November 9, 2021

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 (Six Months Ended September 30, 2021)

[Japanese GAAP]

Company name: KI-STAR REAL ESTATE CO., LTD. Listing: Tokyo Stock Exchange, First Section
Securities code: 3465 URL: https://www.ki-group.co.jp/
Representative: Keiji Hanawa, President and CEO
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Scheduled date of filing of Quarterly Report: November 12, 2021
Scheduled date of payment of dividend: December 6, 2021
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Six Months (April 1, 2021 – September 30, 2021) of the Fiscal Year Ending March 31, 2022

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2021	91,487	38.6	12,413	227.8	12,247	228.7	7,764	251.5
Six months ended Sep. 30, 2020	65,990	14.3	3,786	14.4	3,725	19.2	2,209	16.7

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2021: 8,413 (up 240.7%)
Six months ended Sep. 30, 2020: 2,469 (up 16.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	539.57	539.19
Six months ended Sep. 30, 2020	155.68	-

Notes: 1. Diluted net income per share for the six months ended September 30, 2020 is not presented because there were no potential shares with dilutive effects.
2. KI-STAR REAL ESTATE CO., LTD. ("the Company") has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the quarterly consolidated balance sheet and included in treasury shares for calculating the average number of shares during the period for determining net income per share.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	138,900	43,466	28.0
As of Mar. 31, 2021	110,127	29,218	22.3

Reference: Shareholders' equity (million yen) As of Sep. 30, 2021: 38,904 As of Mar. 31, 2021: 24,528

Note: The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the quarterly consolidated balance sheet.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	44.00	-	95.00	139.00
Fiscal year ending Mar. 31, 2022	-	115.00			
Fiscal year ending Mar. 31, 2022 (forecasts)			-	130.00	245.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	190,000	22.0	24,300	93.4	24,000	87.8	15,000	96.9	993.31

Notes: 1. Revisions to the most recently announced consolidated forecast: Yes
2. Net income per share is calculated based on assumptions for the average number of shares during the period, taking into account the capital increase in the first six months of the fiscal year ending March. 31, 2022.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the cope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others:	Yes
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting estimates:	None
4) Restatements:	None

(4) Number of issued shares (common shares)

1) Number of shares issued at the end of the period (including treasury shares)			
As of Sep. 30, 2021:	15,856,400 shares	As of Mar. 31, 2021:	14,232,500 shares
2) Number of treasury shares at the end of the period			
As of Sep. 30, 2021:	41,433 shares	As of Mar. 31, 2021:	41,392 shares
3) Average number of shares during the period			
Six months ended Sep. 30, 2021:	14,390,683 shares	Six months ended Sep. 30, 2020:	14,191,143 shares

Note: The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are included in treasury shares for calculating the number of treasury shares at the end of the period and the average number of shares during the period.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, the Tokyo Olympics and Paralympics did not make the originally anticipated contribution to the Japanese economy due to the decision to hold these events with no spectators. In addition, economic activity in Japan was held down by the continuing impact of the pandemic, including states of emergency and other measures in response to a sharp increase in the number of infections.

In the Japanese housing sector, where the KI-STAR Group operates, interest in owning a home continues to climb due to a rising global demand linked to the need to stay home for safety during the pandemic and the establishment of new lifestyles such as working from home and home learning. However, the strong demand for houses in Japan and other countries has created a global shortage of lumber. In Japan, there is an insufficient supply of imported lumber and prices of this lumber have increased sharply. This so-called “wood shock” has even created turmoil in the housing market at times.

By supplying design houses with outstanding quality at low prices, the Group continued to concentrate on the growth strategy for its core homebuilding and sales business. Activities are guided by the management philosophy of “creating lives that are fulfilling, enjoyable and pleasant.” For more progress with combining real estate and IT, we conducted research involving the use of IT and created systems for many of our operations. The objective is to build houses incorporating concepts that look into the future in order to provide outstanding comfort and convenience to residents.

