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MEMBERSHIP

February 9, 2024

## Consolidated Financial Results for the Six Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: URBANET CORPORATION Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3242  
 URL: <https://www.urbanet.jp/en/>  
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 Scheduled date to file quarterly securities report: February 9, 2024  
 Scheduled date to commence dividend payments: March 25, 2024  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
December 31, 2023	11,421	96.0	828	308.8	720	—	510	—
December 31, 2022	5,826	(6.6)	202	(49.4)	49	(84.0)	32	(82.5)

Note: Comprehensive income For the six months ended December 31, 2023: 532 million yen [880.5%]  
 For the six months ended December 31, 2022: 54 million yen [(73.8)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2023	16.43	16.39
December 31, 2022	1.03	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	42,352	15,565	32.8
June 30, 2023	44,237	15,192	30.6

Reference: Equity As of December 31, 2023: 13,898 million yen  
 As of June 30, 2023: 13,551 million yen

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2023	–	9.00	–	10.00	19.00
Fiscal year ending June 30, 2024	–	10.00			
Fiscal year ending June 30, 2024 (Forecast)			–	10.00	20.00

Note: Revisions to the forecast of cash dividends most recently announced: None

The second quarter-end dividend per share for the fiscal year ended June 30, 2023 comprises an ordinary dividend of 8.00 yen and a commemorative dividend of 1.00 yen.

## 3. Consolidated earnings forecasts for the fiscal year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending June 30, 2024	27,000	33.2	2,550	4.9	2,300	7.5	1,550	7.1	49.73

Note: Revisions to the consolidated earnings forecasts most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	31,774,100 shares
As of June 30, 2023	31,374,100 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2023	402,463 shares
As of June 30, 2023	402,462 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2023	31,065,116 shares
Six months ended December 31, 2022	31,374,038 shares

Note: The number of treasury shares as of December 31, 2023 and June 30, 2023 includes the Company's shares held in the trust account used as a result of the introduction of a trust-based stock compensation plan for directors (excluding outside directors) of the Company, and the Company's shares held in the trust account are included in the treasury shares excluded from the calculation of the average number of shares outstanding during the six months ended December 31, 2023.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Urbanet Group and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. For the assumptions underlying the earnings forecasts and notes on their use, please refer to "1. Qualitative Information on the Quarterly Financial Results for the Period under Review (3) Explanation Concerning the Forecast of Consolidated Financial Results and Other Forward-looking Information" on page 3 of the Attached Material.

(Means of access to contents of supplementary material on financial results and financial results briefing)

Materials on financial results will be disclosed on the Timely Disclosure network (TDnet) and available on the Group's website at the same time as this financial summary.

We plan to hold the following financial results briefing for investors.

Videos recorded at this event are to be posted promptly on the Group's website following the briefing.

Friday, February 9, 2024: Financial results briefing for institutional investors and analysts

Attached Material

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## **1. Qualitative Information on the Quarterly Financial Results for the Period under Review**

### **(1) Explanation of Results of Operations**

For the period under review, the Urbanet Group companies (hereinafter “the Urbanet Group” or “the Group”) reported net sales of 11,421 million yen (up 96.0% from the same period of the previous fiscal year), operating profit of 828 million yen (up 308.8% from the same period of the previous fiscal year), ordinary profit of 720 million yen (compared with 49 million yen in the same period of the previous fiscal year), and profit attributable to owners of parent of 510 million yen (compared with 32 million yen in the same period of the previous fiscal year).

The significant year-on-year increase in both sales and profits was mainly due to the fact that the recording of sales for projects in the previous fiscal year was weighted toward the fourth quarter of the fiscal year. During the current fiscal year, the Group plans to sell 651 units in one-room condominiums for investment, etc. During the period under review, the Group sold 342 units, and it plans to sell the remainder from the third quarter of the current fiscal year onward. The Group’s core business is the development and sale of buildings with one-room condominiums for investment, and the timing, amount, and profit ratio of sales upon completion of construction vary greatly from project to project and from year to year, causing quarterly sales and profits to fluctuate significantly each year. At present, net sales and profits are both generally progressing in line with initial plans.

The performance by each business segment is explained below.

#### **(Real Estate Business)**

Net sales in the Real Estate Business were 11,313 million yen (up 96.2% from the same period of the previous fiscal year), and segment profit was 1,385 million yen (up 101.8% from the same period of the previous fiscal year).

Among these, the total amount of net sales from real estate development and sales was 11,042 million yen (up 100.7% from the same period of the previous fiscal year), attributable to the sale of 342 units in a total of five one-room condominiums for investment and the sale of one tract of land for sites. The total amount of net sales from real estate purchase and sales was 46 million yen (none recorded in the same period of the previous fiscal year) with revenues from the purchase and resale of a pre-owned condominium (one unit). In the other real estate business, net sales were 224 million yen (down 14.5% from the same period of the previous fiscal year) due to real estate brokerage and real estate leasing.

