
Summary of Consolidated Financial Results

**For the Third Quarter of FY2022
(January 1, 2022 – September 30, 2022)**

**This document is an English summary translation of a statement written initially in Japanese.
The original Japanese should be considered the primary version.*

Disclaimer Regarding Forward-Looking Statements

The forward-looking statements, including forecasts of performance of Hulic and its Group companies, contained in these materials are based on information currently available to the Hulic management and on certain assumptions deemed to be reasonable. Actual business and other results may vary substantially due to various factors.



Outline of Consolidated Financial Results for the Third Quarter of FY2022 <under Japanese GAAP>

October 28, 2022

Name of company listed: HULIC Co., Ltd.

Stock exchange listing: Tokyo (Prime Section)

Code number: 3003 URL: <https://www.hulic.co.jp/en/>

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Quarterly Securities Report to be filed on: November 9, 2022

Planned dividends payment date: N/A

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: No

1. Consolidated Financial Results for the 3Q FY2022 (January 1, 2022 to September 30, 2022)

(1) Consolidated Financial Results (cumulative)

(Amounts indicated are displayed with amounts less than one million yen rounded off.)
(Percentages indicate the YoY increase/decrease.)

	Revenue from operations		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY2022	399,208	50.3	77,257	10.9	76,078	16.5	48,667	20.2
3Q FY2021	265,449	42.4	69,628	28.5	65,288	30.2	40,465	40.9

Note: Comprehensive income: 3Q FY2022: ¥49,934 million [(5.4%)], 3Q FY2021: 52,805 million [253.9%]

	EPS (Net income per share)	Diluted EPS
	Yen	Yen
3Q FY2022	63.93	63.90
3Q FY2021	60.57	—

Note: From the beginning of the current fiscal year, the Company applies “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc. Accordingly, the above figures for FY2022 are the figures after the relevant accounting standards have been applied. Percentages of changes are calculated with the consolidated results of the same period of the previous fiscal year prior to the application of new accounting standards.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
	Million yen	Million yen	%	Yen
3Q FY2022	2,291,237	656,240	28.6	862.08
FY2021	2,207,325	638,332	28.8	836.89

Reference: Equity: 3Q FY2022: ¥655,824 million, FY2021: ¥637,799 million

Note: From the beginning of the current fiscal year, the Company applies “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc. Accordingly, the above figures for FY2022 are the figures after the relevant accounting standards have been applied.

2. Dividends

	Annual dividends				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Total
FY2021	—	19.00	—	20.00	39.00
FY2022	—	20.00	—		
FY2022 (Planned)				22.00	42.00

Note: Revision to the planned dividends announced recently: Yes. For details, please refer to “Notice of Revisions to Annual Performance and Dividend Forecast 【SUMMARY】” announced today (October 28, 2022).

3. Forecasts of Consolidated Financial Results for FY2022 (January 1, 2022 to December 31, 2022)

(Percentages indicate the YoY increase/decrease.)

	Revenue from operations		Operating income		Ordinary income		Profit attributable to owners of parent		EPS (Net income per share)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full fiscal year	530,000	18.5	124,000	8.2	120,000	9.5	78,500	12.8	103.14

Note: Revision to the forecasts of financial results announced recently: Yes. For details, please refer to “Notice of Revisions to Annual Performance and Dividend Forecast 【SUMMARY】” announced today (October 28, 2022).

Note: From the beginning of the current fiscal year, the Company applies “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc. Accordingly, the above Forecasts of Consolidated Financial Results for FY2022 are the figures after the relevant accounting standards have been applied. Percentages of changes are calculated with the consolidated results of the previous fiscal year prior to the application of new accounting standards.

* Notes

(1) Changes in Significant Subsidiaries during This Quarter

(Changes in specific subsidiaries resulting in changes in the scope of consolidation): N/A

Newly included: –

Excluded: –

(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements: N/A

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements

1. Changes in accounting policies due to revisions of accounting standards, etc.: Yes.

2. Changes in accounting policies due to other reasons: N/A

3. Changes in accounting estimates: N/A

4. Restatement of prior period financial statements: N/A

Note: For details, please refer to page 8, “2. Consolidated Financial Statements (Unaudited), (3) Footnotes on the Quarterly Consolidated Financial Statements, Changes in Accounting Policies” in the attached materials.

