

## Consolidated Financial Summary for the First Quarter of the Fiscal Year Ending July 2022 (Japanese GAAP)

Wednesday, December 15, 2021

Name of listed company: Meiho Enterprise Co., Ltd.

Listing exchange: Tokyo Stock Exchange

Code 8,927

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

Representative: (Position) Chairman &amp; Representative Director (Name) Mitsuru Yabuki

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Management Dept.

Scheduled date for submission of quarterly report: December 15, 2021 Scheduled date for start of dividend payment: -

Creation of supplementary explanatory materials: None

Holding of accounts briefing meeting: None

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated results for the first quarter of fiscal year ending July 2022 (August 1, 2021 to October 31, 2021)

(1) Consolidated operating results (cumulative) (% figures show the rate of increase (decrease) compared with the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of fiscal year ending July 2022	1,682	(5.3)	116	14.2	89	1.3	54	(18.6)
First quarter of fiscal year ended July 2021	1,776	(20.8)	102	112.9	87	199.1	66	-

(Note) Comprehensive income First quarter of fiscal year ending July 2022 55 Million yen ( (19.1)% ) First quarter of fiscal year ended July 2021 68 Million yen ( - )%

	Basic profit per share	Basic profit per share (diluted)
	yen sen	yen sen
First quarter of fiscal year ending July 2022	2.31	-
First quarter of fiscal year ended July 2021	2.84	-

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
First quarter of fiscal year ending July 2022	11,642	4,949	42.4
Fiscal year ended July 2021	11,607	5,085	43.7

(Reference) Equity capital First quarter of fiscal year ended July 2022 4,937 Million yen Fiscal year ended July 2021 5,071 Million yen

### 2. Dividends

	Annual dividend				
	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
Fiscal year ended July 2021	-	0.00	-	8.00	8.00
Fiscal year ended July 2022	-				
Fiscal year ending July 2022 (Forecast)		0.00	-	8.00	8.00

(Note) Revisions to the most recent dividend forecast: None

3. Consolidated earnings forecast for fiscal year ending July 2022 (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	%	yen sen
End of second quarter (cumulative)	2,900	(7.4)	(20)	-	(110)	-	(180)	-	(7.62)
Full year	12,300	20.8	820	(16.6)	620	(35.5)	380	(54.0)	16.09

(Note) Revisions to the most recent earnings forecast: None

**\* Explanatory notes**

(1) Changes in significant subsidiaries during the period : None

(Changes in specified subsidiaries resulting in change in scope of consolidation)

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

(2) Application of accounting method specific to preparation of quarterly consolidated financial statements : None

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

1) Changes in accounting policies with revision of accounting standards : : Yes

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

3) Changes in accounting estimates : None

4) Restatement : None

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

1) Number of shares issued and outstanding (including treasury shares) at end of the period	1Q of FY ending July 2022	24,661,000 shares	Fiscal year ended July 2021	24,661,000 shares
2) Number of treasury shares at end of the period	1Q of FY ending July 2022	1,047,160 shares	Fiscal year ended July 2021	1,047,160 shares
3) Average number of shares during the period (quarterly cumulative)	1Q of FY ending July 2022	23,613,840 shares	1Q of FY ended July 2021	23,613,840 shares

\* Quarterly Financial Summary is outside the scope of the quarterly 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 "Attachment 1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information" on page 2.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the current consolidated cumulative first quarter, the Japanese economy has been on a gradual recovery path, while the situation remained severe due to the impact of the COVID-19 infection. However, despite progress in vaccinations, the resumption of full-scale economic activity remains at a standstill due to the rebound of infections caused by the occurrence of mutated strains and other factors, and we need to continue to pay close attention to changes in the external environment.

