

COMPANY RESEARCH AND ANALYSIS REPORT

New Constructor's Network Co., Ltd.

7057

Tokyo Stock Exchange Standard Market

28-Jul.-2025

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Summary

Net sales and profit both increased in FY3/25, supported by a return to profitability due to growth in the business performance of subsidiaries

New Constructor's Network Co., Ltd. <7057> (hereafter, also "the Company") conducts a business for advanced structural calculations to ensure the earthquake resistance of wooden buildings. It also provides the SE-Structure Method, which is the Company's proprietary construction system that incorporates the rigid construction method (a method of bonding the respective parts to the framework (parts) with rigid joints), which has been the mainstream method for steel-framed and reinforced concrete (RC) structures, into wooden housing, to realize wooden buildings with high levels of structurally calculated earthquake resistance. It provides this method through its network of registered SE-structure contractors, mainly building contractors. The Company is also expanding the scope of its business by applying its expertise in earthquake-resistant designs for wooden buildings to non-residential, large-scale wooden buildings such as kindergartens, elder care facilities, retail stores, and offices.

1. Overview of FY3/25 results

For the FY3/25 consolidated results, net sales and all profit items from operating income and below increased, with net sales of ¥8,124mn (up 1.6% year on year (YoY)), gross profit of ¥2,163mn (down 1.8%), operating income of ¥178mn (up 114.7%), ordinary income of ¥292mn (up 513.6%), and profit attributable to owners of parent of ¥193mn (profit of ¥0mn in FY3/24). Achievement rates relative to full-year results forecasts were 90.5% for net sales, 80.1% for operating income, 102.8% for ordinary income, and 93.1% for profit attributable to owners of parent, with all items other than ordinary income falling below their forecasts. In the residential field, net sales decreased 3.2% to ¥4,729mn, due to a decline in the average sales value per building as lumber prices settled down, although SE-Structure Method shipments remained at the previous year's level. In the large-scale wooden buildings (non-residential field), net sales amounted to ¥2,945mn (up 6.7%), supported by increases both in SE-Structure Method shipments and structural calculation shipments through the SE-Structure Method. Contributing factors included an increase in structural calculation shipments at Timber Structure Design Co., Ltd. and sales from large-scale projects, such as an Osaka World Expo-related project at Suihoo Fabricating Company. Net sales were ¥290mn (up 17.4%) in the environmental design field and ¥158mn (up 54.1%) in the DX/others field. Net sales in both fields were favorable, increasing significantly. On the profit front, earnings benefited greatly from a recovery in the business performance of subsidiaries, and on the cost front, SG&A expenses at Group companies decreased ¥134mn. As a result, the operating margin improved 1.2 percentage points (pp) to 2.2%.

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2. FY3/26 forecasts

For the FY3/26 consolidated results, the Company forecasts higher sales and profit, with net sales of ¥9,016mn (up 11.0% YoY), operating income of ¥294mn (up 64.9%), ordinary income of ¥326mn (up 11.6%), and profit attributable to owners of parent of ¥229mn (up 18.5%). In the residential field, although demand for new housing is forecast to decrease in 1Q due to a reactionary drop following last-minute demand ahead of the revision of the Building Standards Act, the Company expects increases in structural calculation shipments and SE-Structure Method shipments on a full-year basis, against the backdrop of the revision of the Building Standards Act and the release of a new version of the SE-Structure Method. Based on this, the Company expects net sales of ¥5,536mn (up 17.1%) in the residential field. In the large-scale wooden buildings (non-residential) field, while no large-scale projects like those in FY3/25 are planned, the Company expects net sales to remain roughly flat at ¥2,950mn (up 0.1%), helped by increases in structural calculation shipments and SE-Structure Method shipments. In the environmental design field, net sales are projected to continue growing significantly to ¥350mn (up 20.7%), while the DX/others field is expected to generate net sales of ¥180mn (up 13.6%). These areas show promise as growth fields with increasing market needs.

3. Progress on the medium-term management plan and the growth strategy for the future

The Company plans to revise its medium-term management plan (FY3/24 to FY3/26) considering the impact of the sluggish trend in new housing starts to date. This is also a transitional period due to the revision of the Building Standards Act, and the timing of the revised plan's announcement is still under consideration. As part of its current growth strategy by field, the Company will strengthen its efforts in the residential field by leveraging the significant performance enhancements of SE-Structure Method Ver.3, a new version of the SE-Structure Method. In the large-scale wooden buildings (non-residential) field, the Company will respond to the expanding market for wooden non-residential buildings by actively uncovering new demand utilizing its network of registered contractors, which will lead to expanded opportunities to win orders. The Company can be expected to capture share in the steel-frame construction market by proposing SE-Structure Method Ver. 3, as well as by further accelerating its efforts through the establishment of the Large-scale Wooden Building Network. In the environmental design field, energy-saving standards are now mandatory for all newly constructed buildings. With this as a tailwind, the Company will implement sales expansion initiatives centered on its network of registered contractors. In terms of its future initiatives to expand business areas, the Company will broaden its renovation services beyond pre-owned homes to include facility buildings. For ZEB* certification, the Company will strive to capture demand primarily from companies and organizations with a strong interest in the environment.

* ZEB (Net Zero Energy Building): An indicator that targets zero primary energy consumption by a building over one year. The goal of ZEB conversion is to achieve substantial energy conservation while maintaining the quality of the indoor environment by installing highly efficient equipment and only using renewable energy such as solar power to supply the energy consumed. Projects approved as ZEB conversion subsidized projects receive subsidies from the Ministry of the Environment and Ministry of Economy, Trade and Industry.

Key Points

- Net sales and profit increased in FY3/25 as the business performance of Group companies recovered, supported partly by orders for large-scale projects in the non-residential field
- Aims for increased net sales and profit in FY3/26 by expanding sales of SE-Structure Method Ver.3, a new version of the SE-Structure Method, against the backdrop of revisions to laws
- Established the Large-scale Wooden Building Network and stepped up efforts to promote the widespread adoption of large-scale wooden buildings

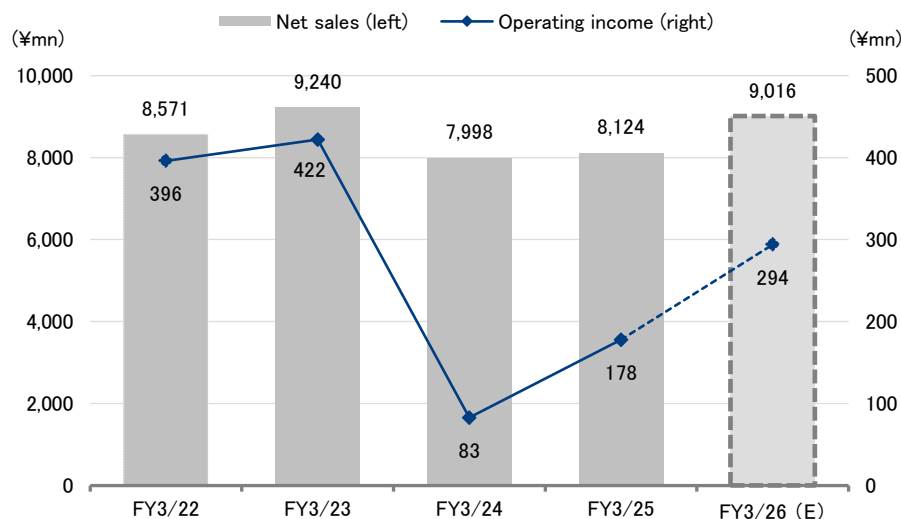
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Summary

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

Strengthening business structure and expanding scope of business in non-residential field, where buildings are becoming larger and more specialized

The Company conducts a business for advanced structural calculations to ensure the earthquake resistance of wooden buildings. It also provides the SE-Structure Method, which is the Company's proprietary construction system that incorporates the rigid construction method that has been the mainstream method for steel-framed and RC structures, into wooden housing, to realize wooden buildings with high levels of structurally calculated earthquake resistance. It provides this method through its network of registered SE-structure contractors, mainly building contractors. In addition to structural design work and the stable supply of materials, it can provide a one-stop service to resolve the problems facing contractors and design offices, from confirming the heat insulation performance of wooden housing through to arranging guarantees and insurance. The New Constructor's Network Group (hereinafter also the "Group") is a corporate group centered on the Company. It combines the technologies field through Timber Structure Design, MAKE HOUSE Co., Ltd., and Suihoo Fabricating Company, the assets field through SE Home Loan Services Co., Ltd., and the lifestyles field through MUJI HOUSE Co., Ltd., YADOKARI Co., Ltd., Ichinomiya Realize Co., Ltd., N&S Development Co., Ltd., and IDÉE Universal Co., Ltd.

