

June 30, 2021

**Flash Report (Consolidated Basis)**  
**Results for the first half ended May 31, 2021**  
**(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: Executive Officer, General Manager of Business Administration Division and Head of Financial Controls Dept.

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Quarterly report filing date (Planned): July 12, 2021

Start of dividend payments (Planned): August 16, 2021

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes (for institutional investors and analysts)

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

**1. Consolidated Results for the first half of FY11/21 (December 1, 2020 to May 31, 2021)**

**(1) Consolidated Operating Results**

Six months ended May 31

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	%
2021	24,193	(11.5)	3,599	(36.9)	5,114	10.3	7,393	133.1
2020	27,322	(42.9)	5,702	(59.1)	4,635	(63.8)	3,171	(64.9)

(Note) Comprehensive Income: Six months ended May 31, 2021: ¥8,600 million, 246.2%  
Six months ended May 31, 2020: ¥2,484 million, (73.5%)

	Net income per share	Net Income per share after adjustment for residual shares
	Yen	Yen
2021	183.73	159.02
2020	77.54	67.89

## (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
May 31, 2021	329,392	89,961	25.3
November 30, 2020	250,864	77,699	30.7

(Reference) Total shareholders' equity: May 31, 2021: ¥83,424 million, November 30, 2020: ¥77,028 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
2020	—	38.00	—	44.00	82.00
2021	—	39.00			
2021 (Forecast)			—	47.00	86.00

(Note) Revision of dividends forecast for this period: Yes

## 3. Forecasts for Fiscal Year Ending November 30, 2021

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	88,000~120,000	(13.0)~18.7	10,000~11,800	(42.0)~(32.0)	12,200~13,600	(20.0)~(10.8)

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Fiscal year	11,900~12,900	12.1 ~21.5	295.84~320.70

(Note) Revision of results forecast for this period: Yes

## Notes

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

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

Additions: 2 (S-VIN VIETNAM REAL ESTAGE TRADING JOINT STOCK COMPANY / R&K Limited)

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: None

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)	Six months ended May 31, 2021	41,074,340 shares	Year ended November 30, 2020	41,020,140 shares
2) Number of treasury stock	Six months ended May 31, 2021	866,862 shares	Year ended November 30, 2020	638,412 shares
3) Average number of shares outstanding for each period (cumulative term)	Six months ended May 31, 2021	40,239,448 shares	Six months ended May 31, 2020	40,901,930 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.
- The Company plans to hold an explanatory meeting for institutional investors and analysts on July 12, 2021.

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## 1. Qualitative Information on Consolidated Results for the First Half of Fiscal 2021

### (1) Explanation of Business Results

Due to a resurgence of COVID-19 infections, during the subject second quarter cumulative period in the Japanese economy a state of emergency and priority measures such as quasi states of emergency were officially announced and imposed. Currently, vaccinations for people aged 65 or over and occupational vaccinations at some companies are progressing, day by day raising expectations for the normalization of socio-economic activities by means of an accelerated vaccination rollout.

In the real estate industry, of which the Samty Group is a part, with regard to rental apartments, occupancy rates, rent levels, and property sales prices have remained favorable, because they are not easily affected by economic trends or the effects of the COVID-19 pandemic. The buying and selling of profitable properties in BtoB (business-to-business), which is the main transaction form of the Group, was not affected by the COVID-19 pandemic, and in addition to the stability of the financial system, against the backdrop of global low interest rates continues to be strong. Also, although rent adjustments have been seen in some commercial areas, the prices of sites for development have also remained at pre-COVID levels.

