

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

August 10, 2022 released

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 Stock listing: Tokyo Stock Exchange Prime Section
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Scheduled date of dividend payment commencement: -

Scheduled date of quarterly securities report submission: August 12, 2022

Supplemental materials for the financial results: Yes

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

*Amounts are rounded down to millions of yen.

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

(1) Consolidated Operating Results

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

	Net Sales		Operating income		Ordinary income	
The 1st Quarter of FY ending March 31, 2023	¥22,903	-26.6%	¥6,668	-9.2%	¥6,690	-8.1%
The 1st Quarter of FY ending March 31, 2022	¥31,213	128.3%	¥7,340	250.3%	¥7,277	272.8%

(Note) Comprehensive income: 1st Quarter of FY ending March 31, 2023: 4,936 millions of yen (0.6%)

1st Quarter of FY ended March 31, 2022: 4,906 millions of yen (364.6%)

	Net income		Net income per Share (Yen)	Fully Diluted Net income per Share (Yen)
The 1st Quarter of FY ending March 31, 2023	¥4,690	-2.3%	96.45	96.36
The 1st Quarter of FY ending March 31, 2022	¥4,802	287.7%	98.61	98.56

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
The 1st Quarter of FY ending March 31, 2023	¥136,686	¥78,117	54.8%
FY ended March 31, 2022	¥136,512	¥74,452	52.2%

(Reference) Total Equity: 1st Quarter of FY ending March 31, 2023 (as of June 30, 2022): 74,850 millions of yen

: FY ended March 31, 2022 (as of March 31, 2022): 71,282 millions of yen

2. Cash Dividends

	Cash Dividends per Share (yen)				
	1 st quarter end	2 nd quarter end	3 rd quarter end	Year end	Annual Total
FY ended March 31, 2022	-	21.00	-	23.00	44.00
FY ending March 31, 2023	-	-	-	-	-
FY ending March 31, 2023 (Forecast)	-	23.00	-	23.00	46.00

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

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

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

	Net Sales		Operating income		Ordinary income		Profit Attributable to Owners of Parent		Net Income per share (yen)
Full year	¥84,000	17.9%	¥13,300	9.7%	¥12,800	4.8%	¥8,300	11.9%	170.67

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

※ Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changing scope of consolidation): None
New companies: -
Excluded companies: -
- (2) Adaption of special accounting practices in the preparation of quarterly consolidated financial statements
None
- (3) Changes in accounting principles, procedures and presentation methods
- | | |
|--|------|
| 1) Changes in accounting policies due to changes in accounting standard: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Retrospective restatement: | None |
- (4) Number of outstanding shares (common stock)
- | | |
|--|-------------------|
| 1) Number of outstanding shares at the end of the period (including treasury stock): | |
| The 1st Quarter of FY ending March 31, 2023 (as of June 30, 2022) | 48,755,500 shares |
| FY ended March 31, 2022 (as of March 31, 2022) | 48,755,500 shares |
| 2) Number of shares of treasury stock at the end of the period: | |
| The 1st Quarter of FY ending March 31, 2023 (as of June 30, 2022): | 200,444 shares |
| FY ended March 31, 2022 (as of March 31, 2022): | 56,644 shares |
| 3) Average number of shares for the period: | |
| FY ended March 31, 2023 (as of March 31, 2023): | 48,630,896 shares |
| FY ended March 31, 2022 (as of March 31, 2022):: | 48,698,856 shares |

(Note) The number of shares of treasury stock at the end of 1st Quarter of FY ending March 31, 2023 includes the number of shares purchased to grant restricted shares, based on the decision made by the Board of Directors at the board meeting held on May 13, 2022.

*This Summary of Consolidated Financial Results is not subject to review processes under the Financial Instruments and Exchange Act.

*Explanation for appropriate use of forecast and other special matters

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

Accompanying Materials

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

(1) Business Performance

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

During the three months ended June 30, 2022, the Japanese economy showed signs of recovery, particularly in personal consumption and capital investment, as restrictions on economic and social activities eased while the impact of COVID-19 subsided. As for the global economy, there are concerns about stagflation caused by the prospect for the prolonged Ukraine issue, inflation and interest rate hikes in various countries, and the economic slowdown stemming from the lockdown in Shanghai, China.

In the real estate market, the average rent for June in the Tokyo Business District (5 wards of Central Tokyo: Chiyoda, Chuo, Minato, Shinjuku, and Shibuya) was 20,273 yen (unit price per tsubo), down for the 23rd consecutive month (total 2,741 yen / approximately 12%). The average vacancy rate for the same month mostly remained flat at 6.39% according to a survey by a private research institution, and the overall office market remained weak. Meanwhile in the real estate investment market, although institutional investors' demand remains high, the outlook remains unpredictable due to the global monetary tightening phase.

