

Fiscal Year March 2021 Earnings Announcement (Japanese GAAP)



May 13, 2021

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Listed market: Tokyo Stock Exchange First Section
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Scheduled date of the annual meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 28, 2021
 Scheduled date to commence dividend payment: June 28, 2021
 Preparation of supplemental information of annual financial results: Yes
 Holding of annual financial results briefing: Yes (For institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Fiscal Year March 2021 Consolidated Earnings Results (From April 1, 2020 to March 31, 2021)

(1) Consolidated Earnings

(% indicates change from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/21	80,222	(5.9)	5,435	(18.8)	4,616	(16.3)	2,878	939.3
FY3/20	85,231	(5.2)	6,692	(27.9)	5,513	(35.0)	276	(91.3)

(Note) Comprehensive income: FY3/21 ¥2,873 million (-%) FY3/20 ¥132 million (-95.9%)

	Earnings Per Share	Diluted Earnings Per Share	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY3/21	50.98	50.93	8.1	3.3	6.8
FY3/20	4.86	4.86	0.6	3.7	7.9

(Reference) Share of (profit) loss of entities accounted for using equity method FY3/21 ¥(58) million FY3/20 ¥(151) million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2021	136,030	36,368	21.2	815.78
As of March 31, 2020	143,897	42,827	29.3	738.85

(Reference) Shareholders' equity: As of March 31, 2021 ¥28,861 million As of March 31, 2020 ¥42,111 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Million yen	Million yen	Million yen	Million yen
FY3/21	10,722	(3,058)	(15, 077)	23,923
FY3/20	16,110	(670)	(10,159)	31,348

2. Dividends

	Dividend per Share					Total Dividend (Annual)	Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/20	—	17.00	—	18.00	35.00	2,009	720.1	4.6
FY3/21	—	6.00	—	18.00	24.00	988	47.1	3.1
FY3/22 (Forecast)	—	17.00	—	19.00	36.00		41.1	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 2022 (From April 1, 2021 to March 31, 2022)

(% indicates changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	76,000	(5.3)	5,700	4.9	5,000	8.3	3,100	7.7	87.62

*** Matters to be noted**

(1) Changes in important subsidiaries: No

(Changes in specified subsidiaries which accompany a change in the scope of consolidation)

Newly included: — Excluded: —

(2) Changes in accounting principles, changes in accounting estimates and retrospective restatements

(a) Changes in accounting principles in accordance with revisions to accounting and other standards: No

(b) Changes in accounting principles other than above (a): No

(c) Changes in accounting estimates: No

(d) Retrospective restatements: No

(3) Outstanding shares (Common stock)

(a) Number of outstanding shares at the end of period (Including treasury shares)

March 31, 2021	36,916,775 shares	March 31, 2020	57,554,275 shares
March 31, 2021	1,537,512 shares	March 31, 2020	557,480 shares
FY3/21	56,463,967 shares	FY3/20	56,983,570 shares

(b) Number of treasury shares at the end of period

(c) Average number of shares during the period

The number of treasury shares includes 410,550 shares of our company that are held by Board Benefit Trust as of the end of the consolidated fiscal year under review.

(Reference) Summary of Non-Consolidated Earnings Results

1. Fiscal Year March 2021 Consolidated Earnings Results (From April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Earnings

(% indicates changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/21	6,271	255.4	4,494	—	4,408	—	4,303	—
FY3/20	1,764	(27.6)	235	(70.5)	236	(72.0)	(3,051)	—

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY3/21	76.22	76.14
FY3/20	(53.55)	—

(2) Non-Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
FY3/21	49,115	19,952	40.6	563.97
FY3/20	47,253	31,708	67.1	556.31

(Reference) Shareholders' equity: As of March 31, 2021 ¥19,952 million

As of March 31, 2020 ¥31,707 million

* Earnings Announcement is out of scope of audit by certified public accountants or an audit corporation.

*** Explanatory statement regarding the proper use of financial forecasts and other notes**

All forecasts provided in this document are based on certain reasonable assumptions and beliefs in light of information currently available and, therefore, it is not intended for guaranteeing to meet them. Actual results may differ from our forecasts due to various unforeseen reasons.

*The year-on-year percentage change exceeding 1,000% or turning profitable in FY3/21 is indicated as “-.”

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1. Overview of Business Performance, etc.

(1) Overview of business performance during the consolidated fiscal year under review

During the year under review, the Japanese economy witnessed a rapid deterioration as the global pandemic of COVID-19 led to a declaration of the first state of emergency in April 2020 which caused tremendous damage to economic and social activities and people's lives. Subsequently, the number of confirmed cases decreased and economic activities also showed some recovery at one point. However, even after the second state of emergency was declared in January 2021, the number of confirmed cases is on the increase, and the outlook of the economy remains uncertain.

