

Consolidated Financial Summary for the Fiscal Year Ended July 31, 2023 (Japanese GAAP)

September 14, 2023

Name of listed company: Meiho Enterprise Co., Ltd. Listing exchange: Tokyo Stock Exchange
 Code: 8927 URL: <https://meiho-est.com>
 Representative: (Position) Chairman & Representative Director (Name) Mitsuru Yabuki
 Contact for inquiries: (Position) General Manager, Management Dept. (Name) Ayako Iwasaki Tel: 03-5434-7653
 Scheduled date for the ordinary general meeting of shareholders: October 26, 2023 Scheduled date for start of dividend payment: October 27, 2023
 Scheduled date for submission of annual securities report: October 31, 2023
 Creation of supplementary explanatory materials: Yes
 Holding of accounts briefing meeting: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for the fiscal year ended July 2023 (from August 1, 2022 to July 31, 2023)

(1) Consolidated operating results (% figures show the rate of increase (decrease) from the previous fiscal year)

	Revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2023	15,247	36.6	1,304	16.9	968	3.9	637	(0.4)
Fiscal year ended July 2022	11,160	9.6	1,116	13.6	932	(3.0)	640	(22.4)

(Note) Comprehensive Fiscal year ended July 2023 627 million yen ((2.8)%) Fiscal year ended July 2022 645 million yen ((22.5)%)
 income

	Basic earnings per share	Diluted earnings per share	Equity capital Current profit margin	Total assets Ordinary profit ratio	Revenues Operating profit ratio
	yen sen	yen sen	%	%	%
Fiscal year ended July 2023	23.73	-	10.2	5.3	8.6
Fiscal year ended July 2022	27.11	-	12.1	7.3	10.0

(Reference) Equity in earnings (losses) of Fiscal year ended July 2023 - million yen Fiscal year ended July 2022 - million yen
 affiliates

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen sen
Fiscal year ended July 2023	22,480	7,006	31.2	237.55
Fiscal year ended July 2022	13,987	5,530	39.5	234.19

(Reference) Equity capital Fiscal year ended July 2023 7,006 million yen Fiscal year ended July 2022 5,530 million yen

(3) Consolidated cash flow status

	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) financing activities	Ending balance for cash and cash equivalents
	million yen	million yen	million yen	million yen
Fiscal year ended July 2023	(5,670)	244	5,363	3,437
Fiscal year ended July 2022	(1,888)	667	1,337	3,500

2. Dividends

	Annual dividend					Total dividends (Total)	Payout ratio (Consolidated)	Net assets Dividend rate (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen sen	yen sen	yen sen	yen sen	yen sen	million yen	%	%
Fiscal year ended July 2022	-	0.00	-	8.00	8.00	188	29.5	3.6
Fiscal year ended July 2023	-	0.00	-	9.00	9.00	265	37.9	3.8
Fiscal year ending July 2024 (Forecast)	-	4.50	-	4.50	9.00		38.6	

3. Consolidated earnings forecast for the fiscal year ending July 2024 (from August 1, 2023 to July 31, 2024)

(% figures show the rate of increase (decrease) from the previous fiscal year)

	Revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
End of second quarter (cumulative)	9,244	173.1	931	937.9	712	-	373	-	12.65
Full year	19,355	26.9	1,661	27.3	1,187	22.5	687	7.7	23.29

* Explanatory notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in a change in scope of consolidation) : Yes

Newly included: 1 company (Company name) Kyoeigumi Co., Ltd., Excluded: — companies (Company name)

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

1) Changes in accounting policies with revision of accounting standards : None

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

4) Restatement : None

(3) Number of shares issued and outstanding (ordinary shares)

1) Number of shares issued and outstanding (including treasury shares) at the end of the period	Fiscal year ended July 2023	30,539,900 shares	Fiscal year ended July 2022	24,661,000 shares
2) Number of treasury shares at the end of the period	Fiscal year ended July 2023	1,047,160 shares	Fiscal year ended July 2022	1,047,160 shares
3) Average number of shares during the period	Fiscal year ended July 2023	26,883,474 shares	Fiscal year ended July 2022	23,613,840 shares

(Reference) Overview of unconsolidated financial results

Unconsolidated results for the fiscal year ended July 2023 (from August 1, 2022 to July 31, 2023)

(1) Unconsolidated operating results (% figures show the rate of increase (decrease) from the previous fiscal year)

	Revenues		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2023	11,363	32.4	1,186	33.4	1,169	(27.6)	935	(33.4)
Fiscal year ended July 2022	8,585	11.0	889	32.5	1,614	125.0	1,405	113.8

	Basic earnings per share	Diluted earnings per share
	yen sen	yen sen
Fiscal year ended July 2023	34.79	-
Fiscal year ended July 2022	59.50	-

(2) Unconsolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen sen
Fiscal year ended July 2023	17,635	5,647	32.0	191.48
Fiscal year ended July 2022	10,322	3,874	37.5	164.06

(Reference) Equity capital Fiscal year ended July 2023 5,647 million yen Fiscal year ended July 2022 3,874 million yen

* Financial Summary is outside the scope of the review by a certified public accountant or audit firm.

