

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023

November 10, 2022 released

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 Stock listing: Tokyo Stock Exchange Prime Section
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Scheduled date of quarterly securities report submission: November 11, 2022

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Supplemental materials for the financial results: Yes

Presentation to explain for the financial results: Yes (For institutional investors and analysts)

*Amounts are rounded down to millions of yen.

1. Consolidated Performance in the Second Quarter of the Fiscal Year Ending March 31, 2023

(1) Consolidated Operating Results

(“¥” indicates millions of yen, percentage figures indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
FY2023/3 2Q	¥35,333	-22.0%	¥8,044	-14.4%	¥8,035	-13.5%	¥5,368	-8.4%
FY2022/3 2Q	¥45,326	40.9%	¥9,400	65.9%	¥9,285	72.5%	¥5,862	69.4

(Note) Comprehensive income: FY2023/3 2Q: 5,943 millions of yen (-2.3%)

FY2022/3 2Q: 6,082 millions of yen (80.4%)

	Net Income per Share (Yen)	Fully Diluted Net income per Share (Yen)
FY2023/3 2Q	110.44	110.34
FY2022/3 2Q	120.37	120.26

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
FY2023/3 2Q	¥139,681	¥79,162	54.3%
FY2022/3	¥136,512	¥74,452	52.2%

(Reference) Total Equity: FY2023/3 2Q: 75,864 millions of yen

FY2022/3 : 71,282 millions of yen

2. Cash Dividends

	Cash Dividends per Share (yen)				
	1 st quarter end	2 nd quarter end	3 rd quarter end	Year end	Annual Total
FY2022/3	-	21.00	-	23.00	44.00
FY2023/3	-	23.00	-	-	-
FY2023/3 (Forecast)	-	-	-	23.00	46.00

(Note) Changes from the latest released dividend forecast: No.

3. Forecast for Consolidated Financial Results for FY2023/3 (April 1, 2022 to March 31, 2023)

(“¥” indicates millions of yen, percentage figures indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		EPS (yen)
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
FY2023/3	¥84,000	17.9%	¥13,300	9.7%	¥12,800	4.8%	¥8,300	11.9%	170.76

(Note) Changes from the latest released forecast: No.

※ Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changing scope of consolidation): None
 New companies: -
 Excluded companies: -
- (2) Adaption of special accounting practices in the preparation of quarterly consolidated financial statements
 None
- (3) Changes in accounting policies, estimates and retrospective restatement
- | | |
|--|------|
| 1) Changes in accounting policies due to changes in accounting standard: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Retrospective restatement: | None |

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock):	FY2023/3 2Q	48,755,500 shares	FY2022/3	48,755,500 shares
2) Number of shares of treasury stock at the end of the period:	FY2023/3 2Q	164,980 shares	FY2022/3	56,644 shares
3) Average number of shares for the period:	FY2023/3 2Q	48,606,722 shares	FY2022/3 2Q	48,698,856 shares

(Note) The number of treasury shares at the end of the second quarter of the fiscal year ending March 31, 2023 includes the 143,800 treasury shares acquired based on the resolution of the Board of Directors held on May 13, 2022, after deducting the 35,464 treasury shares disposed of as remuneration of restricted stock on July 21, 2022.

- ※ This Summary of Consolidated Financial Results is not subject to review processes under the Financial Instruments and Exchange Act.
- ※ Explanation for appropriate use of forecast and other special matters

Earnings per share in the forecast of consolidated financial results for FY2023/3 is calculated based on the average number of shares for the period 48,606,722 shares.

Forward-looking statements, such as forecast of consolidated financial performance, stated in this document are based on information currently possessed by the Company as well as certain assumptions deemed rational. It does not mean that the Company assures that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance may be significantly different from such expectations due to various factors. For further information on assumptions used in forecasts, please see Page 7, 1. (3) Forward-Looking Statements such as Consolidated Earnings Forecasts.

Accompanying Materials

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1. Qualitative information regarding consolidated performance for the first six months

(1) Business Performance

Matters concerning the future in this document are those judged by Sun Frontier as of the end of the second quarter of the fiscal year ending March 31, 2023.

