

January 14, 2022

To whom it may concern:

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**(Corrections / Corrections to Numerical Data)
Concerning Corrections to Parts of Consolidated Financial Statements
(Based on Japanese GAAP) for the First Half Ended May 31, 2021**

Samty Co., Ltd. (hereinafter referred to as "the Company") has made corrections to parts of the content stated in its Consolidated Financial Statements (Based on Japanese GAAP) for the first half ended May 31, 2021, which were announced on June 30, 2021. The corrections are set out below.

As corrections have also been made to numerical data, the corrected numerical data is also being provided. The corrections are underlined.

1. Reasons for corrections

The Company's fiscal year-end audit was conducted by Ernst & Young ShinNihon LLC, the Company's accounting auditor (hereinafter referred to as "the Audit Corporation"). As a result of a review conducted by the Audit Corporation in December 2021, it was pointed out that it would be necessary to correct the estimation of the calculated amount of negative goodwill and the category for recording revenue in the fiscal year-end audit with regard to the accounting treatment for a business combination, carried out by the Company after prior consultation with the Audit Corporation, of the now consolidated subsidiary R&K Limited in the financial statements for the first half ended May 31, 2021. As a result of careful consideration in response to this having been pointed out, the Company stated that the amount equivalent to negative goodwill recorded under non-operating income in the Consolidated Statements of Income for the first half ended May 31, 2021, was "Share of profit of entities accounted for using equity method." The Company has carried out the treatment that transferred an amount equivalent to approximately ¥2.3 billion to "Gain on negative goodwill" as extraordinary income, and revised the reduced amount by approximately ¥1.3 billion. As a result of this treatment, the Company decided to record approximately ¥3.3 billion in "Gain on negative goodwill" under extraordinary income for the fiscal year ended November 2021 and corrected the figures for the relevant items.

2. Corrections

(Summary information)

1. Consolidated Results for the First Half of FY11/21 (December 1, 2020 to May 31, 2021)

- (1) Consolidated Operating Results
- (2) Consolidated Financial Condition

(Attached materials)

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

- (1) Explanation of Business Results
- (2) Qualitative Information on the Consolidated Financial Position

2. Consolidated Financial Statements and Main Explanatory Notes

- (1) Consolidated Balance Sheets
- (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)
(Consolidated Statements of Comprehensive Income)
- (3) Consolidated Statements of Cash Flows

3. Corrected content

(Summary information)

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

[Before correction]

(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)	<u>5,114</u>	<u>10.3</u>	<u>7,393</u>	<u>133.1</u>
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	<u>183.73</u>	<u>159.02</u>
2020	77.54	67.89

[After correction]

(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)	<u>2,808</u>	<u>(39.4)</u>	<u>6,076</u>	<u>91.6</u>
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: ¥7,283 million, 193.2%
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	<u>151.02</u>	<u>130.70</u>
2020	77.54	67.89

[Before correction]

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
May 31, 2021	<u>329,392</u>	<u>89,961</u>	<u>25.3</u>
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

[After correction]

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
May 31, 2021	<u>329,589</u>	<u>90,739</u>	<u>24.9</u>
November 30, 2020	250,864	77,699	30.7

(Reference) Total shareholders' equity: May 31, 2021: ¥82,107 million, November 30, 2020: ¥77,028 million

(Attached materials)

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

[Before correction]

(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%).

[After correction]

(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 the subject consolidated first half ended May 31, 2021, the Company also recorded gain on negative goodwill of approximately ¥3.3 billion as extraordinary income by acquiring the equity interest of R&K Limited, a limited liability company that holds and manages trust beneficiary rights in Aloft Osaka Dojima as a trust property, and making that company a consolidated subsidiary.

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 ¥2,808 million (down 39.4%), and profit attributable to owners of parent of ¥6,076 million (up 91.6%).

[Before correction]

(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.

