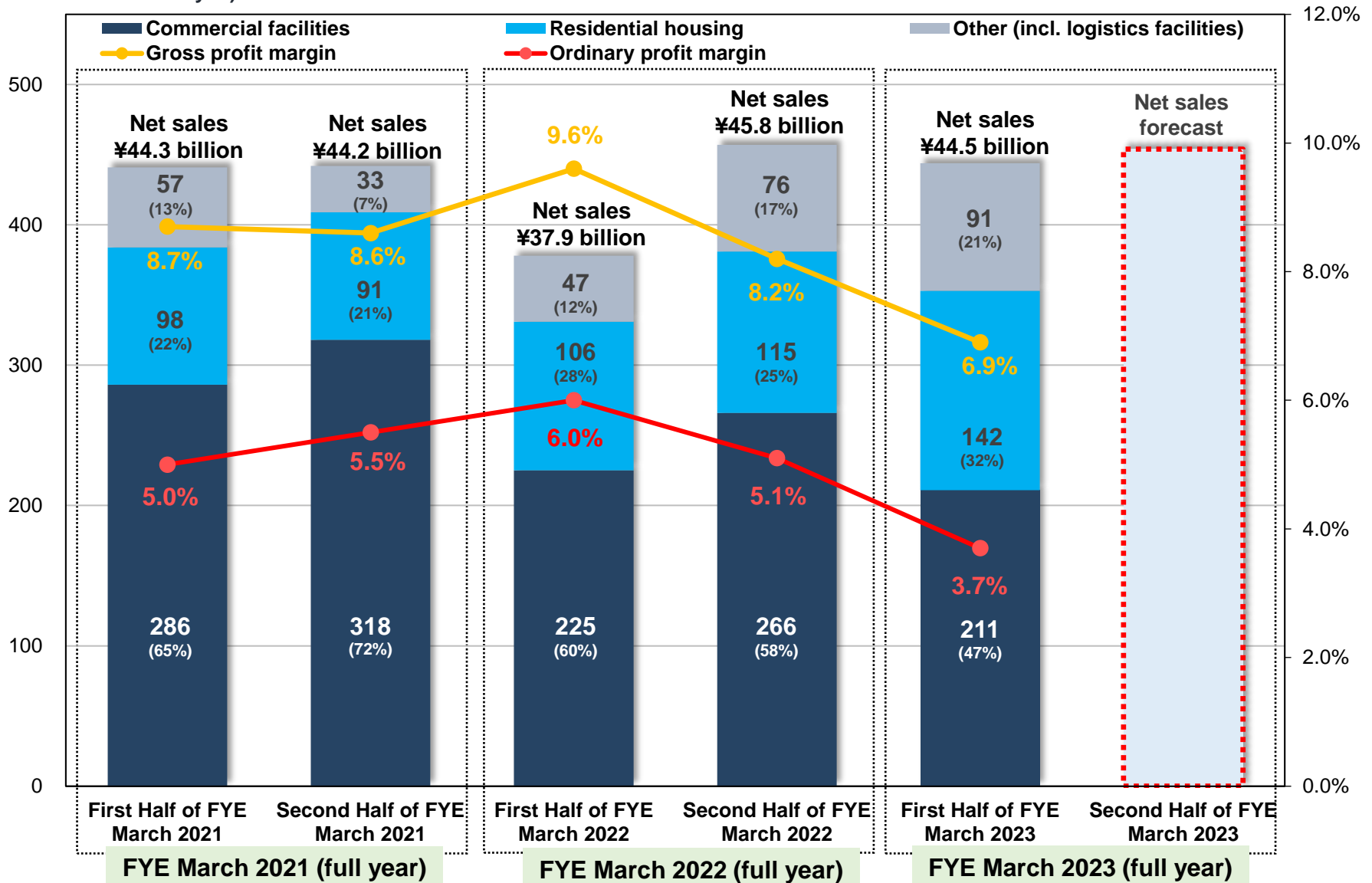
Project Name	Building Application	Location
Aeon Style Akabane Kitahondori Store New Construction (tentative name)	Supermarket	Tokyo
Roygent Hiyoshicho II New Construction (tentative name)	Apartment building (for rent)	Aichi
Aeon Style Musashi-Sayama New Construction (tentative name)	Supermarket	Saitama
Minoh-Kayano Station Front Development Project New Construction (tentative name)	Commercial complex	Osaka
“Venice” Hot Bath Facilities Project (tentative name)	Hot bath facility	Osaka
Clare Homes Kotonichuo New Construction (tentative name)	Condominium building (for sale)	Hokkaido