* Explanation regarding the appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained herein are based on information currently available and certain assumptions that are thought to be reasonable by the Company. Accordingly, actual business performance and other results may differ materially due to various factors. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see "Overview of Operating Results, etc." on page 1 of the attachment.

○ Contents of Attachments

1. Overview of Operating Results, etc.	1
(1) Overview of Operating Results	1
(2) Overview of Financial Position	2
(3) Overview of Cash Flow	2
(4) Future Outlook	3
(5) Important Notes Related to Going Concern Assumptions, etc.	3
2. Basic Approach Related to the Selection of Accounting Standards	3
3. Consolidated Financial Statements and Main Notes	4
(1) Consolidated Balance Sheet	4
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	6
(3) Consolidated Statement of Changes in Equity	8
(4) Consolidated Statement of Cash Flows	10
(5) Notes to Consolidated Financial Statements	12
(Notes Related to Going Concern Assumption)	12
(Additional Information)	12
(Segment Information, etc.)	13
(Per Share Information)	15
(Significant Events After Reporting Period)	15
4. Unconsolidated Financial Statements	
(1) Balance Sheet	16
(2) Statement of Income	18
(3) Statement of Changes in Equity	19

1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the current consolidated fiscal year (August 1, 2022 to July 31, 2023), the Japanese economy has been on a recovery path for economic activities across society thanks to a recovery of events held and domestic travel demand as well as inbound demand according to an increase in the number of tourists visiting Japan following the easing and lifting of various regulations imposed due to the COVID-19 pandemic. On the other hand, the outlook remains uncertain because of the concerns over soaring raw material and crude oil prices associated with the prolonged situation in Ukraine, price hikes caused by the excessive depreciation of the yen, and permanent labor shortage in all industries.

The real estate industry, in which the Meiho Group operates, has been unaffected by the COVID-19 pandemic and has entered the post-COVID phase, and the domestic and overseas investors' strong willingness to buy real estate in Japan remains at a high level backed by the recovery of the Japanese economy and the continued depreciation of the yen and low interest rates.

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

In the real estate sales business, we are proceeding with the development of whole-building investment products mainly in the Jonan and Josai areas, which are particularly well-located in Tokyo's 23 wards by leveraging our strengths in information analysis and business planning to the fullest. In addition, in the sales activities of our main brand series, MIJAS and EL FARO, we completed the delivery of 17 buildings including EL FARO Ookayama (Meguro-ku, Tokyo) and completed the delivery of seven properties for development projects.

In the real estate leasing business, in order to maximize profits for existing owners, in addition to area marketing, we aim to eliminate vacancies by setting the optimal rent based on the AI assessment system and contract execution examples and by proposing leasing strategies utilizing our network of brokerage firms in the Tokyo metropolitan area, thereby achieving high occupancy rates in the properties managed by the Group. We have also introduced an application for information exchange with owners and continue to share and exchange information through CS surveys and other measures. For our main brands, the MIJAS and EL FARO series, the Group offers a one-stop service, from the creation of products to their management, thereby maintaining high quality and high occupancy rates. Consequently, the series is creating synergies within the Group, with their positive recognition as highly profitable real estate investment products, triggering repeated purchases of whole-building investment product series.

In the real estate brokerage business, the Group is working to increase revenues by introducing properties in line with customer needs through the use of its unique information network comprising real estate sales business and other businesses.

In the contracting business, the Group worked to increase earnings through the completion and delivery of nine buildings and the design and construction of 13 buildings in the MIJAS and EL FARO series, along with other remodeling and renovation projects tailored to the characteristics of properties under our management.

In addition, during the current consolidated fiscal year, the Group has welcomed two construction companies, Kyoeigumi Co., Ltd. and Meiho Engineering Co., Ltd. as new Group members. This is intended to strengthen cooperation among businesses in order to improve the corporate value of the Group as a whole, and at the same time, by specializing in the business of each Group company, we aim to establish a system in which the Group can offer consistent services such as property purchase, planning, construction, sales, property management after sale, brokerage, rental solicitation, renovation proposals, etc.

As a result of the above, revenues for the consolidated fiscal year under review were 15,247 million yen (up 36.6% year on year) as the sales of whole-building investment product series secured higher profit margins and amounts than originally expected. For the profit at each stage, operating profit was 1,304 million yen (up 16.9% year on year), ordinary profit was 968 million yen (up 3.9% year on year), and profit attributable to owners of parent was 637 million yen (down 0.4% year on year).

The performance of each segment is as follows.

[Real estate sales business]

In the real estate sales business, we sold two buildings in the MIJAS series (apartment development project) and 15 buildings in the EL FARO series (rental apartment project) and sold seven properties for development projects. As a result, revenues were 11,647 million yen (up 36.2% year on year), and segment profit was 1,613 million yen (up 53.7% year on year).

