May 10, 2021

Summary of Financial Results for the Fiscal Year Ended March 31, 2021 [Japan Standards] (Consolidated)

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Date of general meeting of shareholders: June 23, 2021 Date of commencement of dividend payment: June 24, 2021
Date of filing of securities report: June 24, 2021
The supplementary explanation document for closing of accounts is created. Yes
The briefing for closing of accounts is held. (for institutional investors and analysts) Yes

(Millions of yen rounded down)

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2021	72,988	(14.0)	7,351	(29.4)	7,334	(29.0)	4,983	(26.0)
FY ended March 2020	84,840	4.1	10,412	3.2	10,323	2.3	6,732	3.0

(Note)
Comprehensive income
FY ended March 31, 2021: ¥4,993 million (-26.0%)
FY ended March 31, 2020: ¥6,744 million (3.5%)

	Net Income Per Share	Net Income Per Share After Dilution	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
FY ended March 2021	152.46	—	9.6	8.6	10.1
FY ended March 2020	205.98	—	14.1	13.0	12.3

(Reference)
Equity in earnings (losses) of subsidiaries and affiliates accounted for by the equity method.
FY ended March 31, 2021: ¥ —million
FY ended March 31, 2020: ¥ —million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	84,375	53,869	63.8	1,648.14
As of March 31, 2020	86,719	50,314	58.0	1,539.35

(Reference)
Shareholders' equity: As of March 31, 2021: ¥53,869 million
As of March 31, 2020: ¥50,314 million

(3) Consolidated Cash Flow Position

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2021	8,069	(89)	(6,780)	22,996
FY ended March 2020	980	(502)	8,564	21,796

2. Dividends

	Dividends Per Share					Dividends (Total)	Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2020	—	22.00	—	22.00	44.00	1,438	21.4	3.0
FY ended March 2021	—	22.00	—	22.00	44.00	1,438	28.9	2.8
FY ending March 2022 (Forecast)	—	24.00	—	24.00	48.00		28.5	

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

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	81,000	11.0	8,000	8.8	8,000	9.1	5,500	10.4	168.27

(Note)
This forecast incorporates business performance due to COVID-19 as expected at the current point in time. For details, please refer to "1. Summary of Operating Results" on page 4 of the accompanying materials. Also, disclosure of the forecast for the second quarter cumulative period is omitted.

* Notes

(1) Significant changes in subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation): No

(2) Changes in accounting principles, changes in accounting estimates and restatements
1) Changes due to revisions to accounting standards, etc.: No
2) Changes other than 1): No
3) Changes in accounting estimates: No
4) Restatements: No

(3) Number of outstanding shares (common stock)
1) Number of shares outstanding at term-end (including treasury stocks)
As of March 31, 2021: 34,646,500 shares
As of March 31, 2020: 34,646,500 shares
2) Amount of treasury stock at term-end
As of March 31, 2021: 1,961,157 shares
As of March 31, 2020: 1,961,157 shares
3) Amount of average stock during term
As of March 31, 2021: 32,685,343 shares
As of March 31, 2020: 32,685,343 shares

Reference: Non-consolidated Operating Results

1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2021	62,626	(16.9)	5,784	(36.0)	6,160	(34.5)	4,369	(30.2)
FY ended March 2020	75,404	3.7	9,037	6.5	9,406	5.3	6,262	6.1

	Net Income Per Share	Net Income Per Share After Dilution
	Yen	Yen
FY ended March 2021	133.70	—
FY ended March 2020	191.60	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	72,959	49,456	67.8	1,513.11
As of March 31, 2020	76,735	46,513	60.6	1,423.06

(Reference)
Shareholders' equity: As of March 31, 2021: ¥49,456 million
As of March 31, 2020: ¥46,513 million

* The Summary of Financial Results is not subject to audit by a certified public accountant or audit corporations.

* Explanation and other special notes regarding the appropriate use of the earnings forecast
(Notes on forward-looking statements)
The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.

1. Summary of Operating Results

(1) Overview of Operating Results of the Current Fiscal Year

a) Operating results of the current fiscal year

During the consolidated fiscal period under review, extremely tough conditions continued in the Japanese economy due to the spread of COVID-19. Although trends towards recovery can be seen in some areas due to the effect of various measures by the Japanese government and the recovery of overseas economies, the future remains uncertain due to factors such as the spread of COVID-19 in Japan and overseas, as well as fluctuations in the financial capital market.

