
Summary of Consolidated Financial Results

**For the Second Quarter of FY2023
(January 1, 2023 – June 30, 2023)**

**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.

 **HULIC CO., LTD.**
(TSE Code: 3003)

Outline of Consolidated Financial Results for the Second Quarter of FY2023 <under Japanese GAAP>

July 28, 2023

Name of company listed: HULIC Co., Ltd.

Stock exchange listing: Tokyo (Prime Market)

Code number: 3003

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

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Quarterly Securities Report to be filed on: August 4, 2023

Dividends to be paid on: September 4, 2023

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: N/A

1. Consolidated Financial Results for the 2Q FY2023 (January 1, 2023 to June 30, 2023)

(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	%
2Q FY2023	183,950	(25.6)	66,650	16.7	62,200	8.1	44,117	19.2
2Q FY2022	247,429	12.4	57,065	(2.7)	57,499	1.6	36,999	2.9

Note: Comprehensive income: 2Q FY2023: ¥58,489 million [58.7%], 2Q FY2022: ¥36,838 million [(14.9)%]

	EPS (Net income per share)	Diluted EPS
	Yen	Yen
2Q FY2023	57.98	57.95
2Q FY2022	48.59	48.56

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
	Million yen	Million yen	%	Yen
2Q FY2023	2,467,605	729,777	29.5	957.42
FY2022	2,320,337	687,153	29.5	902.70

Reference: Equity: 2Q FY2023: ¥728,543 million, FY2022: ¥686,728 million

2. Dividends

	Annual dividends				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Total
FY2022	Yen –	Yen 20.00	Yen –	Yen 22.00	Yen 42.00
FY2023	–	23.00	–	–	–
FY2023 (Planned)	–	–	–	23.00	46.00

Note: Revision to the planned dividends announced recently: N/A

3. Forecasts of Consolidated Financial Results for FY2023 (January 1, 2023 to December 31, 2023)

(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	—	—	140,000	10.9	132,000	7.1	86,500	9.2	113.68

Note: Revision to the forecasts of financial results announced recently: N/A

The Company has a stable business structure centered on leasing operations, however, revenue from operations (net sales) fluctuates substantially due to trends in the buying and selling of real estate for sale. Success or failure in this buying and selling of properties is affected significantly by economic conditions and the real estate market. As forecasting such trends is currently difficult, the Company has not provided a forecast of its revenue from operations. The Company will disclose this information promptly once it becomes possible to make a forecast.

* Notes

(1) Changes in Significant Subsidiaries during This Quarter: N/A

(Changes in specific subsidiaries resulting in changes in the scope of consolidation)

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.: N/A

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

(4) Number of Issued Shares (common stock)

	2Q FY2023	FY2022
1) Number of issued shares as of the end of each period (including treasury stock)	767,907,735	767,907,735 (the end of FY2022)
2) Number of treasury shares as of the end of each period	6,965,681	7,164,236 (the end of FY2022)
3) Average number of outstanding shares for each period (consolidated cumulative period)	760,816,917	761,386,901 (2Q FY2022)

* The summary of quarterly financial results is not required to be subjected to quarterly reviews by certificated 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 current 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 2Q FY2023

(1) Summary of Operating Results

In cumulative 2Q FY2023, rent income from real estate was stable due to completion and acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate for sale steadily progressed during 2Q FY2023. As a result, revenue from operations was ¥183,950 million (decreased ¥63,478 million or 25.6% year on year), operating income was ¥66,650 million (increased ¥9,585 million or 16.7% year on year), ordinary income was ¥62,200 million (increased ¥4,700 million or 8.1% year on year), and profit attributable to owners of parent was ¥44,117 million (increased ¥7,118 million or 19.2% year on year).

The operating results for each segment are 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 270 buildings and properties (excluding real estate for sale), amounting to approximately 1,400,000 square meters of floor space, located mainly in Tokyo's 23 wards. From the perspective of constructing a competitive leasing portfolio that addresses the changing circumstances, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly. In addition, we work to acquire stable and continuous capital gains and asset management fees through expanding pipelines for development / reconstruction and value-added projects as well as diversifying exits of properties.

