

March 31, 2023

Flash Report (Consolidated Basis)
Results for the year ended November 30, 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

Title: Head of IR Office, Corporate Planning Department

Name: Izumi Jozuka Telephone: +81-3-5224-3139

Date of Annual Shareholders Meeting: February 27, 2023

Start of dividend payments: February 28, 2023

Submission of securities report (Planned): March 31, 2023

Supplemental explanatory material prepared: Yes

Results briefing held: No

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

1. Consolidated Results for FY2022 (December 1, 2021 to November 30, 2022)

(1) Consolidated Operating Results

Years ended November 30

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	%
FY2022	128,470	42.0	14,083	48.8	14,441	78.2	10,866	8.5
FY2021	90,460	(10.5)	9,461	(45.5)	8,105	(46.8)	10,012	(5.7)

Note: Comprehensive Income: FY2022: ¥8,890 million, (20.1%),
 FY2021: ¥11,125 million, 9.1%

	Net income per share	Net Income per share after adjustment for residual shares	Return on equity	Ordinary profit-to-total assets ratio	Operating margin
	Yen	Yen	%	%	%
FY2022	233.68	213.67	11.3	3.8	11.0
FY2021	242.52	214.32	11.7	2.7	10.5

(Reference) Equity in earnings (losses) of affiliated companies: FY2022: ¥ (406) million,
 FY2021: ¥ 839 million

(2) Consolidated Financial Condition

At November 30

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2022	413,594	110,395	23.9	2,123.10
FY2021	349,194	103,028	27.0	2,029.28

(Reference) Total shareholders' equity: November 30, 2022: ¥98,771 million, November 30, 2021: ¥94,296 million

(3) Consolidated Cash Flows

Years ended November 30

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2022	14,897	(52,024)	38,907	43,104
FY2021	(6,728)	(52,348)	57,658	40,589

2. Dividends

Years ended/ending November 30

Record date	Dividends per share					Total amount of dividends (for the entire fiscal year) Millions of yen	Payout ratio %	Dividends-to-net assets ratio %
	Feb. 28	May 31	Aug. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
FY2021	—	39.00	—	51.00	90.00	3,937	37.1	4.6
FY2022	—	39.00	—	51.00	90.00	4,186	38.5	4.3
FY2023 (Forecast)	—	39.00	—	51.00	90.00		69.8	

3. Forecasts for FY2023 (December 1, 2022 to November 30, 2023)

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

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	165,000	28.4	18,000	27.8	11,000	(23.8)

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Fiscal year	6,000	(44.8)	128.97

Notes

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

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

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

Deletions: (—)

(2) 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

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

1) Number of shares issued and outstanding (including treasury stock)	FY2022	46,522,685 shares	Year ended November 30, 2021	46,468,085 shares
2) Number of treasury stock	FY2022	603 shares	Year ended November 30, 2021	201 shares
3) Average number of shares outstanding for each period (cumulative term)	FY2022	46,499,903 shares	Year ended November 30, 2021	41,286,203 shares

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Non-Consolidated Results for FY2022 (December 1, 2021 to November 30, 2022)

(1) Non-Consolidated Operating Results

Years ended November 30

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	109,159	29.7	13,105	39.2	10,234	59.8	7,140	68.5
FY2021	84,161	(12.9)	9,413	(42.9)	6,405	(55.4)	4,236	(57.5)

	Net income per share	Net Income per share after adjustment for residual shares
	Yen	Yen
FY2022	153.56	140.41
FY2021	102.62	90.69

(2) Non-Consolidated Financial Condition

At November 30

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2022	345,549	89,015	25.8	1,913.41
FY2021	304,003	85,799	28.2	1,846.44

(Reference) Total shareholders' equity: November 30, 2022: ¥89,015 million, November 30, 2021: ¥85,799 million

* This flash report is not subject to auditing by a certified public accountant or audit firm.

* 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.

Table of Contents for Accompanying Material

1. Summary of Business Results	2
(1) Summary of Business Results for the Subject Period.....	2
(2) Summary of Financial Position for the Subject Period	4
(3) Summary of Cash Flows for the Subject Period.....	4
(4) Future Outlook	6
2. Basic Stance on Selection of Accounting Standards.....	6
3. Consolidated Financial Statements and Main Explanatory Notes.....	7
(1) Consolidated Balance Sheets.....	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	9
(3) Consolidated Statements of Changes in Net Assets.....	11
(4) Consolidated Statements of Cash Flows.....	13
(5) Notes Relating to the Consolidated Financial Statements	15
(Notes Relating to the Assumption of a Going Concern)	15
(Material Items Fundamental to the Preparation of Consolidated Financial Statements)	15
(Change in Accounting Policy).....	19
(Change in Presentation Methods).....	20
(Additional Information).....	20
(Notes Related to the Consolidated Statements of Cash Flows).....	21
(Segment Information)	22
(Per Share Information).....	25
(Significant Events after the Reporting Period)	25

1. Summary of Business Results

(1) Summary of Business Results for the Subject Period

During the subject fiscal year, the Japanese economy experienced a resurgence of coronavirus infections from around the fall but there was an ongoing shift to living with COVID-19 and toward a normalization of socio-economic activities. In the global economy, the future remained uncertain due to soaring energy prices, persistently high inflation rates, protracted tensions in Ukraine as well as rising interest rates in Europe and the United States.

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 remained favorable, because they are not easily affected by economic trends or the effects of the COVID-19 pandemic. In the hotel industry, it was anticipated that consumption on accommodation and tourism would increase going forward due to the implementation of nationwide travel support and a recovery in the number of inbound visitors to Japan for sightseeing purposes.