Regarding the condominium marketplace in the Tokyo metropolitan area, despite temporary stagnation in sales activities due to the effects of COVID-19, the number of new condominiums offered in the Tokyo metropolitan area during the consolidated fiscal period under review increased by 1.7% from last year to 29,032 units. Furthermore, there were other signs of a market recovery; for example, the average ratio of the first month contracts consummated during the same period increased by 6.6% year-on-year to 67.9% (according to a survey by Real Estate Economic Institute Co., LTD.).

In the market for investment-type condominiums which compose our corporate group's main business area, lease demand remained strong in the Tokyo metropolitan area centering on singles. Purchase demand for investment-type condominiums is solid, supported by low interest rates and by increasing recognition as income-earning properties that can be expected to provide steady earnings. However, we must remain vigilant in terms of watching the long-term effects of COVID-19.

Under this business environment, our corporate group has been striving to enhance the customer support system, strengthen our brand name and expand the development and sales of the "Gala Condominium series" which provide various advantages for asset management mainly in the Tokyo metropolitan area, and "Gala Residence series" which are condominiums designed for families under our own brand. Furthermore, we are fully committed to improving the value of the corporate group. Additionally, although economic activities were significantly suppressed by the effects of COVID-19, we have worked to promote our business while implementing various measures to prevent the spread of infectious diseases.

As a result, net sales were ¥72,988 million (a decrease of 14.0% compared with the previous consolidated fiscal year), operating income amounted ¥7,351 million (a decrease of 29.4% compared with the previous consolidated fiscal year), and ordinary income was ¥7,334 million (a decrease of 29.0% compared with the previous consolidated fiscal year). Furthermore, net income attributable to shareholders of parental company totaled ¥4,983 million (a decrease of 26.0% compared with the previous consolidated fiscal year).

The operating results for each business segment are as follows:

(Real estate development segment)

During the consolidated fiscal year under review, results were below the previous fiscal year due to impact of COVID-19; for example, temporary voluntary abstinence from sales activities under the state of emergency declared by the Japanese government. Even so, sales were strong, especially for new condominiums, and results were close to the plan.

As a result, net sales were ¥33,819 million for newly built condominiums (1,142 units), ¥21,484 million for pre-owned condominiums (871 units), and ¥7,284 million from other income sources. Therefore, the total net sales in the segment reached ¥62,588 million (a decrease of 16.9% compared with the previous consolidated fiscal year) and the segment profit was ¥5,850 million (a decrease of 35.6% compared with the previous consolidated fiscal year).

Breakdown of net sales, etc.

Classification	Consolidated fiscal year ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)			Consolidated fiscal year ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021)		
	No. of Units	Amount (millions of yen)	YOY (%)	No. of Units	Amount (millions of yen)	YOY (%)
Gala Condominium series	847	22,837	125.8%	969	26,006	113.9%
Gala Residence series	207	9,012	74.4%	173	7,812	86.7%
Pre-owned condominiums	1,501	36,468	101.4%	871	21,484	58.9%
Other income	—	7,038	109.1%	—	7,284	103.5%
Total	2,555	75,356	103.7%	2,013	62,588	83.1%

(Real estate management segment)

During the consolidated fiscal year under review, as the result of new managed properties that were developed by the corporate group, the number of managed properties increased with the number of managed units for leasing reaching 17,080 and the number of buildings managed reaching 311.

As a result, net sales in the real estate management segment were ¥3,162 million (an increase of 8.7% compared with the previous consolidated fiscal year), and segment profit was ¥898 million (an increase of 13.4% compared with the previous consolidated fiscal year).

(Construction segment)

During the consolidated fiscal year under review, orders centered on condominium construction and largescale repairs were steady. Construction work progressed as planned.

As a result, net sales in the construction segment were ¥6,243 million (an increase of 12.1% compared with the previous consolidated fiscal year), and segment profit was ¥592 million (an increase of 14.4% compared with the previous consolidated fiscal year).

(Japanese inn segment)

During the consolidated fiscal year under review, the business environment was extremely tough due to the strong impact of COVID-19. In accordance with the state of emergency declared by the Japanese government, we were forced to suspend operations at all four of our inns. After the state of emergency was lifted, there were recovery trends from summer to autumn due to the Go To Travel Campaign and other policies aimed at stimulating demand. However, due to the second wave of COVID-19 from the end of 2020, the total number of guests at all inn's was below the previous fiscal year.

As a result, in the Japanese inn segment, net sales decreased to ¥994 million (a decrease of 0.8% compared with the previous consolidated fiscal year), and the segment posted a loss of ¥39 million (as against a loss of ¥28 million posted in the previous consolidated fiscal year).

b) Forecast of the next fiscal year (ending March 31, 2022)

Moving forward, although there is concern regarding the effect of subsequent waves of COVID-19, the economic environment is expected to show signs of recovery due to factors such as the effect of infection-prevention measures in Japan and overseas, as well as the improvement of the overseas economy.