(4) Number of Issued Shares (common stock)

	3Q FY2022	FY2021
1) Number of issued shares as of the end of each period (including treasury stock)	767,907,735	767,907,735 (the end of FY2021)
2) Number of treasury shares as of the end of each period	7,164,149	5,802,693 (the end of FY2021)
3) Average number of outstanding shares for each period (consolidated cumulative period)	761,168,199	668,060,792 (3Q FY2021)

* The summary of quarterly financial results is not required to be subjected to quarterly reviews by certified accountants or auditors.

* Disclaimer regarding forward-looking statements.

This document contains forward-looking statements about the performance of Hulic and its Group companies, based on management’s assumptions in light of currently available information. In no way do these statements provide any assurance by Hulic of achieving such results. Actual results may differ substantially from these statements due to various factors.

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1. Qualitative Information on Consolidated Financial Results of 3Q FY2022

From the beginning of the current fiscal year, the Company applies “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc. Comparisons with the same period in the previous year or the end of the previous fiscal year in the explanation of Operating Results and Financial Position are based on the consolidated results of the previous fiscal year prior to the application of the change in accounting standards. For details, please refer to page 8, “2. Consolidated Financial Statements (Unaudited)”, “(3) Footnotes on the Quarterly Consolidated Financial Statements, Changes in Accounting Policies”.

(1) Summary of Business Results

In cumulative 3Q FY2022, although COVID-19 had a negative impact on some of the Group’s business, rent income from real estate was stable due to the completion of properties and acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate increased compared with the previous fiscal year. As a result, revenue from operations was ¥399,208 million (up ¥133,759 million or 50.3% year on year), operating income was ¥77,257 million (up ¥7,629 million or 10.9% year on year), ordinary income was ¥76,078 million (up ¥10,789 million or 16.5 % year on year) and profit attributable to owners of parent was ¥48,667 million (up ¥8,202 million or 20.2 % year on year).

The business results for each segment were as follows.

(Revenue from operations for each segment includes inter-segment revenue from operations and the balance of book-entry transfers.)

<Real Estate>

The Group’s core business is a leasing business that utilizes approximately 260 buildings and properties (excluding real estate for sale), amounting to approximately 1,300,000 square meters of floor space, located mainly in Tokyo’s 23 wards. From the perspective of improving the quality of its leasing portfolio with asset type balance meeting market needs and competitiveness, the Company works to further improve the overall value of its buildings and properties not only by reshuffling portfolio but also by developing and reconstructing properties that are highly earthquake resistant and energy efficient. In addition, the Company works to strengthen value-added business which brings profit by improving asset value with refurbishment or redevelopment.

New acquisitions (non-current assets) in cumulative 3Q FY2022 included Hulic Shibuya Udagawa-cho Building (Shibuya-ku, Tokyo) (additional acquisition), Hitachi Solutions Tower (Shinagawa-ku, Tokyo), Hulic Minatomirai (Naka-ku, Yokohama-shi) and others.

In development and reconstruction business (non-current assets), HULIC & New GINZA NAMIKI 6 (Chuo-ku, Tokyo) was completed in May 2022. In addition, the Company acquired Ginza Core Building (Chuo-ku, Tokyo) and determined to take part in the joint redevelopment project of Ginza Core and entered into the basic agreement with the right holders. The Company also acquired land for (tentative name) Shinjuku 318 Development Project (Shinjuku-ku, Tokyo) and (tentative name) Misato Logistics Center Project (Misato-shi, Saitama). Besides these activities, (tentative name) Hulic Fukuoka Building Reconstruction Project (Chuo-ku, Fukuoka-shi), (tentative name) Sendagaya Center Building Reconstruction Project (Shibuya-ku, Tokyo), (tentative name) Sapporo Reconstruction Project II (Chuo-ku, Sapporo-shi), (tentative name) Ginza Building Reconstruction Project (Chuo-ku, Tokyo) and (tentative name) Shinsaibashi Project (Chuo-ku, Osaka), etc. were proceeded as planned.

