

April 13, 2023

**Flash Report (Consolidated Basis)**  
**Results for the first quarter ended February 28, 2023**  
**(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

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Contact Person

Title: Head of IR Office

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Quarterly report filing date (Planned): April 13, 2023

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 1Q FY2023**  
**(December 1, 2022 to February 28, 2023)**

**(1) Consolidated Operating Results**

Three months ended February 28

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	%
1Q FY2023	26,983	254.7	1,613	—	(2,022)	—	(2,227)	—
1Q FY2022	7,608	130.4	(615)	—	(2,024)	—	(1,581)	—

(Note) Comprehensive Income: 1Q FY2023: ¥ (—) million, —%  
1Q FY2022: ¥ (1,617) million, —%

	Net income per share	Net Income per share after adjustment for residual shares
	Yen	Yen
1Q FY2023	(47.88)	—
1Q FY2022	(34.04)	—

## (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
1Q FY2023	433,037	107,757	22.2
FY2022	413,594	110,395	23.9

(Reference) Total shareholders' equity: February 28, 2023: ¥95,927 million, November 30, 2022: ¥98,771 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
FY2022	—	39.00	—	51.00	90.00
FY2023	—				
FY2023 (Forecast)		39.00	—	51.00	90.00

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

## 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) Revision of results forecast for this period: None

## Notes

(1) Significant changes in subsidiaries during the subject fiscal period: None

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

Additions: (—)                      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)	1Q FY2023	46,522,685 shares	FY2022	46,522,685 shares
2) Number of treasury stock	1Q FY2023	653 shares	FY2022	603 shares
3) Average number of shares outstanding for each period (cumulative term)	1Q FY2023	46,522,049 shares	1Q FY2022	46,467,867 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 1Q FY2023

### (1) Explanation of Business Results

During the subject first quarter cumulative period in the Japanese economy, there were signs of normalization in socio-economic activities due to the easing of various restrictions associated with measures against COVID-19 infections, including a review of the way of thinking with regard to the wearing of masks. In contrast, the outlook in terms of the world economy remained uncertain due to factors that included the financial instability triggered by bankruptcies at U.S. financial institutions, soaring energy resource prices, rising inflation rates, and the prolonged tension surrounding the situation in Ukraine.

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, the occupancy rate and average room price reached roughly their pre-COVID levels due to nationwide travel support and an increase in the number of inbound visitors to Japan, while domestic and international travel demand was recovering steadily.

In such a business environment, we sold 12 profitable condominiums, including of the Samty brand S-RESIDENCE series. With regard to the purchase of properties, we made steady progress in both income properties and sites for development, while giving consideration to a variety of factors, such as interest rates and transaction price trends. In addition, during the subject first quarter cumulative period, when compared with the end of the previous consolidated fiscal year, the exchange rate fluctuated in the direction of a stronger yen and, as a result, a foreign exchange loss of ¥1.9 billion was recorded as a non-operating expense. In addition, as announced in the "Notice Concerning Postponement of Financial Results Announcement for Fiscal Year Ended November 2022 and Establishment of Special Investigation Committee," dated January 16, 2023, one-time expenses of ¥0.7 billion relating to a special investigation committee to analyze and consider the status of transactions with specific business partners that were identified in the Group have been recorded as Special investigation expenses, etc. under Extraordinary loss.

As a result, for the subject first quarter cumulative period, net sales amounted to ¥26.9 billion (up 254.7% from the same period of the previous fiscal year), with operating profit of ¥1.6 billion (operating loss of ¥0.6 billion in the same period of the previous year), ordinary loss of ¥2.0 billion (ordinary loss of ¥2.0 billion in the same period of the previous year), and loss attributable to owners of parent of ¥2.2 billion (loss attributable to owners of parent of ¥1.5 billion in the same period of the previous fiscal year).

### 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.

During the subject first quarter cumulative period, we sold seven properties of real estate for sale for a total sales price of ¥9.1 billion.

As a result, net sales in the Real Estate Development Business segment amounted to ¥9.1 billion (up 314.4% from the same period of the previous fiscal year), with operating profit of ¥1.8 billion (operating profit of ¥0.1 billion 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, we sold five rental apartments and other

properties for ¥1.6 billion.

As a result, net sales in the Real Estate Solution Business segment amounted to ¥1.6 billion (down 19.3% from the same period of the previous fiscal year), with operating profit of ¥0.2 billion (down 37.3%).

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

The Overseas Business engages in overseas investment and for-sale housing businesses. Concerning the smart city, for-sale housing business project in Hanoi, Vietnam, which commenced sales in November 2021, steady sales progress was made even during the COVID -19 pandemic. Of the four buildings in this project, two are in the process of being handed over to customers.

As a result, net sales of ¥11.3 billion were recorded for this business (none recorded in the same quarter of the previous year), and operating income was ¥1.4 billion (operating loss of ¥0 recorded 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—24 properties were acquired for a total of ¥17.9 billion—and 17 properties were completed for a total of ¥17.3 billion.

