

# Consolidated Financial Statements (Japanese Accounting Standard)

May 16, 2022

(For the fiscal year ended March 31, 2022)

Name of Company Listed: **Leopalace21 Corporation** Stock Listing: Tokyo Stock Exchange  
 Code Number: 8848 URL: <http://eg.leopalace21.com/> Location of Head Office: Tokyo  
 Representative: Position: President and CEO Name: Bunya Miyao  
 Name of Contact Person: Position: Executive Officer Name: Shinji Takekura Telephone: +81-50-2016-2907  
 Scheduled Date of the Ordinary Shareholders' Meeting: June 29, 2022  
 Scheduled Date of Filing of Securities Report (Japanese only): June 29, 2022  
 Scheduled Date of Commencement of Dividend Payments: —  
 Supplemental Explanatory Material Prepared: Yes  
 Results Briefing Held: Yes (for institutional investors and security analysts)

## 1. Results for the Fiscal Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

### (1) Consolidated financial results

(Amounts less than JPY 1 million are omitted)

(The percentage figures indicate rate of gain or loss compared with the last fiscal year)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
FY ended March 31, 2022	398,366	(2.6)	1,774	—	(2,151)	—	11,854	—
FY ended March 31, 2021	408,959	(5.7)	(29,182)	—	(34,170)	—	(23,680)	—

(Note) Comprehensive income in the fiscal year ended March 31, 2022: JPY 15,348 million (— %);  
 Comprehensive income in the fiscal year ended March 31, 2021: JPY (25,445) million (— %)

	Net income per share	Diluted net income per share	Return on equity	Recurring income / Total capital	Operating profit / Net sales
	JPY	JPY	%	%	%
FY ended March 31, 2022	36.04	32.23	—	(1.4)	0.4
FY ended March 31, 2021	(84.88)	—	—	(19.1)	(7.1)

(Reference) Share of loss of entities accounted for using equity method in the fiscal year ended March 31, 2022: JPY (162) million  
 Share of loss of entities accounted for using equity method in the fiscal year ended March 31, 2021: JPY (44) million

(Note) Changes caused by the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) have been adopted from the beginning of the fiscal year ended March 31, 2022. The result of the fiscal year reflected such changes.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	JPY million	JPY million	%	JPY
As of March 31, 2022	145,430	11,034	0.7	3.25
As of March 31, 2021	161,708	3,277	(5.3)	(25.83)

(Reference) Ownership equity as of March 31, 2022: JPY 1,068 million; as of March 31, 2021: JPY (8,494) million

(Note) Changes caused by the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) have been adopted from the beginning of the fiscal year ended March 31, 2022. The result of the fiscal year reflected such changes.

### (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 year
	JPY Million	JPY Million	JPY Million	JPY Million
FY ended March 31, 2022	(4,460)	886	(5,886)	44,023
FY ended March 31, 2021	(40,816)	11,829	23,571	53,346

## 2. Dividend Status

	Dividend per share					Total cash dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Annual			
FY ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2022	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2023 (Estimate)	—	0.00	—	0.00	0.00	—	—	—

### 3. Consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(The percentage figures for full fiscal year indicate rate of gain or loss compared with the previous FY; those for the six-month period represent the change compared with the same term in the previous FY.)

	Net sales		Operating profit		Recurring profit		Net income attributable to shareholders of the parent		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Six months ending September 30, 2022	202,400	1.4	2,600	221.0	100	—	(1,000)	—	(3.04)
FY ending March 31, 2023	410,800	3.1	11,700	559.2	6,800	—	24,900	110.0	75.71

(Notes)

- (1) Changes in major subsidiaries during the fiscal year ended March 2022 (change in specific subsidiaries resulting in a change in the scope of consolidation) : No
- (2) Changes in accounting policies, procedures or reporting methods used in preparation of financial statements and restatements
- (i) Changes in accounting policies accompanying revision of accounting standards, etc.: Yes
  - (ii) Changes in accounting policies other than (i) above: No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatements: No
- (Note) For details please refer to 3. Consolidated Financial Statements (5) Notes Regarding Consolidated Financial Statements (Changes in accounting policies) in p.18 of the attached material.
- (3) Total number of outstanding shares (common stock)
- (i) Total number of outstanding shares at term end (including treasury stock)  
As of March 31, 2022: 329,389,515 shares, As of March 31, 2021: 329,389,515 shares
  - (ii) Total treasury stock at term end  
As of March 31, 2022: 493,610 shares, As of March 31, 2021: 561,610 shares
  - (iii) Average number of outstanding shares during the period  
FY ended March 31, 2022: 328,888,640 shares, FY ended March 31, 2021: 279,003,996 shares

#### (Reference) Summary of Non-Consolidated Financial Statements

##### 1. Results of the Fiscal Year Ended March 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated financial results (The percentage figures indicate rate of gain or loss compared with the previous FY)

	Net sales		Operating profit		Recurring profit		Net income	
	JPY Million	%	JPY Million	%	JPY Million	%	JPY Million	%
FY ended March 31, 2022	382,822	(2.5)	2,370	—	(1,050)	—	14,251	—
FY ended March 31, 2021	392,513	(5.2)	(29,226)	—	(29,005)	—	(18,685)	—

  

	Net income per share	Diluted net income per share
	JPY	JPY
FY ended March 31, 2022	43.33	38.75
FY ended March 31, 2021	(66.97)	—

(Note) Changes caused by the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) have been adopted from the beginning of the fiscal year ended March 2022. The result of the fiscal year reflected such changes.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	JPY Million	JPY Million	%	JPY
As of March 31, 2022	132,842	2,979	2.0	7.97
As of March 31, 2021	146,832	(6,724)	(4.8)	(21.63)

(Reference) Ownership equity as of March 31, 2022: JPY 2,621 million; as of March 31, 2021: JPY (7,112) million.

(Note) Changes caused by the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) have been adopted from the beginning of the fiscal year ended March 2022. The result of the fiscal year reflected such changes.

## 2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 2023 (April 1, 2022 – March 31, 2023)

(The percentage figures for full fiscal year indicate rate of gain or loss compared with the previous FY; those for the six-month period represent the change compared with the same term in the previous FY.)