[After correction]

(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 ¥329,589 million, an increase of ¥78,725 million compared with the end of the previous fiscal year. Of this amount, current assets increased ¥73,376 million to ¥231,984 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 ¥74,847 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 ¥238,849 million, an increase of ¥65,685 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 ¥68,241 million to ¥201,908 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 ¥90,739 million, an increase of ¥13,039 million compared with the end of the previous fiscal year. This was due mainly to increases of ¥6,076 million in retained earnings; of ¥959 million in valuation difference on available-for-sale securities from market valuation of held shares; and of ¥7,960 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 ¥6,983 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.

2. Consolidated Financial Statements and Main Explanatory Notes

[Before correction]

(1) Consolidated Balance Sheets

	Millions of yen	
	November 30, 2020	May 31, 2021
ASSETS		
Current assets:		
Cash and deposits	42,511	27,836
Receivables	1,395	463
Real estate for sale	58,265	<u>132,914</u>
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	158,608	<u>231,786</u>
Non-current assets:		
Property and equipment:		
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	71,938	75,200
Intangible assets:		
Goodwill	10	9
Other intangible assets	133	129
Total intangible assets	143	139
Investments and other assets:		
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	20,173	22,264
Total non-current assets	92,255	97,605
Total assets	250,864	<u>329,392</u>

	Millions of yen	
	November 30, 2020	May 31, 2021
LIABILITIES		
Current liabilities:		
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	39,497	36,941
Non-current liabilities:		
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	—	<u>3,132</u>
Other long-term liabilities	297	291
Total non-current liabilities	133,666	<u>202,488</u>
Total liabilities	173,164	<u>239,430</u>
NET ASSETS		
Shareholders' equity:		
Common stock	16,227	16,281
Capital surplus	17,985	18,038
Retained earnings	43,615	<u>49,218</u>
Treasury stocks at cost	(883)	(1,267)
Total shareholders' equity	76,945	<u>82,270</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	180	1,140
Deferred gains or losses on hedges	—	268
Foreign currency translation adjustment	(97)	(255)
Total accumulated other comprehensive income	83	1,153
Non-controlling interests	671	<u>6,537</u>
Total net assets	77,699	<u>89,961</u>
Total liabilities and net assets	250,864	<u>329,392</u>

[After correction]

(2) Consolidated Balance Sheets

	Millions of yen	
	November 30, 2020	May 31, 2021
ASSETS		
Current assets:		
Cash and deposits	42,511	27,836
Receivables	1,395	463
Real estate for sale	58,265	<u>133,112</u>
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	158,608	<u>231,984</u>
Non-current assets:		
Property and equipment:		
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	71,938	75,200
Intangible assets:		
Goodwill	10	9
Other intangible assets	133	129
Total intangible assets	143	139
Investments and other assets:		
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	20,173	22,264
Total non-current assets	92,255	97,605
Total assets	250,864	<u>329,589</u>

	Millions of yen	
	November 30, 2020	May 31, 2021
LIABILITIES		
Current liabilities:		
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	39,497	36,941
Non-current liabilities:		
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	—	<u>2,551</u>
Other long-term liabilities	297	291
Total non-current liabilities	133,666	<u>201,908</u>
Total liabilities	173,164	<u>238,849</u>
NET ASSETS		
Shareholders' equity:		
Common stock	16,227	16,281
Capital surplus	17,985	18,038
Retained earnings	43,615	<u>47,901</u>
Treasury stocks at cost	(883)	(1,267)
Total shareholders' equity	76,945	<u>80,953</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	180	1,140
Deferred gains or losses on hedges	—	268
Foreign currency translation adjustment	(97)	(255)
Total accumulated other comprehensive income	83	1,153
Non-controlling interests	671	<u>8,632</u>
Total net assets	77,699	<u>90,739</u>
Total liabilities and net assets	250,864	<u>329,589</u>

[Before correction]

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

[After correction]

