



Third Quarter Fiscal Year Ending March 31, 2023 Consolidated Earnings Announcement (Japanese GAAP)

February 9, 2023

Company Name: **Hoosiers Holdings Co., Ltd.**

Listed market: Tokyo Stock Exchange Prime Market

Stock Code: 3284

URL: <https://www.hoosiers.co.jp/>

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Executive Officer

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Scheduled date to file quarterly report:

February 10, 2023

Scheduled date to commence dividend payment:

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Preparation of supplemental information of quarterly financial results: Yes

Holding of quarterly financial results briefing:

No

(Figures are rounded down to the nearest million yen)

1. 3rd Quarter FY3/23 Consolidated Earnings Results (April 1, 2022 to December 31, 2022)

(1) Consolidated Earnings (Cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3rd Quarter FY3/23	41,352	(9.9)	2,928	(15.4)	2,393	(12.7)	1,562	(0.5)
3rd Quarter FY3/22	45,876	(11.2)	3,462	13.5	2,741	0.7	1,569	(28.6)

(Note) Comprehensive income: 3rd Quarter FY3/23 ¥2,580 million (23.6%) 3rd Quarter FY3/22 ¥2,087 million (10.9%)

	Earnings per Share	Diluted Earnings per Share
	Yen	Yen
3rd Quarter FY3/23	44.17	44.10
3rd Quarter FY3/22	44.37	44.31

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2022	143,479	39,909	22.4
As of March 31, 2022	127,905	38,960	24.4

(Reference) Shareholders' equity: As of December 31, 2022 ¥32,079 million As of March 31, 2022 ¥31,263 million

2. Dividends

	Dividend per Share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Annual
	Yen	Yen	Yen	Yen	Yen
FY3/22	—	17.00	—	19.00	36.00
FY3/23	—	24.00	—		
FY3/23 (Forecast)				24.00	48.00

(Note) Changes in the latest forecasts released: No

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 2023 (From April 1, 2022 to March 31, 2023)

(% 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	80,000	0.6	7,300	9.0	6,500	14.2	4,200	36.9	118.71

(Note) Changes in the latest forecasts released: No

*** Matters to be noted**

(1) Changes in important subsidiaries during the quarter under review: No

(2) Application of specific accounting treatments in preparing the quarterly consolidated financial statements: No

(3) 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: Yes

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

(c) Changes in accounting estimates: No

(d) Retrospective restatements: No

Note: Please refer to “2. Consolidated Quarterly Financial Statements and Main Notes, (3) Matters to be Noted regarding Consolidated Quarterly Financial Statements (Changes in accounting principles)” on page 10.

(4) Outstanding shares (Common stock)

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

December 31, 2022	36,916,775 shares	March 31, 2022	36,916,775 shares
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(b) Number of treasury shares at the end of period

December 31, 2022	1,537,512 shares	March 31, 2022	1,537,512 shares
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(c) Average number of shares during the period (Quarterly cumulative period)

3rd Quarter FY3/23	35,379,263 shares	3rd Quarter FY3/22	35,379,263 shares
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The number of treasury shares includes 570,550 shares of our company that are held by Board Benefit Trust as of the end of the third quarter under review.

*Earnings Announcement is out of scope of quarterly reviews 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 is indicated as“-” if figures for the nine months ended December 31, 2022 and/or 2021 were negative.

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1. Qualitative Information on the Financial Statements for the Quarter under Review

(1) Explanation about business performance

During the third quarter under review, the number of contracted units was 1,071 and 5 buildings, and that of delivered units was 761 and 5 buildings. As of the end of the third quarter, we managed 20,236 units. Consequently, as the results for the third quarter, we posted net sales of ¥41,352 million (down 9.9% year over year), operating income of ¥2,928 million (down 15.4% year over year), ordinary income of ¥2,393 million (down 12.7 % year over year), and profit attributable to owners of parent of ¥1,562 million (down 0.5 % year over year).

