

Financial Summary of First Three Quarters of Fiscal Year Ending July 2022 (Japanese GAAP) (Consolidated)

June 14, 2022

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

Listing exchange: Tokyo Stock Exchange

Code 8,927

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

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

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Management Dept. Tel: 03-5434-7653Scheduled date for submission of quarterly report: June 14, 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 first three quarters of fiscal year ending July 2022 (from August 1, 2021 to April 30, 2022)

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

	Revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three quarters of fiscal year ending July 2022	5,958	(15.9)	365	(46.1)	244	(64.5)	164	(74.4)
First three quarters of fiscal year ending July 2021	7,082	(16.7)	678	40.1	687	64.9	644	188.0

(Note) Comprehensive income First three quarters of fiscal year ending July 2022 166 Million yen (74.4%) First three quarters of fiscal year ending July 2021 649 Million yen (196.0%)

	Basic profit per share	Basic profit per share (diluted)
	yen sen	yen sen
First three quarters of fiscal year ending July 2022	6.98	-
First three quarters of fiscal year ending July 2021	27.29	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
First three quarters of fiscal year ending July 2022	13,751	5,060	36.7
Fiscal year ended July 2021	11,607	5,085	43.7

(Reference) Equity capital First three quarters of fiscal year ending July 2022 5,047 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)

	Revenues		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	3Q 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	3Q 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)	3Q of FY ending July 2022	23,613,840 shares	3Q 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 first nine months of the current fiscal year, the Japanese economy showed signs of gradual recovery from the stagnation of economic recovery due to the impact of the COVID-19 pandemic. However the outlook remains uncertain because of the re-spread of COVID-19 since start of the year due to new mutant strains and the resulting issuance of priority measures to prevent its spread, along with the tense situation in the Ukraine, the depreciation of the yen, and soaring resource prices.

The real estate industry has been relatively unaffected by the COVID-19 pandemic, with backing from various government support programs and low interest rates, and supported by consumers' persistent willingness to buy. On the other hand, the supply of construction materials and housing equipment has been restricted due to the tense global situation, and there are concerns about the impact on real estate prices due to the further increase in construction costs.

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

In the real estate sales business, the Group is proceeding to enhance its ability to procure properties by leveraging its strengths in information analysis and business planning to its fullest while strengthening its resistance to market fluctuation risks by carefully selecting locations and reducing procurement costs. Regarding the sales activities of the main brands "MIJAS" and "EL FARO," the Group has been striving to find potential customers and strengthen sales activities by holding real estate investment seminars for individual investors in the Head Office's newly opened customer service/seminar room since March. We also delivered "Mijas Shinjuku Tomihisacho" (Shinjuku-ku, Tokyo) and two other buildings, "El Faro Asagaya" (Suginami-ku, Tokyo) and two other buildings, and also delivered one building in the "ME BLD. (M.E. Build)" series, a real estate revitalization business.

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 completed and delivered three buildings in the "MIJAS" and "EL FARO" series, designed and constructed one building, and renovated and remodeled other properties under management according to their characteristics in an effort to generate profits.

As a result of the above, revenues for the period under review were 5,958 million yen (down 15.9% year on year), operating income was 365 million yen (down 46.1% year on year), and ordinary income was 244 million yen (down 64.5% year on year). Net income attributable to owners of the parent was 164 million yen (down 74.4% 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 Major Notes (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 delivered three buildings in the MIJAS series of apartment development projects, three buildings in the EL FARO series of rental condominiums, and one building in the ME BLD. series in the real estate revitalization business. As a result, revenues were 3,999 million yen (down 24.1% year on year), and segment profit was 295 million yen (down 40.1% year on year).

[Real estate leasing business]

In the real estate leasing business, revenues were 1,533 million yen (down 4.9% year on year) and segment profit was 186

million yen (down 36.2% year on year), due to property management fees, etc.

[Real estate brokerage business]

In the real estate brokerage business, revenues totaled 25 million yen (up 401.7% year on year) and segment income totaled 22 million yen (up 351.4% year on year), reflecting real estate brokerage fees.

[Contracting business]

In the contracting business, revenues were 382 million yen (up 102.9% year on year) and segment income was 19 million yen (up 447.3% year on year) due to construction contract and renovation work.

[Other]

This section refers to business segments not included in the reportable segments. Mainly due to insurance agency services, net sales totaled 23 million yen (up 4.7% year on year) and segment income totaled 21 million yen (up 2.2% year on year).

(2) Explanation of Financial Position

Total assets at the end of the current third quarter were 13,751 million yen, up 2,144 million yen from the end of the previous consolidated fiscal year.