In the real estate industry, the sales market for newly built houses to live showed solid growth due to changes in people's lifestyle such as spread of telework, and sales of residence to live in regions also showed solid growth as the impact of COVID-19 was limited and there was also an increased demand for residence while markets for commercial facilities and hotel assets hit by COVID-19 were largely affected.

Under such circumstances, the Group has continued to work on expanding areas in Real Estate Development by focusing on redevelopment projects in regional cities. CCRC achieved expansive business development in Tokyo Metropolitan area by targeting mainly at active seniors. In Real Estate Investment, we are working to enhance continued investment in income-producing properties, mainly residence which is our strong area, and the development of rental housing. Furthermore, we also engage in other businesses compatible with the real estate business, such as hotel management business, sports club operation and PFI operation, with an aim to offer new added value to people's lives.

During the consolidated fiscal year under review, the number of contracted units was 1,458, 7 blocks and 13 buildings, and that of delivered units was 1,694, 7 blocks and 10 buildings. As of the end of the consolidated fiscal year, we managed 18,406 units. Consequently, as the results for the consolidated fiscal year, we posted net sales of ¥80,222 million (down 5.9% year over year), operating income of ¥5,435 million (down 18.8% year over year), ordinary income of ¥4,616 million (down 16.3% year over year), and profit attributable to owners of parent of ¥2,878 million (up 939.3% year over year).

The above results surpassed the previously announced forecast due to strong performance in our mainstay condominium apartments and detached houses as well as a reduction of cost of sales and selling, general and administrative expenses.

For more details, please see "Announcement on Recognition of Extraordinary Losses and Gains and the Variance Between Consolidated Earnings Forecast and Actual Results for the Fiscal Year Ended March 31, 2021 (Upward Revision) (Japanese version only)" released on March 13, 2021.

Results by segment are as follows.

(I) Real Estate Development

During the consolidated fiscal year under review, the Group recorded net sales of ¥55,315 million (up 18.9 % year over year) and operating income of ¥4,671million (up 111.1% year over year) due to a delivery of 1,272 condominium units such as "Duo Veel Sapporo-Hokudaimae Grace," "The TOWER OBIHIRO," and "Duo Hills Tsukuba Century," a delivery of 125 detached houses such as "Duo Avenue Kamikitazawa Garden" and "Duo Avenue Higashifushimi".

(II) CCRC

During the consolidated fiscal year under review, the Group recorded net sales of ¥11,466 million (up 28.1% year over year) and operating income of ¥351million (up 35.3% year over year) due to a delivery of 268 condominium units such as "Duo Scene Sagamihara Kamimizo Ekimae." and "Duo Scene Yokoyama Higashitotsuka".

(III) Real Estate Investment

During the consolidated fiscal year under review, the Group recorded net sales of ¥7,409 million (down 66.1% year over year) and operating income of ¥402 million (down 88.9% year over year).

(1) Real Estate Sales

Due to the sales of inventory assets, we recorded net sales of ¥4,441 million (down 76.3% year over

year).

(2) Rental Revenue

We recorded net sales of ¥2,437 million (down 9.7% year over year) due to the stable operation of owned income-producing properties.

(IV) Property Management and Related Services

We recorded net sales of ¥5,959 million (down 24.2% year over year) and operating loss of ¥71 million (operating income of ¥300 million a year earlier) during the consolidated fiscal year under review.

(1) Condominium Management

We recorded net sales of ¥1,802 million (up 8.3% year over year) due to the start of the new management contracting of “Duo Veel Sapporo-Hokudaimae Grace,” “The TOWER OBIHIRO,” and “Duo Hills Tsukuba Century,” in condominium management.

(2) Sports Club Operation Revenue

We recorded net sales of ¥3,286 million (down 26.2% year over year) mainly due to the operation of sports clubs.

(3) Other Income

We recorded net sales of ¥870 million (down 49.9% year over year) in hotel business and consigned construction, etc.

Following the “declaration of a state of emergency” by the Japanese Government, sports club and hotel businesses closed some of their facilities after April 2020. Fixed costs incurred by those facilities during the temporary closure were recorded as “loss due to the spread of COVID-19,” and impairment losses for non-current assets of unprofitable facilities, in the sports club operation were recorded in extraordinary losses.

(V) Other

We recorded net sales of ¥72 million (down 20.3% year over year) and operating income of ¥8 million (down 26.7% year over year) through PFI operations.

(2) Overview of financial position as of the end of fiscal year under review

Assets, liabilities, and net assets

During the fiscal year ended March 31, 2021, the inventory decreased as sales of condominium apartments and detached houses showed solid growth even amid COVID-19 pandemic. Also, based on our capital policy and shareholder return policy, we purchased treasury shares through a tender offer and retired them and issued preferred shares. As a result, total assets amounted to ¥136,030 million (down 5.5% from March 31, 2020) total liabilities amounted to ¥99,661 million (down 1.4% from March 31, 2020) and total net assets amounted to ¥36,368 million (down 15.1% from March 31 2020), marking a decline in all categories.