Under such conditions, the Samty Group launched initiatives designed to maximize income gain, such as the selling of a rental condominium in the latter half of the fiscal year, in accordance with the strategy of the medium-term management plan announced in January 2021. With regard to the purchase of properties, favorable progress was made with the purchases of sites for development and of profitable properties. In May 2021, as a hotel investment initiative we entered into a capital and business alliance agreement with Wealth Management, Inc. (hereinafter "WMI"), which is listed on the Second Section of the Tokyo Stock Exchange, and plan to make WMI an equity-method affiliate during the current fiscal year. One of the basic policies under the medium-term management plan is to continue efforts to establish a hotel REIT with an eye toward the post-COVID hotel market. We will accelerate the investment of carefully selected hotels by collaborating with WMI, a developer that possesses strengths in hotel revitalization and development and information routes for investment projects. In addition, during the second quarter cumulative period negative goodwill equivalent to approximately ¥2.3 billion equivalent was recorded as non-operating income by making R&K—a limited liability company that holds and manages trust beneficiary rights in Aloft Osaka Dojima as a trust property—an equity-method affiliate. Also, by making R&K a consolidated subsidiary through the additional acquisition of equity interests, an additional approximately ¥2.4 billion was recorded as extraordinary income.

As a result, for the subject second quarter cumulative period, net sales amounted to ¥24,193 million (down 11.5% from the same period of the previous fiscal year), with operating income of ¥3,599 million (down 36.9%), ordinary income of ¥5,114 million (up 10.3%), and profit attributable to owners of parent of ¥7,393 million (up 133.1%).

### Results by Business Segment

#### a. Real Estate Business

The Real Estate business comprises the planning, development, and sales of real estate properties,

including the Samty brand S-RESIDENCE series, as well as the planning, development, revitalization and sales of income properties and other real estate.

During the subject second quarter cumulative period, in addition to having sold “SAMTY Residence N21” (Higashi-ku, Sapporo-shi), “SAMTY Residence Kasugai” (Kasugai-shi, Aichi), “SAMTY Horitatori Residence” (Mizuho-ku, Nagoya-shi), “SAMTY Itami Nishidai” (Itami-shi, Hyogo), “SAMTY Tsukaguchi Residence” (Amagasaki-shi, Hyogo), “GRANDUKE Kanayama Ferio” (Atsuta-ku, Nagoya-shi), “Livre Toneyama” (Toyonaka-shi, Osaka) as profitable condominiums, and “Agora Kyoto Shijo” (Shimogyo-ku, Kyoto-shi) as well as “Agora Kyoto Karasuma” (Shimogyo-ku, Kyoto-shi) as hotel assets, properties sold in lots were “SAMTY Himejima FELICETO” (Nishiyodogawa-ku, Osaka-shi) and “Isle grande Kawasaki” (Kawasaki-ku, Kawasaki-shi).

As a result, net sales in the Real Estate Business segment amounted to ¥19,099 million (down 13.6% from the same period of the previous fiscal year), with operating income of ¥5,974 million (down 10.4%).

## **b. Property Leasing Business**

The Property Leasing business comprises the leasing and management of rental apartments, office buildings, commercial facilities, hotels, and other properties.

The Samty Group continued its efforts to expand its area of business operations and strengthen the purchase and development of income properties. These efforts included completing “S-RESIDENCE Souen” (Chuo-ku, Sapporo-shi), “S-RESIDENCE Maruyama Omotesando” (Chuo-ku, Sapporo-shi), “S-RESIDENCE Meieki (Nishi-ku, Nagoya-shi), “S-RESIDENCE Hongo II” (Meito-ku, Nagoya-shi), “S-RESIDENCE Nippombashi Qualier” (Naniwa-ku, Osaka-shi), “SAMTY Kotoni” (Nishi-ku, Sapporo-shi) and “SAMTY Tsukisamu” (Toyohira-ku, Sapporo-shi) and acquiring “S-FORT Sagamihara” (Chuo-ku, Sagamihara-shi) and “S-FORT Shizuoka Hontori” (Aoi-ku, Shizuoka-shi) and others.

As a result, net sales in the Property Leasing Business segment amounted to ¥3,809 million (down 3.1% from the same period of the previous fiscal year), with operating income of ¥1,419 million (down 15.1%).

## **c. Other Business**

In addition to the holding and operating of (including those preparing to open) 16 hotel buildings, which also includes “S-PERIA Hotel Kyoto” (Shimogyo-ku, Kyoto-shi), in its other business operations the Company also has a condominium management business and construction/renovation business.

