

Consolidated Financial Summary for the Fiscal Year Ended July 31, 2021 (Japanese GAAP)

September 14, 2021

Name of listed company: Meiho Enterprise Co., Ltd. Listing exchange: Tokyo Stock Exchange

Code 8927 URL <https://www.meiho-est.com>

Representative: (Position) Chairman & (Name) Mitsuru Yabuki
Representative Director
(Position) Director and

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Dept.

Scheduled date for the ordinary general meeting of shareholders: October 27, 2021 Scheduled date for start of dividend payment: October 28, 2021

Scheduled date for submission of annual securities report: October 29, 2021

Creation of supplementary explanatory materials: Yes

Holding of accounts briefing meeting: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for the fiscal year ended July 2021 (from August 1, 2020 to July 31, 2021)

(1) Consolidated operating results (% figures show the rate of increase (decrease) from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended July 2021	10,181	2.8	982	78.1	961	116.3	825	169.7
Fiscal year ended July 2020	9,907	(6.9)	551	23.1	444	52.8	305	121.5
(Note) Comprehensive income	Fiscal year ended July 2021		832	Million yen (174.9%)	Fiscal year ended July 2020		302	Million yen (144.1%)

	Basic profit per share	Basic profit per share (diluted)	Equity capital Current profit margin	Total assets Ordinary profit ratio	Net sales Operating profit ratio
	yen sen	yen sen	%	%	%
Fiscal year ended July 2021	34.95	-	17.5	8.3	9.7
Fiscal year ended July 2020	12.96	-	7.2	3.9	5.6
(Reference) Equity in earnings (losses) of affiliates	Fiscal year ended July 2021		Million yen	Fiscal year ended July 2020	Million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share	
	Million yen	Million yen	%	yen sen	
Fiscal year ended July 2021	11,607	5,085	43.7	214.75	
Fiscal year ended July 2020	11,448	4,372	38.1	184.69	
(Reference) Equity capital	Fiscal year ended July 2021	5,071	Million yen	Fiscal year ended July 2020	4,361

(3) Consolidated cash flow status

	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) financing activities	Ending balance for cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended July 2021	1,454	144	(494)	3,382
Fiscal year ended July 2020	1,099	(0)	(438)	2,277

2. Dividends

	Annual dividend					Total dividends (Total)	Payout ratio (Consolidated)	Net assets Dividend rate (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen sen	yen sen	yen sen	yen sen	yen sen	Million yen	%	%
Fiscal year ended July 2020	-	0.00	-	5.00	5.00	118	38.6	2.8
Fiscal year ended July 2021	-	0.00	-	8.00	8.00	188	22.9	4.0
Fiscal year ending July 2022 (Forecast)	-	0.00	-	8.00	8.00		49.7	

3. Consolidated earnings forecast for fiscal year ending July 2022 (from August 1, 2021 to July 31, 2022)
 (% figures show the rate of increase (decrease) from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
End of second quarter (cumulative)	2,900	(7.4)	(20)	-	(110)	-	(180)	-	(7.62)
Full year	12,300	20.8	820	(16.5)	620	(35.5)	380	(54.0)	16.09

* Explanatory notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries : None accompanied by changes in the scope of consolidation)

Newly included: — companies (Company name), Excluded: — companies (Company name)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies with revision of : None
accounting standards

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

4) Restatement : None

(3) Number of shares issued and outstanding (ordinary shares)

1) Number of shares issued and outstanding
(including treasury shares) at end of the period

Fiscal year ended July 2021	24,661,000	sh ar es	Fiscal year ended July 2020	24,661,000	sh ar es
Fiscal year ended July 2021	1,047,160	sh ar es	Fiscal year ended July 2020	1,047,160	sh ar es
Fiscal year ended July 2021	23,613,840	sh ar es	Fiscal year ended July 2020	23,613,840	sh ar es

2) Number of treasury shares at end of the period

3) Average number of shares during the period

(Reference) Overview of unconsolidated financial results

1. Unconsolidated results for the fiscal year ended July 2021 (from August 1, 2020 to July 31, 2021)

(1) Unconsolidated operating results (% figures show the rate of increase (decrease) from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Basic profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended July 2021	7,737	4.1	671	133.5	717	181.7	657	209.6
Fiscal year ended July 2020	7,435	(6.7)	287	(0.3)	254	34.7	212	342.7

	Basic profit per share	Basic profit per share (diluted)
	yen sen	yen sen
Fiscal year ended July 2021	27.82	-
Fiscal year ended July 2020	8.99	-

