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November 12, 2024

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Columbia Works Inc.
Listing: Tokyo Stock Exchange
Securities code: 146A
URL: https://columbiaworks.jp/
Representative: Hitoshi Nakauchi, Chief Executive Officer
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	16,837	92.9	3,030	89.8	2,688	99.4	1,694	98.8
September 30, 2023	8,730	-	1,596	-	1,348	-	852	-

Note: Comprehensive income For the nine months ended September 30, 2024: ¥1,694 million [98.8%]
For the nine months ended September 30, 2023: ¥852 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	537.05	-
September 30, 2023	340.85	-

Note: The year-on-year percentage is not provided here since the consolidated financial statements are prepared from this fiscal year. (FY2024)

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	41,721	11,553	27.7
December 31, 2023	32,001	7,140	22.3

Reference: Equity
As of September 30, 2024: ¥11,553 million
As of December 31, 2023: ¥7,140 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	-	0.00		91.00	91.00
Fiscal year ending December 31, 2024	-	0.00	--		
Fiscal year ending December 31, 2024 (Forecast)				110.00	110.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Forecast of consolidated financial results for the full fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full Fiscal Year 2024	20,633	42.6	3,882	42.8	3,397	42.6	2,120	39.9

	Basic earnings per share
	Yen
Full Fiscal Year 2024	655.58

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	3,470,400 shares
As of September 30, 2023	2,500,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	- shares
As of September 30, 2023	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2024	3,155,364 shares
Nine months ended September 30, 2023	2,500,000 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Cautionary Statement with Respect to Forward-Looking Statements)

This report contains forward-looking statements that reflect our plans and expectations based on the information that we currently have and conditions that we deem reasonable. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

(How to obtain the contents of the financial results briefing)

The financial result briefing for analysts is to be held on Tuesday, November 12, 2024. The recorded video of this briefing will be posted on our website promptly after the meeting. The briefing and its recorded video is in Japanese language only.

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1. Consolidated Financial Highlights

(1) Consolidated Operating Results

During the nine months ended September 30, 2024 (hereinafter referred to as “This Period”), Japan's economy showed signs of a moderate recovery with the improvements in the employment and income environments as well as the recovery in inbound demand. On the other hand, the economic outlook remained uncertain due to some factors such as economic slowdown in Western countries, ongoing global tensions, and the Bank of Japan's review of its monetary policy.

In the real estate industry, to which our Columbia Works Inc. Group (hereinafter referred to as “Our Group”) belongs, there are concerns about rising construction costs due to soaring prices of building materials. However, with rent increases, particularly in the housing sector, and the yen depreciation, demand for investment in domestic real estate by both domestic and international investors is expected to grow.

Under these circumstances, Our Group has focused on developing residential properties, where demand remains strong. During This Period, we invested 10,498 million yen in real estate for sale, including properties planned to be sold in This Period.

As a result, the operating results for This Period were as follows: net sales of 16,837 million yen (YOY*: +92.9%), operating profit of 3,030 million yen (YOY: +89.8%), ordinary profit of 2,688 million yen (YOY: +99.4%), and profit attributable to owners of the parent of 1,694 million yen (YOY: +98.8%).

Segment information is omitted as Our Group operates in the real estate development business only.

*YOY = Year-on-year changes

(2) Consolidated Financial Position

(Assets)

Total current assets at the end of This Period amounted to 30,070 million yen, an increase of 8,042 million yen compared to the end of the previous fiscal year. This was primarily attributable to an increase of 3,335 million yen in cash and deposits associated with a surge in real estate sales in This Period, an increase of 3,049 million yen in real estate for sale resulting from property acquisitions and property completions, and an increase of 1,711 million yen in real estate for sale in process.

Total non-current assets amounted to 11,651 million yen, an increase of 1,677 million yen compared to the end of the previous fiscal year. This is mainly due to an increase of 1,048 million yen in buildings and structures resulting from the acquisition and completion of real estate intended for long-term holding, and an increase of 246 million yen in land from the acquisition of real estate for long-term holding.

Consequently, total assets amounted to 41,721 million yen, an increase of 9,720 million yen compared to the end of the previous fiscal year.

(Liabilities)

Total current liabilities at the end of This Period amounted to 8,455 million yen, a decrease of 496 million yen compared to the end of the previous fiscal year. This was primarily attributable to a decrease of 1,252 million yen in current portion of long-term borrowings, an increase of 251 million yen in income taxes payable resulting from profit increase, and an increase of 241 million yen in account payable due to development progress. Total non-current liabilities amounted to 21,711 million yen, an increase of 5,803 million yen compared to the end of the previous fiscal year. This was primarily attributable to an increase of 5,734 million yen in long-term borrowings associated with real estate acquisitions and construction financing for properties under development.

