

October 17, 2022

Flash Report (Consolidated Basis)
Results for the nine-month period ended August 31, 2022
(Based on Japanese GAAP)

Company name: **Samty Co., Ltd.**
Stock Listings: Tokyo Stock Exchange
Stock Code: 3244
URL: <https://www.samty.co.jp/en/>

Representative

Title: Representative Director and President

Name: Yasuhiro Ogawa

Contact Person

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Quarterly report filing date (Planned): October 17, 2022

Start of dividend payments (Planned): —

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: No

(Figures less than ¥1 million have been omitted.)

1. Consolidated Results for the Nine-Month Period Ended August 31, 2022
(December 1, 2021 to August 31, 2022)

(1) Consolidated Operating Results

Nine months ended August 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2022	63,371	14.0	5,133	(6.3)	5,741	37.7	4,747	(30.5)
2021	55,607	17.3	5,477	(21.5)	4,171	(22.7)	6,832	87.0

(Note) Comprehensive Income: Nine months ended August 31, 2022: ¥5,251 million, (32.9%)

Nine months ended August 31, 2021: ¥7,824 million, 175.6%

	Net income per share	Net Income per share after adjustment for residual shares
	Yen	Yen
2022	102.10	93.36
2021	169.85	147.00

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
August 31, 2022	411,956	106,756	23.1
November 30, 2021	349,194	103,028	27.0

(Reference) Total shareholders' equity: August 31, 2022: ¥95,052 million, November 30, 2021: ¥94,296 million

2. Dividends

Years ended/ending November 30

	Dividends per share				
	February 28	May 31	August 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2021	—	39.00	—	51.00	90.00
2022	—	39.00	—		
2022 (Forecast)				51.00	90.00

(Note) Revision of dividends forecast for this period: None

3. Forecasts for Fiscal Year Ending November 30, 2022

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	123,000	36.0	13,000	37.4	13,500	66.6

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Fiscal year	10,200	1.9	219.50

(Note) Revision of results forecast for this period: None

Notes

(1) Significant changes in subsidiaries during the subject fiscal period: Yes

(Changes in specified subsidiaries related to a change in the scope of consolidation)

Additions: 2 (Ryozen Development LLC / Shangri-La Kyoto Nijojo SPC)

Deletions: (—)

(2) Application of special accounting practices in the preparation of the consolidated financial statements:

None

(3) Changes in accounting policies, changes in accounting estimates, restatements

1) Changes in accounting policies due to revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued and outstanding (common share)

1) Number of shares issued and outstanding (including treasury stock)	Nine months ended August 31, 2022	46,522,685 shares	Year ended November 30, 2021	46,468,085 shares
2) Number of treasury stock	Nine months ended August 31, 2022	402 shares	Year ended November 30, 2021	201 shares
3) Average number of shares outstanding for each period (cumulative term)	Nine months ended August 31, 2022	46,492,479 shares	Nine months ended August 31, 2021	40,228,671 shares

* Quarterly financial statements are not subject to review by certified public accountants or audit firms.

* Explanation regarding the appropriate use of results forecasts, and other items of note

- Results forecasts and other forward-looking statements contained in this report are based on information available to the Company at the time of disclosure, and certain assumptions the Company considers reasonable. Actual results may vary considerably due to a variety of factors.

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1. Qualitative Information on Consolidated Results for the Nine-Month Period of Fiscal 2022

(1) Explanation of Business Results

During the subject third quarter cumulative period in the Japanese economy, due to the seventh wave of COVID-19 the number of people newly infected reached a record high, and there was a resurgence in the spread of infections. However, there is currently an ongoing shift to living with COVID-19, such as reviewing the need for a "total grasp" of the number of new infections. In terms of the global economy, the outlook remained as uncertain as ever due to factors that included soaring resource prices, persistently high inflation rates, protracted tensions in Ukraine, rising interest rates in Europe and the United States as well as the depreciation of the yen.

