

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

March 17, 2022

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 & Representative Director (Name) Mitsuru Yabuki

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Scheduled date for submission of quarterly report: March 17, 2022

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 second quarter of fiscal year ending July 2022 (from August 1, 2021 to January 31, 2022)

(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 Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of fiscal year ending July 2022	2,897	(7.5)	73	(57.7)	6	(96.2)	(39)	-
Second quarter of fiscal year ending July 2021	3,131	(46.0)	172	(46.8)	177	(36.9)	150	48.2

(Note) Comprehensive income Second quarter of fiscal year ending July 2022 (39) Million yen (-%) Second quarter of fiscal year ending July 2021 154 Million yen (53.6%)

	Basic profit per share	Basic profit per share (diluted)
	yen sen	yen sen
Second quarter of fiscal year ending July 2022	(1.69)	-
Second quarter of fiscal year ending July 2021	6.37	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
Second quarter of fiscal year ending July 2022	12,885	4,854	37.6
Fiscal year ended July 2021	11,607	5,085	43.7

(Reference) Equity capital Second quarter of fiscal year ending July 2022 4,841 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	-	0.00			
Fiscal year ending July 2022 (Forecast)			-	8.00	8.00

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

3. Consolidated earnings forecast for fiscal year ending July 2022 (from August 1, 2021 to July 31, 2022)

(% figures show the rate of increase (decrease) compared with the same period of 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
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	2Q 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	2Q 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)	2Q of FY ending July 2022	23,613,840 shares	2Q of FY ending 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 second quarter, economic and social activities in Japan have repeated stagnancy and resumption due to the impact of the COVID-19 infection. Since the second half of last year, there have been signs that the Japanese economy has been on a gradual recovery path due to various support measures implemented by the government and various administrative agencies, as well as the promotion of vaccination against infectious diseases. However, the future remains uncertain due to the current global outbreak of a new mutant strain of this disease.

In the real estate industry, the environment for home acquisition has been supported by the continuation of the low interest rate environment and various government measures, including the re-extension of mortgage tax breaks. Although there has been continued strong housing demand, the situation remains unpredictable, as concerns about the economic recession and delayed recovery caused by the prolonged infection and the resulting decline in home acquisition. In addition, the procurement environment for building materials remains unstable due to a global shortage of lumber, soaring distribution prices, a shortage of semiconductors, and rising energy prices.

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

In the real estate sales business, we handed over two properties in the second quarter, the "MIJAS Nishi Yokohama" (Nishi-ku, Yokohama City, Kanagawa Prefecture) and "MIJAS Sangenjaya III" (Setagaya-ku, Tokyo). In the current situation where the market for rental housing real estate is showing a growing appetite for purchasing, we plan to set up a seminar room facility in our head office to further strengthen our sales activities by holding real estate investment seminars for individual investors.

In the real estate leasing business, in order to maximize profits for existing owners, in addition to area marketing, we aim to eliminate vacancies by setting the optimal rent based on the AI assessment system and contract execution examples and by proposing leasing strategies utilizing our network of brokerage firms in the Tokyo metropolitan area, thereby achieving high occupancy rates in the properties managed by the Group. We have also introduced an application for information exchange with owners and continue to share and exchange information through CS surveys and other measures. 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 worked to increase earnings through the design and construction of five properties in the MIJAS and EL FARO series and remodeling and renovations suiting the characteristics of other properties under management. In addition, we have introduced a customer proposal application for large-scale repairs to uncover potential customers and further expand earnings.

As a result of the above, in the first two quarters of the fiscal year, consolidated net sales stood at 2,897 million yen (down 7.5% year on year), operating income stood at 73 million yen (down 57.7% year on year, ordinary profit stood at 6 million yen (down 96.2% year on year), and loss attributable to owners of parent amounted to 39 million yen (compared to net income attributable to owners of the parent of 150 million yen year on 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).

The performance of each segment is as follows.

[Real estate sales business]

In the real estate sales business, we handed over two properties in the MIJAS series (apartment development project) in the second quarter. As a result, net sales totaled 1,690 million yen (down 13.6% year on year) and segment income totaled 20 million yen (down 74.9% year on year).