Amidst such conditions, we will actively promote our business while implementing measures to prevent the spread of infection, including non-face-to-face sales activities such as using IT to explain important matters and holding online seminars.

When considering the above, in the real estate development segment, we expect to sell 2,400 condominiums during the next fiscal year. When revenues from real-estate management, construction, and Japanese-inn operations are added to the above, the Company expects net sales of ¥81,000 million (an increase of 11.0% compared with the consolidated fiscal year under review) for the fiscal year ending March 2022.

As for the profit, we anticipate an operating income of ¥8,000 million (an increase of 8.8% compared with the consolidated fiscal year under review), an ordinary income of ¥8,000 million (an increase of 9.1% compared with the consolidated fiscal year under review), and a net income attributable to shareholders of parental company of ¥5,500 million (an increase of 10.4% compared with the consolidated fiscal year under review).

Although uncertainties continue, rental demand in the Tokyo metropolitan area is expected to continue steadily in the future against the backdrop of an increase in single-person households. We will continue to develop and supply our corporate group's own brands of "Gala Condominium series" and "Gala Residence series," and to enhance the sales and service system.

Business performance may fluctuate significantly depending on the spread of COVID-19 and the status of when things return to normal. We will continue to carefully discern the impact on the corporate group's business and will promptly disclose if any revisions become necessary.

(2) Overview of Financial Situation for the Current Fiscal Year

a) Situation of assets, liabilities, and net assets

(Assets)

At the end of the consolidated fiscal year under review, current assets were ¥72,677 million, a decrease of ¥10,698 million as compared with the end of the previous consolidated fiscal year. This is mainly because real estate for sale in process decreased by ¥9,435 million and real estate for sale by ¥3,659 million, while cash and deposits increased by ¥1,007 million, notes and operating accounts receivable-trade by ¥996 million, and advance payments-trade by ¥505 million. Non-current assets recorded ¥11,698

million, an increase of ¥8,354 million as compared with the end of the previous consolidated fiscal year.
The main reason for the decrease in real estate for sale and the increase in non-current assets was that the purpose for holding a portion of the real estate for sale was changed, which resulted in ¥8,337 million of real estate for sale being reclassified as property, plant, and equipment (¥4,495 million as buildings and structures, and ¥3,841 million as land). As a result, total assets were ¥84,375 million, a decrease of ¥2,343 million as compared with the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the consolidated fiscal year under review, current liabilities were ¥13,563 million, a decrease of ¥10,492 million as compared with the end of the previous consolidated fiscal year. This is mainly because current portion of long-term loans payable decreased by ¥9,112 million, income taxes payable by ¥1,040 million, short-term loans payable by ¥650 million, and accrued consumption taxes by ¥234 million, while notes and accounts payable-trade increased by ¥232 million and deposits received by ¥134 million. Non-current liabilities recorded ¥16,942 million, an increase of ¥4,593 million as compared with the end of the previous consolidated fiscal year. This is mainly caused by an increase of ¥4,420 million in long-term loans payable. As a result, total liabilities were ¥30,505 million, a decrease of ¥5,899 million as compared with the end of the previous consolidated fiscal year.

(Net assets)

At the end of the consolidated fiscal year under review, total net assets were ¥53,869 million, an increase of ¥3,555 million as compared with the end of the previous consolidated fiscal year. A major increase was ¥4,983 million in net income attributable to shareholders of parental company, while a major decrease was ¥1,438 million in dividends of surplus. As a result, the shareholder's equity ratio was 63.8% (it was 58.0% at the end of the previous consolidated fiscal year).

b) Overview of cash flows for the current fiscal year

At the end of the consolidated fiscal year under review, cash and cash equivalents were ¥22,996 million, an increase of ¥1,199 million as compared with the end of the previous consolidated fiscal year.

For the consolidated fiscal year ended March 31, 2021, situation and variable factors of each cash flow were as follows:

(Cash flow from operating activities)
Funds acquired from operating activities totaled ¥8,069 million (the previous fiscal year amounted an income of ¥980 million). Major income consisted of ¥7,334 million in income before income taxes and a decrease in inventories of ¥4,559 million, while a major expenditure resulted from ¥3,392 million in income taxes paid.

(Cash flow from investing activities)
Funds used in investing activities totaled ¥89 million (the previous fiscal year amounted an expenditure of ¥502 million).