Nitori Meguro Store New Construction

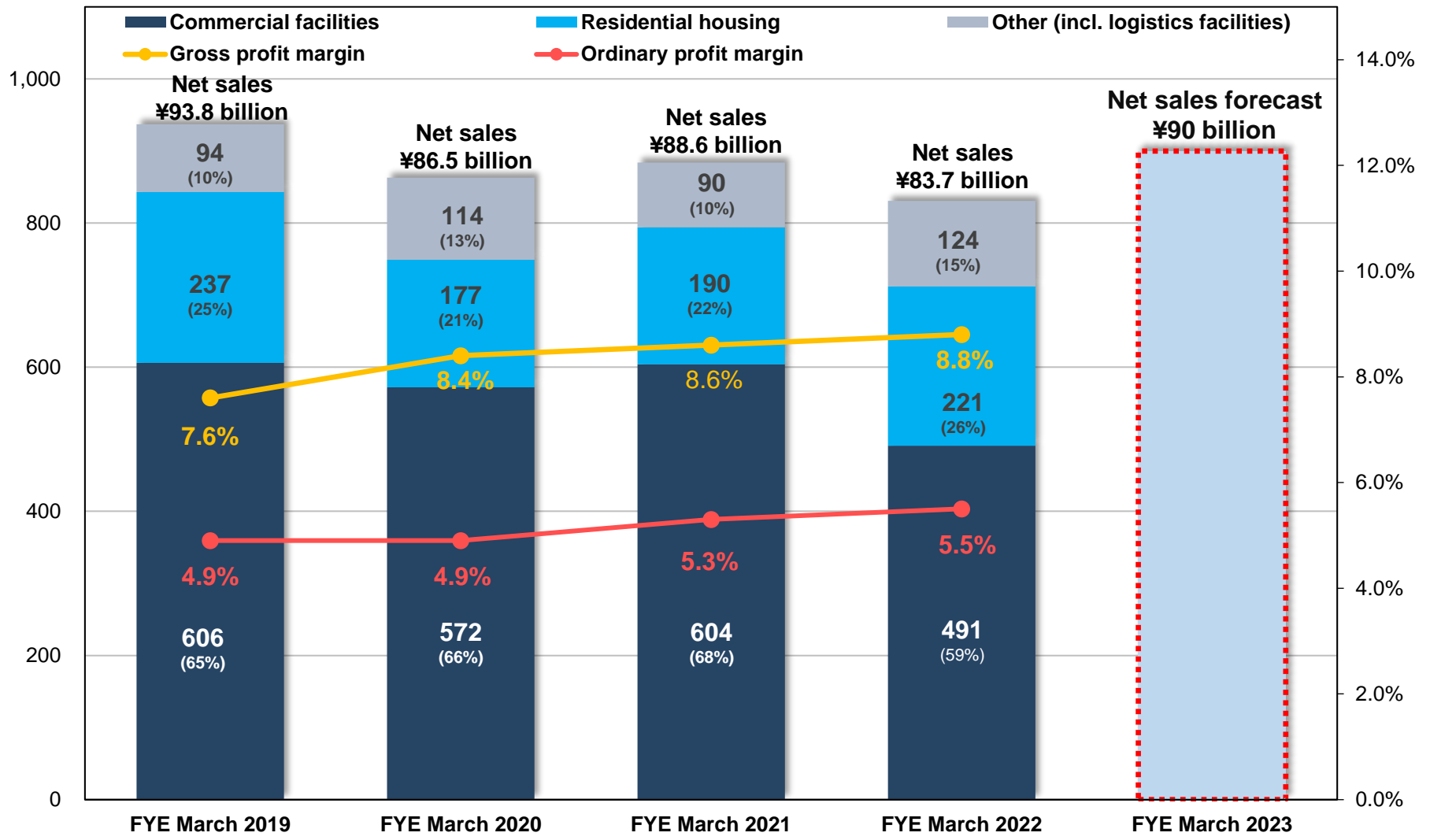
Changes in Net Sales by Project Type - Half Year (First Half of FYE March 2021 - Second Half of FYE March 2023)

(Hundreds of millions of yen)



Changes in Net Sales by Project Type - Full Year (FYE March 2019 - FYE March 2023)

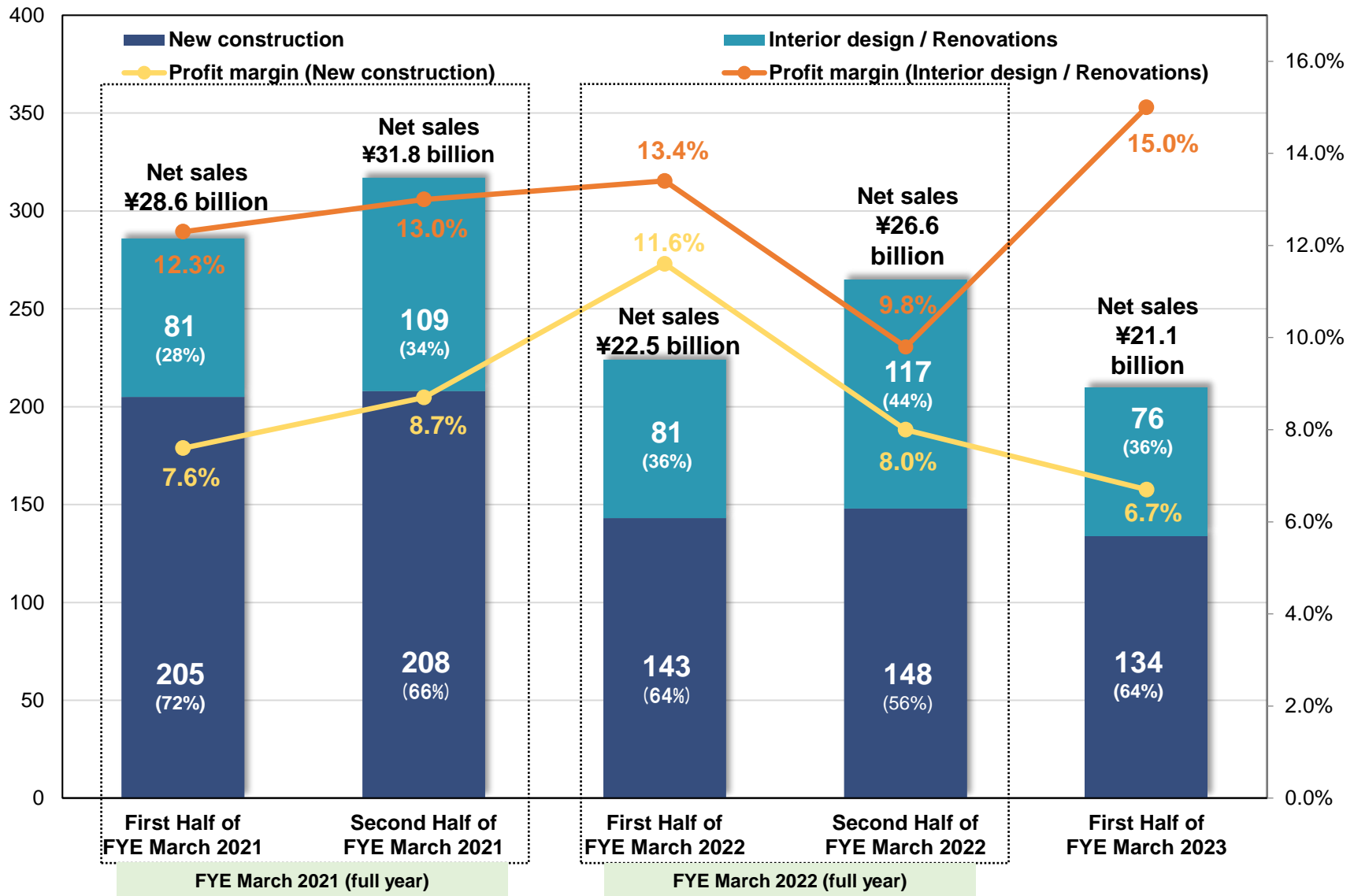
(Hundreds of millions of yen)