Under such conditions, the Group completed construction of 52 development properties (51 properties, approximately 3,600 units, of the Samty brand S-RESIDENCE series of rental apartments, and one investment property). 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 third quarter, Nesta Resort Kobe Co., Ltd., which operates a nature adventure theme park that comprises a hotel, became a consolidated subsidiary. The Company is participating in the company's management in partnership with Katana Co., Ltd., which has expertise in operating theme parks. 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, thereby gaining opportunities to increase profits. We 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 fiscal year, foreign exchange gain of ¥5.7 billion was generated at consolidated subsidiaries.

As a result, for the subject fiscal year, net sales amounted to ¥128.4 billion (up 42.0% from the previous fiscal year), with operating profit of ¥14.0 billion (up 48.8%), ordinary profit of ¥14.4 billion (up 78.2%), and profit attributable to owners of parent of ¥10.8 billion (up 8.5%).

Due to the application of the Accounting Standard for Revenue Recognition, net sales in the subject fiscal year decreased by ¥0.8 billion compared with the previous accounting method.

Results by Business Segment

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. In the subject fiscal year, we sold 54 properties of real estate for sale for a total sales price of around ¥73.4 billion).

As a result, net sales in the Real Estate Development Business segment amounted to ¥73.4 billion

(up 89.1% from the previous fiscal year), with operating profit of ¥15.6 billion (up 58.5%).

b. Real Estate Solution Business

The Real Estate Solution Business engages in the acquisition, renovation, and sales of profitable real estate. In the subject fiscal year, the Company sold 37 rental apartment properties and office buildings for a total sales price of around ¥28.6 billion.

As a result, net sales in the Real Estate Solution Business segment amounted to ¥28.6 billion (down 22.8% from the previous fiscal year), with operating profit of ¥3.9 billion (up 29.1%).

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 from the previous fiscal year, sales have been progressing smoothly even amid the COVID-19 pandemic. Of the four buildings in this project, one has already commenced the handing over of properties to customers.

As a result, net sales in the Overseas Business segment amounted to ¥7.4 billion (up from sales of ¥0.5 billion in the previous fiscal year), with operating loss of ¥0.5 billion (operating profit of ¥0.2 billion).

d. Real Estate Leasing Business

The Real Estate Leasing Business engages in the leasing of residential apartments, office buildings, and commercial facilities. In addition to steadily conducting property acquisitions that resulted in the acquisition of 51 profitable properties for around ¥31.0 billion in the subject fiscal year, the Company completed development of 51 properties (Samty brand “S-RESIDENCE” series) for around ¥58.6 billion.

As a result, net sales in the Real Estate Leasing Business segment amounted to ¥8.7 billion (up 9.5% from the previous fiscal year), with operating profit of ¥4.1 billion (up 10.3%).

e. Hotel Business

The Hotel Business engages in the leasing and operating of hotels. In the subject fiscal year, 19 hotels were opened or acquired, 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. (Mercure Hida Takayama [Takayama City, Gifu Prefecture] opened in December 2022, and thus the Hotel Business currently owns and operates 20 hotels.) However, with regard to the COVID-19 situation, there was a resurgence, and the numbers of infected people reached a record high in August during the third quarter, while the number of people entering Japan for the purpose of tourism had not yet recovered to the pre-COVID level. Consequently, a full-year operating loss was recorded in this business. In the fourth quarter of the subject fiscal year, the occupancy rate and average room price of owned and operated hotels were on a recovery trend due to the start of nationwide travel support and an increase in the number of inbound visitors to Japan.

In addition, concerning Hotel Sunshine Utsunomiya (Utsunomiya City, Tochigi Prefecture) and S-PERIA Hotel Nagasaki (Nagasaki City, Nagasaki Prefecture), there were requests from Tochigi Prefecture and Nagasaki Prefecture to secure accommodation and medical treatment facilities.

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 to the two prefectures as medical facilities. With regard to S-PERIA Hotel Nagasaki, however, normal operations were resumed from October 1, 2022. In the case of Hotel Sunshine Utsunomiya, after consultation with Tochigi Prefecture, the Company plans to terminate the lease as an accommodation facility and resume normal operations from April 1, 2023.

As a result, net sales in the Hotel Business segment amounted to ¥6.3 billion (up 136.1% from the previous fiscal year), with an operating loss of ¥2.7 billion (compared to operating loss of ¥2.5 billion in the same period of the previous fiscal year).

f. Real Estate Management Business

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

As a result, net sales in the Real Estate Management Business segment amounted to ¥3.8 billion (up 17.8% from the previous fiscal year), with operating profit of ¥0.7 billion (up 40.9%).

(2) Summary of Financial Position for the Subject Period

Assets

Total assets at the end of the subject fiscal year amounted to ¥413.5 billion, an increase of ¥64.4 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 and real estate for sale under construction increased by ¥56.9 billion, and cash and deposits increased by ¥4.4 billion.

Liabilities

Total liabilities at the end of the subject fiscal year amounted to ¥303.1 billion, an increase of ¥57 billion compared with the end of the previous fiscal year. The main factor contributing to the increase was an increase of ¥44.4 billion in borrowings accompanying the acquisition settlements for more than 110 properties (combined total of sites for development and of income properties).

Net Assets

Total net assets at the end of the subject fiscal year amounted to ¥110.3 billion, an increase of ¥7.3 billion compared with the end of the previous fiscal year. The main contributory increases/decreases were: an increase in retained earnings of ¥6.8 billion; a decrease of ¥2.4 billion in foreign currency translation adjustment; and an increase of ¥2.8 billion in non-controlling interests.

(3) Summary of Cash Flows for the Subject Period

As a result of an increase of ¥14.8 billion from operating activities, a decrease of ¥52 billion from investing activities, an increase of ¥38.9 billion from financing activities, and other factors, cash and cash equivalents (“cash”) at the end of the subject fiscal year increased by ¥2.5 billion to ¥43.1 billion

compared with the end of the previous fiscal year.