Consequently, total liabilities amounted to 30,167 million yen, an increase of 5,306 million yen compared to the end of the previous fiscal year.

(Net Assets)

Total net assets at the end of This Period amounted to 11,553 million yen, an increase of 4,413 million yen compared to the end of the previous fiscal year.

The issuance of new shares through an initial public offering and a third-party allotment capital increase (related to the over-allotment share offering) following our initial public offering on the Tokyo Stock Exchange Standard Market during This Period, resulted in increases of 1,473 million yen in both share capital and capital surplus. In addition, 1,694 million yen of profit attributable to owners of the parent during This Period, offset by a decrease of 227 million yen in retained earnings due to dividend payments, led to an overall increase of 1,467 million yen in retained earnings.

Consequently, the equity ratio stood at 27.7%. (22.3% at the end of the previous fiscal year)

(3) Forecast of Consolidated Financial Results and Other Forward-looking Statements

Given the recent performance and project status, we anticipate exceeding the previous forecast announced on February 20, 2024. Accordingly, we have revised our consolidated financial results forecast for the fiscal year ending December 31, 2024.

After carefully considering our dividend payout ratio along with the accumulation of retained earnings required for reinvestment in future development, we have set our year-end dividend forecast at 110 yen per share.

2. Unaudited Consolidated Financial Statements and Key Notes

(1) Unaudited Consolidated Balance Sheets

(Millions of yen)

	December 31, 2023 (FY2023)	September 30, 2024 (FY2024)
Assets		
Current assets		
Cash and deposits	3,158	6,493
Account receivable	39	52
Real estate for sale	1,729	4,778
Real estate for sale in process	16,204	17,916
Operating investments in capital	470	―
Other	424	828
Allowance for doubtful accounts	△0	△0
Total current assets	22,027	30,070
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,442	3,491
Land	6,075	6,322
Other, net	451	514
Total property, plant and equipment	8,969	10,327
Intangible assets	90	212
Investments and other assets	913	1,110
Total non-current assets	9,973	11,651
Total assets	32,001	41,721
Liabilities		
Current liabilities		
Account payable	172	414
Short-term borrowings	3,251	3,261
Current portion of long-term borrowings	4,675	3,423
Current portion of bonds	26	16
Income taxes bonds	499	751
Provision for bonuses	14	39
Other	312	549
Total current liabilities	8,952	8,455
Non-current liabilities		
Bonds	16	8
Long-term borrowings	15,296	21,031
Other	595	672
Total non-current liabilities	15,908	21,711
Total liabilities	24,860	30,167
Net assets		
Shareholders' equity		
Share capital	100	1,573
Capital surplus	5	1,478
Retained earnings	7,034	8,501
Total shareholder's equity	7,140	11,553
Total net assets	7,140	11,553
Total liabilities and net assets	32,001	41,721

(2) Unaudited Consolidated Statements of Income and Unaudited Consolidated Statement of Comprehensive Income

Unaudited Consolidated Statements of Income

(For Nine Months ended September 30, 2024)

(Millions of yen)

	Nine Months ended	
	September 30, 2023 (FY2023)	September 30, 2024 (FY2024)
Net sales	8,730	16,837
Cost of sales	6,288	12,516
Gross profit	2,441	4,321
Selling, general and administrative expenses	844	1,291
Operating profit	1,596	3,030
Non-operating income		
Interest and dividends income	0	0
Surrender value of insurance policies	—	34
Compensation for expropriation	—	15
Other	9	6
Total non-operating income	9	56
Non-operating expenses		
Interest expenses	219	265
Borrowing costs	23	76
Other	14	55
Non-operating expenses	256	397
Ordinary profit	1,348	2,688
Extraordinary income		
Gain on sale of non-current assets	—	7
Gain on sale of investment securities	—	1
Total extraordinary income	—	8
Extraordinary loss		
Loss on valuation of investment securities	57	—
Total extraordinary loss	57	—
Profit before income taxes	1,291	2,697
Income taxes - current	466	1,044
Income taxes - deferred	△26	△42
Total income taxes	439	1,002
Net Profit	852	1,694
Profit attributable to owners of parent	852	1,694

Unaudited Consolidated Statements of Comprehensive Income

(For Nine Months ended September 30, 2024)

(Millions of yen)

	Nine Months ended	
	September 30, 2023 (FY2023)	September 30, 2024 (FY2024)
Net Profit	852	1,694
Comprehensive Income	852	1,694
(Comprehensive income attributable to)		
Owners of parent	852	1,694
Non-controlling interests	—	—

(3) Notes to Unaudited Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Our company was listed on the Tokyo Stock Exchange Standard Market on March 27, 2024. The issuance of 833,400 new shares through a public offering with a book-building method, with the payment due date of March 26, 2024, led to an increase of 1,265 million yen in our share capital and capital surplus.