(2) Unconsolidated financial position

	Total assets		Net assets		Equity-to-asset ratio		Net assets per share	
	Million yen		Million yen		%		yen sen	
Fiscal year ended July 2021	7,405		2,655		35.9		112.44	
Fiscal year ended July 2020	7,230		2,113		29.2		89.50	

(Reference) Equity capital Fiscal year ended July 2021 2,655 Million yen Fiscal year ended July 2020 2,113 Million yen

* Financial Summary is outside the scope of the review by a certified public accountant or audit firm.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained herein are based on information currently available and certain assumptions that are thought to be reasonable by the Company. Accordingly, actual business performance and other results may differ materially due to various factors. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see "Overview of Operating Results, etc." on page 1 of the attachment.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the consolidated fiscal year, the Japanese economy is showing signs of a gradual recovery, with personal consumption, housing investment, and capital investment exceeding the levels before the spread of the COVID-19 virus. However, demand for food and beverages and inbound demand remain sluggish, and industry polarization is increasing. The COVID-19 vaccination rate has been steadily on the rise. However, the balance between prevention of the infection spread and socioeconomic activities is in a state of constant flux, and the future remains uncertain due to the extension of the State of Emergency Declaration and semi-emergency measures in major cities.

In the real estate industry in which the Meiho Group operates, housing construction costs are unstable due to the soaring price of building materials as a result of the global rise in lumber prices caused by the COVID-19 pandemic (so-called "Wood Shock") and price hikes in PVC resin products.

Under these business circumstances, the Group made the following efforts in each business segment.

In the real estate sales business, the Group proactively pursued purchasing and sales activities for its main brands, MIJAS and EL FARO, and completed the delivery of 21 properties in the suburbs of central Tokyo, including MIJAS Ikebukuro (Toshima-ku, Tokyo), the 100th property in the series. In the real estate revitalization business, the Group has made efforts to further expand earnings by developing and offering the "ME BLD." series and other diverse products to uncover potential customers for rental properties.

In the real estate leasing business, the Group was forced to discontinue regular seminars for existing owners. However, non-face-to-face communication activities, customer satisfaction questionnaires, and other initiatives have been conducted to ensure continuous information sharing and exchange with existing owners. For its main brands, the MIJAS and EL FARO series, the Group offers a one-stop service, from the creation of products to their management, thereby endeavoring to maintain high quality and high occupancy rates. Consequently, the series is creating synergies within the Group, with their good recognition as highly profitable real estate investment products, triggering repeated purchases of real estate investment product series.

In the real estate brokerage business, the Group made efforts to increase revenues by introducing properties in line with customer needs by leveraging its unique information network, including other businesses such as the real estate sales business.

In the contracting business, the Group worked to generate further revenues by designing and constructing five properties in the "MIJAS" series and one property in the "EL FARO" series, as well as by actively proposing renovations and remodeling suited to the characteristics and conditions of the properties under management.

As a result of the above, the Group's consolidated net sales for the current fiscal year stood at 10,181 million yen (up 2.8% year on year), as the timing of the sale of some projects was postponed from the previous fiscal year to the current fiscal year due to the State of Emergency Declaration, and the impact of the COVID-19 virus was limited in the current fiscal year. In addition, we were able to secure stable profit margins and profit amounts for all our investment real estate sales projects, such as MIJAS and EL FARO, while reducing selling, general and administrative expenses with lower advertising expenses through the cancellation and reduction of face-to-face sales, exhibitions, and seminars in order to prevent the spread of COVID-19. As a result, operating profit stood at 982 million yen (up 78.1% year on year) and ordinary profit stood at 961 million yen (up 116.3% year on year). Also, as a result of careful consideration of the recoverability of deferred tax assets in light of the results for the current fiscal year and future business trends, and a partial reversal of deferred tax assets in the fourth quarter of the fiscal year ended July 31, 2021, profit attributable to owners of parent stood at 825 million yen (up 169.7% year on year).

The performance by segment is as follows.

[Real estate sales business]

In the real estate sales business, we delivered 18 properties in the MIJAS series (apartment development project) and three properties in the "EL FARO" series (premium rental apartment project). In the real estate revitalization business, we sold one income-producing real estate property and land for development project. As a result, net sales totaled 7,746 million yen (down 3.5% year on year) and segment income totaled 787 million yen (up 108.8% year on year).