Liabilities increased 2,168 million yen from the end of the previous consolidated fiscal year to 8,690 million yen. This was mainly due to an 1,898 million yen increase in long-term borrowings (including long-term borrowings to be repaid within one year) and a 100 million yen increase in short-term borrowings to fund the acquisition of land for new development projects, etc.

Net assets decreased 24 million yen from the end of the previous consolidated fiscal year to 5,060 million yen, and the equity-to-asset ratio decreased 7.0 points from the end of the previous consolidated fiscal year to 36.7%.

(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 wide 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), revenues 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 part of our efforts to prevent the spread of COVID-19, the Group is actively utilizing staggered work hours, telecommuting, and remote work for sales activities while taking into consideration the health of all executives and employees, as well as people involved with our business partners. At this point, it is difficult to predict the impact of COVID-19 on the Group’s consolidated earnings, including the outlook for the real estate market. However, if we determine revisions to the full-year consolidated earnings forecasts are necessary in the light of changing circumstances, we will make a timely announcement of such decisions.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2021)	First three quarters of fiscal year ending July 2021 (April 30, 2022)
Assets		
Current assets		
Cash and deposits	3,404,314	2,771,777
Accounts receivable	31,669	-
Accounts receivable - trade and contract assets	-	198,325
Real estate for sale	1,730,826	2,344,062
Real estate for sale in process	3,969,645	6,451,439
Short-term loans receivable	1,450,000	705,500
Other	100,147	326,288
Allowance for doubtful accounts	(188)	(2,303)
Total current assets	10,686,414	12,795,088
Non-current assets		
Property, plant and equipment	597,976	645,949
Intangible assets	160	69
Investments and other assets		
Investment securities	36,900	26,950
Long-term loans receivable	428,815	428,466
Long-term accounts receivable	405,440	397,930
Deferred tax assets	40,438	13,619
Other	241,309	265,921
Allowance for doubtful accounts	(830,440)	(822,930)
Total investments and other assets	322,463	309,957
Total non-current assets	920,600	955,976
Total assets	11,607,015	13,751,065

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2021)	First three quarters of fiscal year ending July 2021 (April 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	105,544	236,027
Short-term borrowings	487,500	587,800
Current portion of long-term borrowings	1,012,839	3,533,894
Current portion of bonds payable	26,000	16,000
Lease obligations	1,759	1,795
Income taxes payable	14,848	37,054
Provision for bonuses	70,552	11,395
Other	527,818	639,134
Total current liabilities	2,246,863	5,063,101
Non-current liabilities		
Long-term borrowings	4,024,839	3,401,887
Corporate bonds	32,000	16,000
Lease obligations	3,173	1,822
Other	215,133	207,874
Total non-current liabilities	4,275,146	3,627,584
Total liabilities	6,522,009	8,690,686
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	1,495,610	1,495,610
Retained earnings	3,854,929	3,830,946
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	5,070,065	5,046,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,100	1,150
Total accumulated other comprehensive income	1,100	1,150
Non-controlling interests	13,840	13,146
Total net assets	5,085,005	5,060,378
Total liabilities and net assets	11,607,015	13,751,065

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

Quarterly Consolidated Statement of Income

First three quarters of fiscal year ending July 2021

(Unit: thousand yen)

	First three quarters of fiscal year ended July 2020 (August 1, 2020 to April 30, 2021)	Current consolidated cumulative 3rd quarter (August 1, 2021 to April 30, 2022)
Revenues	7,082,403	5,958,316
Cost of sales	5,678,775	4,794,007
Gross profit	1,403,627	1,164,308
Selling, general and administrative expenses	725,623	799,146
Operating profit	678,003	365,161
Non-operating income		
Interest income	34,956	21,573
Penalty income	8,033	3,275
Insurance claim income	84	-
Compensation received	78,167	-
Reversal allowance for doubtful accounts	13,470	7,510
Other	8,503	4,863
Total non-operating income	143,214	37,222
Non-operating expenses		
Interest expenses	93,253	110,494
Commissions expenses	34,971	47,157
Other	5,032	614
Total non-operating expenses	133,257	158,265
Ordinary profit	687,960	244,118
Extraordinary losses		
Loss on retirement of non-current assets	-	3,419
Total extraordinary losses	-	3,419
Profit before income taxes	687,960	240,699
Income taxes - current	27,722	47,647
Income taxes - deferred	13,776	26,818
Total income taxes	41,498	74,465
Profit	646,462	166,234
Profit attributable to non-controlling interests	1,995	1,305
Profit attributable to owners of parent	644,467	164,928

Quarterly Consolidated Statement of Comprehensive Income

First three quarters of fiscal year ending July 2021

(Unit: thousand yen)

	First three quarters of fiscal year ended July 2020 (August 1, 2020 to April 30, 2021)	Current consolidated cumulative 3rd quarter (August 1, 2021 to April 30, 2022)
Profit	646,462	166,234
Other comprehensive income		
Valuation difference on available-for-sale securities	2,800	50
Total other comprehensive income	2,800	50
Quarterly comprehensive income	649,263	166,284
(Breakdown)		
Comprehensive income attributable to owners of parent	647,268	164,978
Comprehensive income attributable to non-controlling interests	1,995	1,305

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

Not applicable.