As a result, net sales in the Real Estate Leasing Business segment amounted to ¥1.7 billion (down 8.7% from the same period of the previous fiscal year), with operating profit of ¥0.6 billion (down 37.8%).

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

The Hotel Business engages in the leasing and operating of hotels. During the subject first quarter cumulative period, 20 hotels were owned and operated, including the Mercure Hida Takayama (Takayama City, Gifu Prefecture).

During the subject first quarter cumulative period, occupancy rates and average room prices at owned and operated hotels recovered steadily due to the nationwide travel support and the increase in the number of inbound visitors to Japan. Tochigi Prefecture had requested to secure the use of Hotel Sunshine Utsunomiya (Utsunomiya City, Tochigi) as an accommodation and medical facility. Accepting this request from the perspectives of its corporate social responsibility and contributions to local communities, the Group had fully rented out the building as a medical facility but terminated the lease and resumed normal operations there from April 1, 2023.

As a result, net sales in the Hotel Business segment amounted to ¥2.3 billion (up 256.4% from the same period of the previous fiscal year), and operating loss of ¥0.7 billion (operating loss of ¥0.7 billion 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 ¥0.8 billion (down 0.3% from the same period of the previous fiscal year), with operating profit of ¥0.05 billion (down 72.3%).

## **(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 ¥433.0 billion, an increase of ¥19.4 billion compared with the end of the previous fiscal year. The main factors for the change were a ¥44.7 billion increase in real estate for sale and real estate for sale under construction, and a ¥15.2 billion decrease in cash and deposits.

#### **Liabilities**

Total liabilities at the end of the subject first quarter cumulative period amounted to ¥325.2 billion, an increase of ¥22.0 billion compared with the end of the previous fiscal year. The main contributory factor was an increase in borrowings of ¥30.3 billion accompanying the settlement of acquisition of more than 50 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 ¥107.7 billion, a decrease of ¥2.6 billion compared with the end of the previous fiscal year. The main contributory factor was a decrease in retained earnings of ¥2.3 billion 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 2022,” announced on March 31, 2023.

## 2. Consolidated Financial Statements and Main Explanatory Notes

### (1) Consolidated Balance Sheets

	Millions of yen	
	FY2022	1Q FY2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	46,002	30,753
Accounts receivable – trade	2,476	2,440
Real estate for sale	114,623	156,541
Real estate for sale in process	122,065	124,864
Merchandise	25	25
Supplies	47	50
Other	4,672	8,468
Allowance for doubtful accounts	(7)	(5)
Total current assets	<b>289,904</b>	<b>323,139</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures, net	29,312	23,120
Buildings in trust, net	3,454	1,583
Land	52,382	49,057
Land in trust	1,571	645
Construction in progress	3,100	1,051
Other, net	614	645
Total property, plant and equipment	<b>90,435</b>	<b>76,103</b>
<b>Intangible assets:</b>		
Goodwill	8	8
Other	406	427
Total intangible assets	<b>414</b>	<b>435</b>
<b>Investments and other assets:</b>		
Investment securities	26,764	27,291
Deferred tax assets	830	1,469
Other	5,189	4,554
Allowance for doubtful accounts	(53)	(53)
Total Investments and other assets	<b>32,731</b>	<b>33,262</b>
Total non-current assets	<b>123,581</b>	<b>109,801</b>
<b>Deferred assets:</b>		
Share issuance costs	26	22
Bond issuance costs	81	73
Total deferred assets	<b>108</b>	<b>96</b>
<b>Total assets</b>	<b>413,594</b>	<b>433,037</b>



	Millions of yen	
	FY2022	1Q FY2023
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable – trade	1,800	2,718
Provision for shareholder benefit program	520	353
Income taxes payable	3,651	97
Short-term borrowings	30,468	35,382
Current portion of bonds payable	5,170	5,170
Current portion of long-term borrowings	35,395	49,882
Other	12,536	7,309
Total current liabilities	<b>89,543</b>	<b>100,913</b>
<b>Non-current liabilities:</b>		
Bonds payable	8,145	8,145
Bonds with share acquisition rights	12,000	12,000
Long-term borrowings	188,769	199,675
Retirement benefit liability	318	334
Leasehold and guarantee deposits received	908	949
Construction assistance fund	317	303
Deferred tax liabilities	2,922	2,687
Other	275	269
Total non-current liabilities	<b>213,656</b>	<b>224,366</b>
<b>Total liabilities</b>	<b>303,199</b>	<b>325,279</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Share capital	20,657	20,657
Capital surplus	22,533	22,533
Retained earnings	56,911	52,311
Treasury shares	(1)	(1)
Total shareholders' equity	<b>100,101</b>	<b>95,500</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	1,099	861
Foreign currency translation adjustment	(2,429)	(434)
Total accumulated other comprehensive income	<b>(1,330)</b>	<b>426</b>
Non-controlling interests	11,624	11,830
<b>Total net assets</b>	<b>110,395</b>	<b>107,757</b>
<b>Total liabilities and net assets</b>	<b>413,594</b>	<b>433,037</b>