	Net sales		Recurring profit		Net income		Net income per share
	JPY Million	%	JPY Million	%	JPY Million	%	JPY
Six months ending September 30, 2022	195,500	1.7	1,300	—	1,200	(14.2)	3.65
FY ending March 31, 2023	394,700	3.1	7,900	—	27,600	93.7	83.92

– Indication regarding the status of auditing:

These financial statements are not subject to auditing under the Financial Instruments and Exchange Act.

– Explanation on the proper use of the business forecasts, and other special notices:

(Note on the business forecasts and other forward-looking statements)

The business forecasts and other forward-looking statements contained in this report are based on information currently available to Leopalace21 (hereinafter the “Company”) and on certain assumptions that the Company has judged to be reasonable. Readers should be aware that a variety of factors might cause actual results to differ significantly from these forecasts.

For assumptions of business forecasts and notes on the proper use of these forecasts, please refer to p.7 “1. Business Results (4) Future Predictions.”

(Method for the acquisition of supplemental explanatory material)

Supplemental Explanatory Material is planned to be posted on the Company’s website on May 16, 2022.

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## 1. Business Results

### (1) Analysis of Business Results

(JPY million)

	FY ended March 31, 2022	FY ended March 31, 2021	Difference	Percentage change
Net sales	398,366	408,959	(10,592)	(2.6%)
Operating profit (loss)	1,774	(29,182)	30,957	–%
Recurring profit (loss)	(2,151)	(34,170)	32,018	–%
Net income (loss) attributable to shareholders of the parent	11,854	(23,680)	35,535	–%

The corporate earnings showed a recovery trend in the domestic economy during the fiscal year ended March 2022 as a result of implementing infection prevention measures and boosting economic activities in parallel in the prolonged effect from COVID-19 pandemic. The outlook however remained uncertain because of outbreak of the Omicron variant and Russian invasion into Ukraine.

The new housing starts of leased units increased for the first time in five years (up 9.2% year on year). In the rental housing market, the number of vacant houses continues to increase, and in order to secure a stable occupancy rates amid difficulty in recovering nationwide demand, the Company believes it is important to implement strategy package comprising: focus on supplying apartments in the three metropolitan areas where high occupancy rates are expected in the future; keep and enhance the property value through carrying out appropriate maintenance; implement area intensive strategy to cater for the respective business requirements and customer characteristics; and promote DX solutions for attracting customers by providing convenient services such as web-based contract signing, and other tenant services.

Under these circumstances, Leopalace21 Group (the “Group”) took selective concentration approach with prioritized allocation of the management resources into the Leasing Business, a core business, and continued structural reforms to fundamentally improve the business structure in accordance with announcement on structural reforms dated June 5, 2020. The Company strives to stabilize the business and financial position and continuously improve the profitability through cost-cutting efforts across the board.

As a result, net sales for the fiscal year ended March 31, 2022 became JPY 398,366 million, a decrease of 2.6% year on year and operating profit was JPY 1,774 million, compared with operating loss of JPY 29,182 million, due to the reduction of cost of sales and SGAE amounting to JPY 41,550 million against the previous fiscal year. The recording of interest expenses of JPY 4,474 million made recurring loss of JPY 2,151 million, a reduction of JPY 32,018 million in recurring loss against the previous fiscal year.

The Company managed to record net income attributable to shareholders of the parent of JPY 11,854 million, a profit since the fiscal year ended March 31, 2018, which compared with net loss attributable to shareholders of the parent of JPY 23,680 million for the previous fiscal year. The improvement was mainly contributed by the reversal of provision for losses related to repairs of JPY 11,959 million because of lowered unit repair cost by insourcing repairs and tightened control on supplier selection combined with reduced number of buildings to be repaired due to updated deficiency judgment and increase of demolition, and income taxes – deferred of JPY 4,401 million.

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022. Net sales have been increased by JPY 1,325 million, cost of sales has been reduced by JPY 1,580 million, and operating profit has been increased by JPY 2,905 million, recurring loss has been decreased by the same amount, and income before taxes and other adjustments have been increased by the same amount.

For details, please refer to 3. Consolidated Financial Statements (5) Notes Regarding Consolidated Financial Statements (Changes in accounting policies).

Result by segment are as follows:

(JPY million)

	Net sales			Operating profit		
	FY ended March 31, 2022	FY ended March 31, 2021	Difference	FY ended March 31, 2022	FY ended March 31, 2021	Difference
Leasing Business	383,043	391,964	(8,921)	7,719	(19,385)	27,105
Elderly Care Business	14,258	14,524	(266)	(789)	(720)	(68)
Other Businesses	1,064	2,469	(1,405)	(1,668)	(1,551)	(116)
Adjustments	—	—	—	(3,486)	(7,524)	4,038
Total	398,366	408,959	(10,592)	1,774	(29,182)	30,957

(i) Leasing Business

In Leasing Business, the Company provides abundant value-added services such as *my DIY* which allows the tenants to customize a selected single wall of the room, promotion of the transition to smart apartments which enables electrical appliances and door locks, to be operated by smartphone, and support for remote services such as web-based customer services, apartment viewing and rental contract signing. In order to achieve stable occupancy rates, the Company has been strengthening tie with real estate agents as well as implementing area intensive approach which deals with area specific requirements.

The occupancy rate at the end of March 2022 was 85.10% (up 3.38 points from the end of the previous fiscal year) with average occupancy rate of 81.22% (up 2.33 points year on year). The demand for apartment rooms was recovering due to the slowdown impact of COVID-19 pandemic, restored demand by corporate customers which had been subdued, and successful measure of strengthened tie with real estate agents. The number of units under management was 567 thousand (a decrease of 6,300 from the end of the previous fiscal year).

The number of direct leasing sales offices at the end of March 2022 was 109 (a reduction of 30 from the end of the previous fiscal year). That reflected efforts to increase the operational efficiency and productivity.

The orders received was JPY 2,792 million (down 52.9% year on year) and the backlog of orders was JPY 6,133 million (down 36.5% from the end of the previous fiscal year).

As a result, net sales came to JPY 383,043 million (down 2.3% year on year) due to the lowered unit rent resulting from the impact of COVID-19 pandemic and the reduction of construction subcontracting business. Operating profit was JPY 7,719 million due to the reduction of management cost and SGAE, contractual adjustment of master-lease rent as a result of agreement with the property owners and reversal of provision for apartment vacancy loss based on aggregated impact of improving profitability of our management units (operating loss of JPY 19,385 million was recorded in the fiscal year ended March 31, 2021).