The main factors affecting cash flows during the subject fiscal year are as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities amounted to ¥14.8 billion (compared to ¥6.7 billion in cash used in the previous fiscal year). This was due mainly to ¥14.5 billion in profit before income taxes; ¥3.6 billion in interest paid; and ¥2.1 billion in income taxes paid. Of these, the increase in income before income taxes was due to the progress made with sales of favorable residences and office buildings developed in major regional cities amid the COVID pandemic.

Cash Flow from Investing Activities

Net cash used in investing activities amounted to ¥52 billion (compared to ¥52.3 billion in cash used in the previous fiscal year). This was due mainly to ¥41.1 billion in purchase of property, plant and equipment; and ¥4.1 billion in purchase of investment securities.

Cash Flow from Financing Activities

Net cash provided by financing activities amounted to ¥38.9 billion (compared to ¥57.6 billion in cash provided in the previous fiscal year). This was due mainly to ¥48.3 billion in proceeds from short-term borrowings; ¥30.1 billion in repayments of short-term borrowings; ¥121.6 billion in proceeds from long-term borrowings; ¥97.8 billion in repayments of long-term borrowings; ¥4.4 billion in proceeds from issuance of bonds; and ¥4.1 billion in dividends paid.

(Reference) Cash flow-related indicators

Years ended November 30

	FY2018	FY2019	FY2020	FY2021	FY2022
Capital ratio (%)	37.9	32.5	30.7	27.0	23.9
Capital ratio at market value (%)	35.5	39.1	26.6	30.4	25.6
Ratio of interest-bearing debt to cash flow (years)	2.8	29.6	12.8	—	18.0
Interest coverage ratio (times)	22.7	3.1	6.0	—	4.0

Notes

1. All indices are on a consolidated basis, calculated according to the following formulas:

Capital ratio: Owned capital / Total assets

Capital ratio at market value: Total market value of stocks / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

2. The total market value of stocks is calculated by multiplying the market value at end of term by the number of issued shares at end of term (after deduction of treasury stock).

3. "Operating cash flow" and "interest payments" are the figures for "Net cash provided by (used in) operating activities" and "Interest payable" in the Consolidated Statements of Cash Flows. "Interest-bearing debt" refers to all debts listed in the Consolidated Balance Sheets on which interest is paid.

4. As the operating cash flow for the fiscal year ended November 2021 was negative, the cash flow to interest-bearing debt ratio and interest coverage ratio are not stated.

(4) Future Outlook

The Japanese government having announced a policy to downgrade COVID-19 to Class 5 under the Infectious Disease Prevention Law from March 13, 2023, the wearing of masks will be left to the discretion of individuals amid the ongoing shift to living with COVID-19 and toward the normalization of socioeconomic activities. In the global economy, the future remains as uncertain as ever due to factors that include the protracted tensions in Ukraine, soaring resource and commodity prices, and rising interest rates in Europe and the United States.

Under such an external environment, the Real Estate Development Business and Real Estate Solution Business will verify in a multifaceted manner factors that will include interest rates, real estate capitalization rates, and property sales price trends, while promoting the development and acquisition of properties.

In the Overseas Business, concerning residential sales in Hanoi, Vietnam, we will promote business while paying close attention to the external environment, such as the political and economic trends in that country.

In the Real Estate Leasing Business, we will continue to hold completed properties for a certain period of time in accordance with the Samty Toughening Plan (Post-COVID Version) Medium-Term Management Plan with the aim of maximizing income gain.

With regard the Hotel Business, although the outlook remains unclear due to the impact of COVID infections, we will proceed with preparations for listing Samty Japan Hotel REIT, Inc. on the Tokyo Stock Exchange.

In the case of the Real Estate Management Business, we aim to increase fee income by increasing the balance of assets under management and the number of managed units.

As a result, for the fiscal year ending November 2023 we plan to achieve sales of ¥165.0 billion, operating profit of ¥18.0 billion, ordinary profit of ¥11.0 billion, and profit attributable to owners of parent of ¥6.0 billion.

Based on the future outlook, we will pay an interim dividend of ¥39.00 per share and a year-end dividend of ¥51.00.

2. Basic Stance on Selection of Accounting Standards

The Samty Group, in consideration of comparability between financial periods and companies, for the present will prepare consolidated financial statements in accordance with Japanese accounting standards.

Regarding the application of International Financial Reporting Standards (IFRS), our policy is to consider of the situation in Japan and overseas and take appropriate measures.

3. Consolidated Financial Statements and Main Explanatory Notes

(1) Consolidated Balance Sheets

November 30

	Millions of yen	
	FY2021	FY2022
ASSETS		
Current assets:		
Cash and deposits	41,646	46,002
Accounts receivable – trade	1,858	2,476
Real estate for sale	107,875	114,623
Real estate for sale in process	71,075	122,065
Merchandise	0	25
Supplies	23	47
Other	2,618	4,672
Allowance for doubtful accounts	(3)	(7)
Total current assets	225,094	289,904
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	26,267	32,497
Accumulated depreciation	(2,402)	(3,185)
Buildings and structures net	23,865	29,312
Buildings in trust	3,262	3,594
Accumulated depreciation	(119)	(140)
Buildings in trust net	3,142	3,454
Land	54,925	52,382
Land in trust	2,314	1,571
Construction in progress	6,678	3,100
Other	728	1,169
Accumulated depreciation	(349)	(554)
Other net	379	614
Total property, plant and equipment	91,306	90,435
Intangible assets:		
Goodwill	9	8
Other	417	406
Total intangible assets	426	414
Investments and other assets:		
Investment securities	27,921	26,764
Deferred tax assets	545	830
Other	3,901	5,189
Allowance for doubtful accounts	(53)	(53)
Total Investments and other assets	32,315	32,731
Total non-current assets	124,048	123,581
Deferred assets:		
Share issuance costs	42	26
Bond issuance costs	9	81
Total deferred assets	51	108
Total assets	349,194	413,594

