

April 12, 2022

**Flash Report (Consolidated Basis)**  
**Results for the first quarter ended February 28, 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

Quarterly report filing date (Planned): April 12, 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 Three Months Ended February 28, 2022**  
**(December 1, 2021 to February 28, 2022)**

**(1) Consolidated Operating Results**

Three months ended February 28

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2022	7,608	130.4	(615)	—	(2,024)	—	(1,581)	—
2021	3,301	(73.8)	(1,328)	—	(2,315)	—	(905)	—

(Note) 1. Comprehensive Income: Three months ended February 28, 2022: ¥ (1,617) million, —%  
Three months ended February 28, 2021: ¥ (704) million, —%

2. Non-operating expenses have temporarily increased due to the change in the scope of consolidation.

	Net income per share	Net Income per share after adjustment for residual shares
	Yen	Yen
2022	(34.04)	—
2021	(22.47)	—

## (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
February 28, 2022	371,014	99,299	24.3
November 30, 2021	349,194	103,028	27.0

(Reference) Total shareholders' equity: February 28, 2022: ¥90,278 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	—				
2022 (Forecast)		39.00	—	51.00	90.00

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

## 3. Forecasts for Fiscal Year Ending November 30, 2022

(December 1, 2021 to November 30, 2022)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	140,000	54.8	18,000	90.2	15,000	85.1

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

(Notes) 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: 1 (Ryozen Development LLC)

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)	Three months ended February 28, 2022	46,468,085 shares	Year ended November 30, 2021	46,468,085 shares
2) Number of treasury stock	Three months ended February 28, 2022	301 shares	Year ended November 30, 2021	201 shares
3) Average number of shares outstanding for each period (cumulative term)	Three months ended February 28, 2022	46,467,867 shares	Three months ended February 28, 2021	40,308,161 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.

## Table of Contents for Accompanying Material

1. Qualitative Information on Consolidated Results for the Three-Month Period of Fiscal 2022 .....	2
(1) Explanation of Business Results .....	2
(2) Qualitative Information on the Consolidated Financial Position .....	4
(3) Explanation of Consolidated Results Forecasts and Other Future Predictions .....	4
2. Consolidated Financial Statements and Main Explanatory Notes.....	5
(1) Consolidated Balance Sheets.....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income ....	7
(3) Notes Relating to Consolidated Financial Statements .....	9
(Note on Assumptions for Going Concern) .....	9
(Notes in the Event of Major Changes in Shareholders' Equity).....	9
(Change in Accounting Policy).....	9
(Additional Information).....	10
(Segment Information) .....	11
(Significant Events after the Reporting Period) .....	14

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

### (1) Explanation of Business Results

During the subject first quarter cumulative period in the Japanese economy, there was a resurgence in the spread of COVID-19 infections, and behavioral restrictions were imposed in accordance with the quasi-emergency measures to prevent the spread of infections, which were applied from January 2022. In the meantime, however, the priority measures have been lifted, and progress is gradually being made with the third round of vaccinations. In contrast, the outlook in terms of the world economy is uncertain due to factors that include soaring energy resource prices, rising inflation rates, tension surrounding the situation in Ukraine, and 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 remained favorable, because they are not easily affected by economic trends or the effects of the COVID-19 pandemic. In contrast, occupancy rates in the hotel industry declined during the first quarter accounting period due to the effects of the quasi-emergency measures to prevent the spread of infections. However, crowds have increased due to the relaxation of the behavioral restrictions, the tourism season has arrived, and we thus anticipate that consumption on accommodation and tourism will increase.

In such a business environment, we plan to sell properties after the second quarter consolidated accounting period to maximize income gains, in accordance with the strategy of our Medium-Term Management Plan.

As a result, for the subject first quarter cumulative period, net sales amounted to ¥7,608 million (up 130.4% from the same period of the previous fiscal year), with operating loss of ¥615 million (operating loss of ¥1,328 million in the same period of the previous year), ordinary loss of ¥2,024 million (ordinary loss of ¥2,315 million in the same period of the previous year), and loss attributable to owners of parent of ¥1,581 million (loss attributable to owners of parent of ¥905 million in the same period of the previous fiscal year).

Due to the application of the Accounting Standard for Revenue Recognition, net sales in the subject first quarter cumulative period decreased by ¥109 million 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 first quarter cumulative period, we sold two properties of real estate for sale for a total sales price of ¥2,212 million to Samty Residential Investment Corporation.

As a result, net sales in the Real Estate Development Business segment amounted to ¥2,212 million (up 347.9% from the same period of the previous fiscal year), with operating income of ¥157 million (operating income of ¥0 million in the same period of the previous fiscal year).