(3) Cash flows

During the consolidated fiscal year under review, cash and cash equivalents decreased by ¥7,424 million to ¥23,923 million mainly due to purchase of treasury shares despite cash inflows associated with a decrease of inventories. Cash and deposits were ¥29,293 million, including deposits, etc. whose purpose of use is limited to development of ¥5,369 million.

(I) Cash flows from operating activities

Net cash provided by operating activities was ¥10,722 million (¥16,110 million provided in the previous fiscal year), which was mainly due to a decrease in inventory as a consequence of solid performance in sales of condominium apartments and detached houses, our mainstay business.

(II) Cash flows from investing activities

Net cash used in investing activities was ¥3,058 million (¥670 million used in the previous fiscal year), which was mainly due to cash outflows from purchase of property, plant and equipment and intangible assets.

(III) Cash flows from financing activities

Net cash used in financing activities was ¥15,077 million (¥10,159 million used in the previous fiscal year), which was mainly due to cash outflows from purchase of treasury shares based on our capital policy, cash inflows from issuance of preferred shares by a subsidiary, and execution of long-term loans payable.

(Reference) Cash flow-related indicators

	FY3/19	FY3/20	FY3/21
Equity Ratio (%)	28.2	29.3	21.2
Equity Ratio, Market Capitalization Based (%)	23.7	23.6	19.2

Equity Ratio: Net Assets / Total Assets

Equity Ratio, Market Capitalization Based: Market Capitalization / Total Assets

(Notes)

1. Each indicator is based on consolidated financial data.
2. Market capitalization = Period end share price × Number of outstanding shares at end of period (excluding treasury shares)

(4) Future prospects

For the fiscal year ending March 31, 2022, the economic activities are expected to remain sluggish as it is still uncertain when the number of confirmed cases will decrease significantly although the COVID-19 vaccination rollout program is expected to progress. As for the business environment surrounding the Company, our mainstay condominium apartments and detached houses to be purchased to live are expected to show solid growth, but prospects for recovery in other businesses such as hotels and sport clubs remains uncertain.

The consolidated earnings forecasts for the fiscal year ending March 31, 2022 are net sales of ¥76,000 million, operating income of ¥5,700 million, ordinary income of ¥5,000 million, and profit attributable to owners of parent of ¥3,100 million.

Basic policy regarding the distribution of profits during the current and next periods

We will continue to aim to enhance our business performance in order to implement a stable and continual dividend payment, in overall consideration of a need to secure internal reserves as well, in anticipation of future performance and business development.

For the fiscal year under review, we plan to pay dividends per share of ¥24. As ¥6 was already paid at the end of the second quarter, ¥18 per share is scheduled to be paid as the year-end dividend.

With the introduction of a new indicator of dividend on equity ratio (DOE) aimed at improving the downward rigidity of dividends, we will aim to enhance profit return to shareholders for the next five years starting April 1, 2021 under the return policy of “payout ratio of over 40% and DOE of over 4%” in comprehensive consideration of optimum equity level and the investment environment while maintaining performance-linked profit return.

For details, please refer to “Announcement of Medium-Term Management Plan (from FY3/22 to FY3/26)” released on May 13, 2021 (Japanese version only).

For the year ending March 31, 2022, we plan to pay dividends per share of ¥36 (¥17 at the end of the second quarter and ¥19 as the year-end dividend).

2. Basic Policy for the Selection of Accounting Standards

The policy of the Group at the current time is to create consolidated financial statements under the Japanese GAAP with consideration for the period comparability of the consolidated financial statements and the comparability between companies.

Furthermore, we have a policy to appropriately support the application of IFRS upon consideration of various conditions in Japan and around the world.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Million yen)

	End of Previous Fiscal Year (March 31, 2020)	Fiscal Year under Review (March 31, 2021)
Assets		
Current assets		
Cash and deposits	31,736	29,293
Accounts receivable - trade	607	382
Merchandise	38	34
Real estate for sale	25,888	31,122
Real estate for sale in process	50,283	37,029
Operational investment securities	1,671	1,463
Prepaid expenses	2,147	1,539
Other	2,376	4,295
Allowance for doubtful accounts	(16)	(17)
Total current assets	114,734	105,142
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,872	15,185
Accumulated depreciation	(2,942)	(4,103)
Buildings and structures, net	9,930	11,081
Machinery, equipment and vehicles	234	148
Accumulated depreciation	(64)	(57)
Machinery, equipment and vehicles, net	170	91
Tools, furniture and fixtures	957	1,355
Accumulated depreciation	(668)	(1,248)
Tools, furniture and fixtures, net	288	107
Land	11,048	11,166
Construction in progress	562	3
Total property, plant and equipment	21,999	22,449
Intangible assets		
Goodwill	191	177
Other	549	271
Total intangible assets	741	448
Investments and other assets		
Investment securities	2,535	2,908
Long-term loans receivable	1,568	1,815
Deferred tax assets	964	1,893
Other	1,332	1,377
Allowance for doubtful accounts	(5)	(4)
Total investments and other assets	6,394	7,990
Total non-current assets	29,135	30,888
Deferred assets		
Share issuance cost	28	—
Total deferred assets	28	—
Total assets	143,897	136,030