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Company profile

In the technologies field, the Company acquired shares in MAKE HOUSE from the joint venture partner to make it a wholly owned subsidiary, further strengthening its BIM^{*1} business with the wooden construction industry. The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) started applying BIM in principle to all public works projects (except small-scale projects) in April 2023 and the Company strengthened its BIM support services for architectural design offices and small to mid-size general contractors dealing with non-residential properties. It is also making steady progress in expanding the scope of business in the large-scale wooden buildings (non-residential) field by making Suihoo Fabricating Company (with strengths in large section laminated timber^{*2} processing, specialized wood processing, and construction of large wooden buildings) a consolidated subsidiary. In May 2023, the Company obtained a structural assessment from The Building Center of Japan for its SE-Structure Method adapted for five-story wooden buildings. The Company harnessed its research facility Timber Structure Lab. to modify its SE-Structure Method, whose previous specifications could not be used for five-story buildings.

*1 BIM (Building Information Modeling) refers to a solution to construct a 3D building information model on a computer and make use of it for building construction. Attribute information on design, construction, and management and maintenance of the building enables the necessary information to be utilized in each drawing.

*2 Laminated wood: wood material made by reconstructing panels bonded with adhesive

In the lifestyles field, in December 2019 the Company entered into a capital and business collaboration with YADOKARI. It is engaged in survey research and media management on new ways of living in the world; the planning and development of idle land and interim land through utilizing cabins and moveable assets; and town-development support. In April 2022, the Company established N&S Development jointly with Sanu Inc., which offers the SANU 2nd Home subscription service. In the SANU 2nd Home service provided by Sanu, the aim is to promote the spread of wooden buildings toward realizing a decarbonized society by providing lodging buildings that utilize the SE-Structure Method. In April 2024, a new product incorporating the SE construction method, "SANU Apartment" (a lodging building set up at Sea SANU), was completed in Ichinomiya Town, Chiba Prefecture, and has been in operation since then.

The Company was established in 1996 with the aims of disseminating safe and secure wooden structures and building a framework to provide homes with asset value. In 1995, when the Great Hanshin-Awaji Earthquake occurred, Ikuo Takusari, the current CEO & President, was active as a businessman in a trading company Nissho Iwai Corporation (currently, Sojitz <2768>). The earthquake caused devastating damage to residential areas. This informed him of the fact that wooden housing, which constitutes the majority of housing, does not employ structural calculations. So rather than being "weak because they are wooden," these structures lacked structural designs from the start.

Based on this experience, New Constructor's Network was established in 1996 as a joint venture between Seven Industries <7896> and Nissho Iwai. At that time, it requested the assistance of Shigeru Ban, the structural designer who had worked on the construction of the Nagano Olympics Memorial Arena. Utilizing Mr. Ban's expertise in large-scale buildings, the Company developed the SE-Structure Method for general homes also and worked on innovations in wooden building construction technologies. This proprietary system for wooden buildings, which offers overwhelming strength, has been one of the Company's strengths up to the present time. The SE-Structure Method is its intellectual property that cannot be duplicated by other companies because it is the result of its accumulation of construction experience and many major housing manufacturers ask for OEM supply of standardized housing. The name of New Constructor's Network means forming a network with the Company at its center that is comprised of contractors, builders, housing manufacturers, and others to address the existing issues with wooden housing (namely, weaknesses of the practice of not performing structural calculations and rapidly declining property values.)

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Company profile

History

History	
December 1996	In order to not repeat the tragedy in 1995 of the Great Hanshin-Awaji Earthquake, New Constructor's Network Co., Ltd., was established in Minokamo City, Gifu Prefecture, as a joint venture between Seven Industries Co., Ltd., <7896> and Nissho Iwai Corporation (currently, Sojitz Corporation <2768>) to disseminate safe and secure wooden structures in Japan and to build a mechanism to supply homes with asset value.
October 1997	Acquired the Minister of Construction certification in the Building Standards Law Article 38 for the SE (Safety Engineering) Construction Method Wood Frame System Started sales of the SE-Structure Method
November 1998	Held the SE-Structure Method Housing Exhibition (SELL HOUSE Exhibition) by seven architects
September 1999	Started the SE Housing Performance Guarantee System ahead of the Defects Guarantee System Opened the Osaka branch office
May 2000	Acquired the Minister of Construction certification in the Buildings Standards Law Article 38 for the α- SE-Structure Method Wood Frame System (expanded the eaves height limit and an alternative-burning design)
October 2001	Acquired the Specified Constructor Business License (the Minister of Land, Infrastructure and Transport License No. 023620)
May 2002	Acquired the Minister of Land, Infrastructure and Transport certification in the Buildings Standards Law Article 68.26 for the SE-Structure Method-dedicated structural calculation program
December 2003	Started providing the "thick wooden-frame house" housing brand that uses the SE-Structure Method
January 2004	Conducted a capital participation and made an affiliate of MUJI net Co., Ltd., (currently MUJI HOUSE Co., Ltd., an equity method affiliate), a joint-venture subsidiary with Ryohin Keikaku Co., Ltd. <7453>
October 2005	Acquired the Minister of Land, Infrastructure and Transport certification for the Buildings Standards Law Article 68.26 for the SE-Structure Method Wood Frame system (split-level home)
September 2006	Acquired the Forestry Certified PEFC-CoC certification Started the design office franchise network business (NDN business department)
June 2008	The system that includes the SE-Structure Method was adopted by the Ministry of Land, Infrastructure, Transport and Tourism for the Ultra-long-term Housing Leading Model Project Started the supply of feather-pattern materials and unit rebar in the SE-Structure Method Started sales of Walk in Structure, a SE-Structure Method-dedicated design CAD
April 2009	Following the enactment of the Act to Promote Ultra-long-term Excellent Housing, established the Ultra-long-term Excellent Housing Support Office (currently, Environmental Design Department) The residential housing supply system using the SE-Structure Method was certified as a Ministry of Land, Infrastructure, Transport and Tourism, Long-term Excellent Housing Leading Business and adopted as an auxiliary business Started the use of domestically produced timber in the SE-Structure Method
October 2010	The system that includes the SE-Structure Method was selected by the Ministry of Land, Infrastructure, Transport and Tourism as the FY2010 Ultra-long-term Excellent Housing Leading Business Started the environmental design service (currently the primary energy consumption volume calculation service)
March 2012	Established SE Home Loan Services Co., Ltd., (currently an equity method affiliate) to conduct operations including loan agency operations and the brokerage of financial instruments The SE-Structure Method Wood Frame system received a structural assessment by the Building Center of Japan
March 2013	Spun-off the design office franchise network business as NDN Co., Ltd.
June 2015	Established MAKE HOUSE Co., Ltd., (currently a consolidated subsidiary) to develop and deploy BIM solutions for the housing industry
July 2016	Acquired the resilience certification
February 2017	Absorption merger of NDN Co., Ltd.
February 2018	Relocated site of the Head Office to Minato Ward, Tokyo
March 2018	Acquired the Housing Lots and Buildings Transactions Business License (Governor of Tokyo License (01) No. 101790)
March 2019	Listed on the Tokyo Stock Exchange JASDAQ Standard Market
October 2019	Participated in Isumi Forest Living, a regional revitalization project of Isumi City, Chiba Prefecture
December 2019	In the 23rd Japan Timber Engineering Society Technology Presentation, the Company's executive officer was awarded the Motoaki Okuma Award Entered into a capital and business collaboration with YADOKARI Co. Ltd., which is engaged in survey research and media management on new ways of living in the world; planning and development of idle land and interim land through utilizing cabins and moveable assets; and town-development support
February 2020	Established Timber Structure Design Co., Ltd., as a joint venture with NET EAGLE, which has the leading market share for wooden pre-cut CAT development
September 2021	Started providing structural performance guarantees for non-residential wooden buildings for the first time in the industry
October 2021	Started full operations at MAKE HOUSE BIM BASE, the BIM/CAD Center that is a new BIM business base in MAKE HOUSE's wooden buildings field
February 2022	Opened the Timber Structure Lab. as a base to develop wooden structure-related technologies
April 2022	Established N&S Development Co., Ltd. through a joint investment with Sanu Inc.
June 2022	Acquired the shares of MAKE HOUSE (made it a wholly owned subsidiary)
October 2022	Acquired the shares of Suihoo Fabricating Company (made it a subsidiary)

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Company profile

History	
May 2023	MUJI HOUSE and the Ministry of Agriculture, Forestry, and Fisheries concluded an agreement regarding greater use of wood to promote use of wood in buildings Obtained structural assessment for adapting SE-Structure Method to five-story wooden buildings
April 2025	Obtained a new structural assessment for the SE-Structure Method
June 2025	Started sales of SE-Structure Method Ver.3

Source: prepared by FISCO from the Company's securities reports and press releases

Business overview

Provides wooden buildings with high asset value through its SE-Structure Method

1. The wooden-construction, earthquake-resistant design business

The Company conducts a business for advanced structural calculations to ensure the earthquake resistance of wooden buildings. It also provides the SE-Structure Method, which is the Company's proprietary construction system that incorporates the rigid construction method that has been the mainstream method for steel-framed and RC structures, into wooden housing, to realize wooden buildings with high levels of structurally calculated earthquake resistance. It provides this method through its network of roughly 621 (as of the end of March, 2025) nationally registered SE-structure contractors (building contractors).