(ii) Elderly Care Business

The Company has been cutting the operational cost by continuous efficiency improvement for the Elderly Care Business. Net sales during the fiscal year ended March 31, 2022 were JPY 14,258 million (down 1.8% year on year), and operating loss was JPY 789 million (a deterioration of JPY 68 million year on year) due to a decrease in the number of users for elderly care services as a result of being concerned about the infection risk of COVID-19. The number of facilities was 87 as of the end of the fiscal year ended March 31, 2022.

(iii) Other Businesses

Net sales of the Other Businesses including resort facilities in Guam were JPY 1,064 million (down 56.9% year on year) and operating loss was JPY 1,668 million (a deterioration of JPY 116 million year on year) mainly due to a significant decline in occupancy rates in Guam because of COVID-19 pandemic.

## (2) Analysis of Consolidated Financial Position

(JPY million)

	March 31, 2022	March 31, 2021	Difference	Percentage change
Assets	145,430	161,708	(16,278)	(10.1%)
Liabilities	134,396	158,431	(24,035)	(15.2%)
Net assets	11,034	3,277	7,757	236.7%

Total assets at the end of March 2022 decreased by JPY 16,278 million from the end of the previous fiscal year to JPY 145,430 million. This was mainly attributable to the decrease of the following items: JPY 9,340 million in cash and deposits, JPY 1,088 million in other accounts receivable, JPY 1,055 million in machinery, equipment, and vehicles (net), JPY 1,529 million in leased assets (net), JPY 2,272 million in others (net) – non-current assets, and JPY 1,030 million in others (net) – intangible fixed assets, whereas recorded the increase of JPY 4,402 million in deferred tax assets and JPY 2,336 million in allowance for doubtful accounts.

Total liabilities decreased by JPY 24,035 million from the end of the previous fiscal year to JPY 134,396 million. This was mainly attributed to the decrease of the following items: JPY 2,116 million in in lease obligations, JPY 15,422 million in provision for losses related to repairs, and JPY 6,629 million in provision for apartment vacancy loss.

Total net assets increased by JPY 7,757 million from the end of the previous fiscal year to JPY 11,034 million. This was mainly due to an increase of JPY 2,623 million in foreign currency transaction adjustments and the recording of JPY 11,854 million in net income attributable to shareholders of the parent, on the other hand, non-controlling interests decreased by JPY 1,774 million as a result of dividend payment to a non-controlling shareholder by a consolidated subsidiary and its payment for purchased treasury stock, and retained earnings decreased by JPY 4,963 million resulting from retrospective application of the Accounting Standard for Revenue Recognition as of the beginning of the fiscal year ended March 2022. The equity ratio improved by 6.0 points from the end of the previous fiscal year to 0.7%.

### (3) Analysis of Cash Flows Position

Cash flows from operating activities was a net outflow of JPY 4,460 million, a reduction of JPY 36,355 million in net outflow year on year. This was mainly due to a recording of JPY 9,693 million in income before taxes and other adjustments, JPY 9,352 million in depreciation, and JPY 2,355 million in increase in allowance for doubtful accounts, whereas JPY 11,959 million in reversal of provision for losses related to repairs, JPY 6,629 million for the reduction of provision for apartment vacancy loss, JPY 2,188 million for the decrease in advances received, JPY 4,455 million in interest paid, and JPY 2,172 million in payment related to repairs were recorded.

Cash flows from investing activities was a net inflow of JPY 886 million, a reduction of JPY 10,943 million in net inflow year on year. This was mainly due to JPY 1,180 million of proceeds from sale of investment securities.

Cash flows from financing activities was a net outflow of JPY 5,886 million, which is compared with a net inflow of JPY 23,571 million in the previous fiscal year. This was mainly due to JPY 3,239 million of expenditure in repayment of finance lease obligations, JPY 1,400 million of expenditure in payment for purchased treasury stock by a consolidated subsidiary, and JPY 1,171 million of expenditure in payment of dividends to a non-controlling shareholder.

As a result, cash and cash equivalents at the end of the fiscal year ended March 2022 became JPY 44,023 million, decreased by JPY 9,322 million from the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	FY ended March 31, 2018	FY ended March 31, 2019	FY ended March 31, 2020	FY ended March 31, 2021	FY ended March 31, 2022
Equity ratio (%)	47.2	27.7	0.7	(5.3)	0.7
Market price based equity ratio (%)	66.3	18.5	33.0	31.1	45.7
Ratio of cash flow to interest-bearing debt (year)	2.0	—	—	—	—
Interest coverage ratio	38.2	—	—	—	—

Equity ratio: Total shareholders' equity combined with total accumulated other comprehensive income / total assets

Market price based equity ratio: Market capitalization / total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt / cash flow

Interest coverage ratio: Cash flow / interest paid

(Note 1) Ratios are calculated based on consolidated financial data.

(Note 2) Market capitalization is calculated as closing price at the end of the fiscal year multiplied by shares outstanding at the end of the fiscal year (excluding treasury stock).

(Note 3) Cash flow is cash flow from operating activities from the Consolidated Statements of Cash Flow. Interest-bearing debt is all of the debt noted on the Consolidated Balance Sheets on which interest is being paid.

(Note 4) Ratio of cash flow to interest-bearing debt and interest coverage ratio for FY ended March 2019 till FY ended March 2022 are omitted since cash flow from operating activities is negative.

### (4) Future Predictions

Concerning future predictions, both implementing infection prevention measures and boosting economic activities are progressing and leasing demand from foreign nationals will recover due to the relaxation of immigration restrictions. Therefore, the Company anticipate that the impact on the Group's business performance will be limited although it is still uncertain when the COVID-19 pandemic is over.

The Company will strive to strengthen the profitability of the leasing business and stabilize the financial base by continuing drastic business structural reforms in the following fiscal year.

Concerning consolidated earnings forecasts for the consolidated fiscal year ending March 2023, the net sales are JPY 410,800 million (an increase of 3.1% year on year), operating profit of JPY 11,700 million (an increase of 559.2% year on year), recurring profit of JPY 6,800 million (recurring loss of JPY 2,151 million in the previous fiscal year) and net income attributable to shareholders of the parent of JPY 24,900 million (an increase of 110.0% year on year).

This forward-looking statement is based on the information which is available on the date of release, but actual results may differ significantly from these forecasts due to various factors.