[Real estate leasing business]

In the real estate leasing business, revenues were 2,081 million yen (up 2.2% year on year), and segment profit was 179 million yen (down 18.5% year on year), due to property management fees for the management business of the real estate management company, a Group company.

[Real estate brokerage business]

In the real estate brokerage business, revenues were 16 million yen (down 40.7% year on year), and segment profit was 16 million yen (down 33.7% year on year), reflecting real estate brokerage and other fees.

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts and renovation works, revenues were 1,465 million yen (up 189.5% year on year) and segment loss was 248 million yen (segment profit of 21 million yen in the same period of the previous year).

[Other]

This section refers to business segments not included in the reportable segments. Due mainly to insurance agency services, revenues were 45 million yen (up 0.5% year on year) and segment profit was 37 million yen (down 14.1% year on year).

(2) Overview of Financial Position

(Status of Assets, Liabilities and Net Assets)

The balance of total assets at the end of the current fiscal year increased by 8,492 million yen from the end of the previous consolidated fiscal year to 22,480 million yen. The main contributing factors were an increase in inventories of 7,169 million yen resulting from the acquisition of properties for development projects and an increase in assets of 1,987 million yen resulting from the acquisition of shares of Kyoiegumi Co., Ltd.

The balance of liabilities increased by 7,016 million yen from the end of the previous consolidated fiscal year to 15,474 million yen. The main contributing factors were an increase of 4,862 million yen in long-term borrowings (including the current portion of long-term borrowings - The same applies hereinafter.) and an increase of 932 million yen in short-term borrowings to fund the acquisition of properties for development projects and an increase of 755 million yen in liabilities along with the acquisition of shares of Kyoiegumi Co., Ltd.

Net assets increased by 1,475 million yen from the previous consolidated fiscal year to 7,006 million yen, and the equity-to-asset ratio decreased by 8.3 percentage points to 31.2%. The main contributing factors were an increase of 1,028 million yen due to the issuance of new shares, an increase of 637 million yen due to the posting of profit attributable to owners of parent, and a payment of 188 million yen as dividends.

(3) Overview of Cash Flow

The balance of cash and cash equivalents (hereinafter referred to as "Cash") at the end of the current consolidated fiscal year totaled 3,437 million yen, a decrease of 62 million yen from the end of the previous consolidated fiscal year. The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

[Cash flows from (used in) operating activities]

Net cash used in operating activities amounted to 5,670 million yen (versus an outflow of 1,888 million yen in the previous consolidated fiscal year). This was mainly due to a decrease of 6,960 million yen from the acquisition of inventories, despite an increase of 986 million yen from profit before income taxes and an increase of 339 million yen from receipt of sales contract deposits related to property sales.

[Cash flows from (used in) investing activities]

Net cash provided by investing activities totaled 244 million yen (667 million yen in the previous consolidated fiscal year). This was primarily due to an increase of 191 million yen from the acquisition of shares of Kyoeigumi Co., Ltd. and an increase of 81 million yen from the collection of loans receivable.

[Cash flows from (used in) financing activities]

Net cash provided by financing activities totaled 5,363 million yen (1,337 million yen in the previous consolidated fiscal year). This was mainly due to an increase of 4,548 million yen in total due to income from short-term and long-term borrowings to fund the acquisition of properties for development projects and repayment by property sales, an increase of 1,021 million yen due to proceeds from the issuance of new shares, and a decrease of 188 million yen from dividend payments.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended July 2020	Fiscal year ended July 2021	Fiscal year ended July 2022	Fiscal year ended July 2023
Equity-to-asset ratio (%)	38.1	43.7	39.5	31.2
Equity-to-asset ratio based on market value (%)	42.1	46.2	29.7	29.8
Cash flow versus interest bearing liabilities ratio (year)	5.4	3.8	-	-
Interest coverage ratio (times)	8.9	12.3	-	-

(Note) Equity-to-asset ratio = equity / total assets

Equity-to-asset ratio based on market value = Market capitalization / Total assets

Cash flow to interest-bearing liabilities ratio = Interest-bearing liabilities / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest payments

* All calculations are based on consolidated financial figures.

* The market capitalization is calculated based on the number of ordinary shares issued, excluding treasury stock.

* Operating cash flow and interest payments refer to "Cash flows from (used in) operating activities" and "Interest paid" as reported in the consolidated statement of cash flows.

(4) Future Outlook

Regarding the outlook for the future, we have set a planned annual supply target of around 25 buildings, focusing on the rental apartment project under the brand name MIJAS series, and the rental apartment project EL FARO series (17 buildings were supplied in the fiscal year ended July 2023), as a comprehensive developer focusing on manufacturing in order to become a partner for life, as in our corporate philosophy. In addition, we will actively promote lot purchasing activities and sales activities mainly in the Jonan and Josai areas, which are particularly well-located in Tokyo's 23 wards, as the development areas of the main business by leveraging our strengths in information analysis and business planning to our fullest. As for future business development, each company of the Group will independently chart its own growth strategy, establish each company's system, define authority and responsibility, accelerate decision-making, and further increase the speed of management, thereby promoting the growth of the entire Group, strengthening and expanding the business base, and proceeding business activities as a united group to further increase profitability.