(1) The residential field (the SE-Structure Method, an earthquake-resistant construction method)

At first, when the registered contractor gets an order for wooden buildings with the SE-Structure Method, the Company ships structural calculation sheets at the design stage. Then, it sells the structure-processed parts and other products at the construction stage. It also receives registration fees and monthly membership fees from the registered contractors. The SE-Structure Method is a state-of-the-art wood-construction technology that realizes both robust earthquake resistance and large spaces. The wood used in the SE-Structure Method for the structural framework is custom laminated wood with high quality and consistent strength. The homes also have the advantage of few cross-section defects due to the use of SE hardware materials in the column base parts that connect the columns and the beams. Also, to protect against the tremors that occur in a large earthquake, column base hardware is installed at the connection points between the columns and the foundation, which are the most vulnerable parts of the structure, significantly improving pull-out resistance. Moreover, the hardware materials that are bonded to the wooden materials are extremely strong, which is also a major element of the method. However, the main reason why it is said that the SE-Structure Method is strong against earthquakes is related to the structural calculations. For wooden housing, the SE-Structure Method uses structural calculations that are supported by numerical values, the same as for steel-frame and RC structures, and as all properties are sold with a guarantee, houses with high asset value are provided. Up until now, there have been no cases of houses incorporating the SE-Structure Method collapsing or partially collapsing due to earthquake.

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Business overview

a) The franchise network (residential field franchise network)

Toward the spread of wooden housing with high earthquake resistance through its SE-Structure Method, the Company is aiming to strengthen acquisitions of registered contractors for its network. It had 621 registered SE-structure contractors in FY3/25 and is targeting an increase of 36 companies in FY3/26, recording a stable upward trend in membership revenue. "Thick wooden-frame house" is an umbrella term for houses with high asset value built using the SE-Structure Method by thick wooden-frame house premium partners (selected contractors among the Company's 621 registered contractors). The Company is promoting DX to harness its partnership with registered contractors, including a digital showroom on YouTube and communicating with consumers on Instagram.

b) Housing manufacturer services (OEM supply)

The Company provides OEM supply of its SE-Structure Method for its partner companies, such as house manufacturers that sell standard housing (including several major housing manufacturers). When a partner company sells a standard home, the Company ships the structural calculations sheets, and it also sells the structure-processed parts and other products. Younoie from MUJI HOUSE, an equity method affiliate that provides MUJI homes, is a one-floor building that does not require corridors being only one-story and needs are high as a double-base dwelling or villa, a lodging facility for rent, etc. Other than these, MUJI HOUSE is also promoting a regional revitalization business with the Urban Renaissance Agency based on housing-complex renovation.

(2) The large-scale wooden buildings (non-residential) field

In the large-scale wooden buildings (non-residential) field, the Company uses the SE-Structure Method to provide wooden buildings with a total floor area of not less than 500 m². Due to the enforcement of such laws as the Act for Promotion of Use of Wood in Public Building (October 2010) and the Act on Promotion of Utilization of Wood in Buildings, etc. for Contributing to Realization of a Carbon Free Society, etc. (revised October 2021), construction demand for large-scale wooden buildings that require structural calculations is growing, and the Company is applying its expertise in earthquake-resistant designs for wooden buildings to large-scale wooden buildings to develop its business in this field. The features of its large-scale wooden buildings include that its structures are lighter in weight than steel-frame and RC structures and it is able to keep down on construction costs and the construction period.

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Business overview

This business field is growing remarkably due to the global promotion of wooden buildings and wooden materials, made relevant by environmental issues like forest conservation and global warming. In order to further accelerate growth, the Company has entered into a business collaboration with NET EAGLE, which has the leading market share for wooden pre-cut CAD development. This collaboration is for a structural design business in the large-scale wooden buildings (non-residential) field, which also handles construction methods other than the SE-Structure Method. In February 2020, the two companies established Timber Structure Design as a joint venture. In October 2020, it started providing Japan's first large-scale wooden building matching platform business to match general contractors and design offices to pre-cut plants. Timber Structure Design provides structural design support and processing support, in addition to establishing a production system through forming a network of pre-cut plants. At the same time, through conducting advertising activities to general contractors and design offices, it provides a one-stop service, from structural design through to production design. For the structural design support, it proposes construction methods according to aspects such as the building's use and size (the SE-Structure Method, the conventional framework construction method*1, the 2x4 construction method, laminated wood structures, the CLT*2 construction method, etc.), and the Company is aiming to increase its share in the large-scale wooden buildings market by applying to other construction methods its expertise cultivated through conducting structural calculations for not less than 30,000 buildings. To further develop these initiatives and better respond to market challenges and the need for wooden construction, the Company has established the Large-Scale Wooden Building Network specializing in non-residential wooden buildings, which will begin operations on July 1, 2025. This network aims to further accelerate the trend toward wooden construction in collaboration with 36 partner companies that are professionals in wooden construction.

*1 Conventional framework construction method: a construction method that simplifies and was developed from traditional Japanese construction methods

*2 CLT (Cross Laminated Timber): thick laminated panels bonded together in layers so that each fiber direction layer is perpendicular to the other layers

2. Others

In order to achieve its goal of “creating a mechanism to provide homes with asset value in Japan” centered primarily on the wooden-construction, earthquake-resistant design business, the Company provides a variety of services to improve the asset value of homes, including an energy conservation calculation service and a long-term quality housing certification agency service.

(1) Energy conservation calculation service, etc.

The Company provides various services, including an energy conservation calculation service and a long-term quality housing certification agency service. It started providing the energy conservation calculation service in 2010, in anticipation of the addition of primary energy consumption to the evaluation standards in accordance with the Energy Conservation Standards for Houses and Buildings revised in 2013 and the enforcement of the revised Building Energy Efficiency Act planned for 2020 onward. Under the revised Building Energy Efficiency Act, the obligation to explain a building's energy-saving performance was started in April 2021, while from April 2025, all newly constructed buildings were obligated to comply with the energy-saving standards.

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Business overview

The Company provides services not only for homes constructed using the SE-Structure Method, but also for homes constructed using other construction methods, and it is working for the dissemination of zero energy homes. There are a wide range of techniques for keeping down the energy consumed and energy conservation calculations can be used to confirm whether each one of these techniques will function properly before actually constructing the home. In other words, energy conservation calculations allow for a reading from design drawings in advance to ascertain how much heating and cooling load the building will require before it is built. The Company issues an Energy Performance Certificate for housing that includes calculation results for heat insulation performance, solar radiation shielding performance, and energy consumption using methods specified by the government, as well as explanations for customers. Additionally, it started a service to support applications to acquire ZEB certification for wooden non-residential buildings.

(2) BIM (Building Information Modeling) business

Consolidated subsidiary MAKE HOUSE is realizing the integration of data, from the designs of wooden housing through to construction, and it is developing and selling BIM solutions in order to supply to the market inexpensive homes with high asset value. In June 2022, the Company acquired 49% of MAKE HOUSE shares held by PaperlessStudio co.,ltd., making it a wholly owned subsidiary.

MAKE HOUSE promotes improvements in work efficiency and the introduction of IT utilizing BIM. In addition to BIM consulting for construction businesses, it conducts a BIM projects consignment business as a service that directly supports projects. Other than these, it is conducting various businesses, from content production that utilizes VR (virtual reality) and MR (mixed reality) technologies, through to developing various simulations, including presentation environments. It is also developing various tools to automate and accelerate BIM. The rate of introduction of BIM into general contractors in Japan had risen to as high as around 80% (as of 2018). But its rate of introduction in the wooden-construction field remains low and there is little data on it, and although measures to make the introduction of BIM obligatory are being progressed around the world, the situation is that Japan is lagging behind considerably for this. Amid the promotion of DX, the Japanese government is promoting the utilization of 3D data through introducing the principles of BIM. In 2D designs, it is difficult for designers to imagine and to find interference sites, but BIM makes it possible to improve the efficiency of work to check the interference visualized by BIM, to create construction plans that include the surrounding environment, and to automate calculations of quantities and construction costs from 3D models, which is changing the workstyles of both the ordering party and the party receiving the order. So, at FISCO, we think that for the Company, whose strengths include a BIM business for wooden buildings, this field will become its growth engine in the future.