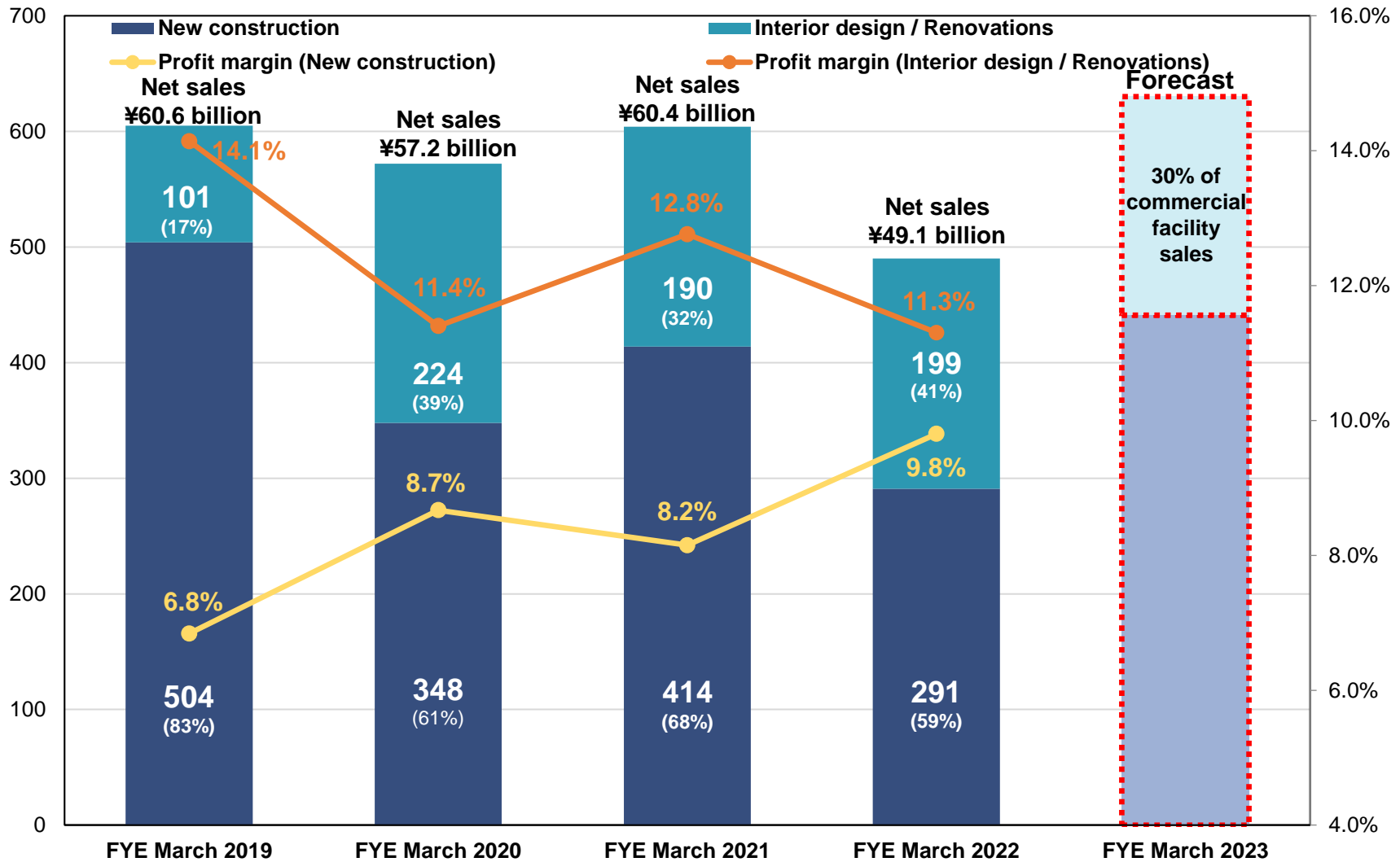
Changes in Net Sales - Half Year [Commercial facilities: new construction vs. interior design work / renovations] (First Half of FYE March 2021 - First Half of FYE March 2023)

(Hundreds of millions of yen)



Changes in Net Sales - Full Year [Commercial facilities: new construction vs. interior design work / renovations] (FYE March 2019 - FYE March 2023)

(Hundreds of millions of yen)



Comparative Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022	Change
Total assets	57,617	55,338	(2,279)
Current assets	48,324	45,996	(2,328)
Non-current assets	9,292	9,341	48
Total liabilities	30,819	28,179	(2,640)
Current liabilities	24,613	22,360	(2,253)
Non-current liabilities	6,206	5,819	(386)
Total net assets	26,798	27,158	360
Owners' equity	26,775	27,136	360
Share acquisition rights	22	22	-

