



ICHIKEN Co., Ltd.

Stock Exchange Code: 1847

Six Months Ended September 30, 2023 Financial Results Briefing Materials

December 6, 2023

Bringing the future to you through
innovative living spaces

ICHIKEN For Your Living Space

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I.

Overview of Financial Results for the Six Months Ended September 30, 2023

Business Environment

1. Despite a gradual recovery backed by the normalization of social and economic activities, 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 been steady, and for private sector capital investment, construction of commercial facilities and hotels is showing signs of picking up accompanying the recovery in consumer spending and increase in inbound demand, 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 the Six Months Ended September 30, 2023

<Announcement on October 31, 2023 of revised financial results forecast for the six months ended September 30, 2023>

1. [Increased Orders Received] Orders for large logistics facilities, etc.
2. [Increased Revenue] Increase in orders received, steady progress on construction contracts in progress, and sale of real estate for sale
3. [Increased Profit] Sale of real estate for sale

(Millions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023			(Target Before Revision)	Target After Revision	Change in Target Before and After Revision (%)	
	Amount	Amount	YOY Change	Change (%)	Amount	Amount		
Orders	39,520	51,316	11,795	29.8%	-	-	-	
Contracts carried over	79,382	81,311	1,929	2.4%	-	-	-	
Net sales	44,534	49,487	4,952	11.1%	45,000	49,400	9.8%	
Breakdown	Projects completed	44,307	46,529	2,221	5.0%	-	-	-
	Real estate business	226	2,957	2,730	1,206.1%	-	-	-
Gross profit	3,060	3,420	359	11.7%	-	-	-	
Breakdown	Projects completed	2,956	2,786	(169)	(5.7)%	-	-	-
	Real estate business	104	633	528	505.3%	-	-	-
SG&A	1,393	1,483	89	6.4%	-	-	-	
Operating profit	1,666	1,937	270	16.2%	1,350	1,930	43.0%	
Ordinary profit	1,642	1,894	251	15.3%	1,300	1,890	45.4%	
Extraordinary income or loss	-	(2)	-	-	-	-	-	
Profit	1,106	1,393	286	25.9%	900	1,390	54.4%	

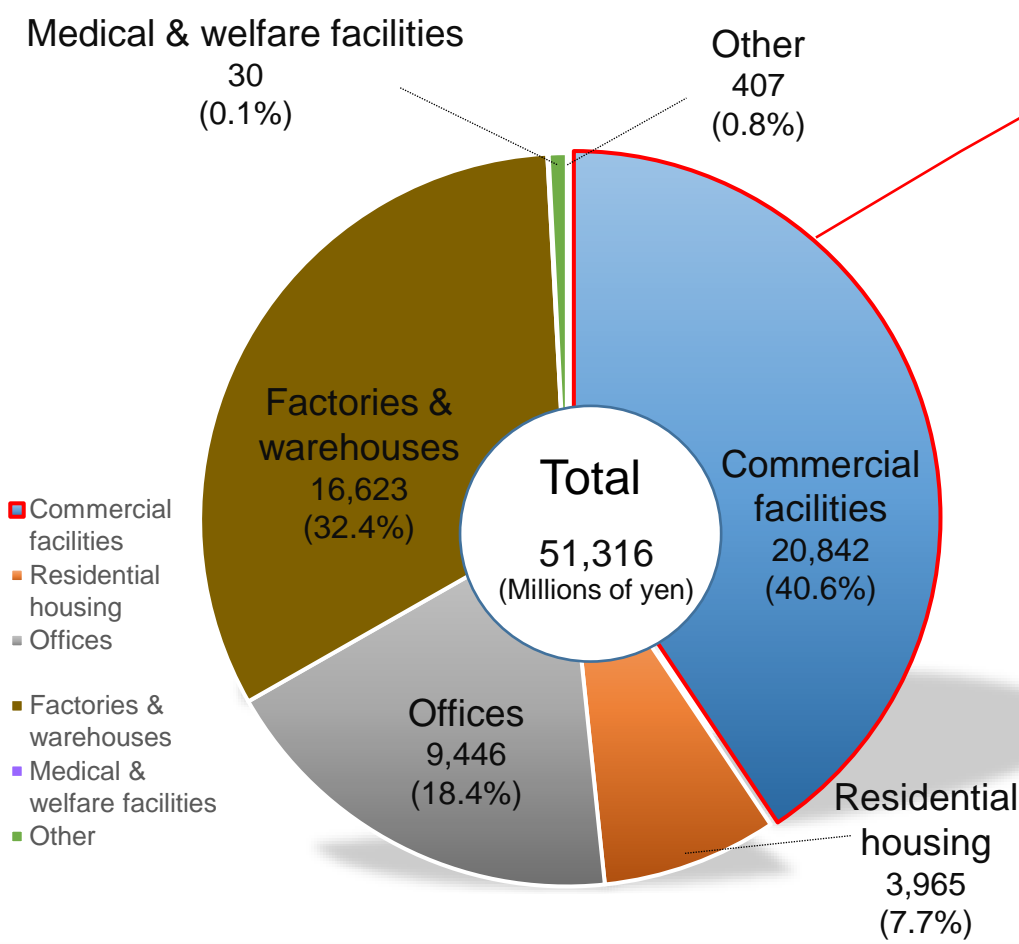
Breakdown by Category (1)

(Millions of yen)