In PPP (Public Private Partnership) business, the Company concluded the basic agreement and promoted “Urban Renewal Step-Up Project (Shibuya Area) Shibuya 1-chome Area Joint Development Project” conducted by the Tokyo Metropolitan Government and the Shibuya City Government. In addition, (tentative name) Kinshicho Development Project (Sumida-ku, Tokyo), etc. were proceeded as planned.

In real estate for sale, FKD Shopping Mall Utsunomiya Inter Park (Utsunomiya-shi, Tochigi), etc. were acquired, and properties including Ikebukuro Tokyu Hands (Toshima-ku, Tokyo), Bleu Cinq Point (Minato-ku, Tokyo), Hulic Kobunacho Building (Chuo-ku, Tokyo) (partial), Leaf Minatomirai (Nishi-ku, Yokohama-shi) and FKD Shopping Mall Utsunomiya Inter Park (Utsunomiya-shi, Tochigi) (partial), etc. were sold.

As described above, the segment operations progressed as planned because rent income from real estate increased due to completion of properties as well as acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate increased compared with the same period of previous fiscal year. As a result, revenue from operations in this business segment totaled ¥377,983 million (up ¥127,641 million or 50.9% year on year) and operating income was ¥88,795 million (up ¥6,389 million or 7.7% year on year).

<Insurance Agency (subsidiary)>

Hulic Insurance Service Co., Ltd., one of the Company’s consolidated subsidiaries, serves as an insurance agency for both Japanese and foreign insurance companies operating in Japan and sells various insurance products to both corporate and individual customers. Although a difficult business environment continues to surround the insurance business industry, the Company is pursuing expansion of this business, concentrating on corporate transactions, with a strategy of acquiring the business rights of existing non-life insurance agents.

As a result, revenue from operations in this business segment was ¥2,835 million (up ¥442 million or 18.4% year on year) and the operating income was ¥960 million (up ¥258 million or 36.8% year on year).

<Hotels/ Ryokans (subsidiaries)>

In Hotels/ Ryokans Business, Hulic Hotel Management Co., Ltd., one of the Company's consolidated subsidiaries, manages "THE GATE HOTEL" brand hotel series, Hulic Fufu Co., Ltd., one of the Company's consolidated subsidiaries, manages "FUFU" ryokan series and NIPPON VIEW HOTEL Co., Ltd., one of the Company's consolidated subsidiaries, manages "View Hotel" brand hotel series. In 3Q FY2022, despite a boost in confirmed cases of COVID-19 after July, no restrictions on going out was announced by the Governments, therefore the occupancy rates gradually improved.

As a result, revenue from operations was ¥19,018 million (up ¥7,263 million or 61.7% year on year) and operating loss was ¥4,995 million (¥6,284 million loss same period of the previous fiscal year).

<Others>

Hulic Build Co., Ltd., one of the Company's consolidated subsidiaries, regularly takes orders of repair constructions, constructions of refurbishment at the end of lease contracts and interior fit-outs at the beginning of lease contracts from the Company's existing properties.

As a result, revenue from operations was ¥5,520 million (down ¥514 million or 8.5 % year on year) and operating income was ¥478 million (down ¥ 91 million or 16.0% year on year).

(2) Qualitative Information on Consolidated Financial Position

1) Changes in Consolidated Financial Position

<Assets>

Total assets as of the balance sheet date was ¥2,291,237 million, up ¥83,912 million from December 31, 2021. From the perspective of strengthening of development and value-added business and improving the quality of the leasing portfolio, the Group is working to newly acquire, develop and reconstruct properties.

In addition, the Group strives to not only provide support and backup as a sponsor to maintain and improve the long-term revenues of Hulic Reit, Inc. & Hulic Private Reit and realize steady growth of its assets under management, but also put the real estate value added business on a profitable track.

Changes in amount of major items were as follows.