(Cash flow from financing activities)
Funds used in financing activities totaled ¥6,780 million (the previous fiscal year amounted an income of ¥8,564 million). A major income was ¥11,460 million in proceeds from long-term loans payable to be used as funds for the purchase of business land. As for major expenditures, there were ¥16,152 million in repayments of long-term loans payable for completion of project and others, and ¥1,438 million in cash dividends paid.

Reference: Trends in cash flow indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Shareholders' equity ratio (%)	61.1	62.0	61.8	58.0	63.8
Shareholders' equity ratio based on market value (%)	54.5	44.3	38.4	30.8	43.5
Interest-bearing debt to cash flow ratio (%)	757.7	—	—	2,667.4	258.0
Interest coverage ratio (times)	34.5	—	—	16.4	81.6

Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity ratio based on market value: Market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows
Interest coverage ratio: Operating cash flows / Interest payments
Notes: 1. All indices are calculated based on consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding (excluding treasury stock).
3. Cash flows are calculated using the figures for operating cash flows in the consolidated statements of cash flows.
4. Interest-bearing debt includes all debt on the consolidated balance sheets that incur interest.
5. Interest-bearing debt to cash flow ratio and interest coverage ratio for FY2018 and FY2019 have not been recorded as the cash flow from operating activities was negative.

(3) Basic Policies Regarding Profit Distribution and Dividends of the Current and Next Term

Returning the profit to shareholders is one of the most important tasks of our company's management. As such, our company's basic policy is to ensure continuous and stable distribution of earnings based on comprehensive consideration of factors such as financial balance and the internal reserves needed for active business development.

Based on this policy, we carefully examined the operating results of the fiscal year under review and mid- and long-term business prospects in the following years. As a result, it is planned that the year-end dividend for ordinary dividend at the consolidated fiscal year under review (April 2020 to March 2021) will be 22 yen per share. The interim dividend of 22 yen per share had been already paid. Thus, the annual dividend is 44 yen per share. Furthermore, for the next consolidated fiscal year (April 2021 to March 2022), it is planned that the dividend will be 24 yen per share for both interim and year-end dividends (the annual dividend will be 48 yen per share).

2. Basic Approach to Selection of Accounting Standards

Our corporate group has prepared its consolidated financial statements based on Japanese standards, as we do not conduct operations or raise funds on the international stage.

3. Consolidated Financial Statements and Important Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
ASSETS		
Current assets		
Cash and deposits	22,129	23,137
Notes and operating accounts receivable-trade	4,743	5,739
Real estate for sale	29,850	26,190
Real estate for sale in process	25,848	16,413
Costs on uncompleted construction contracts	20	17
Raw materials and supplies	31	47
Advance payments-trade	86	592
Other	666	540
Allowance for doubtful accounts	(1)	(1)
Total current assets	**83,375**	**72,677**
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,668	6,340
Accumulated depreciation	(978)	(1,138)
Buildings and structures, net	**690**	**5,202**
Land	762	4,604
Other	327	345
Accumulated depreciation	(248)	(270)
Other, net	**79**	**74**
Total property, plant and equipment	**1,532**	**9,882**
Intangible assets	40	37
Investments and other assets		
Investment securities	242	265
Deferred tax assets	753	793
Other	784	718
Allowance for doubtful accounts	(10)	—
Total investments and other assets	**1,770**	**1,778**
Total non-current assets	**3,343**	**11,698**
Total assets	**86,719**	**84,375**

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	1,273	1,505
Short-term loans payable	1,130	480
Current portion of long-term loans payable	16,024	6,912
Accounts payable-other	419	476
Income taxes payable	1,853	812
Accrued consumption taxes	413	178
Deposits received	1,891	2,025
Provision for bonuses	281	255
Other	769	916
Total current liabilities	**24,056**	**13,563**
Non-current liabilities		
Long-term loans payable	9,003	13,423
Provision for directors' retirement benefits	889	939
Net defined benefit liabilities	672	712
Long-term lease and guarantee deposited	1,714	1,797
Long-term deposits received	69	69
Total non-current liabilities	**12,348**	**16,942**
Total liabilities	**36,405**	**30,505**
NET ASSETS		
Shareholders' equity		
Capital stock	2,774	2,774
Capital surplus	3,054	3,054
Retained earnings	45,695	49,240
Treasury stock	(1,211)	(1,211)
Total shareholders' equity	**50,313**	**53,858**
Accumulated other comprehensive income		
Valuation difference on marketable securities	1	13
Remeasurements of defined benefit plans	(1)	(1)
Total accumulated other comprehensive income	**0**	**11**
Total net assets	**50,314**	**53,869**
Total liabilities and net assets	**86,719**	**84,375**