[Real estate leasing business]

In the real estate leasing business, due to property management fees for the management business of the real estate

management company, a Group company, net sales totaled 2,117 million yen (down 1.2% year on year), and segment income totaled 337 million yen (up 1.9% year on year).

[Real estate brokerage business]

In the real estate brokerage business, with real estate brokerage and other fees, net sales totaled 57 million yen (1 million yen in the previous consolidated fiscal year), and segment income totaled 18 million yen (1 million yen in the previous consolidated fiscal year).

[Contracting business]

Regarding the contracting business, mainly due to the execution of contracted construction and renovation works, net sales totaled 243 million yen (down 7.3% year on year), and segment income totaled 2 million yen (down 84.4% year on year).

[Other]

This section refers to those business segments not included in the reportable segments. With the main contribution of the insurance agency business, net sales totaled 34 million yen (down 3.4% year on year), and segment income totaled 32 million yen (down 3.6% year on year).

(2) Overview of Financial Position

(Status of Assets, Liabilities and Net Assets)

The balance of total assets at the end of the consolidated fiscal year totaled 11,607 million yen, an increase of 158 million yen from the end of the previous consolidated fiscal year. The main contributing factor was an increase of 1,060 million yen in cash and deposits, despite the decrease of 709 million yen in inventories due to the sale of properties, 100 million yen due to the collection of short-term borrowings receivable, and 105 million yen due to the partial reversal of deferred tax assets.

The balance of liabilities decreased by 553 million yen from the end of the previous consolidated fiscal year to 6,522 million yen. The main contributing factor was a decrease of 1,109 million yen in short-term borrowings due to repayment associated with the sale of properties, etc., despite an increase of 772 million yen in long-term borrowings to fund the acquisition of land for development project, etc. (including the current portion of long-term borrowings - The same applies hereinafter.)

Net assets increased 712 million yen from the previous consolidated fiscal year to 5,085 million yen, and the equity-to-asset ratio increased by 5.6 percentage points to 43.7%. The main contributing factor was an increase of 825 million yen due to the posting of profit attributable to owners of parent, and a payment of 118 million yen as dividends.

(3) Overview of Cash Flow

The balance of cash and cash equivalents (hereinafter referred to as "Cash") at the end of the current consolidated fiscal year totaled 3,382 million yen, an increase of 1,105 million yen from the end of the previous consolidated fiscal year. The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

[Cash flows from (used in) operating activities]

Cash provided by operating activities totaled 1,454 million yen (1,099 million yen in the previous consolidated fiscal year). This was primarily due to an increase of 962 million yen from profit before income taxes and minority interests, and an increase of 709 million yen from the sale of inventories.

[Cash flows from (used in) investing activities]

Cash provided by investing activities totaled 144 million yen (expenditure of 0 million yen in the previous consolidated fiscal year). This was primarily due to an increase of 100 million yen from the collection of loans receivable.

[Cash flows from (used in) financing activities]

Cash used in financing activities totaled 494 million yen (expenditure of 438 million yen in the previous consolidated fiscal year). This was primarily due to a decrease of 336 million yen in total due to repayments of short-term borrowings and long-term borrowings payable to fund the acquisition of land for development project, and a decrease of 118 million yen due to dividend payments.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended July 2018	Fiscal year ended July 2019	Fiscal year ended July 2020	Fiscal year ended July 2021
Equity-to-asset ratio (%)	41.2	36.3	38.1	43.7
Market value based Equity-to-asset ratio (%)	131.7	53.9	42.1	46.2
Cash flow versus interest bearing liabilities ratio (year)	2.1	-	5.4	3.8
Interest coverage ratio (times)	19.8	-	8.9	12.3

(Note) Equity-to-asset ratio = equity / total assets

Equity-to-asset ratio based on market value = Market capitalization / Total assets

Cash flow to interest-bearing liabilities ratio = Interest-bearing liabilities / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest payments

* All calculations are based on consolidated financial figures.

* The market capitalization is calculated based on the number of ordinary shares issued, excluding treasury stock.

* Operating cash flow and interest payments refer to "Cash flows from (used in) operating activities" and "Interest paid" as reported in the consolidated statement of cash flows.

