



October 28, 2021

Consolidated Financial Results

For the Six Months from April 1 to September 30, 2021

<under Japanese GAAP>

Note: The accompanying consolidated financial statements were not audited since they have been prepared only for reference purpose. All statements were based on Tanshin report prepared in accordance with the provisions set forth in accounting regulations and principals generally accepted in Japan.

Name of company listed :	Nomura Real Estate Holdings, Inc.
Shares traded :	TSE (First section)
Code number :	3231
URL :	https://www.nomura-re-hd.co.jp/english/
Representative :	Eiji Kutsukake, President and Representative Director
Inquiries:	Hidehiro Sasaki, General Manager, Corporate Communications Dept.
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Scheduled submitting date of quarterly securities report:	November 12, 2021
Scheduled starting date for dividend payments:	December 1, 2021
Preparation of explanatory materials for financial results :	Yes
Information meetings arranged related to financial results :	Yes (for institutional investors and analysts, in Japanese)

(Values of less than one million yen rounded down)

I. Consolidated operating results for the Six Months from April 1, to September 30, 2021

(1) Consolidated business results

(% indicates the rate of changes from previous fiscal term)

	Operating revenue		Operating profit		Business profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ended										
Sep. 30, 2021	257,126	14.8	40,360	66.9	40,458	64.1	35,143	80.9	23,513	95.5
Sep. 30, 2020	223,935	(9.3)	24,187	11.5	24,648	11.1	19,429	8.9	12,030	(3.5)

(Note) Comprehensive income: From April 1, 2021 to September 30, 2021: 26,382 million yen (up 146.6%)

From April 1, 2020 to September 30, 2020: 10,698 million yen (down 38.8 %)

(Note) Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

	Basic earnings per share	Diluted earnings per share
First six months ended	Yen	Yen
Sep. 30, 2021	130.43	129.99
Sep. 30, 2020	66.26	66.03

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2021	1,962,998	602,679	30.6
Mar. 31, 2021	1,921,306	586,350	30.4

(Reference) Shareholders' equity: As of September 30, 2021: 599,812 million yen As of March 31, 2021: 583,328 million yen

II. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	40.00	-	42.50	82.50
Fiscal year ending Mar. 31, 2022	-	42.50			
Fiscal year ending Mar. 31, 2022 (Forecasts)			-	42.50	85.00

(Note) Revision of dividend forecasts during this quarter: None

III. Forecasts of consolidated operating results for the fiscal year from April 1, 2021 to March 31, 2022

(% indicates the rate of changes from previous fiscal year)

	Operating revenue		Operating profit		Business profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Mar. 31, 2022	670,000	15.4	82,000	7.4	84,000	9.9	74,000	12.2	49,500	17.3	275.30

(Note) Revision of operating results forecasts during this quarter: Yes

*** Notes**

- (1) Significant changes to subsidiaries during the period (Changes in scope of consolidation of specified subsidiaries): None
- (2) Adoption of specific accounting policies for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to revision of accounting standards, etc. : Yes
 - 2) Changes in accounting policies other than the above : None
 - 3) Changes in accounting estimates : None
 - 4) Restatements : None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 14 of the Attachments

(4) Number of shares issued (common stock)

	As of Sep. 30	As of Mar. 31
	2021	2021
1) Number of shares issued at end of period (including treasury shares)	182,501,537	193,099,001
2) Treasury shares at end of period	2,522,914	12,490,613
	From April 1 to Sep 30,	From April 1 to Sep 30,
	2021	2020
3) Average number of shares outstanding during the period	180,277,605	181,555,926

(Note) The number of treasury shares at end of each period includes the shares of the company owned by BIP (Board Incentive Plan) trust and ESOP (Employee Stock Ownership Plan) trust (2,522,837 shares as of September 30, 2021 and 1,962,549 shares as of March 31, 2021).

The Company's share owned by executive compensation BIP trust and ESOP trust are included in the number of treasury shares deducted in the calculation of average number of shares outstanding during the period. (2,109,445 shares from April 1 to September 30, 2021 and 1,965,668 shares from April 1 to September 30, 2020)

* This Quarterly "Consolidated Financial Results" is not required to be audited by certified public accountants or audit corporations.