In the real estate industry in which the Meiho Group operates, consumer appetite remains firm, attributable to government measures to support housing acquisition and the low interest rate environment. However, careful consideration is still required for the current situation, including concerns about a resurgence of COVID-19 infections, continuous increases in real estate prices caused by rises in costs such as land prices, and the costs of construction work

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

In the real estate sales business, the Group is proceeding to enhance its ability to procure properties by leveraging its strengths in information analysis and business planning to its fullest while strengthening its resistance to market fluctuation risks by carefully selecting locations and reducing procurement costs. In addition, in the sales activities of our main brands, MIJAS and EL FARO, we handed over three properties, MIJAS Denenchofu Minami (Ota-ku, Tokyo), MIJAS Kaminoge (Setagaya-ku, Tokyo), and EL FARO Tamagawa (Ota-ku, Tokyo) (five properties in the same quarter of the previous fiscal year). We also have completed the delivery of one land for a development project.

In the real estate leasing business, we have had to cancel various seminars held regularly for existing owners due to the situation where it is difficult to make face-to-face contact. Nevertheless, we actively engage in non-face-to-face communication activities and CS activities to provide and propose services that anticipate the diversifying needs of our customers, thereby improving customer satisfaction and maintaining and enhancing our relationship of trust with our customers. 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 is working to increase revenues by introducing properties in line with customer needs through the use of its unique information network comprising real estate sales business and other businesses.

In the contracting business, the Group designed and constructed (including construction in progress) two properties in the MIJAS series and two properties in the EL FARO series, as well as remodeled and renovated other properties under management according to the characteristics of the properties, in an effort to earn revenue.

As a result of the above, the Group's net sales for the current consolidated cumulative first quarter were 1,682 million yen (down 5.3% year on year), operating income stood at 116 million yen (up 14.2% year on year, ordinary profit stood at 89 million yen (up 1.3% year on year), and profit attributable to owners of parent amounted to 54 million yen (down 18.6% year on year) mainly due to the stable margins and profits secured in the investment real estate development business including the sales that were postponed from the previous fiscal year.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. For details, please refer to 2. Quarterly Consolidated Financial Statements and Main Notes and (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies).

Operating results by segment are as follows.

#### [Real estate sales business]

In the real estate sales business, we handed over two properties in the MIJAS series (apartment development project) and one property in the "EL FARO" series (rental apartment project). As a result, net sales totaled 1,087 million yen (down 9.7% year on year) and segment income totaled 91 million yen (up 68.4% year on year).

#### [Real estate leasing business]

In the real estate leasing business, due to property management fees and other factors, net sales totaled 501 million yen (down 4.9% year on year) and segment income totaled 60 million yen (down 34.5% year on year).

[Real estate brokerage business]

In the real estate brokerage business, net sales totaled 11 million yen (up 1,133.6% year on year) and segment income totaled 10 million yen (up 1,036.3% year on year), reflecting real estate brokerage fees.

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts and renovation works, net sales totaled 74 million yen (up 70.7% year on year) and segment loss totaled 2 million yen (compared to the segment income of 1 million in the same period of the previous year).

[Other]

This section refers to business segments not included in the reportable segments. Mainly due to insurance agency services, net sales totaled 7 million yen (up 31.1% year on year) and segment income totaled 7 million yen (up 27.3% year on year).

## (2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year increased 35 million yen from the end of the previous consolidated fiscal year to 11,642 million yen.

Liabilities increased 171 million yen from the end of the previous consolidated fiscal year to 6,693 million yen. It was mainly due to an increase of 330 million yen in long-term borrowings (including the current portion of long-term borrowings) to fund the acquisition of land for development, etc. despite the decrease of 255 million yen in short-term borrowings due to repayment associated with the sale of properties, etc. .

Net assets decreased by 135 million yen from the end of the previous fiscal year to 4,949 million yen while the equity ratio decreased by 1.3 percentage points from the end of the previous consolidated fiscal year to 42.4%.

## (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

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 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. With the aim to secure a more stable income, we will work on the development of products that will meet a range of customer needs and promote business activities such as the rental apartment series “EL FARO” project, the real estate revitalization “ME BLD.” project, and the real estate securitization business, in addition to our mainstay “MIJAS” project.

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 previous consolidated fiscal year), operating profit of 820 million yen (down 16.6% from the previous consolidated fiscal year), ordinary profit of 620 million yen (down 35.5% from the previous consolidated fiscal year), and net income attributable to owners of parent of 380 million yen (down 54.0% from the previous consolidated fiscal year) are projected.

