

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

## Summary of Consolidated Financial Results for the Fiscal Year ended December 31, 2021 [Based on Japanese GAAP]

February 14, 2022

Listed company name: MUGEN ESTATE Co., Ltd  
 Securities code: 3299  
 Representative: Shinichi Fujita, President  
 Contact: Akira Okubo, Director, General Manager of Administrative Division  
 Scheduled date of general shareholders' meeting: March 25, 2022  
 Scheduled date of securities report submission: March 25, 2022  
 Financial results briefing: Yes ( for analysts and institutional investors, in Japanese )

Listed Stock Exchange: Tokyo Stock Exchange

URL https://www.mugen-estate.co.jp/en/

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Scheduled date of dividend payment: March 28, 2022

Supplementary material for financial results: Yes

(fractions of one million yen are rounded off)

### 1. Consolidated financial results for the fiscal year ended December 31, 2021

(1) Consolidated financial results (Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	33,956	(2.6)	2,342	(5.0)	1,770	(0.8)	1,276	113.0
FY2020	34,858	(12.1)	2,465	(21.9)	1,785	(28.4)	599	(64.5)

(Note) Comprehensive income FY2021 1,276 million yen( 113.0%) FY2020 599 million yen( -64.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2021	53.25	52.95	5.6	2.8	6.9
FY2020	24.98	24.86	2.6	2.7	7.1

(Reference) Equity in earnings (losses) of affiliates FY2021 — million yen FY2020 — million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2021	62,778	23,546	37.4	986.47
As of December 31, 2020	62,487	22,605	36.0	939.11

(Reference) Shareholders' Equity As of December 31, 2021 23,453 million yen  
 As of December 31, 2020 22,518 million yen

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	3,307	(1,218)	(621)	16,116
FY2020	10,981	(1,944)	(6,656)	14,649

### 2. Dividends

	Dividends per share					Total amount of dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2020	—	0.00	—	10.00	10.00	239	40.0	1.1
FY2021	—	0.00	—	15.00	15.00	356	28.2	1.6
FY2022 (forecast)	—	0.00	—	17.00	17.00		30.2	

### 3. Forecast of consolidated financial results for the fiscal year ending December 31, 2022(from January 1, 2022 to December 31, 2022)

(Percentages represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	38,847	14.4	2,624	12.1	2,066	16.7	1,314	3.0	56.33

\* Notes

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

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : None
- (ii) Changes in accounting policies other than (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatement : None

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at end of the period (including treasury stock)

FY2021	24,361,000 shares	FY2020	24,361,000 shares
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(ii) Number of treasury stock held at end of the period

FY2021	585,709 shares	FY2020	382,309 shares
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(iii) Average number of shares outstanding during the period

FY2021	23,964,455 shares	FY2020	23,982,816 shares
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\* Consolidated financial statements (Japanese GAAP) are not subject to audit procedure.

\* Explanation of the proper use of financial forecasts and other important notes

(1) Financial forecasts

The statements about the future included in this report, including financial forecasts, are based on information currently available to the Company and certain assumptions that are considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See “(4) Outlook of FY2022” under “1. Operating Results and Financial Position” on page 3 of the Accompanying Materials for the assumptions of the financial forecasts and points to note in the use of financial forecasts

(2) Access to presentation materials for financial results

The presentation material for financial results is disclosed through together with these financial statements. This information also is posted on the Company's website on the same day.

## Accompanying Material – Contents

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## 1. Operating Results and Financial Position

### (1) Analysis of Operating Results

During the consolidated fiscal year under review (January 1 through December 31, 2021), there were signs of recovery in the Japanese economy as the challenging conditions created by COVID-19 gradually eased. Although the economy is expected to recover thanks to policy measures and improving overseas economies, the Group needs to closely monitor downside risks attributable to restrictions in supply and trends in raw materials prices, as well as the effects of the pandemic on domestic and overseas economies and trends in financial markets.

In the real estate industry, where the MUGEN ESTATE Group operates, demand was firm and trading prices were on an upward trend given the continuing monetary easing policy and changing needs as a result of shifts in the ways of working. COVID-19 caused rising materials prices and supply shortages, and tighter markets, which were also factors for the increases in trading prices. Demand for residential-type properties increased in and outside the central Tokyo area, reflecting changes in lifestyles and ways of working. The demand for used condominiums remained high as the prices of new condominiums remained high. According to the Real Estate Information Network for East Japan (East Japan REINS), the number of contracts concluded for used condominium units in the Tokyo metropolitan area stood at 39,812 (up 11.1% year on year) in FY2021. The average unit price per square meter of contracted condominium units rose 8.4% year on year, to 598,100 yen. The average unit price increased 7.5%, to 38.69 million yen. Both the average unit price per square meter and average unit price climbed for the ninth consecutive year. Looking at investment-type properties, the vacancy rate rose and rent fell at office buildings in central Tokyo, but the investment appetite remained high, reflecting the continued policy of monetary easing.