[Assets] Decreased by ¥2,279 million
(Main increases)

- Accounts receivable from completed construction contracts and other +¥1,876 million
- Electronically recorded monetary claims – operating +¥866 million
- Consumption taxes refund receivable +¥612 million

(Main decreases)

- Notes receivable – trade (¥5,403 million)
- Cash and deposits (¥861 million)

[Liabilities] Decreased by ¥2,640 million
(Main increases)

- Short-term borrowings +¥405 million
- Electronically recorded obligations - operating +¥169 million

(Main decreases)

- Accounts payable for construction contracts (¥1,190 million)
- Accrued consumption taxes (¥512 million)
- Long-term borrowings (¥475 million)

[Net assets] Increased by ¥360 million
(Main increases)

- Profit +¥1,106 million

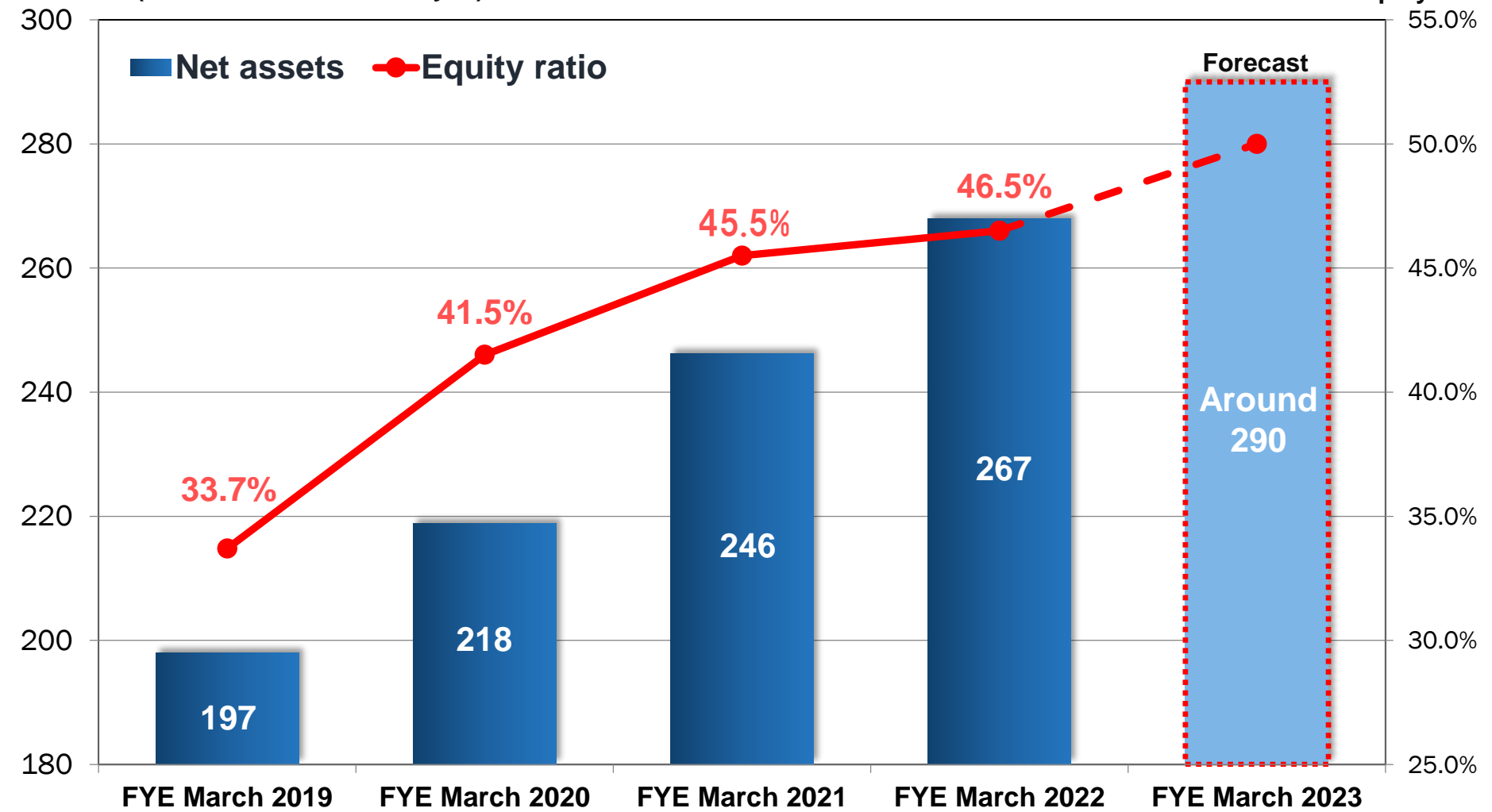
(Main decreases)

- Fiscal year-end dividends (¥725 million)

○ Changes in Net Assets and Equity Ratio

Net assets (hundreds of millions of yen)