Our highest priority is improving inventory turnover, which is the time from purchasing land to the sale of a house on that land, in order to properly manage and improve the level of financial soundness. By using the recently launched KEIAI Platform, a system for optimizing every step from purchasing land to the sale of houses to consumers, we are working on making the inventory turnover even shorter.

The Group is continuing to take many actions to contribute to achieving the SDGs. To lower carbon emissions generated during the transport of lumber, we switched to using only lumber produced in Japan for some of our products. In addition, KI-STAR and two other homebuilding companies established the Japan Wood-housing Association. Two central goals of the association are increasing the construction of quality wood houses at low prices where people can live with confidence and increasing the use of lumber produced in Japan for building houses. The aim is the preservation and recovery of the ability of forests in Japan to fulfill multiple roles.

First half sales increased 25,497 million yen (38.6%) to 91,487 million yen, which was a record-high for first-half sales. Operating profit increased 8,627 million yen (227.8%) to 12,413 million yen. The 6.9 percentage point increase from one year earlier in the gross profit margin to 22.7% backed by rising demand for detached houses was a major reason for the higher earnings. Ordinary profit increased 8,521 million yen (228.7%) to 12,247 million yen even though non-operating expenses increased 174 million yen primarily due to commission expenses associated with a new syndicated loan to give group companies quick access to funds required for initiatives for growth and share issuance costs because of capital increase. Profit attributable to owners of parent was up 5,555 million yen (251.5%) to 7,764 million yen.

Results of operations by business segment are as follows:

Beginning with the first quarter of the current fiscal year, the pre-owned home business segment has been included in others. This change was made because the pre-owned home business is no longer a significant component of consolidated results of operations as the Group has terminated purchases in this business in order to focus resources on the homebuilding and sales business. Segment information for the first half of the previous fiscal year has been revised for consistency with this change.

In addition, the Fresco business segment has been deleted because the Company sold all of its holding of Fresco Inc. stock in the first quarter of the current fiscal year and this company is no longer included in the consolidated financial statements.

i) Homebuilding and sales business

In this business, there were many activities during the first half involving the market share growth strategy, primarily in the Tokyo area. Backed by marketing activities that link the KEIAI brand with outstanding designs, we continued to supply design houses with outstanding quality at low prices. Prices of houses are set at a level that makes the monthly mortgage payments less expensive than renting a residence. We placed priority on the turnover ratio by shortening the time between the purchase of land and sale of houses. Building houses faster and improving construction processes also contributed to lowering expenses in this business. In addition, we continued to upgrade our sales capabilities by building stronger ties with real estate brokers throughout Japan, increasing purchases of land and increasing the use of outsourced sales activities.

During the first half, 1,832 houses (including land sale) were sold, up 457 from one year earlier. Sales increased 21,716 million yen to 64,396 million yen. Although earnings were negatively affected by higher brokerage commissions (increase of the variable cost) as sales increased, segment profit was up 7,202 million yen to 11,233 million yen.

ii) Custom-built housing business

This custom-built housing business is concentrating on increasing the number of orders from real estate companies for its Fit-Pro custom-built houses. Increasing orders for the single-story IKI semi custom-built houses is another priority.

The number of houses sold during the first half increased by 17 from one year earlier to 49. Sales were up 607 million yen to 1,003 million yen. There was segment profit of 23 million yen, down 32 million yen one year earlier. The profit was primarily attributable to up-front selling, general and administrative expenses incurred because of the increasing number of orders for the single-story IKI semi custom-built houses

iii) Yokatown business

Subsidiary Yokatown Co., Ltd. sells built-for-sale houses, land and custom-built houses mainly in Fukuoka prefecture. Yokatown has been working on strengthening its built-for-sale house sales business.

The number of built-for-sale houses sold during the first half increased by 61 to 406 (including land sale). The number of custom-built houses sold decreased by 15 to 33 because built-for-sale houses are the main activity of this business. Sales increased 2,197 million yen to 11,611 million yen and segment profit increased 801 million yen to 1,390 million yen.

iv) Asahi Housing business

Subsidiary Asahi Housing Co., Ltd. sells built-for-sale houses mainly in Kanagawa prefecture. There have been many activities at this company involving development projects for the built-for-sale house sales business.

