

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes
- (ii) Changes in accounting policies other than (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatement : None

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at end of the period (including treasury stock)

FY2022	24,361,000 shares	FY2021	24,361,000 shares
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(ii) Number of treasury stock held at end of the period

FY2022	897,324 shares	FY2021	585,709 shares
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(iii) Average number of shares outstanding during the period

FY2022	23,508,476 shares	FY2021	23,964,455 shares
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* Consolidated financial statements (Japanese GAAP) are not subject to audit procedure.

* Explanation of the proper use of financial forecasts and other important notes

(1) Financial forecasts

The statements about the future included in this report, including financial forecasts, are based on information currently available to the Company and certain assumptions that are considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See “(4) Outlook of FY2023” under “1. Operating Results and Financial Position” on page 3 of the Accompanying Materials for the assumptions of the financial forecasts and points to note in the use of financial forecasts

(2) Access to presentation materials for financial results

The presentation material for financial results is disclosed through together with these financial statements. This information also is posted on the Company's website on the same day.

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1. Operating Results and Financial Position

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter under review and makes a comparative analysis with the first quarter of the previous fiscal year and the previous fiscal year, using figures after retroactively applying the Accounting Standard, etc.

(1) Analysis of Operating Results

During the consolidated fiscal year under review (January 1 through December 31, 2022), Japan saw a few waves of COVID-19 infections. Meanwhile, regulations were eased gradually, and Japanese people lived with the virus. There were signs of a recovery in the Japanese economy. However, uncertainty about the economic outlook rose, chiefly reflecting the risk of downturns in overseas economies putting downward pressure on the Japanese economy, rising prices, supply constraints, and the effects of changes in monetary and capital markets.

The real estate industry, where the MUGEN ESTATE Group operates, was affected by rising materials prices and supply shortages chiefly due to the COVID-19 pandemic and the prolonged war in Ukraine. However, real estate demand remained firm, and trading prices continued to climb. Moreover, demand from overseas investors for real estate in Japan is increasing on the back of the weaker yen and the easing of the restrictions on entry into Japan that were applied during the COVID-19 pandemic.

According to the Real Estate Information Network for East Japan (East Japan REINS), the number of contracts concluded for used condominium units in the Tokyo metropolitan area fell 11.0% year on year, to 35,429 in FY2022, but demand for used condominium units remained firm. The average unit price per square meter of contracted condominium units stood at 672,400 yen (up 12.4% year on year). This was the 10th consecutive year of increase. The average unit price rose 76.1% in the past ten years. The contract price exceeded 40 million yen and came to 42,760,000 yen (up 10.5% year on year). This was the 10th consecutive year of increase as the average unit price per square meter. The number of inventory properties recorded a double-digit year-on-year increase of 16.6% in December, surpassing the year-ago level for the eleventh consecutive month.

In this business environment, the MUGEN ESTATE Group focused on expanding residential-type properties operations in the Real Estate Trading Business, a core business, to meet rising demand for used condominium units and detached houses in the Tokyo metropolitan area.

Purchases and sales of residential type properties (owned condominium units and detached houses) increased from the year-ago level, reflecting the successful development of customers in individual areas by five sales offices established in the previous fiscal year and their sales activities starting to bear fruit. The Group aims to expand sales further and established the Kamata sales office, its sixth, in December.

Regarding investment-type properties, the MUGEN ESTATE Group worked to improve their inventory turnover by bolstering sales through an increase in the occupancy rate and the addition of greater value to such properties, but sales were lower than the year-ago level, reflecting sales activities with an emphasis on profitability. On the other hand, acquisitions increased year on year both in terms of the number of properties and monetary amounts as a result of active purchases of properties having high asset values. Rent income also rose from the year-ago level.

In the Real Estate Development Business, five new properties equipped with environmentally friendly items in the SIDEPLACE series were completed in the fiscal year under review, including a steel-framed office and retail complex having six floors above ground, which was completed in Ueno in November. The Group sold only one property after assessing profitability. To boost sales, the Group reviewed leasing and sales activities.

In the Real Estate Specified Joint Business, we actively established associations in the Setagaya Project, of which sales started in April. Consequently, the phase 3 offering has been completed.