(Million yen)

	End of Previous Fiscal Year (March 31, 2020)	Fiscal Year under Review (March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,114	1,045
Short-term loans payable	9,362	11,216
Current portion of bonds	622	3,582
Current portion of long-term loans payable	22,875	14,826
Income taxes payable	1,551	1,332
Advances received	4,411	4,517
Provision for bonuses	354	315
Provision for after-sales services	182	48
Other	4,820	4,644
Total current liabilities	45,294	41,530
Non-current liabilities		
Bonds payable	4,210	2,628
Long-term loans payable	47,849	51,845
Deferred tax liabilities	921	909
Allowance for share provision to directors	223	223
Net defined benefit liability	125	160
Asset retirement obligations	480	469
Other	1,965	1,894
Total non-current liabilities	55,776	58,131
Total liabilities	101,070	99,661
Net assets		
Shareholders' equity		
Capital stock	15,882	15,882
Retained earnings	26,655	14,042
Treasury shares	(311)	(990)
Total shareholders' equity	42,226	28,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	112
Foreign currency translation adjustment	(114)	(185)
Total accumulated other comprehensive income	(114)	(72)
Subscription rights to shares	0	0
Non-controlling interests	714	7,507
Total net assets	42,827	36,368
Total liabilities and net assets	143,897	136,030

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

(Million yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)
Net sales	85,231	80,222
Cost of sales	67,220	64,145
Gross profit	18,011	16,077
Selling, general and administrative expenses	11,318	10,642
Operating income	6,692	5,435
Non-operating income		
Interest income	75	63
Dividend income	64	46
Contract cancellations	76	144
Commission fee	23	—
Subsidy income	—	184
Foreign exchange gains	—	47
Gain on investments in partnership	78	152
Other	60	43
Total non-operating income	380	682
Non-operating expenses		
Interest expenses	976	977
Commission fee	332	373
Amortization of share issuance cost	31	28
Share of loss of entities accounted for using equity method	151	58
Foreign exchange losses	28	—
Other	38	64
Total non-operating expenses	1,559	1,502
Ordinary income	5,513	4,616
Extraordinary income		
Gain on sales of non-current assets	7	0
Gain on sales of investment securities	3	0
Gain on sales of receivables	—	475
Total extraordinary income	10	476
Extraordinary losses		
Loss on retirement of non-current assets	42	—
Impairment loss	3,248	1,360
Loss on disaster	—	15
Loss on store closings	—	76
Loss due to the spread of COVID-19	—	290
Other	0	—
Total extraordinary losses	3,291	1,742
Income before income taxes	2,231	3,349
Income taxes - current	1,898	1,497
Income taxes - deferred	64	(992)
Total income taxes	1,962	505
Profit	268	2,844
Profit attributable to Non-controlling interests	(8)	(34)
Profit Attributable to Owners of Parent	276	2,878

Consolidated Comprehensive Income Statement

(Million yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)
Profit	268	2,844
Other comprehensive income		
Valuation difference on available-for-sale securities	—	112
Foreign currency translation adjustment	(133)	(90)
Share of other comprehensive income of entities accounted for using equity method	(3)	6
Total other comprehensive income	(136)	28
Comprehensive income	132	2,873
Comprehensive income attributable to		
Owners of parent	145	2,920
Non-controlling interests	(13)	(47)

(3) Statement of Change in Consolidated Shareholders' Equity

Previous Fiscal Year (From April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the year	15,882	—	28,112	(336)	43,658
Changes of items during period					
Dividends of surplus			(1,721)		(1,721)
Profit attributable to owners of parent			276		276
Disposal of treasury shares		(11)		24	13
Transfer of loss on disposal of treasury shares		11	(11)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(1,456)	24	(1,431)
Balance at the end of the year	15,882	—	26,655	(311)	42,226

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the year	16	16	0	302	43,977
Changes of items during period					
Dividends of surplus					(1,721)
Profit attributable to owners of parent					276
Disposal of treasury shares					13
Transfer of loss on disposal of treasury shares					—
Net changes in items other than shareholders' equity	(131)	(131)	(0)	412	281
Total changes during period	(131)	(131)	(0)	412	(1,150)
Balance at the end of the year	(114)	(114)	0	714	42,827

Fiscal Year under Review (From April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the year under review	15,882	—	26,655	(311)	42,226
Changes of items during period					
Dividends of surplus			(1,377)		(1,377)
Profit attributable to owners of parent			2,878		2,878
Purchase of treasury shares				(14,800)	(14,800)
Disposal of treasury shares		(5)		12	6
Cancellation of treasury shares		(14,108)		14,108	—
Transfer from retained earnings to capital surplus		14,114	(14,114)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(12,613)	(678)	(13,292)
Balance at the end of the year	15,882	—	14,042	(990)	28,934