	Millions of yen	
	FY2021	FY2022
LIABILITIES		
Current liabilities:		
Accounts payable – trade	3,304	1,800
Short-term borrowings	12,325	30,468
Current portion of bonds payable	—	5,170
Current portion of long-term debt	32,197	35,395
Income taxes payable	1,660	3,651
Provision for shareholder benefit program	—	520
Other	5,131	12,536
Total current liabilities	54,618	89,543
Non-current liabilities:		
Bonds payable	9,000	8,145
Bonds with share acquisition rights	12,000	12,000
Long-term borrowings	165,709	188,769
Deferred tax liabilities	2,551	2,922
Retirement benefit liability	251	318
Leasehold and guarantee deposits received	1,369	908
Construction assistance fund	372	317
Other	292	275
Total non-current liabilities	191,547	213,656
Total liabilities	246,166	303,199
NET ASSETS		
Shareholders' equity:		
Share capital	20,595	20,657
Capital surplus	22,471	22,533
Retained earnings	50,269	56,911
Treasury shares	(0)	(1)
Total shareholders' equity	93,336	100,101
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	965	1,099
Foreign currency translation adjustment	(5)	(2,429)
Total accumulated other comprehensive income	959	(1,330)
Non-controlling interests	8,731	11,624
Total net assets	103,028	110,395
Total liabilities and net assets	349,194	413,594

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

Years ended November 30

	Millions of yen	
	FY2021	FY2022
Net sales	90,460	128,470
Cost of sales	72,606	101,304
Gross profit	17,854	27,165
Selling, general and administrative expenses	8,392	13,081
Operating profit	9,461	14,083
Non-operating income:		
Interest income	33	7
Dividend income	11	16
Share of profit of entities accounted for using equity method	839	—
Foreign exchange gains	1,065	5,700
Gain on valuation of interest rate swaps	47	36
Penalty income	26	175
Other	110	75
Total non-operating income	2,134	6,012
Non-operating expenses:		
Interest expenses	2,552	3,554
Interest on bonds	159	208
Share of loss of entities accounted for using equity method	—	406
Commission expenses	743	1,377
Other	35	107
Total non-operating expenses	3,491	5,654
Ordinary profit	8,105	14,441
Extraordinary income:		
Gain on sales of non-current assets	—	28
Gain on bargain purchase	4,307	—
Gain on change in equity	—	51
Total extraordinary income	4,307	80
Extraordinary loss:		
Head office relocation expenses	187	—
Loss on retirement of non-current assets	2	12
Loss on valuation of investment securities	10	—
Total extraordinary losses	201	12
Profit before income taxes	12,211	14,509
Income taxes-current	2,315	4,057
Income taxes-deferred	(196)	(471)
Total income taxes	2,119	3,586
Profit	10,092	10,922
Profit attributable to non-controlling interests	79	56
Profit attributable to owners of parent	10,012	10,866

Consolidated Statements of Comprehensive Income

Years ended November 30

	Millions of yen	
	FY2021	FY2022
Profit	10,092	10,922
Other comprehensive income:		
Valuation difference on available-for-sale securities	784	134
Foreign currency translation adjustment	247	(2,166)
Total other comprehensive income	1,032	(2,032)
Comprehensive income	11,125	8,890
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	10,889	8,576
Comprehensive income attributable to non-controlling interests	235	314

(3) Consolidated Statements of Changes in Equity

FY2021 (December 1, 2020 to November 30, 2021)

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	16,227	17,985	43,615	(883)	76,945
Changes during period					
Issuance of new shares	4,368	4,368			8,736
Dividends of surplus			(3,344)		(3,344)
Profit attributable to owners of parent			10,012		10,012
Purchase of treasury shares				(385)	(385)
Disposal of treasury shares		118		1,268	1,386
Increase (decrease) due to increase in consolidated subsidiaries			(14)		(14)
Net changes in items other than shareholders' equity					
Total changes during period	4,368	4,486	6,653	883	16,391
Balance at end of period	20,595	22,471	50,269	(0)	93,336

	Millions of yen					
	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	180	(97)	83	—	671	77,699
Changes during period						
Issuance of new shares						8,736
Dividends of surplus						(3,344)
Profit attributable to owners of parent						10,012
Purchase of treasury shares						(385)
Disposal of treasury shares						1,386
Increase (decrease) due to increase in consolidated subsidiaries						(14)
Net changes in items other than shareholders' equity	784	91	876	—	8,060	8,937
Total changes during period	784	91	876	—	8,060	25,328
Balance at end of period	965	(5)	959	—	8,731	103,028

FY2022 (December 1, 2021 to November 30, 2022)

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,595	22,471	50,269	(0)	93,336
Changes during period					
Issuance of new shares	61	61			123
Dividends of surplus			(4,184)		(4,184)
Profit attributable to owners of parent			10,866		10,866
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Increase (decrease) due to increase in consolidated subsidiaries			(40)		(40)
Net changes in items other than shareholders' equity					
Total changes during period	61	61	6,641	(0)	6,764
Balance at end of period	20,657	22,533	56,911	(1)	100,101

	Millions of yen					
	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	965	(5)	959	—	8,731	103,028
Changes during period						
Issuance of new shares						123
Dividends of surplus						(4,184)
Profit attributable to owners of parent						10,866
Purchase of treasury shares						(0)
Disposal of treasury shares						—
Increase (decrease) due to increase in consolidated subsidiaries						(40)
Net changes in items other than shareholders' equity	134	(2,424)	(2,289)	—	2,892	602
Total changes during period	134	(2,424)	(2,289)	—	2,892	7,367
Balance at end of period	1,099	(2,429)	(1,330)	—	11,624	110,395