As a result, net sales in the Other Business segment amounted to ¥1,284 million (down 0.7% from the same period of the previous fiscal year), with an operating loss of ¥1,429 million (compared with operating loss of ¥285 million in the same period of the previous fiscal year).

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

### **1) Assets, Liabilities, and Net Assets**

#### **Assets**

Total assets at the end of the subject second quarter cumulative period amounted to ¥329,392 million, an increase of ¥78,528 million compared with the end of the previous fiscal year. Of this amount, current assets increased ¥73,178 million to ¥231,786 million, and non-current assets increased ¥5,349 million to ¥97,605 million. The main factors for the increase in current assets were increases of ¥74,649 million in real estate for sale and ¥25,647 million in real estate for sale under construction; against a decrease of ¥14,675 million in cash and deposits. The main factors for the increase in non-current assets were increases of ¥3,261 million in net property and equipment; and ¥2,091 million in investments and other assets.

#### **Liabilities**

Total liabilities at the end of the subject second quarter cumulative period amounted to ¥239,430 million, an increase of ¥66,265 million compared with the end of the previous fiscal year. Of this amount, current liabilities decreased ¥2,555 million to ¥36,941 million, while non-current liabilities increased ¥68,821 million to ¥202,488 million. The main factors for the decrease in current liabilities were decreases of ¥4,533 million in short-term borrowings and ¥3,125 million in accrued income taxes, while the current portion of long-term debt increased by ¥4,017 million. The main factor for the increase in non-current liabilities was an increase of ¥61,461 million in long-term debt.

#### **Net Assets**

Total net assets at the end of the subject second quarter cumulative period amounted to ¥89,961 million, an increase of ¥12,262 million compared with the end of the previous fiscal year. This was due mainly to increases of ¥7,393 million in retained earnings; of ¥959 million in valuation difference on available-for-sale securities from market valuation of held shares; and of ¥5,866 million in non-controlling interests against a decrease of ¥1,776 million in retained earnings from dividend payments.

### **2) Cash Flows**

Cash and cash equivalents (“cash”) at the end of the subject second quarter cumulative period amounted to ¥26,945 million, a decrease of ¥14,886 million compared with the end of the previous fiscal year. This was due mainly to ¥37,988 million in cash used in operating activities; ¥24,117 million in cash used in investing activities; and ¥47,289 million in cash provided by financing activities.

The main factors affecting cash flows during the subject second quarter cumulative period are as follows.

#### **Cash Flow from Operating Activities**

Net cash used in operating activities amounted to ¥37,988 million (compared with ¥15,275 million in cash used in the same period of the previous fiscal year). This was due mainly to ¥8,300 million in

income before income taxes; ¥49,274 million in increase in inventories; and ¥3,727 million in income taxes paid.

#### **Cash Flow from Investing Activities**

Net cash used in investing activities amounted to ¥24,117 million (compared with ¥23,190 million in cash used in the same period of the previous fiscal year). This was due mainly to ¥16,334 million in purchase of property, plant and equipment, and outflow of ¥6,926 million for the acquisition of shares of a subsidiary in accordance with a change in the scope of consolidation.

#### **Cash Flow from Financing Activities**

Net cash provided by financing activities amounted to ¥47,289 million (compared with ¥30,088 million in cash provided in the same period of the previous fiscal year). This was due mainly to ¥12,544 million in increase in short-term loans payable; ¥17,079 million in decrease in short-term loans payable; ¥74,761 million in proceeds from long-term loans; ¥24,262 million in repayments of long-term loans; inflow of ¥4,000 million from the issue of corporate bonds; and ¥1,775 million in dividends paid.

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

Based on recent business trends, the Company has revised its full-year business forecast for the fiscal year ending November 2021 (December 1, 2020, to November 30, 2021) announced on March 30, 2021.

In accordance with WMI's conversion to an equity method affiliate, it is planned to record negative goodwill under non-operating income. Negative goodwill will be revised upward by reflecting its estimated value in the business forecast.

As stated in the May 25 disclosure "Notice Concerning Capital and Business Alliance with Wealth Management, Inc. and Its Conversion to an Equity Method Affiliated Company," it is expected that negative goodwill equivalent to approximately ¥600 million will be recorded as non-operating income by making WMI an equity method affiliate.