During the three months ended June 30, 2022, the Group's core business, the Real Estate Revitalization Business, achieved high profitability and high-quality commercialization. As a result, sales of real estate for sale were steady, and sales in the Real Estate Service Business continued to show stable performance. In the Hotel Operation Business, which has been greatly affected by the pandemic of COVID-19, sales are on a recovery trend against the backdrop of increased demand due to the easing of restrictions on economic and social activities.

As a result, net sales amounted to 22,903 million yen (down 26.6% YoY), operating profit amounted to 6,668 million yen (down 9.2% YoY), ordinary profit amounted to 6,690 million yen (down 8.1% YoY), and profit attributable to owners of parent amounted to 4,690 million yen (down 2.3% YoY).

The results of each segment are as follows.

(Real Estate Revitalization Business)

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

- (i) In the Replanning Business, we are performing all processes in-house, from purchasing buildings to planning renovations, tenant placement, sales and after-sales support. Sales in the current consolidated fiscal year were steady due to strong investor enthusiasm. As for purchases on the other hand, the Group proactively selects properties while monitoring the impact of macroeconomic fluctuations on the real estate market and interest rate trends. In commercialization, we aim to create offices that fit a hybrid working style and are sought-after even in the new normal, while anticipating changes in urban areas, offices and work styles. Through coordination with the leasing brokerage division, the Group promoted the attraction of tenants even during the COVID-19 pandemic and finished real estate products with high occupancy rates and high added value, thereby selling products that meet the expectations of a wide range of clients in Japan and overseas. In the Real Estate Revitalization Business in New York, we sold a commercialized property for the first time in order to meet the needs of our clients who wish to diversify their asset portfolios. In the Replanning Business, including this property in New York, the number of buildings sold increased by 2 year-on-year to 10. However, sales of relatively large-scale properties owned over the medium to long term decreased year-on-year. As a result, year-on-year net sales and profits decreased. However, throughout all quarterly net sales and profits for the segment, the

first quarter of the fiscal year under review marked the third highest level just behind the same period of the previous fiscal year.

- (ii) In the Rental Building Business, to build a stable revenue base as a “stock business”, the Group will aim to increase rent income over the medium to long term by utilizing the operational capabilities accumulated in the real estate service division while increasing the number of rental buildings in the Replanning Business. Both net sales and profit were at the same level year-on-year.

As a result, net sales in the Real Estate Revitalization Business as a whole amounted to 18,582 million yen (down 32.3% YoY) and segment profit amounted to 7,087 million yen (down 13.9% YoY).

(Real Estate Service Business)

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

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

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

	End of June 2020	End of June 2021	End of June 2022
Number of Managing Buildings	397 buildings	403 buildings	440 buildings
Occupancy Rate	97.9%	93.5%	91.8%

- (ii) In the Building Maintenance Business, the Group is promoting collaboration with the property management division with its strength in high-rise cleaning of exterior windows and walls using swings, waterproofing work and exterior wall renovation work. As the number of new managing properties increased, both net sales and profits increased year-on-year.

- (iii) In the Sales Brokerage Business, as part of our real estate consulting services, we are responding quickly to requests for consultation from clients in other divisions such as the Property Management Business and Leasing Brokerage Business. The office building business division worked together to support building owners manage their buildings and succeeded in concluding sales brokerage contracts based on the trust it has built up. As sales brokerage towards investors in Japan and abroad were strong, both net sales and profits increased year-on-year.

- (iv) In the Leasing Brokerage Business, we have developed a service network based in 11 sites, mainly in central Tokyo, which functions as a window for consultation close to the local building owners. We are creating a new sense of value from our clients’ perspective for product planning in the Replanning Business by reflecting tenants’ needs and changes quickly learned at tenant leasing sites in research and proposals for optimal use of office space. Net sales increased year-on-year while profits remained at the same level as the previous fiscal year.

- (v) In the Conference Room Rental Business, we have been able to capture continuous use and the demands of new customer segments by providing services that respond to the changing times and thoroughly implementing flexible proposal sales to meet clients' needs through close ties with local communities. Demand for corporate trainings and seminars recovered as restrictions on economic and social activities eased. As a result, both net sales and profits increased year-on-year.
- (vi) In the Rent Guarantee Business, when rent arrears occur, we provide services tailored to building owners not only with rent guarantee, but also support until the lease is surrendered, easing the sense of burden in building management. Consultations from building owners increased due to the increase of vacant rooms and tenant credit concerns, caused by the outbreak of COVID-19. As a result, the number of new guarantees handled increased, and both net sales and profits increased year-on-year.

As a result of the above, net sales in the Real Estate Service Business as a whole amounted to 2,387 million yen (up 15.9% YoY) and segment profit amounted to 1,561 million yen (up 24.6% YoY).