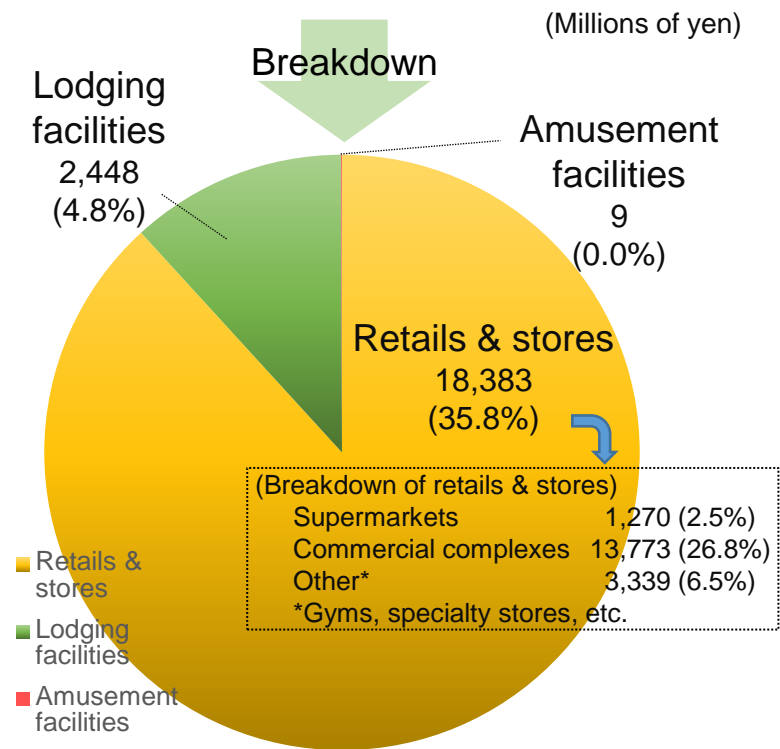
		Orders		Completed Construction Contracts		Contracts Carried Over		
		Amount	Share	Amount	Share	Amount	Share	
Construction Business	Commercial facilities	20,842	40.6%	28,900	62.2%	33,531	41.2%	
	Breakdown	Retails & stores	18,383	35.8%	25,009	53.8%	25,734	31.6%
		Lodging facilities	2,448	4.8%	3,871	8.3%	6,196	7.6%
		Amusement facilities	9	0.0%	19	0.1%	1,600	2.0%
	Residential housing	3,965	7.7%	13,262	28.5%	19,480	24.0%	
	Offices	9,446	18.4%	2,245	4.8%	10,509	12.9%	
	Factories & warehouses	16,623	32.4%	1,446	3.1%	17,216	21.2%	
	Medical & welfare facilities	30	0.1%	469	1.0%	-	-	
	Other	407	0.8%	202	0.4%	564	0.7%	
	Total	51,316	100.0%	46,527	100.0%	81,302	100.0%	
Civil Engineering Business Total		-	-	2	0.0%	9	0.0%	
Total		51,316	100.0%	46,529	100.0%	81,311	100.0%	

Breakdown by Category (2) Orders

■ Orders received for commercial facilities decreased (YOY decrease of ¥28,860 million/28%).
■ As sales formats in the retail industry changed, responded to needs for construction of logistics facilities connected to the retail industry.