(3) Home loan business (SE Home Loan Services)

SE Home Loan Services, an equity-method affiliate, handles Flat 35 loans as an agent of Credit Saison <8253> and supports funding for home buyers who place orders with registered contractors. Flat 35 lowers the initial interest rate for high-quality homes with superior earthquake resistance and energy-saving performance, and is provided as a home loan that can provide support for purchasing the Company's high-quality homes while also offering peace of mind. In July 2023, the Company transferred 60% of its shareholding in SE Home Loan Services to Public Holdings Co., Ltd., which, like SE Home Loan Services, acts as an agent for Credit Saison and handles Flat 35, and is engaged in bank agency services and residential financial agency services such as fire insurance and other insurance services. As a result of the transfer, SE Home Loan Services will operate as a joint venture between the Company and Public Holdings.

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Results trends

Returned to profitability with a recovery in business performance in the non-residential field, while the environmental design and DX/others fields performed firmly

1. Overview of FY3/25 results

For the FY3/25 consolidated results, net sales and profit items from operating income and below increased, with net sales of ¥8,124mn (up 1.6% YoY), gross profit of ¥2,163mn (down 1.8%), operating income of ¥178mn (up 114.7%), ordinary income of ¥292mn (up 513.6%), and profit attributable to owners of parent of ¥193mn (profit of ¥0mn in FY3/24). Achievement rates relative to full-year results forecasts were 90.5% for net sales, 80.1% for operating income, 102.8% for ordinary income, and 93.1% for profit attributable to owners of parent, with all items other than ordinary income falling below their forecasts.

In the housing industry, new housing starts declined for 2 consecutive years from FY2022, against the backdrop of factors such as rising building material prices. However, in FY2024, they increased slightly for the first time in 3 years to 816,018 units (up 2.0% YoY), due partly to lumber prices settling down and apparent last-minute demand ahead of the revision of the Building Standards Act. Under the revised Building Standards Act, ensuring the energy conservation performance of wooden houses and submitting structural building confirmation applications for two-story wooden houses became mandatory from April 2025. Consequently, in FY3/25, the fiscal year immediately preceding the enforcement of these new requirements, SE-Structure Method shipments in the residential field remained at the previous fiscal year's level. However, the average sales value per building declined as lumber prices settled down, resulting in net sales of ¥4,729mn, down 3.2% YoY. Although the number of structural calculation shipments, a KPI, had continued to decline for the past 4 consecutive years, it turned upwards in FY3/25, increasing to 989 buildings. In addition, 37 companies were newly registered as SE-structure contractors during the fiscal year, bringing the total to 621. With the revisions to laws as a tailwind, the Company has been expanding its business foundation. In the large-scale wooden buildings (non-residential) field, net sales were ¥2,945mn (up 6.7%). Both SE-Structure Method shipments and structural calculation shipments increased. Contributing factors included an increase in structural calculation shipments at Timber Structure Design, which handles the design of non-SE Structure Method large-scale wooden buildings, and sales from large-scale projects, such as the Osaka World Expo-related project at Suihoo Fabricating Company. Net sales increased significantly in both the environmental design field and the DX/others field, reaching ¥290mn (up 17.4%) and ¥158mn (up 54.1%), respectively. The increase in the former field was attributable to growth in shipments of primary energy calculation sheets and cases for long-term quality housing application support, while the increase in the latter field was mainly due to the strong performance by MAKE ViZ, a high-resolution construction space simulation service offered by MAKE HOUSE.

The main factor behind the recovery in profits was the recovery in the business performance of subsidiaries. On a consolidated ordinary income basis, the 3 consolidated subsidiaries (Timber Structure Design, Suihoo Fabricating Company, and MAKE HOUSE) posted a combined loss of ¥16mn in FY3/24, while the 4 equity-method affiliates (MUJI HOUSE, N&S Development, SE Home Loan Services, IDÉE Universal) posted a combined loss of ¥56mn that year. However, in FY3/25, the consolidated subsidiaries posted a combined profit of ¥156mn, and the equity-method affiliates posted a combined profit of ¥63mn. Particularly notable was the significant growth in the large-scale wooden buildings (non-residential) field, which warrants close attention going forward. On the expenses front, a portion of expenses was reclassified from SG&A expenses to cost of manufacturing from FY3/25. Due to this impact, the operating margin improved by 1.2pp to 2.2%.

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Results trends

FY3/25 consolidated results

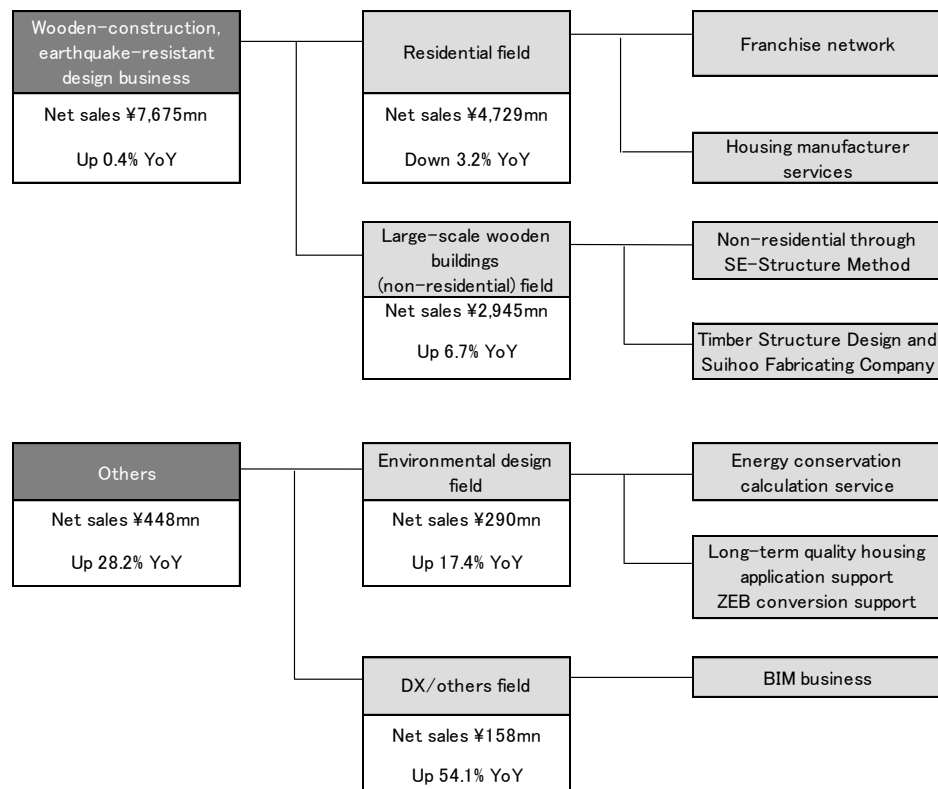
(¥mn)

	FY3/24 results	FY3/25 results	YoY	
			Change amount	% change
Net sales	7,998	8,124	126	1.6%
Gross profit	2,204	2,163	-39	-1.8%
Operating income	83	178	95	114.7%
Ordinary income	47	292	245	513.6%
Profit attributable to owners of parent	0	193	193	-

Source: Prepared by FISCO from the Company's results briefing materials

2. Business segments and segment net sales

Business segments and segment net sales



Source: Prepared by FISCO from the Company's results briefing materials

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Net sales in the residential field were ¥4,729mn (down 3.2% YoY). Looking at the KPIs in this field, structural calculation shipments were 989 buildings (up 14.1%), and SE-Structure Method shipments were 902 buildings (down 0.6%). The average sales value per SE-Structure Method shipment declined 2.7% as lumber prices settled down, resulting in a slight YoY decrease in net sales. Structural calculation shipments and SE-Structure Method shipments can be classified into two categories: those for registered contractors and those for house manufacturers (OEM). For registered contractors, 37 new companies registered in FY3/25, bringing the total to 621 companies. By expanding the franchise network and boosting shipments, structural calculation shipments for registered contractors increased 30.9% to 665 buildings. The same trend was observed for SE-Structure Method shipments. Although the total number of buildings declined slightly YoY, shipments for registered contractors rose 11.6% to 596 buildings. The Company has implemented support measures for registered contractors, including having its sales and design staff participate in client consultations; explaining the SE-Structure Method's seismic resistance and design flexibility, which are its advantages; and providing assistance with structural and energy conservation calculations. These measures have proven effective, and therefore the Company intends to continue them. Incidentally, structural calculation shipments are considered a preliminary step for SE-Structure Method shipments. Given that structural calculation shipments turned upward, rising to 989 buildings in FY3/25, growth in the number of SE-Structure Method shipments is expected from FY3/26 onward.