The number of built-for-sale houses sold during the first half increased by 22 to 135 (including land sale). Sales increased 1,456 million yen to 5,772 million yen and segment profit increased 693 million yen to 971 million yen.

v) Kensin business

Subsidiary Kensin Construction inc. primarily sells built-for-sale houses, land and custom-built houses and performs building site preparation work mainly in Kanagawa prefecture. The company has been involved with many real estate development projects that required the preparation of building sites at locations with big differences between high and low areas. Kensin plans to strengthen its built-for-sale house sales business.

The number of built-for-sale houses sold during the first half increased by 29 to 115 (including land sale) and custom-built houses sold decreased by three to 62. Sales increased 2,169 million yen to 6,114 million yen and segment profit increased 405 million yen to 436 million yen.

vi) Tokyo Big House business

The main activities of Tokyo Big House, Inc., which are mainly in Tokyo, are the sale of built-for-sale houses. Tokyo Big House plans to strengthen its built-for-sale house sales business.

The number of built-for-sale houses sold during the first half increased by 20 to 29 (including land sale). The number of custom-built houses sold during the first half decreased by 23 to one as the Group continues to focus resources on the homebuilding and sales business. As a result, sales decreased 98 million yen to 1,126 million yen and the segment profit increased 63 million yen to 10 million yen (a loss of 53 million yen one year earlier).

vii) KEIAI presto business

The main activities of KEIAI presto K.K. are the sales of built-for-sale houses mainly in Saitama prefecture. KEIAI presto plans to strengthen its built-for-sale house sales business.

KEIAI presto sold 17 custom-built houses and built-for-sale houses (including land sale) resulting in sales of 356 million and segment profit of 10 million yen. There is no prior-year comparison because this reportable segment was added in January 2021 due to the acquisition of KEIAI presto.

(2) Explanation of Financial Position

Assets

Total assets increased by 28,773 million yen from the end of the previous fiscal year to 138,900 million yen at the end of the second quarter of the current fiscal year. This was mainly due to an increase of 11,967 million yen in inventories, which include real estate for sale, real estate for sale in process and costs on uncompleted construction contracts, and an increase of 17,276 million yen in cash and deposits resulting mainly from capital increase.

Liabilities

Total liabilities increased by 14,526 million yen to 95,434 million yen. The main reasons include an increase of 13,400 million yen in borrowings, which include short-term borrowings, current portion of long-term borrowings and long-term borrowings because of funds secured for growth and procurement of funds to purchase land.

Net assets

Total net assets increased by 14,247 million yen to 43,466 million yen. The main reasons were increases of 7,764 million yen in retained earnings due to profit attributable to owners of parent and 7,959 million yen in share capital and capital surplus resulting from capital increase.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

In the first half, the profitability of the Group's businesses increased because of the strong demand for houses in Japan. Performance also benefited from higher productivity resulting from the use of MITSUKARU Pro and other information technologies. Due to the larger than expected improvement in earnings in the first half, we have revised the consolidated forecast for the fiscal year ending in March 2022. We forecast net sales of 190,000 million yen (up 22.0% year on year), ordinary profit of 24,000 million yen (up 87.8% year on year), and profit attributable to owners of parent of 15,000 million yen (up 96.9% year on year) for the fiscal year ending March 31, 2022. For more details, please refer to the press release “Notice of Revisions to Consolidated Forecast and Dividend Forecast” (Japanese version only) dated today.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	30,299,544	47,576,136
Accounts receivable from completed construction contracts	332,298	309,132
Real estate for sale	28,583,777	23,611,388
Real estate for sale in process	36,827,255	52,981,192
Costs on uncompleted construction contracts	2,810,683	3,596,347
Advance payments-trade	1,794,217	2,027,055
Other	1,440,182	1,167,042
Allowance for doubtful accounts	(72,104)	(58,190)
Total current assets	102,015,854	131,210,105
Non-current assets		
Property, plant and equipment	4,422,759	3,825,323
Intangible assets		
Goodwill	1,230,918	1,099,951
Other	603,858	577,558
Total intangible assets	1,834,777	1,677,510
Investments and other assets	1,853,683	2,187,543
Total non-current assets	8,111,219	7,690,377
Total assets	110,127,073	138,900,483
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	1,819,977	2,481,659
Accounts payable for construction contracts	10,279,090	10,865,796
Short-term borrowings	43,526,441	50,312,194
Current portion of bonds payable	190,000	139,000
Current portion of long-term borrowings	3,763,085	2,516,809
Lease obligations	54,803	53,625
Income taxes payable	3,437,923	3,947,834
Provision for bonuses	403,427	551,014
Other	4,021,181	3,332,392
Total current liabilities	67,495,931	74,200,326
Non-current liabilities		
Bonds payable	3,377,300	3,369,700
Long-term borrowings	9,694,947	17,555,726
Lease obligations	99,928	77,464
Asset retirement obligations	72,992	71,521
Other	167,144	159,637
Total non-current liabilities	13,412,312	21,234,051
Total liabilities	80,908,244	95,434,378

