



**Fiscal Year Ended March 31, 2023
Financial Results Briefing Materials**

June 7, 2023

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 Fiscal Year Ended March 31, 2023**

Business Environment

1. Although the economy is gradually recovering due to the effects of various with-COVID policies, the economic outlook remains uncertain amid the ongoing tightening of monetary policy around the world due to economic downside risks from economic downturns in foreign countries, price hikes, and the impact of fluctuations in financial and capital markets.
2. In the construction industry, government construction investment has remained firm, and private-sector capital investment is showing signs of picking up, but conditions remain challenging due to a chronic shortage of skilled workers as well as rising construction costs caused by soaring labor costs and construction material prices.

Corporate Efforts

1. 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 addressed construction demand from a wide range of private sector businesses, including condominiums, logistics facilities, medical and welfare facilities, etc.
2. Promoted the digitalization of business operations in order to comply with the regulations that limit overtime work that will go into effect in April 2024. Improved our work efficiency by introducing IT equipment and reviewing our work flow, strived to achieve digital transformation (DX) and pursued other initiatives to further enhance productivity, and implemented initiatives aimed at bringing about work style reforms.

○ Financial Results for FYE March 2023

Summary

1. [Orders Received] Decreased due to intensifying competition for orders and reactionary decline from large orders
2. [Increased Revenue] Completed construction contracts increased due to the completion of large projects (logistics facilities), etc.
3. [Decreased Profit] Profit declined due to the soaring prices of construction materials, etc.

(Millions of yen)

	FYE March 2022	FYE March 2023			Target*	vs. Target
	Amount	Amount	YOY Change	Change (%)	Amount	Change (%)
Orders	93,969	80,002	(13,967)	(14.9%)	-	-
Contracts carried over	84,169	76,525	(7,644)	(9.1%)	-	-
Net sales	83,776	88,059	4,282	5.1%	87,000	1.2%
Gross profit	7,387	5,395	(1,991)	(27.0%)	-	-
SG&A	2,712	2,728	16	0.6%	-	-
Operating profit	4,674	2,667	(2,007)	(43.0%)	2,600	2.6%
Ordinary profit	4,636	2,585	(2,051)	(44.2%)	2,500	3.4%
Extraordinary income or loss	(419)	(1)	-	-	-	-
Profit	2,985	1,708	(1,277)	(42.8%)	1,700	0.5%

*Financial results forecast revised on February 10, 2023

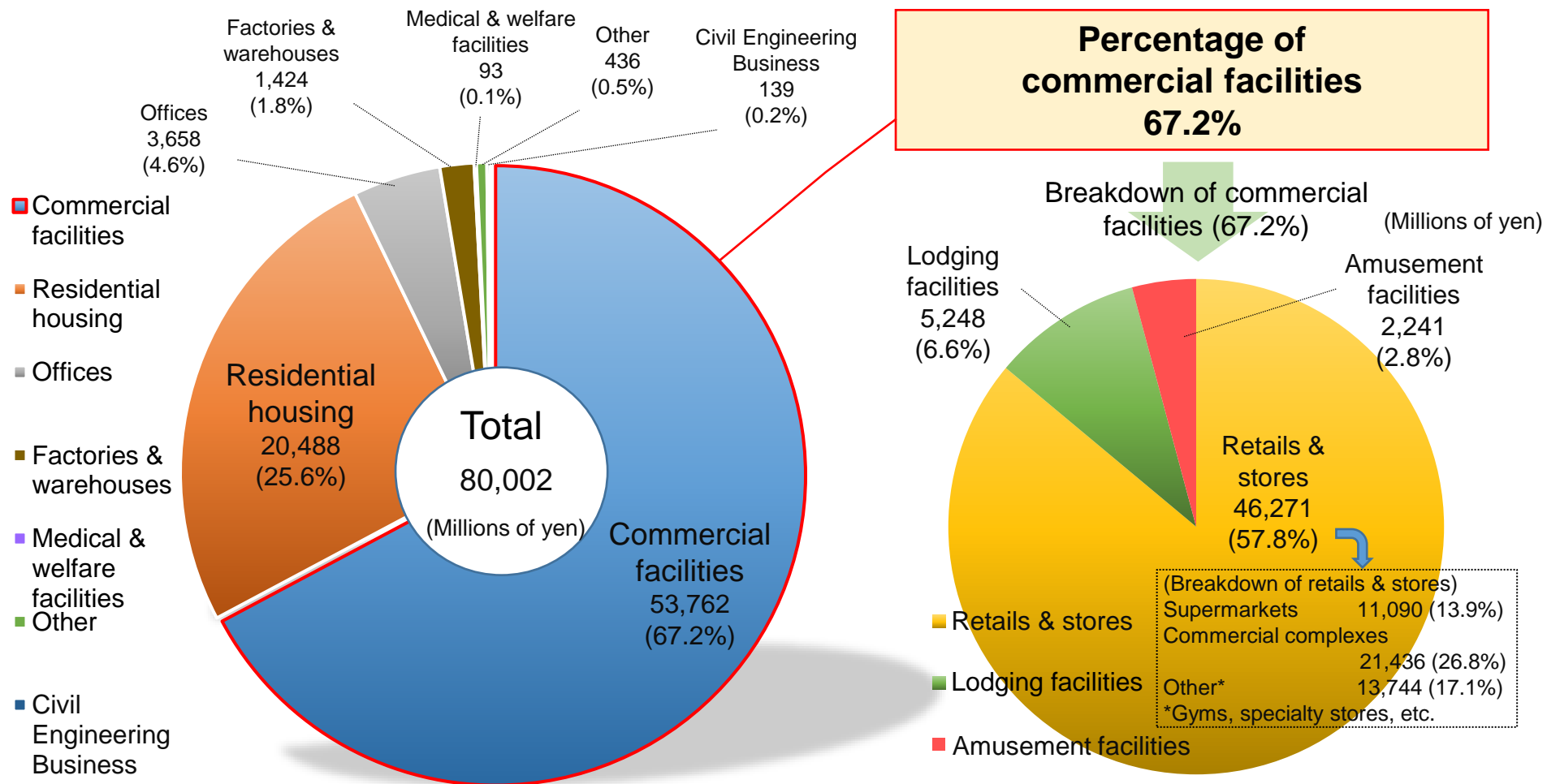
○ Breakdown by Category (1)

(Millions of yen)

		Orders		Completed Construction Contracts		Contracts Carried Over		
		Amount	Share	Amount	Share	Amount	Share	
Construction Business	Commercial facilities	53,762	67.2%	46,921	53.6%	41,588	54.3%	
	Breakdown	Retails & stores	46,271	57.8%	42,673	48.7%	32,359	42.3%
		Lodging facilities	5,248	6.6%	3,512	4.0%	7,619	9.9%
		Amusement facilities	2,241	2.8%	735	0.9%	1,609	2.1%
		Residential housing	20,488	25.6%	27,229	31.1%	28,777	37.6%
	Offices	3,658	4.6%	1,044	1.2%	3,308	4.3%	
	Factories & warehouses	1,424	1.8%	9,312	10.6%	2,038	2.7%	
	Medical & welfare facilities	93	0.1%	2,903	3.3%	439	0.6%	
	Other	436	0.5%	107	0.1%	359	0.5%	
	Total	79,862	99.8%	87,518	99.9%	76,513	100.0%	
Civil Engineering Business Total		139	0.2%	127	0.1%	11	0.0%	
Total		80,002	100.0%	87,646	100.0%	76,525	100.0%	

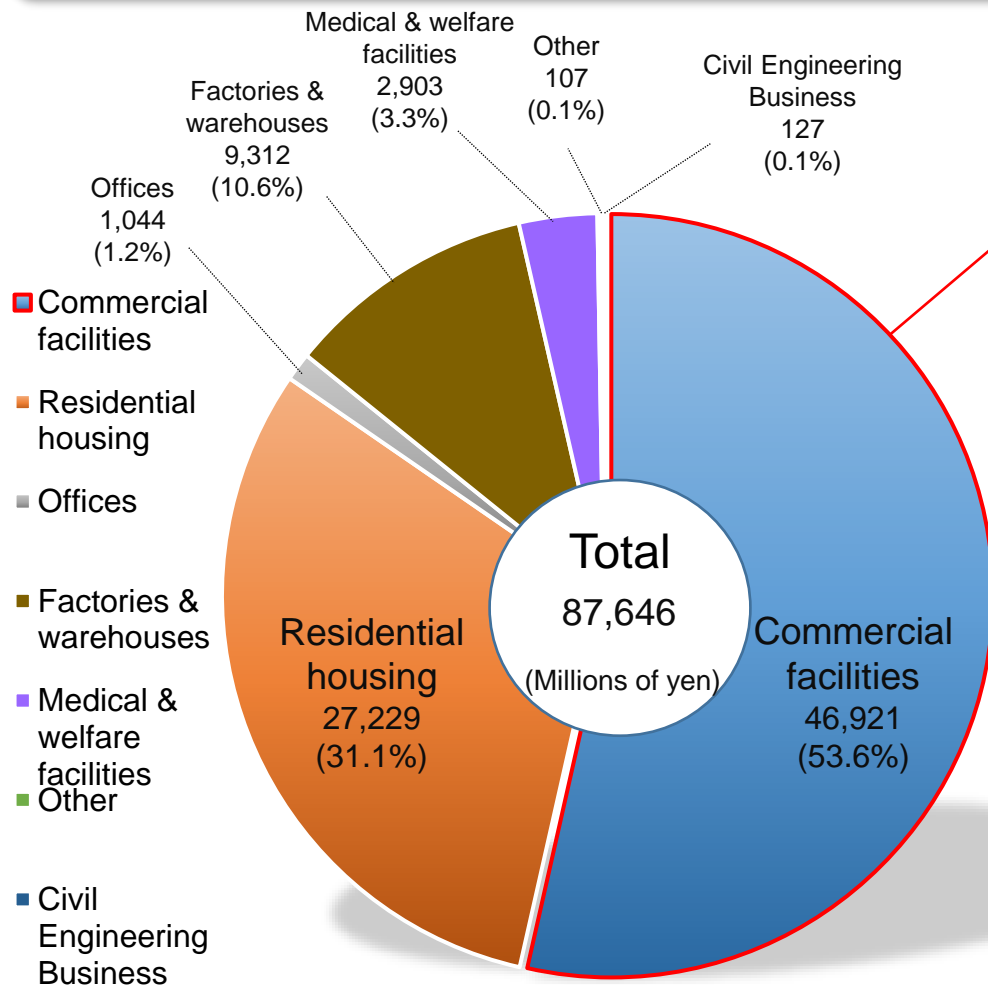
○ Breakdown by Category (2) Orders

- Orders received for commercial facilities have continued to grow (YOY increase of ¥49,772 million/8%).
- Commercial facilities and residential housing account for over 90% of total orders received.