(Hotel and Tourism Business)

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

- (i) In the Hotel Development Business, while we recorded sales of certain lots of the condominium hotel "HIYORI OCEAN RESORT OKINAWA" in the same period of the previous year, we did not have any sales of Hotel Development Business properties in the current period, and both net sales and profits decreased year-on-year.
- (ii) In the Hotel Operation Business, "Shijo Kawaramachi Onsen Sora Niwa Terrace Kyoto" and "Shijo Kawaramachi Onsen Bettei Kamogawa" opened in June during the fiscal period under review, and we operate a total of 22 hotels (2,993 rooms). Demand for domestic tourism has been on a recovery trend due to the easing of restrictions on economic and social activities leading to an increase of the occupancy rate and room unit prices. As a result, net sales increased and the amount of loss decreased year-on-year.

As a result of the above, net sales in the Hotel and Tourism Business as a whole amounted to 1,917 million yen (up 42.4% YoY) and the segment loss amounted to 252 million yen (compared with segment loss of 584 million yen in the same period of the previous fiscal year).

(Other Business)

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

- (i) In the Overseas Development Business, we have expanded into Southeast Asian countries where growth is expected. We are developing real estate mainly for condominiums and houses using Japanese advanced construction technology and are focusing on providing Asian people with a firsthand experience of Japanese quality. In the current period of the fiscal year under review, although sales increased as condominium management revenue in Viet Nam increased, a loss was recorded due to a loss on valuation of inventories in Indonesia.
- (ii) In the Construction Business, the Group is engaged in renewal planning, repair and reform, interior finishing work and telecommunications work for commercial buildings. Although sales decreased due to less construction work, profit increased mainly because a subsidiary that recorded a loss in the previous fiscal year restored profitability.

As a result of the above, net sales in the Other Business amounted to 306 million yen (down 34.8% YoY) and the segment profit amounted to 36 million yen (up 134.5% YoY).

(2) Consolidated Financial Position

Total assets as of June 30, 2022 amounted to 136,686 million yen (up 0.1% YoY), liabilities amounted to 58,568 million yen (down 5.6% YoY) and net assets amounted to 78,117 million yen (up 4.9% YoY).

The increase in total assets was mainly due to an increase of 5,274 million yen in cash and deposits and an increase of 2,670 million yen in real estate for sale, despite a decrease of 8,856 million yen in real estate for sale in process.

The main factors for the decrease in liabilities were a decrease of 2,074 million yen in current portion of long-term borrowings, a decrease of 1,579 million yen in income taxes payable and a decrease of 905 million yen in long-term borrowings, despite an increase of 592 million yen in accounts payable - trade.

The increase in net assets was mainly due to the recording of 4,690 million yen in profit attributable to owners of parent, despite the payment of 1,121 million yen in year-end dividends.

Equity ratio decreased 2.6 percentage points to 54.8%.

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

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

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and time deposits	30,053	35,327
Notes, accounts receivable, and contract assets	945	1,226
Real estate for sale	14,222	16,893
Real estate for sale in process	62,934	54,077
Costs of uncompleted construction contracts	100	188
Supplies	83	83
Other	2,603	3,328
Allowance for doubtful accounts	(21)	(14)
Total current assets	110,920	111,111
Non-current assets		
Property, plant and equipment		
Buildings (net amount)	7,876	7,760
Land	10,046	10,046
Other (net amount)	872	1,189
Total property, plant and equipment	18,796	18,996
Intangible assets		
Goodwill	408	391
Other	164	189
Total intangible assets	572	581
Investments and other assets		
Guarantee deposits	4,726	4,700
Deferred tax assets	1,036	874
Other	460	421
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	6,222	5,996
Total non-current assets	25,591	25,574
Total assets	136,512	136,686

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,345	1,938
Short-term borrowings	30	30
Current portion of long-term borrowings	6,874	4,800
Income taxes payable	3,528	1,948
Provision for bonuses	191	111
Provision for bonuses for directors (and other officers)	73	17
Provision for fulfillment of guarantees	39	35
Other	4,126	4,666
Total current liabilities	16,210	13,547
Non-current liabilities		
Long-term borrowings	44,169	43,264
Retirement benefit liability	6	6
Provision for share-based remuneration	68	72
Other	1,605	1,677
Total non-current liabilities	45,849	45,020
Total liabilities	62,060	58,568
Net Assets		
Shareholders' equity		
Share capital	11,965	11,965
Capital surplus	6,445	6,445
Retained Earnings	52,917	56,486
Treasury shares	(67)	(217)
Total shareholders' equity	71,260	74,679
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	3
Foreign currency translation adjustment	19	167
Total accumulated other comprehensive income	22	170
Share acquisition rights	30	30
Non-controlling interests	3,139	3,237
Total net assets	74,452	78,117
Total liabilities and net assets	136,512	136,686