The base of the Group’s main line of business 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 COVID-19 on the Group’s consolidated earnings, including the outlook for the real estate market. However, if we determine revisions to the full-year consolidated earnings forecasts are necessary in the light of changing circumstances, we will make a timely announcement of such decisions.

## 2. Quarterly Consolidated Financial Statements and Main Notes

## (1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2021)	First quarter of the current fiscal year (October 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	3,404,314	2,692,494
Accounts receivable	31,669	-
Accounts receivable - trade and contract assets	-	30,314
Real estate for sale	1,730,826	2,178,748
Real estate for sale in process	3,969,645	4,195,601
Short-term loans receivable	1,450,000	1,450,000
Other	100,147	197,353
Allowance for doubtful accounts	(188)	(230)
Total current assets	10,686,414	10,744,281
Non-current assets		
Property, plant and equipment	597,976	595,020
Intangible assets	160	123
Investments and other assets		
Investment securities	36,900	37,150
Long-term loans receivable	428,815	428,699
Long-term accounts receivable	405,440	402,950
Deferred tax assets	40,438	15,513
Other	241,309	246,792
Allowance for doubtful accounts	(830,440)	(827,950)
Total investments and other assets	322,463	303,156
Total non-current assets	920,600	898,300
Total assets	11,607,015	11,642,581

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2021)	First quarter of the current fiscal year (October 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	105,544	157,802
Short-term borrowings	487,500	231,900
Current portion of long-term borrowings	1,012,839	2,119,977
Current portion of bonds payable	26,000	26,000
Lease obligations	1,759	1,771
Income taxes payable	14,848	9,223
Provision for bonuses	70,552	12,299
Other	527,818	641,966
Total current liabilities	2,246,863	3,200,940
Non-current liabilities		
Long-term borrowings	4,024,839	3,248,203
Corporate bonds	32,000	24,000
Lease obligations	3,173	2,726
Other	215,133	217,587
Total non-current liabilities	4,275,146	3,492,516
Total liabilities	6,522,009	6,693,457
<b>Net assets</b>		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	1,495,610	1,495,610
Retained earnings	3,854,929	3,720,563
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	5,070,065	4,935,699
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,100	1,350
Total accumulated other comprehensive income	1,100	1,350
Non-controlling interests	13,840	12,074
Total net assets	5,085,005	4,949,124
Total liabilities and net assets	11,607,015	11,642,581



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

## Quarterly Consolidated Statement of Income

## Consolidated cumulative first quarter

(Unit: thousand yen)

	Previous consolidated cumulative first quarter (August 1, 2020 to October 31, 2020)	Current consolidated cumulative first quarter (August 1, 2021 to October 31, 2021)
Net sales	1,776,160	1,682,818
Cost of sales	1,412,240	1,324,955
Gross profit	363,919	357,863
Selling, general and administrative expenses	261,770	241,176
Operating profit	102,149	116,686
Non-operating income		
Interest income	11,744	10,992
Penalty income	215	80
Compensation received	5,150	-
Benefits received	5,349	-
Other	726	3,210
Total non-operating income	23,185	14,282
Non-operating expenses		
Interest expenses	32,372	31,434
Commissions expenses	3,090	10,254
Other	2,012	261
Total non-operating expenses	37,475	41,949
Ordinary profit	87,859	89,018
Profit before income taxes	87,859	89,018
Income taxes - current	6,365	9,314
Income taxes - deferred	13,961	24,924
Total income taxes	20,327	34,238
Profit	67,531	54,780
Profit attributable to non-controlling interests	542	234
Profit attributable to owners of parent Profit attributable to owners of parent	66,989	54,545

## Quarterly Consolidated Statement of Comprehensive Income

Consolidated cumulative first quarter

(Unit: thousand yen)