(4) Consolidated Statements of Cash Flows

Years ended November 30

	Millions of yen	
	FY2021	FY2022
Cash flows from operating activities:		
Profit before income taxes	12,211	14,509
Depreciation	1,018	1,332
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	(2)	4
Increase (decrease) in retirement benefit liability	39	66
Interest and dividends income	(45)	(23)
Interest expenses	2,712	3,762
Commission expenses	743	1,377
Foreign exchange losses (gains)	(1,065)	(5,700)
Gain on valuation of interest rate swaps	(47)	(36)
Penalty income	(26)	(175)
Loss (gain) on sales of property, plant and equipment	—	(28)
Share of loss (profit) of entities accounted for using equity method	(839)	406
Gain on bargain purchase	(4,307)	—
Head office relocation expenses	187	—
Loss (gain) on change in equity	—	(51)
Decrease (increase) in trade receivables	(425)	(598)
Decrease (Increase) in inventories	(13,741)	(1,108)
Increase (decrease) in advances received	514	5,306
Increase (decrease) in trade payables	1,636	(1,775)
Increase (decrease) in accrued consumption taxes	(312)	1,832
Increase (decrease) in leasehold and guarantee deposits received	22	(401)
Loss (gain) on valuation of investment securities	10	—
Other-net	2,156	1,686
Subtotal	443	20,383
Interest and dividends received	12	29
Dividends received from entities accounted for using equity method	—	81
Interest paid	(2,509)	(3,629)
Penalty income received	—	175
Payment for loss on temporary closure	(4)	—
Income taxes refund (paid)	(4,671)	(2,144)
Net cash provided by (used in) operating activities	(6,728)	14,897
Cash flows from investing activities:		
Payments into time deposits	(85)	(2,249)
Proceeds from withdrawal of time deposits	4	2,234
Purchase of property, plant and equipment	(34,459)	(41,101)
Payments for retirement of property, plant and equipment	—	(0)
Proceeds from sales of property, plant and equipment	—	247
Purchase of intangible assets	(324)	(40)
Purchase of investment securities	(5,125)	(4,167)
Proceeds from redemption of investment securities	3,321	164
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,926)	(6,941)
Purchase of investments in affiliates	(8,652)	—
Payments for investments in capital	(28)	(0)
Payments of construction assistance fund receivables	(55)	(55)
Other-net	(16)	(113)
Net cash provided by (used in) investing activities	(52,348)	(52,024)

(continued on page 14)

	Millions of yen	
	FY2021	FY2022
Cash flows from financing activities:		
Proceeds from short-term borrowings	32,663	48,389
Repayments of short-term borrowings	(37,223)	(30,153)
Proceeds from issuance of bonds	4,000	4,400
Proceeds from issuance of bonds with share acquisition rights	12,000	—
Proceeds from long-term borrowings	113,794	121,602
Repayments of long-term borrowings	(62,831)	(97,844)
Redemption of bonds	—	(85)
Purchase of treasury shares	(385)	(0)
Dividends paid	(3,344)	(4,183)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(200)	—
Other-net	(814)	(3,216)
Net cash provided by (used in) financing activities	57,658	38,907
Effect of exchange rate change on cash and cash equivalents	166	734
Net increase (decrease) in cash and cash equivalents	(1,252)	2,515
Cash and cash equivalents at beginning of period	41,724	40,589
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	116	—
Cash and cash equivalents at end of period	40,589	43,104

**(5) Notes Relating to the Consolidated Financial Statements
(Notes Relating to the Assumption of a Going Concern)**

No applicable items

(Material items fundamental to the preparation of consolidated financial statements)

1. Items relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 26

Names of consolidated subsidiaries

Hikone SC Ltd.

Samty Hotel Management Co., Ltd.

Samty Property Management Co., Ltd.

Samty Asset Management Co., Ltd.

S Hotel Operations Nagasaki LLC

S Hotel Operations Nagasaki General Incorporated Association

S Hotel Operations Utsunomiya LLC

S Hotel Operations Utsunomiya General Incorporated Association

S Hotel Operations Hakata LLC

S Hotel Operations Kyoto Tambaguchi LLC

SI Kaihatsu LLC

S Hotel Operations General Incorporated Association

SAMTY ASIA INVESTMENTS PTE. LTD.

S-VIN VIETNAM REAL ESTATE TRADING JOINT STOCK COMPANY

SAMTY VIETNAM CO., LTD.

S Hotel Operations Nagoya LLC

S Hotel Operations Kyoto Horikawa LLC

R&K LLC

S Hotel Operations Kyoto Shijo LLC

S Hotel Operations Kyoto Oike LLC

Shangri-La Kyoto Nijojo SPC

Ryozen Development LLC

Samty Bridge One LLC

Hotel Century 21 Hiroshima LLC

Nesta Resort Kobe Co., Ltd.

Propertie Co., Ltd.

Shangri-La Kyoto Nijojo SPC, which was an affiliated company in the previous fiscal year, became a subsidiary through the acquisition of additional equity interest, and is included in the scope of consolidation from the subject consolidated fiscal year.

Due to investment in Silent Partnership Ryozen Development LLC, Samty Bridge One LLC and Hotel Century 21 Hiroshima LLC having been newly established, and the acquisition of shares in Nesta Resort Kobe Co., Ltd. and Propertie Co., Ltd., these are included in the scope of consolidation from the subject fiscal year.

(2) Names of material unconsolidated subsidiaries

Samty Japan Hotel REIT, Inc.

S Hotel Operations Hida Takayama LLC

Reason for exclusion from the scope of consolidation

This is because, in the subject fiscal year, the total assets, net sales, profit, retained earnings and other figures of the two non-consolidated subsidiaries were small amounts that did not have any material effect on the consolidated financial statements.