In this business environment, the Group has endeavored in its core Real Estate Trading Business to increase the occupancy rates of investment type properties and improve inventory turnover by boosting sales with measures such as increasing the added value provided by properties. However, sales from investment properties declined from a year ago, reflecting sales activities emphasizing profitability. The Group opened five sales offices. The Kitasenju and Funabashi sales offices opened in September and October 2021, respectively. The Ogikubo and Akabane sales offices opened in November, and the Ikebukuro sales office opened in December. The Group opened those offices to step up efforts to market residential-type properties and expedite payment procedures for purchases and sales. As a result, sales and income rose from a year ago. Meanwhile, the Group tightened conditions for purchasing investment-type properties, and inventory declined. As a result, rent income declined. In the Real Estate Specified Joint Ventures Business, which the Group started in FY2020, the Group established two associations, which are successfully operating projects.

As a result, consolidated net sales decreased 2.6% year on year, to 33,956 million yen, consolidated operating income fell 5.0% year on year, to 2,342 million yen, consolidated ordinary income decreased 0.8% year on year, to 1,770 million yen, and consolidated profit attributable to owners of parent soared 113.0%, to 1,276 million yen in the fiscal year under review.

The following is an overview of the results by segment.

[Real Estate Trading Business]

In the Real Estate Trading Business, the number of units sold in investment-type properties came to 142 (down 42 units year on year) and the average unit selling price was 173 million yen (up 23.3% year on year), registering net sales of 24,638 million yen (down 4.9% year on year). Meanwhile, the number of units sold in residential-type properties came to 189 (up 41 units year on year) and the average unit selling price was 37 million yen (down 5.0% year on year), registering net sales of 7,051 million yen (up 21.4% year on year).

As a result, net sales for the segment decreased 0.1% year on year, to 31,842 million yen, and segment profit (operating income for the segment) grew 10.9% year on year, to 3,119 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing decreased 31.0% year on year, to 2,008 million yen. As a result, net sales for the segment decreased 29.4% year on year, to 2,113 million yen, and segment profit (operating income for the segment) fell 33.3% year on year, to 736 million yen.

Note: The “investment-type properties” are classified as real estate generating rental income, including rental condominiums and office blocks, which are used by buyers for the purpose of investment. The “residential-type properties” are classified as real estate used by buyers as their housing units, most of which are owned condominiums.

### (2) Analysis of Financial Position

The financial position of the MUGEN ESTATE Group at the end of the consolidated fiscal year under review included assets of 62,778 million yen (up 0.5% from the end of the previous fiscal year), liabilities of 39,232 million yen (down 1.6% from the end of the previous fiscal year), and net assets of 23,546 million yen (up 4.2% from the end of the previous fiscal year).

Principal factors contributing to the increase in assets included increases of 1,500 million yen in cash and deposits, 3,776 million yen in property, and 486 million yen in other current assets, and a decrease of 5,526 million yen in real estate properties for sale.

The decrease in liabilities was attributable primarily to increases of 2,689 million yen in short-term loans payable, more than offsetting decreases of 2,731 million yen in long-term loans payable (including the current portion of long-term loans payable) and 285 million yen in income taxes payable.

The growth in net assets resulted in large part from a rise of 1,276 million yen in retained earnings due to the recording of profit attributable to owners of parent, partly offset by a decrease of 239 million yen in retained earnings attributable to dividends paid.

### (3) Analysis of Cash Flows

Cash and cash equivalents (“cash”) at the end of the consolidated fiscal year under review increased 1,466 million yen from the end of the previous consolidated fiscal year, to 16,116 million yen. The cash flow positions and contributing factors are as follows:

[Cash flows from operating activities]

Net cash provided in operating activities during the consolidated fiscal year under review totaled 3,307 million yen (net cash used in operating activities during the previous consolidated fiscal year was 10,981 million yen). This mainly reflects inflows in the form of a 2,270 million yen decrease in inventories, profit before income taxes of 1,776 million yen, which more than offset income taxes paid of 788 million yen.