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	Second quarter of FY3/22 (As of Sep. 30, 2021)
Net assets		
Shareholders’ equity		
Share capital	821,050	4,809,154
Capital surplus	1,726,245	5,697,265
Retained earnings	22,061,361	28,474,067
Treasury shares	(77,519)	(77,711)
Total shareholders’ equity	24,531,137	38,902,775
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(207)	1,499
Foreign currency translation adjustment	(2,360)	-
Total accumulated other comprehensive income	(2,568)	1,499
Share acquisition rights	4,082	7,003
Non-controlling interests	4,686,178	4,554,826
Total net assets	29,218,829	43,466,104
Total liabilities and net assets	110,127,073	138,900,483

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Net sales	65,990,803	91,487,966
Cost of sales	55,575,084	70,714,749
Gross profit	10,415,718	20,773,217
Selling, general and administrative expenses	6,629,153	8,359,344
Operating profit	3,786,565	12,413,873
Non-operating income		
Interest income	1,027	1,669
Dividend income	2,452	41,738
Refund of real estate acquisition tax	159,372	176,633
Other	157,738	169,368
Total non-operating income	320,590	389,411
Non-operating expenses		
Interest expenses	314,750	353,122
Commission expenses	47,998	121,533
Other	18,704	81,468
Total non-operating expenses	381,453	556,124
Ordinary profit	3,725,702	12,247,160
Extraordinary income		
Gain on sales of non-current assets	1,018	302
Gain on sales of investment securities	-	70,114
Total extraordinary income	1,018	70,417
Extraordinary losses		
Loss on sales of non-current assets	142	1,157
Loss on retirement of non-current assets	24,200	608
Loss on sales of investment securities	3,121	75,207
Total extraordinary losses	27,464	76,974
Profit before income taxes	3,699,256	12,240,603
Income taxes-current	1,363,744	3,990,651
Income taxes-deferred	(117,263)	(159,797)
Total income taxes	1,246,480	3,830,854
Profit	2,452,775	8,409,749
Profit attributable to non-controlling interests	243,448	644,964
Profit attributable to owners of parent	2,209,327	7,764,785

Quarterly Consolidated Statement of Comprehensive Income

(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)
Profit	2,452,775	8,409,749
Other comprehensive income		
Valuation difference on available-for-sale securities	17,805	1,707
Foreign currency translation adjustment	(921)	2,183
Total other comprehensive income	16,883	3,890
Comprehensive income	2,469,659	8,413,639
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,219,147	7,771,842
Comprehensive income attributable to non-controlling interests	250,511	641,797

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Share capital and legal capital surplus increased by 3,960 million yen each due to capital increase.

As a result, share capital and capital surplus were 4,809 million yen and 5,697 million yen, respectively, at the end of the second quarter of the current fiscal year.