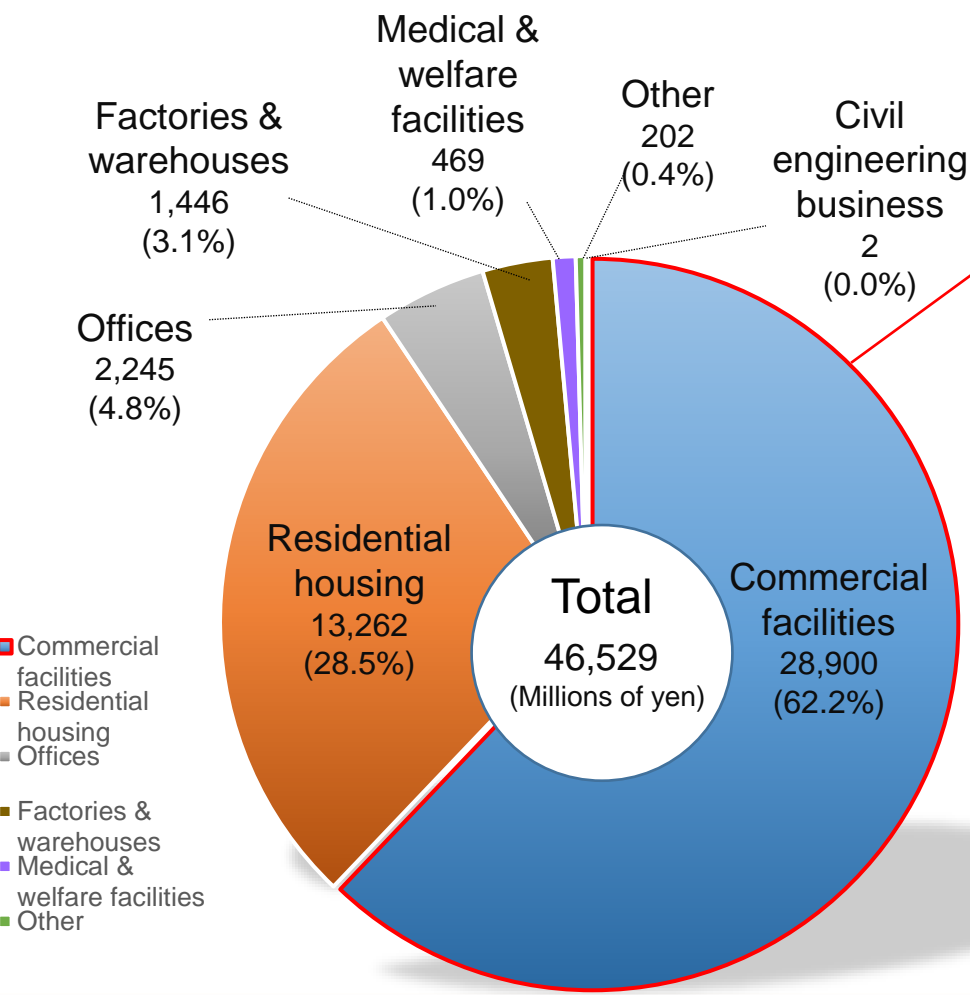


Percentage of commercial facilities
40.6%

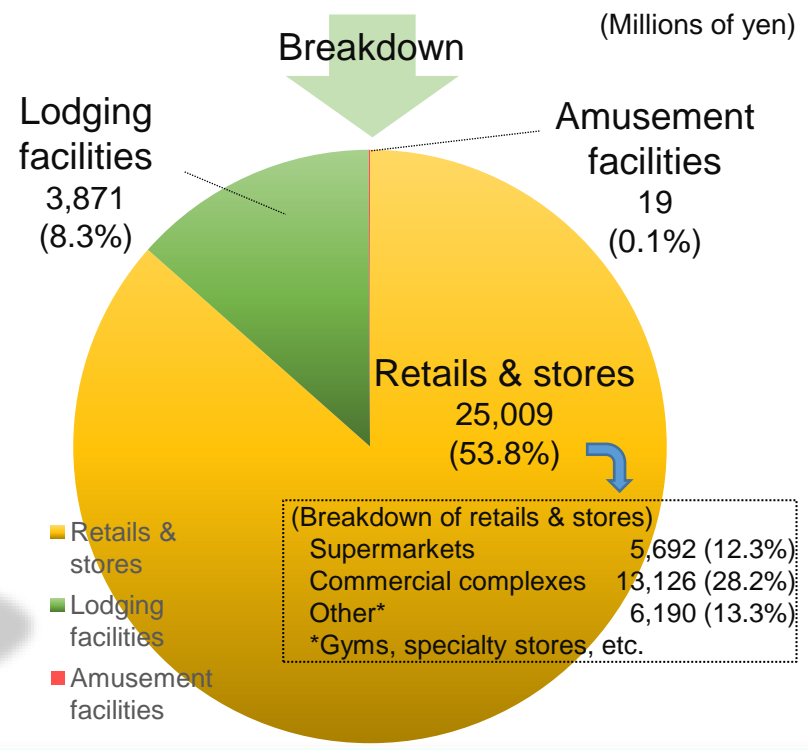


Breakdown by Category (3) Completed Construction Contracts

■ Completed construction contracts for commercial facilities increased (YOY increase of ¥21,145 million/37%).
■ Set a target to have commercial facilities account for 70% or more of completed construction contracts.

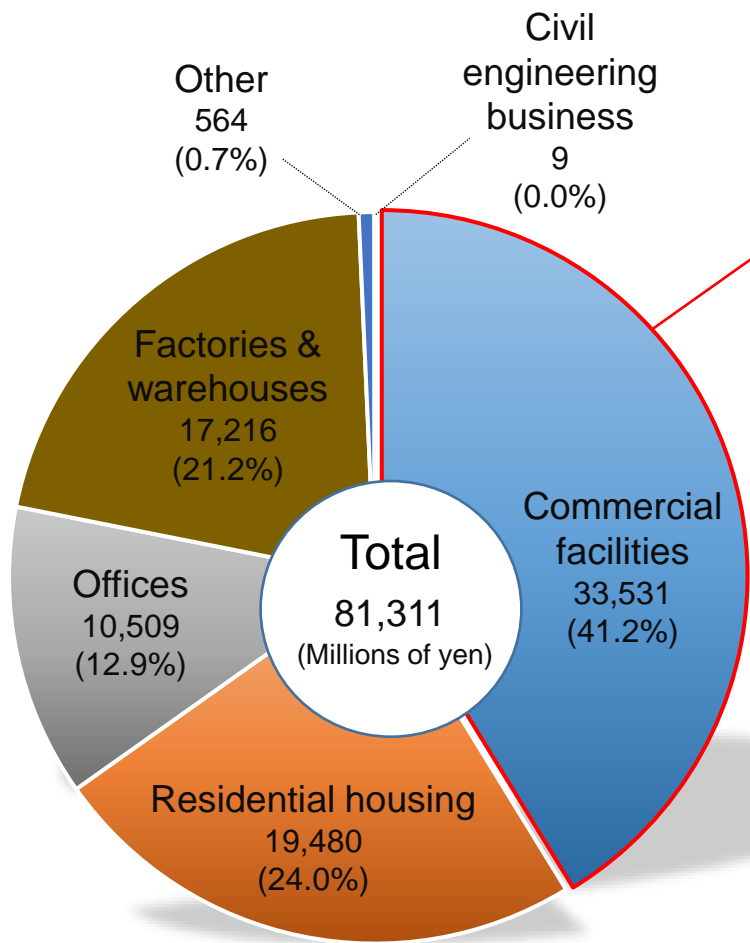


Percentage of commercial facilities
62.2%



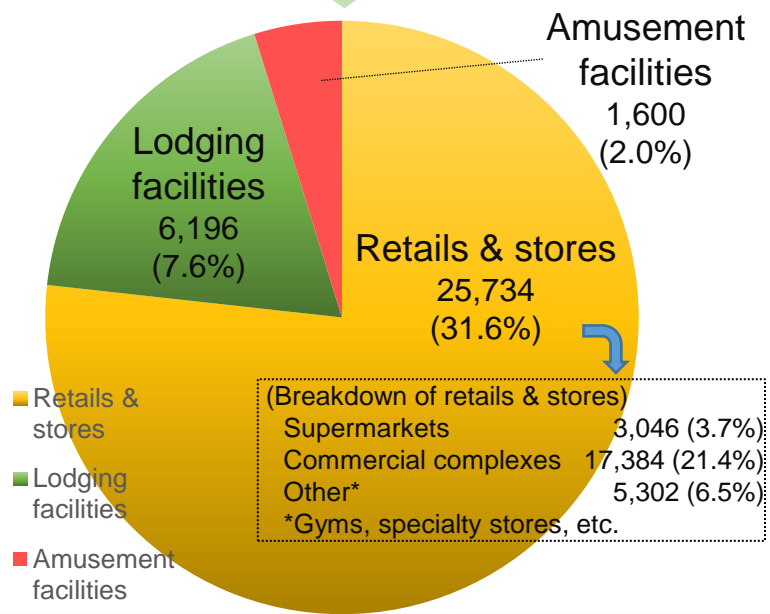
Breakdown by Category (4) Contracts Carried Over

■ Contracts carried over to the next fiscal year for commercial facilities decreased (YOY decrease of ¥42,462 million/21%).
 ■ We aim to further build up contracts for commercial facilities, among others.