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

Previous consolidated cumulative 3rd quarter (August 1, 2020 - April 30, 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. Dividends with a record date falling in the third quarter of the current consolidated fiscal year but an effective date which comes after the end of the third quarter of the current consolidated fiscal year

Not applicable.

3. Substantial Changes in Shareholders' Equity

Not applicable.

Current consolidated cumulative 3rd quarter (August 1, 2021 - April 30, 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. Dividends with a record date falling in the third quarter of the current consolidated fiscal year but an effective date which comes after the end of the third quarter of the current consolidated fiscal year

Not applicable.

3. Substantial Changes in Shareholders' Equity

Not applicable.

(Changes in Accounting Policies)

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

Effective from the beginning of the first quarter of the current fiscal year, the Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Accounting Standard for Revenue Recognition"), etc., to recognize revenue at the amount expected to be received in exchange for promised goods or services when control of the promised goods or services has been 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 is no effect on profits/losses and balance of retained earnings at the beginning of the period.

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 treatment prescribed in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), no information is presented that breaks down revenue from contracts with customers for the previous consolidated cumulative 3rd quarter.

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

The "Accounting Standard for Fair Value Calculation" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Fair Value Calculation"), etc. were applied from the beginning of the first quarter of the fiscal year, and in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Calculation and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Accounting Standard for Fair Value Calculation, etc. will be applied in the future. The adoption of this accounting standard had no impact on the quarterly consolidated financial statements for the current consolidated cumulative 3rd quarter.

(Additional Information)

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

Regarding the transition to the group aggregation system established in the Act for Partial Revision of the Income Tax Act (Law No. 8, 2020) and the items for which the non-consolidated tax payment system was reviewed in conjunction with the transition to the group aggregation system, the treatment in paragraph 3 of "Treatment of Application of Tax Effect Accounting for Transition from a Consolidated Taxation System to a Group Aggregation System" (Practical Issues Report No. 39 March 31, 2020) is applied. As a result, the Company does not apply the provisions of Paragraph 44 of the "Accounting Standards Application Guidelines for Tax Effect Accounting" (Accounting Standards Application Guidelines for Business Enterprises No. 28, February 16, 2018), and the amounts of deferred tax assets and liabilities are based on the provisions of the tax law prior to the revision.

(Segment Information, etc.)

[Segment information]

I Previous consolidated cumulative 3rd quarter (August 1, 2020 - April 30, 2021)

1. Information on Revenues 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				
Revenues									
Net sales to external customers	5,267,359	1,612,336	5,032	175,622	7,060,351	22,052	7,082,403	-	7,082,403
Transactions with other segments	-	-	-	12,872	12,872	-	12,872	(12,872)	-
Total	5,267,359	1,612,336	5,032	188,495	7,073,224	22,052	7,095,276	(12,872)	7,082,403
Segment profit	493,647	292,634	4,877	3,635	794,795	21,290	816,085	(138,081)	678,003

(Note) 1. The segment profit adjustment of (138,081) thousand yen consists of (632) thousand yen for the elimination of inter-segment transactions and (137,449) thousand yen in company-wide expenses that are not allocated to any reportable segment. 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 Current consolidated cumulative 3rd quarter (August 1, 2021 - April 30, 2022)

1. Information on Revenues 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				
Revenues									
MIJAS/EL FARO	3,633,865	-	-	-	3,633,865	-	3,633,865	-	3,633,865
Other	366,005	396,611	25,249	376,735	1,164,601	23,080	1,187,681	-	1,187,681
Revenue from customer contracts	3,999,870	396,611	25,249	376,735	4,798,466	23,080	4,821,547	-	4,821,547
Other revenue	-	1,136,768	-	-	1,136,768	-	1,136,768	-	1,136,768
Net sales to external customers	3,999,870	1,533,379	25,249	376,735	5,935,235	23,080	5,958,316	-	5,958,316
Transactions with other segments	-	-	-	5,664	5,664	-	5,664	(5,664)	-
Total	3,999,870	1,533,379	25,249	382,400	5,940,900	23,080	5,963,981	(5,664)	5,958,316
Segment profit	295,917	186,661	22,018	19,895	524,493	21,759	546,253	(181,091)	365,161

(Note) 1. The segment profit adjustment of (181,091) thousand yen consists of 6,981 thousand yen for the elimination of inter-segment transactions and (188,072) thousand yen in company-wide expenses that are not allocated to any reportable segment. 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.