* Proper use of forecasts of operating results, and other special matters

Forward-looking statements in this document, including the forecasts of financial results, etc., are based on the information currently available to the Company and certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially from these forecasts due to various factors. For matters related to the forecasts of financial results, please refer to "1. Business Results and Financial Position (3) Consolidated Operating Result Forecasts" on page 7 of the Attachments.

(How to obtain the fact sheets)

The fact sheets will be disclosed on TDnet on October 28, 2021 and will be uploaded on the Company's website.

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1. Business Results and Financial Position

(1) Business Results

The Nomura Real Estate Group (the “Group”) posted the following consolidated performance for the six months ended September 30, 2021: Operating revenue of 257,126 million yen, which represents an increase of 33,190 million yen, or 14.8% year on year; operating profit of 40,360 million yen, an increase of 16,172 million yen, or 66.9%; business profit of 40,458 million yen, an increase of 15,810 million yen, or 64.1%; ordinary profit of 35,143 million yen, an increase of 15,714 million yen, or 80.9%; and profit attributable to owners of parent of 23,513 million yen, an increase of 11,482 million yen, or 95.5%.

(Note) Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

An overview of Business Unit achievements is given below:

Operating revenue for each Business Unit includes internal sales and transfer amount among Business Units. Total figures may not match due to the rounding of fractions.

In Property Brokerage & CRE Business Unit, the real estate brokerage and consulting business had been conducted by two companies, Nomura Real Estate Development Co. Ltd. and Nomura Real Estate Urban Net Co. Ltd. As of April 1, 2021, the Company implemented the reorganization to integrate location, personnel and function, in which Nomura Real Estate Development Co., Ltd. being splitting company in absorption-type company split, and Nomura Real Estate Urban Net Co., Ltd. being succeeding stock company in absorption-type company split. In addition, Nomura Real Estate Urban Net Co., Ltd. changed its corporate name to Nomura Real Estate Solutions Co., Ltd. on the same day.

<Residential Development Business Unit>

Operating revenue in this Business Unit totaled 99,094 million yen, which represents an increase of 15,185 million yen, or 18.1% year on year, and business profit totaled 6,131 million yen, an increase of 4,366 million yen, or 247.4% resulting in increases in both operating revenue and business profit compared with the financial results of the six months ended September 30, 2020.

This was mainly due to an increase in the number of housing units sold and an improvement of the gross profit ratio in the housing sales business.

In regard to housing sales, 1,406 units were recorded as sales (an increase of 412 units year on year). For this fiscal year, the plan was to record 4,400 units for housing sales, but based on the future outlook, it was revised to 4,300 units. The contract progress rate was 96.3% at the end of this second quarter against the revised projected operating revenue of housing sales for this fiscal year.

The number of housing contracted but not recorded as sales were 3,916 units as of the end of this second quarter (an increase of 588 units year on year).

Number of units, sales, and outstanding contract amount as sold for the joint-venture projects are calculated based on the business’s share.

Breakdown of operating revenue

		First six months ended Sep. 30, 2020		First six months ended Sep. 30, 2021		Fiscal year ended Mar. 31, 2021	
		Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)	Housing units sold	Operating revenue (Millions of yen)
Housing sales	Tokyo metropolitan area	902 units	69,550	1,021 units	69,768	2,981 units	211,465
	Kansai area	57 units	3,440	131 units	7,074	312 units	18,081
	Other	34 units	1,874	253 units	13,279	375 units	18,062
	Subtotal (Detached housing)	994 units (81 units)	74,864 (4,742)	1,406 units (232 units)	90,121 (15,113)	3,669 units (372 units)	247,609 (22,741)
Rental housing (Note)		-	436	-	739	-	5,960
Senior / Other		-	8,607	-	8,232	-	19,007
Total		-	83,908	-	99,094	-	272,577

(Note) Rental Housing refers to properties developed for real estate investment market.

Housing sales period-end completed housing inventory (released for sale)

	As of Sep. 30, 2020	As of Sep. 30, 2021	As of Mar. 31, 2021
Tokyo metropolitan area	217 units	97 units	161 units
Kansai area	39 units	35 units	45 units
Other	50 unit	30 units	33 units
Total (Detached housing)	306 units (13 units)	163 units (6 units)	239 units (18 units)

Housing sales period-end completed housing inventory (unreleased)

	As of Sep. 30, 2020	As of Sep. 30, 2021	As of Mar. 31, 2021
Total (Detached housing)	224 units (7 units)	79 units (1 units)	182 units (5 units)