As for the earnings forecast for the next fiscal year (ending July 2024), revenues of 19,355 million yen (up 26.9% from the current consolidated fiscal year), operating profit of 1,661 million yen (up 27.3% from the current consolidated fiscal year), ordinary profit of 1,187 million yen (up 22.5% from the current consolidated fiscal year), and profit attributable to owners of parent of 687 million yen (up 7.7% from the current consolidated fiscal year) are projected.

(5) Important Notes Related to Going Concern Assumption, etc.

Not applicable.

2. Basic Approach Related to the Selection of Accounting Standards

The Group's policy, for the time being, is to prepare its consolidated financial statements in accordance with Japanese GAAP, in light of the comparability of consolidated financial statements between periods and between companies.

With regard to the adoption of IFRS, the Group intends to consider various conditions in Japan and overseas and respond appropriately.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2022)	Current consolidated fiscal year (July 31, 2023)
Assets		
Current assets		
Cash and deposits	3,528,925	3,662,815
Accounts receivable - trade and contract assets	93,625	274,663
Real estate for sale	2,222,879	2,209,126
Real estate for sale in process	6,075,515	13,259,154
Short-term loans receivable	725,500	498,123
Other	334,414	315,833
Allowance for doubtful accounts	(668)	(643)
Total current assets	12,980,191	20,219,074
Non-current assets		
Property, plant and equipment		
Buildings and structures	220,443	1,344,314
Accumulated depreciation	(29,494)	(491,948)
Buildings and structures, net	190,949	852,365
Land	428,215	968,944
Leased assets	8,061	8,061
Accumulated depreciation	(5,294)	(6,906)
Leased assets, net	2,766	1,154
Construction in progress	5,060	-
Other	34,476	76,336
Accumulated depreciation	(15,344)	(39,237)
Other, net	19,132	37,099
Total property, plant and equipment	646,123	1,859,563
Intangible assets	4,993	19,072
Investments and other assets		
Investment securities	19,800	16,550
Long-term loans receivable	428,349	425,940
Long-term accounts receivable - other	395,440	385,440
Deferred tax assets	66,770	55,110
Other	266,355	310,063
Allowance for doubtful accounts	(820,440)	(810,440)
Total investments and other assets	356,276	382,663
Total non-current assets	1,007,393	2,261,300
Total assets	13,987,584	22,480,374

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2022)	Current consolidated fiscal year (July 31, 2023)
Liabilities		
Current liabilities		
Notes payable and accounts payable - trade	278,927	749,304
Short-term borrowings	884,500	1,816,630
Current portion of long-term borrowings	1,994,094	4,877,309
Current portion of bonds payable	16,000	16,000
Lease obligations	1,807	854
Income taxes payable	258,723	229,745
Provision for bonuses	72,973	100,432
Allowance for compensation for completed construction	-	964
Other	513,161	1,124,551
Total current liabilities	4,020,187	8,915,792
Non-current liabilities		
Long-term borrowings	4,212,341	6,191,871
Corporate bonds	16,000	-
Retirement benefits liabilities	-	70,735
Lease obligations	1,365	511
Deferred tax liabilities	-	108,028
Other	207,486	187,345
Total non-current liabilities	4,437,193	6,558,491
Total liabilities	8,457,381	15,474,284
Net assets		
Shareholders' equity		
Share capital	100,000	614,403
Capital surplus	1,500,411	2,014,814
Retained earnings	4,306,266	4,755,296
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	5,526,203	7,004,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,000	2,050
Total accumulated other comprehensive income	4,000	2,050
Total net assets	5,530,203	7,006,090
Total liabilities and net assets	13,987,584	22,480,374

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

Consolidated Statement of Income

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)	Current consolidated fiscal year (August 1, 2022 to July 31, 2023)
Revenues	11,160,825	15,247,891
Cost of sales	8,890,851	12,166,983
Gross profit	2,269,974	3,080,908
Selling, general and administrative expenses	1,153,556	1,776,034
Operating profit	1,116,417	1,304,873
Non-operating income		
Interest income	26,934	37,431
Penalty income	3,275	2,591
Surrender value of insurance policies	1,775	11,133
Reversal allowance for doubtful accounts	10,000	10,000
Compensation for damage	3,000	49,162
Other	4,637	3,183
Total non-operating income	49,623	113,502
Non-operating expenses		
Interest expenses	158,022	271,429
Commissions expenses	74,620	168,802
Other	734	9,525
Total non-operating expenses	233,377	449,756
Ordinary profit	932,664	968,619
Extraordinary income		
Gain on sale of non-current assets	-	1,249
Gain on sale of investment securities	-	245
Gain on bargain purchase	-	16,183
Total extraordinary income	-	17,679
Extraordinary losses		
Loss on retirement of non-current assets	3,691	-
Total extraordinary losses	3,691	-
Profit before income taxes	928,973	986,299
Income taxes - current	312,928	346,925
Income taxes - deferred	(26,332)	10,150
Total income taxes	286,595	357,076
Profit	642,377	629,222
Profit (loss) attributable to non-controlling interests	2,128	(8,717)
Profit attributable to owners of parent	640,248	637,940