(4) Future Outlook

Regarding the outlook for the future, we will actively promote lot purchasing activities and sales activities in the real estate sales business with a planned annual supply target of around 25 properties, focusing on the rental apartment project under the brand name MIJAS, which performed well (18 properties were supplied in the fiscal year ended July 2021) and the premium rental apartment project EL FARO (three properties were supplied in the fiscal year ended July 2021), as a “comprehensive developer focusing on manufacturing” in order to become a partner for life, our corporate philosophy. In the next period, in addition to our mainstay “MIJAS” project, we will work on the development of products that will meet a range of customer needs and promote business activities such as the premium rental apartment series “EL FARO” project, the real estate revitalization “ME BLD.” project, and the real estate securitization business to secure a more stable income.

As for the earnings forecast for the next fiscal year (ending July 2022), net sales of 12,300 million yen (up 20.8% from the current consolidated fiscal year), operating profit of 820 million yen (down 16.5% from the current consolidated fiscal year), ordinary profit of 620 million yen (down 35.5% from the current consolidated fiscal year), and net income attributable to owners of parent of 380 million yen (down 54.0% from the current consolidated fiscal year) are projected.

The business base, including the markets for the Group's main line of businesses, remains firm, and its purchasing and sales conditions are favorable. We will work together to promote business activities to further increase profitability.

The Group promotes operating activities while actively introducing a range of measures to prevent the spread of COVID-19, such as staggered working hours, working from home, and teleworking, in consideration of the health of its officers, employees, and customers. At this point, it is difficult to predict the impact of the new coronavirus infection on the consolidated business performance of the Group, including future conditions of the real estate market. However, if we determine that revisions to the full-year consolidated business performance forecast are necessary, we will make announcements in a timely manner, depending on changes in conditions.

(5) Important Notes Related to Going Concern Assumption, etc.

Not applicable.

2. Basic Approach Related to the Selection of Accounting Standards

The Group's policy, for the time being, is to prepare its consolidated financial statements in accordance with Japanese GAAP, in light of the comparability of consolidated financial statements between periods and between companies.

With regard to the adoption of IFRS, the Group intends to consider various conditions in Japan and overseas and respond appropriately.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (as of July 31, 2020)	Current consolidated fiscal year (July 31, 2021)
Assets		
Current assets		
Cash and deposits	2,344,133	3,404,314
Accounts receivable	30,776	31,669
Real estate for sale	3,476,655	1,730,826
Real estate for sale in process	2,932,945	3,969,645
Short-term loans receivable	1,550,000	1,450,000
Other	78,642	100,147
Allowance for doubtful accounts	(833)	(188)
Total current assets	10,412,321	10,686,414
Non-current assets		
Property, plant and equipment		
Buildings and structures	184,209	185,595
Accumulated depreciation	(13,115)	(22,332)
Buildings and structures, net	171,093	163,263
Land	428,215	428,215
Leased assets	8,061	8,061
Accumulated depreciation	(2,070)	(3,682)
Leased assets, net	5,990	4,378
Other	17,811	17,811
Accumulated depreciation	(14,199)	(15,691)
Other, net	3,611	2,119
Total property, plant and equipment	608,911	597,976
Intangible assets	639	160
Investments and other assets		
Investment securities	35,007	36,900
Long-term loans receivable	429,276	428,815
Long-term accounts receivable	421,400	405,440
Deferred tax assets	146,357	40,438
Other	240,844	241,309
Allowance for doubtful accounts	(846,400)	(830,440)
Total investments and other assets	426,485	322,463
Total non-current assets	1,036,035	920,600
Total assets	11,448,357	11,607,015

(Unit: thousand yen)

	Previous consolidated fiscal year (as of July 31, 2020)	Current consolidated fiscal year (July 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	127,076	105,544
Short-term borrowings	1,596,507	487,500
Current portion of long-term borrowings	1,569,968	1,012,839
Current portion of bonds payable	36,000	26,000
Lease obligations	1,713	1,759
Income taxes payable	18,021	14,848
Provision for bonuses	45,805	70,552
Other	685,790	527,818
Total current liabilities	4,080,883	2,246,863
Non-current liabilities		
Long-term borrowings	2,694,981	4,024,839
Corporate bonds	58,000	32,000
Lease obligations	4,932	3,173
Other	236,574	215,133
Total non-current liabilities	2,994,488	4,275,146
Total liabilities	7,075,372	6,522,009
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	1,495,610	1,495,610
Retained earnings	3,147,668	3,854,929
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	4,362,804	5,070,065
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,666)	1,100
Total accumulated other comprehensive income	(1,666)	1,100
Non-controlling interests	11,847	13,840
Total net assets	4,372,984	5,085,005
Total liabilities and net assets	11,448,357	11,607,015