In the real estate industry, of which the Samty Group is a part, with regard to rental apartments, occupancy rates, rent levels, and property sales prices have remained favorable, because they are not easily affected by economic trends or the effects of the COVID-19 pandemic. In the hotel industry, it is anticipated that consumption on accommodation and tourism will increase due to the start of nationwide travel support and the measures being implemented to expand the acceptance of foreign visitors to Japan for sightseeing purposes.

In such a business environment, we sold 21 properties worth approximately ¥17.5 billion in rental condominiums during the subject third quarter cumulative period to support the growth of Samty Residential Investment Corporation. The occupancy rate of hotels owned and operated by the Group had declined due to the impact of the quasi-emergency measures to prevent the spread of COVID infections but is currently on a recovery trend. In addition, from the subject third quarter cumulative period, Nesta Resort Kobe Co., Ltd., which operates a nature adventure theme park that comprises a hotel, has become a consolidated subsidiary, and the Company is participating in its management in partnership with Katana Co., Ltd. The Group recognizes that people's behavior will shift to "things and experiences" in the post-COVID era and that "tourism/leisure-related" represent powerful assets that can be expected to grow. In addition to rental condominiums and hotels, we have added the theme park business as the third pillar in Japan and, together with gaining opportunities to increase profits, will use this initiative as an opportunity to bring about the Group's development into a sustainable business while promoting regional revitalization and contributing to the development of regional economies. In addition, due to the yen's depreciation during the subject third quarter cumulative period, foreign exchange gains are being generated at consolidated subsidiaries.

As a result, for the subject third quarter cumulative period, net sales amounted to ¥63.3 billion (up 14.0% from the same period of the previous fiscal year), with operating profit of ¥5.1 billion (down 6.3%), ordinary profit of ¥5.7 billion (up 37.7%), and profit attributable to owners of parent of ¥4.7 billion (down 30.5%).

Due to the application of the Accounting Standard for Revenue Recognition, net sales in the subject third quarter cumulative period decreased by ¥0.7 billion compared with the previous accounting method.

Results by Business Segment

The classifications of the reportable segments have been changed from the previous fourth quarter, and comparisons with and analyses of the same period in the previous fiscal years are based on the changed classifications.

a. Real Estate Development Business

The Real Estate Development Business engages in the planning, development, and sales of the Samty brand S-RESIDENCE series, etc. During the subject third quarter cumulative period, the Company sold 27 real estate for sale properties for approximately ¥31.4 billion.

As a result, net sales in the Real Estate Development Business segment amounted to ¥31.4 billion

(up 68.9% from the same period of the previous fiscal year), with operating profit of ¥5.4 billion (down 11.8%).

b. Real Estate Solution Business

The Real Estate Solution Business engages in the acquisition, renovation, and sales of profitable real estate. During the subject third quarter cumulative period, the Company sold 24 rental condominiums and office buildings for approximately ¥19.0 billion.

As a result, net sales in the Real Estate Solution Business segment amounted to ¥19.0 billion (down 29.5% from the same period of the previous fiscal year), with operating profit of ¥2.9 billion (up 58.0%).

c. Overseas Business

The Overseas Business engages in overseas investment and for-sale housing businesses. With regard to the smart city, for-sale housing business project in Hanoi, Vietnam, which started sales in the previous consolidated fiscal year, sales are progressing steadily even amid the COVID pandemic. As one of the four buildings in this project is scheduled to be handed over from October onward, sales in this for-sale housing business project are scheduled to be recorded in the fourth quarter cumulative period.

As a result, there were no net sales recorded for this business (¥0.5 billion in the same quarter of the previous year), and operating loss was ¥0.2 billion (operating profit of ¥0.3 billion in the same quarter of the previous year).

d. Real Estate Leasing Business

The Real Estate Leasing Business engages in the leasing of residential apartments, office buildings, and commercial facilities. Property acquisitions have been favorable during the subject third quarter cumulative period. In addition to acquiring 37 profitable properties, totaling approximately ¥24.0 billion, the Company completed the development of 38 properties for a total of approximately ¥44.6 billion.