#### **(Hotel Business)**

In the hotel business, net sales were 108 million yen (up 78.4% from the same period of the previous fiscal year) and segment profit was 19 million yen (compared with a segment loss of 9 million yen in the same period of the previous fiscal year) due to room charges and other factors at Hotel Asyl Tokyo Kamata.

### **(2) Explanation of Financial Condition**

#### **(i) Analysis of Financial Position**

As for the financial position at the end of the second quarter of the current fiscal year under review, compared to the end of the previous fiscal year, total assets decreased 1,884 million yen to 42,352 million yen, liabilities decreased 2,257 million yen to 26,787 million yen, and net assets increased 372 million yen to 15,565 million yen.

The decrease in total assets was mainly due to a decrease in real estate for sale in process of 1,735 million yen, while cash and deposits increased 336 million yen. This was the result of the Group working together with general contractors on process management and safely completing projects, including major projects, selling them as planned.

The decrease in liabilities was mainly due to a decrease of 466 million yen in advances received in connection with the completion and delivery of projects, and a decrease in long-term borrowings (including the current portion of long-term borrowings) of 1,992 million yen in line with the sale of projects, despite an increase of 335 million yen in accounts payable - trade.

The increase in net assets was mainly due to an increase in profit attributable to owners of parent, which outweighed a decrease in the payment of year-end dividends and other factors.

(ii) Analysis of Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the second quarter of the current fiscal year under review increased by 336 million yen compared to the end of the previous fiscal year to 9,467 million yen due to an increase in funds in operating and investing activities, while funds decreased in financing activities.

Cash flows from operating activities

Net cash provided by operating activities amounted to 2,079 million yen (compared with net cash used of 7,025 million yen in the same period of the previous fiscal year). This was mainly due to a decrease in inventories and the recording of profit before income taxes.

Cash flows from investing activities

Net cash provided by investing activities amounted to 372 million yen (compared with net cash used of 607 million yen in the same period of the previous fiscal year). This was mainly due to proceeds from cancellation of insurance funds.

Cash flows from financing activities

Net cash used in financing activities amounted to 2,115 million yen (compared with net cash provided of 4,722 million yen in the same period of the previous fiscal year). This was mainly due to the decrease in funds due to the repayment of long-term borrowings in connection with sales of properties and the payment of dividends.

**(3) Explanation Concerning the Forecast of Consolidated Financial Results and Other Forward-looking Information**

The Group’s financial results for the six months of the current fiscal year were as follows: net sales of 11,421 million yen, operating profit of 828 million yen, ordinary profit of 720 million yen, and profit attributable to owners of parent of 510 million yen. The significant year-on-year increase in both sales and profits was mainly due to the fact that the recording of sales for projects in the previous fiscal year was weighted toward the fourth quarter of the fiscal year. During the current fiscal year, the Group plans to sell 651 units in one-room condominiums for investment, etc. During the period under review, the Group sold 342 units, and it plans to sell the remainder from the third quarter of the current fiscal year onward. The Group’s core business is the development and sale of buildings with one-room condominiums for investment, and the timing, amount, and profit ratio of sales upon completion of construction vary greatly from project to project and from year to year, causing quarterly sales and profits to fluctuate significantly each year. At present, net sales and profits are both generally progressing in line with initial plans—including at K-nine Co., Ltd., which is to become a subsidiary on February 29, 2024—and the Group has thus decided to leave unchanged the full-year consolidated earnings forecast for the current fiscal year disclosed on December 22, 2023. Although sales contracts have been completed for all the projects scheduled for the Group’s current fiscal year, we will pay close attention to uncertainties such as the occurrence of unexpected additional construction, the impact of the supply status of construction materials and soaring prices on construction schedules and costs, as well as the impact of the future financial environment, etc., on sales, and will promptly disclose revised consolidated earnings forecasts if necessary.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	9,141,018	9,477,765
Real estate for sale	85,101	–
Real estate for sale in process	27,979,965	26,244,557
Work in process	2,312	2,312
Other	202,864	180,758
Total current assets	37,411,263	35,905,394
Non-current assets		
Property, plant and equipment	5,853,329	5,787,219
Intangible assets	2,765	2,274
Investments and other assets	970,288	657,860
Total non-current assets	6,826,383	6,447,353
Total assets	44,237,646	42,352,747
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	616,338	951,999
Short-term borrowings	312,400	354,400
Current portion of long-term borrowings	7,651,408	7,563,568
Lease liabilities	10,839	10,393
Income taxes payable	427,186	283,612
Other	1,329,792	827,863
Total current liabilities	10,347,965	9,991,836
Non-current liabilities		
Long-term borrowings	18,271,910	16,367,506
Lease liabilities	27,237	22,028
Provision for share awards for directors (and other officers)	28,594	45,592
Retirement benefit liability	59,405	59,753
Other	309,630	300,524
Total non-current liabilities	18,696,777	16,795,404
Total liabilities	29,044,743	26,787,240
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,693,701	2,768,681
Capital surplus	2,191,829	2,266,809
Retained earnings	8,792,432	8,989,042
Treasury shares	(126,494)	(126,494)
Total shareholders' equity	13,551,468	13,898,038
Share acquisition rights	–	4,165
Non-controlling interests	1,641,434	1,663,303
Total net assets	15,192,903	15,565,506
Total liabilities and net assets	44,237,646	42,352,747