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

Consolidated Statement of Income

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)	Current consolidated fiscal year (August 1, 2020 to July 31, 2021)
Net sales	9,907,392	10,181,094
Cost of sales	8,358,473	8,147,257
Gross profit	1,548,919	2,033,837
Selling, general and administrative expenses	997,099	1,051,077
Operating profit	551,819	982,759
Non-operating income		
Interest income	46,712	46,404
Penalty income	8,757	8,033
Compensation received	2,612	78,167
Insurance claim income	10,229	84
Surrender value of insurance policies	1,818	1,207
Reversal allowance for doubtful accounts	1,042	16,580
Other	3,562	8,700
Total non-operating income	74,734	159,177
Non-operating expenses		
Interest expenses	122,105	125,049
Commissions expenses	56,925	49,382
Other	2,829	5,588
Total non-operating expenses	181,861	180,021
Ordinary profit	444,693	961,915
Extraordinary income		
Gain on sale of investment securities	-	195
Total extraordinary income	-	195
Extraordinary losses		
Surcharge payment	24,000	-
Special investigation expenses	135,466	-
Total extraordinary losses	159,466	-
Profit before income taxes	285,227	962,110
Income taxes - current	28,654	26,868
Income taxes - deferred	(52,059)	105,919
Total income taxes	(23,404)	132,787
Basic profit	308,631	829,323
Profit attributable to non-controlling interests	2,646	3,993
Profit attributable to owners of parent	305,985	825,330

Consolidated statement of comprehensive income

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)	Current consolidated fiscal year (August 1, 2020 to July 31, 2021)
Basic profit	308,631	829,323
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,955)	2,766
Total other comprehensive income	(5,955)	2,766
Comprehensive income	302,676	832,089
(Breakdown)		
Comprehensive income attributable to owners of parent	300,030	828,096
Comprehensive income attributable to non-controlling interests	2,646	3,993

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100,000	1,495,610	2,959,739	(380,474)	4,174,875
Changes during period					
Profit attributable to owners of parent			305,985		305,985
Dividends of surplus			(118,056)		(118,056)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	187,929	-	187,929
Ending balance	100,000	1,495,610	3,147,668	(380,474)	4,362,804

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Other securities Valuation difference	Other comprehensive income Cumulative total		
Beginning balance	4,288	4,288	11,200	4,190,365
Changes during period				
Profit attributable to owners of parent				305,985
Dividends of surplus				(118,056)
Net changes in items other than shareholders' equity	(5,955)	(5,955)	646	(5,308)
Total changes during period	(5,955)	(5,955)	646	182,621
Ending balance	(1,666)	(1,666)	11,847	4,372,984

Current consolidated fiscal year (August 1, 2020 to July 31, 2021)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100,000	1,495,610	3,147,668	(380,474)	4,362,804
Changes during period					
Profit attributable to owners of parent			825,330		825,330
Dividends of surplus			(118,069)		(118,069)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	707,260	-	707,260
Ending balance	100,000	1,495,610	3,854,929	(380,474)	5,070,065

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Other securities Valuation difference	Other comprehensive income Cumulative total		
Beginning balance	(1,666)	(1,666)	11,847	4,372,984
Changes during period				
Profit attributable to owners of parent				825,330
Dividends of surplus				(118,069)
Net changes in items other than shareholders' equity	2,766	2,766	1,993	4,759
Total changes during period	2,766	2,766	1,993	712,020
Ending balance	1,100	1,100	13,840	5,085,005