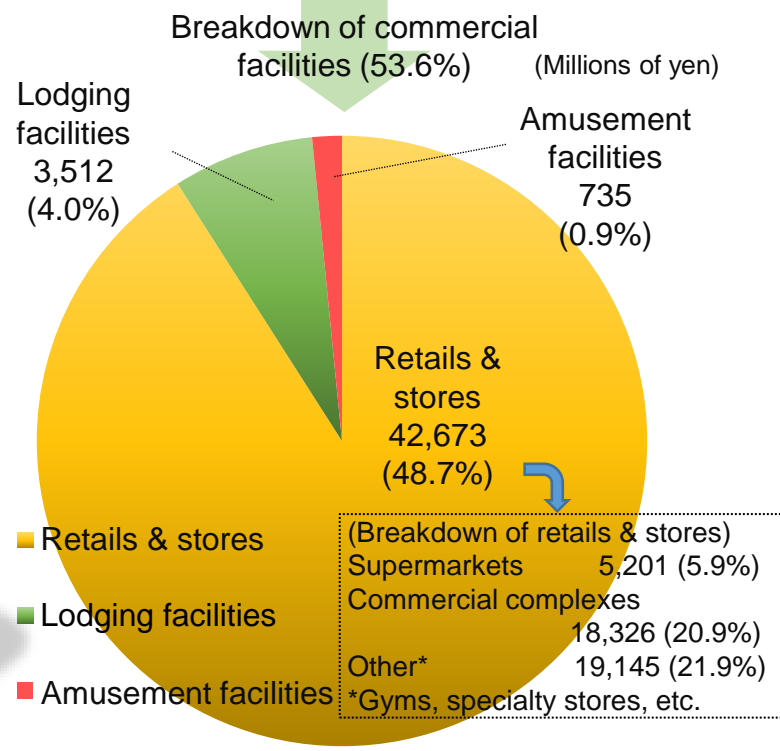


○ Breakdown by Category (3) Completed Construction Contracts

- Completed construction contracts for commercial facilities declined slightly (YOY decrease of ¥49,178 million/5%).
- Percentage of factories and warehouses doubled due to the completion of large logistics warehouses.

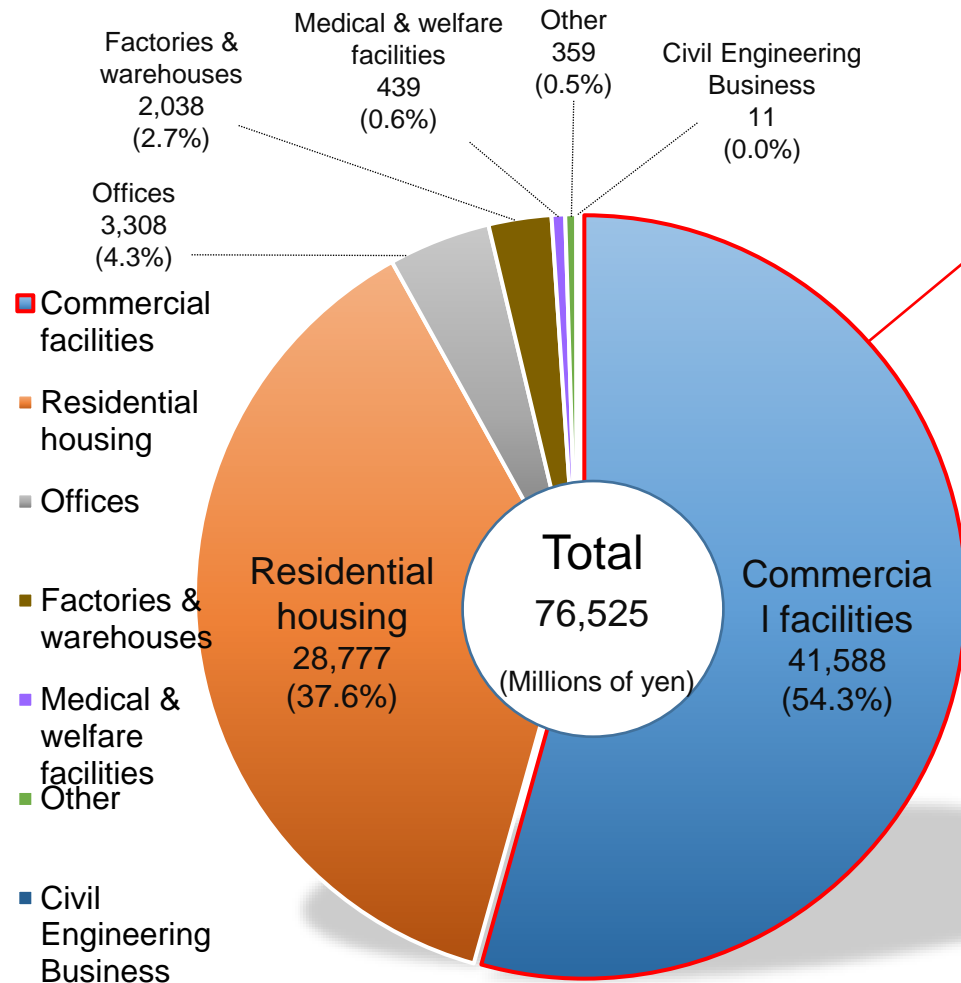


Percentage of commercial facilities 53.6%

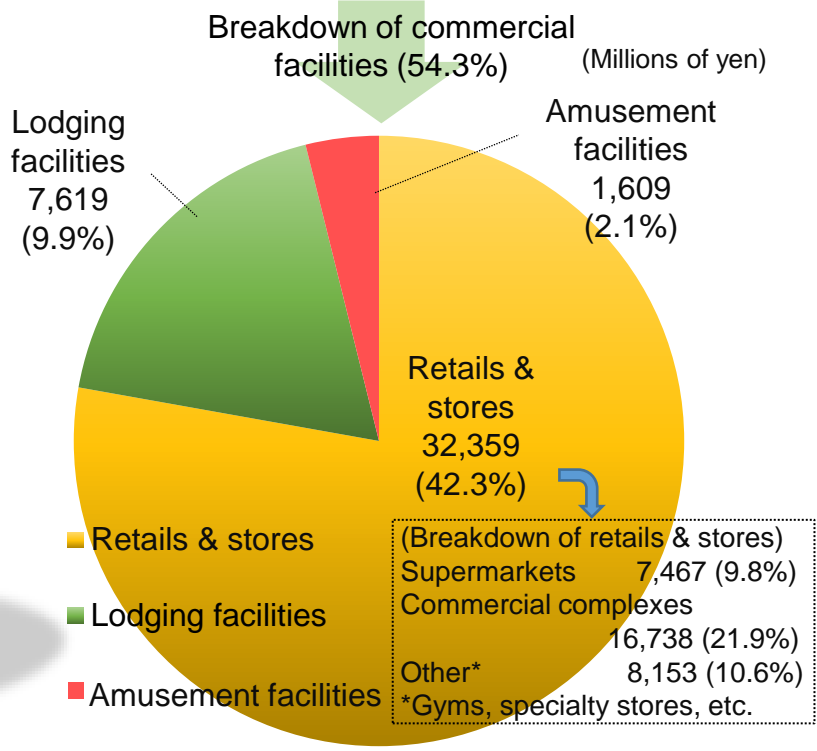


○ Breakdown by Category (4) Contracts Carried Over

- Contracts carried over to the next fiscal year for commercial facilities have continued to grow (YOY increase of ¥34,747 million/20%).
- We aim to further build up contracts for commercial facilities, among others.



Percentage of commercial facilities
54.3%



Major Projects Completed & Orders Received

Major Projects Completed

Project Name	Primary Building Application	Location
Nitori Kobe Distribution Center (Nitori Shin-Kobe Distribution Center New Construction)	Logistics warehouse	Hyogo
Joshin Nipponbashi Store (Joshin Nipponbashi Ichibankan Store and DISC-PIER Nipponbashi Store Reconstruction)	Electronics retail store	Osaka
GARDENS CHIHAYA (SG Chihaya Reconstruction)	Commercial complex (Gym, etc.)	Fukuoka
VIERRA Maita (Development of the Site of the Former Yokohama Minami Ward General Government Building)	Commercial complex (Supermarket, etc.)	Kanagawa
GINZA FOREST (Mukogaoka-Yuen GH Multipurpose Complex New Construction)	Multipurpose complex (Amusement facility, apartments, etc.)	Kanagawa
Ario Kakogawa (Green Plaza Befu Renovation)	Large shopping center (Ito-Yokado, etc.)	Hyogo