[Real estate leasing business]

In the real estate leasing business, due to property management fees and other factors, net sales totaled 997 million yen

(down 4.9% year on year) and segment income totaled 115 million yen (down 35.9% year on year).

[Real estate brokerage business]

In the real estate brokerage business, net sales totaled 25 million yen (up 2,551.5% year on year) and segment income totaled 21 million yen (up 2,381.8% year on year), reflecting real estate brokerage fees.

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts as well as renovation work and such, net sales totaled 171 million yen (up 46.2% year on year) and segment income totaled 2 million yen (up 168.7% year on year).

[Other]

This section refers to business segments not included in the reportable segments. Mainly due to insurance agency services, net sales totaled 14 million yen (up 5.3% year on year) and segment income totaled 13 million yen (up 3.5% year on year).

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the second quarter of the current fiscal year increased 1,278 million yen from the end of the previous consolidated fiscal year to 12,885 million yen.

(Liabilities)

Liabilities increased 1,509 million yen from the end of the previous consolidated fiscal year to 8,031 million yen. This was mainly due to a 1,201 million yen increase in long-term borrowings (including the current portion of long-term borrowings. The same applies hereafter.) and a 265 million yen increase in short-term borrowings payable to fund the acquisition of land for new development projects, etc.

(Net assets)

Net assets decreased by 230 million yen from the end of the previous fiscal year to 4,854 million yen while the equity ratio decreased by 6.1 percentage points from the end of the previous consolidated fiscal year to 37.6%.

(Cash flow status)

Cash and cash equivalents at the end of the second quarter of the current fiscal year decreased 668 million yen from the end of the previous consolidated fiscal year to 2,714 million yen.

[Cash flows from (used in) operating activities]

Net cash used in operating activities amounted to 2,650 million yen (versus an inflow of 1 million in the same period of the previous year) mainly due to a decrease of 2,500 million yen resulting from an increase in inventories, despite an increase of 100 million yen in advances received due to receipt of sales contract deposits related to property sales.

[Cash flows from (used in) investing activities]

Net cash provided by investing activities amounted to 724 million yen (versus 39 million yen in the same period of the previous year), mainly due to a 730 million yen increase from the collection of loans receivable.

[Cash flows from (used in) financing activities]

Net cash provided by financing activities amounted to 1,257 million yen (versus an outflow of 932 million yen in the same period of the previous fiscal year) due to a 1,783 million yen increase in long-term borrowings and 265 million yen increase in short-term borrowings to fund land acquisition for development projects, despite a 582 million yen decrease in long-term borrowings due to property sales and 188 million yen decrease by the payments of dividends.

(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.

As stated in the "Notice of Differences between Consolidated Earnings Forecast and Actual Results for the Second Quarter of the Fiscal Year Ending July 2022" released today, there are differences between the consolidated earnings forecast and actual results for the second quarter of the current fiscal year. However, there are no changes from the full-year earnings forecast announced on September 14, 2021.

The Company has actively introduced a range of measures to prevent the spread of COVID-19, including staggering working hours, urging employees to work from home and promoting teleworking, and is putting health considerations for its officers, employees, and customers at the forefront of its operating activities. 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)	Second quarter of the current fiscal year (January 31, 2022)
Assets		
Current assets		
Cash and deposits	3,404,314	2,740,700
Accounts receivable	31,669	-
Accounts receivable - trade and contract assets	-	50,702
Real estate for sale	1,730,826	1,919,287
Real estate for sale in process	3,969,645	6,281,805
Short-term loans receivable	1,450,000	720,000
Other	100,147	250,130
Allowance for doubtful accounts	(188)	(390)
Total current assets	10,686,414	11,962,236
Non-current assets		
Property, plant and equipment	597,976	592,065
Intangible assets	160	85
Investments and other assets		
Investment securities	36,900	36,550
Long-term loans receivable	428,815	428,583
Long-term accounts receivable	405,440	400,420
Deferred tax assets	40,438	20,121
Other	241,309	271,246
Allowance for doubtful accounts	(830,440)	(825,420)
Total investments and other assets	322,463	331,500
Total non-current assets	920,600	923,651
Total assets	11,607,015	12,885,888