During the six months ended September 30, 2022, the Japanese economy showed signs of recovery, particularly in personal consumption and capital investment, as restrictions on economic and social activities eased further while people shifted towards coexisting with COVID-19. As for the global economy, there are concerns about stagflation stemming from the economic slowdown caused by the prospect for the prolonged Ukraine issue and inflation and interest rate hikes in various countries.

In the real estate market, the average rent for September in the Tokyo Business District (5 wards of Central Tokyo: Chiyoda, Chuo, Minato, Shinjuku, and Shibuya) was 20,156 yen (unit price per tsubo), down for the 26th consecutive month (total 2,858 yen / approximately 12%). The average vacancy rate for the same month mostly remained flat at 6.49% according to a survey by a private research institution, and the overall office market remained weak. Meanwhile in the real estate investment market, although institutional investors' demand remains high overall, the outlook remains unpredictable due to the global monetary tightening phase.

During the six months ended September 30, 2022, in the Group's core business, the Real Estate Revitalization Business, sales of relatively large-scale properties decreased compared to the same period of the previous year. However, the number of units sold was the same year-on-year and we continued to promote sales of real estate with high profitability and high-quality this period. The Real Estate Service Business continued to show stable performance. In the Hotel Operation Business, which has been greatly affected by the pandemic of COVID-19, sales continued to recover as demand kept increasing due to the easing of restrictions on economic and social activities. In October, the "Nationwide Travel Subsidy Program" was launched to promote domestic tourism and the restriction on individual travel of foreign tourists was lifted. The business environment is expected to improve further.

As a result, net sales amounted to 35,333 million yen (down 22.0% YoY), operating profit amounted to 8,044 million yen (down 14.4% YoY), ordinary profit amounted to 8,035 million yen (down 13.5% YoY), and profit attributable to owners of parent amounted to 5,368 million yen (down 8.4% YoY).

The results of each segment are as follows.

(Real Estate Revitalization Business)

In the Real Estate Revitalization Business, we are engaged in (i) Replanning Business and (ii) Rental Building Business.

- (i) In the Replanning Business, we are performing all processes in-house, from purchasing buildings to planning value improvements, tenant placement, sales and after-sales support. Sales in the current consolidated fiscal year were steady due to strong investor enthusiasm. As for purchases, the Group proactively selects properties while monitoring the impact of macroeconomic fluctuations on the real estate market and interest rate trends. In commercialization, we aim to create offices that fit a hybrid working style and are sought-after even in the new normal, while anticipating changes in urban areas, offices and work styles. Through coordination with the leasing brokerage division, the Group promoted the attraction of tenants even during the COVID-19 pandemic and finished real estate products with high occupancy rates and high added value, thereby selling products that meet the expectations of a wide range of clients in Japan and overseas. In the Real Estate Revitalization Business in New York, U.S., we sold one commercialized property in order to meet the needs of our clients who wish to diversify their asset portfolios. Also, as small-

lot real estate for specified joint real estate ventures, the Company sold (in three phases) a newly built medical and educational mall. In the Replanning Business, including the property in New York, 14 buildings were sold, the same year-on-year. However, sales of relatively large-scale properties owned over the medium to long term decreased year-on-year. As a result, although year-on-year net sales and profits decreased, compared to all previous first six months, the period under review marked the fourth highest level in terms of net sales and profits for the segment.

- (ii) In the Rental Building Business, to build a stable revenue base as a “stock business”, the Group will aim to increase rent income over the medium to long term by utilizing the operational capabilities accumulated in the real estate service division while increasing the number of rental buildings in the Replanning Business. Compared with the same period of the previous year, net sales and profit decreased due to a decline in rent income from short-term ownership properties.

As a result, net sales in the Real Estate Revitalization Business as a whole amounted to 26,255 million yen (down 29.9% YoY) and segment profit amounted to 9,181 million yen (down 17.6% YoY).

(Real Estate Service Business)

In the Real Estate Service Business, we are engaged in (i) Property Management Business, (ii) Building Maintenance Business, (iii) Sales Brokerage Business, (iv) Leasing Brokerage Business, (v) Conference Room Rental Business, and (iv) Rent Guarantee Business.

Each of these operating divisions is developing its businesses in the area of small- to medium-sized office buildings in central Tokyo by gathering their expertise and working together. This is also the foundation for generating high profitability in the Replanning Business by creating added value through a chain reaction of expertise cultivated through originality and ingenuity in the field.