Nitori Kobe Distribution Center

Major Orders Received

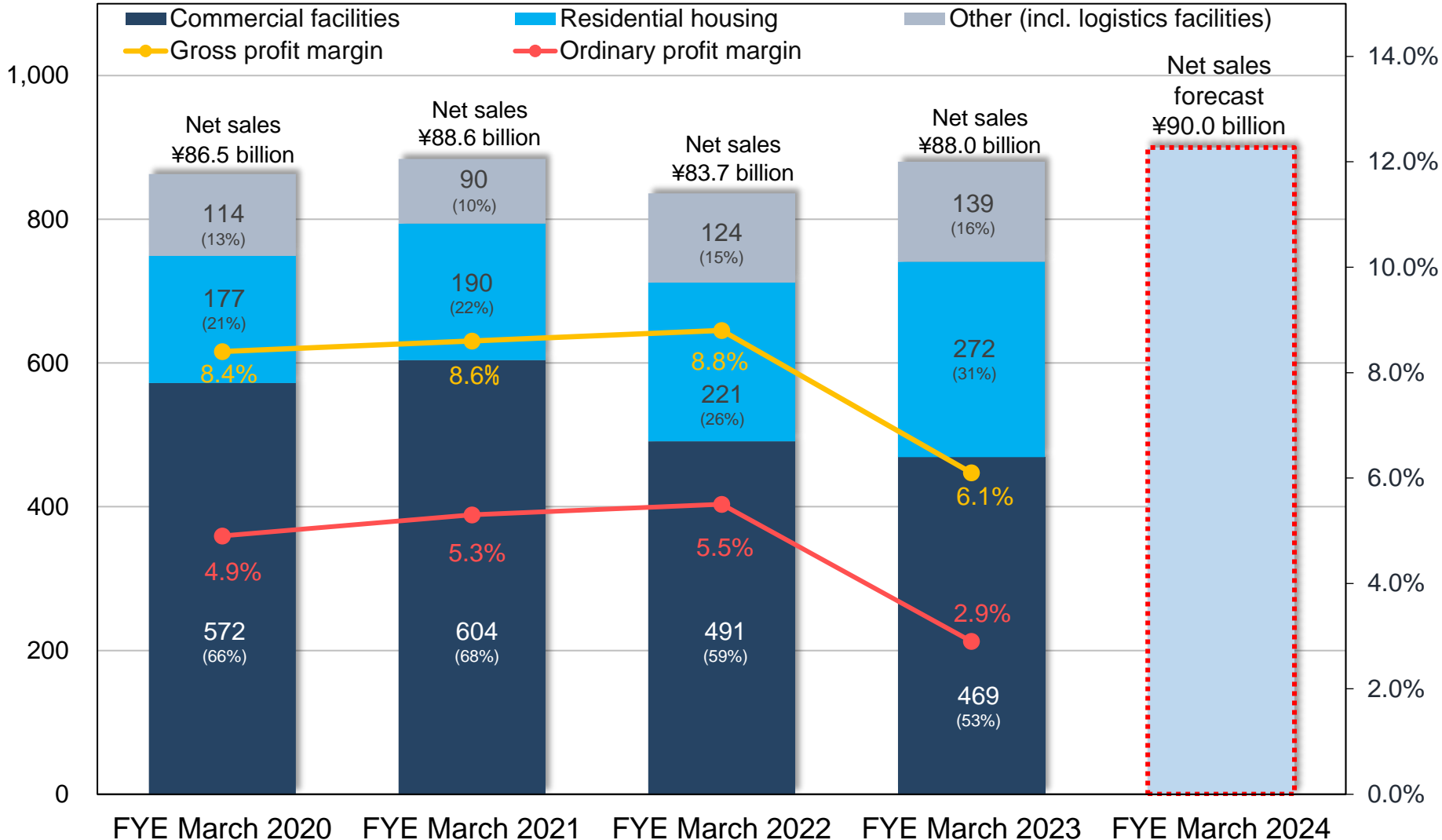
Project Name	Primary Building Application	Location
Aeon Style Akabane Kitahondori Store New Construction (tentative name)	Supermarket	Tokyo
Roygent Hiyoshicho II New Construction (tentative name)	Apartment building (for rent)	Aichi
Aeon Style Musashi-Sayama New Construction (tentative name)	Supermarket	Saitama
APA Hotel Hiroshimaeki Shinkansenguchi New Construction (tentative name)	Lodging facility	Hiroshima
Misato-shi Misato 1-chome Commercial Facility New Construction (tentative name)	Commercial complex	Saitama
Minoh-Kayano Station Front Development Project New Construction (tentative name)	Commercial complex	Osaka



Joshin Nipponbashi Store

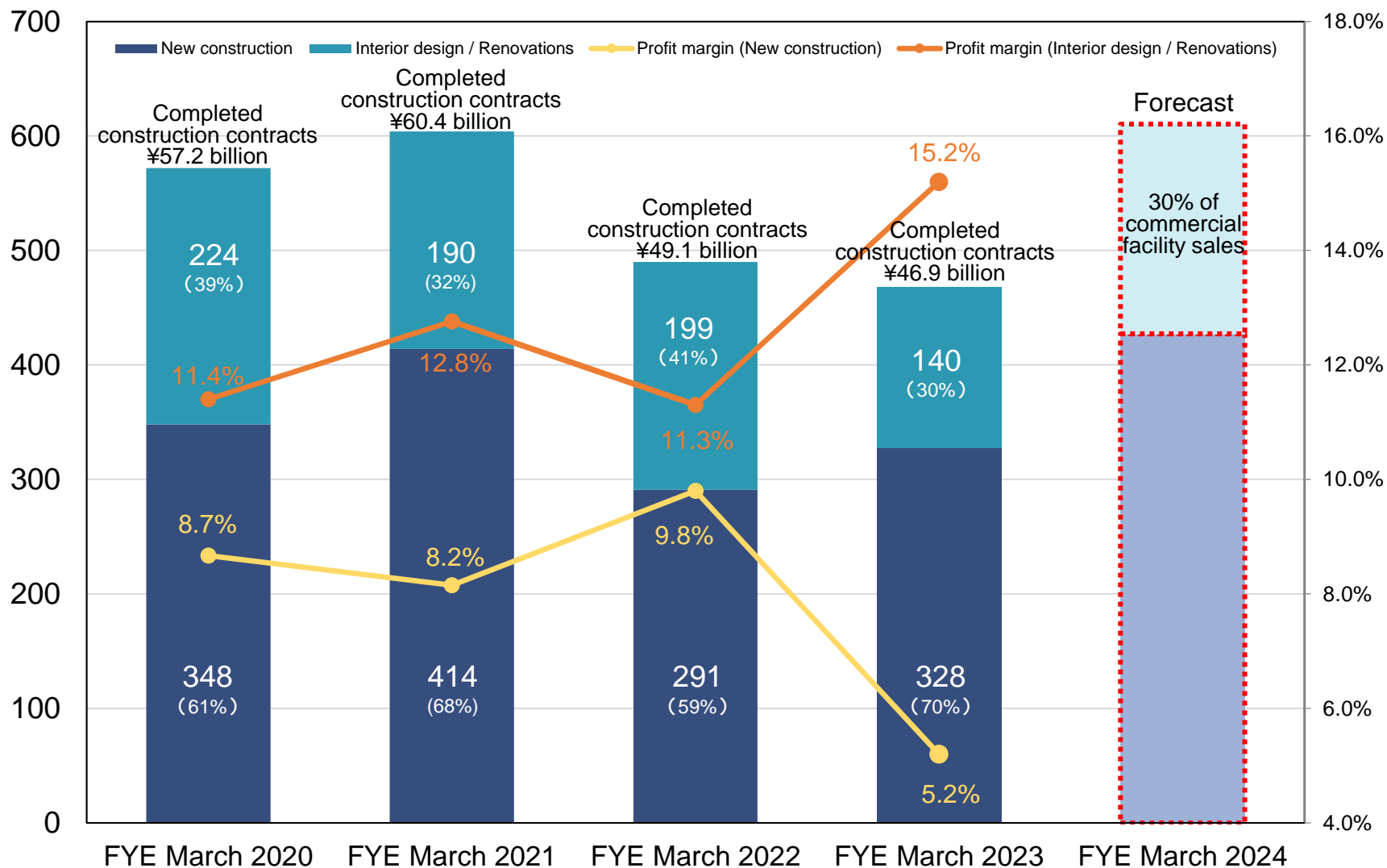
Changes in Net Sales by Project Type (FYE March 2020 - FYE March 2024)

(Hundreds of millions of yen)



Changes in Completed Construction Contracts - Full Year [Commercial facilities: new construction vs. interior design work / renovations] (FYE March 2020 - FYE March 2024)

(Hundreds of millions of yen)



○ Comparative Balance Sheet

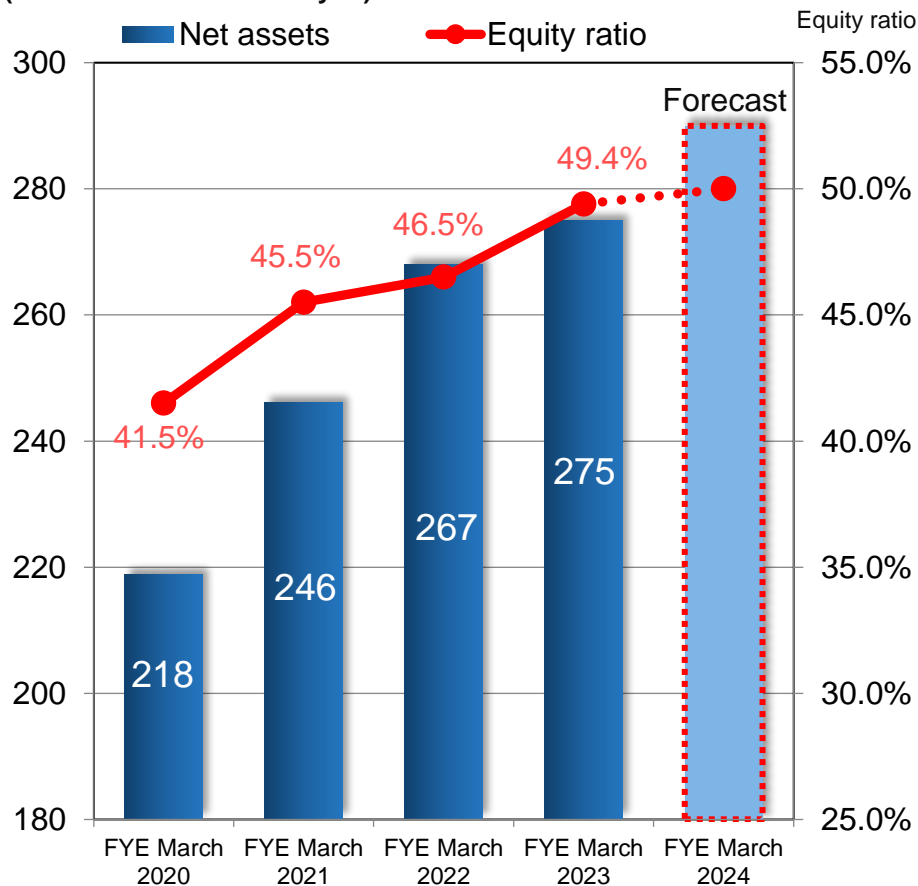
(Millions of yen)