Percentage of commercial facilities: 41.2%

Breakdown (Millions of yen)



Major Projects Completed & Orders Received

Major Projects Completed

Project Name	Primary Building Application	Location
Aeon Style Akabane (Aeon Style Akabane Kitahondori New Construction)	Commercial complex (Supermarket, etc.)	Tokyo
Grand Palace Oyodokahan (Grand Palace Oyodokahan New Construction)	Condominium building (for sale)	Miyazaki
Loisir Hotel Kyoto Toji (Kyoto Nishi-kujo Hotel Planned New Construction)	Lodging facility	Kyoto
i-Terrace Ochiai-minami-nagasaki ANNEX (i-Terrace ANNEX Project)	Commercial complex (Gym, etc.)	Tokyo
Hanazono Onsen sauna kukka ("Venice" Hot Bath Facilities Project)	Hot bath facility	Osaka
Nitori Shin-yamashita Store (Nitori Shin-yamashita Store New Construction)	Large specialty store	Kanagawa

Photographs of completed properties



i-Terrace Ochiai-minami-nagasaki ANNEX

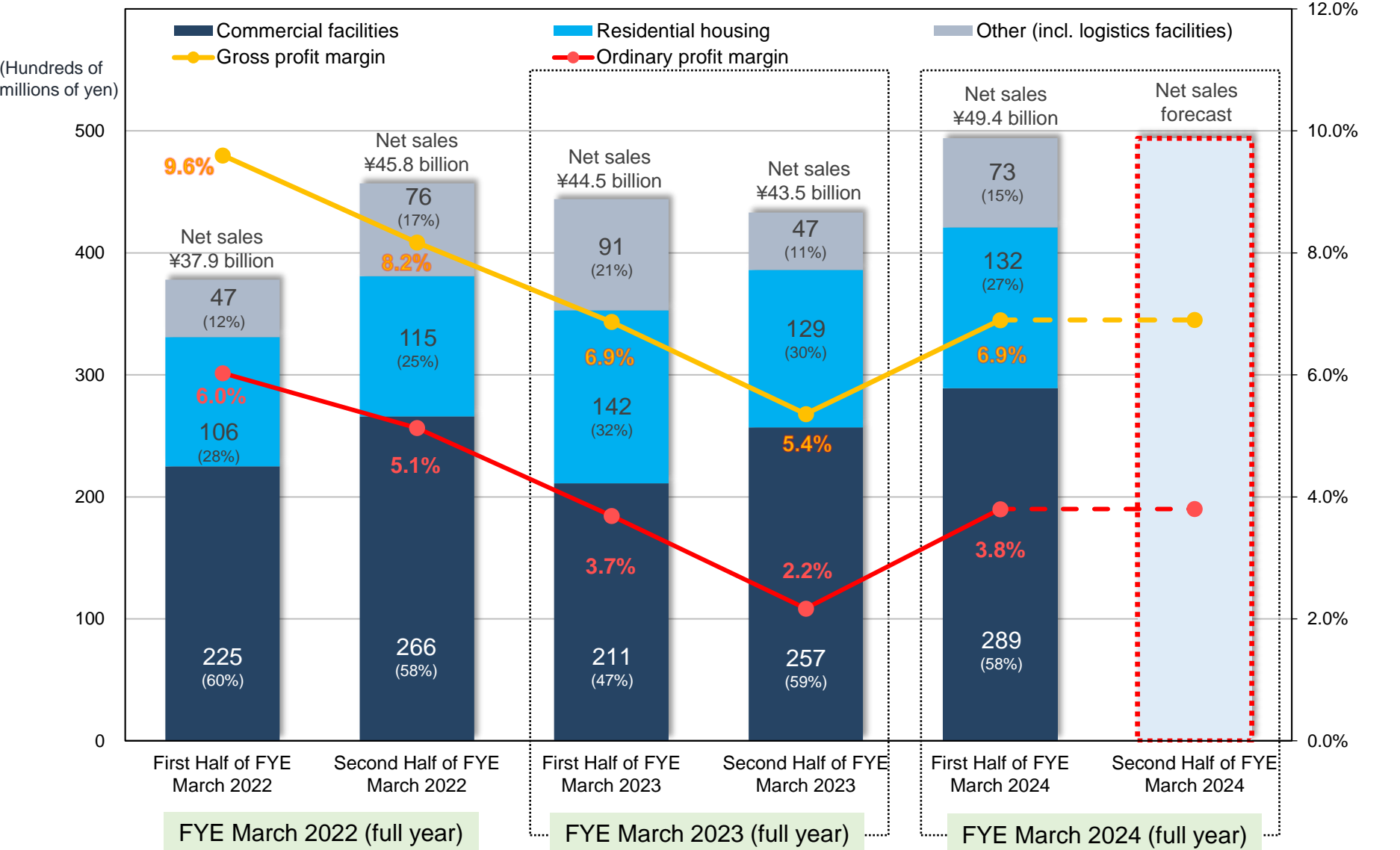
Major Orders Received

Project Name	Primary Building Application	Location
Nitori Fukuoka Distribution Center New Construction (tentative name)	Large logistics facility	Fukuoka
OK Takaida Store New Construction (tentative name)	Commercial complex	Osaka
Eco Ring New Head Office Building New Construction (tentative name)	Office	Hyogo
APA Hotel Akabane Iwabuchi Ekimae New Construction (tentative name)	Lodging facility	Tokyo
Konan 5-chome PJ New Construction (tentative name)	Office	Tokyo
Aeon Style Takata-nishi New Construction (tentative name)	Commercial complex	Kanagawa