Housing sales contracted but not recorded as housing sales

	As of Sep. 30, 2020		As of Sep. 30, 2021		As of Mar. 31, 2021	
	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)	Housing units	Outstanding contract amount (Millions of yen)
Tokyo metropolitan area	2,542 units	184,312	2,671 units	202,424	2,260 units	170,232
Kansai area	297 units	16,094	480 units	26,305	394 units	20,655
Other	488 units	26,507	764 units	40,745	622 units	34,075
Total (Detached housing)	3,328 units (203 units)	226,914 (12,124)	3,916 units (189 units)	269,476 (12,708)	3,276 units (159 units)	224,963 (10,425)

<Commercial Real Estate Business Unit >

Operating revenue in this Business Unit totaled 91,721 million yen, which represents an increase of 11,319 million yen, or 14.1% year on year, and business profit totaled 24,779 million yen, an increase of 9,484 million yen, or 62.0%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2020.

This was mainly due to an increase in revenue from property for sales business.

Breakdown of operating revenue

	First six months ended Sep. 30, 2020 (Millions of yen)	First six months ended Sep. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Leasing (office)	23,648	22,933	47,411
Leasing (retail facility)	5,045	5,862	11,018
Leasing (other)	2,979	2,055	5,776
Property for sales (sale) (Note)	35,965	45,489	87,846
Property for sales (leasing) (Note)	5,948	6,569	11,239
Fitness	4,656	6,474	11,509
Other	2,157	2,335	4,426
Total	80,402	91,721	179,227

(Note) Property for sales refers to properties such as office building, retail facility and logistic facility developed for real estate investment market.

Net lettable area

	As of Sep. 30, 2020	As of Sep. 30, 2021	As of Mar. 31, 2021
Office	772,089 m ²	706,093 m ²	706,771 m ²
Retail facility	122,068 m ²	120,358 m ²	120,966 m ²
Total	894,157 m ²	826,451 m ²	827,737 m ²

Vacancy rate (office and retail facility)

As of Sep. 30, 2020	As of Sep. 30, 2021	As of Mar. 31, 2021
4.6%	5.6%	5.1%

<Investment Management Business Unit>

Operating revenue in this Business Unit totaled 6,248 million yen, which represents a decrease of 46 million yen, or 0.7% year on year, and business profit totaled 3,885 million yen, an increase of 23 million yen, or 0.6%, resulting in a decrease in operating revenue and an increase in business profit compared with the financial results of the first six months ended September 30, 2020.

	First six months ended Sep. 30, 2020 (Millions of yen)	First six months ended Sep. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Operating revenue	6,295	6,248	12,456

Assets under management

		As of Sep. 30, 2020 (Millions of yen)	As of Sep. 30, 2021 (Millions of yen)	As of Mar. 31, 2021 (Millions of yen)
Domestic asset manager	REITs	1,376,092	1,399,523	1,396,973
	Private funds, etc.	135,047	182,758	139,513
Overseas asset manager		263,553	312,891	279,159
Total		1,774,693	1,895,173	1,815,646

<Property Brokerage & CRE Business Unit>

Operating revenue in this Business Unit totaled 20,699 million yen, which represents an increase of 3,005 million yen, or 17.0% year on year, and business profit totaled 5,044 million yen, an increase of 1,898 million yen, or 60.4%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2020

This was mainly due to increases in the number and the value of transaction, owing to a rebound from the first six months ended September 30, 2020, when the Company partially refrained from sales activities on account of the COVID-19 impact.

Breakdown of operating revenue

	First six months ended Sep. 30, 2020 (Millions of yen)	First six months ended Sep. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Property brokerage	15,870	18,719	34,718
(retail business)	(10,556)	(13,416)	(23,334)
(wholesale business)	(5,314)	(5,303)	(11,384)
Other	1,823	1,979	4,717
Total	17,693	20,699	39,436

Number of transactions and transaction value of property brokerage

	First six months ended Sep. 30, 2020	First six months ended Sep. 30, 2021	Fiscal year ended Mar. 31, 2021
Number of transactions	4,281	4,909	9,322
Transaction value (Millions of yen)	431,801	456,499	893,423

<Property & Facility Management Business Unit>

Operating revenue in this Business Unit totaled 46,634 million yen, which represents an increase of 3,369 million yen, or 7.8% year on year, and business profit totaled 3,956 million yen, an increase of 758 million yen, or 23.7%, resulting in increases in both operating revenue and business profit compared with the financial results of the first six months ended September 30, 2020.