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)	Current consolidated fiscal year (August 1, 2020 to July 31, 2021)
Cash flows from (used in) operating activities		
Profit before income taxes	285,227	962,110
Depreciation	12,782	12,799
Increase (decrease) in allowance for doubtful accounts	(1,042)	(16,604)
Increase (decrease) in provision of bonuses	8,613	24,747
Interest and dividend income	(47,090)	(46,905)
Interest expenses on borrowings and bonds	122,542	125,347
Decrease (increase) in trade receivables	3,623	(892)
Decrease (increase) in inventories	604,544	709,869
Increase (decrease) in trade payables	(159,058)	(21,532)
Loss (gain) on sales of investment securities	-	(195)
Increase (decrease) in advances received	(17,392)	1,819
Increase (decrease) in deposits received	244,616	(212,681)
Other	61,562	19,348
Subtotal	1,118,928	1,557,231
Interest and dividends received	124,067	46,905
Interest paid	(122,925)	(118,653)
Income taxes paid	(41,289)	(51,769)
Income taxes refund	20,500	20,502
Cash flows from (used in) operating activities	1,099,280	1,454,217
Cash flows from (used in) investing activities		
Other payments into deposits	(61,480)	(4,140)
Other proceeds from withdrawal of deposits	62,110	49,096
Purchase of property, plant and equipment and intangible assets	(1,397)	(1,386)
Proceeds from sale of investment securities	-	1,054
Proceeds from collection of loans receivable	451	100,456
Payments for investment	(620)	(100)
Cash flows from (used in) investing activities	(936)	144,981
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	(1,063,512)	(1,109,007)
Repayments of lease obligations	(1,257)	(1,713)
Proceeds from long-term borrowings	4,255,500	4,387,565
Repayments of long-term borrowings	(3,473,215)	(3,614,836)
Redemption of bonds	(36,000)	(36,000)
Dividends paid	(118,056)	(118,069)
Dividends paid to non-controlling interests	(2,000)	(2,000)
Cash flows from (used in) financing activities	(438,541)	(494,061)
Net increase (decrease) in cash and cash equivalents	659,801	1,105,137
Beginning balance for cash and cash equivalents	1,617,535	2,277,337
Ending balance for cash and cash equivalents	2,277,337	3,382,474

(5) Notes to Consolidated Financial Statements

(Notes – Uncertainties of entity's ability to continue as going concern)

Not applicable.

(Segment information, etc.)

(Segment information)

1 Description of nature and amounts of differences between reportable segments total and consolidated financial statements

Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)

(Unit: thousand yen)

	Reportable segment					Other	Total	Adjustments (Note)	Amount recorded in the consolidated financial statements
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	7,487,728	2,143,133	1,503	239,689	9,872,054	35,338	9,907,392	-	9,907,392
Transactions with other segments	-	-	-	23,516	23,516	-	23,516	(23,516)	-
Total	7,487,728	2,143,133	1,503	263,205	9,895,570	35,338	9,930,908	(23,516)	9,907,392
Segment income	377,065	331,175	1,322	18,757	728,319	34,183	762,502	(210,683)	551,819
Segment assets	7,927,951	1,421,349	582	279,747	9,629,630	9,558	9,639,189	1,809,167	11,448,357
Other items									
Depreciation	64	9,750	-	-	9,814	-	9,814	2,967	12,782
Interest expenses	112,213	5,135	-	-	117,349	-	117,349	4,756	122,105
Increase in property, plant and equipment and intangible assets	-	1,178	-	-	1,178	-	1,178	219	1,397

(Note) Adjustments are as follows.

- (1) The segment income adjustment of -210,683 thousand yen consists of the elimination of inter-segment transactions of -10,230 thousand yen and corporate expenses of -200,452 thousand yen not distributed to the reportable segments. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.
- (2) The segment assets adjustment of 1,809,167 thousand yen includes the elimination of inter-segment transactions of -11,740 thousand yen and corporate assets of 1,820,907 thousand yen not distributed to the reportable segments. Corporate assets include short-term loans receivable from subsidiaries and associates, investment securities, and assets related to general and administrative departments.
- (3) The adjustment of depreciation of 2,967 thousand yen and the adjustment of increase in property, plant and equipment and intangible assets of 219 thousand yen are all related to corporate assets.
- (4) The adjustment of interest expenses of 4,756 thousand yen includes interest on borrowings other than those for specified properties.

Current consolidated fiscal year (August 1, 2020 to July 31, 2021)

(Unit: thousand yen)

	Reportable segment					Other	Total	Adjustments (Note)	Amount recorded in the consolidated financial statements
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	7,746,865	2,117,123	57,919	225,052	10,146,961	34,133	10,181,094	-	10,181,094
Transactions with other segments	-	-	-	18,833	18,833	-	18,833	(18,833)	-
Total	7,746,865	2,117,123	57,919	243,886	10,165,795	34,133	10,199,928	(18,833)	10,181,094
Segment income	787,396	337,578	18,229	2,922	1,146,127	32,942	1,179,069	(196,310)	982,759
Segment assets	8,040,029	1,611,376	20,905	308,645	9,980,956	12,590	9,993,546	1,613,468	11,607,015
Other items									
Depreciation	64	9,668	-	-	9,733	-	9,733	3,065	12,799
Interest expenses	112,643	4,931	-	-	117,575	-	117,575	7,474	125,049
Increase in property, plant and equipment and intangible assets	-	386	-	-	386	-	386	1,000	1,386

(Note) Adjustments are as follows.