- Cash and deposits: Down ¥30,852 million
- Real estate for sale: Up ¥10,770 million (Transfer from non-current assets, acquisition and sales of properties, etc.)
- Land: Up ¥76,431 million (Acquisition of properties, transfer to real estate for sale, etc.)
- Investment securities: Up ¥7,802 million (Acquisition and sales of investment securities, and increase in unrealized gains on marketable securities, etc.)

<Liabilities>

Total liabilities as of the balance sheet date was ¥1,634,997 million, up ¥66,004 million from December 31, 2021. This was mainly attributable to financing carried out for capital investment and the like.

The balance of interest-bearing debts was ¥1,014,395 million, which included ¥11,760 million non-recourse borrowings owed by a consolidated SPC. Financing from banking facilities is operated stably at low cost thanks to the credit strength on the back of the Group's high earnings level.

<Net Assets>

Total net assets as of the balance sheet date was ¥656,240 million, up ¥17,908 million from December 31, 2021. Total shareholders' equity was ¥616,006 million, up ¥16,749 million from December 31, 2021, due mainly to the increase of retained earnings in profit attributable to owners of parent and the decrease of retained earnings in the cash dividend payment.

Total accumulated other comprehensive income was ¥39,818 million, up ¥1,275 million from December 31, 2021.

(3) Notes Regarding Forward-looking Statements such as Forecasts of Consolidated Financial Results

The Company has revised the forecasts of consolidated financial results for FY2022 announced on January 28, 2022 and also has disclosed its forecast of revenue from operations, which had not been disclosed due to unpredictability. For details, please refer to "Notice of Revisions to Annual Performance and Dividend Forecast 【SUMMARY】" announced today (October 28, 2022).

2. Consolidated Financial Statements (Unaudited)

(1) Quarterly Consolidated Balance Sheets (Unaudited)

(Million yen)

Item	At the end of 3Q (September 30, 2022)	At the end of previous fiscal year (December 31, 2021)
ASSETS		
Current assets		
Cash and deposits	175,353	206,206
Notes and accounts receivable	-	4,876
Notes and accounts receivable, and contract assets	7,291	-
Merchandise	23	20
Real estate for sale	120,548	109,777
Real estate for sale in process	5,324	-
Advance payments – construction in progress	139	581
Supplies	329	321
Other current assets	9,560	7,381
Allowance for doubtful accounts	(9)	(232)
Total current assets	318,561	328,931
Non-current assets		
Tangible non-current assets		
Buildings and structures (Net amount)	235,338	233,675
Machinery, equipment and vehicles (Net amount)	7,262	5,624
Land	1,343,290	1,266,859
Construction in progress	11,735	9,630
Other tangible non-current assets (Net amount)	11,040	11,676
Total tangible non-current assets	1,608,668	1,527,466
Intangible non-current assets		
Goodwill	4,899	3,711
Leasehold rights	80,774	79,420
Other intangible non-current assets	1,803	1,559
Total intangible non-current assets	87,477	84,691
Investments and other assets		
Investment securities	233,350	225,547
Lease deposits	30,193	28,894
Deferred tax assets	845	951
Net defined benefit assets	493	326
Other investments and assets	9,817	8,168
Allowance for doubtful accounts	(31)	(14)
Total investments and other assets	274,669	263,873
Total non-current assets	1,970,815	1,876,031
Deferred assets		
Total deferred assets	1,860	2,362
Total assets	2,291,237	2,207,325

(Million yen)