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the year under review	—	(114)	(114)	0	714	42,827
Changes of items during period						
Dividends of surplus						(1,377)
Profit attributable to owners of parent						2,878
Purchase of treasury shares						(14,800)
Disposal of treasury shares						6
Cancellation of treasury shares						—
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	112	(70)	42	(0)	6,792	6,834
Total changes during period	112	(70)	42	(0)	6,792	(6,458)
Balance at the end of the year	112	(185)	(72)	0	7,507	36,368

(4) Consolidated Cash Flow Statement

(Million yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Income before income taxes	2,231	3,349
Depreciation	1,244	1,201
Amortization of share issuance cost	31	28
Amortization of goodwill	13	13
Impairment loss	3,248	1,360
Increase (decrease) in allowance for doubtful accounts	(8)	(0)
Increase (decrease) in provision for bonuses	22	(38)
Increase (decrease) in net defined benefit liability	3	35
Increase (decrease) in provision for after-sales services	(14)	(133)
Interest and dividend income	(140)	(109)
Interest expenses	976	977
Share of (profit) loss of entities accounted for using equity method	151	58
Foreign exchange losses (gains)	28	(47)
Subsidy income	—	(184)
Loss on store closings	—	76
Loss due to the spread of the novel coronavirus	—	290
Decrease (increase) in notes and accounts receivable - trade	(5)	225
Decrease (increase) in inventories	14,718	8,170
Decrease (increase) in investment securities for sale	(1,668)	195
Decrease (increase) in prepaid expenses	(349)	571
Increase (decrease) in notes and accounts payable - trade	(3,043)	(65)
Decrease (increase) in consumption taxes refund receivable	649	(338)
Increase (decrease) in accrued consumption taxes	1,062	(1,093)
Increase (decrease) in advances received	932	106
Increase (decrease) in deposits received	1,229	89
Other	(843)	(421)
Subtotal	20,470	14,317
Interest and dividends received	140	109
Interest paid	(1,018)	(915)
Subsidies received	—	161
Payments associated with the loss due to the spread of COVID-19	—	(290)
Income taxes refund	275	9
Income taxes paid	(3,757)	(2,670)
Net cash provided by (used in) operating activities	16,110	10,722
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,752)	(3,278)
Proceeds from sales of property, plant and equipment and intangible assets	52	71
Purchase of investment securities	(297)	(445)
Proceeds from sales of investment securities	15	1
Proceeds from distribution of investment securities	1,443	396
Payments of loans receivable	(307)	(280)
Collection of loans receivable	427	80
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,932)	—
Other	1,680	397
Net cash provided by (used in) investing activities	(670)	(3,058)

(Million yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,644	1,849
Proceeds from long-term loans payable	39,392	33,421
Repayments of long-term loans payable	(50,772)	(37,303)
Proceeds from issuance of bonds	500	2,000
Redemption of bonds	(2,522)	(622)
Proceeds from share issuance to non-controlling shareholders	430	6,905
Proceeds from disposal of treasury shares resulting from exercise of subscription rights to shares	13	6
Purchase of treasury shares	—	(14,800)
Dividends paid	(1,720)	(1,377)
Placement into limited purpose deposit	—	(5,000)
Other	(123)	(157)
Net cash provided by (used in) financing activities	(10,159)	(15,077)
Effect of exchange rate change on cash and cash equivalents	(45)	(10)
Net increase (decrease) in cash and cash equivalents	5,235	(7,424)
Cash and cash equivalents at beginning of period	26,112	31,348
Cash and cash equivalents at end of period	31,348	23,923

(5) Matters to be Noted regarding Consolidated Financial Statements

(Notes on the premise of a going concern)

Not applicable.

(Accounting estimates about the impact of the spread of COVID-19 infections)

Under the assumption that the impact of COVID-19 will continue for a certain period of time, the Group has reflected the accounting estimates about future cash flow calculation, impairment on non-current assets and recoverability of deferred tax assets in the accounting treatment. However, the impact of COVID-19 contains many uncertain factors, and accordingly, it may have adverse effects on the Group's financial position and operating results in the future periods.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are components of the Group for which discrete financial information is available and whose results are regularly reviewed by the Board of Directors to make decisions about management resources to be allocated and assess their performance.

The Group's reportable segments consist of five segments: "Real Estate Development" handling newly built Condominium Apartments for Families and Singles; "CCRC" handling condominium apartments and ancillary services targeting active seniors; "Real Estate Investment" engaging in purchase/sale and rental of income-producing properties, international businesses, etc.; "Property Management and Related Services" handling mainly condominiums management service and hotel businesses and sports club operations, and "Other" engaging in PFI operations.

2. Method of calculating net sales, profit or losses, assets, liabilities and other items by reportable segment

The accounting treatments applied for reportable segments are mostly consistent with those stated in "Significant Matters Related to Basis for Preparation of the Consolidated Financial Statements."

Segment income is based on operating income.