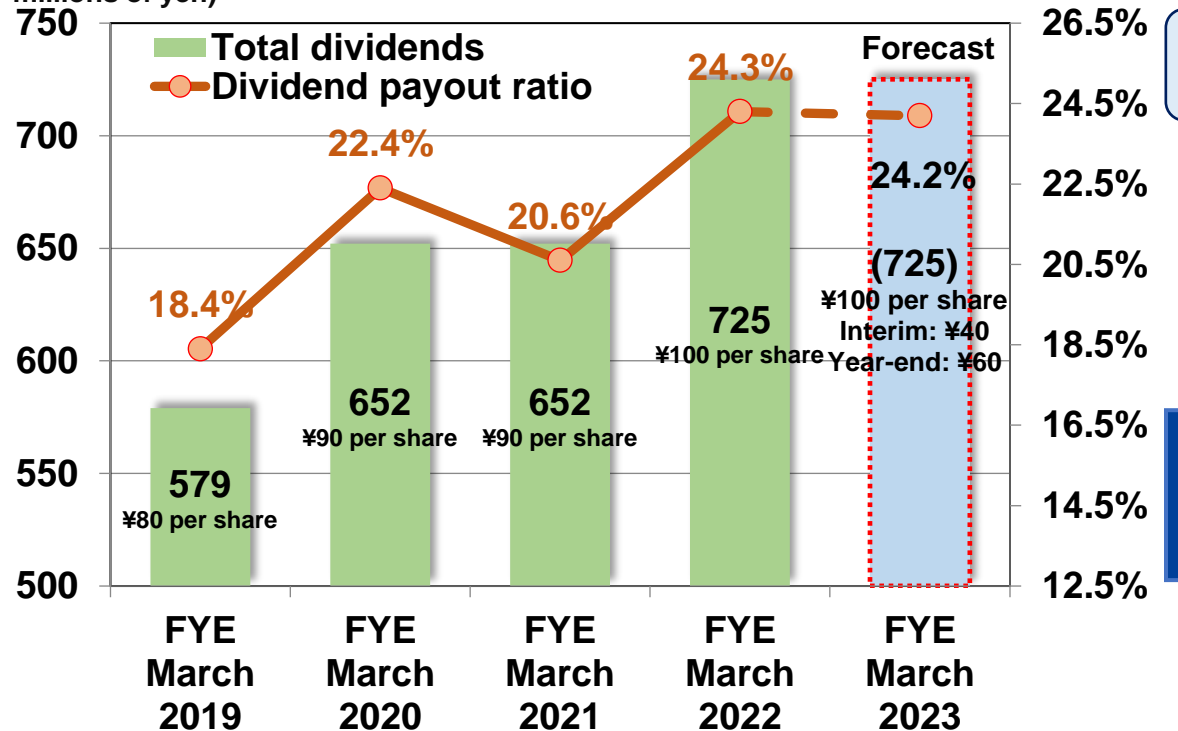
Equity ratio



○ Interim dividend paid

- Released “Notice of Change in Dividend Policy (Implementation of Interim Dividend) and Revision of Dividend Forecast” on August 10, 2022.
- Starting from the current period, an interim dividend (¥40 per share) is paid in order to enhance opportunities to return profits to shareholders. The fiscal year-end dividend is expected to be ¥60 per share. (Total ¥100)

Total dividends
(Hundreds of millions of yen)



Target a dividend payout ratio of 20% or more



Re-examine the shareholder return policy, including dividend payout ratio, at the point when net assets are expected to exceed ¥30 billion.

○ Comparative Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	
Cash flows from operating activities	356	35	[CF from operating activities] ¥35 million increase in funds <ul style="list-style-type: none"> • Profit before income taxes +¥1,642 million • Decrease in notes and account receivable-trade and others +¥2,660 million • Decrease in trade payables (¥1,295 million) • Increase in consumption taxes refund receivable (¥612 million) • Decrease in accrued consumption taxes (¥512 million) • Income taxes paid (¥820 million)
Cash flows from investing activities	182	(98)	[CF from investing activities] ¥98 million decrease in funds <ul style="list-style-type: none"> • Proceeds from earnest related sales of property, plant and equipment +¥56 million • Purchase of shares of subsidiaries and associates (¥119 million) • Purchase of property, plant and equipment (¥28 million)
Cash flows from financing activities	(723)	(799)	[CF from financing activities] ¥799 million decrease in funds <ul style="list-style-type: none"> • Net increase (decrease) in short-term borrowings +¥493 million • Repayments of long-term borrowings (¥563 million) • Dividends paid (¥722 million)
Total cash flow	(184)	(861)	
Cash and cash equivalents at end of period	11,651	10,796	

○ FYE March 2023 Financial Results Forecast

- Fiscal year ending March 2023 marks the final year of the medium-term business plan
- We will achieve our targets and establish the foundation for the next medium-term business plan.

(Millions of yen)

	FYE March 2022 Results	FYE March 2023 Forecast		Change (%)
	Amount	Amount	YOY Change	
Net sales	83,776	90,000	6,223	7.4%
(Gross profit margin)	(8.8%)	-	-	-
Operating profit	4,674	4,440	(234)	(5.0%)
Ordinary profit	4,636	4,340	(296)	(6.4%)
Profit	2,985	3,000	14	0.5%
Dividends per share	¥100 (Year-end: ¥100)	¥100 (Interim: ¥40 Year-end: ¥60)	-	-

(Cautionary note concerning forward-looking statements, etc.)