### (5) Significant Events Relating to Going Concern Assumption

The Group recorded an operating loss in the previous fiscal year for two consecutive years and a net loss attributable to shareholders of the parent as well as negative cash flows from operating activities for three consecutive years; therefore, there were events or conditions that raise significant doubt about the Company's going concern assumption.

In order to resolve this situation, the Group raised in November 2020 funds by issuance of new shares through third-party allotment, by a loan with share subscription rights, and by issuance of preferred stock by a consolidated subsidiary Leopalace Power Corporation

to raise total funds of JPY 57,215 million.

Furthermore, the Group has been engaged in measures for drastic structural reforms such as transferring or withdrawing from non-core and unprofitable businesses, contractual adjustment of master-lease rent as a result of agreement with the property owners, and reduction of management cost for improved financial position. The Company has been also working to improve occupancy rates to stabilize the business performance by strengthening customer acquisition through longer reach of customers through the strengthened tie with real estate agents network and promotion of remote services such as web-bases customer service, apartment viewing and contract signing.

In the fiscal year ended March 2022, the Company recorded operating profit of JPY 1,774 million and net income attributable to shareholders of the parent of JPY 11,854 million and thus attained profitability.

In terms of cash liquidity, the balance of cash and deposits as of the end of the fiscal year ended March 2022 was JPY 45,523 million, which is sufficient funds to carry on as a going concern for the present time.

Consequently, the Group believes that there are no significant uncertainties regarding the going concern assumption.

## **2. Basic Approach to Selection of Accounting Standards**

The Group prepares consolidated financial statements according to the Japanese accounting standards in consideration of comparability in terms of the period of consolidated financial statements and comparability among companies. As for the application of the International Financial Reporting Standards (IFRS), we will take the appropriate actions in light of the change in the ratio of foreign shareholders and movements of other companies in the same industry in Japan, among other factors.



### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheets

(JPY million)

	March 31, 2022	March 31, 2021
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	45,523	54,863
Trade receivables	8,618	7,930
Accounts receivable for completed projects	443	524
Securities	200	100
Real estate for sale	693	180
Real estate for sale in progress	–	349
Payment for construction in progress	213	238
Raw materials and supplies	405	497
Prepaid expenses	1,634	2,076
Other accounts receivable	730	1,819
Others	3,954	4,199
Allowance for doubtful accounts	(2,255)	(182)
<b>Total current assets</b>	<b>60,161</b>	<b>72,598</b>
<b>Non-current assets</b>		
Property, plant, and equipment		
Buildings and structures (net)	56,173	53,778
Accumulated depreciation	(37,321)	(34,220)
Net	18,852	19,557
Machinery, equipment, and vehicles (net)	20,794	20,601
Accumulated depreciation	(13,260)	(12,011)
Net	7,534	8,589
Land	31,269	31,118
Leased assets (net)	26,461	28,924
Accumulated depreciation	(24,485)	(25,418)
Net	1,976	3,506
Construction in progress	92	82
Others (net)	18,483	18,358
Accumulated depreciation	(13,557)	(11,160)
Net	4,926	7,198
<b>Total property, plant, and equipment</b>	<b>64,652</b>	<b>70,052</b>
Intangible fixed assets		
Goodwill	6	12
Others	3,130	4,161
<b>Total intangible fixed assets</b>	<b>3,136</b>	<b>4,173</b>
Investments and other assets		
Investment securities	5,180	5,431
Long-term loans	1,126	1,096
Bad debts	267	249
Long-term prepaid expenses	577	1,121
Deferred tax assets	6,596	2,194
Others	4,647	5,443
Allowance for doubtful accounts	(914)	(651)
<b>Total investments and other assets</b>	<b>17,480</b>	<b>14,883</b>
<b>Total non-current assets</b>	<b>85,269</b>	<b>89,109</b>
<b>Total assets</b>	<b>145,430</b>	<b>161,708</b>

(JPY million)

	March 31, 2022	March 31, 2021
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable	2,552	3,172
Accounts payable for completed projects	427	514
Short-term borrowings	53	114
Lease obligations	1,992	3,133
Accounts payable -other	9,123	9,593
Accrued income taxes	1,304	696
Advances received	31,733	28,239
Customer advances for projects in progress	268	541
Provision for warranty obligations on completed projects	7	67
Provision for fulfillment of guarantees	2,187	2,783
Provision for losses related to repairs	1,941	3,777
Provision for apartment vacancy loss	4,218	9,301
Others	3,732	3,861
<b>Total current liabilities</b>	<b>59,542</b>	<b>65,798</b>
<b>Non-current liabilities</b>		
Long-term debt	30,429	30,615
Lease obligations	569	1,544
Long-term advances received	7,151	7,869
Lease/guarantee deposits received	7,382	6,423
Provision for losses related to repairs	16,145	29,732
Deferred tax liabilities	11	9
Provision for apartment vacancy loss	1,414	2,960
Liability for retirement benefits	9,525	9,650
Others	2,222	3,826
<b>Total non-current liabilities</b>	<b>74,854</b>	<b>92,633</b>
<b>Total liabilities</b>	<b>134,396</b>	<b>158,431</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Common stock	100	81,282
Capital surplus	136,345	55,174
Retained earnings	(135,749)	(142,586)
Treasury stock	(302)	(344)
<b>Total shareholders' equity</b>	<b>392</b>	<b>(6,474)</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains on other securities	(39)	(0)
Foreign currency translation adjustments	746	(1,877)
Remeasurements of defined benefit plans	(31)	(142)
<b>Total accumulated other comprehensive income</b>	<b>675</b>	<b>(2,019)</b>
<b>Share subscription rights</b>	<b>357</b>	<b>388</b>
<b>Non-controlling interests</b>	<b>9,608</b>	<b>11,383</b>
<b>Total net assets</b>	<b>11,034</b>	<b>3,277</b>
<b>Total liabilities and net assets</b>	<b>145,430</b>	<b>161,708</b>

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

(JPY million)