Intersegment sales or transfers are based on market prices.

3. Information concerning net sales, profit or losses, assets, liabilities and other items by reportable segment

Previous Fiscal Year (From April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable Segment						Adjustment	Consolidated income statement amount
	Real Estate Development	CCRC	Real Estate Investment	Property Management and Related Services	Other	Total		
Net sales								
Sales to external customers	46,508	8,947	21,826	7,857	90	85,231	—	85,231
Intersegment sales or transfers	99	190	295	253	—	839	(839)	—
Total	46,608	9,138	22,122	8,111	90	86,070	(839)	85,231
Segment income (loss)	2,212	259	3,637	300	11	6,421	270	6,692
Segment assets	45,792	19,468	49,596	3,245	56	118,159	25,738	143,897
Others								
Depreciation	12	9	1,058	84	—	1,164	80	1,244
Amortization of goodwill	—	—	2	11	—	13	—	13
Impairment losses	—	—	3,216	31	—	3,248	—	3,248
Investments in entities accounted for using equity method	—	—	1,418	—	—	1,418	—	1,418
Increases in property, plant and equipment and intangible assets	—	3	6,813	1,023	—	7,840	40	7,881

- (Notes)
1. The adjustment for segment income (loss) consists of income (loss) of the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments.
 2. The segment income (loss) is adjusted with the operating income in the consolidated income statement.
 3. The adjustment for segment assets consists of elimination of intersegment transactions of ¥(4) million, the amounts unable to be allocated to reportable segments of ¥15,393 million and assets of the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments of ¥10,350 million.
 4. The adjustment for depreciation represents depreciation in the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments.
 5. The adjustment for increases in property, plant and equipment and intangible assets represents an increase of ¥40 million in the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments.
 6. Part of property, plant and equipment was transferred to real estate for sale due to a change in holding purpose, but this change has no impact on segment income.
 7. Part of real estate for sale and real estate for sale in process were transferred to property, plant and equipment due to a change in holding purpose, but this change has no impact on segment income.

Fiscal Year under Review (From April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable Segment						Adjustment	Consolidated income statement amount
	Real Estate Development	CCRC	Real Estate Investment	Property Management and Related Services	Other	Total		
Net sales								
Sales to external customers	55,315	11,466	7,409	5,959	72	80,222	—	80,222
Intersegment sales or transfers	54	75	290	280	—	701	(701)	—
Total	55,370	11,542	7,700	6,239	72	80,924	(701)	80,222
Segment income (loss)	4,671	351	402	(71)	8	5,362	72	5,435
Segment assets	31,460	20,217	51,418	3,579	61	106,737	29,293	136,030
Others								
Depreciation	10	8	969	114	—	1,103	98	1,201
Amortization of goodwill	—	—	2	11	—	13	—	13
Impairment losses	—	—	405	954	—	1,360	—	1,360
Investments in entities accounted for using equity method	—	—	1,705	—	—	1,705	—	1,705
Increases in property, plant and equipment and intangible assets	—	1	3,161	65	—	3,228	30	3,259

- (Notes)
1. The adjustment for segment income (loss) consists of elimination of intersegment transactions of ¥(31) million, the amounts unable to be allocated to reportable segments of ¥(0) million and income (loss) of the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments of ¥104 million.
 2. The segment income (loss) is adjusted with the operating income in the consolidated income statement.
 3. The adjustment for segment assets consists of elimination of intersegment transactions of ¥(3) million, the amounts unable to be allocated to reportable segments of ¥15,323 million and assets of the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments of ¥13,973 million.
 4. The adjustment for depreciation consists of the amounts unable to be allocated to reportable segments of ¥5 million and depreciation of the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments of ¥92 million.
 5. The adjustment for increases in property, plant and equipment and intangible assets represents an increase of ¥30 million in the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments.
 6. Part of property, plant and equipment was transferred to real estate for sale due to a change in holding purpose, but this change has no impact on segment income.
 7. Part of real estate for sale and real estate for sale in process were transferred to property, plant and equipment due to a change in holding purpose, but this change has no impact on segment income.

[Related information]

Previous Fiscal Year (From April 1, 2019 to March 31, 2020)

1. Information by products and services

(Million yen)

	Real estate sales	Real estate rental	Condominium management	Sports club operation	Other	Total
Sales to external customers	73,666	2,737	1,664	4,455	2,707	85,231

2. Information by region

(1) Net sales

The disclosure is omitted as sales to external customers in Japan exceed 90% of net sales in the consolidated income statement.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Total
19,901	2,098	21,999

3. Information by major customer

The disclosure is omitted as there are no external customers that account for more than 10% of net sales in the consolidated income statement.