With regard to dividends for the current period, based on the revision of the financial forecasts and prospective payout ratio of 30%, the year-end dividend will be 47 yen per share, an increase of 2 yen per share for the full year.

For details, please refer to the "Notice Concerning Revision of Earnings Forecast and Dividend Forecast (Upward Revision/Dividend Increase Amendment)" announced today (June 30, 2021).



## 2. Consolidated Financial Statements and Main Explanatory Notes

### (1) Consolidated Balance Sheets

	Millions of yen	
	November 30, 2020	May 31, 2021
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	42,511	27,836
Receivables	1,395	463
Real estate for sale	58,265	132,914
Real estate for sale under construction	42,512	68,159
Goods	1	0
Supplies	12	12
Other	13,915	2,402
Allowance for doubtful accounts	(5)	(3)
Total current assets	<b>158,608</b>	<b>231,786</b>
<b>Non-current assets:</b>		
<b>Property and equipment:</b>		
Buildings and structures net	17,835	19,815
Buildings in trust net	3,689	1,884
Land	42,482	46,884
Land in trust	3,322	2,305
Other net	4,608	4,310
Net property and equipment	<b>71,938</b>	<b>75,200</b>
<b>Intangible assets:</b>		
Goodwill	10	9
Other intangible assets	133	129
Total intangible assets	143	139
<b>Investments and other assets:</b>		
Investment securities	15,835	17,957
Deferred tax assets	693	126
Other	3,711	4,233
Allowance for doubtful accounts	(66)	(53)
Total Investments and other assets	<b>20,173</b>	<b>22,264</b>
Total non-current assets	<b>92,255</b>	<b>97,605</b>
<b>Total assets</b>	<b>250,864</b>	<b>329,392</b>

	Millions of yen	
	November 30, 2020	May 31, 2021
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	381	1,835
Short-term borrowings	16,883	12,350
Current portion of long-term debt	14,715	18,733
Accrued income taxes	4,063	938
Other	3,452	3,084
Total current liabilities	<b>39,497</b>	<b>36,941</b>
<b>Non-current liabilities:</b>		
Bonds payable	5,000	9,000
Bonds with share acquisition rights	10,000	10,000
Long-term debt	116,406	177,867
Liabilities for retirement benefits	212	231
Guarantee deposits	1,323	1,565
Construction assistance fund	427	400
Deferred tax liabilities	—	3,132
Other long-term liabilities	297	291
Total non-current liabilities	<b>133,666</b>	<b>202,488</b>
<b>Total liabilities</b>	<b>173,164</b>	<b>239,430</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	16,227	16,281
Capital surplus	17,985	18,038
Retained earnings	43,615	49,218
Treasury stocks at cost	(883)	(1,267)
Total shareholders' equity	<b>76,945</b>	<b>82,270</b>
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on available for-sale securities	180	1,140
Valuation and translation adjustments	—	268
Foreign currency translation adjustment	(97)	(255)
Total accumulated other comprehensive income	83	1,153
Non-controlling interests	671	6,537
<b>Total net assets</b>	<b>77,699</b>	<b>89,961</b>
<b>Total liabilities and net assets</b>	<b>250,864</b>	<b>329,392</b>