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021 ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	**84,840**	**72,988**
Cost of sales	**64,754**	**55,882**
Gross profit	**20,086**	**17,105**
Selling, general and administrative expenses		
Advertising expenses	1,401	1,469
Salaries, allowances and bonuses	3,276	3,120
Provision for bonuses	260	234
Retirement benefit expenses	93	70
Provision for directors' retirement benefits	55	52
Other	4,585	4,806
Total selling, general and administrative expenses	**9,673**	**9,754**
Operating income	**10,412**	**7,351**
Non-operating income		
Interest income	0	0
Dividend income	3	3
Penalty income	29	23
Compensation income	—	32
Subsidy income	2	47
Other	11	11
Total non-operating income	**47**	**120**
Non-operating expenses		
Interest expenses	59	98
Commission fee	67	36
Other	8	1
Total non-operating expenses	**136**	**137**
Ordinary income	**10,323**	**7,334**
Income before income taxes	**10,323**	**7,334**
Income taxes-current	3,628	2,396
Income taxes-deferred	(36)	(45)
Total income taxes	**3,591**	**2,351**
Net income	**6,732**	**4,983**
Net income attributable to shareholders of parental company	**6,732**	**4,983**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021 ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021)
Net income	**6,732**	**4,983**
Other comprehensive income		
Valuation difference on marketable securities	0	11
Remeasurements of defined benefit plans, net of tax	11	(0)
Total of other comprehensive income	11	10
Comprehensive income	**6,744**	**4,993**
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	6,744	4,993
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

FY2020 (Fiscal year ended March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	2,774	3,054	40,336	(1,211)	44,953
Changes of items during the period					
Dividends of surplus			(1,372)		(1,372)
Net income attributable to shareholders of parental company			6,732		6,732
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,359	—	5,359
Balance at the end of the period	2,774	3,054	45,695	(1,211)	50,313

	Accumulated other comprehensive income			Total net assets
	Valuation difference on marketable securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	1	(12)	(11)	44,942
Changes of items during the period				
Dividends of surplus				(1,372)
Net income attributable to shareholders of parental company				6,732
Net changes of items other than shareholders' equity	0	11	11	11
Total changes of items during the period	0	11	11	5,371
Balance at the end of the period	1	(1)	0	50,314

FY2021 (Fiscal year ended March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	2,774	3,054	45,695	(1,211)	50,313
Changes of items during the period					
Dividends of surplus			(1,438)		(1,438)
Net income attributable to shareholders of parental company			4,983		4,983
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	3,545	—	3,545
Balance at the end of the period	2,774	3,054	49,240	(1,211)	53,858

	Accumulated other comprehensive income			Total net assets
	Valuation difference on marketable securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	1	(1)	0	50,314
Changes of items during the period				
Dividends of surplus				(1,438)
Net income attributable to shareholders of parental company				4,983
Net changes of items other than shareholders' equity	11	(0)	10	10
Total changes of items during the period	11	(0)	10	3,555
Balance at the end of the period	13	(1)	11	53,869

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021 ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Income before income taxes	10,323	7,334
Depreciation	283	378
Increase (decrease) in allowance for doubtful accounts	(0)	(10)
Increase (decrease) in provision for bonuses	14	(25)
Increase (decrease) in provision for directors' retirement benefits	56	50
Increase (decrease) in net defined benefit liabilities	67	38
Interest and dividend income	(3)	(4)
Interest expenses	59	98
Decrease (increase) in notes and accounts receivable-trade	(1,200)	(996)
Decrease (increase) in inventories	(3,759)	4,559
Increase (decrease) in notes and accounts payable-trade	(602)	232
Decrease (increase) in advances payments	122	(505)
Increase (decrease) in advances received	(691)	2
Increase (decrease) in lease and guarantee deposits received	111	83
Increase (decrease) in accrued consumption taxes	307	(192)
Other, net	135	510
Subtotal	5,222	11,554
Interest and dividend income received	3	4
Interest expenses paid	(63)	(97)
Income taxes paid	(4,182)	(3,392)
Net cash provided by operating activities	**980**	**8,069**
Cash flows from investing activities		
Purchase of property, plant and equipment	(423)	(201)
Purchase of investment securities	(5)	(6)
Decrease (increase) of time deposits	(71)	191
Other, net	(1)	(72)
Net cash used in investing activities	**(502)**	**(89)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	798	(650)
Proceeds from long-term loans payable	16,365	11,460
Repayments of long-term loans payable	(7,226)	(16,152)
Repayments of lease obligations	—	
Cash dividends paid	(1,372)	(1,438)
Net cash provided by (used in) financing activities	**8,564**	**(6,780)**
Net increase (decrease) in cash and cash equivalents	**9,042**	**1,199**
Cash and cash equivalents at the beginning of the period	**12,754**	**21,796**
Cash and cash equivalents at the end of the period	**21,796**	**22,996**

(Segment information)

(Segment information)

I Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

1. Overview of reported segments

It is possible to obtain separate financial information for our corporate group's reported segments from among the constituent units of our company. This information is subject to periodic review by the Board of Directors in order to make decisions regarding the distribution of management assets and to evaluate business performance.