	FYE March 2022	FYE March 2023	YOY Change	
Total assets	57,617	55,714	(1,902)	[Assets] Decreased by ¥1,902 million (Main increases) •Accounts receivable from completed construction contracts and other +¥5,354 million •Shares of subsidiaries and associates +¥119 million (Main decreases) •Notes receivable – trade (¥5,302 million) •Electronically recorded monetary claims – operating (¥2,114 million)
Current assets	48,324	46,360	(1,964)	
Non-current assets	9,292	9,353	61	
Total liabilities	30,819	28,183	(2,635)	[Liabilities] Decreased by ¥2,635 million (Main increases) •Provision for loss on construction contracts +¥131 million •Short-term borrowings +¥70 million (Main decreases) •Income taxes payable (¥818 million) •Accounts payable for construction contracts (¥535 million) •Advances received on construction contracts in progress (¥479 million)
Current liabilities	24,613	22,248	(2,365)	
Non-current liabilities	6,206	5,935	(270)	
Total net assets	26,798	27,531	733	[Net assets] Increased by ¥733 million (Main increases) •Profit +¥1,708 million •Valuation and translation adjustments +¥41 million (Main decreases) •Dividends of surplus (¥1,016 million)
Owners' equity	26,775	27,508	733	
Share acquisition rights	22	22	-	

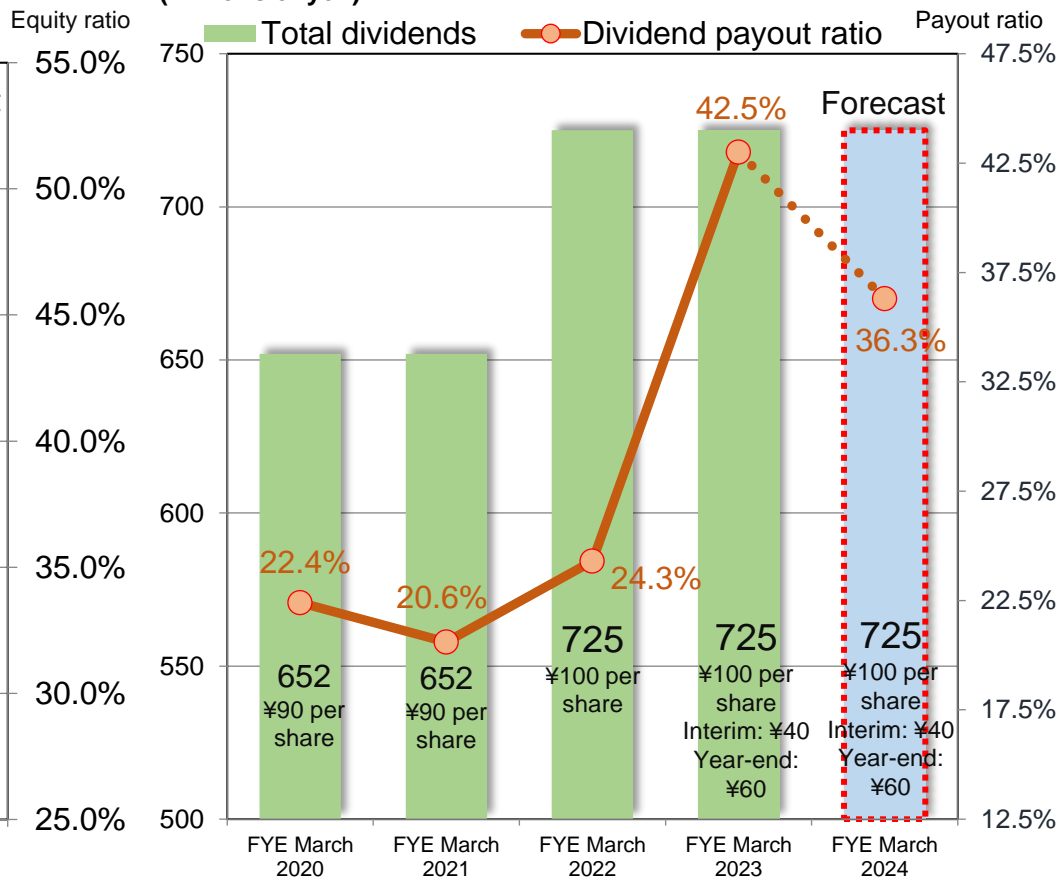
Changes in Net Assets, Equity Ratio, and Dividends

- Set a target dividend payout ratio of approximately 30% for net assets of over ¥30 billion.
- Aiming to strike a balance between investment and the distribution of dividends in order to build a foundation for future growth with a focus on paying stable dividends.

Net assets
(Hundreds of millions of yen)



Total dividends
(Millions of yen)



○ FYE March 2024 Financial Results Forecast

- Revenue and profit for the fiscal year ending March 2024 is projected to rise.
- Profit margin will improve toward the second half of the fiscal year as the rise in construction cost will be reflected in construction prices.

(Millions of yen)

	FYE March 2023 Results	FYE March 2024 Forecast		
	Amount	Amount	YOY Change	Change (%)
Net sales	88,059	90,000	1,940	2.2%
(Gross profit margin)	(6.1%)	-	-	-
Operating profit	2,667	3,000	332	12.5%
Ordinary profit	2,585	2,900	314	12.2%
Profit	1,708	2,000	291	17.1%
Dividends per share	¥100 (Interim: ¥40 Year-end: ¥60)	¥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.

Overview of Vision 2030/ Medium-Term Business Plan (2023-2025)

Looking Back on the Previous Medium-Term Business Plan (FY2020-FY2022)

Changes in management targets

● Changes in net sales and profit

Net sales fell short of our target for the second consecutive year due to a decrease in orders received as a result of a certain period of stagnation of economic activities and a sharp decline in inbound demand owing to restrictions on activities, etc., under the COVID-19 safety management measures.

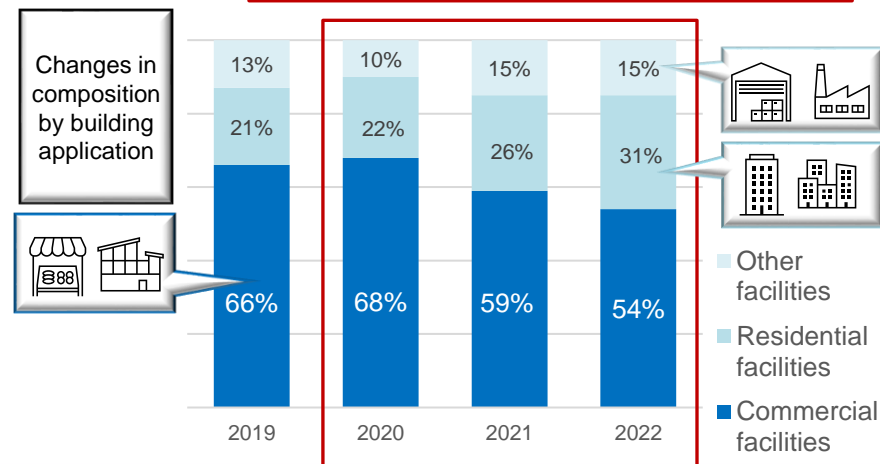
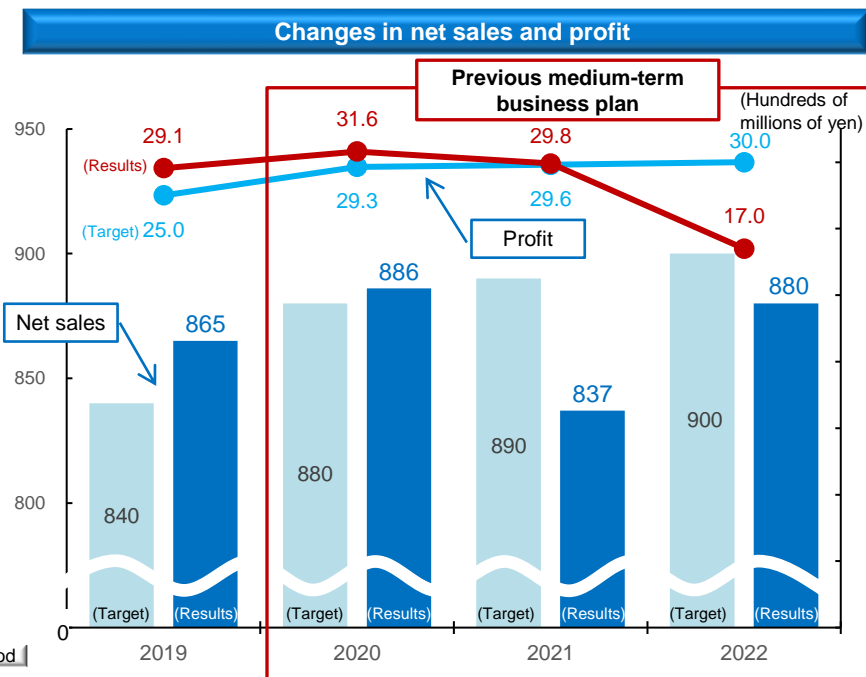
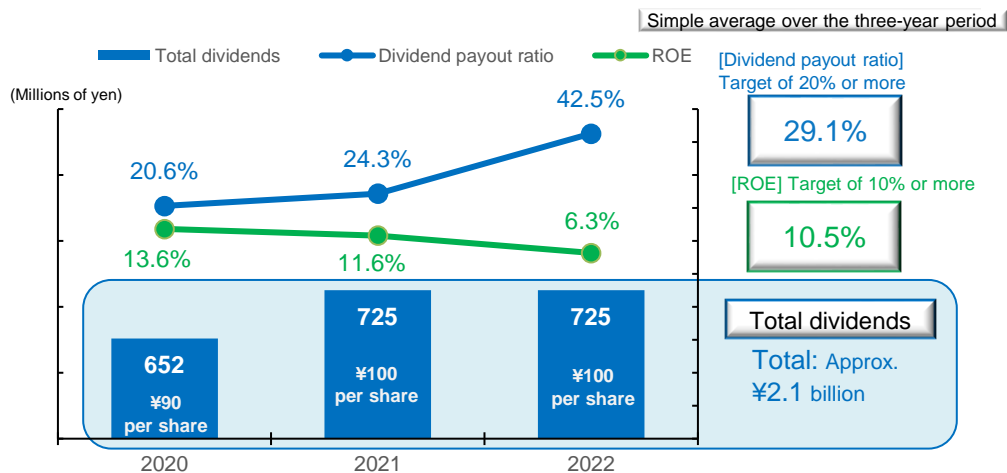
Profit, which had consistently been around ¥3 billion, fell far short of our target in FY2022 due to the impact of the sharp rise in the prices of construction materials and price hikes.