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)	Current consolidated fiscal year (August 1, 2022 to July 31, 2023)
Profit	642,377	629,222
Other comprehensive income		
Valuation difference on available-for-sale securities	2,900	(1,950)
Total other comprehensive income	2,900	(1,950)
Comprehensive income	645,277	627,272
(Breakdown)		
Comprehensive income attributable to owners of parent	643,148	635,990
Comprehensive income attributable to non-controlling interests	2,128	(8,717)

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100,000	1,495,610	3,854,929	(380,474)	5,070,065
Changes during period					
Issuance of new shares					-
Profit attributable to owners of parent			640,248		640,248
Dividends of surplus			(188,910)		(188,910)
Acquisition of additional shares of a subsidiary		4,800			4,800
Net changes in items other than shareholders' equity					
Total changes during period	-	4,800	451,337	-	456,138
Ending balance	100,000	1,500,411	4,306,266	(380,474)	5,526,203

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Beginning balance	1,100	1,100	13,840	5,085,005
Changes during period				
Issuance of new shares				-
Profit attributable to owners of parent				640,248
Dividends of surplus				(188,910)
Acquisition of additional shares of a subsidiary				4,800
Net changes in items other than shareholders' equity	2,900	2,900	(13,840)	(10,940)
Total changes during period	2,900	2,900	(13,840)	445,198
Ending balance	4,000	4,000	-	5,530,203

Current consolidated fiscal year (August 1, 2022 to July 31, 2023)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100,000	1,500,411	4,306,266	(380,474)	5,526,203
Changes during period					
Issuance of new shares	514,403	514,403			1,028,807
Profit attributable to owners of parent			637,940		637,940
Dividends of surplus			(188,910)		(188,910)
Acquisition of additional shares of a subsidiary					-
Net changes in items other than shareholders' equity					
Total changes during period	514,403	514,403	449,029	-	1,477,837
Ending balance	614,403	2,014,814	4,755,296	(380,474)	7,004,040

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Beginning balance	4,000	4,000	-	5,530,203
Changes during period				
Issuance of new shares				1,028,807
Profit attributable to owners of parent				637,940
Dividends of surplus				(188,910)
Acquisition of additional shares of a subsidiary				-
Net changes in items other than shareholders' equity	(1,950)	(1,950)	-	(1,950)
Total changes during period	(1,950)	(1,950)	-	1,475,887
Ending balance	2,050	2,050	-	7,006,090

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)	Current consolidated fiscal year (August 1, 2022 to July 31, 2023)
Cash flows from (used in) operating activities		
Profit before income taxes	928,973	986,299
Depreciation	15,161	42,630
Gain on bargain purchase	-	(16,183)
Loss (gain) on sales of investment securities	-	(245)
Loss (gain) on sale of non-current assets	-	(1,249)
Share issuance costs	-	7,195
Interest and dividend income	(27,567)	(37,905)
Interest expenses on borrowings and bonds	158,183	271,429
Increase (decrease) in allowance for doubtful accounts	(9,520)	(10,024)
Increase (decrease) in provision of bonuses	2,420	19,799
Increase (decrease) in other provisions	-	(28,226)
Decrease (increase) in trade receivables	(61,955)	(19,511)
Decrease (increase) in inventories	(2,597,638)	(6,960,096)
Decrease (increase) in advance payments to suppliers	(127,529)	39,377
Increase (decrease) in trade payables	173,383	241,154
Increase (decrease) in advances received	(15,042)	339,661
Increase (decrease) in deposits received	63,005	30,931
Other	(203,709)	26,326
Subtotal	(1,701,838)	(5,068,639)
Interest and dividends received	27,386	38,086
Interest paid	(169,070)	(273,300)
Income taxes paid	(68,596)	(415,820)
Income taxes refund	20,983	52
Compensation received	3,000	49,162
Cash flows from (used in) operating activities	(1,888,134)	(5,670,459)
Cash flows from (used in) investing activities		
Other payments into deposits	(34,230)	(95,022)
Other proceeds from withdrawal of deposits	27,320	86,722
Purchase of property, plant and equipment and intangible assets	(68,134)	(23,360)
Proceeds from sale of property, plant and equipment	-	1,250
Proceeds from sale of investment securities	20,000	1,545
Payments for loans receivable	(150,000)	-
Proceeds from collection of loans receivable	874,960	81,341
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	191,344
Purchase of insurance funds	-	(2,001)
Proceeds from cancellation of insurance funds	-	3,690
Payments for investment	(2,000)	(1,000)
Cash flows from (used in) investing activities	667,916	244,510

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)	Current consolidated fiscal year (August 1, 2022 to July 31, 2023)
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	397,000	448,123
Repayments of lease obligations	(1,759)	(1,807)
Proceeds from long-term borrowings	5,026,500	8,868,900
Repayments of long-term borrowings	(3,857,742)	(4,768,531)
Redemption of bonds	(26,000)	(16,000)
Proceeds from issuance of shares	-	1,021,612
Dividends paid	(188,910)	(188,910)
Dividends paid to non-controlling interests	(2,000)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(9,168)	-
Cash flows from (used in) financing activities	1,337,919	5,363,386
Net increase (decrease) in cash and cash equivalents	117,701	(62,563)
Beginning balance for cash and cash equivalents	3,382,474	3,500,175
Ending balance for cash and cash equivalents	3,500,175	3,437,612

(5) Notes to Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

Not applicable.