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

(Unit: million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	31,213	22,903
Cost of sales	21,906	14,384
Gross profit	9,306	8,519
Selling, general and administrative expenses	1,965	1,850
Operating profit	7,340	6,668
Non-operating income		
Interest and dividend income	7	10
Foreign exchange gains	-	111
Subsidy income	45	36
Other	11	9
Total non-operating income	64	167
Non-operating Expenses		
Interest expenses	104	126
Other	23	19
Total non-operating expenses	127	145
Ordinary profit	7,277	6,690
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	101
Gain on bargain purchase	78	-
Total extraordinary income	78	101
Extraordinary loss		
Other	0	-
Total extraordinary losses	0	-
Profit before income taxes	7,356	6,792
Income taxes - current	2,473	1,852
Income taxes - deferred	82	161
Total income taxes	2,556	2,014
Profit	4,800	4,777
Profit attributable to non-controlling interests	(1)	87
Profit attributable to owners of parent	4,802	4,690

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	4,800	4,777
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	106	159
Total other comprehensive income	106	158
Comprehensive income	4,906	4,936
Comprehensive income attributable to		
Owners of parent	4,899	4,838
Non-controlling interests	6	98

(3) Notes to Consolidated Financial Statements

(Notes to Assumption of Going Concerns)

Not applicable.

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

I For FY2022 1Q (April 1, 2021 to June 30, 2021)

1. Dividend paid

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

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

2. Dividends for which the record date is during FY2022 1Q and the effective date is after the last day of FY2022 1Q

Not applicable.

II For FY2023 1Q (April 1, 2022 to June 30, 2022)

1. Dividend paid

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

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

2. Dividends for which the record date is during FY2023 1Q and the effective date is after the last day of FY2023 1Q

Not applicable.

(Change of Accounting Policies)

(Application of Accounting Standard for Fair Value Measurement)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as “Fair Value Measurement Implementation Guidance”) will be applied from the beginning of the period under review, and in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the new accounting policies stipulated in the Fair Value Measurement Implementation Guidance will be applied into the future. The application of this accounting standard will have no impact on the consolidated financial statements for the period under review.

(Additional Information)

(Accounting Estimates for the Impact of the Spread of COVID-19 Infections)

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

(Transactions of Delivering the Company's Own Shares to Employees etc. through Trusts)

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

(i) Overview of transaction

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

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

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

(ii) Own shares remaining in the trust

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

(Accounting Treatment and Disclosure with the Application of the Group Tax Sharing System)

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

(Segment Information, etc.)
 [Segment Information]

I For FY 2022 1Q (April 1, 2021 to June 30, 2021)

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

(Unit: million yen)

	Reportable segment				Other (Note 1)	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Subtotal		
Net sales						
Revenue from contracts with customers	26,588	1,820	1,318	29,727	469	30,196
Other revenue (Note 2)	858	129	28	1,016	-	1,016
Net sales to external customers	27,447	1,949	1,346	30,743	469	31,213
Internal sales or transfers between segments	3	110	-	114	-	114
Subtotal	27,450	2,060	1,346	30,857	469	31,327
Segment profit (loss)	8,235	1,252	(584)	8,903	15	8,918

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

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

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

(Unit: million yen)

Profit	Amount
Reportable segment total	8,903
Profit in the "Other" category	15
Elimination of intersegment transactions	0
Corporate expenses (Note)	(1,641)
Ordinary profit in the consolidated statement of income	7,277

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

3. Information on impairment loss or goodwill of fixed assets for each reportable segment
 Not applicable.

II For FY2023 1Q (April 1, 2022 to June 30, 2022)

1. Information on net sales and profit (loss) for each reportable segment and revenue decomposition information

(Unit: million yen)

	Reportable segment				Other (Note 1)	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Subtotal		
Net sales						
Revenue from contracts with customers	18,078	1,782	1,880	21,741	305	22,046
Other revenue (Note 2)	499	326	31	857	-	857
Net sales to external customers	18,577	2,109	1,911	22,598	305	22,903
Internal sales or transfers between segments	5	278	6	289	0	290
Total	18,582	2,387	1,917	22,887	306	23,193
Segment profit (loss)	7,087	1,561	(252)	8,395	36	8,432

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

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

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

(Unit: million yen)

Profit	Amount
Reportable segment total	8,395
Profit in the “Other” category	36
Elimination of intersegment transactions	(3)
Corporate expenses (Note)	(1,737)
Ordinary profit in the consolidated statement of income	6,690

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

3. Information on impairment loss or goodwill of fixed assets for each reportable segment
Not applicable.