As a result, consolidated net sales decreased 8.0% year on year, to 31,242 million yen, consolidated operating income rose 27.1% year on year, to 2,976 million yen, consolidated ordinary income increased 30.4% year on year, to 2,309 million yen, and consolidated profit attributable to owners of parent soared 22.6%, to 1,564 million yen in the fiscal year under review.

The following is an overview of the results by segment.

[Real Estate Trading Business]

In the Real Estate Trading Business, the number of units sold in investment-type properties came to 89 (down 38 units year on year) and the average unit selling price was 190 million yen (up 14.5% year on year), registering net sales of 16,941 million yen (down 19.8% year on year). Meanwhile, the number of units sold in residential-type properties came to 289 (up 88 units year on year) and the average unit selling price was 37 million yen (down 19.5% year on year), registering net sales of 10,856 million yen (up 15.8% year on year).

As a result, net sales for the segment decreased 8.9% year on year, to 29,016 million yen, and segment profit (operating income for the segment) grew 29.9% year on year, to 4,051 million yen.

[Real Estate Leasing and Other Business]

In the Real Estate Leasing and Other Business, revenue from real estate leasing increased 3.4% year on year, to 2,077 million yen. As a result, net sales for the segment increased 5.3% year on year, to 2,226 million yen, and segment profit (operating income for the segment) rose 6.1% year on year, to 780 million yen.

Note: The “investment-type properties” are classified as real estate generating rental income, including rental condominiums and office blocks, which are used by buyers for the purpose of investment. The “residential-type properties” are classified as real estate used by buyers as their housing units, most of which are owned condominiums and Land and other assets are also included.

(2) Analysis of Financial Position

The financial position of the MUGEN ESTATE Group at the end of the consolidated fiscal year under review included assets of 77,448 million yen (up 23.4% from the end of the previous fiscal year), liabilities of 52,843 million yen (up 34.7% from the end of the previous fiscal year), and net assets of 24,604 million yen (up 4.5% from the end of the previous fiscal year).

Principal factors contributing to the increase in assets included increases of 188 million yen in cash and deposits and 15,652 million yen in real estate properties for sale, and a decrease of 1,184 million yen in property.

The increase in liabilities was attributable primarily to increases of 7,395 million yen in long-term loans payable (including the current portion of long-term loans payable) 1,284 million yen in short-term loans payable, 3,768 million yen in bonds payable (including current portion), and 638 million yen in other current liabilities.

The growth in net assets resulted in large part from a rise of 1,564 million yen in retained earnings due to the recording of profit attributable to owners of parent, partly offset by a decrease of 356 million yen in retained earnings attributable to dividends paid.

(3) Analysis of Cash Flows

Cash and cash equivalents (“cash”) at the end of the consolidated fiscal year under review increased 199 million yen from the end of the previous consolidated fiscal year, to 16,315 million yen. The cash flow positions and contributing factors are as follows.

[Cash flows from operating activities]

Net cash used in operating activities during the consolidated fiscal year under review totaled 11,491 million yen (net cash provided in operating activities during the previous consolidated fiscal year was 3,307 million yen). This was mainly attributable to profit before income taxes of 2,278 million yen, while there were the payment of interest expenses of 649 million yen and the increase in inventories of 14,890 million yen.

[Cash flows from investing activities]

Net cash used in investing activities during the consolidated fiscal year under review amounted to 157 million yen (net cash used in investing activities during the previous consolidated fiscal year was 1,218 million yen). This was primarily the result of proceeds of 1,939 million yen from the withdrawal of time deposits, while payments into deposits amounted to 1,928 million yen and Purchase of property, plant and equipment to 145 million yen.

[Cash flows from financing activities]

Net cash provided in financing activities during the consolidated fiscal year under review totaled 11,847 million yen (net cash used in financing activities during the previous consolidated fiscal year was 621 million yen). This primarily reflects proceeds from long-term loans payable of 21,827 million yen and proceeds from the issuance of corporate bonds of 4,608 million yen and short-term loans net increase of 1,284 million yen, while the repayment of long term loans payable was 14,431 million yen and the redemption of Bonds payable was 882 million yen.

(Reference) Cash flow indicators

	FY2020	FY2021	FY2022
Equity ratio (%)	36.0	37.4	31.6
Market value equity ratio (%)	18.4	18.7	15.3
Interest-bearing debt to cash flow ratio (years)	3.4	11.1	-
Interest coverage ratio (times)	16.6	6.2	-

Equity ratio: shareholders' equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debts / cash flow

Interest coverage ratio: cash flow / interest payment

Note 1: Each indicator is calculated using consolidated financial figures.

