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August 8, 2024

Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (Under Japanese GAAP)

Company name: URBANET CORPORATION Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 3242
URL: https://www.urbanet.jp/en/
Representative: Atsushi Tanaka, President and Representative Director
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Scheduled date of annual general meeting of shareholders: September 26, 2024
Scheduled date to commence dividend payments: September 27, 2024
Scheduled date to file annual securities report: September 27, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	27,965	38.0	2,726	12.2	2,426	13.4	1,701	17.5
June 30, 2023	20,264	3.4	2,429	9.3	2,139	7.8	1,447	10.1

Note: Comprehensive income For the fiscal year ended June 30, 2024: ¥1,734 million [16.3%]
For the fiscal year ended June 30, 2023: ¥1,490 million [9.8%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2024	54.15	54.00	11.9	5.3	9.7
June 30, 2023	46.33	–	11.0	5.2	12.0

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended June 30, 2024: ¥– million
For the fiscal year ended June 30, 2023: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	46,972	15,064	32.1	468.18
June 30, 2023	44,237	15,192	30.6	437.54

Reference: Equity
As of June 30, 2024: ¥15,062 million
As of June 30, 2023: ¥13,551 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2024	2,978	(81)	(3,517)	8,509
June 30, 2023	(2,836)	(953)	4,435	9,131

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2023	–	9.00	–	10.00	19.00	596	41.0	4.5
Fiscal year ended June 30, 2024	–	10.00	–	11.00	21.00	678	38.8	4.6
Fiscal year ending June 30, 2025 (Forecast)	–	10.00	–	11.00	21.00		39.1	

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

3. Consolidated earnings forecasts for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending June 30, 2025	32,000	14.4	2,800	2.7	2,450	1.0	1,730	1.7	53.77

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (K-nine Co., Ltd.) Excluded: None

Note: For details, please refer to "(5) Notes to Consolidated Financial Statements (Notes to Changes in Scope of Consolidation or Equity Method)" under "3. Consolidated Financial Statements and Significant Notes Thereto" on page 13 of the Attached Materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of June 30, 2024	32,774,100 shares
As of June 30, 2023	31,374,100 shares

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

As of June 30, 2024	602,463 shares
As of June 30, 2023	402,462 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended June 30, 2024	31,417,610 shares
Fiscal year ended June 30, 2023	31,237,650 shares

Note: The number of treasury shares as of June 30, 2024, includes shares of the Company held in the trust account created as a result of the introduction of a trust-based stock compensation plan for directors of the Company (excluding outside directors) and directors of some of its subsidiaries and for employees of the Company, and the shares of the Company held in the trust account are included in the treasury shares excluded from the calculation of the average number of shares outstanding during the fiscal year ended June 30, 2024.

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	25,789	29.3	2,783	12.9	2,514	17.6	1,779	19.5
June 30, 2023	19,938	4.3	2,465	12.1	2,138	10.9	1,489	12.9

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
June 30, 2024	56.66	56.50
June 30, 2023	47.69	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	39,923	15,071	37.7	468.41
June 30, 2023	43,265	13,479	31.2	435.23

Reference: Equity
As of June 30, 2024: ¥15,069 million
As of June 30, 2023: ¥13,479 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Urbanet Group and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. The assumptions underlying the earnings forecasts and notes on their use are described in “1. Overview of Results of Operations, (4) Outlook” on page 4 of the Attached Material.

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

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

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

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

Thursday, August 8, 2024: Financial results briefing for institutional investors and analysts

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Fiscal Year Under Review

For the fiscal year under review, the Urbanet Group companies (hereinafter, "the Urbanet Group" or "the Group") reported net sales of 27,965 million yen (up 38.0% year on year), operating profit of 2,726 million yen (up 12.2% year on year), ordinary profit of 2,426 million yen (up 13.4% year on year), and profit attributable to owners of parent of 1,701 million yen (up 17.5% year on year), all of which figures exceeded the consolidated earnings forecasts disclosed in "Notice Of Revision to Full-Year Consolidated Earnings Forecasts" announced on December 22, 2023.