- (i) In the Property Management Business, the Company has achieved high-occupancy and high-profitability building management by raising the satisfaction level of tenants through attentive property management, working with the leasing brokerage division to attract tenants, and working to revise the conditions for appropriate rents. As a result of growth in the number of managing buildings, both net sales and profits increased year-on-year.

	End of September 2020	End of September 2021	End of September 2022
Number of Managing Buildings	403 buildings	403 buildings	444 buildings
Occupancy Rate	96.8%	91.6%	91.9%

- (ii) In the Building Maintenance Business, under the slogan "Make Tokyo the Most Beautiful City in the World," we provide comprehensive building maintenance services, including inspections to maintain and manage buildings, cleaning to maintain beauty and comfortable spaces, and renovation work. The Group is promoting collaboration with the property management division with its strength in high-rise cleaning of exterior windows and walls using swings, waterproofing work and exterior wall renovation work. As the number of new managing properties increased, both net sales and profits increased year-on-year.
- (iii) In the Sales Brokerage Business, as part of our real estate consulting services, we are responding quickly to requests for consultation from clients of other divisions such as the Property Management Business and Leasing Brokerage Business. The office building business division has worked together to support building owners manage their buildings and succeeded in concluding sales brokerage contracts based on the trust it

has built up. As sales brokerage towards investors in Japan and abroad were strong, both net sales and profits increased year-on-year.

- (iv) In the Leasing Brokerage Business, we have developed a service network based in 10 sites, mainly in central Tokyo, which functions as a window for consultation close to the local building owners. Also, we are reflecting the needs and changes of tenants quickly acquired at the leasing site in research and proposals for optimal use of office space. Through this product planning in the Replanning Business, we are creating a new sense of value from our clients' perspective. Both net sales and profits increased year-on-year as the number of contracts concluded went up.
- (v) In the Conference Room Rental Business, we have been able to capture continuous use and the demands of new customer segments by providing services that respond to the changing times and thoroughly implementing flexible proposal sales to meet clients' needs through close ties with local communities. Demand for corporate training and seminars continued to recover as restrictions on economic and social activities eased further. As a result, net sales increased year-on-year, and while a temporary increase was seen in expenses associated with the opening of new conference rooms, profits also increased.
- (vi) In the Rent Guarantee Business, when rent arrears occur, we provide services tailored to building owners not only with rent guarantee, but also support until the lease is surrendered, easing the sense of burden in building management. Consultations from building owners increased due to the increase of vacant rooms and tenant credit concerns, caused by the outbreak of COVID-19. As a result, the number of new guarantees handled increased, and both net sales and profits increased year-on-year.

As a result of the above, net sales in the Real Estate Service Business as a whole amounted to 4,367 million yen (up 15.6% YoY) and segment profit amounted to 2,551 million yen (up 19.8% YoY).

(Hotel and Tourism Business)

In the Hotel and Tourism Business, we are engaged in (i) Hotel Development Business and (ii) Hotel Operation Business.

- (i) In the Hotel Development Business, while we recorded sales of certain lots of the condominium hotel "HIYORI OCEAN RESORT OKINAWA" in the same period of the previous year, we did not have any sales of properties in the current period, and both net sales and profits decreased year-on-year. Of the three hotels whose sale was announced at the end of August, two were delivered at the end of October. Net sales and profits associated with this transaction will be recorded in the 9 months ending December 31, 2022. The impact of this transaction on the Company's consolidated financial results has been incorporated into the forecast for consolidated financial results for the fiscal year ending March 31, 2023 announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2022" dated May 13, 2022.
- (ii) In the Hotel Operation Business, "Shijo Kawaramachi Onsen Sora Niwa Terrace Kyoto" and "Shijo Kawaramachi Onsen Bettei Kamogawa" opened in June, and we operate a total of 22 hotels (2,612 rooms) as of November 10th. Demand for domestic tourism has been further recovering due to the easing of restrictions on economic and social activities. Also, the occupancy rate and room unit prices are continuing to rise. As a result, net sales increased and the amount of loss decreased year-on-year.