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

### Consolidated Statements of Income

Three months ended February 28

	Millions of yen	
	1Q FY2022	1Q FY2023
<b>Net sales</b>	<b>7,608</b>	<b>26,983</b>
Cost of sales	6,088	21,223
<b>Gross profit</b>	<b>1,519</b>	<b>5,760</b>
Selling, general and administrative expenses	2,135	4,147
<b>Operating profit (loss)</b>	<b>(615)</b>	<b>1,613</b>
<b>Non-operating income:</b>		
Interest income	0	28
Dividend income	0	4
Foreign exchange gains	505	—
Subsidy income	14	1
Penalty income	2	41
Other	15	17
<b>Total non-operating income</b>	<b>538</b>	<b>93</b>
<b>Non-operating expenses:</b>		
Interest expenses	731	1,214
Interest on bonds	44	55
Share of loss of entities accounted for using equity method	488	131
Commission expenses	677	379
Foreign exchange losses	0	1,927
Other	5	20
<b>Total non-operating expenses</b>	<b>1,947</b>	<b>3,729</b>
<b>Ordinary loss</b>	<b>(2,024)</b>	<b>(2,022)</b>
<b>Extraordinary income:</b>		
Gain on sale of non-current assets	—	0
Gain on change in equity	—	62
<b>Total extraordinary income</b>	<b>—</b>	<b>62</b>
<b>Extraordinary loss:</b>		
Loss on sale of non-current assets	—	4
Loss on retirement of non-current assets	0	2
Special investigation expenses, etc.	—	719
<b>Total extraordinary losses</b>	<b>0</b>	<b>727</b>
<b>Loss before income taxes</b>	<b>(2,024)</b>	<b>(2,687)</b>
Income taxes-current	55	105
Income taxes-deferred	(482)	(737)
Total income taxes	<b>(426)</b>	<b>(631)</b>
<b>Loss</b>	<b>(1,597)</b>	<b>(2,055)</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>(15)</b>	<b>171</b>
<b>Loss attributable to owners of parent</b>	<b>(1,581)</b>	<b>(2,227)</b>

## Consolidated Statements of Comprehensive Income

Three months ended February 28

	Millions of yen	
	1Q FY2022	1Q FY2023
Loss	(1,597)	(2,055)
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	(76)	(237)
Foreign currency translation adjustment	56	2,029
Total other comprehensive income	<b>(19)</b>	<b>1,791</b>
<b>Comprehensive income</b>	<b>(1,617)</b>	<b>(264)</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of parent	(1,648)	(470)
Comprehensive income attributable to non-controlling interests	31	205

### **(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 First Quarter Consolidated Cumulative Period (from December 1, 2022 to February 28, 2023)
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The Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Application Guidance No. 31, June 17, 2021; hereinafter referred to as the Fair Value Accounting Standard Implementation Guidance) has been applied from the beginning of the subject first quarter cumulative accounting period. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Accounting Standard Implementation Guidance, the new accounting policies prescribed by the Fair Value Accounting Standard Implementation Guidance will be applied in the future. The effect of the application of the Fair Value Accounting Standard, etc., on the quarterly consolidated financial statements is immaterial.
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#### **(Additional Information)**

##### **Change in Holding Purpose**

Because of a change in holding purpose, ¥19,498 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.

#### **(Relating to Quarterly Consolidated Income Statements)**

Special investigation expenses, etc.

As announced in the "Notice Concerning Postponement of Financial Results Announcement for Fiscal Year Ended November 2022 and Establishment of Special Investigation Committee," dated January 16, 2023, one-time expenses relating to a special investigation committee to analyze and consider the status of transactions with specific business partners that were identified in the Group have been recorded as Special investigation expenses, etc. under Extraordinary loss.

## (Segment Information)

### I Results for 1Q FY2022 (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 profit (loss)	157	370	(57)	968	(769)	210	880

	Millions of yen		
	Total	Adjustment <u>Note 1</u>	Amount Recorded on Consolidated Income Statement <u>Note 2</u>
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 profit (loss)	880	(1,496)	(615)

#### Notes

1. The ¥1,496 million downward adjustment to operating profit (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 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 1Q FY2023 (from December 1, 2022 to February 28, 2023)

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

Three months ended February 28, 2023

	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	9,166	1,615	11,302	1,742	2,324	833	26,983
Inter-segment net sales and transfers	—	—	—	—	1	490	491
Total	9,166	1,615	11,302	1,742	2,326	1,323	27,475
Operating profit (loss)	1,837	232	1,419	602	(788)	58	3,361

	Millions of yen		
	Total	Adjustment <u>Note 1</u>	Amount Recorded on Consolidated Income Statement <u>Note 2</u>
Net sales:			
Net sales from third parties	26,983	—	26,983
Inter-segment net sales and transfers	491	(491)	—
Total	27,475	(491)	26,983
Operating profit (loss)	3,361	(1,748)	1,613

#### Notes

1. The ¥1,748 million downward adjustment to operating profit (loss) comprises a positive ¥6 million in intersegment eliminations, and a negative ¥1,755 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.

#### (Significant Events after the Reporting Period)

Not applicable.

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