	FY ended March 31, 2022 (Apr 2021–Mar 2022)	FY ended March 31, 2021 (Apr 2020–Mar 2021)
<b>Net sales</b>		
Sales from Leasing Business	383,043	391,964
Sales from Other Businesses	15,322	16,994
<b>Total net sales</b>	<b>398,366</b>	<b>408,959</b>
<b>Cost of sales</b>		
Cost of sales from Leasing Business	336,339	370,872
Cost of sales from Other Businesses	15,950	17,000
<b>Total cost of sales</b>	<b>352,289</b>	<b>387,872</b>
<b>Gross profit</b>	<b>46,077</b>	<b>21,086</b>
<b>Selling, general and administrative expense</b>		
Advertising expenses	2,718	2,302
Sales commission expense	2,328	1,852
Provision of allowance for doubtful accounts	2,202	107
Directors' compensation	302	351
Salary and bonuses	14,960	19,218
Retirement benefit cost	1,263	1,883
Rent expense	2,517	2,944
Depreciation and amortization	2,079	2,202
Taxes and public charges	4,530	5,695
Other	11,399	13,708
<b>Total selling, general, and administrative expenses</b>	<b>44,302</b>	<b>50,269</b>
<b>Operating profit (loss)</b>	<b>1,774</b>	<b>(29,182)</b>
<b>Non-operating income</b>		
Interest income	34	66
Dividend income	65	84
Valuation gains of investment securities	129	141
Foreign exchange gains	1	110
Employment adjustment subsidy	242	243
Other	354	438
<b>Total non-operating income</b>	<b>827</b>	<b>1,084</b>
<b>Non-operating expenses</b>		
Interest expenses	4,474	2,171
Funding costs	–	2,904
Share of loss of entities accounted for using equity method	162	44
Other	117	951
<b>Total non-operating expenses</b>	<b>4,754</b>	<b>6,072</b>
<b>Recurring profit (loss)</b>	<b>(2,151)</b>	<b>(34,170)</b>
<b>Extraordinary income</b>		
Gains on sale of property, plant and equipment	120	225
Gains on sale of investment securities	0	4,065
Gain on sale of shares in the subsidiary	–	0
Reversal of provision for losses related to repairs	11,959	15,374
<b>Total extraordinary income</b>	<b>12,080</b>	<b>19,664</b>
<b>Extraordinary losses</b>		
Loss on sale of property, plant and equipment	–	18

Loss on retirement of property, plant and equipment	45	114
Impairment loss	118	4,041
Loss related to repairs	–	982
Loss on sale of investment securities	–	114
Special severance allowance	–	2,479
Retirement benefit cost	–	427
Loss on liquidation of subsidiaries and associated companies	–	151
Loss on valuation of investment securities	–	90
Loss on closure of offices	69	–
<b>Total extraordinary losses</b>	<b>234</b>	<b>8,419</b>
<b>Income (loss) before taxes and other adjustments</b>	<b>9,693</b>	<b>(22,925)</b>
<b>Income taxes</b>	<b>1,444</b>	<b>710</b>
<b>Income taxes-deferred</b>	<b>(4,401)</b>	<b>(429)</b>
<b>Total income taxes</b>	<b>(2,956)</b>	<b>280</b>
<b>Net income (loss)</b>	<b>12,650</b>	<b>(23,205)</b>
<b>Net income (loss) attributable to non-controlling interests</b>	<b>795</b>	<b>475</b>
<b>Net income (loss) attributable to shareholders of the parent</b>	<b>11,854</b>	<b>(23,680)</b>

## Consolidated Statement of Comprehensive Income

(JPY million)

	FY ended March 31, 2022 (Apr 2021–Mar 2022)	FY ended Mar 31, 2021 (Apr 2020–Mar 2021)
<b>Net income (loss)</b>	<b>12,650</b>	(23,205)
Other comprehensive income		
Net unrealized gains on other securities	(38)	(1,047)
Foreign currency translation adjustments	2,623	(1,597)
Remeasurements of defined benefit plans	111	403
Share of other comprehensive income of entities using equity method	1	0
<b>Total other comprehensive income</b>	<b>2,697</b>	(2,240)
<b>Comprehensive income</b>	<b>15,348</b>	(25,445)
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	14,550	(25,920)
Comprehensive income attributable to non-controlling interests	798	474

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

Fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(JPY Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	81,282	55,174	(142,586)	(344)	(6,474)
Cumulative effect due to change in accounting policy			(4,963)		(4,963)
Balance at the previous year-end reflecting the change in accounting policy	81,282	55,174	(147,550)	(344)	(11,438)
Change in the fiscal year					
Issuance of new shares					–
Capital reduction	(81,182)	81,182			–
Net income attributable to shareholders of parent			11,854		11,854
Disposal of treasury stock		(10)		41	30
Change in the scope of consolidation			(53)		(53)
Change in share of parent from transactions with non-controlling interests		(1)			(1)
Changes in items other than shareholders' equity (net)					
Total change in the FY	(81,182)	81,170	11,800	41	11,830
Balance at the current year-end	100	136,345	(135,749)	(302)	392

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains on "other securities"	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total			
Balance at the previous year-end	(0)	(1,877)	(142)	(2,019)	388	11,383	3,277
Cumulative effect due to change in accounting policy							(4,963)
Balance at the previous year-end reflecting the change in accounting policy	(0)	(1,877)	(142)	(2,019)	388	11,383	(1,686)
Change in the fiscal year							
Issuance of new shares							–
Capital reduction							–
Net income attributable to shareholders of parent							11,854
Disposal of treasury stock							30
Change in the scope of consolidation							(53)
Change in share of parent from transactions with non-controlling interests							(1)
Changes in items other than shareholders' equity (net)	(38)	2,623	111	2,695	(30)	(1,774)	890
Total change in the FY	(38)	2,623	111	2,695	(30)	(1,774)	12,721
Balance at the current year-end	(39)	746	(31)	675	357	9,608	11,034

**Fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)**

(JPY Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the previous year-end	75,282	45,148	(118,874)	(473)	1,083
Cumulative effect due to change in accounting policy					–
Balance at the previous year-end reflecting the change in accounting policy	75,282	45,148	(118,874)	(473)	1,083
Change in the fiscal year					
Issuance of new shares	5,999	5,999			11,999
Capital reduction					–
Net income attributable to shareholders of parent			(23,680)		(23,680)
Disposal of treasury stock			(32)	128	96
Change in the scope of consolidation					–
Change in share of parent from transactions with non-controlling interests		4,026			4,026
Changes in items other than shareholders' equity (net)					
Total change in the FY	5,999	10,026	(23,712)	128	(7,557)
Balance at the current year-end	81,282	55,174	(142,586)	(344)	(6,474)