**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income****Quarterly Consolidated Statement of Income (For the Six-month Period)**

(Thousands of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
Net sales	5,826,264	11,421,298
Cost of sales	4,903,024	9,801,460
Gross profit	923,239	1,619,838
Selling, general and administrative expenses	720,564	791,215
Operating profit	202,675	828,622
Non-operating income		
Interest income	42	41
Dividend income	–	4,025
Distributions received	–	15,450
Other	1,338	10,168
Total non-operating income	1,381	29,685
Non-operating expenses		
Interest expenses	99,251	112,364
Commission expenses	55,203	19,198
Other	39	6,448
Total non-operating expenses	154,495	138,011
Ordinary profit	49,561	720,296
Extraordinary income		
Surrender value of insurance policies	45,754	85,507
Total extraordinary income	45,754	85,507
Extraordinary losses		
Loss on valuation of golf club membership	5,270	–
Total extraordinary losses	5,270	–
Profit before income taxes	90,045	805,803
Income taxes - current	20,385	248,720
Income taxes - deferred	15,378	24,863
Total income taxes	35,763	273,584
Profit	54,281	532,219
Profit attributable to non-controlling interests	21,928	21,868
Profit attributable to owners of parent	32,352	510,350



## Quarterly Consolidated Statement of Comprehensive Income (For the Six-month Period)

(Thousands of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
Profit	54,281	532,219
Other comprehensive income	–	–
Comprehensive income	54,281	532,219
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,352	510,350
Comprehensive income attributable to non-controlling interests	21,928	21,868

### (3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	90,045	805,803
Depreciation	70,880	67,801
Increase (decrease) in provision for share awards for directors (and other officers)	–	16,997
Increase (decrease) in retirement benefit liability	(10,758)	348
Interest and dividend income	(42)	(4,066)
Distributions received	–	(15,450)
Interest expenses	99,251	112,364
Surrender value of insurance policies	(45,754)	(85,507)
Decrease (increase) in investments in leases	15,534	16,853
Decrease (increase) in inventories	(6,671,812)	1,820,673
Increase (decrease) in trade payables	(216,179)	335,660
Increase (decrease) in advances received	300,265	(466,458)
Increase (decrease) in accrued consumption taxes	(108,547)	1,956
Other, net	(65,154)	(32,768)
Subtotal	(6,542,271)	2,574,207
Interest and dividends received	43	4,066
Interest paid	(100,049)	(111,730)
Income taxes paid	(383,610)	(387,218)
Net cash provided by (used in) operating activities	(7,025,887)	2,079,324
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(27,446)	(1,200)
Purchase of intangible assets	(750)	–
Proceeds from cancellation of insurance funds	81,378	207,585
Decrease (increase) in investments and other assets	(28,230)	154,500
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(632,890)	–
Other, net	–	11,988
Net cash provided by (used in) investing activities	(607,937)	372,874
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	42,935	42,000
Proceeds from long-term borrowings	7,432,000	2,654,000
Repayments of long-term borrowings	(2,462,710)	(4,646,244)
Repayments of lease liabilities	(8,398)	(5,654)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	149,200
Proceeds from issuance of share acquisition rights	–	4,925
Dividends paid	(281,750)	(313,677)
Other, net	–	(0)
Net cash provided by (used in) financing activities	4,722,077	(2,115,451)
Net increase (decrease) in cash and cash equivalents	(2,911,748)	336,746
Cash and cash equivalents at beginning of period	8,485,387	9,131,018
Cash and cash equivalents at end of period	5,573,638	9,467,765

#### (4) Notes to Quarterly Consolidated Financial Statements

##### Going Concern Assumption

Not applicable.

##### Significant Changes in Shareholders' Equity

Not applicable.

##### Segment Information, Etc.

Segment Information

#### I Six months ended December 31, 2022 (July 1, 2022-December 31, 2022)

Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Real Estate	Hotel			
Net sales					
External sales	5,765,680	60,583	5,826,264	—	5,826,264
Inter-segment sales and transfers	—	—	—	—	—
Total	5,765,680	60,583	5,826,264	—	5,826,264
Segment profit (loss)	686,580	(9,789)	676,790	(474,114)	202,675

Notes: 1. The negative 474,114 thousand yen adjustment to segment profit (loss) is corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit (loss) is consistent with operating profit shown on the quarterly consolidated statement of income.

#### II Six months ended December 31, 2023 (July 1, 2023-December 31, 2023)

Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Real Estate	Hotel			
Net sales					
External sales	11,313,196	108,102	11,421,298	—	11,421,298
Inter-segment sales and transfers	—	—	—	—	—
Total	11,313,196	108,102	11,421,298	—	11,421,298
Segment profit	1,385,759	19,740	1,405,499	(576,877)	828,622

Notes: 1. The negative 576,877 thousand yen adjustment to segment profit is corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

2. Segment profit is consistent with operating profit shown on the quarterly consolidated statement of income.