As a result, net sales in the Real Estate Leasing Business segment amounted to ¥6.3 billion (up 9.5% from the same period of the previous fiscal year), with operating profit of ¥3.0 billion (up 8.4%).

e. Hotel Business

The Hotel Business engages in the leasing and operating of hotels. During the subject third quarter cumulative period, 19 hotels were owned and operated, including S-PERIA Hotel Fukuoka Nakasu (Hakata-ku, Fukuoka), Aloft Osaka Dojima (Kita-ku, Osaka), and Hotel The Pavone (Miki City, Hyogo Prefecture) in Nesta Resort Kobe. However, with regard to the COVID-19 situation, the numbers of infected people reached a record high in August during the third quarter, and there was a resurgence of infections. Regarding the acceptance of foreign tourists visiting Japan, border control measures have been partially relaxed, but as the number of tourists entering Japan has not yet recovered to the pre-COVID level, an operating loss was recorded in this business. Looking ahead, we expect that demand will recover due to the start of nationwide travel support and an increase in inbound visitors to Japan.

Tochigi Prefecture and Nagasaki Prefecture requested to secure accommodation facilities at Hotel Sunshine UtsunomiyaU (Utsunomiya-shi, Tochigi) and S-PERIA Hotel Nagasaki (Nagasaki-shi, Nagasaki). Accepting these requests from the perspectives of its corporate social responsibility and contributions to local communities, the Group had been fully renting out both of these buildings. However, in the case of S-PERIA Hotel Nagasaki, after consultation with Nagasaki Prefecture, the Company ended its rental as a lodging facility and resumed normal operations from October 1. Hotel Sunshine Utsunomiya continues to be rented out as an accommodation facility.

As a result, net sales in the Hotel Business segment amounted to ¥3.6 billion (up 215.8% from the same period of the previous fiscal year), and operating loss of ¥2.0 billion (operating loss of ¥2.3 billion in the same period of the previous fiscal year).

f. Real Estate Management Business

The Real Estate Management Business engages in the managing of residential apartments, office buildings, and commercial facilities.

As a result, net sales in the Real Estate Management Business segment amounted to ¥2.8 billion (up 17.9% from the same period of the previous fiscal year), with operating profit of ¥0.6 billion (up 42.8%).

(2) Qualitative Information on the Consolidated Financial Position

Assets, Liabilities, and Net Assets

Assets

Total assets at the end of the subject third quarter cumulative period amounted to ¥411.9 billion, an increase of ¥62.7 billion compared with the end of the previous fiscal year. Intending to maximize income gain in accordance with the Samty Toughening Plan (Post-COVID Version) Medium-Term Management Plan announced in January 2021, the Group has a policy of holding completed properties for a certain period of time. As a result, real estate for sale, real estate for sale under construction, and net property increased by ¥78.8 billion, and cash and deposits decreased by ¥8.4 billion.

Liabilities

Total liabilities at the end of the subject third quarter cumulative period amounted to ¥305.1 billion, an increase of ¥59.0 billion compared with the end of the previous fiscal year. The main contributory factor was an increase in borrowings of ¥49.8 billion accompanying the settlement of acquisition of more than 80 properties, including sites for development and income properties.

Net Assets

Total net assets at the end of the subject third quarter cumulative period amounted to ¥106.7 billion, an increase of ¥3.7 billion compared with the end of the previous fiscal year. The main contributory factor for the change was an increase in non-controlling interests of ¥2.9 billion due to an increase in consolidated subsidiaries.

(3) Explanation of Consolidated Results Forecasts and Other Future Predictions

The full-year consolidated earnings forecast has not changed from the earnings forecast in the “Notice Concerning Revision of Earnings Forecasts,” announced on July 28, 2022.