This was mainly due to an increase of construction ordered.

Breakdown of operating revenue

	First six months ended Sep. 30, 2020 (Millions of yen)	First six months ended Sep. 30, 2021 (Millions of yen)	Fiscal year ended Mar. 31, 2021 (Millions of yen)
Property & facility management	28,076	28,981	56,783
Construction ordered	12,359	14,893	35,863
Other	2,828	2,759	5,737
Total	43,265	46,634	98,384

Number of properties under management

	As of Sep. 30, 2020	As of Sep. 30, 2021	As of Mar. 31, 2021
Buildings under management	794	782	788
Housings under management (unit)	181,788	183,184	183,162

<Other>

Operating revenue totaled 1,343 million yen which represents an increase of 751 million yen, or 126.7% year on year, and business loss totaled 643 million yen (business loss of the first six months ended September 30, 2020 was 665 million yen).

(2) Financial Position

	As of Mar. 31, 2021 (Millions of yen)	As of Sep. 30, 2021 (Millions of yen)	Changes (Millions of yen)	Changes
Total assets	1,921,306	1,962,998	41,691	2.2%
Total liabilities	1,334,956	1,360,319	25,363	1.9%
Net assets	586,350	602,679	16,328	2.8%
Shareholders' equity ratio	30.4%	30.6%	-	-

Total assets were 1,962,998 million yen, which represents an increase of 41,691 million yen compared to the end of the previous fiscal year. This was mainly because other in current assets including withholding income tax on dividends from subsidiaries increased by 43,346 million yen, inventories increased by 18,678 million yen and investment securities increased by 8,778 million yen, while cash and deposits decreased by 40,334 million yen.

Total liabilities were 1,360,319 million yen, which represents an increase of 25,363 million yen compared to the end of the previous fiscal year. This was mainly because interest-bearing debt increased by 69,469 million yen, while notes and accounts payable - trade decreased by 31,662 million yen and deposits received decreased by 10,190 million yen.

Net assets were 602,679 million yen, which represents an increase of 16,328 million yen compared to the end of the previous fiscal year. This was mainly because the amount of treasury shares deducted from shareholder's equity decreased by 24,154 million yen due to the cancellation of treasury shares (a contribution to an increase in net assets), while retained earnings decreased by 11,257 million yen due to the cancellation of treasury shares and the payment of cash dividends.

The shareholders' equity ratio was 30.6%, an increase of 0.2 percentage point from the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents as of the end of this second quarter totaled 30,267 million yen, which represents a decrease of 40,357 million yen compared to the end of the previous fiscal year.

Net cash provided by (used in) operating activities decreased by 77,284 million yen (a year-on-year increase of 75,314 million yen). This was mainly due to the payments of income taxes, etc. and an increase in inventories, etc.

Net cash provided by (used in) investing activities increased by 22,627 million yen (a year-on-year decrease of 3,353 million yen). This was mainly due to the purchase of property, plant and equipment and intangible assets, as well as investment securities.

Net cash provided by (used in) financing activities increased by 59,340 million yen (a year-on-year decrease of 80,183 million yen). This was mainly due to the fund procurement by the issuance of commercial papers.

(3) Consolidated Operating Result Forecasts

The consolidated operating result forecasts for the fiscal year ending March 31, 2022 were revised from the figures announced on April 27, 2021, by examining the future outlook based on the operating results for the six months ended September 30, 2021.

<Consolidation>

The Company expects the following consolidated operating result for the fiscal year ending March 31, 2022: Operating revenue of 670,000 million yen; operating profit of 82,000 million yen; business profit of 84,000 million yen; ordinary profit of 74,000 million yen; and profit attributable to owners of parent of 49,500 million yen.