As a result of the above, net sales in the Hotel and Tourism Business as a whole amounted to 4,553 million yen (up 37.9% YoY) and the segment loss amounted to 334 million yen (compared with segment loss of 970 million yen in the same period of the previous fiscal year).

(Other Business)

In Other Business, we are engaged in (i) Overseas Development Business and (ii) Construction Business.

- (i) In the Overseas Development Business, we have expanded into Southeast Asian countries where growth is expected. We are developing real estate mainly for condominiums and houses using Japanese advanced construction technology and are focusing on providing Asian people with a firsthand experience of Japanese quality. In the current period, although we had sales such as condominium management revenue in Vietnam, sales decreased year on year in reaction to the sales of properties in Vietnam and Indonesia which was recorded in the same period of the previous fiscal year, and a loss was recorded due to a loss on valuation of inventories in Indonesia.
- (ii) In the Construction Business, the Group is engaged in renewal planning, repair and reform, interior finishing work and telecommunications work for commercial buildings. Compared with the same period of the previous fiscal year, sales for the current period dropped due to a decrease in construction on hand led by fewer orders received. However, profits increased as the number of telecommunications works with high gross profit margin increased.

As a result of the above, net sales in the Other Business amounted to 620 million yen (down 40.9% YoY) and the segment profit amounted to 86 million yen (up 0.2% YoY).

(2) Consolidated Financial Position

Total assets as of September 30, 2022 amounted to 139,681 million yen (up 2.3% YoY), liabilities amounted to 60,518 million yen (down 2.5% YoY) and net assets amounted to 79,162 million yen (up 6.3% YoY).

The increase in total assets was mainly due to an increase of 6,040 million yen in cash and deposits and an increase of 17,353 million yen in real estate for sale, despite a decrease of 17,677 million yen in real estate for sale in process, a decrease of 1,166 million yen in buildings under property, plant and equipment, and a decrease of 2,434 million yen in land.

The main factors for the decrease in liabilities were a decrease of 1,710 million yen in current portion of long-term borrowings, a decrease of 726 million yen in income taxes payable and a decrease of 756 million yen in long-term borrowings, despite an increase of 1,062 million yen in accounts payable - trade.

The increase in net assets was mainly due to the recording of 5,368 million yen in profit attributable to owners of parent, despite the payment of 1,121 million yen in year-end dividends.

Equity ratio increased 2.1 percentage points to 54.3%.

(3) Forward-Looking Statements such as Consolidated Earnings Forecasts

As for the results for the fiscal year ending March 31, 2023, there are no changes to the forecast figures announced on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and time deposits	30,053	36,093
Notes, accounts receivable, and contract assets	945	1,342
Real estate for sale	14,222	31,576
Real estate for sale in process	62,934	45,256
Costs of uncompleted construction contracts	100	236
Supplies	83	85
Other	2,603	3,044
Allowance for doubtful accounts	(21)	(9)
Total current assets	110,920	117,625
Non-current assets		
Property, plant and equipment		
Buildings (net amount)	7,876	6,710
Land	10,046	7,612
Other (net amount)	872	819
Total property, plant and equipment	18,796	15,142
Intangible assets		
Goodwill	408	375
Other	164	282
Total intangible assets	572	658
Investments and other assets		
Guarantee deposits	4,726	4,940
Deferred tax assets	1,036	1,036
Other	460	278
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	6,222	6,255
Total non-current assets	25,591	22,056
Total assets	136,512	139,681

(Unit: million yen)

As of March 31, 2022 As of September 30, 2022

Liabilities		
Current liabilities		
Accounts payable - trade	1,345	2,407
Short-term borrowings	30	77
Current portion of long-term borrowings	6,874	5,163
Income taxes payable	3,528	2,802
Provision for bonuses	191	215
Provision for bonuses for directors (and other officers)	73	35
Provision for fulfillment of guarantees	39	35
Other	4,126	4,456
Total current liabilities	16,210	15,194
Non-current liabilities		
Long-term borrowings	44,169	43,413
Retirement benefit liability	6	5
Provision for share-based remuneration	68	76
Other	1,605	1,828
Total non-current liabilities	45,849	45,324
Total liabilities	62,060	60,518
Net Assets		
Shareholders' equity		
Share capital	11,965	11,965
Capital surplus	6,445	6,445
Retained Earnings	52,917	57,164
Treasury shares	(67)	(180)
Total shareholders' equity	71,260	75,394
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	2
Foreign currency translation adjustment	19	467
Total accumulated other comprehensive income	22	470
Share acquisition rights	30	30
Non-controlling interests	3,139	3,267
Total net assets	74,452	79,162
Total liabilities and net assets	136,512	139,681