2. Consolidated Financial Statements and Main Explanatory Notes

(1) Consolidated Balance Sheets

	Millions of yen	
	November 30, 2021	August 31, 2022
ASSETS		
Current assets:		
Cash and deposits	41,646	33,182
Accounts receivable – trade	1,858	1,594
Real estate for sale	107,875	136,169
Real estate for sale in process	71,075	121,674
Merchandise	0	29
Supplies	23	64
Other	2,618	3,699
Allowance for doubtful accounts	(3)	(3)
Total current assets	225,094	296,411
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	23,865	27,102
Buildings in trust, net	3,142	2,854
Land	54,925	49,166
Land in trust	2,314	1,466
Construction in progress	6,678	3,021
Other net	379	566
Total property, plant and equipment	91,306	84,179
Intangible assets:		
Goodwill	9	8
Other	417	418
Total intangible assets	426	426
Investments and other assets:		
Investment securities	27,921	25,448
Deferred tax assets	545	264
Other	3,901	5,161
Allowance for doubtful accounts	(53)	(53)
Total Investments and other assets	32,315	30,821
Total non-current assets	124,048	115,427
Deferred assets:		
Share issuance costs	42	30
Bond issuance costs	9	86
Total deferred assets	51	117
Total assets	349,194	411,956

	Millions of yen	
	November 30, 2021	August 31, 2022
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	3,304	4,511
Short-term borrowings	12,325	22,074
Current portion of long-term borrowings	32,197	27,686
Income taxes payable	1,660	944
Other	5,131	9,429
Total current liabilities	54,618	64,646
Non-current liabilities:		
Bonds payable	9,000	12,930
Bonds with share acquisition rights	12,000	12,000
Long-term borrowings	165,709	210,341
Retirement benefit liability	251	317
Leasehold and guarantee deposits received	1,369	1,352
Construction assistance fund	372	331
Deferred tax liabilities	2,551	2,991
Other	292	288
Total non-current liabilities	191,547	240,553
Total liabilities	246,166	305,199
NET ASSETS		
Shareholders' equity:		
Share capital	20,595	20,657
Capital surplus	22,471	22,533
Retained earnings	50,269	50,792
Treasury shares	(0)	(0)
Total shareholders' equity	93,336	93,982
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	965	1,643
Foreign currency translation adjustment	(5)	(574)
Total accumulated other comprehensive income	959	1,069
Non-controlling interests	8,731	11,704
Total net assets	103,028	106,756
Total liabilities and net assets	349,194	411,956

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

Nine months ended August 31

	Millions of yen	
	2021	2022
Net sales	55,607	63,371
Cost of sales	44,089	50,075
Gross profit	11,517	13,295
Selling, general and administrative expenses	6,040	8,162
Operating profit	5,477	5,133
Non-operating income:		
Interest income	0	1
Dividend income	11	16
Share of profit of entities accounted for using equity method	175	—
Foreign exchange gains	783	4,472
Gain on valuation of interest rate swaps	28	25
Other	109	97
Total non-operating income	1,108	4,613
Non-operating expenses:		
Interest expenses	1,667	2,457
Interest on bonds	114	152
Share of loss of entities accounted for using equity method	—	44
Commission expenses	616	1,271
Other	16	77
Total non-operating expenses	2,415	4,004
Ordinary profit	4,171	5,741
Extraordinary income:		
Gain on sales of non-current assets	—	20
Gain on bargain purchase	4,307	—
Gain on change in equity	—	6
Total extraordinary income	4,307	26
Extraordinary loss:		
Loss on retirement of non-current assets	2	11
Head office relocation expenses	191	—
Total extraordinary losses	194	11
Profit before income taxes	8,283	5,756
Income taxes-current	1,313	1,014
Income taxes-deferred	64	(55)
Total income taxes	1,378	958
Profit	6,905	4,797
Profit attributable to non-controlling interests	73	50
Profit attributable to owners of parent	6,832	4,747

Consolidated Statements of Comprehensive Income

Nine months ended August 31

	Millions of yen	
	2021	2022
Profit	6,905	4,797
Other comprehensive income:		
Valuation difference on available-for-sale securities	899	678
Foreign currency translation adjustment	18	(225)
Total other comprehensive income	918	453
Comprehensive income	7,824	5,251
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	7,634	4,856
Comprehensive income attributable to non-controlling interests	189	394

(3) Notes Relating to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable.