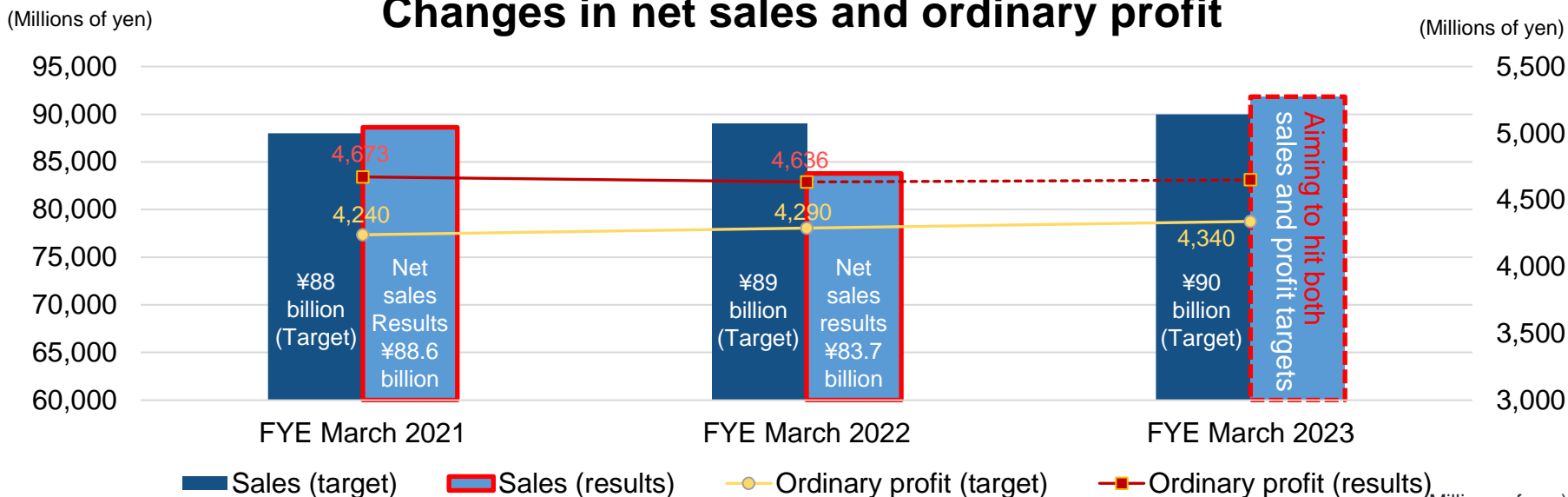
The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that they will be achieved. In addition, actual results may differ significantly due to a variety of factors.

II.

Progress of the Medium-Term Business Plan (FYE March 2021 - FYE March 2023)

- Orders received for the six months ended September 2022 totaled ¥39.5 billion. (Decrease of approximately ¥4.1 billion compared to same period of the previous fiscal year)
- Contracts carried over into the next fiscal year amounted to ¥79.3 billion. (Decrease of approximately ¥100 million compared to the end of September of the previous year)
- In the second half of the fiscal year, we will strengthen our efforts on projects to be completed during the current fiscal year and aim to achieve the target figures.

Changes in net sales and ordinary profit



	FYE March 2021					FYE March 2022					FYE March 2023	
	Target	Profit margin	Results	Profit margin	Achievement rate	Target	Profit margin	Results	Profit margin	Achievement rate	Target	Profit margin
Net sales	88,000		88,624		100.7%	89,000		83,776		94.1%	90,000	
Operating profit	4,340	4.9%	4,758	5.4%	109.6%	4,390	4.9%	4,674	5.6%	106.5%	4,440	4.9%
Ordinary profit	4,240	4.8%	4,673	5.3%	110.2%	4,290	4.8%	4,636	5.5%	108.1%	4,340	4.8%
Profit	2,930	3.3%	3,161	3.6%	107.9%	2,960	3.3%	2,985	3.6%	100.9%	3,000	3.3%

(Millions of yen)

Progress and Issues of Each Policy Measure (Overview)

Priority Measures

Our basic strategy is to differentiate and establish the superiority of our core construction business

Measure 1

Enhance our technical proposal skills

- Certified for our “one pillar-one pile method” performance, an industry-academia collaborative initiative
- “ZEB Ready” certification obtained for the development of the site of the former Yokohama Minami Ward General Government Building

Measure 2

Strengthen efforts focused on profitability and productivity in our construction business

- Increased ratio of design-build projects
- Establishment of the “DX Promotion Project.” Promoted digitalization of on-site administrative work, etc.

Measure 3

Expand real estate business

- Examined exit strategy for real estate holdings and acquisition of new income-generating properties
- Development of human resources who can apply their real estate knowledge to sales

Measure 4

Engage in new business - Building a new foundation for growth -

- Began operating a Vietnamese subsidiary in April 2022
- M&A is a continuing issue

Measure 5

Improve management skills

- Strengthening of ESG initiatives in addition to endorsement of TCFD proposals
- Developed human resources through systematic training

Issues faced

Enhancement of the system for further growth and expansion

Further growth in construction work for commercial facilities, which is our core business

Proposals that capture store renewal cycles

Efforts to win orders for logistics facilities, where investment is booming

We will examine the next medium-term management plan, which aims at the corporate image in 2030.

Topic 1 Development of the Site of the Former Yokohama Minami Ward General Government Building (ZEB Initiatives)

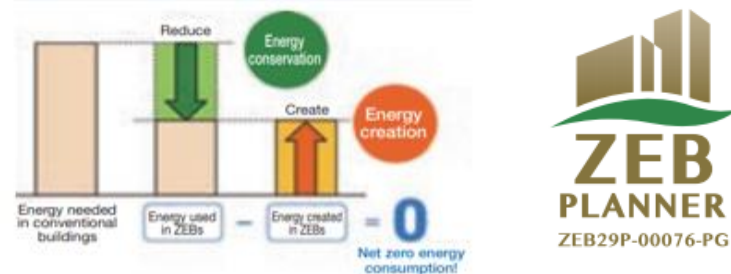
Obtained the BELS and ZEB Ready certifications



Project overview	
Project name	Development of the Site of the Former Yokohama Minami Ward General Government Building
Facility name	VIERRA Maita
Construction period	August 17, 2020 - September 30, 2022
Construction site	48-1 Hananoki-cho 3-chome, Minami-ku, Yokohama
Client	JR West Real Estate & Development Company

- This is the fourth commercial complex in Japan to be converted to ZEB. (As of the June 2020 plan)
- The entire building received the highest BELS^{*1} rating (5 stars) and obtained the ZEB Ready^{*2} certification.
- After construction is completed, energy consumption will be monitored through visualization using BEMS^{*3}.