(Additional Information)

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

The Company and its consolidated subsidiaries have transitioned to a non-consolidated tax payment system from the current consolidated fiscal year. Accordingly, based on Paragraphs 33 and 69 of the Treatment of Accounting and Disclosure in the Case of Applying the Group Aggregation System (Practical Issues Report No. 42, August 12, 2021), the deferred tax assets and deferred tax liabilities since the end of the previous consolidated fiscal year are recorded as if the non-consolidated tax payment system were applied from the current consolidated fiscal year.

(Change in scope of consolidation or scope of application of equity method)

In the first quarter of the current fiscal year, Kyoiegumi Co., Ltd. was included in the scope of consolidation following the acquisition of its shares. Furthermore, as September 30, 2022 is the deemed acquisition date, only the balance sheet was consolidated in the first quarter of the current fiscal year, while from the second quarter of the current fiscal year, the income statement is also included in the consolidated financial statements.

Also, from the first quarter of the current fiscal year, Meiho Engineering Co., Ltd. has been included in the scope of consolidation due to its establishment.

(Segment Information, etc.)

(Segment information)

1. Information on Revenues, Profit (Loss), Assets, Liabilities, and Other Items by Reportable Segment and Revenue Disaggregation
Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)

(Unit: thousand yen)

	Reportable segment					Other	Total	Reconciliation (Note)	Amount recorded in the consolidated financial statements
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Revenues									
MIJAS/EL FARO	7,275,929	-	-	-	7,275,929	-	7,275,929	-	7,275,929
Other	1,277,327	529,785	28,555	497,517	2,333,185	45,154	2,378,340	-	2,378,340
Revenue from contracts with customers	8,553,257	529,785	28,555	497,517	9,609,115	45,154	9,654,270	-	9,654,270
Other revenue	-	1,506,555	-	-	1,506,555	-	1,506,555	-	1,506,555
Net sales to external customers	8,553,257	2,036,340	28,555	497,517	11,115,670	45,154	11,160,825	-	11,160,825
Transactions with other segments	-	-	-	8,585	8,585	-	8,585	(8,585)	-
Total	8,553,257	2,036,340	28,555	506,103	11,124,256	45,154	11,169,411	(8,585)	11,160,825
Segment profit	1,050,118	219,691	25,101	21,075	1,315,987	43,255	1,359,242	(242,825)	1,116,417
Segment assets	10,941,889	1,524,375	17,334	472,064	12,955,663	14,573	12,970,237	1,017,347	13,987,584
Other items									
Depreciation	64	9,110	-	-	9,174	-	9,174	5,986	15,161
Interest expenses	145,854	4,675	-	-	150,530	-	150,530	7,491	158,022
Increase in property, plant and equipment and intangible assets	-	-	-	-	-	-	-	68,134	68,134

(Note) Adjustments are as follows.

- (1) The segment profit adjustment of (242,825) thousand yen consists of the elimination of inter-segment transactions of 11,493 thousand yen and corporate expenses of (254,319) thousand yen not allocated to any reportable segment. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.
- (2) The segment assets adjustment of 1,017,347 thousand yen includes the elimination of inter-segment transactions of (2,657) thousand yen and corporate assets of 1,020,004 thousand yen not allocated to any reportable segment. Corporate assets include short-term loans, investment securities, and assets related to general and administrative departments.
- (3) The adjustment of depreciation of 5,986 thousand yen and the adjustment of increase in property, plant and equipment and intangible assets of 68,134 thousand yen are all related to corporate assets.
- (4) The adjustment of interest expenses of 7,491 thousand yen includes interest on borrowings other than those for specified properties.

Current consolidated fiscal year (August 1, 2022 to July 31, 2023)

(Unit: thousand yen)