#### b. Real Estate Solution Business

The Real Estate Solution Business engages in the acquisition, renovation, and sales of profitable real estate. During the subject first quarter cumulative period, in addition to sales of office buildings we sold rental apartments for ¥1,000 million to Samty Residential Investment Corporation.

As a result, net sales in the Real Estate Solution Business segment amounted to ¥2,000 million (up 397.5% from the same period of the previous fiscal year), with operating income of ¥370 million (operating loss of ¥20 million in the same period of the previous fiscal year).

#### **c. Overseas Business**

In the overseas business, we are engaged in overseas investment and for-sale housing businesses. Concerning the smart city, for-sale housing business project in Hanoi, Vietnam, which commenced sales in the previous consolidated fiscal year, progress is being made with construction even during the COVID -19 pandemic.

As a result, there were no net sales recorded for this business (¥49 million in the same quarter of the previous year), and operating loss was ¥57 million (operating loss of ¥14 million 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 were favorable during the subject first quarter cumulative period - 18 properties were acquired for a total of ¥10,351 million - and 10 buildings were completed for a total of ¥9,657 million.

As a result, net sales in the Real Estate Leasing Business segment amounted to ¥1,908 million (up 25.5% from the same period of the previous fiscal year), with operating income of ¥968 million (up 66.1%).

#### **e. Hotel Business**

The Hotel Business engages in the leasing and operating of hotels. During the subject first quarter cumulative period, 18 hotels were owned and operated, including S-PERIA HOTEL Fukuoka Nakasu (Hakata-ku, Fukuoka) and Aloft Osaka Dojima (Kita-ku, Osaka).

During the subject first quarter cumulative period, Tochigi Prefecture and Nagasaki Prefecture requested to secure accommodation facilities at HOTEL SUNSHINE UTSUNOMIYA (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 is fully renting out both of these buildings. Occupancy rates at the other hotels owned and operated by the Group declined due to the effects of the behavioral restrictions and other factors. The increases in the number of newly infected people have subsided, and we anticipate a recovery in demand due to the revitalization of the stagnant flow of people.

As a result, net sales in the Hotel Business segment amounted to ¥652 million (up 96.6% from the same period of the previous fiscal year), and operating loss of ¥769 million (operating loss of ¥760 million in the same period of the previous fiscal year).

#### **f. Real Estate Management Business**

The Real Estate Management Business manages residential apartments, office buildings, and commercial facilities.

As a result, net sales in the Real Estate Management Business segment amounted to ¥835 million (up 66.0% from the previous fiscal year), with operating income of ¥210 million (operating loss of ¥7 million in the same period of the previous fiscal year).

## **(2) Qualitative Information on the Consolidated Financial Position**

### **Assets, Liabilities, and Net Assets**

#### **Assets**

Total assets at the end of the subject first quarter cumulative period amounted to ¥371,014 million, an increase of ¥21,819 million 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 and equipment (income properties, etc.) increased by ¥35,742 million, and cash and deposits decreased by ¥13,075 million.

#### **Liabilities**

Total liabilities at the end of the subject first quarter cumulative period amounted to ¥271,715 million, an increase of ¥25,548 million compared with the end of the previous fiscal year. The main contributory factor was an increase in borrowings of ¥28,334 million accompanying the settlement of acquisition of more than 30 properties, including sites for development and income properties.

#### **Net Assets**

Total net assets at the end of the subject first quarter cumulative period amounted to ¥99,299 million, a decrease of ¥3,729 million compared with the end of the previous fiscal year. The main contributory factor was a decrease in retained earnings of ¥2,369 million due to the payment of dividends at the end of the previous consolidated fiscal year.

## **(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 “Flash Report (Consolidated Basis), Results for the year ended November 2021,” announced on January 14, 2022.

## 2. Consolidated Financial Statements and Main Explanatory Notes

### (1) Consolidated Balance Sheets

	Millions of yen	
	November 30, 2021	February 28, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	41,646	28,571
Receivables	1,858	1,012
Real estate for sale	107,875	121,939
Real estate for sale under construction	71,075	77,882
Goods	0	0
Supplies	23	24
Other	2,618	2,468
Allowance for doubtful accounts	(3)	(2)
Total current assets	<b>225,094</b>	<b>231,897</b>
<b>Non-current assets:</b>		
<b>Property and equipment:</b>		
Buildings and structures net	23,865	27,417
Buildings in trust net	3,142	2,824
Land	54,925	56,715
Land in trust	2,314	11,469
Construction in progress	6,678	7,330
Other net	379	419
Net property and equipment	<b>91,306</b>	<b>106,177</b>
<b>Intangible assets:</b>		
Goodwill	9	9
Other intangible assets	417	405
Total intangible assets	<b>426</b>	<b>415</b>
<b>Investments and other assets:</b>		
Investment securities	27,921	27,120
Deferred tax assets	545	1,063
Other	3,901	4,343
Allowance for doubtful accounts	(53)	(53)
Total Investments and other assets	<b>32,315</b>	<b>32,474</b>
Total non-current assets	<b>124,048</b>	<b>139,066</b>
<b>Deferred assets:</b>		
Share issuance costs	42	38
Bond issuance costs	9	12
Total deferred assets	<b>51</b>	<b>50</b>
<b>Total assets</b>	<b>349,194</b>	<b>371,014</b>