2. Items relating to the application of the equity method

(1) Number of affiliated companies accounted for by the equity method 1

Name of affiliated company accounted for by the equity method:

Wealth Management, Inc.

Shangri-La Kyoto Nijojo SPC has been excluded from the scope of equity method affiliates and included in the scope of consolidation as the company has become a subsidiary due to the acquisition of additional equity interest.

(2) Name of major non-consolidated subsidiaries to which the equity method is not applied

Samty Japan Hotel REIT, Inc.

S Hotel Operations Hida Takayama LLC

Reasons for exclusion from scope of application of equity method

This is because, in the subject fiscal year, the net income, retained earnings and other figures of the non-consolidated subsidiaries to which the equity method is not applied were small amounts that did not have any material effect on the consolidated financial statements.

(3) Matters that should be noted in particular regard to procedures for application of equity method

Because the balance sheet date of equity method affiliate Wealth Management, Inc. differs from the consolidated balance sheet date, use is made of financial statements prepared for the provisional settlement of accounts based on the most recent quarterly settlement of accounts.

3. Items relating to the fiscal year of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet dates differs from the consolidated balance sheet date are as follows.

Company Name	Balance Sheet Date	
SAMTY ASIA INVESTMENTS PTE. LTD.	September 30	Note 1
S-VIN VIETNAM REAL ESTATE TRADING JOINT STOCK COMPANY	September 30	Note 2
SAMTY VIETNAM CO., LTD.	September 30	Note 1
R&K Limited	December 31	Note 3
Shangri-La Kyoto Nijojo SPC	December 31	Note 3
Ryozen Development LLC	March 31	Note 3

Note 1: The financial statements of consolidated subsidiaries as of the balance sheet date are used. However, the necessary adjustments for consolidation are made for important transactions that occurred in the period to the consolidated balance sheet date.

Note 2: Consolidated financial statements were prepared based on the last day of the fiscal year of the relevant consolidated subsidiaries. However, to better ascertain management information and disclose consolidated financial statements, from the subject consolidated fiscal year, we have changed to a method by which accounts are provisionally closed on the consolidated balance sheet date. As a result, in the subject fiscal year, we consolidated the financial statements of consolidated subsidiaries for the 14 months from October 1, 2021 to November 30, 2022, and adjusted the impact of the change in the accounting period through the consolidated statements of income. As a result, net sales for the subject fiscal year increased by ¥7,463 million, operating income increased by ¥30 million, and ordinary income and net income before income taxes each increased by ¥42 million.

Note 3: Based on financial statements that have been provisionally settled in accordance with this settlement method as of the consolidated balance sheet date.

4. Items related to accounting standards

(1) Valuation standards and valuation methods for material assets

(A) Securities

Securities held for ownership until maturity

Amortized cost method

Available-for-sale securities

Securities other than those without current market value, etc.

Current market value method applied. (Valuation difference is fully and directly recognized within net assets. Cost of sale is calculated using a moving average.)

Securities without current market value, etc.

The Company applies a cost method using a moving average.

(B) Derivatives

Market value method applied

(C) Inventory

Real estate for sale and real estate for sale in process

The Company applies the cost method based on actual cost. (The balance sheet value is calculated by the book value devaluation method based on decline in profitability.)

Merchandise and supplies

The Company applies the price-of-last-purchase method.

(2) Method of depreciating material depreciable assets

(A) Tangible fixed assets (excluding lease assets)

The Company and its consolidated subsidiaries apply the declining-balance method. However, with regard to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), as well as buildings with accompanying facilities and structures acquired on or after April 1, 2016, the straight-line method is applied.

Main lifetime durations are as follows.

Buildings and structures 2 – 71 years

Trust building 33 – 45 years

(B) Intangible fixed assets (excluding lease assets)

The Company applies the straight-line method.

Software for use by the Company is depreciated over a useful-lifetime period of five years.

(C) Lease assets

Assets related to finance lease transactions without ownership-transfer

The lease period is deemed the useful lifetime period, and assets are depreciated using the straight-line method to a residual value of zero.

(D) Long-term prepaid expenses

The Company applies the straight-line method.

(3) Treatment of significant deferred assets

Share issuance costs Amortized using the straight-line method over a period of three years.

Bond issuance costs Amortized using the straight-line method until bond redeemed.

(4) Standards for recognizing material allowances

Allowance for doubtful accounts

As provision for losses stemming from doubtful accounts, in the case of general claims the Company recognizes an allowance based on the historical doubtful account ratio. In the case of specific doubtful claims, etc., the Company considers recoverability and recognizes the estimated non-recoverable amount.

Provision for shareholder benefits

To prepare for expenses arising from the use of the shareholder benefit plan, an estimated amount for future use of the plan is recorded based on its actual use.

(5) Method of accounting for employee retirement benefits

The Company applies a simplified method to calculate retirement benefit liabilities and retirement benefit expenses. Under this method, the Company recognizes as retirement benefit obligation the amount the Company would pay if employees took voluntary retirement at end of period after deducting the amount receivable through the Smaller Enterprise Retirement Allowance Mutual Aid System.

(6) Criteria for recording significant income and expenses

The details of the main performance obligations in the Group's main businesses related to revenues arising from contracts with our customers and the normal point in time for satisfying such performance obligations (normal point in time for recognizing revenue) are as follows.

In the Real Estate Development Business, we plan, develop, and sell the Samty brand S-RESIDENCE series, etc. and are obligated to deliver real estate based on contracts with our customers.

In the Real Estate Solution business, we acquire, renovate, and sell profitable real estate, etc., and are obligated to deliver real estate based on contracts with our customers.

In our Overseas Business, we engage in for-sale housing businesses overseas and are obligated to deliver real estate based on contracts with our customers.