	Previous consolidated cumulative first quarter (August 1, 2020 to October 31, 2020)	Current consolidated cumulative first quarter (August 1, 2021 to October 31, 2021)
Profit	67,531	54,780
Other comprehensive income		
Valuation difference on available-for-sale securities	521	250
Total other comprehensive income	521	250
Comprehensive income	68,053	55,030
(Breakdown)		
Comprehensive income attributable to owners of parent	67,510	54,795
Comprehensive income attributable to non-controlling interests	542	234

## (3) Notes to Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in Amount of Shareholders' Equity)

Previous consolidated cumulative first quarter (August 1, 2020 to October 31, 2020)

## 1. Dividends paid

Resolution	Classes of shares	Total amount of dividends (thousand yen)	Dividend paid per share (yen)	Record date	Effective date	Source of Dividends
October 28, 2020 Ordinary general meeting of shareholders	Ordinary shares	118,069	5.00	July 31, 2020	Thursday, October 29, 2020	Retained earnings

2. For dividends for which the record date belongs to the current consolidated cumulative first quarter but the effective date comes after the end of the first quarter of the current fiscal year

Not applicable.

## 3. Substantial Changes in Amount of Shareholders' Equity

Not applicable.

Current consolidated cumulative first quarter (August 1, 2021 to October 31, 2021)

## 1. Dividends paid

Resolution	Classes of shares	Total amount of dividends (thousand yen)	Dividend paid per share (yen)	Record date	Effective date	Source of Dividends
October 27, 2021 Ordinary general meeting of shareholders	Ordinary shares	188,910	8.00	July 31, 2021	October 28, 2021	Retained earnings

2. For dividends for which the record date belongs to the current consolidated cumulative first quarter but the effective date comes after the end of the first quarter of the current fiscal year

Not applicable.

## 3. Substantial Changes in Amount of Shareholders' Equity

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard"), from the beginning of the first quarter of the current fiscal year, and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

In applying the revenue recognition accounting standard, etc., the Company has followed the transitional handling as stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter of the current fiscal year has been added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policy was applied from the balance at the beginning of the current period. However, the Company has applied the method set forth in Paragraph 86 of the Revenue Recognition Accounting Standard and not applied the new accounting policy retrospectively to contracts in which almost all the revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year. The Company has also applied the method stipulated in Paragraph 86, clause (1) of the Revenue Recognition Accounting Standard, and performed accounting based on the contract

terms after reflecting all contractual changes for contractual changes made prior to the beginning of the first quarter of the current fiscal year. The cumulative impact was added to or deducted from the retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, there has been no impact on profit and loss and the beginning balance of retained earnings for the current consolidated cumulative first quarter.

Due to the application of the Revenue Recognition Accounting Standard, etc., "Accounts receivable - trade" in "Current assets" in the consolidated balance sheet for the previous consolidated fiscal year is presented as "Accounts receivable - trade and contract assets" from the first quarter of the current fiscal year. In accordance with the transitional handling stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made to the consolidated financial statements for the previous consolidated fiscal year to conform to the new presentation method. Furthermore, in accordance with the transitional handling stipulated in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented disaggregated information of revenues from contracts with customers for the previous consolidated cumulative first quarter.

(Application of Accounting Standards for Calculation of Fair Value, etc.)

The Company has applied the Accounting Standard for Calculation of Fair Value (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Calculation of Fair Value") from the beginning of the first quarter of the current fiscal year. The new accounting policy stipulated in the Accounting Standard for Calculation of Fair Value, etc. will be applied continuously in the future in accordance with the transitional handling stipulated in Paragraph 19 of the Accounting Standard for Calculation of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of this accounting standard has had no impact on the Quarterly Consolidated Financial Statements for the current consolidated cumulative first quarter.

(Additional Information)

(Application of tax effect accounting for the transition from a consolidated tax payment system to a group aggregation system)

As for the transition to a group aggregation system established by the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 8 of 2020) and the items for which the non-consolidated tax payment system was reviewed in conjunction with the transition to the group aggregation system, in line with Paragraph 3 of the Treatment of Application of Tax Effect Accounting for Transition from a Consolidated Taxation System to a Group Aggregation System (PITF No. 39, March 31, 2020), the Company has not applied the provisions of Paragraph 44 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018), and decided the amount of deferred tax assets and deferred tax liabilities based on the provisions of the tax law before the revision.