In our Real Estate Development, CCRC, and Real Estate Investment, sales are booked upon delivery to customers, not at the time purchase and sales contracts are executed. As a result, this tends to cause a deviation in quarterly sales depending on the timing of delivery.

Results by segment are as follows.

(I) Real Estate Development

During the third quarter under review, the Group recorded net sales of ¥21,237 million (up 15.8% year over year) and operating income of ¥1,833 million (up 179.8% year over year) due to a delivery of 536 condominium units such as “Mid Rise Tower Tajimi,” “Duo Hills Higashi Kawaguchi Terrace,” and “Duo Hills Hachinohe The Residence,” etc.

(II) CCRC

During the third quarter under review, the Group recorded net sales of ¥10,222 million (down 38.0% year over year) and operating income of ¥1,234 million (down 40.0% year over year) due to a delivery of 218 condominium units such as “Duo Scene Egota-no-Mori Park,” etc.

(III) Real Estate Investment

We recorded net sales of ¥4,802 million (down 23.4% year over year) and operating loss of ¥458 million (operating income of ¥364 million a year earlier) during the third quarter under review.

(1) Real Estate Sales

Due to the sales of inventory assets, we recorded net sales of ¥2,380 million (down 39.9% year over year).

(2) Rental Revenue

We recorded net sales of ¥2,137 million (up 6.5% year over year) due to the stable operation of owned income-producing properties.

(IV) Condominium Management and Related Services

We recorded net sales of ¥5,056 million (up 7.0% year over year) and operating income of ¥215 million (down 3.8% year over year) during the third quarter under review.

(1) Condominium Management

We recorded net sales of ¥1,500 million (up 4.7% year over year) due to the start of the new management contracting of “Mid Rise Tower Tajimi,” “Duo Hills Higashi Kawaguchi Terrace,” and “Duo Hills Hachinohe The Residence,” etc. in condominium management.

(2) Sports Club Operation Revenue

We recorded net sales of ¥2,690 million (up 3.2% year over year) mainly due to the operation of sports clubs.

(3) Other Income

We recorded net sales of ¥865 million (up 26.2% year over year) in hotel business and consigned construction, etc.

(V) Other

We recorded net sales of ¥34 million (down 34.5% year over year) and operating income of ¥5 million (down 66.7% year over year) through PFI operations.

The progress status of the annual delivery plan in the Real Estate Sales is shown below. In Condominium apartments, the main business of the Group, 95.4% of the contracts have been executed.

FY3/23	Number of units to be delivered	Number of contracts signed	Progress
Condominium apartments	1,034	986	95.4%
Condominium apartments for seniors	310	265	85.5%
Detached houses	46	25	54.3%
Total	1,390	1,276	91.8%

(Notes) 1. “Condominium apartments” show the total number of family condominiums and compact condominiums.

2. The number of units for joint venture properties is shown with consideration for the joint venture ratio (by rounding down to the nearest integer).

(2) Qualitative information on consolidated financial position

As of the end of the third quarter under review, total assets amounted to ¥143,479 million (up 12.2% from March 31, 2022), total liabilities amounted to ¥103,570 million (up 16.4% from March 31, 2022), and total net assets amounted to ¥39,909 million (up 2.4% from March 31, 2022), mainly due to an increase in consolidated subsidiaries through M&A.

(3) Qualitative information on consolidated earnings forecasts

The earnings forecasts for the fiscal year ending March 31, 2023 remain unchanged from those announced on May 12, 2022 as results and sales status for the third quarter under review have progressed as planned and the Group’s operating environment is within the scope of the assumption.