● Key Performance Indicators (dividend payout ratio, etc.)

Dividends were raised during the term of the plan. We achieved our target dividend payout ratio of 20% or more.

The simple average of return on equity (ROE) over the three-year period achieved our target of 10% or more.

Key Performance Indicators (total dividends, dividend payout ratio, and ROE)



Looking Back on the Previous Medium-Term Business Plan (FY2020-FY2022)

Major results and progress as well as issues faced and future initiatives for priority measures

Our basic strategy is to differentiate and establish the superiority of our core construction business while implementing our priority measures. Issues faced in the course of their implementation will be carried over to the Medium-Term Business Plan (2023-2025).

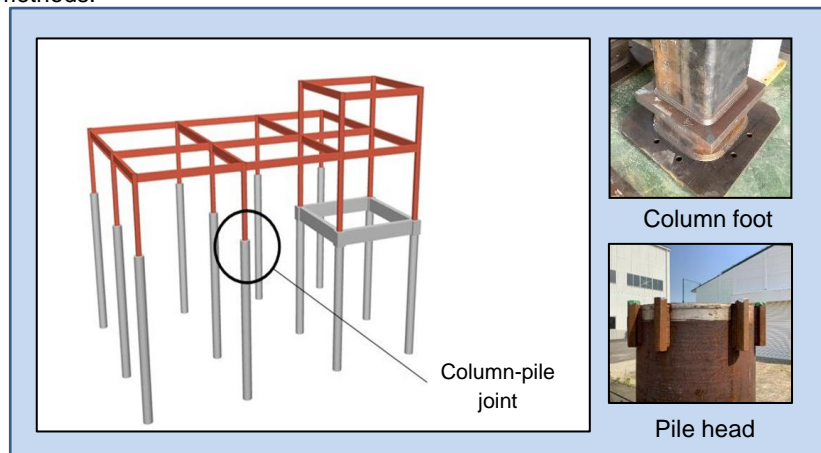
Priority Measures		Keywords	Major Results and Progress	Issues Faced and Future Initiatives
[Priority measure 1] Enhance our technical proposal skills	-1	BIM	<ul style="list-style-type: none"> Promoted utilization of BIM (ongoing) Engaged in store BIM projects on an ongoing basis 	<ul style="list-style-type: none"> Promoting adoption of BIM in work sites and strengthening support for Construction Technology Support Departments Collaborating with our subsidiary in Vietnam on BIM operations
	-2	Technologies/construction methods (industry-academia collaboration)	<ul style="list-style-type: none"> Transitioned the development of sleeves and spacers to the commercialization stage One pillar-one pile method (performance certification obtained) 	<ul style="list-style-type: none"> Promoting utilization and incorporating their usage in technical proposals Continue working on RCS construction method initiatives (performance certification obtained)
[Priority measure 2] Strengthen efforts focused on profitability and productivity in our construction business	-1	Sales composition	<ul style="list-style-type: none"> Commercial facilities formed our core segment despite the decrease in their percentage of net sales due to a decline in hotel construction projects as a result of COVID-19 	<ul style="list-style-type: none"> Expanding our business portfolio with net sales of completed construction contracts for commercial facilities at its core Stepping up renovations of commercial stores
	-2	Improved designs	<ul style="list-style-type: none"> Increased orders received for design-build projects 	<ul style="list-style-type: none"> Strengthening our design framework and making use of outsourcing
	-3	Enhanced productivity	<ul style="list-style-type: none"> Proposed productivity enhancement measures on a regular basis Launched the DX Promotion Project 	<ul style="list-style-type: none"> Continue introducing effective proposals Formulating a vision for Ichiken's version of DX and nurturing human resources for digital operations
[Priority measure 3] Expand real estate business	-1	Real estate holdings	<ul style="list-style-type: none"> Temporary freeze on the divestiture of hotels due to deteriorating market conditions 	<ul style="list-style-type: none"> Restarting divestiture of hotels owned Considering the acquisition of income-generating real estate as part of long-term holdings
		Akatombo Hiroba Shopping Center	<ul style="list-style-type: none"> Closed in October 2022 after approximately 50 years of operation 	<ul style="list-style-type: none"> Promoting participation in upcoming project at former site
		Wao City Misato Shopping Center	<ul style="list-style-type: none"> Closed in February 2021 after 15 years of contracted operation 	<ul style="list-style-type: none"> Construction of building for upcoming project at former site is underway (scheduled for completion in 2024)
	-2	Leveraging real estate know-how	<ul style="list-style-type: none"> Promoted education and training 	<ul style="list-style-type: none"> Considering partnerships with other companies and acquisition-related initiatives
-3	SPCs/PFIs, etc.	<ul style="list-style-type: none"> Review of initiatives underway on a project-by-project basis 	<ul style="list-style-type: none"> Continue working on PPP projects in collaboration with other industries 	
[Priority measure 4] Engage in new business	-1	Vietnam operation	<ul style="list-style-type: none"> Established local subsidiary, received construction contracts, and trained BIM operators 	<ul style="list-style-type: none"> Establishing a business foundation for achieving profitability
	-2	M&A	<ul style="list-style-type: none"> No contracts despite ongoing efforts 	<ul style="list-style-type: none"> Continue engaging in current efforts
	-3	Group management	<ul style="list-style-type: none"> Established overseas subsidiary and established internal regulations 	<ul style="list-style-type: none"> Strengthening human resources and existing systems
[Priority measure 5] Improve management skills	-1	ESG	<ul style="list-style-type: none"> Established and disclosed ESG materiality 	<ul style="list-style-type: none"> Achieving targets in a steady manner
			<ul style="list-style-type: none"> Promoted ZEB initiatives and recorded ZEB results 	<ul style="list-style-type: none"> Promoting ZEB business proposals
	-2	Governance	<ul style="list-style-type: none"> Transitioned to a company with audit and supervisory committee 	<ul style="list-style-type: none"> Continue implementing effectiveness evaluations
	-3	Human resources	<ul style="list-style-type: none"> Conducted education and training on an ongoing basis 	<ul style="list-style-type: none"> Performing human capital disclosures, nurturing human resources, and supporting reskilling efforts
			<ul style="list-style-type: none"> Revamped attendance management system (strengthened working hour management) Revised personnel management system 	<ul style="list-style-type: none"> Ensuring compliance with regulations that limit working hours effective from April 2024 Establishing a system suited to prevailing trends and creating a comfortable working environment

(Supplement) Topics in the Results of Our Priority Measures

■ Efforts to develop technologies and construction methods through industry-academia collaboration

Obtained performance certification for the one pillar-one pile method

Our one pillar-one pile method is a construction method for joining steel column feet to the bottom of steel columns and fusing the column feet and concrete piles with shell steel pipes ("SC piles") via anchor bolts. By joining one steel column to one SC pile, this method eliminates the need for base materials such as beams and footings that are used in existing construction methods.



We were awarded the Building Technical Performance Certification by the General Building Research Corporation of Japan for the structural safety of this method.

The drilling area can be reduced at sites where this construction method may be utilized, leading to **a shorter foundation construction period and lower future demolition costs, in addition to a reduced environmental impact and the method's effectiveness on land with drilling restrictions, such as investigated areas that are known to have buried cultural properties.**

We will continue to enhance our technical proposal skills to differentiate ourselves from other companies.

■ Establishment of ICHIKEN VIETNAM CONSTRUCTION CO., LTD.

From market research to conducting business activities in Vietnam

◇ ICHIKEN VIETNAM CONSTRUCTION CO., LTD. ("IKVC") was opened and began full-scale operation, including commercial activities, in Hanoi, Vietnam, in April 2022.

[Key business operations]

- (1) Contracting of construction work
Promote initiatives aimed at Japanese companies entering Vietnam's market
- (2) Construction management
Provide technical support for buildings planned by Japanese companies in Vietnam
- (3) Undertaking contracted BIM operations
Undertake BIM-related operations (data entry, etc.) assigned by Ichiken

[Relocation of IKVC and the Hanoi office due to expansion]



The total number of staff was increased to eight in April 2023. This figure is expected to increase in line with future expansion of the business, and the office was relocated in March 2023 to a facility that provides adequate working space.
(9F of the building in the photo on the left)