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

Six months ended May 31

	Millions of yen	
	2020	2021
<b>Net sales</b>	<b>27,322</b>	<b>24,193</b>
Cost of sales	16,635	16,444
<b>Gross profit</b>	<b>10,686</b>	<b>7,749</b>
Selling, general and administrative expenses	4,983	4,149
<b>Operating income</b>	<b>5,702</b>	<b>3,599</b>
<b>Non-operating income:</b>		
Interest income	0	0
Dividends	3	1
Share of profit of entities accounted for using equity method	—	2,305
Foreign exchange gains	—	790
Loss on valuation of interest swaps	36	23
Other	19	89
<b>Total non-operating income</b>	<b>59</b>	<b>3,212</b>
<b>Non-operating expenses:</b>		
Interest expenses	880	1,104
Interest expenses on bonds	—	69
Commission fee	226	507
Other	19	15
<b>Total non-operating expenses</b>	<b>1,126</b>	<b>1,697</b>
<b>Ordinary income</b>	<b>4,635</b>	<b>5,114</b>
<b>Extraordinary income:</b>		
Gain on sales of non-current assets	0	—
Reversal of consumption taxes for prior periods	116	—
Gain on bargain purchase	—	3,317
<b>Total extraordinary income</b>	<b>117</b>	<b>3,317</b>
<b>Extraordinary loss:</b>		
Loss on sales of non-current assets	7	—
Loss on retirement of non-current assets	0	2
Head office relocation expenses	—	129
Loss due to temporary closures	101	—
<b>Total extraordinary losses</b>	<b>108</b>	<b>132</b>
<b>Income before income taxes</b>	<b>4,644</b>	<b>8,300</b>
Income taxes-current	1,336	860
Income taxes-deferred	122	25
Total income taxes	<b>1,459</b>	<b>886</b>
<b>Net income</b>	<b>3,185</b>	<b>7,414</b>
<b>Profit attributable to non-controlling interests</b>	<b>13</b>	<b>20</b>
<b>Profit attributable to owners of parent</b>	<b>3,171</b>	<b>7,393</b>

## Consolidated Statements of Comprehensive Income

Six months ended May 31

	Millions of yen	
	2020	2021
Income before minority interests	3,185	7,414
<b>Other comprehensive income:</b>		
Unrealized gain on available for-sale securities	(708)	959
Valuation and translation adjustments	—	268
Foreign currency translation adjustment	7	(42)
Total other comprehensive income	(700)	1,186
<b>Comprehensive income</b>	<b>2,484</b>	<b>8,600</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of the parent	2,470	8,464
Comprehensive income attributable to non-controlling interests	13	136

### (3) Consolidated Statements of Cash Flows

Six months ended May 31

	Millions of yen	
	2020	2021
<b>Operating activities:</b>		
Income before income taxes	4,644	8,300
Depreciation	544	485
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	0	(16)
Increase (Decrease) in net defined benefit liability	21	19
Interest and dividends income	(3)	(2)
Interest expenses	880	1,173
Commission fee	226	507
Foreign exchange losses (gains)	1	(790)
Share of loss (profit) of entities accounted for using equity method	—	(2,305)
Loss (gain) on sales of property, plant and equipment	6	—
Gain on bargain purchase	—	(3,317)
Head office relocation expenses	—	129
Loss due to temporary closure	101	—
Decrease (increase) in notes and accounts receivable - trade	433	970
Decrease (Increase) in inventories	(20,300)	(49,274)
Increase (decrease) in notes and accounts payable - trade	1,055	322
Increase (decrease) in accrued consumption taxes	(584)	(327)
Increase (decrease) in lease and guarantee deposits received	30	219
Other-net	(456)	10,764
Subtotal	<b>(13,396)</b>	<b>(33,141)</b>
Decrease in interest and dividends receivable	3	2
Decrease in interest payable	(902)	(1,122)
Amount paid for loss due to temporary closure	(97)	—
Income taxes paid	(882)	(3,727)
<b>Net cash provided by (used in) operating activities</b>	<b>(15,275)</b>	<b>(37,988)</b>
<b>Investing activities:</b>		
Payments into time deposits	(29)	(26)
Purchase of property, plant and equipment	(22,968)	(16,334)
Purchase of intangible assets	(15)	(7)
Purchase of investment securities	(260)	(675)
Proceeds from redemption of investment securities	118	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(6,926)
Payments for investments in capital	—	(8)
Payments of construction assistance fund receivables	(27)	(27)
Long-term loan advances	—	(93)
Other-net	(6)	(20)
<b>Net cash provided by (used in) investing activities</b>	<b>(23,190)</b>	<b>(24,117)</b>

(continued on page 11)