- (1) The segment income adjustment of -196,310 thousand yen consists of the elimination of inter-segment transactions of 5,296 thousand yen and corporate expenses of -201,606 thousand yen not distributed to the reportable segments. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.
- (2) The segment assets adjustment of 1,613,468 thousand yen includes the elimination of inter-segment transactions of -3,661 thousand yen and corporate assets of 1,617,130 thousand yen not distributed to the reportable segments. Corporate assets include short-term loans, investment securities, and assets related to general and administrative departments.
- (3) The adjustment of depreciation of 3,065 thousand yen and the adjustment of increase in property, plant and equipment and intangible assets of 1,000 thousand yen are all related to corporate assets.
- (4) The adjustment of interest expenses of 7,474 thousand yen includes interest on borrowings other than those for specified properties.

(Per share information)

	Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)	Current consolidated fiscal year (August 1, 2020 to July 31, 2021)
Net assets per share	184.69yen	214.75yen
Basic profit per share	12.96yen	34.95yen

(Note) 1. Diluted earnings per share is not disclosed because there are no potentially dilutive shares.

2. The basis for calculating basic profit per share is as follows.

Items	Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)	Current consolidated fiscal year (August 1, 2020 to July 31, 2021)
Basic profit per share		
Profit attributable to owners of parent (thousand yen)	305,985	825,330
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit attributable to owners of parent attributable to ordinary share (thousand yen)	305,985	825,330
Average number of ordinary shares during the period (shares)	23,613,840	23,613,840

3. The basis for the calculation of net assets per share is as follows.

Items	Previous consolidated fiscal year (July 31, 2020)	Current consolidated fiscal year (July 31, 2021)
Total net assets (thousand yen)	4,372,984	5,085,005
Amount to be deducted from total net assets (thousand yen)	11,847	13,840
(Of which, non-controlling interests (thousand yen))	(11,847)	(13,840)
Net assets at the end of the period pertaining to ordinary share (thousand yen)	4,361,137	5,071,165
Number of ordinary shares at the end of the period used to calculate net assets per share (shares)	23,613,840	23,613,840

(Significant events after reporting period)

Not applicable.

4. Unconsolidated financial statements and main notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (as of July 31, 2020)	Current fiscal year (July 31, 2021)
Assets		
Current assets		
Cash and deposits	1,420,561	2,241,412
Accounts receivable	-	3,740
Real estate for sale	2,464,526	822,920
Real estate for sale in process	2,840,476	3,994,032
Supplies	2,890	1,887
Advance payments to suppliers	29,582	50,431
Prepaid expenses	5,816	7,364
Accounts receivable	113,873	49,161
Other	55,350	44,876
Total current assets	6,933,077	7,215,828
Non-current assets		
Property, plant and equipment		
Buildings	8,464	8,964
Accumulated depreciation	(3,016)	(3,399)
Buildings (net amount)	5,447	5,564
Tools, furniture and fixtures	3,266	3,266
Accumulated depreciation	(2,469)	(2,764)
Tools, furniture and fixtures, net	796	501
Leased assets	5,264	5,264
Accumulated depreciation	(1,930)	(2,983)
Leased assets, net	3,334	2,281
Total property, plant and equipment	9,578	8,347
Intangible assets	209	102
Investments and other assets		
Investment securities	33,707	35,600
Shares of subsidiaries and associate	73,601	73,601
Long-term loans receivable	425,000	425,000
Long-term loans receivable from employees	4,276	3,815
Long-term accounts receivable	421,400	405,440
Deferred tax assets	132,166	22,263
Other	43,752	46,333
Allowance for doubtful accounts	(846,400)	(830,440)
Total investments and other assets	287,504	181,612
Total non-current assets	297,292	190,062
Total assets	7,230,369	7,405,890

(Unit: thousand yen)