	Millions of yen	
	November 30, 2021	February 28, 2022
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	3,304	1,926
Short-term borrowings	12,325	17,949
Current portion of long-term debt	32,197	35,092
Accrued income taxes	1,660	116
Other	5,131	5,270
Total current liabilities	<b>54,618</b>	<b>60,354</b>
<b>Non-current liabilities:</b>		
Bonds payable	9,000	9,000
Bonds with share acquisition rights	12,000	12,000
Long-term debt	165,709	185,524
Liabilities for retirement benefits	251	255
Guarantee deposits	1,369	1,381
Construction assistance fund	372	358
Deferred tax liabilities	2,551	2,551
Other	292	288
Total non-current liabilities	<b>191,547</b>	<b>211,360</b>
<b>Total liabilities</b>	<b>246,166</b>	<b>271,715</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	20,595	20,595
Capital surplus	22,471	22,471
Retained earnings	50,269	46,317
Treasury stocks at cost	(0)	(0)
Total shareholders' equity	<b>93,336</b>	<b>89,384</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	965	888
Foreign currency translation adjustment	(5)	5
Total accumulated other comprehensive income	959	893
Non-controlling interests	8,731	9,021
<b>Total net assets</b>	<b>103,028</b>	<b>99,299</b>
<b>Total liabilities and net assets</b>	<b>349,194</b>	<b>371,014</b>

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

Three months ended February 28

	Millions of yen	
	2021	2022
<b>Net sales</b>	<b>3,301</b>	<b>7,608</b>
Cost of sales	2,741	6,088
<b>Gross profit</b>	<b>559</b>	<b>1,519</b>
Selling, general and administrative expenses	1,888	2,135
<b>Operating loss</b>	<b>(1,328)</b>	<b>(615)</b>
<b>Non-operating income:</b>		
Interest income	0	0
Dividend income	0	0
Foreign exchange gains	—	505
Subsidy income	19	14
Surrender value of insurance policies	16	—
Penalty income	26	2
Other	15	15
<b>Total non-operating income</b>	<b>78</b>	<b>538</b>
<b>Non-operating expenses:</b>		
Interest expenses	468	731
Interest expenses on bonds	29	44
Share of loss of entities accounted for using equity method	—	488
Commission fee	267	677
Loss on valuation of interest swaps	4	—
Foreign exchange losses	293	0
Other	0	5
<b>Total non-operating expenses</b>	<b>1,065</b>	<b>1,947</b>
<b>Ordinary loss</b>	<b>(2,315)</b>	<b>(2,024)</b>
<b>Extraordinary income:</b>		
Gain on bargain purchase	918	—
<b>Total extraordinary income</b>	<b>918</b>	<b>—</b>
<b>Extraordinary loss:</b>		
Loss on retirement of non-current assets	0	0
<b>Total extraordinary losses</b>	<b>0</b>	<b>0</b>
<b>Loss before income taxes</b>	<b>(1,397)</b>	<b>(2,024)</b>
Income taxes-current	17	55
Income taxes-deferred	(510)	(482)
Total income taxes	<b>(493)</b>	<b>(426)</b>
<b>Net loss</b>	<b>(904)</b>	<b>(1,597)</b>
<b>Profit attributable to non-controlling interests</b>	<b>1</b>	<b>(15)</b>
<b>Loss attributable to owners of parent</b>	<b>(905)</b>	<b>(1,581)</b>

## Consolidated Statements of Comprehensive Income

Three months ended February 28

	Millions of yen	
	2021	2022
Net loss	(904)	(1,597)
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	461	(76)
Foreign currency translation adjustment	(261)	56
Total other comprehensive income	<b>200</b>	<b>(19)</b>
<b>Comprehensive income</b>	<b>(704)</b>	<b>(1,617)</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of the parent	(702)	(1,648)
Comprehensive income attributable to non-controlling interests	(2)	31

### (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)

First quarter of FY11/21 (from December 1, 2021 to February 28, 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

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.