The four reported segments are composed of a real estate development segment which is conducted by our company and Allied Life, Co., Ltd., a real estate management segment conducted by FJ Community Co., Ltd., a construction segment conducted by Resitec Co., Ltd., and a Japanese inn segment conducted by our company and FJ Resort Management Co., Ltd.

The real estate development segment mainly performs the development, sales, brokering and leasing of one-room condominiums and family condominiums in the Tokyo metropolitan area, as well as real estate activities in the Izu region. The real estate management segment mainly performs leasing management for condominium owners and subcontracting of property management from management unions. The construction segment performs design, construction, inspection and renovation of buildings such as condominiums. The Japanese inn section runs the "Ito Yuki Tei," "Ito Yuki Tei Kawana Bettei," "Gyokuhokan" and "Seiryuso" hot-spring inns in the Izu area of Shizuoka Prefecture.

2. Method of calculating sales, profit, assets, and other items for reported segments

The accounting methods used for the reported business segments are basically the same as the methods listed in "Important items forming a basis for the creation of financial statements."

The segment profit as reported is a figure based on operating income.

Inter-segment sales or exchange are based on prevailing market prices.

3. Information on the amount of sales, profit, assets, and other items for reported segments

(Millions of yen)

	Reported segment					Adjustment (Note) 1	Amounts shown on Consolidated Financial Statements (Note) 2
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Total		
Net sales							
External customers	75,356	2,910	5,570	1,002	84,840	—	84,840
Inter-segment sales or exchange	15	442	120	12	591	(591)	—
Total	75,371	3,353	5,690	1,015	85,431	(591)	84,840
Segment profit (loss)	9,085	791	518	(28)	10,366	46	10,412
Segment assets	75,193	5,599	4,358	1,750	86,902	(182)	86,719
Other items							
Depreciation	195	4	0	83	284	(1)	283
Increase (decrease) in property, plant and equipment and intangible assets	58	5	0	388	452	(7)	445

(Notes) 1. Details for adjusted amounts are listed below.

Segment profit (Millions of yen)

Elimination of inter-segment transactions	54
Adjustments of inventories and non-current assets	(7)
Total	46

Segment assets (Millions of yen)

Elimination of inter-segment transactions	(156)
Adjustments of inventories and non-current assets	(26)
Total	(182)

Depreciation (Millions of yen)

Adjustments of non-current assets	(1)

Increase (decrease) in property, plant and equipment and intangible assets (Millions of yen)

Adjustments of non-current assets	(7)

2. Segment profit is adjusted with operating income in the consolidated statements of income.

II Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

1. Overview of reported segments

It is possible to obtain separate financial information for our corporate group's reported segments from among the constituent units of our company. This information is subject to periodic review by the Board of Directors in order to make decisions regarding the distribution of management assets and to evaluate business performance.

The four reported segments are composed of a real estate development segment which is conducted by our company and Allied Life, Co., Ltd., a real estate management segment conducted by FJ Community Co., Ltd., a construction segment conducted by Resitec Co., Ltd., and a Japanese inn segment conducted by our company and FJ Resort Management Co., Ltd.

The real estate development segment mainly performs the development, sales, brokering and leasing of one-room condominiums and family condominiums in the Tokyo metropolitan area, as well as real estate activities in the Izu region. The real estate management segment mainly performs leasing management for condominium owners and subcontracting of property management from management unions. The construction segment performs design, construction, inspection and renovation of buildings such as condominiums. The Japanese inn section runs the "Ito Yuki Tei," "Ito Yuki Tei Kawana Bettei," "Gyokuhokan" and "Seiryuso" hot-spring inns in the Izu area of Shizuoka Prefecture.

2. Method of calculating sales, profit, assets, and other items for reported segments

The accounting methods used for the reported business segments are basically the same as the methods listed in "Important items forming a basis for the creation of financial statements."

The segment profit as reported is a figure based on operating income.

Inter-segment sales or exchange are based on prevailing market prices.