Hanazono Onsen sauna kukka

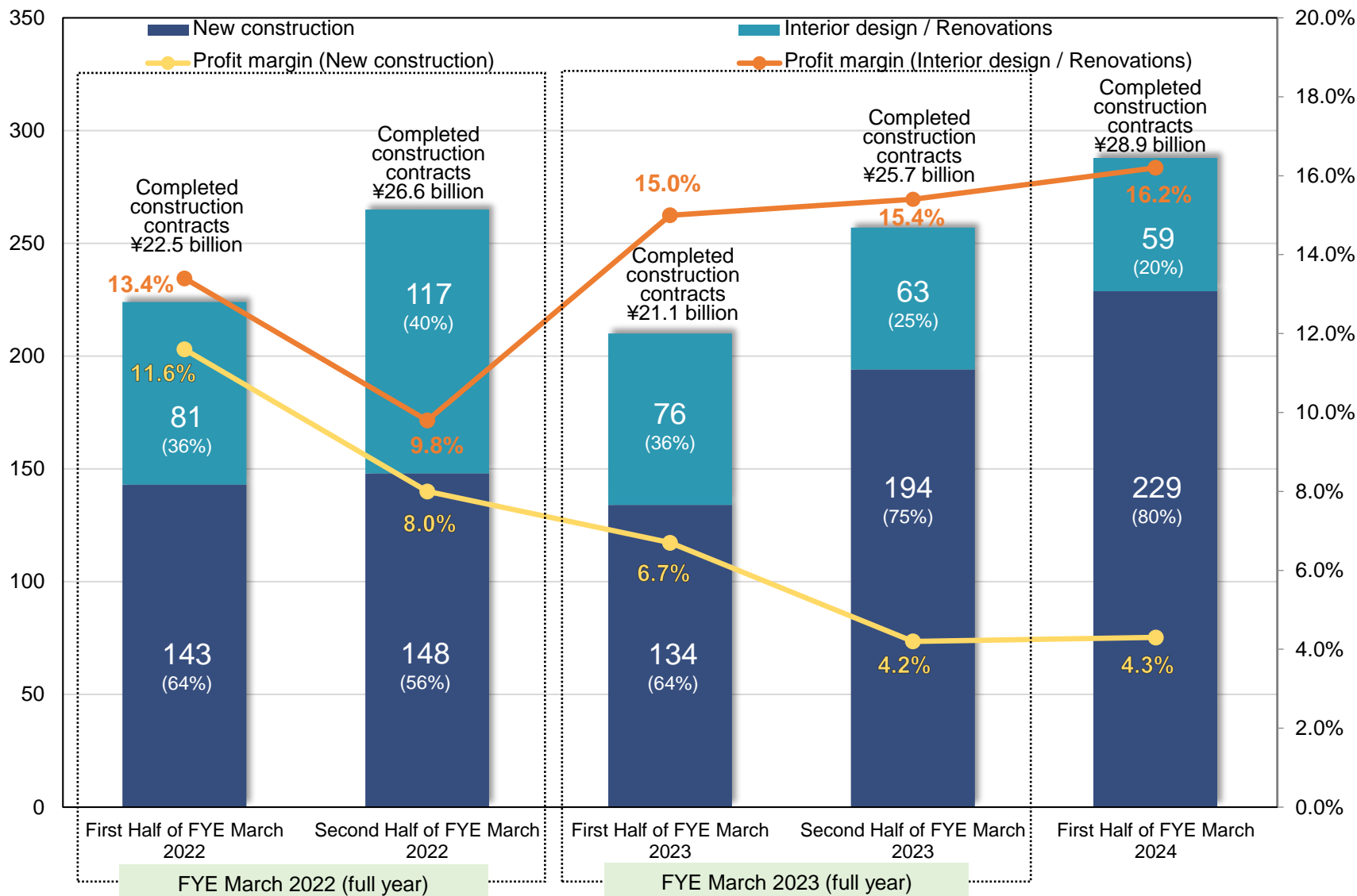
Changes in Net Sales by Project Type - Half Year (First Half of FYE March 2022 - Second Half of FYE March 2024)



Changes in Completed Construction Contracts - Half Year

[Commercial facilities: new construction vs. interior design work / renovations]
 (First Half of FYE March 2022 - First Half of FYE March 2024)

(Hundreds of millions of yen)