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized gains on "other securities"	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total			
Balance at the previous year-end	1,047	(280)	(546)	(220)	269	16	1,589
Cumulative effect due to change in accounting policy							–
Balance at the previous year-end reflecting the change in accounting policy	1,047	(280)	(546)	(220)	269	16	1,589
Change in the fiscal year							
Issuance of new shares							11,999
Capital reduction							–
Net income attributable to shareholders of parent							(23,680)
Disposal of treasury stock							96
Change in the scope of consolidation							–
Change in share of parent from transactions with non-controlling interests							4,026
Changes in items other than shareholders' equity (net)	(1,047)	(1,596)	403	(2,240)	119	11,366	9,245
Total change in the FY	(1,047)	(1,596)	403	(2,240)	119	11,366	1,687
Balance at the current year-end	(0)	(1,877)	(142)	(2,019)	388	11,383	3,277

**(4) Consolidated Statements of Cash Flows**

(JPY Million)

	FY ended March 31, 2022 (Apr 2021–Mar 2022)	FY ended March 31, 2021 (Apr 2020–Mar 2021)
<b>Cash flows from operating activities</b>		
Income (loss) before taxes and other adjustments	9,693	(22,925)
Depreciation	9,352	10,416
Impairment loss	118	4,041
Reversal of reserve for losses related to repairs	(11,959)	(15,374)
Loss related to repairs	–	982
Special severance allowance	–	2,479
Amortization of goodwill	7	6
Increase (decrease) in allowance for doubtful accounts	2,355	340
Increase (decrease) in liability for retirement benefits	(14)	1,360
Increase (decrease) in reserve for apartment vacancy loss	(6,629)	(3,644)
Losses on liquidation of subsidiaries and affiliates	–	151
Interest and dividend income	(100)	(150)
Interest expense	4,474	2,171
Funding costs	–	2,904
Foreign exchange loss (gain)	(1)	(110)
Equity in losses (earnings) of affiliated companies	162	44
Loss (gain) on sale of property, plant and equipment	(120)	(206)
Loss on retirement of property, plant and equipment	45	114
Loss (gain) from valuation of investment securities	(129)	(50)
Loss (gain) from sale of investment securities	(0)	(3,951)
Loss (gain) on sale of shares in subsidiaries	–	(0)
Decrease (increase) in accounts receivable	(523)	(579)
Decrease (increase) in real estate for sale in progress	2	3,432
Decrease (increase) in payment for construction in progress	25	486
Decrease (increase) in long-term prepaid expenses	535	744
Increase (decrease) in accounts payable	(1,029)	(5,861)
Increase (decrease) in customer advances for projects in progress	(272)	(1,241)
Increase (decrease) in advances received	(2,188)	(5,327)
Increase (decrease) in guarantee deposits received	701	603
Increase (decrease) in accrued consumption taxes	121	(421)
Other	(2,023)	1,804
<b>Subtotal</b>	<b>2,603</b>	<b>(27,759)</b>
Interest and dividends received	105	154
Interest paid	(4,455)	(1,500)
Payment related to repairs	(2,172)	(8,313)
Payment of special severance allowance	–	(2,479)
Income taxes paid	(541)	(918)
<b>Net cash provided by operating activities</b>	<b>(4,460)</b>	<b>(40,816)</b>



(JPY Million)

	FY ended March 31, 2022 (Apr 2021–Mar 2022)	FY ended March 31, 2021 (Apr 2020–Mar 2021)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(705)	(2,328)
Proceeds from sale of property, plant and equipment	1,458	4,167
Payment for purchase of intangible assets	(781)	(509)
Proceeds from redemption of securities	–	5,600
Payment for purchase of investment securities	(313)	(363)
Proceeds from sale of investment securities	1,180	4,341
Proceeds from liquidation of subsidiaries	–	18
Payment for sale of shares in subsidiaries due to change in scope of consolidation	–	(92)
Proceeds from sale of shares in subsidiaries due to change in scope of consolidation	–	7
Payment for loans	(31)	(36)
Proceeds from collection of loans	73	57
Payment for deposit of fixed deposits	–	(4)
Proceeds from withdrawal of fixed deposits	17	67
Other	(10)	904
<b>Net cash provided by (used in) investing activities</b>	<b>886</b>	<b>11,829</b>
<b>Cash flows from financing activities</b>		
Repayment of short-term debt	–	(847)
Proceeds from long-term debt	–	30,234
Repayment of long-term debt	(75)	(17,790)
Repayment of finance lease obligations	(3,239)	(4,181)
Proceeds from issuance of shares	–	11,999
Proceeds from issuance of stock acquisition rights	–	215
Payment of funding costs	–	(2,868)
Payment for redemption of bonds	–	(8,103)
Payment for purchased treasury stock by a consolidated subsidiary,	(1,400)	–
Payment for acquisition of shares in subsidiaries not pertaining to change in scope of consolidation	(0)	–
Proceeds from share issuance to a non-controlling shareholder	–	15,000
Payment of dividends to a non-controlling shareholder	(1,171)	(87)
Proceeds from exercise of stock options	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>(5,886)</b>	<b>23,571</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>220</b>	<b>(154)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(9,240)</b>	<b>(5,570)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>53,346</b>	<b>58,916</b>
<b>Decrease in cash and cash equivalents on exclusion from consolidation</b>	<b>(82)</b>	<b>–</b>
<b>Cash and cash equivalents at end of period</b>	<b>44,023</b>	<b>53,346</b>

## (5) Notes Regarding Consolidated Financial Statements

(Notes regarding the premise of the Company as a going concern)

There are no relevant items.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) from the beginning of the fiscal year ended March 2022 and started to recognize the revenue when the Company transfers a promised goods or services to a customer with the amount which the Company expects to receive from the customer as a consideration. As a result, instead of recognizing revenue in one go for key money, reduction of rent, handling charge for monthly rental contract, and other handling charges for service provision, such revenue have been divided by the tenants' average staying period in the apartment on a pro rata basis. The whole income from *LEONET* service used to be recognized as a revenue prior to the change but the new amount of revenue is the income from *LEONET* users deducted by the Company's cost payable to the service supplier.

At the application of the new accounting policy based on the Accounting Standard for Revenue Recognition, the Company followed the specific transitional handling as stated in the item 84 of the Accounting Standard for Revenue Recognition. The Company adjusted the beginning retained earnings by cumulative-effect amount to reflect the retrospective application of account processing from the beginning of the fiscal year ended March 2022. However, the Company has not applied the accounting policy in accordance with the item 86 of the said Accounting Standard for the contracts with most of the revenue recognition has been completed prior to the beginning of the fiscal year ended March 2022, following the previous accounting policy. The Company followed the item 86 (1) of the Accounting Standard for Revenue Recognition and did the account processing for the contracts which were modified prior to the beginning of the fiscal year ended March 2022 and adjusted the beginning retained earnings by the cumulative-effect amount.