3. Information on the amount of sales, profit, assets, and other items for reported segments

(Millions of yen)

	Reported segment					Adjustment (Note) 1	Amounts shown on Consolidated Financial Statements (Note) 2
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Total		
Net sales							
External customers	62,588	3,162	6,243	994	72,988		72,988
Inter-segment sales or exchange	16	457	186	11	672	(672)	—
Total	62,605	3,619	6,429	1,006	73,661	(722)	72,988
Segment profit (loss)	5,850	898	592	(39)	7,301	49	7,351
Segment assets	63,034	6,102	5,236	10,185	84,558	(186)	84,372
Other items							
Depreciation	283	4	0	92	380	(2)	378
Increase (decrease) in property, plant and equipment and intangible assets	8,553	0	—	150	8,705	(3)	8,701

(Notes) 1. Details for adjusted amounts are listed below.

Segment profit (Millions of yen)

Elimination of inter-segment transactions	52
Adjustments of inventories and non-current assets	(2)
Total	49

Segment assets (Millions of yen)

Elimination of inter-segment transactions	(157)
Adjustments of inventories and non-current assets	(29)
Total	(186)

Depreciation (Millions of yen)

Adjustments of non-current assets	(2)

Increase (decrease) in property, plant and equipment and intangible assets (Millions of yen)

Adjustments of non-current assets	(3)

2. Segment profit is adjusted with operating income in the consolidated statements of income.

(Related information)

I. Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)

1. Information regarding products and services

Information is omitted here because similar information is listed as segment information.

2. Regional information

(1) Sales

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

(2) Property, plant and equipment

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

3. Information regarding major customers

Information is omitted because, within sales to external customers, there are no sales to specific customers which compose 10% or greater of the consolidated statement of income.

II. Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)

1. Information regarding products and services

Information is omitted here because similar information is listed as segment information.

2. Regional information

(1) Sales

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

(2) Property, plant and equipment

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

3. Information regarding major customers

Information is omitted because, within sales to external customers, there are no sales to specific customers which compose 10% or greater of the consolidated statement of income.

(Information regarding the impairment loss of non-current assets for reported segments)

Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)

No applicable items exist.

(Information regarding the amortization of goodwill and unamortized balances for reported segments)

Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)

No applicable items exist.

(Information regarding the gain on negative goodwill for reported segments)

Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)

No applicable items exist.

(Significant subsequent events)

(Conclusion of an absorption-type company split agreement in tandem with a shift to a holding-company structure as a result of a company split)

At the meeting of the Board of Directors convened on April 27, 2021, the Company resolved to conclude an absorption-type company split agreement with all wholly-owned subsidiaries that are being prepared for the company split (hereinafter, the absorption-type company split based on the absorption-type company split agreement applied is referred to as “the Absorption-type Company Split”). The Company further resolved that, in tandem with the shift to a holding-company structure, on October 1, 2021 the Company will change its name to FJ Next Holdings Co., Ltd. and its purpose of operation will be changed to suit its operations following the shift to a holding-company structure.

The shift to a holding-company structure as a result of the Absorption-type Company Split and the accompanying partial revision of the articles of incorporation are subject to the approval of the related motions at the Annual General Meeting of Shareholders scheduled for June 23, 2021.

4. Non-Consolidated Financial Statements and Important Notes

(1) Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
ASSETS		
Current assets		
Cash and deposits	15,887	16,033
Operating accounts receivable	113	111
Real estate for sale	29,855	26,199
Real estate for sale in process	25,842	16,404
Supplies	18	30
Advance payments-trade	86	592
Accounts receivable-other	19	19
Prepaid expenses	230	215
Other	17	1
Allowance for doubtful accounts	(0)	(0)
Total current assets	**72,070**	**59,607**
Non-current assets		
Property, plant and equipment		
Buildings	360	4,910
Structures	120	109
Vehicles	11	10
Tools, furniture and fixtures	47	56
Land	577	4,419
Other	9	—
Total property, plant and equipment	**1,126**	**9,505**
Intangible assets		
Other	23	21
Total intangible assets	**23**	**21**
Investments and other assets		
Investment securities	168	191
Shares of subsidiaries and affiliates	774	774
Long-term loans receivable from subsidiaries and affiliates	1,200	1,500
Long-term prepaid expenses	376	240
Insurance funds	24	24
Lease and guarantee deposits	319	399
Deferred tax assets	593	635
Other	69	58
Allowance for doubtful accounts	(10)	—
Total investments and other assets	**3,515**	**3,824**
Total non-current assets	**4,664**	**13,351**
Total assets	**76,735**	**72,959**