In the large-scale wooden buildings (non-residential) field, net sales were ¥2,945mn (up 6.7% YoY). In terms of KPIs, structural calculation shipments, increased 5.8% to 239 buildings while SE-Structure Method shipments rose 1.5% to 138 buildings. While the residential field has been sluggish, this field has continued to post solid growth, now accounting for 36% of overall net sales. On the profit front, the return to profitability by subsidiaries has also contributed, enabling the field to support the Company's overall growth in both net sales and profit. The main factors behind the growth in net sales were increased inquiries due to growing structural calculation needs for wooden construction, as well as sustained promotional activities. According to the Company, the former factor behind sales growth involves increasing needs for construction work that brings out the unique warmth and aesthetic appeal of wood in the non-residential field, including mixed-use facilities and cafes, resulting in many new inquiries. The latter factor involves promotional activities to support registered contractors capable of handling projects in non-residential field, leading to increased orders. As a result, structural calculation shipments for non-SE-Structure Method buildings, which are handled by subsidiary Timber Structure Design, rose 7.1% to 90 buildings in FY3/25. Also, the number of SE-Structure Method shipments was 149 buildings, up 4.9%. Subsidiary Suihoo Fabricating Company drove up business performance due to an increase in large-scale projects, including an Osaka World Expo pavilion. The Company is implementing various initiatives at Suihoo Fabricating Company to expand orders through synergies. In addition, it has taken initiatives to enhance profits through greater efficiency, including automating timber processing and strengthening business management. Suihoo Fabricating Company returned to profitability in FY3/25 as a result of improvements in net sales as well as profit. Looking ahead, further growth in business performance is anticipated by enhancing synergies, including promoting collaborative projects that combine the SE-Structure Method and Suihoo Fabricating Company's large section laminated timber (curved laminated timber) for use in CLT panels.

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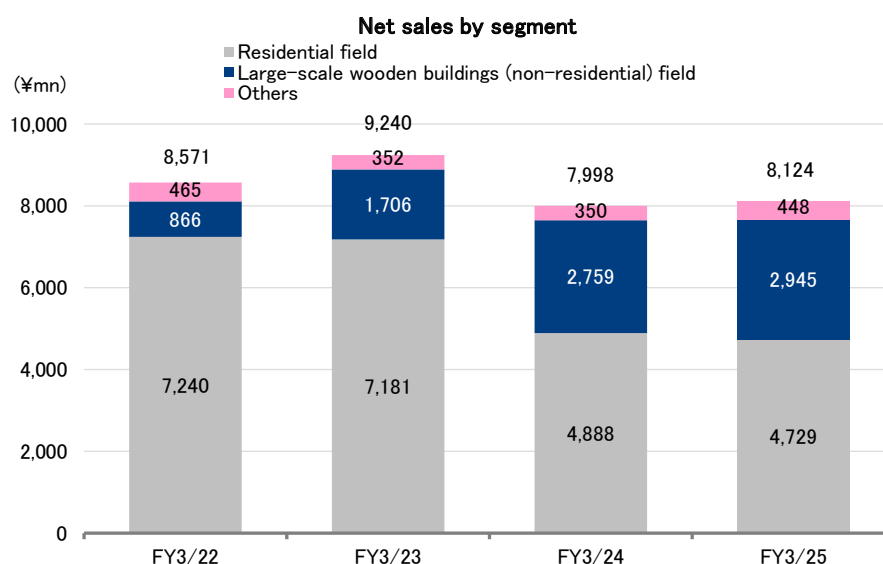
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Results trends

Net sales in the environmental design field were ¥290mn (up 17.4% YoY). Shipments of primary energy calculation sheets commissioned for wooden homes, non-residential wooden buildings, and renovation properties reached 3,220 (up 11.5%), as the obligation to explain a building's energy-saving performance was started in April 2021, while from April 2025, all newly constructed buildings were obligated to comply with the energy-saving standards. Notably, renovation projects increased, with 301 projects commissioned in FY3/25. Against the backdrop of growing demand for renovation, which is more affordable than new construction, future growth can be expected. The number of cases for long-term quality housing application support, a service the Company has traditionally offered, was 489 (up 15.9%), and increased orders were received for facility design services, with both of these factors contributing to net sales. In FY3/25, the Company also began receiving orders for energy conservation calculations for condominiums. Although mandatory energy conservation calculations that began in April 2025 apply only to newly built condominiums, a potential regulatory expansion of energy conservation calculations to include pre-owned condominiums, which are currently not required, could pose a risk. For this reason, an increasing number of contractors are expected to voluntarily include and sell energy conservation calculations in renovation projects for pre-owned condominiums. Rising demand for energy conservation calculations is strongly expected to contribute to earnings.

Net sales in the DX/others field were ¥158mn (up 54.1% YoY). Subsidiary MAKE HOUSE, which develops and provides IT solutions for wooden construction, received favorable orders for MAKE ViZ, a high-resolution construction space simulation service that it began providing in October 2021. These orders contributed to sales growth in this field. MAKE ViZ generates highly detailed 3D perspective renderings (a visualization technique) from 2D design drawings. The service has gained a strong reputation among housing manufacturers and contractors for its usefulness not only in design, but also in creating presentation materials for sales activities, factors that appear to be driving increased orders. In addition, as the digitalization of design documents is expected to continue, opportunities for utilizing Building Information Modeling (BIM) technology, a modeling method for buildings, are also anticipated to grow.



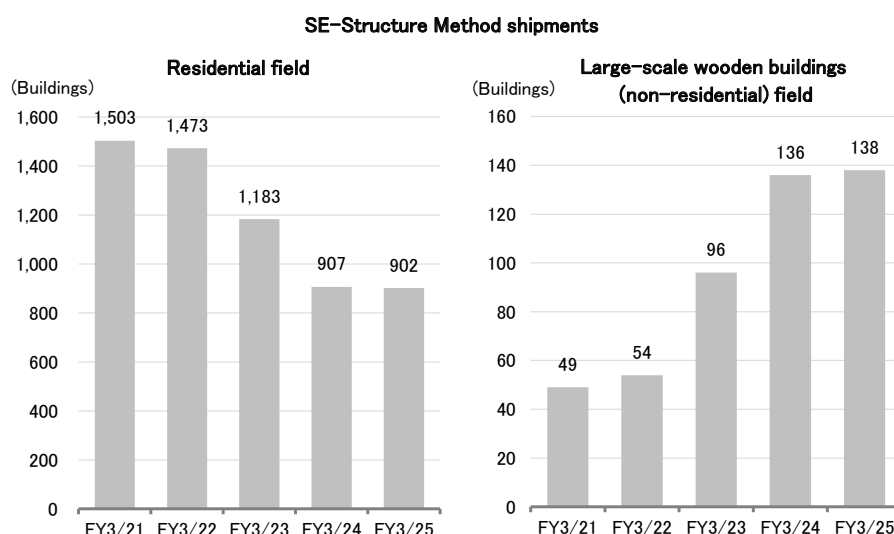
Source: Prepared by FISCO from the Company's results briefing materials

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Results trends



Source: Prepared by FISCO from the Company's results briefing materials

3. Topics

(1) Start of sales of SE-Structure Method Ver.3

In April 2025, the Company announced that the SE-Structure Method, its proprietary construction system, obtained a structural assessment from The Building Center of Japan as of April 1, 2025. The Company also announced that on June 1, 2025, it would start sales of SE-Structure Method Ver.3, a new version of the system, based on this structural assessment. As a result, the scope of application of the SE-Structure Method has been expanded. Not only does the new version support the April 2026 revision of the Building Standards Act (stricter requirements for wall quantity calculations, etc. for wooden detached housing), but its enhanced performance also allows for greater design flexibility and specifications that offer advantages for even larger-scale wooden buildings. The main changes are as follows: 1) Enhanced support for non-residential buildings through an expanded scope of application of the construction method (increased story height, removal of restrictions on maximum span and total floor area); 2) Stronger support for non-residential structures by standardizing large cross-section members (2.2-fold increase in the short-term tensile strength); 3) Compatibility with both high-strength shear walls and large open spaces through the adoption of G-BOARD and the development of TN nails; 4) Slimmer and lighter SE hardware materials. By combining these upgrades with the Company's accumulated structural design technology, it is expected that the SE-Structure Method will be provided to an even wider range of customers as a wooden construction system with advanced seismic resistance. In addition to offering full compliance with legal standards such as structural and wall quantity calculations as a matter of course, the system is expected to maintain a competitive edge for a considerable amount of time, particularly among customers seeking open, spacious homes.