[Cash flows from investing activities]

Net cash used in investing activities during the consolidated fiscal year under review amounted to 1,218 million yen (net cash used in investing activities during the previous consolidated fiscal year was 1,944 million yen). This was primarily the result of proceeds of 1,934 million yen from the withdrawal of time deposits, offset by payments into deposits of 1,967 million yen and purchases of property, plant and equipment of 1,162 million yen.

[Cash flows from financing activities]

Net cash used in financing activities during the consolidated fiscal year under review totaled 621 million yen (net cash used by financing activities during the previous consolidated fiscal year was 6,656 million yen). This primarily reflects proceeds from loans payable of 20,269 million yen and proceeds from the issuance of corporate bonds of 684 million yen, while the repayment of loans payable was 20,311 million yen and the redemption of Bonds payable was 921 million yen.

(Reference) Cash flow indicators

	FY2019	FY2020	FY2021
Equity ratio (%)	33.2	36.0	37.4
Market value equity ratio (%)	28.2	18.4	18.7
Interest-bearing debt to cash flow ratio (years)	13.1	3.4	11.1
Interest coverage ratio (times)	5.2	16.6	6.2

Equity ratio: shareholders' equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debts / cash flow

Interest coverage ratio: cash flow / interest payment

Note 1: The market capitalization has been calculated by multiplying the closing stock price at the fiscal year-end by the number of shares outstanding at the fiscal year-end.

#### (4) Outlook for FY2022 (January 1, 2022 to December 31, 2022)

As the number of people vaccinated against COVID-19 increased and the number of new COVID-19 cases declined, declarations of a state of emergency related to COVID-19 were rescinded, and there are signs of a recovery in the economy. However, uncertainty over the economy is increasing, reflecting a resurgence of COVID-19 due to variants and rising prices linked to higher raw materials prices.

In the real estate industry where the MUGEN ESTATE Group operates, demand for new homes are stimulated by changes in lifestyles and ways of working associated with the the COVID-19 pandemic. The appetite for housing purchases remains strong. As prices of new homes remain high and supply is limited, the Group expects demand for used housing properties to persist. Looking at real estate investment, the investment appetite for residential assets, particularly rental condominiums, is high as an accommodative financial environment continues, despite rising vacancy rates and falling rents at offices in the central Tokyo area. Active trading is expected to continue.

Although demand is expected to be strong, there are delays in the delivery of housing materials and housing equipment due to COVID-19. The Group needs to closely monitor delays in refurbishment.

In this environment, the Group has prepared the Second Medium-Term Management Plan. The basic policies of the management plan are strengthening the revenue base to expand businesses, building networks to seize revenue opportunities, increasing organizational strength to drive business growth, and advancing digital transformation, which will support business expansion and growth. The Group will strive to strengthen the Purchase and Resale Business, a core business, and generate a profit early in the Development Business and Real Estate Specified Joint Ventures Business. The Group will also seek to strengthen infrastructure, including finance, human resources development, and IT. For details of the Second Medium-Term Management Plan, please refer to the Notice of Formulation of a Medium-Term Management Plan published on February 14, 2022.

Through the above measures, for the fiscal year ending December 31, 2022, the first year of the Second Medium-Term Management Plan, we forecast consolidated net sales of 38,847 million yen (up 14.4% year on year), operating income of 2,624 million yen (up 12.1% year on year), ordinary income of 2,066 million yen (up 16.7% year on year), and profit attributable to owners of parent of 1,314 million yen (up 3.0% year on year).

The above forecasts regarding future performance are based on information available when this material was announced, and actual results may differ from the forecasts due to a variety of factors in the future.

#### (5) Basic Policy for Dividend Distribution and Dividends for FY2021 and FY2022

The Group considers the return to shareholders to be one of its most important management initiatives. Its basic policy is to continue to pay stable dividends, while simultaneously working to strengthen its financial conditions and enhance its internal reserves for the expansion of businesses on a long-term basis. With this in mind, it will determine the distribution of profit after comprehensively taking a range of factors into account, including the level of its business performance. As described in the Notice of Formulation of a Medium-Term Management Plan published on February 14, 2022, the Group has changed its payout ratio target from around 20% to 30% or more. This is because the financial base has been strengthened under the First Medium-Term Management Plan and increasing shareholder returns is a priority in the Second Medium-Term Management Plan.

As stated above, the Group determines dividends per share after comprehensively assessing annual results, and in principle, distributes dividends once a year as year-end dividends. Year-end dividends are determined at the general shareholders' meeting. Interim dividends are determined by the Board of Directors.