Item	At the end of 3Q (September 30, 2022)	At the end of previous fiscal year (December 31, 2021)
LIABILITIES		
Current liabilities		
Short-term borrowings	160,377	72,160
Short-term bonds	100,002	-
Bonds payable within one year	50,000	-
Accounts payable	4,136	3,704
Income taxes payable	9,935	10,773
Cash in advance	10,983	6,720
Allowance for employees' bonus	860	352
Allowance for directors' and corporate auditors' bonus	252	351
Other current liabilities	12,206	12,988
Total current liabilities	348,756	107,052
Non-current liabilities		
Corporate bonds	295,000	345,000
Long-term borrowings	854,017	977,326
Deferred income taxes	40,366	40,499
Allowance for stock benefits	2,625	2,232
Net defined benefit liabilities	1,589	1,457
Deposits from tenants	80,116	82,573
Other non-current liabilities	12,525	12,852
Total non-current liabilities	1,286,241	1,461,940
Total liabilities	1,634,997	1,568,993
NET ASSETS		
Shareholders' equity		
Common stock	111,609	111,609
Capital surplus	137,760	137,759
Retained earnings	370,607	352,351
Treasury stock	(3,971)	(2,464)
Total shareholders' equity	616,006	599,256
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities	39,900	38,401
Deferred gains (losses) on hedges	(372)	(54)
Foreign currency translation adjustment	0	-
Accumulated remeasurements of defined benefit plans	290	195
Total accumulated other comprehensive income	39,818	38,542
Non-controlling interests	415	533
Total net assets	656,240	638,332
Total liabilities and total net assets	2,291,237	2,207,325

(2) Quarterly Consolidated Statements of Income (Unaudited) and Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

Item	3Q (From January 1, 2022 to September 30, 2022)	Previous 3Q (From January 1, 2021 to September 30, 2021)
Revenue from operations	399,208	265,449
Cost of revenue from operations	287,690	165,714
Gross operating income	111,518	99,734
Selling, general and administrative expenses	34,261	30,106
Operating income	77,257	69,628
Non-operating income		
Interest income	8	7
Dividend income	1,833	1,504
Equity in income of affiliated companies	981	332
Termination of lease contracts	4,318	955
Other	675	1,362
Total non-operating income	7,816	4,162
Non-operating expenses		
Interest expenses	7,612	7,607
Other	1,382	894
Total non-operating expenses	8,994	8,502
Ordinary income	76,078	65,288
Extraordinary gains		
Gain on sales of investment securities	370	85
Gain on investments in silent partnership	66	101
Subsidies for employment adjustment, etc.	14	193
Other	18	84
Total extraordinary gains	469	465
Extraordinary losses		
Loss on disposal of non-current assets	2,073	1,027
Loss on reconstructions of buildings	2,143	513
Loss on COVID-19	-	1,926
Other	28	128
Total extraordinary losses	4,246	3,596
Income before income taxes and minority interests	72,301	62,157
Current income taxes	24,946	22,148
Deferred income taxes	(1,302)	(535)
Total current income taxes and deferred income taxes	23,643	21,613
Net income before minority interests	48,658	40,544
Profit (loss) attributable to non-controlling interests	(9)	78
Profit attributable to owners of parent	48,667	40,465

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

Item	3Q (From January 1, 2022 to September 30, 2022)	Previous 3Q (From January 1, 2021 to September 30, 2021)
Net income before minority interests	48,658	40,544
Other comprehensive income		
Net unrealized gains (losses) on securities	2,610	11,627
Deferred gains (losses) on hedges	(317)	(13)
Remeasurements of defined benefit plans, net of tax	104	435
Share of other comprehensive income of associates accounted for using equity method	(1,121)	211
Total other comprehensive income	1,275	12,261
Quarterly comprehensive income	49,934	52,805
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,943	52,726
Comprehensive income attributable to non-controlling interests	(9)	78

(3) Footnotes on the Quarterly Consolidated Financial Statements

(Footnotes on the Assumption of Going Concern)

N/A

(Footnotes on Shareholders' Equity in Case of Significant Changes)

N/A

(Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements:
Changes in Accounting Policies)

Application of Accounting Standard for Revenue Recognition, etc.

From the beginning of the current fiscal year, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. and recognizes revenue with the amounts expected to be received in exchange for the promised goods or services when the control of such goods or services is transferred to the customer.

The Company hereby recognizes the revenue from transactions where the Company's role is an agent, including utility expenses received from tenants, to which the Company previously recognized the revenue as the gross amount received from the customers, as the net amount that remains after deducting the amount to be paid to the third parties from the amount received from the customers.