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	45,326	35,333
Cost of sales	32,337	23,534
Gross profit	12,988	11,798
Selling, general and administrative expenses	3,587	3,753
Operating profit	9,400	8,044
Non-operating income		
Interest and dividend income	16	23
Foreign exchange gains	1	179
Subsidy income	98	43
Other	44	24
Total non-operating income	161	271
Non-operating expenses		
Interest expenses	211	241
Other	65	39
Total non-operating expenses	276	281
Ordinary profit	9,285	8,035
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sale of shares of subsidiaries and associates	-	101
Gain on bargain purchase	122	—
Total extraordinary income	122	101
Extraordinary loss		
Impairment loss	-	22
Settlement money	254	—
Other	0	—
Total extraordinary losses	254	22
Profit before income taxes	9,154	8,114
Income taxes - current	3,301	2,478
Income taxes - deferred	(6)	172
Total income taxes	3,295	2,650
Profit	5,858	5,464
Profit attributable to non-controlling interests	(3)	95
Profit attributable to owners of parent	5,862	5,368

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	5,858	5,464
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	223	480
Total other comprehensive income	223	479
Comprehensive income	6,082	5,943
Comprehensive income attributable to		
Owners of parent	6,074	5,816
Non-controlling interests	7	127

(3) Notes to Consolidated Financial Statements

(Notes to Assumption of Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

I For FY2022/3 2Q (April 1, 2021 to September 30, 2021)

1. Dividend paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders, June 22, 2021	Common shares	2,047	42.00	March 31, 2021	June 23, 2021	Retained earnings

Note: The total amount of dividends decided at the Annual General Meeting of Shareholders on June 22, 2021 includes dividends of 2 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

2. Dividends for which the record date is during FY2022/3 2Q and the effective date is after the last day of FY2022/3 2Q

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors, November 9, 2021	Common shares	1,023	21.00	September 30, 2021	December 7, 2021	Retained earnings

II For FY2023/3 2Q (April 1, 2022 to September 30, 2022)

1. Dividend paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders, June 21, 2022	Common shares	1,121	23.00	March 31, 2022	June 22, 2022	Retained earnings

Note: The total amount of dividends decided at the Annual General Meeting of Shareholders on June 21, 2022 includes dividends of 1 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

2. Dividends for which the record date is during FY2023/3 2Q and the effective date is after the last day of FY2023/3 2Q

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors, November 10, 2022	Common shares	1,118	23.00	September 30, 2022	December 6, 2022	Retained earnings

3. Significant changes in shareholders' equity

Based on the resolution of Board of Directors meeting held on May 13, 2022, the Company purchased 143,800 treasury shares. The Company also disposed of 35,464 treasury shares with a due date of July 21, 2022 as a remuneration of restricted shares. As a result, treasury shares increased by 112 million yen during the 6 months ended September 30, 2022, and stands at 180 million yen as of the end of the period.

(Change of Accounting Policies)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as “Fair Value Measurement Implementation Guidance”) has been applied from the beginning of the first quarter of the fiscal year, and in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the new accounting policies stipulated in the Fair Value Measurement Implementation Guidance will be applied into the future.

The application of this accounting standard has no impact on the consolidated financial statements for the period under review.

(Additional Information)

1. Accounting Estimates for the Impact of the Spread of COVID-19 Infections

There have been no material changes to assumptions regarding the impact of the spread of COVID-19 infections described in the “Significant Accounting Estimates” in the Annual Securities Report for the previous fiscal year.

2. Transactions of Delivering the Company’s Own Shares to Employees etc. through Trusts

The Company conducts transactions to deliver its own shares through trust for the purpose of employee welfare.

(i) Overview of transaction

The plan provides the Company's shares to employees of the Company who meet certain requirements based on the share benefit regulations established by the Company in advance.