	Reportable segment					Other	Total	Reconciliation (Note)	Amount recorded in the consolidated financial statements
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Revenues									
MIJAS/EL FARO	8,965,513	-	-	-	8,965,513	-	8,965,513	-	8,965,513
Other	2,682,422	596,068	16,927	1,456,841	4,752,260	45,380	4,797,640	-	4,797,640
Revenue from contracts with customers	11,647,936	596,068	16,927	1,456,841	13,717,774	45,380	13,763,154	-	13,763,154
Other revenue	-	1,484,736	-	-	1,484,736	-	1,484,736	-	1,484,736
Net sales to external customers	11,647,936	2,080,805	16,927	1,456,841	15,202,510	45,380	15,247,891	-	15,247,891
Transactions with other segments	-	977	-	8,242	9,220	-	9,220	(9,220)	-
Total	11,647,936	2,081,782	16,927	1,465,084	15,211,731	45,380	15,257,111	(9,220)	15,247,891
Segment profit	1,613,665	179,036	16,630	(248,804)	1,560,528	37,163	1,597,692	(292,818)	1,304,873
Segment assets	17,476,164	1,610,089	2,932	2,673,236	21,762,422	29,634	21,792,057	688,317	22,480,374
Other items									
Depreciation	16	10,915	-	21,995	32,926	-	32,926	9,703	42,630
Interest expenses	250,066	4,460	-	8,504	263,031	-	263,031	8,397	271,429
Increase in property, plant and equipment and intangible assets	-	11,260	-	1,249,094	1,260,354	-	1,260,354	16,430	1,276,784

(Note) Adjustments are as follows.

- (1) The segment profit adjustment of (292,818) thousand yen consists of the elimination of inter-segment transactions of 11,069 thousand yen and corporate expenses of (303,888) thousand yen not allocated to any reportable segment. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.
- (2) The segment assets adjustment of 688,317 thousand yen includes the elimination of inter-segment transactions of 0 thousand yen and corporate assets of 688,317 thousand yen not allocated to any reportable segment. Corporate assets include short-term loans, investment securities, and assets related to general and administrative departments.
- (3) The adjustment of depreciation of 9,703 thousand yen and the adjustment of increase in property, plant and equipment and intangible assets of 16,430 thousand yen are all related to corporate assets.
- (4) The adjustment of interest expenses of 8,397 thousand yen includes interest on borrowings other than those for specified properties.

(Per Share Information)

	Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)	Current consolidated fiscal year (August 1, 2022 to July 31, 2023)
Net assets per share	234.19yen	237.55yen
Basic earnings per share	27.11yen	23.73yen

(Note) 1. Diluted earnings per share are not disclosed because there are no potentially dilutive shares.

2. The basis for calculating basic earnings per share is as follows.

Items	Previous consolidated fiscal year (August 1, 2021 to July 31, 2022)	Current consolidated fiscal year (August 1, 2022 to July 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	640,248	637,940
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit attributable to owners of parent attributable to ordinary share (thousand yen)	640,248	637,940
Average number of ordinary shares during the period (shares)	23,613,840	26,883,474

3. The basis for the calculation of net assets per share is as follows.

Items	Previous consolidated fiscal year (July 31, 2022)	Current consolidated fiscal year (July 31, 2023)
Total net assets (thousand yen)	5,530,203	7,006,090
Amount to be deducted from total net assets (thousand yen)	-	-
(Of which, non-controlling interests (thousand yen))	(-)	(-)
Net assets at the end of the period pertaining to ordinary share (thousand yen)	5,530,203	7,006,090
Number of ordinary shares at the end of the period used to calculate net assets per share (shares)	23,613,840	29,492,740

(Significant Events After Reporting Period)

Not applicable.

4. Unconsolidated Financial Statements and Main Notes

(1) Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (July 31, 2022)	Current fiscal year (July 31, 2023)
Assets		
Current assets		
Cash and deposits	2,421,065	1,760,705
Accounts receivable - trade	2,163	-
Real estate for sale	1,157,267	1,477,647
Real estate for sale in process	5,938,962	12,989,466
Supplies	1,940	1,346
Advance payments to suppliers	178,421	139,044
Prepaid expenses	13,970	20,353
Accounts receivable - other	51,581	11
Other	295,803	726,911
Total current assets	10,061,175	17,115,485
Non-current assets		
Property, plant and equipment		
Buildings	25,096	25,462
Accumulated depreciation	(2,525)	(3,526)
Buildings, net	22,571	21,936
Tools, furniture and fixtures	12,526	16,901
Accumulated depreciation	(3,353)	(6,616)
Tools, furniture and fixtures, net	9,173	10,285
Leased assets	5,264	5,264
Accumulated depreciation	(4,036)	(5,089)
Leased assets, net	1,228	175
Total property, plant and equipment	32,972	32,397
Intangible assets	16	1,450
Investments and other assets		
Investment securities	18,500	16,550
Shares of subsidiaries and associate	82,769	320,169
Long-term loans receivable	425,000	425,000
Long-term loans receivable from employees	3,349	-
Long-term accounts receivable - other	395,440	385,440
Deferred tax assets	52,207	38,613
Other	71,728	110,808
Allowance for doubtful accounts	(820,440)	(810,440)
Total investments and other assets	228,555	486,141
Total non-current assets	261,544	519,988
Total assets	10,322,720	17,635,473

(Unit: thousand yen)