2. Consolidated Quarterly Financial Statements and Main Notes

(1) Consolidated Quarterly Balance Sheet

(Million yen)

	End of Previous Fiscal Year (March 31, 2022)	End of 3rd Quarter under Review (December 31, 2022)
Assets		
Current assets		
Cash and deposits	32,035	29,335
Accounts receivable - trade	733	797
Merchandise	25	23
Real estate for sale	23,659	24,876
Real estate for sale in process	33,599	46,524
Operational investment securities	567	626
Prepaid expenses	1,325	1,685
Other	4,840	7,861
Allowance for doubtful accounts	(115)	(127)
Total current assets	96,672	111,603
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,881	14,292
Machinery, equipment and vehicles, net	6	25
Tools, furniture and fixtures, net	72	72
Land	9,423	9,952
Leased assets, net	451	440
Total property, plant and equipment	23,835	24,783
Intangible assets		
Goodwill	164	232
Other	301	358
Total intangible assets	466	590
Investments and other assets	6,931	6,502
Total non-current assets	31,233	31,876
Total assets	127,905	143,479
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,184	1,393
Electronically recorded obligations - operating	3,096	5,597
Short-term loans payable	7,166	8,739
Current portion of bonds	595	551
Current portion of long-term loans payable	16,111	13,496
Income taxes payable	608	143
Advances received	3,733	4,898
Provision for bonuses	302	233
Provision for after-sales services	37	24
Other	2,884	5,341
Total current liabilities	35,722	40,419
Non-current liabilities		
Bonds payable	7,487	8,067
Long-term loans payable	41,295	50,489
Deferred tax liabilities	1,062	1,074
Allowance for share provision to directors	223	223
Net defined benefit liability	138	11
Asset retirement obligations	693	906
Other	2,322	2,377
Total non-current liabilities	53,223	63,150
Total liabilities	88,945	103,570

(Million yen)

	End of Previous Fiscal Year (March 31, 2022)	End of 3rd Quarter under Review (December 31, 2022)
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	10,882	10,878
Retained earnings	15,858	15,911
Treasury shares	(990)	(1,002)
Total shareholders' equity	30,749	30,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	226	327
Foreign currency translation adjustment	286	964
Total accumulated other comprehensive income	513	1,292
Subscription rights to shares	0	0
Non-controlling interests	7,696	7,829
Total net assets	38,960	39,909
Total liabilities and net assets	127,905	143,479

(2) Consolidated Quarterly Income Statement and Comprehensive Income Statement

Consolidated Quarterly Income Statement

Consolidated Income Statements for the Third Quarter (Cumulative)

(Million yen)

	Previous 3rd Quarter (From April 1, 2021 to December 31, 2021)	3rd Quarter under Review (From April 1, 2022 to December 31, 2022)
Net sales	45,876	41,352
Cost of sales	35,389	31,529
Gross profit	10,486	9,822
Selling, general and administrative expenses	7,023	6,894
Operating income	3,462	2,928
Non-operating income		
Interest income	44	27
Dividend income	156	139
Contract cancellations	135	77
Subsidy income	94	107
Share of profit of entities accounted for using equity method	—	40
Other	53	46
Total non-operating income	484	439
Non-operating expenses		
Interest expenses	748	746
Commission fee	175	113
Foreign exchange losses	171	82
Share of loss of entities accounted for using equity method	88	—
Other	21	31
Total non-operating expenses	1,205	973
Ordinary income	2,741	2,393
Extraordinary income		
Gain on sales of non-current assets	2	—
Gain on sales of other securities of subsidiaries and associates	—	72
Gain on reversal of asset retirement obligations	9	—
Total extraordinary income	11	72
Extraordinary losses		
Loss on valuation of investment securities	25	—
Loss on disaster	19	—
Loss on store closings	11	—
Loss due to the spread of COVID-19	70	—
Total extraordinary losses	126	—
Income before income taxes	2,626	2,466
Income taxes - current	504	455
Income taxes - deferred	385	248
Total income taxes	889	703
Profit attributable to	1,736	1,762
Non-controlling interests	167	199
Owners of parent	1,569	1,562

Consolidated Quarterly Comprehensive Income Statements
Consolidated Income Statements for the Third quarter (Cumulative)

(Million yen)

	Previous 3rd Quarter (From April 1, 2021 to December 31, 2021)	3rd Quarter under Review (From April 1, 2022 to December 31, 2022)
Profit	1,736	1,762
Other comprehensive income		
Valuation difference on available-for-sale securities	34	103
Foreign currency translation adjustment	304	763
Share of other comprehensive income of entities accounted for using equity method	11	(49)
Total other comprehensive income	350	817
Comprehensive income	2,087	2,580
Comprehensive income attributable to		
Owners of parent	1,901	2,349
Non-controlling interests	185	230

(3) Matters to be Noted regarding Consolidated Quarterly Financial Statements

(Notes on the premise of a going concern)

Not applicable.