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2021)	Second quarter of the current fiscal year (January 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	105,544	178,429
Short-term borrowings	487,500	753,400
Current portion of long-term borrowings	1,012,839	2,718,817
Current portion of bonds payable	26,000	16,000
Lease obligations	1,759	1,783
Income taxes payable	14,848	25,656
Provision for bonuses	70,552	22,457
Other	527,818	555,829
Total current liabilities	2,246,863	4,272,373
Non-current liabilities		
Long-term borrowings	4,024,839	3,520,193
Corporate bonds	32,000	24,000
Lease obligations	3,173	2,276
Other	215,133	212,792
Total non-current liabilities	4,275,146	3,759,261
Total liabilities	6,522,009	8,031,635
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	1,495,610	1,495,610
Retained earnings	3,854,929	3,626,034
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	5,070,065	4,841,170
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,100	750
Total accumulated other comprehensive income	1,100	750
Non-controlling interests	13,840	12,332
Total net assets	5,085,005	4,854,252
Total liabilities and net assets	11,607,015	12,885,888

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

Quarterly Consolidated Statement of Income

Consolidated cumulative second quarter

	(Unit: thousand yen)	
	First two quarters of fiscal year ended July 2021 (August 1, 2020 to January 31, 2021)	First two quarters of fiscal year ending July 2022 (August 1, 2021 to January 31, 2022)
Net sales	3,131,640	2,897,146
Cost of sales	2,466,624	2,290,764
Gross profit	665,016	606,381
Selling, general and administrative expenses	492,358	533,300
Operating profit	172,657	73,081
Non-operating income		
Interest income	23,485	18,015
Penalty income	328	3,275
Compensation received	41,800	-
Other	19,084	5,998
Total non-operating income	84,697	27,289
Non-operating expenses		
Interest expenses	63,564	68,635
Commissions expenses	13,983	24,596
Other	2,347	477
Total non-operating expenses	79,896	93,708
Ordinary profit	177,458	6,662
Profit before income taxes	177,458	6,662
Income taxes - current	16,432	25,837
Income taxes - deferred	9,514	20,316
Total income taxes	25,946	46,153
Quarterly profit (loss)	151,512	(39,491)
Profit attributable to non-controlling interests	1,122	492
Profit (loss) attributable to owners of parent	150,389	(39,984)

Quarterly Consolidated Statement of Comprehensive Income

Consolidated cumulative second quarter

(Unit: thousand yen)

	First two quarters of fiscal year ended July 2021 (August 1, 2020 to January 31, 2021)	First two quarters of fiscal year ending July 2022 (August 1, 2021 to January 31, 2022)
Profit of Loss ()	151,512	(39,491)
Other comprehensive income		
Valuation difference on available-for-sale securities	3,075	(350)
Total other comprehensive income	3,075	(350)
Comprehensive income	154,588	(39,841)
(Breakdown)		
Comprehensive income attributable to owners of parent	153,465	(40,334)
Comprehensive income attributable to non-controlling interests	1,122	492