As a result of the above account processing, net sales were increased by JPY 1,325 million, cost of sales was decreased by JPY 1,580 million. Consequently operating profit was increased by JPY 2,905 million, recurring loss was decreased by the same amount, and income before taxes and other adjustments were increased by the same amount. The beginning balance of retained earnings was reduced by JPY 4,963 million.

The Company put the impact on per share information in the relevant part of the document.

The Company followed the transitional handling stated in item 89-3 of the Accounting Standard for Revenue Recognition and did not mention note on revenue recognition related to the previous fiscal year ended March 2021.

(Application of Accounting Standard for Fair Value Measurement)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019, hereinafter "Accounting Standard for FVM") from the beginning of the fiscal year ended March 2022. The Company determined to apply the new accounting policy for future following the transitional handling stated in the item 19 of the Accounting Standard for FVM and in the item 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019). The effect of the application on the Consolidated Financial Statements is immaterial.

(Segment Information)

(1) Overview of Reportable Segment

The Company's reportable segments are the components for which separate financial information is available, and whose operating results are reviewed regularly by the board of directors in order to determine allocation of resources and assess segment performance.

There are three reportable segments: Leasing Business, Elderly Care Business, and Other Businesses. Leasing Business operations comprise the leasing and management of apartment buildings and other properties, maintenance work, internet service, rent obligation guarantee, company residence agency business, solar power generation business, small-amount short-term insurance business, real estate brokerage business, and management of serviced apartments and offices. Elderly Care Business operates elderly care facilities. Other Businesses operate mainly Guam resort facilities.

(2) Calculation Method for Sales, Profit or Loss, Assets, Liabilities and other Items by Reportable Segment

The accounting methods for reportable segments are in accordance to accounting policies adopted in the preparation of consolidated financial statements. The reportable segment profit (loss) represent operating profit (loss). Inter-segment sales and transfers are based on prevailing market prices.

(3) Changes in Reportable Segment

As mentioned in changes in accounting policies, the Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) and changed the handling of revenue recognition from the beginning of the fiscal year ended March 2022. The same rule applied to the profits or losses by reportable segment.

As a result, net sales of Leasing Business were increased by JPY 1,325 million and segment profit was increased by JPY 2,905 million.

(4) Net sales, Profit or loss, Assets and Liabilities and Other Items by Reportable Segment

(i) Information on net sales including breakdown, profit or loss, liabilities and other items by reportable segment

FY ended March 2022 (April 1, 2021 – March 31, 2022)

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount stated in Consolidated Statement of Income (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Rent income	278,740	–	–	278,740	–	278,740
Ancillary service income	53,517	–	–	53,517	–	53,517
Maintenance	35,315	–	–	35,315	–	35,315
Rental guarantee	4,559	–	–	4,559	–	4,559
Furniture insurance	3,744	–	–	3,744	–	3,744
Company housing agency fee	788	–	–	788	–	788
Roof lease solar power generation	2,775	–	–	2,775	–	2,775
Construction subcontracting	3,145	–	–	3,145	–	3,145
Other	456	14,258	1,064	15,779	–	15,779
Sales from contracts with customer	383,043	14,258	1,064	398,366	–	398,366
Other sales	–	–	–	–	–	–
Sales to customers	383,043	14,258	1,064	398,366	–	398,366
Inter-segment sales and transfers	76	–	249	326	(326)	–
Total	383,120	14,258	1,314	398,692	(326)	398,366
Segment profit (loss)	7,719	(789)	(1,668)	5,261	(3,486)	1,774
Segment assets	63,393	3,261	21,369	88,024	57,406	145,430
Other items						
Depreciation	6,480	32	1,087	7,600	1,752	9,352
Increase in property, plant and equipment, and intangible fixed assets	1,596	5	22	1,624	513	2,137

**FY ended March 2021 (April 1, 2020 – March 31, 2021)**

(JPY million)

	Reportable segments				Adjustments (Note 1)	Amount stated in Consolidated Statement of Income (Note 2)
	Leasing Business	Elderly Care Business	Other Businesses	Total		
Net sales						
Sales to customers	391,964	14,524	2,469	408,959	–	408,959
Inter-segment sales and transfers	143	–	603	747	(747)	–
Total	392,108	14,524	3,073	409,706	(747)	408,959
Segment profit (loss)	(19,385)	(720)	(1,551)	(21,658)	(7,524)	(29,182)
Segment assets	71,800	3,557	20,881	96,239	65,469	161,708
Other items						
Depreciation	7,456	47	1,097	8,601	1,815	10,416
Increase in property, plant and equipment, and intangible fixed assets	2,204	26	154	2,386	608	2,994

Note 1: Breakdown of adjustments is as follows.

Segment profit or loss

(JPY Million)

	FY ended March 31, 2022	FY ended March 31, 2021
Inter-segment eliminations	153	169
Corporate expenses*	(3,639)	(7,693)
Total	(3,486)	(7,524)

\*Corporate expenses consist mainly of general administrative expenses for administrative departments that are not part of reportable segments.

Segment assets

(JPY Million)

	FY ended March 31, 2022	FY ended March 31, 2021
Surplus operating funds, long-term investment capital, and assets which do not belong to reportable segments	57,406	65,469

Increase in property, plant and equipment, and intangible fixed assets

(JPY Million)

	FY ended March 31, 2022	FY ended March 31, 2021
Capital investments which do not belong to reportable segments	513	608

Note 2: Segment profit or loss is adjusted to the operating profit or loss on the Consolidated Statement of Income

(Related Information)

**Fiscal Year ended March 2022 (April 1, 2021 – March 31, 2022)**

1. Information by product and service

As we disclosed the information by segment, the Company left out the information by product and service.

2. Information by country/region

(1) Sales

As the sales to customers amounted more than 90% of the total sales on the consolidated statement of income, the Company left out the description.

## (2) Non-current Assets

(JPY Million)

Japan	US Territory of Guam	Thailand	Cambodia	Others	Total
44,212	20,331	0	0	107	64,652

## 3. Information by major customer

As there are no customers to whom the sales accounts for more than 10% of the total sales on the consolidated statement of income, the Company left out the description of related matters.