(Notes in the Event of Major Changes in Shareholders' Equity)

Not applicable.

(Change in Accounting Policy)

Subject Third Quarter Consolidated Cumulative Period
(from December 1, 2021 to August 31, 2022)

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020, hereinafter referred to as "the Revenue Recognition Standard"), has been applied effective from the beginning of the subject first quarter accounting period. When control of promised goods or services is transferred to the customer, the amount expected to be received upon exchange for said goods or services will be recognized as revenue.

The main changes due to the application of this standard are as follows.

1. Revenue recognition for agent transactions

Previously, sales of utilities and corresponding purchases to tenants in rental properties, and hotel sales and corresponding purchases of outsourcing fees, etc. had been recorded as net sales and cost of sales, respectively. As a result of examining the Company's role (serving as a supplier or agent) in providing goods or services to customers, it was decided to change to a method that recognizes revenue as the net amount received for transactions in which the Company is judged to be acting as an agent.

2. Revenue recognition for other companies' point programs

Previously, the amount corresponding to the point programs of other companies given at the time of hotel sales was recorded as cost of sales, but as this represents an amount to be recovered for a third party, the decision was made to change to a method of deducting the amount from the transaction price.

3. Revenue recognition for variable consideration

(1) With regard to variable consideration included in contracts related to hotel sales, net sales were previously recorded when the amount was fixed. However, when the uncertainty associated with this variable consideration is subsequently resolved, the decision was made that the amount should be estimated and reflected in the transaction price for portions where there is a high possibility that the profit recorded up to that point will not have been significantly reduced.

(2) With regard to provision of allowance for possible contract losses in the Real Estate Development Business, this was previously recorded in cost of sales. However, the Company decided to change to the method of estimating the amount that is likely to occur and deducting that amount from the transaction price.

Regarding the application of the Revenue Recognition Standard, we followed the transitional treatment stipulated in Paragraph 84 of the Revenue Recognition Standard. Taking into account the cumulative impact of retroactive application of new accounting policies prior to the beginning of the first quarter of the current consolidated accounting period, the new accounting policy is applied from the balance at the beginning of the first quarter of the current consolidated accounting period by adding it to or subtracting it from the retained earnings at the beginning of the period.

As a result, net sales for the subject third quarter cumulative period decreased by ¥705 million, cost of sales decreased by ¥697 million, and selling, general and administrative expenses decreased by ¥47 million. Operating profit, ordinary profit, and income before income taxes each increased by

¥39 million, but this does not affect the balance of retained earnings at the beginning of the period.

In accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), we are not disclosing information on the disaggregation of revenue generated from contracts with customers for the third quarter of the previous consolidated cumulative period.

With regard to the transfer of real estate that is subject to the “Practical Guidelines for Accounting “Treatments for Transferors Relating to Liquidation of Real Estate Utilizing Special Purpose Companies” contained in the Real Estate Development Business and Real Estate Solution Business segments of the Company, since this is outside the scope of the Revenue Recognition Standard, the accounting treatment will be performed as previously.

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as “the Fair Value Accounting Standard”), etc., has been applied from the beginning of the subject first quarter cumulative accounting period. New accounting policies prescribed by the Fair Value Accounting Standard, etc., will be prospectively applied in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The effect of the application of the Fair Value Accounting Standard, etc., on the quarterly consolidated financial statements is immaterial.

(Additional Information)

Change in Holding Purpose

Because of a change in holding purpose, ¥43,110 million was transferred from property, plant, and equipment to inventories.

Impact of COVID-19 pandemic on accounting estimates

There are no significant changes to the assumptions relating to the effects of the COVID-19 pandemic set forth in the Securities Report (Significant Accounting Estimates) for the previous consolidated fiscal year.