(Segment Information, etc.)

[Segment information]

## I. Previous consolidated cumulative first quarter (August 1, 2020 to October 31, 2020)

## 1. Information on Net Sales and Income or Loss Amounts by Reporting Segment

(Unit: thousand yen)

	Reportable segment					Other (* 3)	Total	Reconciliation (* 1)	Amount recorded in quarterly consolidated statement of income (* 2)
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
Net sales to external customers	1,203,222	527,836	952	38,266	1,770,277	5,882	1,776,160	-	1,776,160
Transactions with other segments	-	-	-	5,675	5,675	-	5,675	(5,675)	-
Total	1,203,222	527,836	952	43,941	1,775,953	5,882	1,781,835	(5,675)	1,776,160
Segment profit	54,421	92,682	892	1,964	149,961	5,671	155,632	(53,482)	102,149

- (Note) 1. The segment income adjustment of -53,482 thousand yen consists of the elimination of inter-segment transactions of -5,160 thousand yen and corporate expenses of -48,322 thousand yen not distributed to the reportable segments. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.
2. Segment income is adjusted to the operating profit in quarterly consolidated statement of income.
3. The "Other" section represents business segments not included in the reporting segments and is primarily comprised of the insurance agency operations.

## 2. Information on Impairment Losses on Non-Current Assets or Goodwill by Reportable Segment

Not applicable.

## II. Current consolidated cumulative first quarter (August 1, 2021 to October 31, 2021)

## 1. Information on Net Sales and Income or Loss Amounts by Reportable Segment and Revenue Disaggregation

(Unit: thousand yen)

	Reportable segment					Other (* 3)	Total	Reconciliation (* 1)	Amount recorded in quarterly consolidated statement of income (* 2)
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Net sales									
MIJAS • EL FARO	727,519	-	-	-	727,519	-	727,519	-	727,519
Other	359,579	118,169	11,746	74,546	564,042	7,712	571,754	-	571,754
Revenue from contracts with customers	1,087,099	118,169	11,746	74,546	1,291,562	7,712	1,299,274	-	1,299,274
Other revenue	-	383,544	-	-	383,544	-	383,544	-	383,544
Net sales to external customers	1,087,099	501,713	11,746	74,546	1,675,106	7,712	1,682,818	-	1,682,818
Transactions with other segments	-	-	-	442	442	-	442	(442)	-
Total	1,087,099	501,713	11,746	74,989	1,675,549	7,712	1,683,261	(442)	1,682,818
Segment profit or loss	91,645	60,707	10,141	(2,088)	160,405	7,220	167,626	(50,940)	116,686

- (Note) 1. The segment income (loss) adjustment of -50,940 thousand yen consists of the elimination of inter-segment transactions of 2,138 thousand yen and corporate expenses of -53,078 thousand yen not distributed to the reportable segments. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.
2. Segment income (loss) is adjusted to the operating profit in quarterly consolidated statement of income.
3. The "Other" section represents business segments not included in the reporting segments and is primarily comprised of the insurance agency operations.

## 2. Disclosure of changes, etc. in reportable segments

As described in the Changes in Accounting Policies, the Company has applied the Revenue Recognition Accounting Standard, etc., and changed its accounting method for revenue recognition since the beginning of the first quarter of the current fiscal year. Accordingly, the method for calculating profit or loss in the business segments has been changed.

The effect of this change is as described in the Changes in Accounting Policy.

## 3. Information on Impairment Loss on Non-Current Assets or Goodwill, etc. by Reporting Segment

Not applicable.

### (Significant events after reporting period)

A consolidated subsidiary of the Company collected 730,000 thousand yen from our major shareholder, House Saison Co. Ltd. on November 26, 2021, as a partial recovery of short-term loans receivable.

This recovery will not have a material impact on the statement of income for the next consolidated accounting period. As of the release date of this Summary of Consolidated Financial Summary for the First Quarter of the Fiscal Year Ending July 2022, the remaining balance of short-term loans receivable is 720,000 thousand yen.