In the Real Estate Leasing Business, we engage in the leasing of residential apartments, office buildings, and commercial facilities, and are obligated to provide the services stipulated in contracts with our customers.

The Hotel Business engages in the leasing and managing of hotels and is obligated to provide the services stipulated in its contracts with customers.

In the Real Estate Management Business, we engage in the management of residential apartments, office buildings, and commercial facilities and are obligated to provide the services stipulated in the contracts with our customers.

Of these performance obligations, revenue is recognized at the time of delivery specified in the contract for the obligation to deliver the real estate to the customer. In contrast, service provision obligations are performance obligations that are satisfied over a certain period of time, and revenue is recognized as services are provided. However, in some contracts, since the performance obligation is satisfied at the point in time when the provision of the service is completed under the terms of the transaction, revenue is recognized at that time.

With regard to the sale of real estate to special purpose companies in the real estate development business, revenue is recognized in accordance with "Practical Guidelines for Accounting Treatment of Real Estate Securitization Using Special Purpose Entities by Transferors" (Accounting System Committee Report No. 15, November 4, 2014). In addition, with regard to performance obligations relating to real estate rental, revenue is recognized in accordance with "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

(7) Criteria for converting significant foreign currency-denominated assets or liabilities into Japanese currency

Foreign currency-denominated monetary receivables and payables are converted into yen at the spot exchange rate on the consolidated settlement date, and the conversion difference is treated as profit or loss. The assets and liabilities of overseas subsidiaries, etc. are converted into yen at the spot exchange rate on the consolidated settlement date, revenues and expenses are converted into yen at the average market price during the period, and translation differences are included in the foreign currency translation adjustment account and non-controlling interests in the net assets section.

- (8) Method for amortization of goodwill and amortization period
Amortized using the straight-line method over a 20-year period. The goodwill is amortized in a lump sum when incurred in cases where the amount is immaterial.
- (9) Scope of funds presented in the Consolidated Statements of Cash Flows
Funds presented comprise cash on hand, deposits that can be withdrawn at any time and are easily convertible, and short-term investments, the maturities of which are three months or less from the acquisition date and thus involve only a slight risk of price fluctuation.
- (10) Other material items relating to the preparation of the consolidated financial statements
Accounting treatment of consumption tax
Non-deductible consumption tax, etc., relating to real estate for sale is included in the acquisition cost. Non-deductible consumption tax, etc., relating to fixed assets is recognized as a long-term prepaid expense (under Other under Assets, Investments and other assets) and amortized using the straight-line method over a five-year period.

(Change in Accounting Policy)

(Application of Accounting Standard for Revenue Recognition)

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
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 subject fiscal year, the new accounting policy was applied from the balance at the beginning of the subject fiscal year 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 fiscal year decreased by ¥84.6 million, cost of sales

decreased by ¥775 million, and selling, general and administrative expenses decreased by ¥71 million.

The impact on per share information is described in the relevant section.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Revenue Recognition Standard, the notes on "Revenue Recognition" relating to the previous consolidated fiscal year are not included.

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.

(Application of Accounting Standard for Fair Value Measurement)

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 fiscal year. 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 consolidated financial statements is immaterial.

The Company has also decided to provide notes on items related to the breakdown of the market value of financial instruments by level in the notes on financial instruments. However, in accordance with the transitional treatment stipulated in Paragraph 7-4 of "Implementation Guidance on Disclosure about Fair Value of Financial Instruments" (ASBJ Application Guidance No. 19, July 4, 2019), notes related to the previous consolidated fiscal year are not included.

(Change in Presentation Methods)

(Consolidated cash flow statement)

Due to the increase in their monetary significance, we have decided to present "Increase (decrease) in advances received," which was included under "Other" in "Cash flows from operating activities" in the previous fiscal year, separately from the subject consolidated fiscal year.

As a result, ¥514 million in "Increase (decrease) in advances received" in "Cash flows from operating activities" in the previous consolidated fiscal year has been changed to be posted separately.

(Additional Information)

(Change of Holding Objective)

Owing to changes in holding objective, ¥43,110 million was transferred from tangible fixed assets to inventory.

(Accounting treatment for provision for shareholder benefits)

Due to the shareholder benefit program's increased financial significance, the estimated amount of expenses related to the shareholder benefit program is recorded from the current consolidated fiscal year. This allowance is recorded under "Provision for shareholder benefits" under current liabilities. As a result, operating income, ordinary income and income before income taxes for the current consolidated fiscal year each decreased by ¥520 million.

(Notes Related to the Consolidated Statements of Cash Flows)

* Reconciliation of end-of-period balance of cash and cash equivalents with items presented on the Consolidated Balance Sheets

At November 30

	Millions of yen	
	FY2021	FY2022
Cash and deposits	41,646	46,002
Time deposits with maturities exceeding three months	(332)	(373)
Trust deposits with use restrictions	(641)	(573)
Deposits with withdrawal restrictions	(83)	(1,951)
Cash and cash equivalents	40,589	43,104

(Segment Information)

1. Outline of reportable segments

The Samty Group's reportable segments are those for which separate financial information is available within the Company's units of classification. To facilitate decisions on the allocation of management resources by the Board of Directors and evaluation of operating performance, the reportable segments are subject to regular review. Comprised of business-based segments, the Group's reportable segments are: Real Estate Development Business, Real Estate Solution Business, Overseas Business, Real Estate Leasing Business, Hotel Business, and Real Estate Management Business.

The Real Estate Development Business engages in the planning, development, and sales of the Samty brand S-RESIDENCE series. The Real Estate Solution Business engages in the acquisition, renovation, and sales of profitable real estate. The Overseas Business engages in investments and housing development business overseas. The Real Estate Leasing Business engages in the leasing of residential apartments, office buildings, and commercial facilities. The Hotel Business engages in the leasing and operating of hotels. The Real Estate Management Business manages residential apartments, office buildings, and commercial facilities.