Changes from the previous consolidated operating result forecasts are as follows:

	Operating revenue	Operating profit	Business profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	680,000	77,000	84,000	72,500	49,500	274.71
Revised forecasts (B)	670,000	82,000	84,000	74,000	49,500	275.30
Changes (B-A)	(10,000)	5,000	-	1,500	-	
Changes (%)	(1.5%)	6.5%	-	2.1%	-	
Actual results for the previous fiscal year	580,660	76,333	76,448	65,965	42,198	232.53

<By Business Unit>

Forecasts for the fiscal year ending March 31, 2022 by Business Unit are as follows:

Operating revenue

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	315,000	305,000	(10,000)
Commercial Real Estate	220,000	220,000	-
Investment Management	12,000	12,000	-
Property Brokerage & CRE	42,000	43,000	1,000
Property & Facility Management	100,000	100,000	-
Other	3,000	2,000	(1,000)
Adjustments	(12,000)	(12,000)	-
Total	680,000	670,000	(10,000)

Business profit

	Previous forecasts (Millions of yen)	Revised forecasts (Millions of yen)	Changes (Millions of yen)
Residential Development	26,500	29,500	3,000
Commercial Real Estate	36,000	37,500	1,500
Investment Management	7,500	7,500	-
Property Brokerage & CRE	9,000	9,500	500
Property & Facility Management	9,000	9,000	-
Other	3,000	(1,500)	(4,500)
Adjustments	(7,000)	(7,500)	(500)
Total	84,000	84,000	-

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	71,625	31,290
Notes and accounts receivable - trade	19,635	—
Notes and accounts receivable - trade, and contract assets	—	18,060
Real estate for sale	336,308	330,382
Real estate for sale in process	326,165	340,749
Land held for development	212,727	222,583
Equity investments	28,770	30,484
Other	48,104	95,819
Allowance for doubtful accounts	(14)	(14)
Total current assets	1,043,321	1,069,356
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	185,727	184,235
Land	506,097	507,027
Other, net	22,399	27,175
Total property, plant and equipment	714,224	718,438
Intangible assets	18,468	19,508
Investments and other assets		
Investment securities	86,428	95,207
Leasehold and guarantee deposits	27,655	29,175
Deferred tax assets	23,097	24,183
Other	8,111	7,128
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	145,292	155,694
Total non-current assets	877,985	893,641
Total assets	1,921,306	1,962,998

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	61,162	29,500
Short-term borrowings	87,000	107,000
Commercial papers	—	62,000
Current portion of bonds payable	10,000	10,000
Income taxes payable	18,572	15,336
Deposits received	25,140	14,950
Provision for bonuses	8,599	8,913
Provision for bonuses for directors (and other officers)	455	213
Provision for loss on business liquidation	13	10
Other	58,378	58,344
Total current liabilities	269,322	306,269
Non-current liabilities		
Bonds payable	160,000	150,000
Long-term borrowings	751,500	748,969
Leasehold and guarantee deposits received	58,855	60,878
Deferred tax liabilities	59,934	57,903
Deferred tax liabilities for land revaluation	3,891	3,902
Provision for share awards	2,734	2,852
Retirement benefit liability	16,216	16,407
Other	12,501	13,133
Total non-current liabilities	1,065,633	1,054,049
Total liabilities	1,334,956	1,360,319
Net assets		
Shareholders' equity		
Share capital	118,043	118,497
Capital surplus	114,433	114,887
Retained earnings	369,597	358,339
Treasury shares	(30,125)	(5,970)
Total shareholders' equity	571,948	585,753
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,827	7,101
Deferred gains or losses on hedges	(1,342)	273
Revaluation reserve for land	7,869	7,868
Foreign currency translation adjustment	(995)	534
Remeasurements of defined benefit plans	(1,979)	(1,720)
Total accumulated other comprehensive income	11,379	14,058
Share acquisition rights	1,406	1,076
Non-controlling interests	1,616	1,790
Total net assets	586,350	602,679
Total liabilities and net assets	1,921,306	1,962,998

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income for the First Six Months from April 1 to September 30, 2021)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Operating revenue	223,935	257,126
Operating costs	150,272	163,497
Operating gross profit	73,663	93,629
Selling, general and administrative expenses	49,475	53,268
Operating profit	24,187	40,360
Non-operating income		
Interest income	46	37
Dividend income	28	63
Share of profit of entities accounted for using equity method	148	—
Gain on sale of non-current assets	100	19
Other	329	273
Total non-operating income	654	393
Non-operating expenses		
Interest expenses	4,562	4,405
Share of loss of entities accounted for using equity method	—	227
Other	849	976
Total non-operating expenses	5,412	5,610
Ordinary profit	19,429	35,143
Extraordinary income		
Subsidies for employment adjustment	513	—
Total extraordinary income	513	—
Extraordinary losses		
Impairment losses	—	405
Loss on COVID-19	1,715	281
Total extraordinary losses	1,715	686
Profit before income taxes	18,226	34,456
Income taxes - current	7,134	14,583
Income taxes - deferred	(907)	(3,694)
Total income taxes	6,226	10,889
Profit	12,000	23,567
Profit (loss) attributable to non-controlling interests	(30)	54
Profit attributable to owners of parent	12,030	23,513