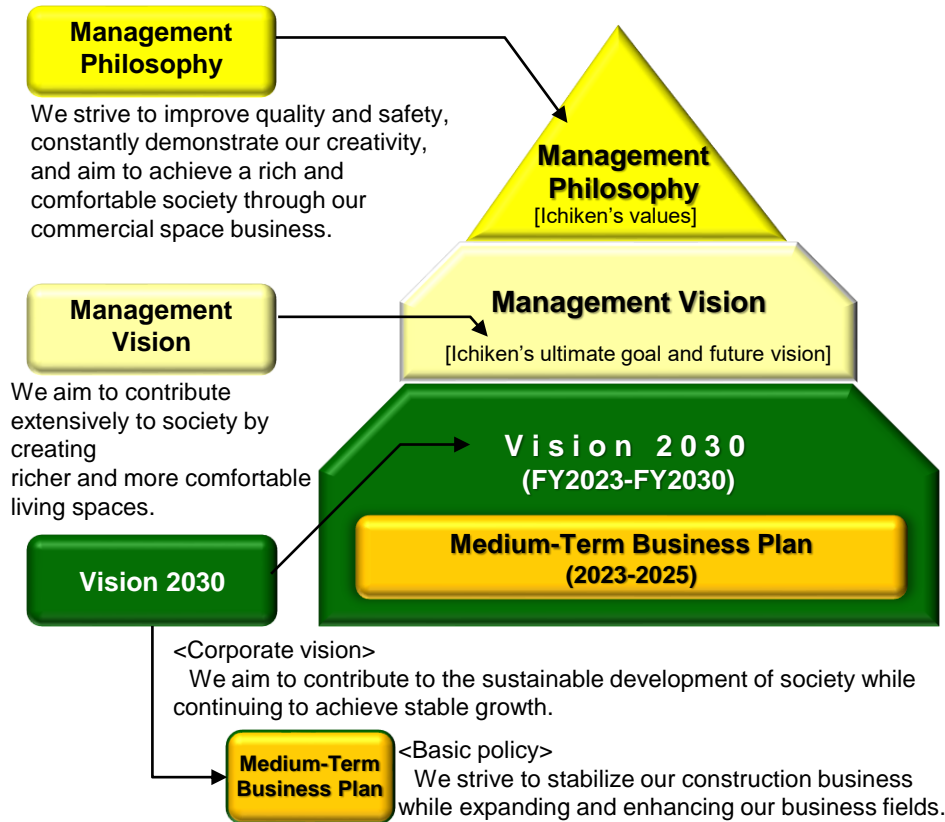
[Address of new office]
Room B2, 9th Floor, CDC
Building, 25 Le Dai Hanh,
Hai Ba Trung, Hanoi,
Vietnam

[TEL] (+84) 24-3215-1958



Vision 2030 - Positioning Vision 2030 and the Medium-Term Business Plan (2023-2025) -

■ Ichiken's philosophy structure

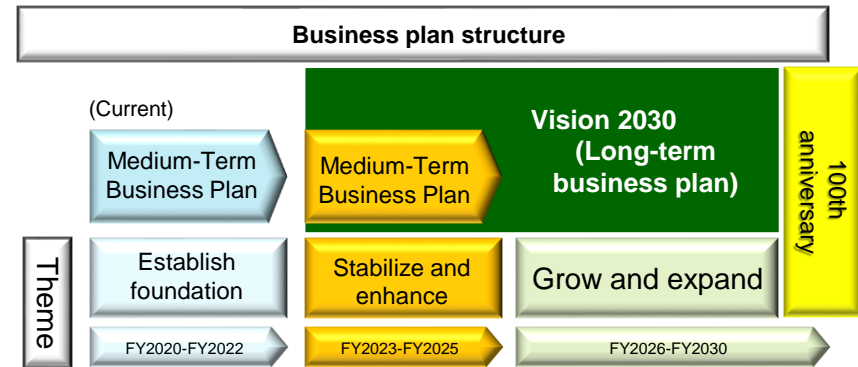


■ Purpose

We aim to be a construction company that is equipped with the capability to provide buildings that offer high customer satisfaction in terms of both quality and price while being environmentally conscious in the interest of creating a sustainable society.

■ Positioning Vision 2030 and the Medium-Term Business Plan (2023-2025)

- We have formulated Vision 2030, a long-term business plan that extends through FY2030, the Company's 100th anniversary.
- We have set management targets for the three-year period starting from the first fiscal year of Vision 2030 as the Medium-Term Business Plan (2023-2025), and we will implement measures to achieve these targets.



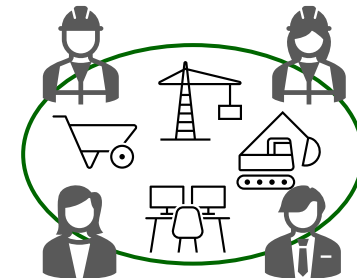
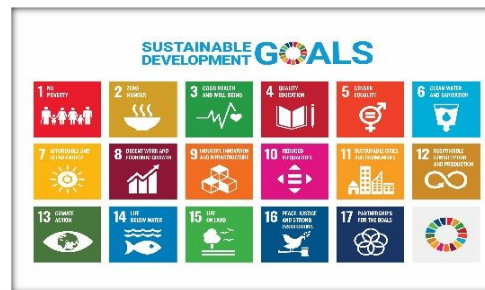
■ SDGs & ESG materiality-related initiatives

- We will promote initiatives aimed at creating a sustainable society in line with the international goals set out in the 2030 Agenda for Sustainable Development.



“Getting started with Ichiken’s SDGs/ESG initiatives”

➔ Promotional activities underway at all construction sites and offices



Vision 2030 - Basic Policy and Management Targets -

Corporate vision

We aim to contribute to the sustainable development of society while continuing to achieve stable growth.

Basic policy

- (1) Stabilize and enhance our core construction business, expand our real estate and overseas businesses as strategic businesses, and aim to expand business operations, including in new businesses
- (2) Achieve steady growth with a focus on our commercial space construction business
- (3) Pursue superior quality, safety, environment, cost, and productivity as an engineer group
- (4) Enhance and stabilize our financial base
- (5) Create a comfortable workplace and improve the capabilities and job fulfillment of each and every employee
- (6) Constantly adapt to the needs of society and become a company that is resilient to environmental changes

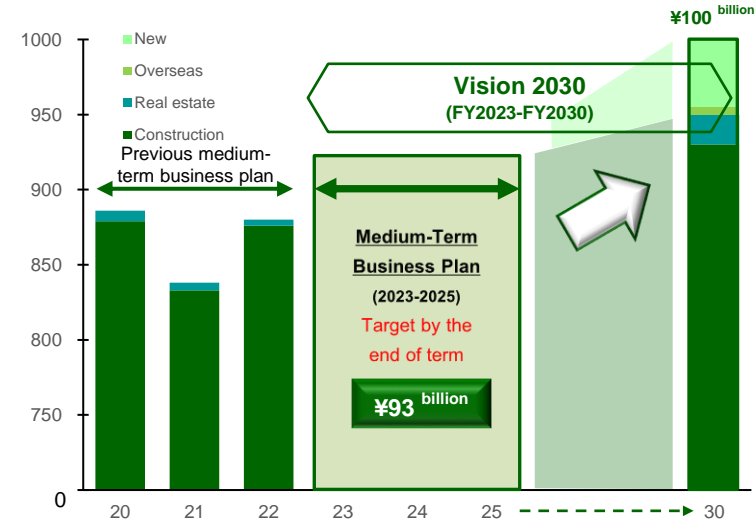
Management targets

Key Performance Indicators

	FY2022 (FYE March 2023) (Results)	FY2030 (FYE March 2031) (Targets)	Breakdown for FY2030			
			Segment name	Net sales	Gross profit	
Net sales	¥88 billion	¥100 billion	Core business	Construction business	Around ¥95 billion	8.5%
Operating profit margin	3.0%	About 5%	Strategic businesses	Real estate business	Around ¥2 billion	Rent 25%
Total assets	¥55.7 billion	Around ¥90 billion		Overseas business	Self-supporting accounting of Vietnam operation	Around ¥200 million
Number of personnel at end of fiscal year	644	Around 800	New businesses		Around ¥5 billion	About 10%

Targets for net sales

(Hundreds of millions of yen)



Measures for strategic businesses and new businesses

Real estate business

- Secure income-generating properties (expand real estate leasing business)
- Generate orders for construction work in combination with real estate development and trading

Overseas business

- Promote overseas business (Vietnam operation)

New businesses

- Consider engaging in fields related to the construction business, including strengthening existing businesses

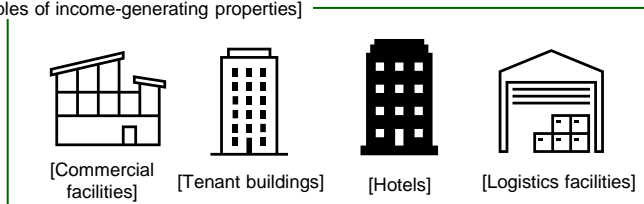
Vision 2030 - Business Measures (Real Estate Business) -

Real estate business

Secure income-generating properties (expand real estate leasing business)

- Secure a stable source of revenue from rental income (to supplement revenue from the construction business)
- Own assets of a certain magnitude as collateral assets to ensure flexible loan execution
- Determine whether each property will be held for short-term trading purposes (real estate for sale, etc.) or long-term holding purposes (non-current assets) by taking both revenue and financial considerations into account

[Examples of income-generating properties]



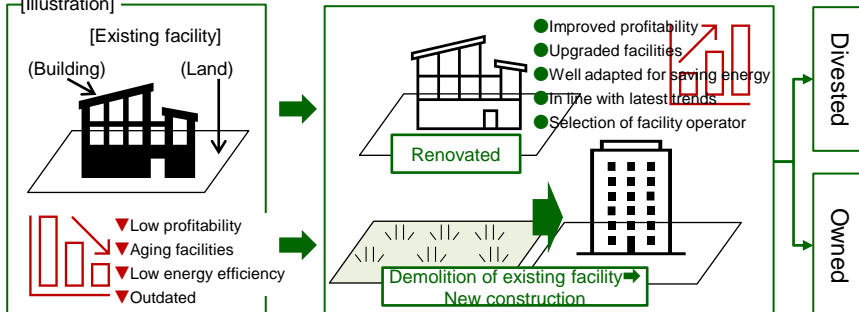
- Acquire new properties through cyclical investment (and partially through loans, etc.) (see figure on the right)

Generate orders for construction work in combination with real estate development and trading

- Engage in development business (developer business)

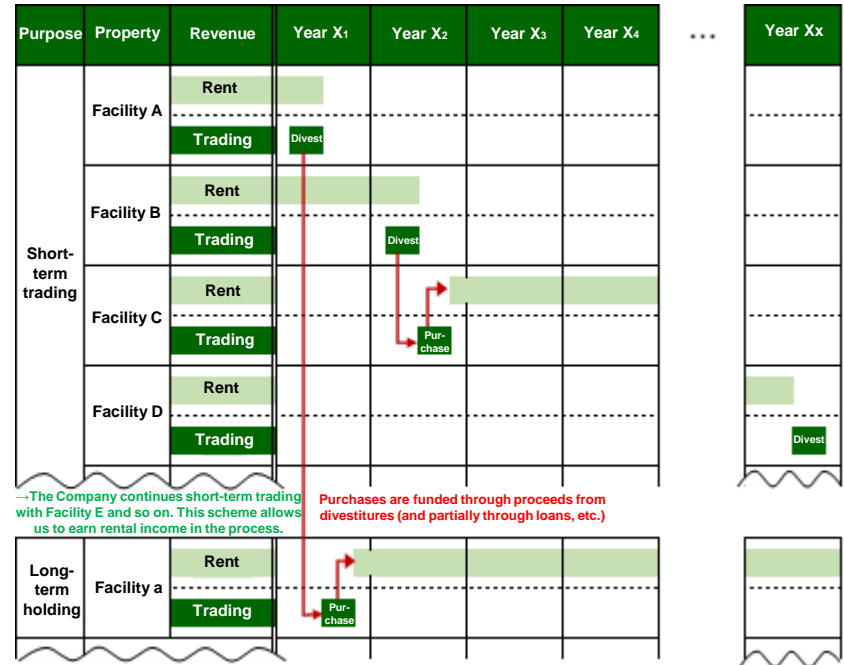
We will improve profitability by purchasing land and buildings before designing and constructing buildings, selecting facility operation companies, etc. We will consider divesting facilities whose value has increased or owning them as part of our portfolio.