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Results trends

(2) Establishment of the Large-Scale Wooden Building Network

In May 2025, the Company established the Large-Scale Wooden Building Network, a new organization specializing in design, supply chain, construction, and quality for non-residential wooden buildings, and announced that it would begin activities on July 1, 2025. Amid growing interest in non-residential wooden construction as part of efforts to realize carbon neutrality by 2050, the network aims to respond to needs for wooden construction and to provide solutions to various issues that arise in this area. The Company has formed a network of 36 contractors across Japan, selected from among its registered SE-structure contractors, that are capable of handling large-scale wooden construction projects and will provide them with design, supply chain, construction, and quality related to non-residential wooden construction that it has developed to date. By doing so, the Company will meet the needs for wooden construction from its clients. Specifically, the Company will facilitate and promote the widespread adoption of large-scale wooden construction by referring customers such as design offices, general contractors, and developers to optimal construction companies for large-scale wooden construction projects and provide related solutions, thereby paving the way for expanding the Company's business further. Although the network's contribution to business performance in FY3/26 is expected to be limited, the network represents a strategic initiative to improve business performance over the medium to long term.

Strengths

Expanding business scope to become a total wooden-structure solutions company

In order for contractors and housing manufacturers nationwide to solve Japan's societal problems, that Japan's wooden buildings are not earthquake resistant and that its pre-owned wooden-structure houses have no resale value, the Company provides a business platform for wooden building construction companies. It can accurately procure materials through the management of its own integrated supply chain that starts from structural design and covers every process, from materials procurement through to construction work. This proprietary supply chain is perhaps the Company's greatest strength.

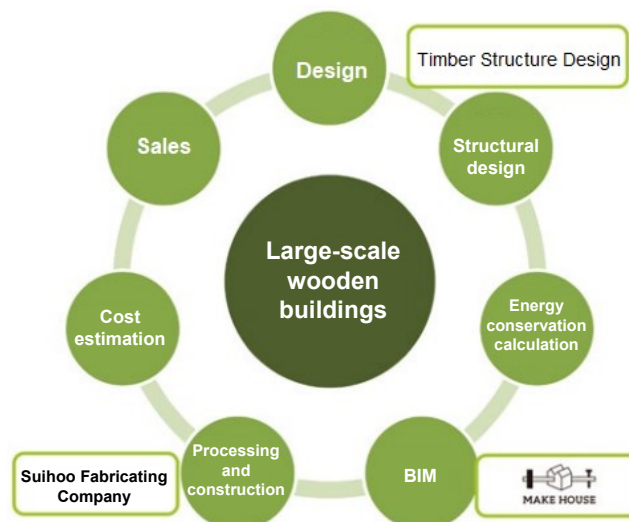
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Strengths

One-stop service for large-scale wooden buildings



Source: The Company's results briefing materials

Up to FY3/20, the Company focused on actively utilizing its approximately 500 existing registered contractors. But as its system and structure are now in place and toward the further spread of wooden housing with high earthquake resistance, it has worked to strengthen acquisitions of new construction companies and at the end of FY3/25, the number of registered contractors had expanded to 621. It aims to continue to expand the network of registered contractors. Concurrently, the Company seeks to further strengthen its business platform, which integrates the construction field of structural calculations and large-scale wooden buildings; the technologies field of energy conservation calculations and BIM by Timber Structure Design, Suihoo Fabricating Company, and MAKE HOUSE; the assets field by SE Home Loan Services; and the lifestyles field through MUJI HOUSE, YADOKARI, Ichinomiya Realize, and N&S Development.

1. The SE-Structure Method

The SE-Structure Method is the Company's proprietary construction system that incorporates the rigid construction method that has been the mainstream method for steel-frame and RC structures, into wooden housing. The SE-Structure Method is overwhelmingly strong. It has been one of the Company's strengths and an intellectual property that other companies cannot duplicate because it is the result of the Company's accumulation of construction experience. In this construction method, the Company conducts structural calculations for all buildings and uses structurally high-quality laminated wood and SE hardware materials that it itself developed for the SE joint parts. Through this method, it realizes high earthquake resistance and large spaces at the same time. The system enables integrated management in every step of the process, from the structural calculations through to the supply of parts, the construction and inspection, and the performance guarantee. In June 2025, the Company began sales of SE-Structure Method Ver.3, a new version of the system, as a measure to strengthen its response to the revised Building Standards Act taking effect in April 2026, and to meet the growing and increasingly diverse needs for large-scale wooden buildings.

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Strengths

2. Timber Structure Design

Timber Structure Design is a joint venture established in February 2020 through a business collaboration with NET EAGLE, which has the leading market share for wooden pre-cut CAD development (more than 60%). This collaboration is for a structural design business in the large-scale wooden buildings (non-residential) field handling construction methods other than the SE-Structure Method. The Act for Promotion of Use of Wood in Public Buildings, enforced in October 2010, encourages the use of wood in public buildings, which have previously had low wood utilization rates, and for which demand can be expected to increase in the future. It also calls for more proactive efforts by local governments and private-sector entities. Furthermore, under the Building Standards Act, beginning in April 2025, structural calculations will, in principle, be required when applying for building certification for all wooden buildings other than “New Type 3 Buildings.” As a result, the need for structural calculations for wooden buildings is rising significantly.

Meanwhile, the current situation is that there are still only a few structural designers that can handle wooden buildings other than housing, and that information cannot be passed accurately to the manufacturing plants just as it is shown in the structural design drawings. Furthermore, when carrying out structural design, a major advantage for the Group's clients is that consulting on costs and on construction work can be provided at the same time. In this respect, Timber Structure Design handles structural designs and production designs of non-residential wooden buildings other than those that use the SE-Structure Method, and it has significant growth potential. By providing optimized product designs as pre-cut data linked to structural design, Timber Structure Design is able to offer a unique one-stop service for a wide variety of buildings. Therefore, it is a source of strength for the Company.

3. BIM business (MAKE HOUSE)

In October 2021, MAKE HOUSE, a subsidiary of the Company, has opened MAKE HOUSE BIM BASE, the BIM/CAD center that will serve as a business development base toward the growth of the BIM business in the wooden buildings field. Many countries around the world have progressed efforts to comply with the obligation to introduce BIM, including that in the United States it had been introduced by approximately 70% of construction companies as of 2012, and in Singapore it had been introduced into around 80% of the buildings requiring an application for construction approval as of 2015. In Japan, BIM is being introduced mainly by the major construction companies, but introductions of BIM are not being progressed in the wooden buildings field. In the “Fact-Finding Survey on BIM Utilization and Adoption in the Construction Field” conducted by the MLIT in December 2022, the percentage of BIM-related departments responding that they have not introduced BIM was 50.4%. The Group's initiatives hence are likely to create orders opportunities and enhance business quality as first-mover benefits.

In April 2021, under the revised Building Energy Efficiency Act, the obligation to explain a building's energy-saving performance was started, while from April 2025, all newly constructed buildings were obligated to comply with the energy-saving standards due to the revision of the Building Standards Act. Due to this obligation to explain energy-saving performance and the obligation to perform structural calculations for most wooden detached houses, demand for the preparation of application materials related to energy-saving performance calculations and structural calculations is expected to increase tremendously. As a result, the use of BIM, which enables the management and utilization of information across all stages of construction, is anticipated to expand significantly, with documents such as building cost estimates, various design documents, and building certification application materials being increasingly digitalized as BIM data.

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Strengths

Since its founding, the Company has pursued the vision of “disseminating safe and secure wooden structures throughout Japan.” It has taken proactive steps ahead of national policies and has continued to grow steadily. In the fields of energy-saving performance and structural design of wooden buildings, the Company has advanced its technology capabilities well ahead of revisions to laws. The conversion of MAKE HOUSE into a wholly owned subsidiary in June 2022 has enabled the Company to swiftly respond to new businesses, investments, and other initiatives geared toward future growth, positioning it to effectively capture opportunities to meet demand.