This was mainly due to the Group's unique business model of development and sale of a whole building with rental condominiums within a 10-minute walk from a train station in Tokyo's 23 wards, and with a strong focus on manufacturing styles, which has been well received by buyers. Other factors were strong performances by K-nine Co., Ltd., which became a subsidiary following its acquisition on February 29, 2024, and by the Group's hotel business, located in front of Kamata Station in Tokyo, which turned profitable and performed steadily.

Moreover, in order to address recent trends in condominium demand, the Group is promoting the development of compound condominiums that incorporate not only the previous floorplans for one-room condominiums for investment but also floorplans aimed at DINKs (dual income no kids), and families. Accordingly, from the end of the fiscal year under review the condominiums developed by the Group will be referred to as urban rental condominiums instead of one-room condominiums for investment.

Performance by business segment is explained below.

(Real Estate Business)

Net sales in the Real Estate Business were 27,747 million yen (up 38.0% year on year), and segment profit was 3,873 million yen (up 10.4% year on year).

Among these, the total amount of net sales from real estate development and sales was 27,115 million yen (up 38.5% year on year) with revenues derived from the sale of 712 units in a total of 11 urban rental condominiums, the sale, etc. of 23 detached and terraced houses, and the sale of 5 tracts of land for sites. With regard to development of urban rental condominiums, sales of both buildings and units exceeded forecasts from the beginning of the fiscal year under review, which was mainly due to the fact that the Group's development properties are highly rated by the real estate market including the one-room condominium industry and also because, as a result of thorough management of the construction process through careful coordination with contractors and other measures aimed at addressing the recent construction industry trend towards longer construction periods, one building containing 57 units that had been scheduled for sale in the fiscal year ending June 30, 2025, was recorded as revenue in the fiscal year under review. The sale, etc. of detached and terrace houses, was the result of sales by K-nine Co., Ltd. (which was acquired on February 29, 2024) of high-quality residential homes constructed in-house and sold at a reasonable price in the southwestern part of Tokyo's 23 wards, Kawasaki City, Yokohama City, and elsewhere. Total net sales from real estate purchase and sales were 46 million yen (up 23.7% year on year) with revenues derived from the purchase and resale of a pre-owned condominium (1 unit). In the other real estate business, net sales were 585 million yen (up 18.0% year on year) due to real estate brokerage and real estate leasing.

(Hotel Business)

In the Hotel Business, net sales were 218 million yen (up 43.2% year on year) and segment profit was 31 million yen (compared with a segment loss of 8 million yen in the previous fiscal year) due to room charges and other factors at Hotel Asyl Tokyo Kamata. This took place against the backdrop of such factors as a recovery in domestic tourist demand and an increase in inbound tourism, which led to a significant year-on-year increase in unit value per room and room occupancy rates, etc.

(2) Overview of Financial Position for the Fiscal Year Under Review

(Analysis of Financial Position)

As for the financial position at the end of the fiscal year under review compared to the end of the previous fiscal year, total assets increased 2,735 million yen to 46,972 million yen, liabilities increased 2,863 million yen to 31,908 million yen, and net assets decreased 128 million yen to 15,064 million yen.

The increase in total assets was mainly due to an increase in inventories of 2,149 million yen, which was the result of progress made by younger employees in purchases of condominium project sites in favorable locations in the city center despite the challenging purchasing environment, and proactive purchases of land for detached houses and apartment sites by K-nine Co., Ltd., which was acquired on February 29, 2024. In addition, there was an increase in property, plant and equipment of 956 million yen driven by purchases of revenue-generating properties, etc.

The increase in liabilities was mainly due to increases of 2,932 million yen in short-term borrowings and long-term borrowings (including the current portion of long-term borrowings), which outweighed a decrease of 753 million yen in advances received in connection with the completion and delivery of projects.

The decrease in net assets was mainly due to an increase of 262 million yen in both share capital and legal capital surplus as a result of the exercise of share acquisition rights, an increase in retained earnings of 1,069 million yen due to the recording of 1,701 million yen in profit attributable to owners of parents despite a decrease in dividend payments of 631 million yen, and a decrease in non-controlling interests of 1,641 million yen due to the redemption of preferred shares by a consolidated subsidiary.