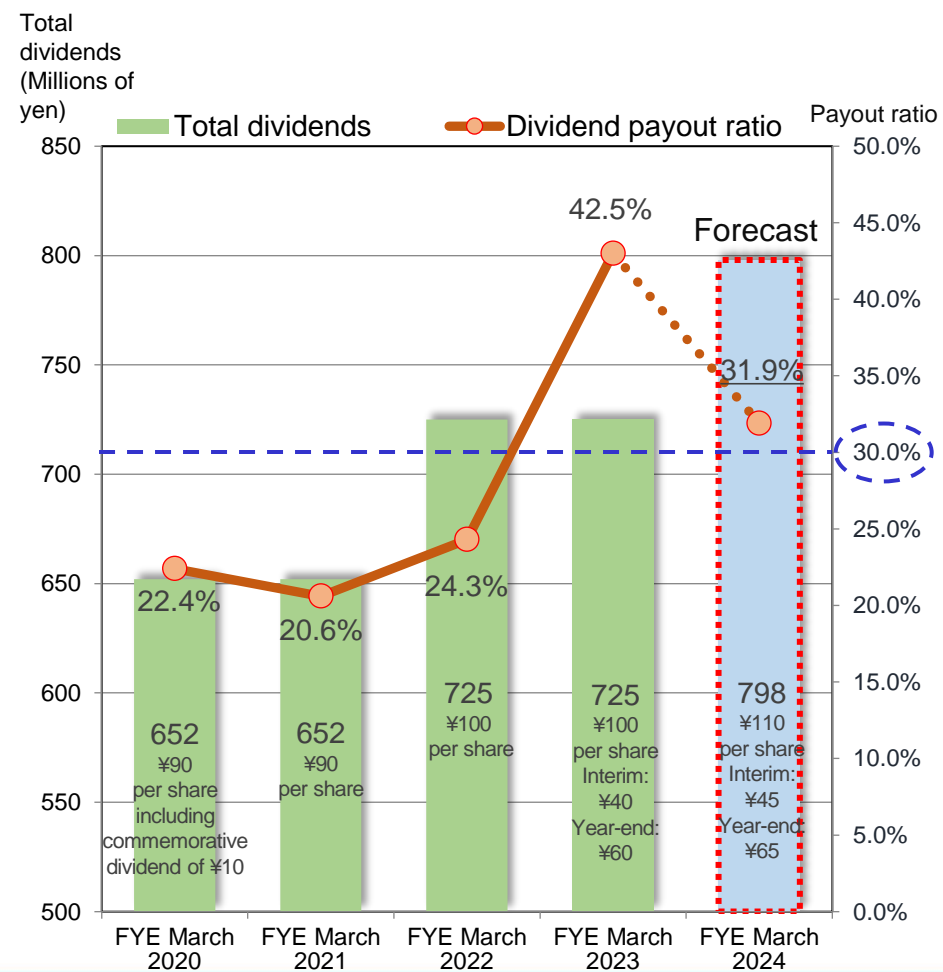
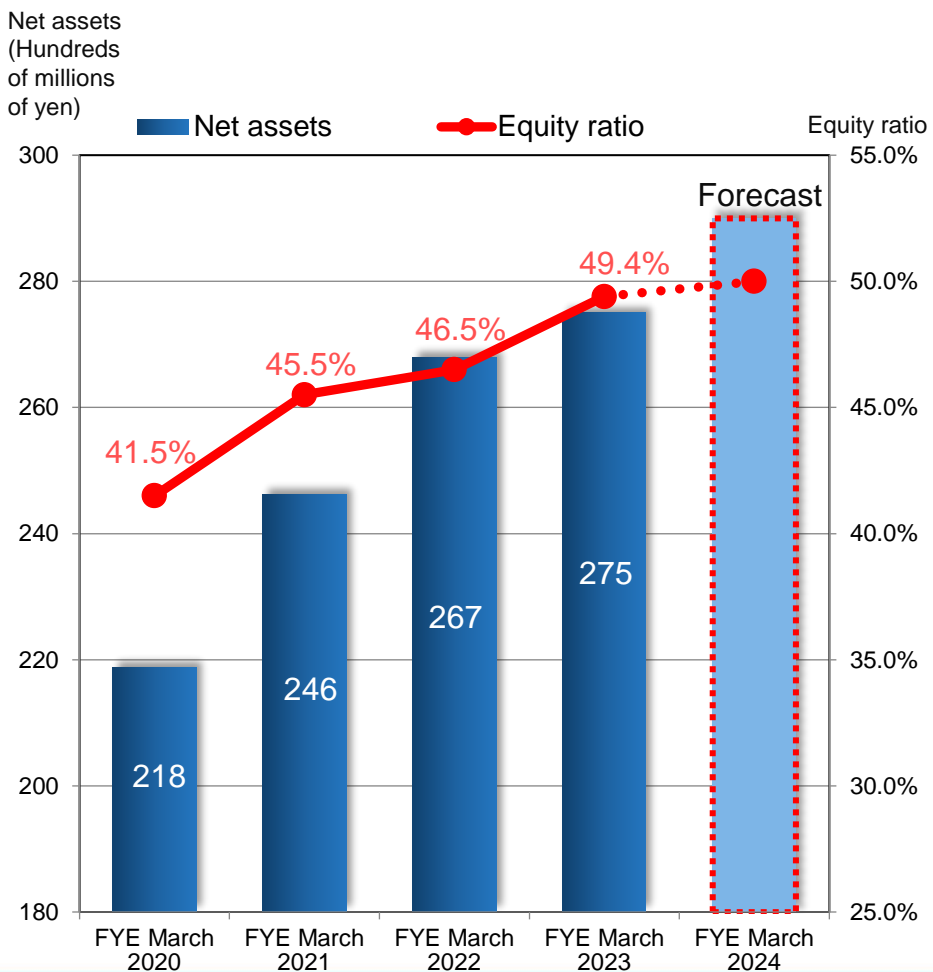
Comparative Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023	Change	
Total assets	55,714	63,737	8,022	<p>[Assets] Increased by ¥8,022 million</p> <p>(Main increases)</p> <ul style="list-style-type: none"> •Accounts receivable from completed construction contracts and other +¥2,653 million •Real estate for sale in process +¥2,079 million •Cash and deposits +¥1,847 million <p>(Main decreases)</p> <ul style="list-style-type: none"> •Real estate for sale (¥2,181 million)
Current assets	46,360	54,205	7,844	
Non-current assets	9,353	9,532	178	
Total liabilities	28,183	35,065	6,881	<p>[Liabilities] Increased by ¥6,881 million</p> <p>(Main increases)</p> <ul style="list-style-type: none"> •Accounts payable for construction contracts +¥3,611 million •Short-term borrowings +¥2,386 million •Electronically recorded obligations - operating +¥1,186 million <p>(Main decreases)</p> <ul style="list-style-type: none"> •Long-term borrowings (¥456 million) •Advances received on construction contracts in progress (¥346 million) •Accrued consumption taxes (¥155 million)
Current liabilities	22,248	29,558	7,310	
Non-current liabilities	5,935	5,506	(429)	
Total net assets	27,531	28,672	1,141	<p>[Net assets] Increased by ¥1,141 million</p> <p>(Main increases)</p> <ul style="list-style-type: none"> •Profit +¥1,393 million •Valuation and translation adjustments +¥183 million <p>(Main decreases)</p> <ul style="list-style-type: none"> •Dividends of surplus (¥435 million)
Owners' equity	27,508	28,650	1,141	
Share acquisition rights	22	22	-	

Changes in Net Assets, Equity Ratio, and Dividends

<Announcement on October 31, 2023 of revised dividend forecast (dividend increase)>
 ■ Set a target dividend payout ratio of approximately 30% for net assets of over ¥30 billion.