4. Large-scale wooden buildings (Suihoo Fabricating Company)

Suihoo Fabricating Company is trusted by well-known architects because of its long history and superior technological capabilities, and has established an order base among major general contractors. As a registered contractor of the Company, Suihoo Fabricating Company also has a strong track record in the construction of wooden buildings using the SE-Structure Method. Its addition to the New Constructor's Network Group has brought its know-how in large-scale wooden building construction, specialized processing, and precut processing in-house, which expands the scope of the Company's business beyond its mainstay structural calculations and structural processed product shipments relating to large-scale wooden buildings, further advancing scale expansion.

5. Lifestyle

YADOKARI is a company that increases the choices for ways of living, including through its Minimal Life, Tiny House, and Multi-site Housing, and it has defined and communicated a new affluence from the viewpoint of “homes.” For the Tiny Houses conceived by YADOKARI, it is developing products that utilize the Company's SE-Structure Method. In addition, we at FISCO think new ideas with YADOKARI will emerge by proposing new lifestyles.

Ichinomiya Realize is attracting attention for its regional revitalization alongside new ways of living, such as renovating vacant wooden-construction stores and working on shared offices with communication functions.

To realize a society that facilitates resource circulation, co-existence with nature, and sustainability, MUJI HOUSE conducts activities including the construction of MUJI homes using the SE-Structure Method, a renovation business in partnership with the Urban Renaissance Agency, and store design and construction. In September 2024, MUJI HOUSE designed and built two large-scale wooden stores, each with a floor area of approximately 2,000 m² and the first of their kind for the MUJI brand, with structural and environmental design provided by the Company. The stores became the first large-scale wooden buildings in Japan to receive ZEB certification.

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■ Outlook

Promoting sales of SE-Structure Method Ver.3 in FY3/26. Striving to expand market share amid revisions to laws

1. FY3/26 forecasts

For the FY3/26 consolidated results, the Company forecasts higher net sales and profit, with net sales of ¥9,016mn (up 11.0% YoY), operating income of ¥294mn (up 64.9%), ordinary income of ¥326mn (up 11.6%), and profit attributable to owners of parent of ¥229mn (up 18.5%). In the residential field, although demand for new housing is forecast to decrease in 1Q due to a reactionary drop following last-minute demand ahead of the revision of the Building Standards Act, the Company expects increases in structural calculation shipments and SE-Structure Method shipments on a full-year basis, against the backdrop of the revision of the Building Standards Act and the release of a new version of the SE-Structure Method. Based on this, the Company expects net sales of ¥5,536mn (up 17.1%) in the residential field. In the large-scale wooden buildings (non-residential) field, while no large-scale projects like those in FY3/25 are planned, the Company expects net sales to remain roughly flat at ¥2,950mn (up 0.1%), helped by increases in structural calculation shipments and SE-Structure Method shipments. In the environmental design field, net sales are projected to continue growing significantly to ¥350mn (up 20.7%), while the DX/others field is expected to generate net sales of ¥180mn (up 13.6%). These areas show promise as growth fields with increasing market needs. On the profit front, in addition to the effect of increased net sales, business improvements through collaboration between the Company and its subsidiaries and affiliates will lead to a further return to profitability at subsidiaries and equity-method affiliates, and this is likely to contribute to increased profit.

FY3/26 consolidated forecasts

	FY3/25 results	FY3/26 forecast	YoY	
			Change amount	% change
Net sales	8,124	9,016	892	11.0%
Operating income	178	294	116	64.9%
Ordinary income	292	326	34	11.6%
Profit attributable to owners of parent	193	229	36	18.5%

Source: Prepared by FISCO from the Company's results briefing materials

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Outlook

In the residential field, the Company forecasts net sales of ¥5,536mn (up 17.1%). In terms of KPIs, it expects structural calculation shipments of 1,073 buildings (up 8.5%) and SE-Structure Method shipments of 1,010 buildings (up 12.0%). The Company aims to return the KPIs to the FY3/23 level, by making a recovery from a downturn in new housing construction demand seen over the past two fiscal years. By promoting sales of SE-Structure Method Ver.3, the Company expects to reverse the downward trend in shipments to house manufacturers and improve the trend. It also plans to increase the total number of buildings by boosting the number of buildings particularly for registered contractors. SE-Structure Method Ver.3 is a technology that enables greater design flexibility with fewer walls than before, allowing for further differentiation. The Company will leverage this technology to collaborate with registered contractors to increase shipments. According to the Company, of the 9,650 buildings sold annually by the 515 registered contractors (as of the end of FY3/25) in the residential field, 752 buildings (7.8%) used the SE-Structure Method, indicating significant growth potential for handling houses using the SE-Structure Method. With structural and energy conservation calculations becoming mandatory for wooden houses, further growth in the SE-Structure Method is expected. The promotion of SE-Structure Method Ver.3 is also anticipated to drive additional increases. Alongside efforts to highlight the advantages of the SE-Structure Method, the Company plans to bring onboard 36 new registered contractors in FY3/26. By strengthening design and construction support, it aims to enhance the likelihood of achieving its targets.

In the large-scale wooden buildings (non-residential) field, the Company forecasts net sales of ¥2,950mn (up 0.1% YoY). It expects double-digit increases in both KPIs: structural calculation shipments are projected at 265 buildings (up 10.9%) and SE-Structure Method shipments at 152 buildings (up 10.4%). Continued market expansion is anticipated, supported by greening initiatives for decarbonization and growing needs for wooden construction for non-residential buildings such as stores. The Company will promote one-stop services through Timber Structure Design, which applies both the SE-Structure Method and methods other than the SE-Structure Method. For the SE-Structure Method, the Company will strive to achieve its targets by enhancing and expanding its construction and order networks, as in the residential segment. In FY3/26, these efforts will be further accelerated through the Large-scale Wooden Building Network, with plans to offset the absence of the large-scale projects undertaken in FY3/25 by increasing the number of projects.

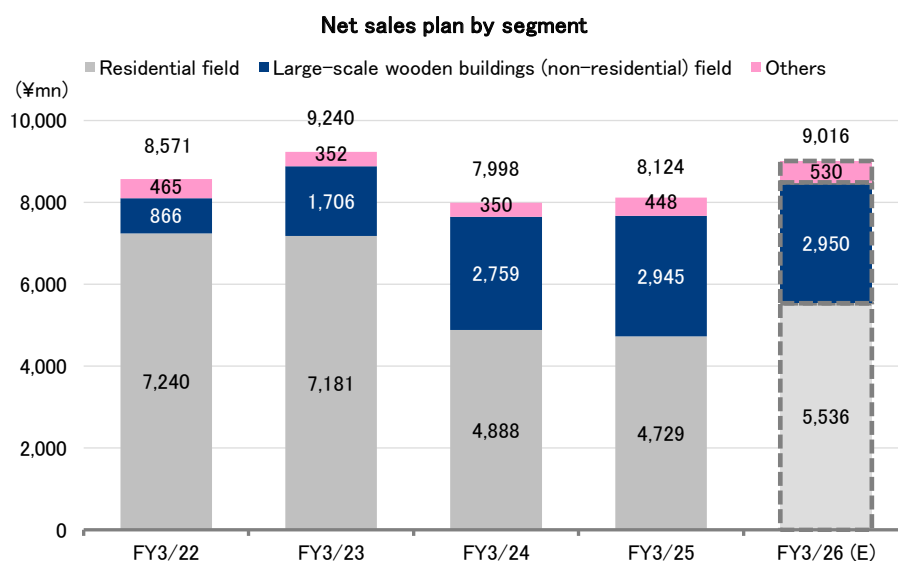
In the others field, the Company forecasts net sales of ¥530mn (up 18.2% YoY). In the environmental design field, it expects increased energy conservation calculation shipments for homes and greater orders for application support and facility design services, in response to the mandatory energy conservation calculations starting in 2025. Based on this, the Company forecasts net sales of ¥350mn (up 20.7%) in this field. In particular, regarding services for homes, demand is anticipated for the renovation of pre-owned homes, a service that started in FY3/25. In the DX/ others field, the Company forecasts net sales of ¥180mn (up 13.6%). Business performance is expected to benefit from continued expansion in sales of MAKE ViZ by MAKE HOUSE, and from the enhanced rollout of MAKE DoC, a service provided by BIM to prepare design documents for building certification applications and construction drawings.

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Outlook



Source: Prepared by FISCO from the Company's results briefing materials

2. Progress on the medium-term management plan and the growth strategy for the future

The Company plans to revise its medium-term management plan (FY3/24 to FY3/26) considering the impact of the sluggish trend in new housing starts to date. This is also a transitional period due to the revision of the Building Standards Act, and the timing of the revised plan's announcement is still under consideration. The Company's growth strategies by field at this time are as follows.