(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
Net sales	27,322	24,193
Cost of sales	16,635	16,444
Gross profit	10,686	7,749
Selling, general and administrative expenses	4,983	4,149
Operating income	5,702	3,599
Non-operating income:		
Interest income	0	0
Dividends	3	1
Foreign exchange gains	—	790
Gain on valuation of interest swaps	36	23
Other	19	89
Total non-operating income	59	906
Non-operating expenses:		
Interest expenses	880	1,104
Interest expenses on bonds	—	69
Commission fee	226	507
Other	19	15
Total non-operating expenses	1,126	1,697
Ordinary income	4,635	2,808
Extraordinary income:		
Gain on sales of non-current assets	0	—
Reversal of consumption taxes for prior periods	116	—
Gain on bargain purchase	—	4,307
Total extraordinary income	117	4,307
Extraordinary loss:		
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	—
Total extraordinary losses	108	132
Income before income taxes	4,644	6,983
Income taxes-current	1,336	860
Income taxes-deferred	122	25
Total income taxes	1,459	886
Net income	3,185	6,097
Profit attributable to non-controlling interests	13	20
Profit attributable to owners of parent	3,171	6,076

[Before correction]

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

Six months ended May 31

	Millions of yen	
	2020	2021
Net income	3,185	<u>7,414</u>
Other comprehensive income:		
Valuation difference on available-for-sale securities	(708)	959
Deferred gains or losses on hedges	—	268
Foreign currency translation adjustment	7	(42)
Total other comprehensive income	(700)	1,186
Comprehensive income	2,484	<u>8,600</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	2,470	<u>8,464</u>
Comprehensive income attributable to non-controlling interests	13	136

[After correction]

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

Six months ended May 31

	Millions of yen	
	2020	2021
Net income	3,185	<u>6,097</u>
Other comprehensive income:		
Valuation difference on available-for-sale securities	(708)	959
Deferred gains or losses on hedges	—	268
Foreign currency translation adjustment	7	(42)
Total other comprehensive income	(700)	1,186
Comprehensive income	2,484	<u>7,283</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	2,470	<u>7,147</u>
Comprehensive income attributable to non-controlling interests	13	136

[Before correction]

(3) Consolidated Statements of Cash Flows

Six months ended May 31

	Millions of yen	
	2020	2021
Operating activities:		
Income before income taxes	4,644	<u>8,300</u>
Depreciation	544	485
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	0	(16)
Increase (decrease) in retirement 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	—	<u>(2,305)</u>
Loss (gain) on sales of property, plant and equipment	6	—
Gain on bargain purchase	—	<u>(3,317)</u>
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	(13,396)	(33,141)
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)
Net cash provided by (used in) operating activities	(15,275)	(37,988)
Investing activities:		
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)
Net cash provided by (used in) investing activities	(23,190)	(24,117)

	Millions of yen	
	2020	2021
Financing activities:		
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)
Net cash provided by (used in) financing activities	30,088	47,289
Effect of exchange rate change on cash and cash equivalents	(8)	(68)
Net increase (decrease) in cash and cash equivalents	(8,386)	(14,886)
Cash and cash equivalents, beginning of the period	44,102	41,724
Increase in cash and cash equivalents from newly consolidated subsidiary	—	106
Cash and cash equivalents, end of the period	35,716	26,945

[After correction]

(3) Consolidated Statements of Cash Flows

Six months ended May 31

	Millions of yen	
	2020	2021
Operating activities:		
Income before income taxes	4,644	<u>6,983</u>
Depreciation	544	485
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	0	(16)
Increase (decrease) in retirement 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)
Loss (gain) on sales of property, plant and equipment	6	—
Gain on bargain purchase	—	<u>(4,307)</u>
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	(13,396)	(33,141)
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)
Net cash provided by (used in) operating activities	(15,275)	(37,988)
Investing activities:		
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)
Net cash provided by (used in) investing activities	(23,190)	(24,117)

	Millions of yen	
	2020	2021
Financing activities:		
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)
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Effect of exchange rate change on cash and cash equivalents	(8)	(68)
Net increase (decrease) in cash and cash equivalents	(8,386)	(14,886)
Cash and cash equivalents, beginning of the period	44,102	41,724
Increase in cash and cash equivalents from newly consolidated subsidiary	—	106
Cash and cash equivalents, end of the period	35,716	26,945

END