We will continue to further promote environmental initiatives in the future.

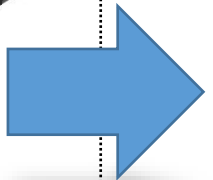


• **What is ZEB?**
 A Net-Zero Energy Building (ZEB) is a building designed in pursuit of cutting energy consumed in building operations to nearly zero by conserving energy and using renewables while maintaining the quality of the indoor environment.

*1 BELS: Building-Housing Energy-efficiency Labeling System. A system in which a third-party rating agency assesses and certifies a building's energy conservation performance
 *2 ZEB Ready: A building that consumes at least 50% less primary energy than the standard primary energy consumption rate by conserving energy
 *3 BEMS: Building and Energy Management System

Topic 1 Development of the Site of the Former Yokohama Minami Ward General Government Building (BIM Initiatives 1)

■ Promoting BIM initiatives to improve operational efficiency through digitization



Confirmation of various fittings on exterior walls



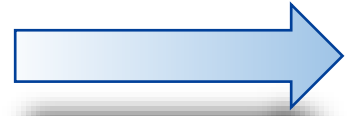
Completed image



Confirmation of interference with equipment piping, etc.

Topic 1 Development of the Site of the Former Yokohama Minami Ward General Government Building (BIM Initiatives 2)

We want to change the exterior and interior design



Efficient consensus building through visualization



Check visibility from surrounding environment



Guidance signage plan



Terrace image



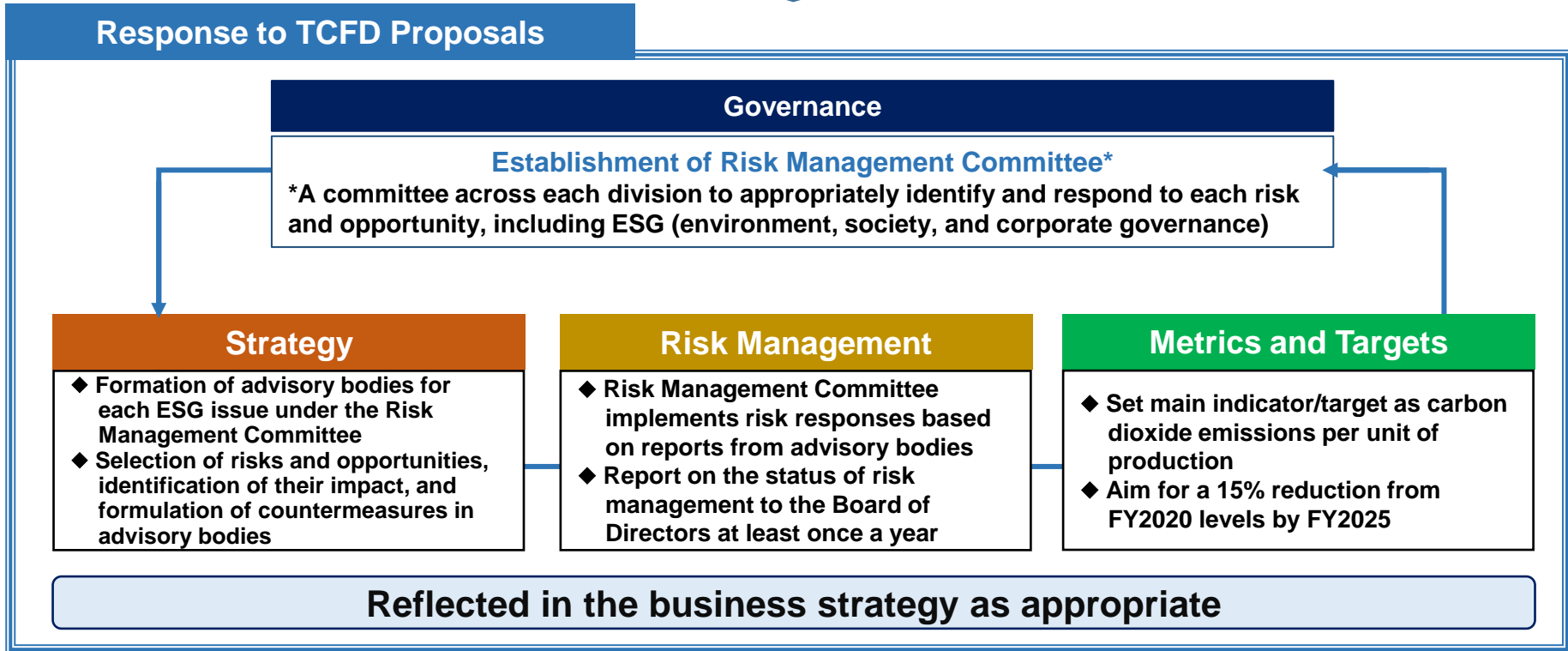
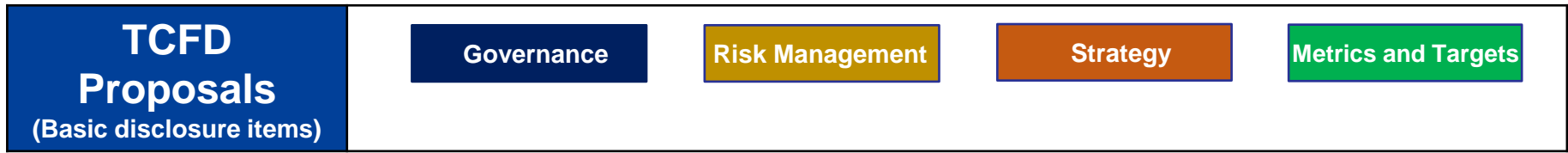
Check nighttime image and lighting

BIM enables overall balance adjustment while checking with the client



Topic 2 Endorsement of TCFD Proposals

- After expressing support for the TCFD (Task Force on Climate-related Financial Disclosures) proposals, the Company disclosed the results of its analysis in line with those proposals.