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	12,000	23,567
Other comprehensive income		
Valuation difference on available-for-sale securities	(382)	(725)
Deferred gains or losses on hedges	(635)	1,615
Revaluation reserve for land	(0)	(8)
Foreign currency translation adjustment	(551)	1,190
Remeasurements of defined benefit plans, net of tax	348	259
Share of other comprehensive income of entities accounted for using equity method	(80)	482
Total other comprehensive income	(1,301)	2,814
Comprehensive income	10,698	26,382
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,850	26,185
Comprehensive income attributable to non-controlling interests	(151)	197

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	18,226	34,456
Depreciation	9,966	9,441
Share of loss (profit) of entities accounted for using equity method	(148)	227
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on business liquidation	(3)	(2)
Increase (decrease) in retirement benefit liability	(519)	190
Interest and dividend income	(75)	(100)
Interest expenses	4,562	4,405
Decrease (increase) in trade receivables	8,133	1,242
Decrease (increase) in inventories	(88,752)	(18,678)
Decrease (increase) in equity investments	1,300	(1,745)
Increase (decrease) in trade payables	(66,872)	(31,246)
Increase (decrease) in deposits received	(23,802)	(10,192)
Other, net	7,887	(1,839)
Subtotal	(130,098)	(13,839)
Interest and dividends received	212	386
Interest paid	(3,785)	(3,702)
Income taxes paid	(18,927)	(60,128)
Net cash provided by (used in) operating activities	(152,598)	(77,284)
Cash flows from investing activities		
Purchase of investment securities	(834)	(9,341)
Proceeds from sales and liquidation of investment securities	71	33
Purchase of property, plant and equipment and intangible assets	(37,233)	(15,166)
Proceeds from sale of property, plant and equipment and intangible assets	18,060	322
Payments of leasehold and guarantee deposits	(677)	(976)
Proceeds from refund of leasehold and guarantee deposits	1,115	795
Repayments of lease and guarantee deposits received	(2,874)	(2,717)
Proceeds from lease and guarantee deposits received	3,001	3,031
Other, net	95	1,390
Net cash provided by (used in) investing activities	(19,274)	(22,627)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,000	5,500
Repayments of finance lease obligations	(154)	(133)
Net increase (decrease) in commercial papers	20,000	62,000
Proceeds from long-term borrowings	126,500	27,991
Repayments of long-term borrowings	(24,000)	(16,000)
Proceeds from issuance of shares	14	599
Proceeds from issuance of bonds	39,801	—
Redemption of bonds	(10,000)	(10,000)
Proceeds from sale of treasury shares	10	248
Purchase of treasury shares	—	(3,077)
Dividends paid	(7,339)	(7,759)
Dividends paid to non-controlling interests	(82)	(23)
Purchase of shares of subsidiaries not resulting in change in scope of	(8,226)	(5)

consolidation		
Net cash provided by (used in) financing activities	139,523	59,340
Effect of exchange rate change on cash and cash equivalents	(112)	214
Net increase (decrease) in cash and cash equivalents	(32,462)	(40,357)
Cash and cash equivalents at beginning of period	77,611	70,624
Cash and cash equivalents at end of period	45,149	30,267

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Cancellation of treasury shares

The Company cancelled treasury shares of 10,980,064 shares as of May 31, 2021, based on the resolution approved at the meeting of the Board of Directors held on January 28, 2021. As a result, retained earnings and treasury shares decreased by 27,004 million yen respectively during the first six months from April 1 to September 30, 2021.

(Changes in Accounting Policies)

1. Application of the Accounting Standard for Revenue Recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2020, Accounting Standards Board of Japan), from the beginning of the first three months from April 1 to June 30, 2021. It recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is conveyed to the customer.

The Company has applied the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in Article 84 of the standard. The cumulative effect amount, applying with the new accounting policy retrospectively prior to the beginning of the first three months from April 1 to June 30, 2021, was adjusted to retained earnings at the beginning of the first three months from April 1 to June 30, 2021, and the Company has applied the new policy to the balance at the beginning of the first three months from April 1 to June 30, 2021.