New acquisitions (non-current assets) in 2Q FY2023 included Hulic - Sompo Japan Ueno Kyodo Building (partial)(Taito-ku, Tokyo), Shimachu Fuchu Store (Fuchu-shi, Tokyo), ROOM DECO Makuhari Shin-Toshin (Chiba-shi, Chiba), COI Nishi Aoyama Building (Shibuya-ku, Tokyo), Uniden Hatchobori Building (Chuo-ku, Tokyo), Hulic Ginza 7-chome Building (partial)(Chuo-ku, Tokyo), and others.

In development and reconstruction business (non-current assets), we acquired land for development of (tentative name) Minami Hashimoto Development Project (Chuo-ku, Sagamihara-shi), and (tentative name) Sendagaya Center Building Reconstruction Project (Shibuya-ku, Tokyo), (tentative name) Hulic Fukuoka Building Reconstruction Project (Chuo-ku, Fukuoka-shi), (tentative name) Sapporo Reconstruction Project II (Chuo-ku, Sapporo-shi), (tentative name) Misato Logistics Development Project I (Misato-shi, Saitama), (tentative name) Ginza Building Reconstruction Project (Chuo-ku, Tokyo), (tentative name) Shinsaibashi Project (Chuo-ku, Osaka), (tentative name) Misato Logistics Development Project II (Misato-shi, Saitama), (tentative name) Shinjuku 318 Development Project (Shinjuku-ku, Tokyo), Ginza Core (Chuo-ku, Tokyo), etc. were proceeded as planned.

In PPP (Public Private Partnership) business, Hulic Kinshicho Collabo Tree (Sumida-ku, Tokyo) was completed in January 2023. In addition, projects including "Urban Renewal Step-Increased Project (Shibuya Area) Shibuya 1-chome Area Joint Development Project" conducted by the Tokyo Metropolitan Government and the Shibuya City Government were proceeded as planned.

In real estate for sale, properties including Hulic Akihabara Chuo-dori Building (Chiyoda-ku, Tokyo), etc. were sold.

As described above, the segment operations progressed as planned because rent income from real estate was stable due to completion and acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate for sale steadily progressed during 2Q FY2023. As a result, revenue from operations in this business segment totaled ¥163,610 million (decreased ¥70,658 million or 30.1% year on year) and operating income was ¥71,239 million (increased ¥5,619 million or 8.5% year on year).

<Insurance Agency>

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 ¥1,818 million (increased ¥51 million or 2.8% year on year) and the operating income was ¥578 million (increased ¥67 million or 13.2% year on year).

<Hotels/ Ryokans>

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 2Q FY2023, both occupancy rates and ADR (Average Daily Rates) were recovering and the number of Japanese as well as

inbound tourists steadily increased, since COVID-19 was downgraded to the class 5 (common infectious disease) and the Government's domestic travel subsidy program was extended.

As a result, revenue from operations was ¥19,837 million (increased ¥8,331 million or 72.4% year on year) and operating income was ¥224 million (¥3,899 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 ¥3,064 million (decreased ¥827 million or 21.2% year on year) and operating income was ¥313 million (decreased ¥62 million or 16.6% year on year).

(2) Qualitative Information on Consolidated Financial Position

1) Changes in Consolidated Financial Position

<Assets>

Total assets as of the end of 2Q FY2023 was ¥2,467,605 million, increased by ¥147,268 million from the end of FY2022. From the perspective of constructing a competitive leasing portfolio that addresses the changing circumstances, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly.

In addition, the Group strives to provide support and backup as a sponsor to maintain and improve the long-term revenues of Hulic Reit, Inc. & Hulic Private Reit, Inc. and realize steady growth of their assets under management.

Changes in amount of major items are as follows.

- Cash and deposits: Increased ¥32,916 million
- Real estate for sale: Increased ¥17,755 million (Transfer from non-current assets, acquisition and sales of properties, etc.)
- Land: Increased ¥34,534 million (Acquisition of properties, transfer to real estate for sale, etc.)
- Construction in progress: Increased ¥19,900 million (Progress in development and reconstruction projects, completions, etc.)
- Investment securities: Increased ¥25,096 million (Acquisition and sales of investment securities, an increase in unrealized gains of investment securities, etc.)

<Liabilities>

Total liabilities as of the end of 2Q FY2023 was ¥1,737,827 million, increased ¥104,643 million from the end of FY2022. This was mainly attributable to financing carried out for capital investment and the like.