Statements of Cash Flows

(Millions of yen)

		Six months ended September 30, 2022	Six months ended September 30, 2023	
Cash flows from operating activities	Cash flows from operating activities	35	382	[CF from operating activities] ¥382 million increase in funds <ul style="list-style-type: none"> • Profit before income taxes +¥1,891 million • Increase in trade payables +¥4,835 million • Decrease in real estate for sale +¥2,181 million • Increase in notes and accounts receivable-trade and others (¥4,602 million) • Increase in real estate for sale in process (¥2,079 million) • Increase in consumption taxes refund receivable (¥512 million)
	Cash flows from investing activities	(98)	(18)	[CF from investing activities] ¥18 million decrease in funds <ul style="list-style-type: none"> • Purchase of property, plant and equipment (¥17 million) • Purchase of intangible assets (¥12 million)
	Cash flows from financing activities	(799)	1,483	[CF from financing activities] ¥1,483 million increase in funds <ul style="list-style-type: none"> • Net increase (decrease) in short-term borrowings +¥2,495 million • Repayments of long-term borrowings (¥565 million) • Dividends paid (¥433 million)
Total cash flow		(861)	1,847	
Cash and cash equivalents at end of period		10,796	13,500	

FYE March 2024 Financial Results Forecast

<Announcement on October 31, 2023 of revised financial results forecast for the fiscal year ending March 31, 2024>

■ Revenue and profit for the fiscal year ending March 31, 2024 are projected to rise.

(Millions of yen)

	FYE March 2023 Results	(Forecast Before Revision)	FYE March 2024 Forecast		
	Amount	Amount	Amount	YOY Change	Change (%)
Net sales	88,059	90,000	92,000	3,940	4.5%
(Gross profit margin)	(6.1%)	-	-	-	-
Operating profit	2,667	3,000	3,500	832	31.2%
Ordinary profit	2,585	2,900	3,400	814	31.5%
Profit	1,708	2,000	2,500	791	46.4%
Dividends per share	¥100 (Interim: ¥40 Year-end: ¥60)	¥100 (Interim: ¥40 Year-end: ¥60)	¥110 (Interim: ¥45 Year-end: ¥65)	¥10 (Interim: ¥5 Year-end: ¥5)	-

(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.

Ichiken's Long-Term Business Plan

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.

Corporate vision in 2030

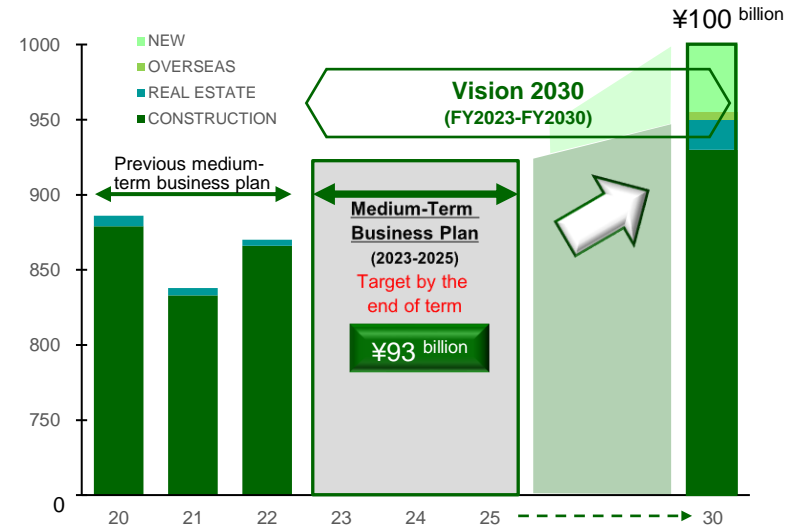
We aim to contribute to the sustainable development of society while continuing to achieve stable growth

Basic policy

- (1) Stabilize and enhance our core construction business, expand our real estate and overseas business 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

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

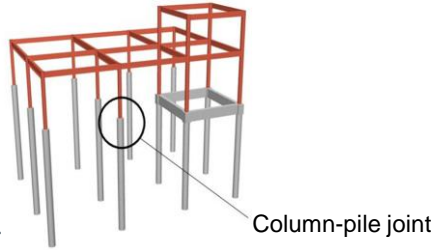
- Promote overseas business (Vietnam operation)

New businesses

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

Stabilize and Enhance Core Business

Ongoing development through industry-academia collaboration



<One pillar-one pile method>

Column-pile joint

<VIERRA Maita>



ZEB compliance for commercial facilities



ZEB compliance

DX promotion

Adapting to changes

Quickly understand changes in customer needs and pursue the ideal response
Aim to stabilize and enhance core business

Technological development

BIM

Planning and development capabilities

Planning and development from the basic concept in close cooperation with business owners



<i-Terrace ANNEX>

We worked together with the business owner over a number of years to develop the basic concept.

Increase in warehouse demand and scale



<Nitori Kobe Distribution Center>

Respond flexibly to changes in construction needs. This will also lead to accumulating know-how on constructing large facilities.

Progress in the Real Estate Business

FY2015-FY2019 Medium-term business plan

- ◎ Idle land in various regional locations that could not be used for business and low-profit condominiums held by the Company had become issues
 - ▣ Disposed of low-profit real estate

FY2020-FY2022 Medium-term business plan

- ◎ Aimed to make the real estate business a “second core business.”
 - ▣ Conducted internal training on sales methods involving real estate
 - ▣ Acquired two hotels (built by the Company) with a view toward cyclical investment
 - ▣ Promoted and implemented the next business plan for an aging shopping center (Wao City Misato Shopping Center)

FY2023-FY2025 Current Medium-Term Business Plan

- ◎ Supplement revenue from construction business
- ◎ Expand transactions that are potentially relevant to orders for construction work
 - ▣ Implemented cyclical investment
 - (Sold) hotel androoms shin-osaka
 - (Purchased) Land and buildings (renovation of the hotel is planned)
 - Location: Gora, Ashigarashimo-gun Hakone-machi, Kanagawa
 - Note: Discussions on operating the facility are currently being held with a major operator.
 - ▣ Sold the former site of Akatombo Hiroba
Currently engaged in efforts for the building orders in the next business plan



Plan to invest a total of ¥10 billion by FY2030

- Continue to implement cyclical investment
- Secure stable, quality income-generating properties
- Engage in real estate development business
- Generate orders in combination with real estate trading