(3) Analysis of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review decreased by 621 million yen compared to the end of the previous fiscal year to 8,509 million yen, due to a decrease in funds in investing and financing activities, despite an increase in funds in operating activities.

Cash flows from operating activities

Net cash provided by operating activities amounted to 2,978 million yen (compared with net cash used of 2,836 million yen in the previous fiscal year). This was mainly due to the recording of profit before income taxes and a decrease in inventories.

Cash flows from investing activities

Net cash used in investing activities amounted to 81 million yen (compared with net cash used of 953 million yen in the previous fiscal year). This was mainly due to outflows associated with the purchase of shares of a subsidiary resulting in a change in the scope of consolidation, which outweighed the decrease in investments and other assets.

Cash flows from financing activities

Net cash used in financing activities amounted to 3,517 million yen (compared with net cash provided of 4,435 million yen in the previous fiscal year). This was mainly due to the repayment of long-term borrowings in connection with sales of properties, to dividend payments, and to the purchase of shares of a subsidiary not resulting in a change in the scope of consolidation, which outweighed proceeds from long-term borrowings in connection with the purchase of land for sites.

Reference: Trends in cash flow indicators

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Equity-to-asset ratio (%)	33.2	34.2	33.6	30.6	32.1
Market value-based equity-to-asset ratio (%)	26.9	27.5	24.7	23.0	27.3
Interest-bearing debt to cash flow ratio (years)	16.2	(Note 6)	42.7	(Note 6)	9.9
Interest coverage ratio (times)	6.1	(Note 6)	2.8	(Note 6)	12.0

Notes: 1. The above indicators are calculated based on the following formulas.
Equity-to-asset ratio: Equity / Total assets
Market value-based equity-to-asset ratio: Market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest payments
2. All the indicators are calculated using financial reporting figures on a consolidated basis.

3. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of issued shares at the end of the period (excluding treasury shares).
4. Cash flows are calculated using the figures for operating cash flows in the consolidated statement of cash flows.
5. Interest-bearing debt includes all debt on the consolidated balance sheet that incurs interest. Interest payments are calculated using the figures for interest paid in the consolidated statement of cash flows.
6. Interest-bearing debt to cash flow ratio and interest coverage ratio are not presented because operating cash flows were negative.

(4) Outlook

The Group's consolidated earnings forecasts for the fiscal year ending June 30, 2025 include net sales of 32,000 million yen (up 14.4% year on year), operating profit of 2,800 million yen (up 2.7% year on year), ordinary profit of 2,450 million yen (up 1.0% year on year) and profit attributable to owners of parent of 1,730 million yen (up 1.7% year on year).

In the fiscal year ending June 30, 2025, the Group plans to sell 11 buildings containing 555 units of urban rental condominiums, etc., 33 detached or terraced houses, and develop and sell several apartments, as well as reselling several tracts of land. All of the urban rental condominiums, etc. have effectively been sold with contracts already signed (including one scheduled unit).

(Millions of yen)

	Fiscal year ended June 30, 2024 (Results)	Fiscal year ending June 30, 2025 (Forecast)
Net sales	27,965	32,000
Operating profit	2,726	2,800
Ordinary profit	2,426	2,450
Profit attributable to owners of parent	1,701	1,730

Number of units of urban rental condominiums / detached houses, etc. sold, or to be sold	735	588

(5) Profit Allocation Policy and Dividend Payment Plan for the Fiscal Year Under Review and Next Fiscal Year

While we are keenly aware of the need to maintain sufficient retained earnings and liquidity to ensure financial soundness, we also bear in mind that shareholder return is an increasingly important management issue. Since our stock was listed, we have consistently prioritized paying dividends based on the results of operations, in accordance with our corporate policy.

In the basic dividend policy, the Group states that it will pay dividends of 40% of the amount of profit attributable to owners of parent excluding the impact of corporate tax adjustments.