Regarding the application of the revenue recognition standard, we followed the transitional treatment stipulated provided for 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 first quarter cumulative period decreased by ¥109 million, cost of sales decreased by ¥252 million, and selling, general and administrative expenses decreased by ¥7 million. Operating income, ordinary income, and income before income taxes each increased by ¥150 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 first 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, ¥4,580 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 first quarter of FY11/21 (from December 1, 2020 to February 28, 2021)

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

Three months ended February 28, 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	493	402	49	1,520	331	503	3,301
Inter-segment net sales and transfers	—	—	—	—	18	96	115
Total	493	402	49	1,520	350	600	3,416
Operating income (loss)	0	(20)	(14)	582	(760)	(7)	(219)

	Millions of yen		
	Total	Adjustment	Amount Recorded on Consolidated Income Statement
Net sales:			
Net sales from third parties	3,301	—	3,301
Inter-segment net sales and transfers	115	(115)	—
Total	3,416	(115)	3,301
Operating income (loss)	(219)	(1,109)	(1,328)

#### Notes

1. The ¥1,109 million downward adjustment to operating income (loss) comprises a negative ¥7 million in intersegment eliminations, and a negative ¥1,101 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 income (loss) is adjusted to the operating income 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 first quarter of FY11/22 (from December 1, 2021 to February 28, 2022)

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

Three months ended February 28, 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	2,212	2,000	—	1,908	652	835	7,608
Inter-segment net sales and transfers	—	—	—	—	57	232	290
Total	2,212	2,000	—	1,908	709	1,068	7,898
Operating income (loss)	157	370	(57)	968	(769)	210	880

	Millions of yen		
	Total	Adjustment	Amount Recorded on Consolidated Income Statement
Net sales:			
Net sales from third parties	7,608	—	7,608
Inter-segment net sales and transfers	290	(290)	—
Total	7,898	(290)	7,608
Operating income (loss)	880	(1,496)	(615)

#### Notes

1. The ¥1,496 million downward adjustment to operating income (loss) comprises a negative ¥69 million in intersegment eliminations, and a negative ¥1,426 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 income (loss) is adjusted to the operating income 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 Leasing Business for the subject first quarter cumulative period decreased by ¥30 million, net sales of the Hotel Business decreased by ¥79 million, and segment profit increased by ¥150 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 first quarter consolidated cumulative period disclosed as comparative information for the subject first quarter cumulative period, this was created from the post-change reportable segments, and thus differences can be seen from the

reportable segments for the first 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)

### Issuance of new shares as restricted stock compensation

Following a resolution under Article 370 of the Companies Act (written resolution in place of the resolution of the Board of Directors) dated March 24, 2022, the Company decided to issue new shares (hereinafter referred to as “the New Share Issue”) as restricted stock compensation as follows.

#### (1) Purpose of and Reason for Issue

At the Board of Directors’ meeting held on January 22, 2019, the Company resolved to introduce a restricted stock compensation plan (hereinafter referred to as “the Plan”) as a new compensation system for directors of the Company. In addition to granting incentives to the Company’s directors (excluding outside directors; the same applies hereinafter) to continuously improve the Company’s medium- to long-term corporate value and shareholder value, the purpose of the Plan is to further promote the sharing of value with the shareholders. At the 37th Annual General Meeting of Shareholders held on February 27, 2019, approval was granted with regard to the following: (1) Under the Plan, as contributions in kind relating to the granting of restricted stock, monetary compensation receivables of not more than ¥100 million per year shall be paid to the directors of the Company, as separate amounts from existing monetary compensation limits, and the total number of the Company’s common shares to be issued or disposed of shall be not more than 100,000 shares per year; (2) The transfer restriction period shall be the period from the grant date of restricted stock to the date on which directors of the Company and other positions specified by the Board of Directors of the Company resign or retire; (3)(i) During the period of service stipulated by the Board of Directors of the Company, those eligible are to have continuously remained in directors’ positions or other positions determined by the Board of Directors of the Company; and (3)(ii) In the event that an eligible director of the Company resigns or retires as director or from any other position determined by the Board of Directors of the Company before the end of his or her period of service, that there are grounds deemed justifiable by the Board of Directors of the Company with regard to the conditions for the cancellation of transfer restrictions.

With regard to the Plan, at the 38th Annual General Meeting of Shareholders held on February 27, 2020, approval was given to changing the monetary compensation receivables paid to the directors of the Company to ¥300 million per year and the total number of the Company’s common shares to be issued or disposed of under the Plan to not more than 300,000 shares.

#### (2) Overview of Issue

Payment date	April 22, 2022
Type and number of shares to be issued	54,600 of Company’s common shares
Issue price	¥2,266 per share
Total issue price	¥123,723,600
Planned recipients	Five directors (excluding outside directors) 43,300 shares Four executive officers 11,300 shares
Other matters	With regard to the New Share Issue, a written notification of marketable securities held is being submitted pursuant to the terms of the Financial Instruments and Exchange Act.

**END**