The application of such changes in accounting policies follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year, was added to or subtracted from the beginning balance of retained earnings of the first quarter of the current fiscal year.

The impact on the Consolidated Financial Statements of 3Q FY2022 was immaterial.

Due to the application of the Accounting Standard for Revenue Recognition, "Trade notes and accounts receivable" presented under "Current assets" in the consolidated balance sheet for the previous fiscal year was included in "Notes and accounts receivable, and contract assets" from the current fiscal year. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new presentation.

Application of Accounting Standard for Fair Value Measurement, etc.

From the beginning of the current fiscal year, the Company applies "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

Furthermore, from the beginning of the current fiscal year, the Company applies "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021) in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

As a result, the Company changes the valuation basis for other marketable securities with market prices from the market value method based on the average market price during the month prior to the balance sheet date to the market value method as of the balance sheet date. The Company also changes the valuation basis for some of the investment trusts whose fair value were previously deemed extremely difficult to determine and so the amounts on the quarterly consolidated balance sheets were recorded at the acquisition costs, to be recorded at their market fair values .

The impact on the Consolidated Financial Statements of 3Q FY2022 was immaterial.

(Additional Information)

(Accounting Estimates Related to Impact from Spread of COVID-19)

No significant changes in the assumption of accounting estimates due to the spread of COVID-19 from December 31, 2021.

Segment Information

I . 3Q FY2022 (from January 1, 2022 to September 30, 2022)

1. Information on revenue from operations, income or loss by reportable segment

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the quarterly consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels/ Ryokans (subsidiaries)	Total				
Revenue from operations								
Outside customers	373,948	2,835	18,801	395,585	3,623	399,208	-	399,208
Inter-segment	4,034	-	216	4,251	1,896	6,148	(6,148)	-
Total	377,983	2,835	19,018	399,837	5,520	405,357	(6,148)	399,208
Segment income	88,795	960	(4,995)	84,761	478	85,239	(7,982)	77,257

Notes:

1. The category of "Others" includes business segments that are not included in the reportable segments, such as general construction, design, construction management, etc.
2. Adjustment of segment income of negative ¥7,982 million includes elimination of intersegment transactions of ¥492 million and corporate expenses of negative ¥8,475 million, which are not distributed to reportable segments. Corporate expenses are expenses mainly related to general administrative departments that do not belong to reportable segments.
3. Segment income or (loss) is adjusted with operating income reported in the quarterly consolidated statement of income.

2. Note regarding changes in reportable segment, etc.

As described in "Changes in Accounting Policies" (on page 8, "2. Consolidated Financial Statements (Unaudited), (3) Footnotes on the Quarterly Consolidated Financial Statements"), from the beginning of the current fiscal year, the Company applies "Accounting Standard for Revenue Recognition", etc. and modifies the method for accounting process as well as the method for calculating income or loss of each reportable segment. The impact of this change on segment income and loss for 3Q FY2022 is immaterial.

3. Information on assets for each reportable segment: N/A

Segment Information

II. 3Q FY2021 (from January 1, 2021 to September 30, 2021)

1. Information on revenue from operations, income or loss by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the quarterly consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels/ Ryokans (subsidiaries)	Total				
Revenue from operations								
Outside customers	247,137	2,393	11,529	261,060	4,389	265,449	-	265,449
Inter-segment	3,204	-	225	3,429	1,645	5,074	(5,074)	-
Total	250,342	2,393	11,754	264,490	6,034	270,524	(5,074)	265,449
Segment income	82,406	702	(6,284)	76,823	569	77,392	(7,764)	69,628

Notes:

1. The category of "Others" includes business segments that are not included in the reportable segments, such as general construction, design, construction management, etc.
2. Adjustment of segment income of negative ¥7,764 million includes elimination of intersegment transactions of negative ¥467 million and corporate expenses of negative ¥7,296 million, which are not distributed to reportable segments. Corporate expenses are expenses mainly related to general administrative departments that do not belong to reportable segments.
3. Segment income or (loss) is adjusted with operating income reported in the quarterly consolidated statement of income.

2. Information on assets for each reportable segment: N/A