The Company will grant points to employees who satisfy certain conditions at the end of the fiscal year, and when they acquire the right to receive benefits, the Company shares corresponding to the granted points will be delivered. The shares to be granted to employees are acquired in the future with the money set in trust in advance and managed separately as trust assets.

The total amount method is applied to the Employee Stock Ownership Plan (J-ESOP) in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Shares to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

(ii) Own shares remaining in the trust

The book value of the Company's shares remaining in the trust (excluding the amount of incidental expenses) is included in net assets. The book value and number of shares of the treasury shares as of September 30, 2022 were 67 million yen and 56,500 shares.

3. Accounting Treatment and Disclosure with the Application of the Group Tax Sharing System

The Company and certain consolidated domestic subsidiaries shifted from the consolidated taxation system to the group tax sharing system effective from the first quarter of the fiscal year ending March 31, 2023. Accordingly, the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting are based on the “Treatment of the Accounting and Disclosure under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021, hereinafter “PITF No. 42”). Based on Paragraph 32 (1) of PITF No. 42, there is deemed to be no effect on the consolidated financial statements for the period under review due to the change in accounting policies resulting from the application of PITF No. 42.

(Segment Information, etc.)

I For FY 2022/3 2Q (April 1, 2021 to September 30, 2021)

1. Information on net sales and profit for each reportable segment

(Unit: million yen)

	Reportable segment				Other (Note 1)	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Subtotal		
Net sales						
Revenue from contracts with customers	35,391	3,250	3,244	41,886	1,046	42,933
Other revenue (Note 2)	2,074	262	56	2,393	-	2,393
Net sales to external customers	37,465	3,512	3,300	44,279	1,046	45,326
Internal sales or transfers between segments	6	264	-	271	3	275
Subtotal	37,472	3,777	3,300	44,550	1,050	45,601
Segment profit (loss)	11,138	2,130	(970)	12,297	86	12,384

Notes:1. The "Other" segment is a business segment that is not included in the reportable segment and includes the Overseas Development Business, Construction Business, etc.

2. Other income is rental income, etc., based on ASBJ No. 13 "Accounting Standard for Lease Transactions".

2. The difference between the total amount of the report segment's profit or loss and the amount recorded in the Consolidated Statement of Income and the main content of the difference (matters related to the difference adjustment)

(Unit: million yen)

Profit	Amount
Reportable segment total	12,297
Profit in the "Other" category	86
Elimination of intersegment transactions	(0)
Corporate expenses (Note)	(3,098)
Ordinary profit in the consolidated statement of income	9,285

Note: Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

3. Information on impairment loss or goodwill of fixed assets for each reportable segment

Not applicable.

II For FY2023/3 2Q (April 1, 2022 to September 30, 2022)

1. Information on net sales and profit for each reportable segment

(Unit: million yen)

	Reportable segment				Other (Note 1)	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Subtotal		
Net sales						
Revenue from contracts with customers	24,925	3,285	4,472	32,682	618	33,301
Other revenue (Note 2)	1,319	647	64	2,032	-	2,032
Net sales to external customers	26,245	3,933	4,536	34,714	618	35,333
Internal sales or transfers between segments	10	433	17	461	1	463
Total	26,255	4,367	4,553	35,176	620	35,797
Segment profit (loss)	9,181	2,551	(334)	11,397	86	11,484

Notes: 1. The “Other” segment is a business segment that is not included in the reportable segment and includes the Overseas Development Business, Construction Business, etc.

2. Other income is rental income, etc., based on ASBJ No. 13 “Accounting Standard for Lease Transactions”.

2. The difference between the total amount of the report segment's profit or loss and the amount recorded in the Consolidated Statement of Income and the main content of the difference (matters related to the difference adjustment)

(Unit: million yen)

Profit	Amount
Reportable segment total	11,397
Profit in the “Other” category	86
Elimination of intersegment transactions	(12)
Corporate expenses (Note)	(3,437)
Ordinary profit in the consolidated statement of income	8,035

Note: Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

3. Information on impairment loss or goodwill of fixed assets for each reportable segment

Not applicable.

(Revenue Recognition)

Breakdown of revenue from contracts with customers is as stated in the “Notes to Consolidated Financial Statements (Segment Information, etc.)”.

(Significant Subsequent Events)

Not applicable.