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
LIABILITIES		
Current liabilities		
Accounts payable-trade	145	227
Short-term loans payable	650	—
Current portion of long-term loans payable	15,524	6,199
Accounts payable-other	374	439
Accrued expenses	221	228
Income taxes payable	1,708	439
Advances received	135	168
Deposits received	272	292
Provision for bonuses	197	169
Accrued consumption taxes	345	80
Other	198	311
Total current liabilities	**19,773**	**8,558**
Non-current liabilities		
Long-term loans payable	9,003	13,423
Provision for retirement benefits	511	548
Provision for directors' retirement benefits	868	915
Long-term lease and guarantee deposited	25	16
Long-term deposits received	41	40
Total non-current liabilities	**10,449**	**14,944**
Total liabilities	**30,222**	**23,502**
NET ASSETS		
Shareholders' equity		
Capital stock	2,774	2,774
Capital surplus		
Legal capital surplus	2,738	2,738
Other capital surplus	316	316
Total capital surplus	**3,054**	**3,054**
Retained earnings		
Legal retained earnings	27	27
Other retained earnings		
General reserve	29,800	32,800
Retained earnings brought forward	12,066	11,998
Total retained earnings	**41,893**	**44,825**
Treasury stock	**(1,211)**	**(1,211)**
Total shareholders' equity	**46,511**	**49,443**
Valuation and translation adjustments		
Valuation difference on marketable securities	1	13
Total valuation and translation adjustments	**1**	**13**
Total net assets	**46,513**	**49,456**
Total liabilities and net assets	**76,735**	**72,959**

(2) Non-consolidated Statement of Income

(Millions of yen)

	FY2020 ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021 ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	**75,404**	**62,626**
Cost of sales	**57,863**	**48,261**
Gross profit	**17,541**	**14,364**
Selling, general and administrative expenses	**8,503**	**8,579**
Operating income	**9,037**	**5,784**
Non-operating income		
Interest income	4	5
Dividend income	403	403
Business advisory fee	54	52
Subsidy income	—	12
Penalty income	29	23
Other	9	10
Total non-operating income	**500**	**508**
Non-operating expenses		
Interest expenses	58	94
Commission fee	67	36
Other	4	1
Total non-operating expenses	**131**	**132**
Ordinary income	**9,406**	**6,160**
Income before income taxes	**9,406**	**6,160**
Income taxes-current	**3,205**	**1,837**
Income taxes-deferred	**(61)**	**(47)**
Total income taxes	**3,144**	**1,790**
Net income	**6,262**	**4,369**

(3) Statement of Changes in Equity

FY2020 (Fiscal year ended March 31, 2020)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	2,774	2,738	316	3,054	27	26,800	10,176	37,004	(1,211)	41,621
Changes of items during the period										
Provision of general reserve						3,000	(3,000)	―		―
Dividends of surplus							(1,372)	(1,372)		(1,372)
Net income							6,262	6,262		6,262
Net changes of items other than shareholders' equity										
Total changes of items during the period	―	―	―	―	―	3,000	1,889	4,889	―	4,889
Balance at the end of the period	2,774	2,738	316	3,054	27	29,800	12,066	41,893	(1,211)	46,511

	Valuation and translation adjustments		Total net assets
	Valuation difference on marketable securities	Total valuation and translation adjustments	
Balance at the beginning of the period	1	1	41,623
Changes of items during the period			
Provision of general reserve			―
Dividends of surplus			(1,372)
Net income			6,262
Net changes of items other than shareholders' equity	0	0	0
Total changes of items during the period	0	0	4,889
Balance at the end of the period	1	1	46,513

FY2021 (Fiscal year ended March 31, 2021)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of the period	2,774	2,738	316	3,054	27	29,800	12,066	41,893	(1,211)	46,511
Changes of items during the period										
Provision of general reserve						3,000	(3,000)	—		—
Dividends of surplus							(1,438)	(1,438)		(1,438)
Net income							4,369	4,369		4,369
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	3,000	(68)	2,931	—	2,931
Balance at the end of the period	2,774	2,738	316	3,054	27	32,800	11,998	44,825	(1,211)	49,443

	Valuation and translation adjustments		Total net assets
	Valuation difference on marketable securities	Total valuation and translation adjustments	
Balance at the beginning of the period	1	1	46,513
Changes of items during the period			
Provision of general reserve			—
Dividends of surplus			(1,438)
Net income			4,369
Net changes of items other than shareholders' equity	11	11	11
Total changes of items during the period	11	11	2,943
Balance at the end of the period	13	13	49,456