**Fiscal Year ended March 2021 (April 1, 2020 – March 31, 2021)**

## 1. Information by product and service

As we disclosed the information by segment, the Company left out the information by product and service.

## 2. Information by country/region

## (1) Sales

As the sales to customers amounted more than 90% of the total sales on the consolidated statement of income, the Company left out the description.

## (2) Non-current Assets

(JPY Million)

Japan	US Territory of Guam	Thailand	Cambodia	Others	Total
49,316	19,412	512	667	143	70,052

## 3. Information by major customer

As there are no customers to whom the sales accounts for more than 10% of the total sales on the consolidated statement of income, the Company left out the description of related matters.

**(Information related to the impairment losses on non-current assets by reportable segment)****Fiscal Year ended March 2022 (April 1, 2021 – March 31, 2022)**

(JPY Million)

	Leasing Business	Elderly Care Business	Other Businesses	Segment Total/Adjustments	Total
Impairment losses	115	3	–	–	118

**Fiscal Year ended March 2021 (April 1, 2020 – March 31, 2021)**

(JPY Million)

	Leasing Business	Elderly Care Business	Other Businesses	Segment Total/Adjustments	Total
Impairment losses	3,950	8	82	–	4,041

**(Information related to the amortization of goodwill and balance of goodwill by reportable segment)****Fiscal Year ended March 2022 (April 1, 2021 – March 31, 2022)**

(JPY Million)

	Leasing Business	Elderly Care Business	Other Businesses	Segment Total/Adjustments	Total
Amortization of goodwill	7	–	–	–	7
Unamortized balance of goodwill	6	–	–	–	6

**Fiscal Year ended March 2021 (April 1, 2020 – March 31, 2021)**

(JPY Million)

	Leasing Business	Elderly Care Business	Other Business	Segment Total/Adjustments	Total
Amortization of goodwill	6	–	–	–	6
Unamortized balance of goodwill	12	–	–	–	12

(Note) We recorded JPY 107 million of impairment loss on goodwill in Leasing Business.

**(Information related to the gain on negative goodwill by reportable segment)**

**Fiscal Year ended March 2022 (April 1, 2021 – March 31, 2022) and Fiscal Year ended March 2021 (April 1, 2020 – March 31, 2021)**

There is no relevant information.

**(Information per share)**

	<b>FY ended March 31, 2022 (Apr 2021 – Mar 2022)</b>	<b>FY ended March 31, 2021 (Apr 2020 – Mar 2021)</b>
Net assets per share	JPY 3.25	JPY (25.83)
Net income or loss per share	JPY 36.04	JPY (84.88)
Diluted net income per share	JPY 32.23	

(Note) 1. Diluted net income per share are not stated because a net loss was recorded for the previous fiscal year.

2. The basis for calculation for net income or loss per share and diluted net income is as follows:

	<b>FY ended March 31, 2022 (Apr 2021 – Mar 2022)</b>	<b>FY ended March 31, 2021 (Apr 2020 – Mar 2021)</b>
Net income per share		
Net income or loss attributable to shareholders of the parent (JPY million)	11,854	(23,680)
Amount not attributable to common stock (JPY million)	–	–
Net income or loss attributable to shareholders of the parent for common stock (JPY million)	11,854	(23,680)
Basic weighted-average shares during the fiscal year (thousands of shares)	328,888	279,003
Diluted net income per share		
Net income adjustment attributable to shareholders of the parent (JPY million)	–	–
Increase of common stock (thousands of shares)	38,927	–
Dilutive securities without dilutive effects and excluded from calculation of diluted net income per share	–	–

(Note) As mentioned in changes in accounting policies, the Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) and followed the specific transitional handling as stated in the item 84 of the Accounting Standard for Revenue Recognition. Consequently, net asset per share was reduced by JPY 6.26, net income per share and diluted net income per share were increased by JPY 8.83 and JPY 7.90 respectively.

**(Significant subsequent event)**

There is no applicable item.

## 4. Other

### (State of Progress for Excessive Liabilities Elimination)

The Group has been engaged in (i) continued drastic structural reforms and (ii) improvement of the occupancy rates, in accordance with the profitability improvement plan which was announced on May 14, 2021 with the title of Notice Concerning Efforts in Excessive Liabilities Elimination.

#### (i) Continued drastic structural reforms

The Company completed sale of non-current assets of a Thai subsidiary and a Cambodian subsidiary, and started the liquidation proceedings of the subsidiaries in Thailand, Cambodia and Indonesia in the fiscal year ended March 2022. As such the Company has made stable progress in transferring or withdrawing from non-core and unprofitable business since the previous fiscal year. In addition the Company has taken steps in improving management such as concluding pro rata reinsurance contracts by ASUKA SSI and centralized procurement through establishing the Procurement Department.

Cost-cutting efforts have been continued for curtailed operation cost and management cost in the cost of sales, as well as lowering fixed cost through abolishing or merging leasing sales offices and increased operational efficiency. The cost of sales was JPY 352,289 million, a reduction of JPY 55,822 million in comparison with two years ago and a reduction of JPY 35,583 million year on year. SGAE was JPY 44,302 million, a reduction of JPY 17,612 million in comparison with two years ago, and a reduction of JPY 5,966 million year on year.

#### (ii) Improvement of the occupancy rates

The Company implemented the sales strategies such as prioritized allocation of management resources into the Leasing Business, introduction of area intensive approach, DX solution promotions such as web-based customer services, apartment viewing and rental contract signing, as well as longer reach of customers through the strengthened tie with real estate agents network. The number of web-based contracts was increased to 25,641 (an increase of 87.2% year on year) and the number of contracts through real estate agents network was increased to 35,576 (an increase of 34.2% year on year).

The average occupancy rate through the fiscal year was 81.22%, which was below the plan by 0.02 points, in the midst of world pandemic of Omicron variant of COVID-19, but the occupancy rate at the end of fiscal year was 85.10%, which went exactly to plan.

Consequently the Company recorded the operating profit of JPY 1,774 million and net income attributable to shareholders of the parent of JPY 11,854 million, thus eliminated the excessive liabilities\* at the end of the fiscal year ended March 2022.

\* The excessive liabilities per the Tokyo Stock Exchange is defined as ownership equity plus subscription rights.