In the residential field, the Company will strengthen its efforts by leveraging the significant performance enhancements of SE-Structure Method Ver.3, a new version of the SE-Structure Method. Due to the revision of the Building Standards Act in April 2026, structural standards for wooden detached houses will be revised, increasing the required wall quantity for existing construction methods by 1.4-times the previous level. Existing construction methods will face greater constraints in terms of floor plan flexibility and other aspects. In contrast, the SE-Structure Method, which uses a rigid frame structure, allows for more flexible floor layouts. The new version also enables open and spacious home designs through the use of G-BOARD, a super-high strength structural particle board. According to the Company, the wall strength coefficient (a numerical value indicating the strength of shear walls in wooden houses) is 2.5 when using standard wall sheathing with conventional construction methods, but rises to 11.7 when using G-BOARD, demonstrating significantly greater strength. Leveraging this strength advantage, the Company will strive to capture market share from conventional construction methods, while also increasing structural calculation shipments and SE-Structure Method shipments by bolstering support for registered contractors. Because the SE-Structure Method is still handled by relatively few registered contractors, there is considerable room for expanding market share, and the Company plans to prioritize this effort. Meanwhile, the revision of the Building Standards Act (making structural calculations and energy conservation calculations mandatory) is expected to extend the building certification application period from 7 to 35 days. As a result, it will take approximately 90 to 120 days from the time of structural calculation to the recognition of net sales. From a financial perspective, this will create a one-month lag in revenue recognition, causing some sales originally expected over the full year of FY3/26 to be deferred to FY3/27. The results forecast for FY3/26 has already taken this timing shift into account, and the medium-term plan is expected to be formulated on a similar basis.

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Outlook

In the large-scale wooden buildings (non-residential) field, the Company is responding to the expanding market for wooden non-residential buildings by actively uncovering new demand utilizing its network of registered contractors. It seeks to increase order opportunities by leveraging its accumulated wooden construction design technologies and by proposing a pre-cut processing system capable of handling large-scale wooden buildings. In addition, the Company aims to capture market share from the steel-frame construction market by proposing SE-Structure Method Ver.3, and to further accelerate these efforts through the rollout of the Large-Scale Wooden Construction Network. The large section laminated timber processing and specialized processing of Suihoo Fabricating Company, which was involved in constructing the BLUE OCEAN DOME and the Uzbekistan Pavilion at the Osaka World Expo held in 2025, have attracted industry attention as unique, best-in-class technologies. At the Non-Residential Wooden Construction Fair 2025 held in June 2025, the Suihoo Fabricating Company booth was one of the most visited exhibits. By combining the Group's strengths and leveraging its one-stop service framework, including not only structural and environmental design, but also BIM and construction, the Company plans to nurture the large-scale wooden construction (non-residential) field into a second core business alongside the residential field, aiming to maintain a roughly 40% market share in terms of net sales, by ensuring no order opportunities are missed.

In the environmental design field, energy-saving standards are now mandatory for all newly constructed buildings, both residential and non-residential. With this as a tailwind, the Company will implement sales expansion initiatives centered on its network of registered contractors. In terms of its future initiatives to expand business areas, the Company will broaden its renovation services beyond pre-owned homes to include facility buildings. For ZEB certification, the Company will strive to capture demand primarily from companies and organizations with a strong interest in the environment.

Corporate Social Responsibility (CSR)

17 Sustainable Development Goals (SDGs) have been defined with 2030 as the deadline to achieve them. Among them, the Company has indicated its respective themes and its plans for measures to achieve the goals through its business. Ever since its establishment with the aims of spreading safe and secure wooden structures in Japan and creating a framework to provide homes with asset value, there has been no change to its corporate philosophy of “spreading around the world wooden homes that can be lived in safely.”

- (1) The Company's goal is to make inclusive, safe, strong, and sustainable cities and residential communities based on “11. Sustainable Cities and Communities,” which the SDG defines on the theme of increasing the earthquake-resistance rate of wooden buildings. Another goal is to ensure a pattern of sustainable consumption and production based on “12. Responsible Consumption and Production.” The Company's specific measures for these goals include promoting the wooden-construction, earthquake-resistant design business and working to achieve 100% earthquake-resistant housing. As part of this initiative, a general incorporated association established by the Company is soliciting donations from various sources and planning projects such as seismic retrofitting of aging buildings used as children's cafeterias and cultural properties in collaboration with local governments. In particular, the association seems to have received a considerable number of inquiries from local governments, due in part to its past work on the seismic renovation of the birthplace of Jirocho Shimizu in 2017.
- (2) On the theme of raising the rate of the use of wooden materials, based on “9. Industry, Innovation and Infrastructure,” the Company's goal is to provide a strong infrastructure and promote the transition to inclusive and sustainable consulting, while also aiming to expand technological innovation. Based on “15. Life on Land,” it aims to promote the protection, restoration, and sustainable use of ecosystems on land, sustainable forest management, dealing with desertification, halting and reversing land degradation, and halting biodiversity loss. Based on “12. Responsible Consumption and Production,” the goal is to ensure sustainable consumption and production patterns. Specific initiatives include the establishment of Timber Structure Design and utilizing CLT.
- (3) On the theme of spreading the use of energy-saving housing, the Company's goals are to secure access to sustainable and modern energy that is affordable and reliable for everyone based on “7. Affordable and Clean Energy,” and also to contribute to realizing “11. Sustainable Cities and Communities.” Its specific measures include conducting surveys of actual energy-saving conditions.
- (4) On the theme of a shift from economic concentration in the Tokyo area to regional revitalization, the Company's goal is “11. Sustainable Cities and Communities.” To this end, specific measures include promoting a capital and business alliance with YADOKARI, which conducts surveys and research on new lifestyles, as well as collaboration with Sanu, a provider of second home services. As part of the collaboration with Sanu, the Company has supplied wooden buildings using the SE-Structure Method to Sanu's locations, thereby putting the business collaboration into practice. Through these business collaboration initiatives, the Company utilizes forest resources and builds cooperative frameworks with local communities, going beyond the supply of wooden buildings to offer a variety of proposals that lead to new lifestyles.

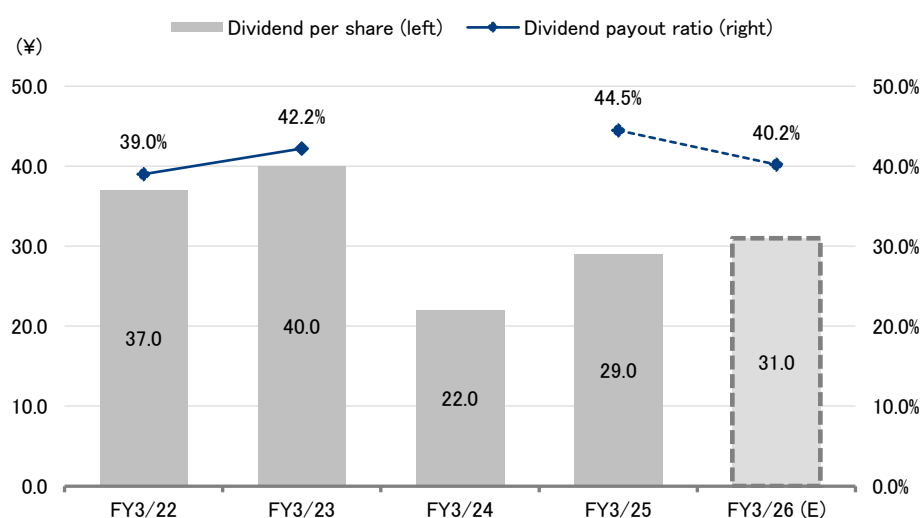
New Constructor's Network Co., Ltd.
7057 Tokyo Stock Exchange Standard Market

28-Jul.-2025
<https://www.ncn-se.co.jp/ir/>

Shareholder return policy

The Company considers returning profits to shareholders to be one of its most important management issues. To decide the payout ratio, the Company takes internal reserves into account to implement the business plan and expand the business scale (including for funds for the R&D required for growth and development and for capital investment). Its basic policy is to continuously and stably pay dividends that target an annual dividend payout ratio of 40% on a consolidated results basis while taking into consideration the profit level and the cash flow conditions in each fiscal year. In FY3/26, it plans to pay a ¥31.0 annual dividend (40.2% payout ratio).

Dividend per share and the dividend payout ratio



Note: The FY3/24 dividend payout ratio is not calculated due to impact of profit attributable to owners of parent.
Source: Prepared by FISCO from the Company's financial results

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