2. Method of calculating reportable segment sales, profit, assets and other items

The accounting method for reportable segments is largely the same as that specified in "Material items fundamental to the preparation of consolidated financial statements."

Reportable segment profit (loss) is based on operating profit. Intersegment sales and transfers are recorded based on market prices.

As stated under changes in accounting policy, from the beginning of the subject consolidated fiscal year, the Company has applied the Accounting Standards for Revenue Recognition. Due to the change in the accounting method relating to revenue recognition, the calculation method for profit or loss of reportable segments has also changed.

Due to the said change, compared with the previous method, in the subject fiscal year, sales in the Real Estate Development Business decreased by ¥25 million, in the Real Estate Leasing Business decreased by ¥135 million, and in the Hotel Business by ¥686 million. Despite the decreases, there was no impact on segment profit.

3. Sales, profit, assets and other items relating to each reportable segment

Fiscal year under review (December 1, 2020–November 30, 2021)

Years ended November 30

	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	38,863	37,128	595	7,949	2,689	3,233	90,460
Inter-segment net sales and transfers	—	—	—	—	95	611	707
Total	38,863	37,128	595	7,949	2,784	3,845	91,167
Operating profit (loss)	9,863	3,042	298	3,779	(2,596)	550	14,937
Segment assets	74,410	83,693	26,528	100,307	23,351	3,666	311,957
Other Items							
Depreciation expense	—	—	33	677	81	38	830
Increase in tangible fixed assets and intangible fixed assets	—	—	0	32,553	1,386	82	34,022

	Millions of yen		
	Total	Adjustment <u>Notes 1, 2, 3</u>	Amount Recorded on Consolidated Income Statement
Net sales:			
Net sales from third parties	90,460	—	90,460
Inter-segment net sales and transfers	707	(707)	—
Total	91,167	(707)	90,460
Operating profit (loss)	14,937	(5,475)	9,461
Segment assets	311,957	37,236	349,194
Other Items			
Depreciation expense	830	187	1,018
Increase in tangible fixed assets and intangible fixed assets	34,022	300	34,322

Notes

1. Adjustment to segment profit (loss) of (¥5,475 million) mainly comprises intersegment eliminations of (¥223 million), and unallocated corporate expenses of (¥5,252 million). Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Adjustment to segment assets of ¥37,236 million is unallocated corporate assets. Those assets mainly comprise investment of idle funds (cash and deposits), long-term investment funds (investment securities), and assets related to corporate management.
3. Segment operating profit (loss) and segment assets are both adjusted to the operating profit and total assets on the consolidated income statement.

Fiscal year under review (December 1, 2021–November 30, 2022)

Years ended November 30

	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	73,488	28,656	7,463	8,704	6,348	3,808	128,470
Inter-segment net sales and transfers	—	—	—	—	(55)	1,385	1,330
Total	73,488	28,656	7,463	8,704	6,293	5,193	129,801
Operating profit (loss)	15,637	3,928	(593)	4,168	(2,742)	775	21,174
Segment assets	95,999	59,447	13,193	94,144	59,051	4,168	326,004
Other Items							
Depreciation expense	—	15	36	883	168	67	1,172
Increase in tangible fixed assets and intangible fixed assets	—	—	2	25,707	13,838	245	39,794

	Millions of yen		
	Total	Adjustment <u>Notes</u> 1, 2, 3	Amount Recorded on Consolidated Income Statement
Net sales:			
Net sales from third parties	128,470	—	128,470
Inter-segment net sales and transfers	1,330	(1,330)	—
Total	129,801	(1,330)	128,470
Operating profit (loss)	21,174	(7,090)	14,083
Segment assets	326,004	87,589	413,594
Other Items			
Depreciation expense	1,172	160	1,332
Increase in tangible fixed assets and intangible fixed assets	39,794	514	40,308

Notes

1. Adjustment to segment profit (loss) of (¥7,090 million) mainly comprises intersegment eliminations of (¥251 million), and unallocated corporate expenses of (¥6,838 million). Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Adjustment to segment assets of ¥87,589 million is unallocated corporate assets. Those assets mainly comprise investment of idle funds (cash and deposits), long-term investment funds (investment securities), and assets related to corporate management.
3. Segment operating profit (loss) and segment assets are both adjusted to the operating profit and total assets on the consolidated income statement.

(Per Share Information)

	FY2021	FY2022
Net assets per share (Yen)	2,029.28	2,123.10
Net income per share (Yen)	242.52	233.68
Diluted net income per share (Yen)	214.32	213.67

(Note) 1. Bases for calculation of net assets per share

		FY2021	FY2022
Total net assets	(Millions of yen)	103,028	110,395
Amount subtracted from total net assets	(Millions of yen)	8,731	11,624
Non-controlling interests	(Millions of yen)	8,731	11,624
Net assets attributable to common stock at end of period	(Millions of yen)	94,296	98,771
Number of shares of common stock at end of period	(Shares)	46,467,884	46,522,082

2. Bases for calculation of net income per share and diluted net income per share

		FY2021	FY2022
Net income per share			
Profit attributable to owners of parent	(Millions of yen)	10,012	10,866
Amount not attributable to common stock shareholders	(Millions of yen)	—	—
Profit attributable to owners of parent related to ordinary shares	(Millions of yen)	10,012	10,866
Average number of outstanding shares of common stock during the year	(Shares)	41,286,203	46,499,903
Diluted net income per share			
Adjustment to profit attributable to owners of parent	(Millions of yen)	—	—
Additional shares of common stock	(Shares)	5,432,329	4,354,452
Convertible bonds	(Shares)	5,432,329	4,354,452
Outline of residual shares not included in the calculation of diluted net income per share owing to no dilutive effect		—	—

(Significant Events after the Reporting Period)

Not applicable.

END