	Previous fiscal year (as of July 31, 2020)	Current fiscal year (July 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	60,968	76,279
Short-term borrowings	1,550,974	487,500
Current portion of long-term borrowings	1,530,560	966,607
Current portion of bonds payable	36,000	26,000
Lease obligations	1,137	1,158
Accounts payable	20,951	24,862
Accrued expenses	3,360	6,976
Advances received	10,000	25,171
Deposits received	21,534	21,487
Provision for bonuses	22,646	45,709
Other	18,375	59,197
Total current liabilities	3,276,511	1,740,949
Non-current liabilities		
Long-term borrowings	1,771,749	2,968,239
Corporate bonds	58,000	32,000
Lease obligations	2,536	1,378
Guarantee deposits received	8,242	8,242
Total non-current liabilities	1,840,528	3,009,859
Total liabilities	5,117,039	4,750,809
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus		
Other capital surpluses	1,488,913	1,488,913
Total capital surpluses	1,488,913	1,488,913
Retained earnings		
Legal retained earnings	25,000	25,000
Other retained earnings		
Retained earnings brought forward	881,558	1,420,542
Total retained earnings	906,558	1,445,542
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	2,114,996	2,653,980
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,666)	1,100
Total valuation and translation adjustments	(1,666)	1,100
Total net assets	2,113,330	2,655,080
Total liabilities and net assets	7,230,369	7,405,890

(2) Statement of Income

	(Unit: thousand yen)	
	Previous fiscal year (August 1, 2019 to July 31, 2020)	Current fiscal year (August 1, 2020 to July 31, 2021)
Net sales		
Real estate sales	7,300,853	7,607,680
Real estate lease revenue	129,510	123,064
Real estate brokerage revenue	-	2,581
Other	5,371	3,684
Total net sales	7,435,735	7,737,011
Cost of sales		
Real estate cost of sales	6,509,523	6,395,018
Cost of real estate lease revenue	67,965	46,007
Cost of real estate brokerage revenue	-	18
Other	34	-
Total cost of sales	6,577,523	6,441,043
Gross profit	858,211	1,295,967
Selling, general and administrative expenses	570,750	624,736
Operating profit	287,461	671,230
Non-operating income		
Interest income	648	749
Dividends received	100,389	100,500
Penalty income	5,056	7,884
Compensation received	2,600	78,167
Surrender value of insurance policies	1,800	1,189
Reversal allowance for doubtful accounts	600	15,960
Other	12,754	6,661
Total non-operating income	123,848	211,112
Non-operating expenses		
Interest expenses	111,019	116,328
Commissions expenses	44,182	47,190
Other	1,361	1,302
Total non-operating expenses	156,563	164,822
Ordinary profit	254,747	717,520
Extraordinary income		
Gain on sale of investment securities	-	195
Total extraordinary income	-	195
Extraordinary losses		
Surcharge payment	24,000	-
Special investigation expenses	135,466	-
Total extraordinary losses	159,466	-
Profit before income taxes	95,281	717,716
Income taxes - current	(44,977)	(49,240)
Income taxes - deferred	(71,940)	109,903
Total income taxes	(116,918)	60,662
Basic profit	212,199	657,053

(3) Statement of Changes in Equity

Previous consolidated fiscal year (August 1, 2019 to July 31, 2020)

(Unit: thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surpluses	Total capital surpluses	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Beginning balance	100,000	1,488,913	1,488,913	18,891	793,537	812,428
Changes during period						
Basic profit					212,199	212,199
Dividends of surplus				6,108	(124,178)	(118,069)
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	6,108	88,021	94,130
Ending balance	100,000	1,488,913	1,488,913	25,000	881,558	906,558

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Other securities Valuation difference	Valuation and translation Total adjustments, etc.	
Beginning balance	(380,474)	2,020,866	4,288	4,288	2,025,155
Changes during period					
Basic profit		212,199			212,199
Dividends of surplus		(118,069)			(118,069)
Net changes in items other than shareholders' equity			(5,955)	(5,955)	(5,955)
Total changes during period	-	94,130	(5,955)	(5,955)	88,175
Ending balance	(380,474)	2,114,996	(1,666)	(1,666)	2,113,330

Current fiscal year (August 1, 2020 to July 31, 2021)

(Unit: thousand yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surpluses	Total capital surpluses	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Beginning balance	100,000	1,488,913	1,488,913	25,000	881,558	906,558
Changes during period						
Basic profit					657,053	657,053
Dividends of surplus					(118,069)	(118,069)
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	-	538,984	538,984
Ending balance	100,000	1,488,913	1,488,913	25,000	1,420,542	1,445,542

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Other securities Valuation difference	Valuation and translation Total adjustments, etc.	
Beginning balance	(380,474)	2,114,996	(1,666)	(1,666)	2,113,330
Changes during period					
Basic profit		657,053			657,053
Dividends of surplus		(118,069)			(118,069)
Net changes in items other than shareholders' equity			2,766	2,766	2,766
Total changes during period	-	538,984	2,766	2,766	541,750
Ending balance	(380,474)	2,653,980	1,100	1,100	2,655,080