	Millions of yen	
	2020	2021
<b>Financing activities:</b>		
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2)	—
Increase in short-term loans payable	9,791	12,544
Decrease in short-term loans payable	(4,145)	(17,079)
Proceeds from long-term loans	47,281	74,761
Repayments of long-term loans	(19,900)	(24,262)
Proceeds from issuance of bonds	—	4,000
Purchase of treasury shares	(892)	(383)
Dividends paid	(1,800)	(1,775)
Other-net	(243)	(515)
<b>Net cash provided by (used in) financing activities</b>	<b>30,088</b>	<b>47,289</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(8)</b>	<b>(68)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(8,386)</b>	<b>(14,886)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>44,102</b>	<b>41,724</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	<b>—</b>	<b>106</b>
<b>Cash and cash equivalents, end of the period</b>	<b>35,716</b>	<b>26,945</b>

#### **(4) 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)**

###### **Change in accounting for non-deductible consumption tax, etc. related to real estate for sale**

From the fourth quarter of the previous consolidated fiscal year, the Company changed from the previous method—of recording non-deductible consumption tax, etc. related to real estate for sale in selling, general and administrative expenses for the consolidated fiscal year in which the tax was incurred—to the method of including non-deductible consumption tax, etc. on real estate for sale acquired on or after October 1, 2020, in the acquisition cost of applicable real estate for sale.

The change has been applied retroactively from the beginning of the previous consolidated fiscal year and, to reflect the change, the quarterly consolidated income statement for the previous second quarter consolidated cumulative period has been reclassified. As a result, in the quarterly consolidated income statement for the previous second quarter consolidated cumulative period selling, general and administrative expenses decreased by ¥333 million, and operating income, ordinary income, and net income before adjustment for taxes each increased by ¥333 million.

Therefore, there is a difference between the accounting policy applied to the comparative information contained in the quarterly consolidated financial statements for the quarterly consolidated cumulative period belonging to the current consolidated fiscal year and that applied to the quarterly consolidated financial statements for the corresponding quarterly consolidated cumulative period of the previous consolidated fiscal year.

## (Segment Information)

### I Results for the first half of FY11/20 (from December 1, 2019 to May 31, 2020)

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

Six months ended May 31, 2020

	Millions of yen					
	Reportable Segment				Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
	Real Estate Business	Property Leasing Business	Other Business	Total		
Net sales:						
Net sales from third parties	22,094	3,933	1,294	27,322	—	27,322
Inter-segment net sales and transfers	30	15	145	192	(192)	—
Total	22,125	3,949	1,439	27,514	(192)	27,322
Operating income	6,669	1,671	(285)	8,055	(2,352)	5,702

#### Notes

1. The ¥2,352 million downward adjustment to operating income (loss) comprises a negative ¥42 million in intersegment eliminations, and a negative ¥2,309 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 half of FY11/21 (from December 1, 2020 to May 31, 2021)

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

Six months ended May 31, 2021

	Millions of yen					
	Reportable Segment				Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
	Real Estate Business	Property Leasing Business	Other Business	Total		
Net sales:						
Net sales from third parties	19,099	3,809	1,284	24,193	—	24,193
Inter-segment net sales and transfers	14	13	139	167	(167)	—
Total	19,114	3,823	1,423	24,361	(167)	24,193
Operating income	5,974	1,419	(1,429)	5,964	(2,365)	3,599

#### Notes

1. The ¥2,365 million downward adjustment to operating income (loss) comprises a negative ¥39 million in intersegment eliminations, and a negative ¥2,326 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.



**(Additional Information)**

**Change in Holding Purpose**

Because of a change in holding purpose, ¥11,997 million was transferred from property, plant, and equipment to inventories.

**Impact of COVID-19 pandemic on accounting estimates**

With regard to the COVID-19 pandemic, a series of vaccinations are being carried out, and expectations for the normalization of socio-economic activities are increasing. As various economic stimulus measures are being implemented and planned, the Group has also assumed that the normalization for socio-economic activities by taking measures against the COVID-19 pandemic will last until the fall of 2021. In accounting estimates, such as write-down of inventories and impairment of fixed assets, this assumption is reflected in the estimates.

**Head Office Relocation Expenses**

Following the decision to relocate the Company's Osaka head office, the breach of contract and other penalties incurred due to the move are recorded as an extraordinary loss of ¥129 million as head office relocation expenses.

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

Not applicable.

**END**