In addition, share capital and capital surplus each increased by 207 million yen, resulting from the issuance of 137,000 new shares by a third-party allotment with an over-allotment option with the payment due date of April 23, 2024.

Consequently, share capital and capital surplus each increased by 1,473 million yen during This Period, bringing the total to 1,573 million yen for share capital and 1,478 million yen for capital surplus at the end of This Period.

(Segment Information, etc.)

[Segment Information]

I: FY2023 - Nine Months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

Segment information is omitted as Our Group operates in the real estate development business only.

II: FY2024 - Nine Months ended September 30, 2024 (January 1, 2024 to September 30, 2024)

Segment information is omitted as Our Group operates in the real estate development business only.

(Notes to Unaudited Consolidated Statements of Cash Flows)

The consolidated statements of cash flows are not prepared in This Period. The depreciation expenses, including amortization of intangible fixed assets, during This Period are as detailed below.

(Millions of yen)

	Nine Months ended	
	September 30, 2023 (FY2023)	September 30, 2024 (FY2024)
Depreciation	171	216

(Significant Subsequent Event)

On September 20, 2024, the Board of Directors resolved to issue the First Series of Share Acquisition Rights to our directors and the directors of subsidiaries, and the Second Series to the employees of our company and its subsidiaries. These share acquisition rights were issued on October 7, 2024.

First Series of Share Acquisition Rights

Share Acquisition Rights	216 units
Number and category of shares	21,600 common shares of Columbia Works Inc. (100 shares per right)
Issue price	100 yen per right
Exercise price	351,000 yen per right
Issue price and capital contribution amount of shares issued upon exercise of the rights	Issue price: 3,510 yen per share Capital contribution amount: 1,755 yen per share
Allotment Date	October 7, 2024
Grantees	3 directors of Columbia Works Inc. 1 director of its subsidiaries
Exercise period	From October 7, 2024 to September 20, 2034
Exercise conditions	See the conditions below

Exercise conditions (First Series of Share Acquisition Rights)

1. In the event that the closing price of the common shares on the stock exchange falls below 50% of the exercise price at any time from the grant date until the end of the exercise period, the holder shall be obligated to exercise all remaining share acquisition rights on or before the expiration date of the exercise period.
    (i) In the event that it is discovered that the disclosure of the company contains a material misrepresentation
    (ii) In the event that it is discovered that the company has failed to comply with its disclosure obligations under applicable laws and regulations of the securities exchange
    (iii) In the event that the company becomes delisted or insolvent, or if there is a material adverse effect on the company's business, financial condition, or prospects
    (iv) In the event that the company commits any other act that would reasonably be expected to have a material adverse effect on the confidence of the share acquisition right holders
2. The exercise of these share acquisition rights shall not be assignable to the heirs of the holder.
3. The exercise of the rights shall be subject to the condition that the total number of issued shares of the company shall not exceed the authorized shares at such time.
4. No fractional exercise of share acquisition is allowed.

Second Series of Share Acquisition Rights

Share Acquisition Rights	58 units
Number and category of shares	5,800 common shares of Columbia Works Inc. (100 shares per right)
Issue price	Gratis
Exercise price	368,600 yen per right
Issue price and capital contribution amount of shares issued upon exercise of the rights	Issue price: 3,686 yen per share Capital contribution amount: 1,843 yen per share
Allotment Date	October 7, 2024
Grantees	9 employees of Columbia Works Inc. 3 employees of its subsidiaries
Exercise period	From October 7, 2026 to September 20, 2034
Exercise conditions	See the conditions below

Exercise conditions (Second Series of Share Acquisition Rights)

1. The exercise of the rights is restricted to those who are directors, auditors, or employees of the company or its subsidiary companies at the time of exercise. Notwithstanding the foregoing, this provision shall not apply to the retirement of a director due to the expiration of their term of office, retirement upon reaching retirement age, or for any other good cause determined by the board of directors.
2. The exercise of these share acquisition rights shall not be assignable to the heirs of the holder.
3. The exercise of the rights shall be subject to the condition that the total number of issued shares of the company shall not exceed the authorized shares at such time.
4. No fractional exercise of share acquisition is allowed.