	Previous fiscal year (July 31, 2022)	Current fiscal year (July 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	85,825	99,854
Short-term borrowings	884,500	1,717,450
Current portion of long-term borrowings	1,942,688	4,725,471
Current portion of bonds payable	16,000	16,000
Lease obligations	1,179	198
Accounts payable - other	22,269	86,449
Accrued expenses	8,454	10,336
Advances received	10,117	410,726
Deposits received	28,608	39,273
Provision for bonuses	53,325	64,327
Income taxes payable	246,179	141,442
Other	3,691	10,455
Total current liabilities	3,302,838	7,321,985
Non-current liabilities		
Long-term borrowings	3,108,876	4,645,488
Corporate bonds	16,000	-
Lease obligations	198	-
Guarantee deposits received	20,649	20,649
Total non-current liabilities	3,145,724	4,666,137
Total liabilities	6,448,562	11,988,122
Net assets		
Shareholders' equity		
Share capital	100,000	614,403
Capital surplus		
Legal capital surplus	-	514,403
Other capital surpluses	1,488,913	1,488,913
Total capital surpluses	1,488,913	2,003,316
Retained earnings		
Legal retained earnings	25,000	25,000
Other retained earnings		
Retained earnings brought forward	2,636,718	3,383,055
Total retained earnings	2,661,718	3,408,055
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	3,870,157	5,645,301
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,000	2,050
Total valuation and translation adjustments	4,000	2,050
Total net assets	3,874,157	5,647,351
Total liabilities and net assets	10,322,720	17,635,473

(2) Statement of Income

(Unit: thousand yen)

	Previous fiscal year (August 1, 2021 to July 31, 2022)	Current fiscal year (August 1, 2022 to July 31, 2023)
Revenues		
Real estate sales	8,535,503	11,272,791
Real estate lease revenue	36,876	40,468
Real estate brokerage revenue	149	15,085
Other	12,685	34,900
Total revenues	8,585,215	11,363,244
Cost of sales		
Real estate cost of sales	7,009,403	9,078,405
Cost of real estate lease revenue	24,185	46,476
Cost of real estate brokerage revenue	-	18
Other	-	1
Total cost of sales	7,033,588	9,124,901
Gross profit	1,551,626	2,238,343
Selling, general and administrative expenses	662,484	1,052,255
Operating profit	889,141	1,186,088
Non-operating income		
Interest income	686	12,029
Compensation for damage	-	30,326
Dividends received	930,818	362,144
Surrender value of insurance policies	1,770	1,222
Reversal allowance for doubtful accounts	10,000	10,000
Other	3,157	480
Total non-operating income	946,431	416,203
Non-operating expenses		
Interest expenses	147,135	257,015
Commissions expenses	73,083	167,859
Other	734	7,668
Total non-operating expenses	220,953	432,542
Ordinary profit	1,614,619	1,169,749
Extraordinary losses		
Loss on retirement of non-current assets	1,906	-
Total extraordinary losses	1,906	-
Profit before income taxes	1,612,713	1,169,749
Income taxes - current	237,571	220,907
Income taxes - deferred	(29,944)	13,594
Total income taxes	207,626	234,502
Profit	1,405,087	935,246

(3) Statement of Changes in Equity

Previous fiscal year (August 1, 2021 to July 31, 2022)

(Unit: thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surpluses	Total capital surpluses	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Beginning balance	100,000	-	1,488,913	1,488,913	25,000	1,420,542	1,445,542
Changes during period							
Issuance of new shares							
Profit						1,405,087	1,405,087
Dividends of surplus						(188,910)	(188,910)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	1,216,176	1,216,176
Ending balance	100,000	-	1,488,913	1,488,913	25,000	2,636,718	2,661,718

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Other securities Valuation difference	Total valuation and translation adjustments	
Beginning balance	(380,474)	2,653,980	1,100	1,100	2,655,080
Changes during period					
Issuance of new shares		-			-
Profit		1,405,087			1,405,087
Dividends of surplus		(188,910)			(188,910)
Net changes in items other than shareholders' equity			2,900	2,900	2,900
Total changes during period	-	1,216,176	2,900	2,900	1,219,076
Ending balance	(380,474)	3,870,157	4,000	4,000	3,874,157

Current fiscal year (August 1, 2022 to July 31, 2023)

(Unit: thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surpluses	Total capital surpluses	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Beginning balance	100,000	-	1,488,913	1,488,913	25,000	2,636,718	2,661,718
Changes during period							
Issuance of new shares	514,403	514,403		514,403			
Profit						935,246	935,246
Dividends of surplus						(188,910)	(188,910)
Net changes in items other than shareholders' equity							
Total changes during period	514,403	514,403	-	514,403	-	746,336	746,336
Ending balance	614,403	514,403	1,488,913	2,003,316	25,000	3,383,055	3,408,055

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	(380,474)	3,870,157	4,000	4,000	3,874,157
Changes during period					
Issuance of new shares		1,028,807			1,028,807
Profit		935,246			935,246
Dividends of surplus		(188,910)			(188,910)
Net changes in items other than shareholders' equity			(1,950)	(1,950)	(1,950)
Total changes during period	-	1,775,143	(1,950)	(1,950)	1,773,193
Ending balance	(380,474)	5,645,301	2,050	2,050	5,647,351