⇒ Record stable net sales of ¥2 billion in the real estate business

Progress in the Overseas Business (Vietnam)



October 2018: The Hanoi office was established
Started with one person

Started market research
 •Concluded a memorandum of understanding on cooperation with the local construction company AZB JOINT STOCK COMPANY



•Strengthened relationship with FujiMart (SUMITOMO CORPORATION business group)

April 2022: The local subsidiary business was started
Promoted using a three-person staff

ICHIKEN Vietnam Construction Co., Ltd. (IKVC)
 •Undertaking contracted construction management
 •Undertaking contracted BIM operations
 •Construction contracting and related services



Plan to invest ¥3 billion by FY2030
Aim for self-supporting operations in the overseas business

As of end of September 2023: Promoting using an eight-person staff

•Started undertaking contracted BIM entry operations from the Company. Going forward, undertaking contracted quantity surveying and estimation operations is also planned.
 Strengthen the cooperative relationship between the Company and IKVC.
 •Orders are received from Japanese companies, and the number of local completed construction contracts is steadily increasing.








Example of construction project in FY2023
Design and construction of the fourth FujiMart store

•Client: FujiMart Vietnam Retail LLC.
 •Construction period: February 2, 2023 - April 28, 2023
 •Construction: IKVC

Promoting Initiatives for New Businesses

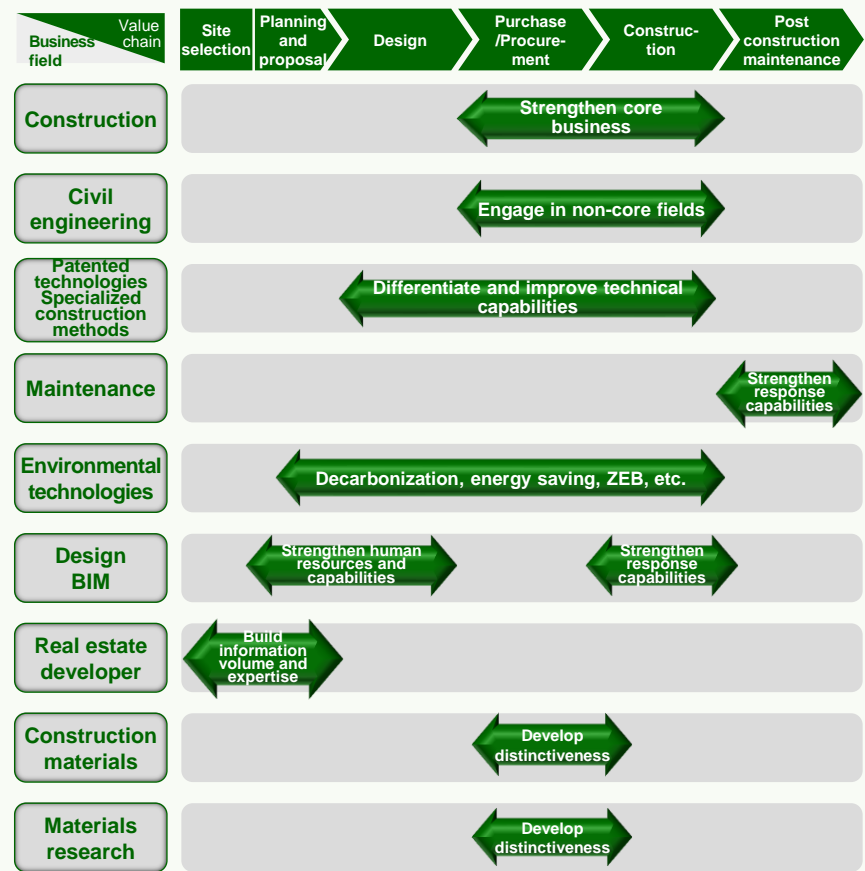
Investment plan

Invest a total of ¥30 billion by FY2030

Growth investment	<p>Leverage M&A, etc. ¥10 billion</p> <ul style="list-style-type: none"> Expand business fields, enhance functionality, and expand personnel Acquire specialized technologies Research and master construction methods 
Real estate business	<p>Supplement revenue from construction business ¥10 billion</p> <ul style="list-style-type: none"> Secure income-generating properties Engage in real estate development business Generate orders in combination with real estate trading 
Overseas business	<p>Promote business development in Vietnam ¥3 billion</p> <ul style="list-style-type: none"> Expand business foundation (business partners, etc.) Expand partnerships with local companies Acquire and nurture human resources 
Human resources development	<p>Reinforce human capital ¥4 billion</p> <ul style="list-style-type: none"> Recruit human resources Nurture the next generation of leaders Conduct education and training 
Digitalization	<p>Adapt to a digital society ¥3 billion</p> <ul style="list-style-type: none"> Promote digital transformation Nurture human resources for digital operations Update security measures and upgrade IT equipment 

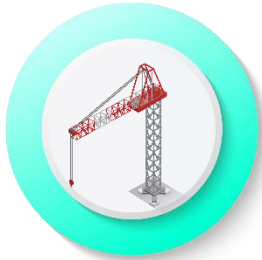
Consider engaging in fields related to the construction business, including strengthening existing businesses

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



Corporate vision

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



Stabilize and enhance construction business



Expand real estate business



Firmly establish overseas business



Promote new businesses



Respond to social issues

- Transitioned to the Standard Market on October 20, 2023
- Invest management resources in Vision 2030 and our Medium-Term Business Plan from a medium- to long-term perspective
- Stabilize and enhance the core construction business, and promote measures for strategic businesses and new businesses
- Aim to achieve the targets of the long-term business plan and realize the corporate vision

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

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



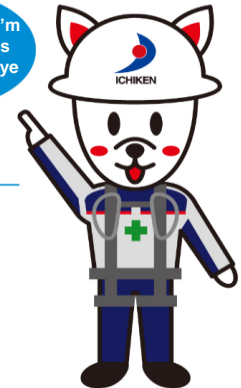
ICHIKEN Official YouTube channel
Please subscribe to our channel.

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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