Under the basic policy above, the Group will pay a dividend of 15 yen per share for the fiscal year ended December 31, 2021. The consolidated payout ratio will be 28.2%. The Group plans to pay a year-end dividend of 17 yen per share for the fiscal year ending December 31, 2022 based on the present forecast. The consolidated payout ratio will be 30.2%.

The Group will actively use internal reserves to purchase properties to expand its core businesses, namely the Purchase and Resale Business and the Leasing Business, and its growth businesses, the Development Business and Real Estate Specified Joint Ventures Business, while investing in human resources and in IT systems.

## 2. Basic Perspective on Selection of Accounting Standards

The MUGEN ESTATE Group currently plans to prepare its consolidated financial statements based on the Japanese standards for the time being because it operates businesses in Tokyo Metropolitan Area, and because the percentage of foreign corporations and other non-Japanese shareholders is low.

The Group plans to discuss and examine the timing for introducing the International Financial Reporting Standards (IFRS), taking into account its business development going forward and factors such as domestic trends and international trends.

3. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Million yen)

	FY2020 (As of December 31, 2020)	FY2021 (As of December 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	16,065	17,565
Accounts receivable - trade	16	19
Real estate for sale	41,337	35,463
Real estate for sale in process	283	630
Other	242	728
Allowance for doubtful accounts	(8)	(3)
<b>Total current assets</b>	<b>57,937</b>	<b>54,404</b>
Non-current assets		
Property, plant and equipment		
Buildings	2,292	3,949
Accumulated depreciation	(397)	(522)
Buildings, net	1,895	3,426
Land	1,908	4,157
Other	114	111
Accumulated depreciation	(79)	(81)
Other, net	34	30
<b>Total property, plant and equipment</b>	<b>3,838</b>	<b>7,614</b>
Intangible assets		
Leasehold right	55	63
Other	27	22
<b>Total intangible assets</b>	<b>83</b>	<b>85</b>
Investments and other assets		
Investment securities	—	21
Deferred tax assets	241	252
Other	342	357
<b>Total investments and other assets</b>	<b>583</b>	<b>631</b>
<b>Total non-current assets</b>	<b>4,504</b>	<b>8,331</b>
Deferred assets		
Bond issuance cost	45	41
<b>Total deferred assets</b>	<b>45</b>	<b>41</b>
<b>Total assets</b>	<b>62,487</b>	<b>62,778</b>

(Million yen)

	FY2020 (As of December 31, 2020)	FY2021 (As of December 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	216	361
Short-term borrowings	2,050	4,739
Current portion of bonds payable	860	727
Current portion of long-term borrowings	6,192	4,982
Income taxes payable	573	287
Provision for bonuses	23	20
Construction warranty reserve	42	48
Other	1,178	1,002
Total current liabilities	11,137	12,168
Non-current liabilities		
Bonds payable	3,307	3,219
Long-term borrowings	24,713	23,192
Retirement benefit liability	101	109
Other	622	542
Total non-current liabilities	28,744	27,063
Total liabilities	39,882	39,232
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,552	2,552
Capital surplus	2,475	2,475
Retained earnings	17,790	18,827
Treasury shares	(300)	(401)
Total shareholders' equity	22,518	23,453
Share acquisition rights	86	92
Total net assets	22,605	23,546
Total liabilities and net assets	62,487	62,778



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

## Consolidated Statement of Income

(Million yen)

	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Net sales	34,858	33,956
Cost of sales	28,994	28,168
Gross profit	5,864	5,788
Selling, general and administrative expenses	3,398	3,445
Operating profit	2,465	2,342
Non-operating income		
Interest and dividend income	1	1
Commission income	18	13
Subsidies for employment adjustment	23	—
Penalty income	17	7
Refund of real estate acquisition tax	4	3
Other	10	8
Total non-operating income	76	35
Non-operating expenses		
Interest expenses	669	519
Commission expenses	46	49
Other	41	37
Total non-operating expenses	757	606
Ordinary profit	1,785	1,770
Extraordinary income		
Gain on sales of non-current assets	2	6
Gain on reversal of share acquisition rights	38	—
Total extraordinary income	40	6
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	14	—
Total extraordinary losses	17	0
Profit before income taxes	1,808	1,776
Income taxes – current	673	511
Income taxes – deferred	535	(11)
Total income taxes	1,209	500
Profit	599	1,276
Profit attributable to owners of parent	599	1,276