(3) Quarterly consolidated statement of cash flows

	(Unit: thousand yen)	
	First two quarters of fiscal year ended July 2021 (August 1, 2020 to January 31, 2021)	First two quarters of fiscal year ending July 2022 (August 1, 2021 to January 31, 2022)
Cash flows from (used in) operating activities		
Profit before income taxes	177,458	6,662
Depreciation	6,443	5,986
Increase (decrease) in allowance for doubtful accounts	(10,470)	(4,818)
Interest and dividend income	(23,507)	(18,015)
Interest expenses on borrowings and bonds	63,730	68,732
Increase (decrease) in provision of bonuses	(25,238)	(48,094)
Decrease (increase) in trade receivables	(9,678)	(19,033)
Decrease (increase) in inventories	(117,252)	(2,500,592)
Increase (decrease) in trade payables	57,309	72,884
Increase (decrease) in advances received	460,032	100,884
Increase (decrease) in deposits received	(113,001)	14,485
Other	(403,787)	(236,047)
Subtotal	62,039	(2,556,966)
Interest and dividends received	15,608	18,015
Interest paid	(57,055)	(76,720)
Income taxes paid	(39,132)	(55,604)
Income taxes refund	20,502	20,983
Cash flows from (used in) operating activities	1,963	(2,650,293)
Cash flows from (used in) investing activities		
Other payments into deposits	(2,330)	(11,870)
Other proceeds from withdrawal of deposits	41,206	7,200
Proceeds from collection of loans receivable	227	730,229
Payments for investment	(100)	(1,000)
Cash flows from (used in) investing activities	39,004	724,559
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	(995,107)	265,900
Repayments of lease obligations	(850)	(873)
Proceeds from long-term borrowings	1,114,665	1,783,500
Repayments of long-term borrowings	(912,963)	(582,167)
Redemption of bonds	(18,000)	(18,000)
Dividends paid	(118,069)	(188,910)
Dividends paid to non-controlling interests	(2,000)	(2,000)
Cash flows from (used in) financing activities	(932,325)	1,257,448
Net increase (decrease) in cash and cash equivalents	(891,357)	(668,284)
Beginning balance for cash and cash equivalents	2,277,337	3,382,474
Ending balance for cash and cash equivalents	1,385,979	2,714,190

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

Not applicable.

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

First two quarters of fiscal year ended July 2021 (August 1, 2020 to January 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 28, 2020 Ordinary general meeting of shareholders	Ordinary shares	118,069	5.00	July 31, 2020	October 29, 2020	Retained earnings

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

Not applicable.

3. Substantial Changes in Shareholders' Equity

Not applicable.

First two quarters of fiscal year ending July 2022 (August 1, 2021 to January 31, 2022)

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 second quarter but the effective date comes after the end of the second quarter of the current fiscal year

Not applicable.

3. Substantial Changes in Shareholders' Equity

Not applicable.

(Changes in Accounting Policies)

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

From the beginning of the first quarter of the current fiscal year, 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")), 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 second 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 second 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 second 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. First two quarters of fiscal year ended July 2021 (August 1, 2020 to January 31, 2021)

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	1,956,260	1,048,863	952	111,600	3,117,677	13,963	3,131,640	-	3,131,640
Transactions with other segments	-	-	-	5,774	5,774	-	5,774	(5,774)	-
Total	1,956,260	1,048,863	952	117,374	3,123,451	13,963	3,137,414	(5,774)	3,131,640
Segment profit	83,141	179,901	881	1,029	264,954	13,521	278,475	(105,817)	172,657

(Note) 1. The segment income adjustment of (105,817) thousand yen consists of the elimination of inter-segment transactions of (3,910) thousand yen and corporate expenses of (101,907) 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 Loss on Non-Current Assets or Goodwill, etc. by Reporting Segment

Not applicable.

II. First two quarters of fiscal year ending July 2022 (August 1, 2021 to January 31, 2022)

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	1,331,001	-	-	-	1,331,001	-	1,331,001	-	1,331,001
Other	359,579	237,682	25,249	168,861	791,372	14,704	806,077	-	806,077
Revenue from contracts with customers	1,690,581	237,682	25,249	168,861	2,122,374	14,704	2,137,079	-	2,137,079
Other revenue	-	760,067	-	-	760,067	-	760,067	-	760,067
Net sales to external customers	1,690,581	997,749	25,249	168,861	2,882,441	14,704	2,897,146	-	2,897,146
Transactions with other segments	-	-	-	2,793	2,793	-	2,793	(2,793)	-
Total	1,690,581	997,749	25,249	171,655	2,885,235	14,704	2,899,940	(2,793)	2,897,146
Segment profit	20,832	115,373	21,874	2,765	160,845	13,998	174,843	(101,762)	73,081

(Note) 1. The segment income adjustment of (101,762) thousand yen consists of the elimination of inter-segment transactions of 1,507 thousand yen and corporate expenses of (103,269) 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. 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 14,500 thousand yen from our major shareholder, House Saison Co. Ltd. on March 8, 2022, 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 Consolidated Financial Summary for the Second Quarter of the Fiscal Year Ending July 2022, the remaining balance of short-term loans receivable is 705,500 thousand yen.