2: The market capitalization has been calculated by multiplying the closing stock price at the fiscal year-end by the number of shares outstanding at the fiscal year-end.

3: Cash flow represented operating cash flow.

(4) Outlook for FY2023 (January 1, 2023 to December 31, 2023)

Restrictions deployed amid the COVID-19 pandemic have been eased, and there are signs of a moderate economic recovery. However, uncertainty over the future of the economy is rising due to worldwide monetary tightening, rising prices, and the effects of economic downturns in Europe and the United States, among other factors.

In the real estate industry, where the Group operates, housing demand in the central Tokyo area is expected to remain firm, as in the previous fiscal year. The Group expects that demand for real estate investment will continue to be solid, given an expected full-scale recovery in inbound tourism demand due to deregulation and the weaker yen. A large supply of offices is planned in 2023, and new supply will likely stimulate demand.

Meanwhile, concerns about the future are increasing given rising prices of building materials as society learns to live with COVID-19, as well as rising fixed mortgage rates due to the Bank of Japan's widening of the yield band for long-term government bonds, among other factors. The Group needs to pay close attention to these factors.

In this environment, the Group will focus on purchases and sales primarily of residential-type properties (owned condominium units and detached houses), creating a system to increase the types of properties it handles to boost sales in the Purchase and Resale Business, a core business, under the basic policies of the Second Medium-Term Management Plan: (i) strengthening the revenue base to expand businesses, (ii) building networks to seize revenue opportunities, (iii) increasing organizational strength to drive business growth, and (iv) advancing digital transformation, which will support business expansion and growth. One of the priority measures in the medium-term management plan is expanding and cultivating human resources. The Group has already hired more people than planned and will continue to expand the number of personnel and strengthen the education system to make new hires work-ready more quickly.

The Group has revised its numerical targets for the fiscal year ending December 31, 2023 and forecast consolidated net sales of 45,865 million yen (up 46.8% year on year), operating income of 3,625 million yen (up 21.8% year on year), ordinary income of 2,840 million yen (up 23.0% year on year), and profit attributable to owners of parent of 1,863 million yen (up 19.1% year on year).

The above forecasts regarding future performance are based on information available when this material was announced, and actual results may differ from the forecasts due to a variety of factors in the future.

(5) Basic Policy for Dividend Distribution and Dividends for FY2022 and FY2023

The Group considers the return to shareholders to be one of its most important management initiatives. Its basic policy is to continue to pay stable dividends, while simultaneously working to strengthen its financial conditions and enhance its internal reserves for the expansion of businesses on a long-term basis. With this in mind, it will determine the distribution of profit after comprehensively taking a range of factors into account, including the level of its business performance. The Group aims for a consolidated dividend payout ratio

of 30% or more in the medium to long term.

As stated above, the Group determines dividends per share after comprehensively assessing annual results, and in principle, distributes dividends once a year as year-end dividends. Year-end dividends are determined at the general shareholders' meeting. Interim dividends are determined by the Board of Directors.

As stated in the notice of revisions to the results forecast and dividends forecast (dividend increase) published on December 14, 2022, the Group plans to pay a year-end dividend of 20 yen per share, 3 yen more than the initial forecast, 17 yen, for the fiscal year ended December 31, 2022. The consolidated payout ratio will be 30.0%.

The Group plans to pay a year-end dividend of 24 yen per share for the fiscal year ending December 31, 2023 based on the present forecast. The consolidated payout ratio will be 30.3%.

The Group will actively use internal reserves to purchase properties to expand its core businesses, namely the Purchase and Resale Business and the Leasing Business, and its growth businesses, the Development Business and Real Estate Specified Joint Business, while investing in human resources and in IT systems.

2. Basic Perspective on Selection of Accounting Standards

The MUGEN ESTATE Group currently plans to prepare its consolidated financial statements based on the Japanese standards for the time being because it operates businesses in Tokyo Metropolitan Area, and because the percentage of foreign corporations and other non-Japanese shareholders is low.