Fiscal Year under Review (From April 1, 2020 to March 31, 2021)

1. Information by products and services

(Million yen)

	Real estate sales	Real estate rental	Condominium management	Sports club operation	Other	Total
Sales to external customers	70,249	2,490	1,802	3,286	2,393	80,222

2. Information by region

(1) Net sales

The disclosure is omitted as sales to external customers in Japan exceed 90% of net sales in the consolidated income statement.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Vietnam	Total
20,573	1,868	6	22,449

3. Information by major customer

The disclosure is omitted as there are no external customers that account for more than 10% of net sales in the consolidated income statement.

[Information on impairment loss of non-current assets for each reportable segment]

Previous Fiscal Year (From April 1, 2019 to March 31, 2020)

The disclosure is omitted as the same information is disclosed in segment information.

Fiscal Year under Review (From April 1, 2020 to March 31, 2021)

The disclosure is omitted as the same information is disclosed in segment information.

[Information about amortization of goodwill and year-end balance for each reportable segment]

Previous Fiscal Year (From April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable Segment						Corporate and elimination	Total
	Real Estate Development	CCRC	Real Estate Investment	Property Management and Related Services	Other	Subtotal		
Amortization amount for the year	—	—	2	11	—	13	—	13
Impairment loss for the year	—	—	—	—	—	—	—	—
Year-end balance	—	—	17	174	—	191	—	191

Fiscal Year under Review (From April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable Segment						Corporate and elimination	Total
	Real Estate Development	CCRC	Real Estate Investment	Property Management and Related Services	Other	Subtotal		
Amortization amount for the year	—	—	2	11	—	13	—	13
Impairment loss for the year	—	—	—	0	—	0	—	0
Year-end balance	—	—	15	162	—	177	—	177

[Information about gain on bargain purchase for each reportable segment]

Previous Fiscal Year (From April 1, 2019 to March 31, 2020)

Not applicable.

Fiscal Year under Review (From April 1, 2020 to March 31, 2021)

Not applicable.

(Per share information)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)
Net assets per share	¥738.85	¥815.78
Earnings per share	¥4.86	¥50.98
Diluted earnings per share	¥4.86	¥50.93

(Notes) 1. Basis for calculation of net assets per share is as follows:

Item	End of Previous Fiscal Year (March 31, 2020)	Fiscal Year under Review (March 31, 2021)
Total net assets (Million yen)	42,827	36,368
Amount deducted from total net assets (Million yen)	715	7,507
(Of which, subscription rights to shares (Million yen))	(0)	(0)
(Of which, non-controlling interests (Million yen))	(714)	(7,507)
Net assets at end of year attributable to common stock (Million yen)	42,111	28,861
Number of outstanding common stock (Shares)	57,554,275	36,916,775
Number of treasury shares of common stock (Shares)	557,480	1,537,512
Number of common stock used to calculate net assets per share (Shares)	56,996,795	35,379,263

2. Basis for calculation of earnings per share and diluted earnings per share is as follows:

Item	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)
Earnings per share		
Profit attributable to owners of parent (Million yen)	276	2,878
Amounts not attributable to common stock shareholders (Million yen)	—	—
Profit attributable to owners of parent related to common stock at end of year (Million yen)	276	2,878
Average number of common stock during the year (Shares)	56,983,570	56,463,967
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Million yen)	—	—
Increase in common stock (Shares)	64,719	56,891
(Of which, subscription rights to shares (Shares))	(64,719)	(56,891)
Description of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	—	—

3. The Company's shares held by the Board Benefit Trust as trust assets under the "Board Benefit Trust" program are included in treasury shares deducted in calculating the number of average shares during the year for the calculation of earnings per share and also those deducted from the total number of outstanding shares at end of year for the calculation of net assets per share. The number of those treasury shares as of March 31, 2020 and 2021 was 410,550 shares and 410,550 shares, respectively.

The average number of the treasury shares during the year deducted to calculate earnings per share for the years ended March 31, 2020 and 2021 was 410,550 shares and 410,550 shares, respectively.

(Important subsequent events)

It was resolved at the Board of Directors meeting held today to submit the proposal to reduce the amount of capital stock to the 8th annual general meeting of shareholders scheduled on June 25, 2021.

1. Purposes of the capital reduction

The Company will reduce the amount of capital stock pursuant to Article 447, Paragraph 1 of the Companies Act to achieve flexibility and agility of our capital policy. As a result, the corresponding amount will be recorded in other capital surplus, and therefore, there will be no change in the number of shares issued and outstanding and the amount of net assets or impact on the amount of net assets per share.

2. Summary of the capital reduction

(1) Amount of capital stock to be reduced

The amount of capital stock will be reduced by ¥10,882,597,835 from ¥15,882,597,835 to ¥5,000,000,000.

(2) Method of the capital reduction

The entire amount of capital reduction will be reclassified to other capital surplus.

3. Schedule of the capital reduction (tentative)

(1) Date of resolution at the Board of Directors	May 13, 2021
(2) Date of resolution at the annual general meeting of shareholders (tentative)	June 25, 2021
(3) Final date for creditor objections (tentative)	June 24, 2021
(4) Effective date (tentative)	June 28, 2021

4. Future prospects

The transaction will have no impact on the consolidated results for the year ending March 31, 2022. The transaction is subject to approval at the 8th annual general meeting of shareholders scheduled on June 25, 2021.