The balance of borrowings was ¥1,022,199 million. Financing from financial institutions was 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 end of 2Q FY2023 was ¥729,777 million, increased ¥42,624 million from the end of FY2022. Total shareholders' equity was ¥673,922 million, increased ¥27,452 million from the end of FY2022, due mainly to an increase of retained earnings in profit attributable to owners of parent and a decrease of retained earnings in the cash dividend payment.

Total accumulated other comprehensive income was ¥54,621 million, increased ¥14,362 million from the end of FY2022, due mainly to an increase in net unrealized gains on securities as a result of an increase in unrealized gains on marketable securities.

2) Consolidated Cash Flows

In 2Q FY2023, cash and cash equivalents (hereinafter “cash”) amounted to ¥171,206 million as of the end of 2Q FY2023 as a result of an increase of ¥114,232 million through operating activities, a decrease of ¥117,034 million through investing activities and an increase of ¥35,708 million through financing activities.

	Million yen	
	2Q (From January 1, 2023 to June 30, 2023)	Previous 2Q (From January 1, 2022 to June 30, 2022)
Net cash provided by (used in) operating activities	114,232	47,242
Net cash provided by (used in) investing activities	(117,034)	(173,303)
Net cash provided by (used in) financing activities	35,708	60,789
Cash and cash equivalents at end of period	171,206	140,814

Cash flows in each activities and the major contributing factors in 2Q FY2023 were presented as follows.

<Cash flows from operating activities>

Net cash of operating activities was ¥114,232 million (increased ¥66,990 million year on year). This was mainly attributable to ¥64,211 million in profit before income taxes with the main factors of rent income from real estate and sales of real estate for sale, ¥59,833 million of a decrease in real estate for sale and ¥11,630 million income taxes paid.

<Cash flows from investing activities>

Net cash of investing activities was negative ¥117,034 million (decreased ¥56,269 million year on year). This was mainly attributable to ongoing development and reconstruction projects and acquisitions of new properties, both carried out from the perspective of constructing a competitive leasing portfolio that addresses the changing circumstances.

<Cash flows from financing activities>

Net cash of financing activities was ¥35,708 million (decreased ¥25,081 million year on year). This was mainly attributable to financing for above-mentioned development and reconstruction projects and acquisitions of new properties.

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

As the Company’s business performance for 2Q FY2023 broadly proceeded according to plans, it has not made any changes to the forecasts of consolidated business results for the fiscal year ending December 31, 2023.

2. Consolidated Financial Statements (Unaudited)

(1) Quarterly Consolidated Balance Sheets (Unaudited)

(Million yen)

Item	At the end of 2Q (June 30, 2023)	At the end of previous fiscal year (December 31, 2022)
ASSETS		
Current assets		
Cash and deposits	171,316	138,400
Notes, accounts receivable, and contract assets	7,309	7,097
Merchandise	25	21
Real estate for sale	108,526	90,770
Real estate for sale in process	1,141	4,355
Advance payments – construction in progress	39	21
Supplies	378	371
Other current assets	14,031	9,870
Allowance for doubtful accounts	(7)	(7)
Total current assets	302,760	250,901
Non-current assets		
Tangible non-current assets		
Buildings and structures (Net amount)	234,575	233,474
Machinery, equipment and vehicles (Net amount)	9,295	8,890
Land	1,409,439	1,374,904
Construction in progress	36,108	16,207
Other tangible non-current assets (Net amount)	10,571	10,972
Total tangible non-current assets	1,699,988	1,644,449
Intangible non-current assets		
Goodwill	4,328	4,795
Leasehold rights	81,962	81,233
Other intangible non-current assets	2,591	2,199
Total intangible non-current assets	88,883	88,228
Investments and other assets		
Investment securities	309,802	284,706
Lease deposits	44,185	37,545
Deferred tax assets	886	856
Net defined benefit assets	666	493
Other investments and assets	18,327	10,865
Allowance for doubtful accounts	(0)	(31)
Total investments and other assets	373,868	334,436
Total non-current assets	2,162,740	2,067,114
Deferred assets		
Total deferred assets	2,105	2,321
Total assets	2,467,605	2,320,337

(Million yen)