The Group plans to discuss and examine the timing for introducing the International Financial Reporting Standards (IFRS), taking into account its business development going forward and factors such as domestic trends and international trends.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	FY2021 (As of December 31, 2021)	FY2022 (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	17,565	17,754
Accounts receivable - trade	19	23
Real estate for sale	35,463	51,116
Real estate for sale in process	630	517
Other	728	767
Allowance for doubtful accounts	(3)	(5)
Total current assets	54,404	70,174
Non-current assets		
Property, plant and equipment		
Buildings	3,949	3,413
Accumulated depreciation	(522)	(461)
Buildings, net	3,426	2,952
Land	4,157	3,441
Other	111	110
Accumulated depreciation	(81)	(73)
Other, net	30	37
Total property, plant and equipment	7,614	6,430
Intangible assets		
Leasehold right	63	63
Other	22	21
Total intangible assets	85	84
Investments and other assets		
Investment securities	21	21
Deferred tax assets	252	306
Other	357	370
Total investments and other assets	631	698
Total non-current assets	8,331	7,213
Deferred assets		
Bond issuance cost	41	60
Total deferred assets	41	60
Total assets	62,778	77,448

(Million yen)

	FY2021 (As of December 31, 2021)	FY2022 (As of December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	361	495
Short-term borrowings	4,739	6,023
Current portion of bonds payable	727	3,091
Current portion of long-term borrowings	4,982	6,520
Income taxes payable	287	622
Provision for bonuses	20	24
provision for director's bonuses	—	20
provision for Executive Officers bonuses	—	26
Construction warranty reserve	48	36
Other	1,002	1,640
Total current liabilities	12,168	18,501
Non-current liabilities		
Bonds payable	3,219	4,623
Long-term borrowings	23,192	29,049
Retirement benefit liability	109	115
Other	542	553
Total non-current liabilities	27,063	34,342
Total liabilities	39,232	52,843
Net assets		
Shareholders' equity		
Share capital	2,552	2,552
Capital surplus	2,475	2,475
Retained earnings	18,827	20,027
Treasury shares	(401)	(543)
Total shareholders' equity	23,453	24,551
Share acquisition rights	92	92
Total net assets	23,546	24,604
Total liabilities and net assets	62,778	77,448

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

Consolidated Statement of Income

(Million yen)

	FY2021 (From January 1, 2021 to December 31, 2021)	FY2022 (From January 1, 2022 to December 31, 2022)
Net sales	33,956	31,242
Cost of sales	28,168	24,092
Gross profit	5,788	7,150
Selling, general and administrative expenses	3,445	4,173
Operating profit	2,342	2,976
Non-operating income		
Interest and dividend income	1	1
Commission income	13	15
Penalty income	7	21
Refund of real estate acquisition tax	3	15
Other	8	8
Total non-operating income	35	63
Non-operating expenses		
Interest expenses	519	655
Commission expenses	49	43
Other	37	32
Total non-operating expenses	606	731
Ordinary profit	1,770	2,309
Extraordinary income		
Gain on sales of non-current assets	6	—
Total extraordinary income	6	—
Extraordinary losses		
Loss on sales of non-current assets	0	—
Impairment loss	—	28
Loss on retirement of non-current assets	—	2
3 Total extraordinary losses	0	30
Profit before income taxes	1,776	2,278
Income taxes – current	511	767
Income taxes – deferred	(11)	(54)
Total income taxes	500	713
Profit	1,276	1,564
Profit attributable to owners of parent	1,276	1,564

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2021 (From January 1, 2021 to December 31, 2021)	FY2022 (From January 1, 2022 to December 31, 2022)
Income before minority interests	1,276	1,564
Comprehensive income	1,276	1,564
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,276	1,564

(3) Consolidated Statements of Changes in Net Assets

FY2021 (From January 1, 2021 to December 31, 2021)

(Million yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at the beginning of the fiscal year	2,552	2,475	17,790	(300)	22,518	86	22,605
Changes of items during period							
Dividends of surplus			(239)		(239)		(239)
Profit attributable to owners of parent			1,276		1,276		1,276
Purchase of treasury shares				(101)	(101)		(101)
Net changes of items other than shareholders' equity						5	5
Total changes of items during period	—	—	1,036	(101)	935	5	940
Balance at the end of the fiscal year	2,552	2,475	18,827	(401)	23,453	92	23,546