Changes in Accounting Policies

1. Application of the Accounting Standard for Revenue Recognition

The Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

For the application of the Accounting Standard for Revenue Recognition in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, and has no impact on the balance of retained earnings at the beginning of the period. In addition, there is no effect on the results of operations for the first half of the current fiscal year.

2. Application of the Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement, etc. (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Segment and Other Information

Segment information

First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment					
	Homebuilding and sales	Custom-built housing	Yokatown	Asahi Housing	Fresco	Kensin
Net sales						
Sales to external customers	42,679,392	395,818	9,413,531	4,316,184	2,326,583	3,945,863
Inter-segment sales and transfers	-	-	-	-	-	-
Total	42,679,392	395,818	9,413,531	4,316,184	2,326,583	3,945,863
Segment profit (loss)	4,030,336	56,822	589,015	278,247	101,635	30,725

	Reportable segment		Others (Note 1)	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statement of income (Note 3)
	Tokyo Big House	Total			
Net sales					
Sales to external customers	1,224,448	64,301,821	1,688,981	-	65,990,803
Inter-segment sales and transfers	-	-	602,452	(602,452)	-
Total	1,224,448	64,301,821	2,291,434	(602,452)	65,990,803
Segment profit (loss)	(53,181)	5,033,601	(27,219)	(1,219,817)	3,786,565

Notes: 1. Others represent the businesses which are not included in any of the reportable segments and mainly consist of pre-owned home, real estate leasing and brokerage businesses.

2. The -1,219 million yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 15 million yen and -1,234 million yen in corporate expenses that cannot be attributed to any of the reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.

First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				
	Homebuilding and sales	Custom-built housing	Yokatown	Asahi Housing	Kensin
Net sales					
Sales to external customers	64,396,366	657,679	11,611,056	5,772,841	6,114,913
Inter-segment sales and transfers	-	345,324	-	-	-
Total	64,396,366	1,003,003	11,611,056	5,772,841	6,114,913
Segment profit	11,233,283	23,959	1,390,075	971,721	436,470

	Reportable segment			Others (Note 1)	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statement of income (Note 3)
	Tokyo Big House	KEIAI presto	Total			
Net sales						
Sales to external customers	1,126,287	356,720	90,035,865	1,452,101	-	91,487,966
Inter-segment sales and transfers	-	-	345,324	480,461	(825,785)	-
Total	1,126,287	356,720	90,381,189	1,932,562	(825,785)	91,487,966
Segment profit	10,800	10,828	14,077,139	178,822	(1,842,088)	12,413,873

Notes: 1. Others represent the businesses which are not included in any of the reportable segments and mainly consist of pre-owned home, real estate leasing and brokerage businesses.

2. The -1,842 million yen adjustment to segment profit includes elimination for inter-segment transactions of 24 million yen and -1,866 million yen in corporate expenses that are not attributable to any of the reportable segments.

3. Segment profit is adjusted with operating profit shown on the consolidated statement of income.

2. Information related to revisions for reportable segments

Beginning with the first quarter of the current fiscal year, the pre-owned home business segment has been included in others because the pre-owned home business is no longer a significant component of consolidated results of operations. Segment information for the first six months of FY3/21 is based on the revised segments of the current fiscal year.

In addition, the Fresco business segment has been deleted because the Company sold all of its holding of Fresco Inc. stock in the first quarter of the current fiscal year and this company is no longer included in the consolidated financial statements.

Additional Information

1. The Company has established a performance-linked stock compensation plan for directors. Shares for this plan held by the trust are recorded as treasury shares in the consolidated balance sheet. The number of shares of the Company's stock held by the trust was 41,300 shares with a book value of 77 million yen as of March 31, 2021 and September 30, 2021.

2. The worldwide COVID-19 pandemic is creating concerns about the possibility of a further downturn of the global economy. It is uncertain when this crisis will end and it is currently impossible to predict the effects of this crisis on the performance of the KI-STAR Group. As of the date of this earnings announcement, the COVID-19 crisis has not created any problems serious enough to affect accounting estimates. Consequently, accounting estimates as of the end of the second quarter of the current fiscal year do not incorporate any effects of the COVID-19 crisis.