(Notes on the significant change in the shareholders' equity amount)

Not applicable.

(Changes in accounting principles)

(Application of the accounting standard for revenue recognition)

On April 1, 2022, the Company applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021, "Implementation Guidance on Accounting Standard for Fair Value Measurement"), and the new accounting policy stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement is applied prospectively pursuant to the transitional treatment stipulated by Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. The application has no impact on the consolidated quarterly financial statements.

(Segment information, etc.)

[Segment information]

Previous 3rd Quarter (From April 1, 2021 to December 31, 2021)

Information on the amount of net sales and profit/loss for each reportable segment

(Million yen)

	Reportable segment						Adjustment	Consolidated quarterly income statement amount
	Real Estate Development	CCRC	Real Estate Investment	Condominium Management and Related Services	Other	Total		
Net sales								
Sales to external customers	18,346	16,487	6,265	4,724	53	45,876	-	45,876
Intersegment sales or transfers	-	0	264	219	-	484	(484)	-
Total	18,346	16,487	6,529	4,944	53	46,360	(484)	45,876
Segment income	655	2,056	364	224	15	3,316	145	3,462

(Notes) 1. The adjustment for segment income consists of elimination of intersegment transactions of ¥(17) million, the amounts unable to be allocated to reportable segments of ¥(1) million and income (loss) of the holding company (the filing company of the consolidated financial statements) not allocated to reportable segments of ¥164 million.

2. The segment income is adjusted with the operating income in the consolidated quarterly income statement.

3rd Quarter under Review (From April 1, 2022 to December 31, 2022)

1. Information on the amount of net sales and profit/loss for each reportable segment

(Million yen)

	Reportable segment						Adjustment	Consolidated quarterly income statement amount
	Real Estate Development	CCRC	Real Estate Investment	Condominium Management and Related Services	Other	Total		
Net sales								
Sales to external customers	21,237	10,222	4,802	5,056	34	41,352	-	41,352
Intersegment sales or transfers	-	-	216	139	-	356	(356)	-
Total	21,237	10,222	5,018	5,195	34	41,708	(356)	41,352
Segment income (loss)	1,833	1,234	(458)	215	5	2,830	97	2,928

(Notes) 1. The adjustment for segment income (loss) consists of elimination of intersegment transactions of ¥2 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 ¥95 million.

2. The segment income (loss) is adjusted with the operating income in the consolidated quarterly income statement.

3. 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.

2. Information on assets by reportable segment

Segment assets of “Real Estate Development” increased by ¥16,800 million from March 31, 2022 mainly due to the progress in purchases and construction, as well as an increase in consolidated subsidiaries through the acquisition of shares of Home Stage Co., Ltd.

Segment assets of “CCRC” decreased by ¥5,691 million from March 31, 2022 as inventory decreased mainly due to favorable sales.

3. Other Information

(1) Records of Sales

	Previous 3rd Quarter (From April 1, 2021 to December 31, 2021)	3rd Quarter under Review (From April 1, 2022 to December 31, 2022)	YoY Change (%)
Segment Name	Net sales (Million yen)	Net sales (Million yen)	
(I) Real Estate Development			
(1) Real Estate Sales	18,265	21,026	115.1
(2) Other Income	80	211	262.3
Total Real Estate Development	18,346	21,237	115.8
(II) CCRC			
(1) Real Estate Sales	15,624	9,182	58.8
(2) Other Income	862	1,040	120.6
Total CCRC	16,487	10,222	62.0
(III) Real Estate Investment			
(1) Real Estate Sales	3,962	2,380	60.1
(2) Rental Revenue	2,007	2,137	106.5
(3) Other Income	295	284	96.4
Total Real Estate Investment	6,265	4,802	76.6
(IV) Condominium Management and Related Services			
(1) Condominium Management	1,432	1,500	104.7
(2) Sports Club Operation Revenue	2,606	2,690	103.2
(3) Other Income	685	865	126.2
Total Condominium Management and Related Services	4,724	5,056	107.0
(V) Other	53	34	65.5
Total	45,876	41,352	90.1