FY2022 (From January 1, 2022 to December 31, 2022)

(Million yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained Earnings	Treasury shares	Total shareholders' equity		
Balance at the beginning of the fiscal year	2,552	2,475	18,827	(401)	23,453	92	23,546
Changes of items during period							
Dividends of surplus			(356)		(356)		(356)
Profit attributable to owners of parent			1,564		1,564		1,564
Purchase of treasury shares				(198)	(198)		(198)
Disposal of treasury shares			(7)	56	48		48
Net changes of items other than shareholders' equity						—	—
Total changes of items during period	—	—	1,200	(141)	1,058	—	1,058
Balance at the end of the fiscal year	2,552	2,475	20,027	(543)	24,511	92	24,604

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2021 (From January 1, 2021 to December 31, 2021)	FY2022 (From January 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	1,776	2,278
Impairment loss	—	28
Depreciation	636	664
Increase (decrease) in allowance for doubtful accounts	(3)	2
Increase (decrease) in provision for bonuses	(3)	4
Increase (decrease) in provision for director's bonuses	—	20
Increase (decrease) in provision for Executive Officers bonuses	—	26
Increase (decrease) in construction warranty reserve	5	(12)
Increase (decrease) in net defined benefit liability	7	5
Interest and dividend income	(1)	(1)
Interest expenses	519	655
Share-based compensation expenses	5	36
Refund of real estate acquisition tax	3	15
Amortization of bond issuance costs	19	22
Loss (gain) on sales of non-current assets	(6)	—
Loss on retirement of non-current assets	—	2
Decrease (increase) in trade receivables	(3)	(3)
Decrease (increase) in inventories	2,270	(14,890)
Increase (decrease) in trade payables	144	134
Increase (decrease) in accrued consumption taxes	(300)	9
Decrease (increase) in consumption taxes refund receivable	(11)	(234)
Increase (decrease) in lease and guarantee deposits received	(85)	11
Decrease (increase) in other current assets	(476)	205
Increase (decrease) in other current liabilities	117	632
Other, net	15	(14)
Subtotal	4,629	(10,398)
Interest and dividend income received	1	1
Interest paid	(534)	(649)
Income taxes refund	0	0
Income taxes paid	(789)	(444)
Net cash provided by (used in) operating activities	3,307	(11,491)
Cash flows from investing activities		
Payments into time deposits	(1,967)	(1,928)
Proceeds from withdrawal of time deposits	1,934	1,939
Purchase of property, plant and equipment	(1,162)	(145)
Proceeds from sales of property, plant and equipment	28	—
Purchase of intangible assets	(10)	(10)
Purchase of securities	(21)	—
Payments of leasehold and guarantee deposits	(23)	(12)
Proceeds from refund of leasehold and guarantee deposits	2	0
Net cash provided by (used in) investing activities	(1,218)	(157)

(Million yen)

	FY2021 (From January 1, 2021 to December 31, 2021)	FY2022 (From January 1, 2022 to December 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,689	1,284
Proceeds from long-term borrowings	17,579	21,827
Repayments of long-term borrowings	(20,311)	(14,431)
Proceeds from issuance of bonds	684	4,608
Redemption of bonds	(921)	(882)
Purchase of treasury shares	(101)	(198)
Repayments of lease obligations	(2)	(3)
Cash dividends paid	(239)	(336)
Net cash provided by (used in) financing activities	(621)	11,847
Net increase (decrease) in cash and cash equivalents	1,466	199
Cash and cash equivalents at beginning of period	14,649	16,116
Cash and cash equivalents at end of period	16,116	16,315

(Segment information)

[Segment information]

1. Summary of reportable segments

(1) Method for determining which segments to report

The reportable segments of the Group comprise those business units for which separate financial information is available, and which are subject to a regular review conducted by the Company's Board of Directors in order to determine the allocation of management resources and assess the business performance.

The principal business of the Group is real estate trading in which used condominium units and detached houses are purchased, refurbished, and sold. In addition, the Group operates a leasing business, in which it purchases and leases real estate for lease, leases condominiums and other buildings before selling, and provides lease management of condominiums, etc.

Therefore, the Group has decided that the "Real Estate Trading Business" and "Real Estate Leasing and Other Business" will be the segments it reports.