As a result, the impact of application of the Accounting Standard for Revenue Recognition, etc. on consolidated financial statements for the first six months from April 1 to September 30, 2021 is immaterial.

Due to the application of Accounting Standard for Revenue Recognition, "Notes and accounts receivable – trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes and accounts receivable - trade, and contract assets" from the first three months from April 1 to June 30, 2021. In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

2. Application of the Accounting Standard for Fair Value Measurement

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan), from the beginning of the first three months from April 1 to June 30, 2021.

The company has prospectively applied new accounting policies based on the Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments," (ASBJ Statement No.10, July 4, 2019).

The impact of application of the Accounting Standard for Fair Value Measurement, on consolidated financial statements for the first six months from April 1 to September 30, 2021 is immaterial.

(Segment Information)

【Segment information】

I First six months from April 1 to September 30, 2020

1. Information regarding sales, gains or losses, by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	83,576	79,522	6,295	16,704	37,245	223,343	592	223,935	—	223,935
Internal sales and transfer amount among segments	332	880	—	989	6,020	8,222	0	8,222	(8,222)	—
Subtotal	83,908	80,402	6,295	17,693	43,265	231,565	592	232,158	(8,222)	223,935
Operating profit (Note) 3	1,777	15,101	3,716	3,145	3,119	26,860	(721)	26,138	(1,951)	24,187
Share of profit (loss) of entities accounted for using equity method (Note) 3	(12)	57	—	—	63	107	41	148	—	148
Amortization of intangible assets associated with corporate acquisitions (Note) 3	—	136	145	—	14	296	15	311	—	311
Segment profit or loss (Business profit or loss) (Note) 3	1,764	15,295	3,861	3,145	3,197	27,264	(665)	26,599	(1,951)	24,648

(Notes) 1. The “Other” category represents operating segments that are not included in reportable segments.

2. The deduction of 1,951 million yen shown in the adjustments column for segment profit or loss (Business profit or loss) includes an increase in elimination of intersegment transactions of 1,259 million yen and a deduction of 3,210 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

3. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

2. Information regarding impairment loss on non-current assets or goodwill by reportable segment

Not applicable

II First six months from April 1 to September 30, 2021

1. Information regarding sales, gains or losses, by reportable segment

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Subtotal				
Operating revenue										
External customers	98,761	90,751	6,223	19,287	40,762	255,785	1,341	257,126	—	257,126
Internal sales and transfer amount among segments	332	970	25	1,411	5,871	8,612	2	8,615	(8,615)	—
Subtotal	99,094	91,721	6,248	20,699	46,634	264,397	1,343	265,741	(8,615)	257,126
Operating profit (Note) 3	6,121	24,612	3,725	5,044	3,904	43,408	(352)	43,055	(2,694)	40,360
Share of profit (loss) of entities accounted for using equity method (Note) 3	10	30	—	—	37	78	(305)	(227)	—	(227)
Amortization of intangible assets associated with corporate acquisitions (Note) 3	—	136	159	—	14	310	15	326	—	326
Segment profit or loss (Business profit or loss) (Note) 3	6,131	24,779	3,885	5,044	3,956	43,797	(643)	43,153	(2,694)	40,458

(Notes) 1. The “Other” category represents operating segments that are not included in reportable segments.

2. The deduction of 2,694 million yen shown in the adjustments column for segment profit or loss (Business profit or loss) includes an increase in elimination of intersegment transactions of 1,305 million yen and a deduction of 4,000 million yen for corporate expenses not allocated to each reportable segment. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

3. Segment profit or loss (Business profit or loss) = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

2. Notes relating to changes in reportable segments etc.

(Application of the Accounting Standard for Revenue Recognition)

The Company has applied the Accounting Standard for Revenue Recognition, and changed the way of accounting for revenue recognition from the beginning of the first three months from April 1 to June 30, 2021 as described in above “Changes in Accounting Policies” Therefore, the Company has similarly changed the measuring method of segment profit or loss. The impact of the change on operating revenue and profit or loss of reportable segments is immaterial.

3. Information regarding impairment loss on non-current assets or goodwill by reportable segment
 (Significant impairment loss relating to non-current assets)

(Millions of yen)

	Residential Development	Commercial Real Estate	Investment Management	Property Brokerage & CRE	Property & Facility Management	Total
Impairment loss	-	405	-	-	-	405