- (Notes)
1. Intersegment transactions are offset and omitted.
 2. In the Real Estate Development, CCRC, and Real Estate Investment, sales are booked upon delivery to customers, not at the time purchase and sales contracts are executed. As a result, this tends to cause a deviation in quarterly sales depending on the timing of delivery.
 3. In the Real Estate Development and CCRC, Rental Revenue is included in Other Income as the amount is immaterial.

(2) Real Estate Sales Information

	Previous 3rd Quarter (From April 1, 2021 to December 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	502 Units	— Block	— Building	740 Units	— Block	— Building	434 Units	— Block	— Building	808 Units	— Block	— Building
	19,860	(Million yen)		29,596	(Million yen)		18,265	(Million yen)		31,190	(Million yen)	
				(81.1%)			(49.5%)			(119.9%)		
CCRC	219 Units	— Block	— Building	249 Units	— Block	— Building	390 Units	— Block	— Building	78 Units	— Block	— Building
	8,538	(Million yen)		10,351	(Million yen)		15,624	(Million yen)		3,265	(Million yen)	
				(150.0%)			(297.4%)			(29.6%)		
Real Estate Investment	1 Unit	— Block	3 Buildings	7 Units	— Block	9 Buildings	8 Units	— Block	8 Buildings	1 Unit	— Block	4 Buildings
	1,844	(Million yen)		4,788	(Million yen)		3,962	(Million yen)		2,671	(Million yen)	
				(201.5%)			(166.1%)			(—)		
Total	722 Units	— Block	3 Buildings	996 Units	— Block	9 Buildings	832 Units	— Block	8 Buildings	887 Units	— Block	4 Buildings
	30,243	(Million yen)		44,736	(Million yen)		37,852	(Million yen)		37,127	(Million yen)	
				(97.7%)			(85.0%)			(100.0%)		

	3rd Quarter under Review (From April 1, 2022 to December 31, 2022)											
	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	639 Units	— Block	— Building	826 Units	— Block	— Building	536 Units	— Block	— Building	929 Units	— Block	— Building
	25,494	(Million yen)		36,886	(Million yen)		21,026	(Million yen)		41,354	(Million yen)	
				(124.6%)			(115.1%)			(132.6%)		
CCRC	66 Units	— Block	— Building	237 Units	— Block	— Building	218 Units	— Block	— Building	85 Units	— Block	— Building
	3,034	(Million yen)		9,714	(Million yen)		9,182	(Million yen)		3,567	(Million yen)	
				(93.9%)			(58.8%)			(109.2%)		
Real Estate Investment	— Unit	— Block	2 Buildings	8 Units	— Block	5 Buildings	7 Units	— Block	5 Buildings	1 Unit	— Block	2 Buildings
	664	(Million yen)		4,020	(Million yen)		2,380	(Million yen)		2,304	(Million yen)	
				(84.0%)			(60.1%)			(86.3%)		
Total	705 Units	— Block	2 Buildings	1,071 Units	— Block	5 Buildings	761 Units	— Block	5 Buildings	1,015 Units	— Block	2 Buildings
	29,193	(Million yen)		50,621	(Million yen)		32,588	(Million yen)		47,226	(Million yen)	
				(113.2%)			(86.1%)			(127.2%)		

(Note)1 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.

2 YoY comparison of outstanding contracts at end of period in Real Estate Investment is not described as it is over 1,000 %.