(2) Types of products and services in each reportable segment

The Real Estate Trading Business includes revenues from trading owned condominiums, investment-type properties (rental condominiums, and office blocks), and detached houses, related interior and exterior work, and sales brokerage.

The Real Estate Leasing and Other Business includes rent income from leasing condominiums, buildings, owned condominium units, etc., and fees for providing lease management service for rental condominiums and buildings.

2. Method for calculating net sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

The accounting method for the reportable segments is generally the same as that provided in the "Key factors fundamental to the preparation of the consolidated financial statements."

Profit from the reportable segments is based on operating income.

Inter-segment revenues and transfers are based on the prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

FY2021 (From January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable Segments			Adjustment (Note)	Total
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	31,842	2,113	33,956	—	33,956
Inter-segment sales or transfer	37	34	72	(72)	—
Total	31,880	2,148	34,028	(72)	33,956
Segment profit	3,119	736	3,855	(1,513)	2,342
Segment assets	11,196	32,991	44,188	18,590	62,778
Other items					
Depreciation	5	598	604	32	636
Increase in PPE and intangible non-current assets	14	3,925	3,940	60	4,000

(Notes)

1. The adjustments include the following.

(1) The segment profit adjustment of (1,513) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

(2) The segment asset adjustment of 18,590 million yen includes cash and cash deposits, deferred tax assets, assets related to the management division, and other items which are company-wide assets that are not allocated to each reported segment.

2. The segment profit has been adjusted to the operating income stated in the consolidated statements of income.

3. Because the rent income from the investment-type properties before the sale is included in the net sales in the Real Estate Leasing and Other Business, these properties are segment assets of the Real Estate Leasing and Other Business during the period of possession, and are transferred to the segment assets of the Real Estate Trading Business at the book value every time they are sold.

FY2022 (From January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable Segments			Adjustment (Note)	Total
	Real Estate Trading Business	Real Estate Leasing and Other Business	Sub-total		
Net sales					
Net sales to external customers	29,016	2,226	31,242	—	31,242
Inter-segment sales or transfer	88	20	108	(108)	—
Total	29,104	2,246	31,351	(108)	31,242
Segment profit	4,051	780	4,831	(1,854)	2,976
Segment assets	23,036	35,497	58,534	18,914	77,448
Other items					
Depreciation	5	633	639	25	664
Increase in PPE and intangible non-current assets	8	122	131	27	158

(Notes)

1. The adjustments include the following.

(1) The segment profit adjustment of (1,854) million yen consists of primarily company-wide expenses that are not allocated to the selling, general and administrative expenses of each reported segment.

(2) The segment asset adjustment of 18,914 million yen includes cash and cash deposits, deferred tax assets, assets related to the management division, and other items which are company-wide assets that are not allocated to each reported segment.

2. The segment profit has been adjusted to the operating income stated in the consolidated statements of income.

3. Because the rent income from the investment-type properties before the sale is included in the net sales in the Real Estate Leasing and Other Business, these properties are segment assets of the Real Estate Leasing and Other Business during the period of possession, and are transferred to the segment assets of the Real Estate Trading Business at the book value every time they are sold.

4. Impairment losses of 28 million yen are posted in the Real Estate Trading Business.

(Per share information)

	FY2021 (From January 1, 2021 to December 31, 2021)	FY2022 (From January 1, 2022 to December 31, 2022)
Net assets per share	986.47 yen	1,044.67 yen
Net income per share	53.25 yen	66.56 yen
Diluted net income per share	52.95 yen	66.16 yen

The basis for the calculation of net income per share and diluted net income per share is as follows.

Item	FY2021 (From January 1, 2021 to December 31, 2021)	FY2022 (From January 1, 2022 to December 31, 2022)
Net income per share		
Profit attributable to owners of parent (Million yen)	1,276	1,564
Amount that does not belong to ordinary shareholders (Million yen)	—	—
Profit attributable to owners of parent, available to common stock (Million yen)	1,276	1,564
Average number of common stock outstanding for the period (shares)	23,964,455	23,508,476
Diluted net income per share		
Adjustment for profit attributable to owners of parent (Million yen)	—	—
Increase in the number of common stock (shares)	135,927	140,911
(Subscription rights to shares(shares))	(135,927)	(140,911)
Overview of dilutive shares not included in the calculation of diluted net income per share due to the absence of the dilution effect	—	—