4. Other Information

(1) Records of Sales

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)	YoY change (%)
Segment Name	Net sales (Million yen)	Net sales (Million yen)	
(I) Real Estate Development			
(1) Real Estate Sales	46,303	55,085	119.0
(2) Other Income	205	229	111.9
Total Real Estate Development	46,508	55,315	118.9
(II) CCRC			
(1) Real Estate Sales	8,634	10,722	124.2
(2) Other Income	313	744	237.5
Total CCRC	8,947	11,466	128.1
(III) Real Estate Investment			
(1) Real Estate Sales	18,728	4,441	23.7
(2) Rental Revenue	2,698	2,437	90.3
(3) Other Income	399	530	132.7
Total Real Estate Investment	21,826	7,409	33.9
(IV) Property Management and Related Services			
(1) Condominium Management	1,664	1,802	108.3
(2) Sports Club Operation Revenue	4,455	3,286	73.8
(3) Other Income	1,737	870	50.1
Total Property Management and Related Services	7,857	5,959	75.8
(VI) Other	90	72	79.7
Total	85,231	80,222	94.1

- Notes: 1. Consumption tax, etc. are excluded from the above amounts.
2. Intersegment transactions are offset and omitted.

(2) Real Estate Sales Information

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)																		
	Outstanding Contracts at Beginning of Period			New Contracts Signed during Period			Number of Delivery during Period			Outstanding Contracts at End of Period									
	Transaction volume			Transaction volume (YoY comparison)			Transaction volume (YoY comparison)			Transaction volume (YoY comparison)									
Real Estate Development	575 Units	— Block	— Building	21,127 (Million yen)	1,336 Units	5 Blocks	— Building	51,605 (Million yen)	(92.8%)	1,192 Units	5 Blocks	— Building	46,303 (Million yen)	(74.5%)	719 Units	— Block	— Building	26,430 (Million yen)	(125.1%)
CCRC	136 Units	— Block	— Building	5,797 (Million yen)	308 Units	— Block	— Building	12,221 (Million yen)	(116.7%)	206 Units	— Block	— Building	8,634 (Million yen)	(151.1%)	238 Units	— Block	— Building	9,383 (Million yen)	(161.9%)
Real Estate Investment	3 Units	— Block	— Building	89 (Million yen)	69 Units	1 Block	21 Buildings	18,721 (Million yen)	(175.2%)	70 Units	1 Block	21 Buildings	18,728 (Million yen)	(174.1%)	2 Units	— Block	— Building	82 (Million yen)	(92.5%)
Total	714 Units	— Block	— Building	27,014 (Million yen)	1,713 Units	6 Blocks	21 Buildings	82,548 (Million yen)	(107.5%)	1,468 Units	6 Blocks	21 Buildings	73,666 (Million yen)	(93.7%)	959 Units	— Block	— Building	35,896 (Million yen)	(132.9%)

	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)																		
	Outstanding Contracts at Beginning of Period			New Contracts Signed during Period			Number of Delivery during Period			Outstanding Contracts at End of Period									
	Transaction volume			Transaction volume (YoY comparison)			Transaction volume (YoY comparison)			Transaction volume (YoY comparison)									
Real Estate Development	719 Units	— Block	— Building	26,430 (Million yen)	1,180 Units	7 Blocks	— Building	48,515 (Million yen)	(94.0%)	1,397 Units	7 Blocks	— Building	55,085 (Million yen)	(119.0%)	502 Units	— Block	— Building	19,860 (Million yen)	(75.1%)
CCRC	238 Units	— Block	— Building	9,383 (Million yen)	249 Units	— Block	— Building	9,877 (Million yen)	(80.8%)	268 Units	— Block	— Building	10,722 (Million yen)	(124.2%)	219 Units	— Block	— Building	8,538 (Million yen)	(91.0%)
Real Estate Investment	2 Units	— Block	— Building	82 (Million yen)	29 Units	— Block	13 Buildings	6,203 (Million yen)	(33.1%)	29 Units	— Block	10 Buildings	4,441 (Million yen)	(23.7%)	2 Units	— Block	1 Building	1,844 (Million yen)	(264.5%)
Total	959 Units	— Block	— Building	35,896 (Million yen)	1,458 Units	7 Blocks	13 Buildings	64,596 (Million yen)	(78.3%)	1,694 Units	7 Blocks	10 Buildings	70,249 (Million yen)	(95.4%)	723 Units	— Block	1 Building	30,243 (Million yen)	(84.3%)

- Notes: 1. Consumption tax, etc. are excluded from the above amounts.
2. Transaction volume means the total amount of tax-excluded selling prices of condominium apartments, detached houses, etc. The number of units and transaction volume for joint venture properties are calculated by multiplying by the investment ratio and rounded down to the nearest integer.