○ Compliance with Continued Listing Criteria Under New Market Segments

	No. of Tradable Shares	Tradable Share Market Cap	Tradable Share Ratio	Trading Value/Day
Continued Listing Criteria	At least 20,000 units	At least ¥10 billion	At least 35%	At least ¥20 million
The Company's status as of the transition reference date*	42,213 units	¥8,009.43 million	57.9%	¥35.53 million

*As of June 30, 2021; Calculated by Tokyo Stock Exchange, Inc.

- (1) February 9, 2022: Release of "Announcement of Revision of Dividend Forecast" (Dividend Increase)
- (2) February 21, 2022: Release of "Announcement of Off-Auction Distribution of Shares"
- (3) April 1, 2022: Commencement of Operations of Overseas Subsidiary in Vietnam
- (4) August 10, 2022: Release of "Announcement of Change in Dividend Policy (Implementation of Interim Dividend) and Revision of Dividend Forecast"

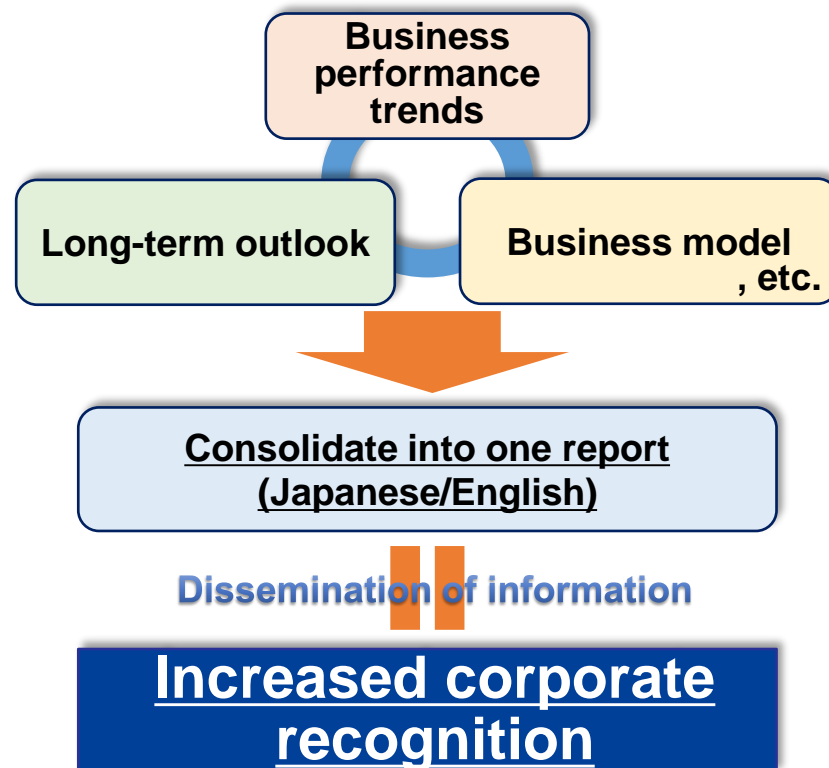
Plans to formulate the next medium-term management plan for further growth along with the achievement of the conformity plan and the current medium-term management plan for fulfilling the criteria for maintaining the listing

(Reference)

	No. of Tradable Shares	Tradable Share Market Cap (Average share price from April to September 2022)	Tradable Share Ratio	Trading Value/Day (Average from January to September 2022)
Our current status* * As of September 30, 2022	44,769 units	¥8,160.11 million	61.5%	¥33.11 million

Expanded IR Initiatives

- Preparation and dissemination of corporate reports by Shared Research Inc.
- Widely disclose information and disseminate information to improve the Company's corporate recognition.



Scheduled to be released in December 2022.
(English-language reports are scheduled to be available around February 2023.)

Bringing the future to you through innovative living spaces

~For Your Living Space~

Corporate Message

This message to all of our stakeholders, including customers, business partners, community members, as well as our employees and their families, embodies our corporate commitment to creating and proposing a vision for the future through our living space business, aiming to realize a rich and comfortable society and improve job fulfilment for our employees.

Discover ICHIKEN
with video

イチケン

You can watch many videos
about ICHIKEN's history
and business.



ICHIKEN Official YouTube channel
Please subscribe to our channel.

PR Manager

ICHIKEN-kun

A boy dog who's always wearing his trademark Ichiken helmet.

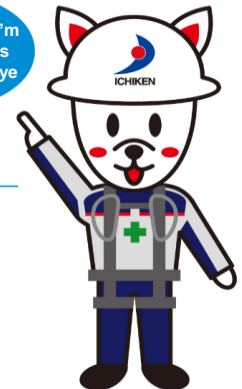
He's cheerful, energetic, and hardworking.

He works hard as Head of Publicity to let everyone know about Ichiken.

Birthday June 15 (Gemini)

Favorite phrase Safety first

I love construction and I'm always around Ichiken's work sites, so keep an eye out for me!



- These materials were prepared by ICHIKEN Co., Ltd. (the "Company") to promote understanding of the Company and are not intended to solicit investment.
- While care has been taken to ensure accuracy in preparing these materials, we cannot guarantee their complete integrity.
- We assume no liability for any losses or damages incurred as a result of the information contained herein.
- The financial forecasts and projections contained within these materials have been made by the Company based on information available at the time of preparation and involve potential risk and uncertainty. Changes in the business environment and various other factors may thus result in financial performance that materially differs from the projections referred to or indicated herein.

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