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Income before minority interests	599	1,276
Comprehensive income	599	1,276
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	599	1,276

### (3) Consolidated Statements of Changes in Net Assets

FY2020 (From January 1, 2020 to December 31, 2020)

(Million yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at the beginning of the fiscal year	2,552	2,475	17,914	(223)	22,718	122	22,840
Changes of items during period							
Dividends of surplus			(722)		(722)		(722)
Profit attributable to owners of parent			599		599		599
Purchase of treasury shares				(76)	(76)		(76)
Net changes of items other than shareholders' equity						(35)	(35)
Total changes of items during period	—	—	(123)	(76)	(199)	(35)	(234)
Balance at the end of the fiscal year	2,552	2,475	17,790	(300)	22,518	86	22,605

FY2021 (From January 1, 2021 to December 31, 2021)

(Million yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained Earnings	Treasury shares	Total shareholders' equity		
Balance at the beginning of the fiscal year	2,552	2,475	17,790	(300)	22,518	86	22,605
Changes of items during period							
Dividends of surplus			(239)		(239)		(239)
Profit attributable to owners of parent			1,276		1,276		1,276
Purchase of treasury shares				(101)	(101)		(101)
Net changes of items other than shareholders' equity						5	5
Total changes of items during period	—	—	1,036	(101)	935	5	940
Balance at the end of the fiscal year	2,552	2,475	18,827	(401)	23,453	92	23,546

## (4) Consolidated Statements of Cash Flows

(Million yen)

	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,808	1,776
Depreciation	890	636
Increase (decrease) in allowance for doubtful accounts	6	(3)
Increase (decrease) in provision for bonuses	(10)	(3)
Increase (decrease) in construction warranty reserve	1	5
Increase (decrease) in net defined benefit liability	12	7
Interest and dividend income	(1)	(1)
Interest expenses	669	519
Share-based compensation expenses	3	5
Refund of real estate acquisition tax	4	3
Amortization of bond issuance costs	20	19
Loss (gain) on sales of non-current assets	1	(6)
Loss on retirement of non-current assets	14	—
Gain on reversal of share acquisition rights	(38)	—
Decrease (increase) in trade receivables	2	(3)
Decrease (increase) in inventories	8,524	2,270
Increase (decrease) in trade payables	(250)	144
Increase (decrease) in accrued consumption taxes	17	(300)
Decrease (increase) in consumption taxes refund receivable	3	(11)
Increase (decrease) in lease and guarantee deposits received	(160)	(85)
Decrease (increase) in other current assets	349	(476)
Increase (decrease) in other current liabilities	274	117
Other, net	17	15
<b>Subtotal</b>	<b>12,159</b>	<b>4,629</b>
Interest and dividend income received	1	1
Interest paid	(662)	(534)
Income taxes refund	—	0
Income taxes paid	(516)	(789)
<b>Net cash provided by (used in) operating activities</b>	<b>10,981</b>	<b>3,307</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,953)	(1,967)
Proceeds from withdrawal of time deposits	1,976	1,934
Purchase of securities	—	(21)
Purchase of property, plant and equipment	(1,778)	(1,162)
Proceeds from sales of property, plant and equipment	9	28
Purchase of intangible assets	(9)	(10)
Payments for investments in capital	(14)	—
Payments of leasehold and guarantee deposits	(204)	(23)
Proceeds from refund of leasehold and guarantee deposits	29	2
<b>Net cash provided by (used in) investing activities</b>	<b>(1,944)</b>	<b>(1,218)</b>

(Million yen)

	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(186)	2,689
Proceeds from long-term borrowings	13,923	17,579
Repayments of long-term borrowings	(19,361)	(20,311)
Proceeds from issuance of bonds	981	684
Redemption of bonds	(1,211)	(921)
Purchase of treasury shares	(76)	(101)
Repayments of lease obligations	(2)	(2)
Cash dividends paid	(722)	(239)
Net cash provided by (used in) financing activities	(6,656)	(621)
Net increase (decrease) in cash and cash equivalents	2,380	1,466
Cash and cash equivalents at beginning of period	12,268	14,649
Cash and cash equivalents at end of period	14,649	16,116

(Segment information)

[Segment information]

1. Summary of reportable segments

(1) Method for determining which segments to report

The reportable segments of the Group comprise those business units for which separate financial information is available, and which are subject to a regular review conducted by the Company's Board of Directors in order to determine the allocation of management resources and assess the business performance.