[Illustration]

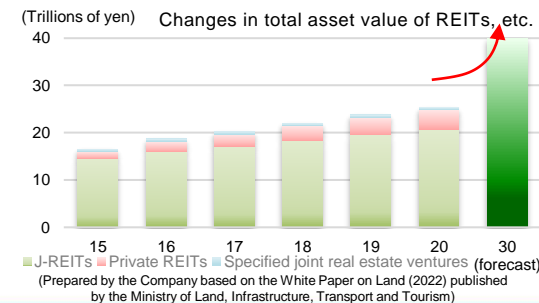


[Illustration of cyclical investment]

Funding new property acquisitions through the divestiture of existing properties (and partially through loans, etc.)



[Supplement] Marketability of real estate business



- Japan's real estate investment market has continued to expand after the COVID-19 pandemic.
- The Government has set a target for the total asset value of REITs, etc., of approximately ¥40 trillion by around 2030, with the goal of creating quality real estate stocks.

New business opportunities

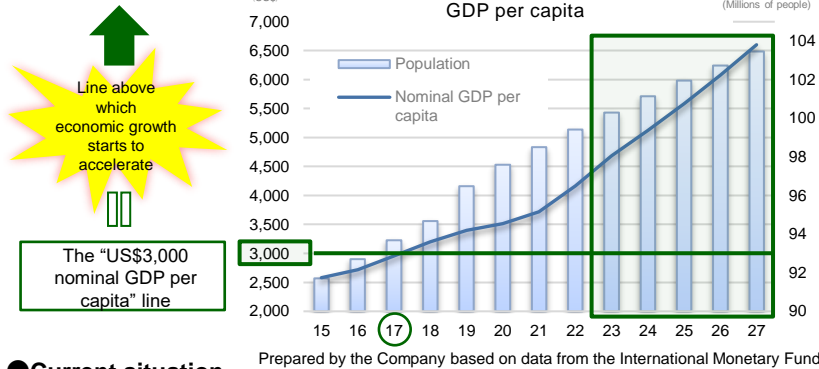
Vision 2030 - Business Measures (Overseas and New Businesses) -

Overseas business

■ Promote overseas business (Vietnam operation)

● Economic conditions in Vietnam

© Vietnam's economic environment is expected to expand. Investments aimed at improving the country's living environment and domestic demand are expected to grow.



● Current situation

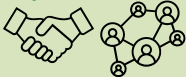
Our local subsidiary IKVC (Note 1) is currently implementing the business plan "Phase 2" (Note 2) in Vietnam.

(Note 1) IKVC is the abbreviation for our overseas subsidiary ICHIKEN Vietnam Construction Co., Ltd.

(Note 2) Contracting of construction work, contracted construction management, and contracted BIM operations

● Considerations for 2030

Business and capital alliances



- Support contracting of new construction work (Establishing a network of subcontractors, etc.)
- Increase number of partnership companies

Business investment



- Invest in development projects, etc.

Acquire and nurture human resources

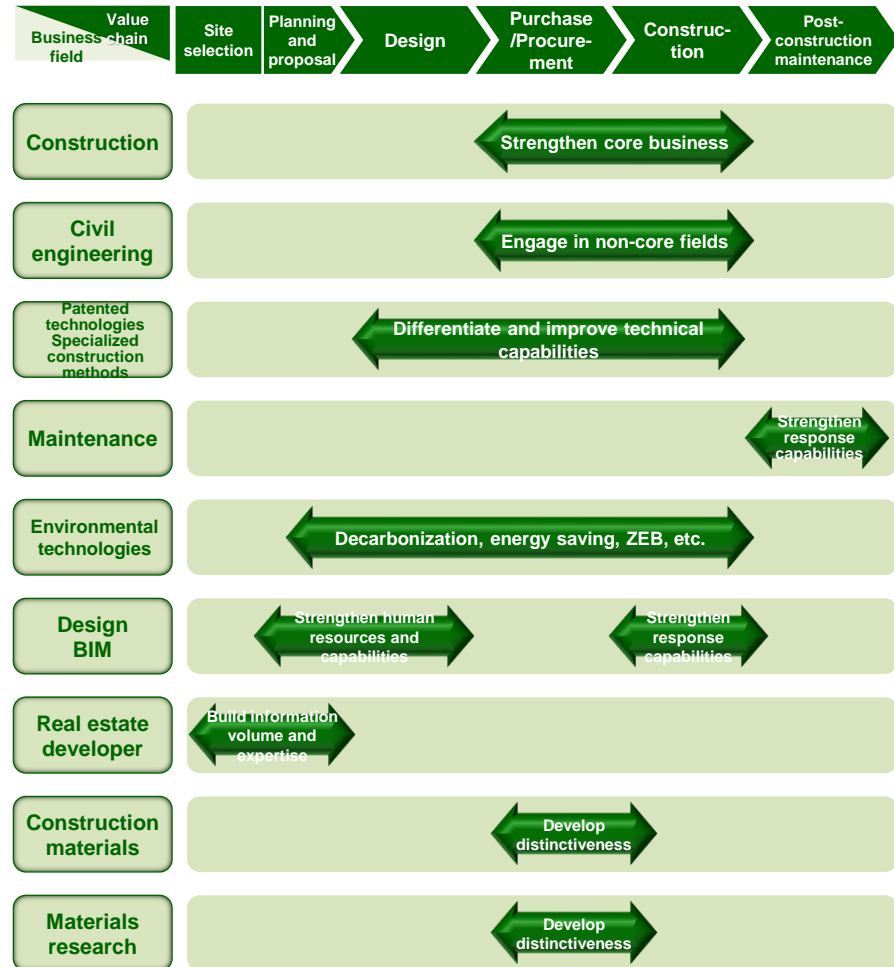


- Hire local employees and undertake contracted BIM operations (from sources outside Ichiken)
- Conduct education on the needs of Japanese companies

New businesses

■ Consider engaging in fields related to the construction business, including strengthening existing businesses

● Aim to expand business operations and business fields through M&A, alliances, etc.



Vision 2030 - Capital Measures and Investment Plan -

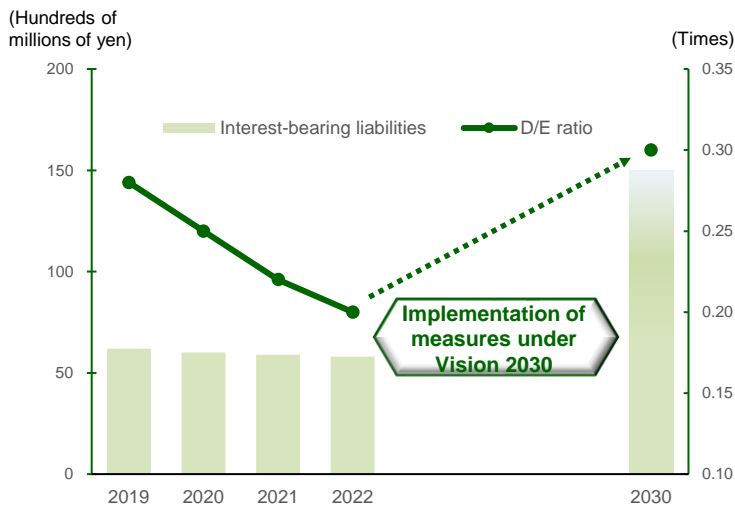
Capital measures

Key Performance Indicators

ROE	Dividend payout ratio	Equity ratio	D/E ratio
8% or more	About 30%	50% or more	About 0.3 times

Shareholder return policy Our dividend policy is primarily focused on paying stable dividends. Our policy aims to strike a balance between investment and the distribution of dividends in order to build a foundation for future growth.

Illustration of interest-bearing liabilities and D/E ratio



Investment plan

Invest a total of ¥30 billion by FY2030

Growth investment

Leverage M&A, etc.

- Expand business fields, enhance functionality, and expand personnel
- Acquire specialized technologies
- Research and master construction methods

¥10 billion



Real estate business

Supplement revenue from construction business

- Secure income-generating properties
- Engage in real estate development business
- Generate orders in combination with real estate trading

¥10 billion



Overseas business

Promote business development in Vietnam

- Expand business foundation (business partners, etc.)
- Expand partnerships with local companies
- Acquire and nurture human resources

¥3 billion



Human resources development

Reinforce human capital

- Recruit human resources
- Nurture the next generation of leaders
- Conduct education and training

¥4 billion



Digitalization

Adapt to a digital society

- Promote digital transformation
- Nurture human resources for digital operations
- Update security measures and upgrade IT equipment

¥3 billion



Medium-Term Business Plan (2023-2025) - Basic Policy, Business Measures, and Management Targets (Financial Targets) -

Basic policy

We strive to stabilize our construction business while expanding and enhancing our business fields.