(Segment Information)

I Results for the nine months of FY11/21 (from December 1, 2020 to August 31, 2021)

1. Operating Revenues and Earnings (or Loss) by Reportable Segment

Nine months ended August 31, 2021

	Millions of yen						
	Reportable Segment						
	Real Estate Development Business	Real Estate Solution Business	Overseas Business	Real Estate Leasing Business	Hotel Business	Real Estate Management Business	Total
Net sales:							
Net sales from third parties	18,632	27,005	595	5,796	1,163	2,414	55,607
Inter-segment net sales and transfers	—	—	—	—	68	400	469
Total	18,632	27,005	595	5,796	1,232	2,815	56,077
Operating profit (loss)	6,176	1,856	325	2,853	(2,385)	428	9,255

	Millions of yen		
	Total	Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
Net sales:			
Net sales from third parties	55,607	—	55,607
Inter-segment net sales and transfers	469	(469)	—
Total	56,077	(469)	55,607
Operating profit (loss)	9,255	(3,778)	5,477

Notes

1. The ¥3,778 million downward adjustment to operating profit (loss) comprises a negative ¥108 million in intersegment eliminations, and a negative ¥3,669 million in corporate expenses not allocated to any reportable segment. Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Segment operating profit (loss) is adjusted to the operating profit on the consolidated income statement.

2. Disclosure of Impairment Loss of Non-Current Assets or Goodwill by Reportable Segment

Not applicable.

II Results for the nine months of FY11/22 (from December 1, 2021 to August 31, 2022)

1. Operating Revenues and Earnings (or Loss) by Reportable Segment

Nine months ended August 31, 2022

	Millions of yen						
	Reportable Segment						
	Real Estate Development Business	Real Estate Solution Business	Overseas Business	Real Estate Leasing Business	Hotel Business	Real Estate Management Business	Total
Net sales:							
Net sales from third parties	31,475	19,031	—	6,344	3,674	2,846	63,371
Inter-segment net sales and transfers	—	—	—	—	5	937	943
Total	31,475	19,031	—	6,344	3,680	3,783	64,314
Operating profit (loss)	5,449	2,933	(241)	3,091	(2,059)	612	9,786

	Millions of yen		
	Total	Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
Net sales:			
Net sales from third parties	63,371	—	63,371
Inter-segment net sales and transfers	943	(943)	—
Total	64,314	(943)	63,371
Operating profit (loss)	9,786	(4,653)	5,133

Notes

1. The ¥4,653 million downward adjustment to operating profit (loss) comprises a negative ¥348 million in intersegment eliminations, and a negative ¥4,304 million in corporate expenses not allocated to any reportable segment. Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Segment operating profit (loss) is adjusted to the operating profit on the consolidated income statement.

2. Matters appertaining to changes in reportable segments, etc.

As described in the Change in Accounting Policy, the Accounting Standard for Revenue Recognition has been applied from the beginning of the subject first quarter cumulative accounting period. Due to the change in the accounting method for revenue recognition, the method for calculating profit or loss in the reportable segments has also changed.

Due to this change, compared with the previous method, net sales of the Real Estate Development Business for the subject third quarter cumulative period decreased by ¥25 million, net sales of the Real Estate Leasing Business decreased by ¥100 million, net sales of the Hotel Business decreased by ¥580 million, and segment profit increased by ¥39 million.

Having reviewed the business segment classification method, from the previous consolidated fiscal year we changed the reportable segments from the previous Real Estate Business, Real Estate Leasing Business, and Other Businesses to the Real Estate Development Business, Real Estate Solution Business, Overseas Business, Real Estate Leasing Business, Hotel Business, and Real Estate Management Business.

With regard to the segment information for the previous third quarter consolidated cumulative period disclosed as comparative information for the subject third quarter cumulative period, this was created from the post-change reportable segments, and thus differences can be seen from the reportable segments for the third quarter consolidated cumulative period disclosed in the previous consolidated fiscal year.

3. Disclosure of Impairment Loss of Non-Current Assets or Goodwill by Reportable Segment

Not applicable.

(Significant Events after the Reporting Period)

Not applicable.

END