Item	At the end of 2Q (June 30, 2023)	At the end of previous fiscal year (December 31, 2022)
LIABILITIES		
Current liabilities		
Short-term borrowings	86,662	162,237
Short-term bonds	59,996	-
Bonds payable within one year	30,000	50,000
Accounts payable	4,163	3,843
Income taxes payable	21,180	11,531
Cash in advance	6,882	6,543
Allowance for employees' bonus	180	377
Allowance for directors' bonus	165	340
Other current liabilities	11,366	10,883
Total current liabilities	220,597	245,757
Non-current liabilities		
Corporate bonds	381,000	371,000
Long-term borrowings	935,537	857,748
Deferred income taxes	59,059	53,532
Allowance for stock benefits	2,840	2,846
Net defined benefit liabilities	1,588	1,634
Deposits from tenants	89,876	88,287
Other non-current liabilities	47,328	12,376
Total non-current liabilities	1,517,230	1,387,426
Total liabilities	1,737,827	1,633,183
NET ASSETS		
Shareholders' equity		
Common stock	111,609	111,609
Capital surplus	137,731	137,741
Retained earnings	428,341	401,090
Treasury stock	(3,760)	(3,971)
Total shareholders' equity	673,922	646,469
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities	54,709	40,267
Deferred gains (losses) on hedges	(425)	(261)
Foreign currency translation adjustment	0	0
Accumulated remeasurements of defined benefit plans	337	252
Total accumulated other comprehensive income	54,621	40,258
Non-controlling interests	1,234	424
Total net assets	729,777	687,153
Total liabilities and total net assets	2,467,605	2,320,337

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

(Million yen)

Item	2Q (From January 1, 2023 to June 30, 2023)	Previous 2Q (From January 1, 2022 to June 30, 2022)
Revenue from operations	183,950	247,429
Cost of revenue from operations	91,192	167,188
Gross operating profit	92,758	80,241
Selling, general and administrative expenses	26,107	23,175
Operating income	66,650	57,065
Non-operating income		
Interest income	28	5
Dividend income	1,829	1,696
Equity in income of affiliates	-	830
Termination of lease contracts	158	3,449
Other	505	477
Total non-operating income	2,521	6,459
Non-operating expenses		
Interest expenses	5,682	5,048
Equity in losses of affiliates	405	-
Other	883	975
Total non-operating expenses	6,971	6,024
Ordinary income	62,200	57,499
Extraordinary gains		
Gains on sales of investment securities	21	19
Gains on investments in silent partnership, etc.	20	66
Proceeds from contribution for construction	-	6
Subsidies for employment adjustment, etc.	-	14
Compensation income	3,351	-
Other	206	1
Total extraordinary gains	3,599	107
Extraordinary losses		
Loss on disposal of non-current assets	341	1,308
Loss on reconstructions of buildings	620	957
Impairment loss	540	-
Other	86	41
Total extraordinary losses	1,589	2,307
Income before income taxes and non-controlling interests	64,211	55,299
Current income taxes	20,954	21,926
Deferred income taxes	(871)	(3,613)
Total current income taxes and deferred income taxes	20,083	18,312
Net income before non-controlling interests	44,127	36,986
Profit (loss) attributable to non-controlling interests	9	(13)
Profit attributable to owners of parent	44,117	36,999

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	2Q (From January 1, 2023 to June 30, 2023)	Previous 2Q (From January 1, 2022 to June 30, 2022)
Net income before non-controlling interests	44,127	36,986
Other comprehensive income		
Net unrealized gains (losses) on securities	14,466	1,080
Deferred gains (losses) on hedges	(164)	(226)
Remeasurements of defined benefit plans, net of tax	108	114
Share of other comprehensive income of affiliates accounted for using equity method	(47)	(1,117)
Total other comprehensive income	14,362	(147)
Quarterly comprehensive income	58,489	36,838
Comprehensive income attributable to		
Owners of parent	58,480	36,851
Non-controlling interests	9	(13)

(3) Quarterly Consolidated Statements of Cash Flows (Unaudited)

(Million yen)