(1)	Stabilize our core construction business	→ Increase net sales of completed construction contracts for commercial facilities
(2)	Expand business fields to achieve sustainable growth	→ Group management (consolidated financial statements, governance, etc.)
(3)	Implementation of ESG (environment, social, and governance) management practices	→ Implementation of ESG materiality

Business measures

<Initiatives for each segment>

Construction business

- Strengthen profitability of commercial facilities
- Promote digital transformation
- Consider continuing capital and business alliances with operating companies in construction and related fields

Real estate business

- Increase rental income (purchase new properties, etc.)
- Expand trading transactions → Expand transactions that are potentially relevant to orders for construction work as a strategic investment

Overseas business

- Conduct “Phase 2” verification for Vietnam operation (full-scale business activities, strengthening collaboration with IKVC (Note), etc.)
- Determine timeline for transition to “Phase 3” of Vietnam operation (commercialization prospects and profitability)

(Note) IKVC is the abbreviation for our overseas subsidiary ICHIKEN Vietnam Construction Co., Ltd.

Management targets

<Financial targets and investment plan>

Financial targets	Previous medium-term business plan (averages)	Targets to be achieved during the term of the plan
Net sales	¥86.8 billion (average)	¥93 billion
Operating profit margin	4.6% (average)	About 5%
ROE	10.5% (average)	8% or more
Dividend payout ratio	29.1% (average)	About 30%*

(*Net assets in excess of ¥30 billion)

Investment plan: Allocation of approximately ¥10 billion from the total investment amount of ¥30 billion for Vision 2030

Key points for construction business

Key point (1)

Create properties with high income generation potential

- Step up renovations of commercial stores
 - Diversify sales methods and nurture human resources with the required know-how
- [Planning and proposal-based]
Environment, energy-saving, earthquake resistance, subsidies, BIM utilization, etc.
- [Business participation-based]
Land acquisition, PPPs/PFIs, investments, SPCs, etc.

Key point (2)

Improve technical capabilities

- Continue to engage in construction method research (patents, industry-academia collaboration efforts, etc.)
- Pass on technologies and technical know-how

Key point (3)

Promote digital transformation

- Improve productivity
- Prepare for establishment of full-time organization (recruitment and implementation of digital education)
- Establish utilization of BIM and leverage ICT tools

Key point (4)

- Continue to consider new businesses in construction-related fields

Key point (5)

- Reform work styles (efforts to comply with regulations that limit working hours, etc.)

Medium-Term Business Plan (2023-2025) - Management Targets (Non-financial Targets) -

Management targets

<Non-financial targets> Implementation of ESG materiality

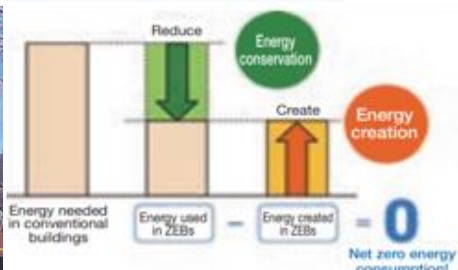
(Excerpted from content disclosed on December 24, 2021; partially revised)

	Material Issues	Content of Initiatives	Indicators	2023 Targets	2024 Targets	2025 Targets	
Environment	Address climate change risk	Reduce CO ₂ emissions at work sites	Percentage reduction in CO ₂ emission intensity (Scope 1 & 2)	11%	13%	15%	
		Promote green procurement	Quantity of green procurement at work sites (number of items)	8 items	10 items	10 items	
			Quantity of green procurement at offices (percentage of procurement value)	65%	70%	70%	
		Propose ZEBs	Number of client proposals	2 or more per year	2 or more per year	3 or more per year	
		Promote performance evaluations through CASBEE	Environmental performance efficiency (BEE value)	1.0 or more	1.0 or more	1.1 or more	
	Build a circular society	Curb and reduce waste	Percentage of waste separated	90%	92%	92%	
	Conserve biodiversity	Protect the environment	Serious environmental shortcomings	Zero cases			
		Manage hazardous substances and curb air, water, and other forms of pollution	Amount of hazardous substances treated (percentage properly treated)	100%			
Volunteer and donate money		Number of times conducted (number of activities, amount donated reported in environmental accounting)	1 or more per year				
Social	Improve job fulfillment (work-life balance)	Reduce overtime	Percentage of employees working more than 45 hours of overtime per month (annual average)	10%	0%	0%	
		Increase the amount of paid leave taken	Rate of paid leave taken	60%	65%	70%	
	Promote diversity	Reduce turnover rate among employees who have been with the Company for less than three years	Turnover rate (less than three years at the Company)	15% or less			
		Encourage certification in related national qualifications, etc.	Percentage of employees with technical certifications (those who meet the qualification requirements)	80% or more			
		Implement practical trainings	Attendance rate	Maintain at 100%			
			Increase the ratio of employees taking childcare leave (by gender)	Ratio of employees taking childcare leave (male)	5% or more		
	Facilitate operational efficiency	Promote digitalization leading up to DX	Ratio of employees taking childcare leave (female)	Maintain at 100%			
			Increase the number of female employees in management positions	Percentage of female employees among those holding management positions	10% or more		
		Increase the number of mid-career hires in management positions	Percentage of mid-career hires among those holding management positions	Maintain at 35% or more			
	Foster partnerships	Promote the introduction of the Construction Career Up System	Rate of plan progression	100%			
		Promote health and safety activities	Promote BIM initiatives that utilize digital twin technology	Rate of plan progression	100%		
			Promote and commercialize useful technological developments through industry-academia collaboration	Number commercialized	1 or more	1 or more	2 or more
	Strengthen business continuity	Promote the introduction of the Construction Career Up System	Percentage of employees with working history registered on the Construction Career Up System	35%	40%	50%	
			Frequency rate	0.7			
			Intensity rate	0.07			
Governance	Strengthen corporate governance	Conduct trainings based on our Business Continuity Plan (BCP)	Number of trainings conducted / Response rate during safety confirmation drills (within one hour)	17 times (83%)	17 times (86%)	17 times (90%)	
		Compile the skills, etc. required of Directors	Disclosure of skills matrix in convocation notices for general meetings of shareholders	1 time per year			
		Evaluate the effectiveness of the Board of Directors	Effectiveness evaluations via surveys / Discussions	1 time per year			
		Strengthen information security	Rate of plan progression (System improvement plan / Information security training plan)	Maintain at 100%			
	Collaborate with stakeholders	Improve the effectiveness of our whistleblower system	Reports on operational status at meetings of the Risk Management Committee	4 times per year			
		Conduct IR activities on an ongoing basis	Continued IR briefings	2 times per year			
		Expand scope of English-language information disclosure	English translation of key parts of convocation notices for general meetings of shareholders and financial results summaries	1 time / 4 times per year			
		Enhance information disclosure related to sustainability	Management and disclosure of ESG materiality progress	1 time per year			

(Supplement) Topics in ESG Initiatives

(1) [Environment] ZEB proposal and results obtained at VIERRA Maita

We embarked on this project as the fourth commercial complex in Japan to be converted to ZEB (as of the June 2020 plan). Construction was completed in September 2022.



■ **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.

(2) [Environment] Organizing volunteer activities for biodiversity conservation

■ **Greenery conservation activities** were conducted at the Kiyose Matsuyama Green Conservation Area through a collaboration between the Tokyo Metropolitan Government Bureau of Environment (Tokyo Environmental Public Service Corporation), ICHIKEN Co., Ltd., the Kiyose Nature Conservation Society, and the Academy of Natural Environment, Nonprofit Organization.

■ The activities were held on March 11, 2023. 40 employees from the Company participated, including the President.



(3) [Social] Establishment and promotion of the DX Promotion Project

This project was established to spearhead utilization of IT and digital technologies in view of the Company's digital transformation (DX) efforts for enhancing operational efficiency.



(Utilizing digital signages)

- Promoted the study, introduction, and standardization of tools to improve on-site productivity
- Introduced a sales support system to leverage sales information, which facilitated sales activities and enhanced productivity
- Promoted the digitalization of administrative work to shorten working hours and improve work efficiency



- ◎ **Reformed work styles by making progress in productivity enhancement**
- ◎ **Passed on know-how through conversion to digital data**

(4) [Governance] Strengthening collaboration with stakeholders

■ In order to help investors understand the Company better in an accessible way, an analyst report has been prepared by Shared Research Inc., which we have now disclosed in both Japanese and English.

■ We have enhanced information disclosure to overseas investors by providing English translations of key parts of our convocation notices for general meetings of shareholders and financial results summaries.

■ To strengthen ties with stakeholders, we will continue to enhance English-language disclosures and conduct IR briefings, while simultaneously focusing on the dissemination of non-financial information.



III.

Choice of Listing Market

Choice of Listing Market

- In view of our compliance status with the latest continued listing criteria on the Prime Market, we have filed an application for the selection of the Standard Market.
- We will invest management resources in Vision 2030 and our Medium-Term Business Plan from a medium- to long-term perspective.

Compliance status for Prime Market

	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
Transition Reference Date (as of June 30, 2021) <small>*Calculated by Tokyo Stock Exchange, Inc.</small>	42,213 units	¥8,009.43 million	57.9%	¥35.53 million
Latest Record Date (as of March 31, 2023)	46,070 units	¥8,341.50 million (Average share price from January to March 2023)	63.2%	¥34.73 million (Average from January to December 2022)

Compliance status for Standard Market

	No. of Tradable Shares	Tradable Share Market Cap	Tradable Share Ratio	Average Monthly Trading Volume
Continued Listing Criteria	At least 2,000 units	At least ¥1 billion	At least 25%	10 units
Latest Record Date (as of March 31, 2023)	46,070 units	¥8,341.50 million (Average share price from January to March 2023)	63.2%	3,847 units (Average from July to December 2022)

After transitioning to the Standard Market, we will continue to work on achieving the targets set out in our respective plans, strengthen corporate governance, and promote SDGs and ESG materiality-related initiatives in order to enhance our corporate value.

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!



Click here for
Shared Research Inc.
research report.

<https://sharedresearch.jp/en/companies/1847>



- 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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