The principal business of the Group is real estate trading in which used condominium units and detached houses are purchased, refurbished, and sold. In addition, the Group operates a leasing business, in which it purchases and leases real estate for lease, leases condominiums and other buildings before selling, and provides lease management of condominiums, etc.

Therefore, the Group has decided that the "Real Estate Trading Business" and "Real Estate Leasing and Other Business" will be the segments it reports.

(2) Types of products and services in each reportable segment

The Real Estate Trading Business includes revenues from trading owned condominiums, investment-type properties (rental condominiums, and office blocks), and detached houses, related interior and exterior work, and sales brokerage.

The Real Estate Leasing and Other Business includes rent income from leasing condominiums, buildings, owned condominium units, etc., and fees for providing lease management service for rental condominiums and buildings.

2. Method for calculating net sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

The accounting method for the reportable segments is generally the same as that provided in the "Key factors fundamental to the preparation of the consolidated financial statements."

Profit from the reportable segments is based on operating income.

Inter-segment revenues and transfers are based on the prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

FY2020 (From January 1, 2020 to December 31, 2020)

(Million yen)

	Reportable Segments			Adjustment (Note)	Total
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	31,866	2,992	34,858	—	34,858
Inter-segment sales or transfer	26	26	53	(53)	—
Total	31,892	3,019	34,912	(53)	34,858
Segment profit	2,812	1,103	3,916	(1,450)	2,465
Segment assets	4,810	40,804	45,615	16,871	62,487
Other items					
Depreciation	9	849	858	31	890
Increase in PPE and intangible non-current assets	5	1,659	1,664	163	1,828

(Notes)

1. The adjustments include the following.

(1) The segment profit adjustment of (1,450) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

(2) The segment asset adjustment of 16,871 million yen includes cash and cash deposits, deferred tax assets, assets related to the management division, and other items which are company-wide assets that are not allocated to each reported segment.

2. The segment profit has been adjusted to the operating income stated in the consolidated statements of income.

3. Because the rent income from the investment-type properties before the sale is included in the net sales in the Real Estate Leasing and Other Business, these properties are segment assets of the Real Estate Leasing and Other Business during the period of possession, and are transferred to the segment assets of the Real Estate Trading Business at the book value every time they are sold.

FY2021 (From January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable Segments			Adjustment (Note)	Total
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	31,842	2,113	33,956	—	33,956
Inter-segment sales or transfer	37	34	72	(72)	—
<b>Total</b>	<b>31,880</b>	<b>2,148</b>	<b>34,028</b>	<b>(72)</b>	<b>33,956</b>
Segment profit	3,119	736	3,855	(1,513)	2,342
Segment assets	11,196	32,991	44,188	18,590	62,778
Other items					
Depreciation	5	598	604	32	636
Increase in PPE and intangible non-current assets	14	3,925	3,940	60	4,000

(Notes)

1. The adjustments include the following.
  - (1) The segment profit adjustment of (1,513) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.
  - (2) The segment asset adjustment of 18,590 million yen includes cash and cash deposits, deferred tax assets, assets related to the management division, and other items which are company-wide assets that are not allocated to each reported segment.
2. The segment profit has been adjusted to the operating income stated in the consolidated statements of income.
3. Because the rent income from the investment-type properties before the sale is included in the net sales in the Real Estate Leasing and Other Business, these properties are segment assets of the Real Estate Leasing and Other Business during the period of possession, and are transferred to the segment assets of the Real Estate Trading Business at the book value every time they are sold.

## (Per share information)

	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Net assets per share	939.11 yen	986.47 yen
Net income per share	24.98 yen	53.25 yen
Diluted net income per share	24.86 yen	52.95 yen

The basis for the calculation of net income per share and diluted net income per share is as follows.

Item	FY2020 (From January 1, 2020 to December 31, 2020)	FY2021 (From January 1, 2021 to December 31, 2021)
Net income per share		
Profit attributable to owners of parent (Million yen)	599	1,276
Amount that does not belong to ordinary shareholders (Million yen)	—	—
Profit attributable to owners of parent, available to common stock (Million yen)	599	1,276
Average number of common stock outstanding for the period (shares)	23,982,816	23,964,455
Diluted net income per share		
Adjustment for profit attributable to owners of parent (Million yen)	—	—
Increase in the number of common stock (shares)	115,978	135,927
(Subscription rights to shares(shares) )	(115,978)	(135,927)
Overview of dilutive shares not included in the calculation of diluted net income per share due to the absence of the dilution effect	—	—