Item	2Q (From January 1, 2023 to June 30, 2023)	Previous 2Q (From January 1, 2022 to June 30, 2022)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	64,211	55,299
Depreciation and amortization	8,126	8,009
Increase (decrease) in allowance for doubtful accounts	(30)	227
Increase (decrease) in allowance for employees' bonus	(196)	(183)
Increase (decrease) in allowance for directors' bonus	(174)	(183)
Increase (decrease) in allowance for stock benefits	206	285
Increase (decrease) in net defined benefit assets and liabilities	(53)	94
Interest and dividend income	(1,857)	(1,701)
Interest expenses	5,682	5,048
Equity in loss (income) of affiliates	405	(830)
Loss on disposal of non-current assets	341	1,308
Loss (gain) on sales of non-current assets	(133)	3
Loss (gain) on sales of investment securities	(21)	(8)
Loss (gain) on investments in silent partnership, etc.	(20)	(66)
Decrease (increase) in receivables	(211)	(809)
Decrease (increase) in real estate for sale	59,833	(3,295)
Decrease (increase) in lease deposits	(6,640)	(634)
Increase (decrease) in deposits from tenants	1,588	766
Decrease (increase) in other assets	(3,778)	(2,623)
Increase (decrease) in other liabilities	1,929	2,011
Subtotal	129,205	62,718
Cash receipts of interest and dividend income	2,387	2,503
Cash payments of interest expense	(5,810)	(5,110)
Income taxes paid	(11,630)	(12,961)
Income taxes refund	80	92
Net cash provided by (used in) operating activities	114,232	47,242
Cash flows from investing activities		
Transfers to time deposit	(10)	-
Purchase of tangible non-current assets	(104,333)	(166,061)
Purchase of intangible non-current assets	(2,653)	(1,908)
Proceeds from sales of non-current assets	1,187	2
Purchase of investment securities	(3,729)	(19,368)
Proceeds from sales of investment securities	187	768
Proceeds from redemption of investment securities	136	13,013
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	574
Payments of loans receivable	(47)	(3)
Collections of loans receivable	2	3
Other	(7,774)	(323)
Net cash provided by (used in) investing activities	(117,034)	(173,303)

Item	2Q (From January 1, 2023 to June 30, 2023)	Previous 2Q (From January 1, 2022 to June 30, 2022)
Cash flows from financing activities		
Increase (decrease) in short-term bonds	59,971	100,007
Proceeds from long-term borrowings	138,500	17,000
Repayments of long-term borrowings	(136,286)	(38,992)
Proceeds from issuance of bonds	39,855	-
Redemption of bonds	(50,000)	-
Proceeds from sales of treasury stock	-	0
Payment for acquisition of treasury stock	(0)	(1,530)
Cash dividend paid	(16,866)	(15,333)
Proceeds from payment by non-controlling interests	800	-
Dividends paid to non-controlling interests	-	(4)
Other	(265)	(358)
Net cash provided by (used in) financing activities	35,708	60,789
Net increase (decrease) in cash and cash equivalents	32,906	(65,272)
Cash and cash equivalents at beginning of period	138,300	206,086
Cash and cash equivalents at end of period	171,206	140,814

(4) 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

(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 the end of FY2022.

(Segment Information, etc.)

I. 2Q FY2023 (from January 1, 2023 to June 30, 2023)

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	159,937	1,818	19,693	181,449	2,501	183,950	-	183,950
Inter-segment	3,673	-	143	3,817	563	4,380	(4,380)	-
Total	163,610	1,818	19,837	185,266	3,064	188,330	(4,380)	183,950
Segment income	71,239	578	224	72,041	313	72,354	(5,703)	66,650

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 ¥5,703 million includes elimination of intersegment transactions of ¥390 million and corporate expenses of negative ¥6,094 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 is adjusted with operating income reported in the quarterly consolidated statement of income.

2. Information on impairment losses on non-current assets and goodwill for each reportable segment:

The information is omitted because it is immaterial.

II. 2Q FY2022 (from January 1, 2022 to June 30, 2022)

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	231,720	1,766	11,362	244,849	2,579	247,429	-	247,429
Inter-segment	2,549	-	143	2,693	1,311	4,005	(4,005)	-
Total	234,269	1,766	11,505	247,542	3,891	251,434	(4,005)	247,429
Segment income or (loss)	65,619	510	(3,899)	62,230	375	62,606	(5,540)	57,065

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 ¥5,540 million includes elimination of intersegment transactions of ¥329 million and corporate expenses of negative ¥5,870 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 impairment losses on non-current assets and goodwill for each reportable segment: N/A