We have decided that the year-end dividend for the fiscal year ended June 30, 2024 will be 11 yen per share, an increase of 1 yen from the forecast, as separately announced today in the "Notice of Payment of Dividends (Dividend Increase) from Surplus." Since 10 yen per share has already been paid as an interim dividend, the full-year dividend will amount to 21 yen per share.

For the dividends for the fiscal year ending June 30, 2025, we plan to pay a full-year dividend of 21 yen per share (including an interim dividend of 10 yen per share) based on the outlook and the above-mentioned dividend policy.

2. Basic Approach to the Selection of Accounting Standards

Currently, all business activities are conducted in Japan and shareholders, creditors and business partners in Japan account for most stakeholders. Furthermore, there is no plan to procure funds from overseas. The Urbanet

Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being.
We will take suitable action with regard to the application of International Financial Reporting Standards (IFRS) after taking into account relevant factors in Japan and other countries.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	9,141,018	8,531,315
Accounts receivable - trade	14,968	18,577
Investments in leases	34,380	37,101
Real estate for sale	85,101	1,495,892
Real estate for sale in process	27,979,965	28,720,692
Work in process	2,312	–
Supplies	942	3,326
Advance payments to suppliers	36,080	487,994
Prepaid expenses	39,263	65,557
Other	77,230	20,399
Total current assets	37,411,263	39,380,857
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,446,733	3,528,108
Accumulated depreciation	(840,408)	(996,323)
Buildings and structures, net	2,606,324	2,531,784
Tools, furniture and fixtures	12,269	15,034
Accumulated depreciation	(9,415)	(11,466)
Tools, furniture and fixtures, net	2,853	3,568
Land	3,201,359	4,208,144
Leased assets	64,365	54,991
Accumulated depreciation	(38,294)	(25,145)
Leased assets, net	26,071	29,845
Construction in progress	16,720	36,044
Other	–	4,498
Accumulated depreciation	–	(3,934)
Other, net	–	563
Total property, plant and equipment	5,853,329	6,809,952
Intangible assets		
Software	2,765	7,108
Total intangible assets	2,765	7,108
Investments and other assets		
Investments in capital	960	2,320
Long-term prepaid expenses	29,950	42,159
Deferred tax assets	122,300	178,221
Investments in leases	185,422	147,814
Leasehold and guarantee deposits	105,862	235,698
Other	525,792	168,816
Total investments and other assets	970,288	775,030
Total non-current assets	6,826,383	7,592,090
Total assets	44,237,646	46,972,948

(Thousands of yen)

	As of June 30, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	616,338	718,619
Short-term borrowings	312,400	3,160,536
Current portion of long-term borrowings	7,651,408	8,578,056
Lease liabilities	10,839	13,662
Accounts payable - other	81,090	155,296
Accrued expenses	22,808	63,125
Income taxes payable	427,186	556,840
Accrued consumption taxes	–	24,991
Advances received	1,151,902	398,210
Deposits received	55,344	63,494
Provision for warranties for completed construction	–	11,482
Other	18,646	64,378
Total current liabilities	10,347,965	13,808,694
Non-current liabilities		
Long-term borrowings	18,271,910	17,429,965
Lease liabilities	27,237	27,243
Provision for share awards for directors (and other officers)	28,594	69,896
Provision for employee stock ownership plan trust	–	13,925
Retirement benefit liability	59,405	65,041
Deferred tax liabilities	267,830	302,536
Other	41,799	191,185
Total non-current liabilities	18,696,777	18,099,794
Total liabilities	29,044,743	31,908,489
Net assets		
Shareholders' equity		
Share capital	2,693,701	2,956,131
Capital surplus	2,191,829	2,454,259
Retained earnings	8,792,432	9,862,128
Treasury shares	(126,494)	(210,325)
Total shareholders' equity	13,551,468	15,062,194
Share acquisition rights	–	2,265
Non-controlling interests	1,641,434	–
Total net assets	15,192,903	15,064,459
Total liabilities and net assets	44,237,646	46,972,948

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

Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Net sales	20,264,845	27,965,910
Cost of sales	16,225,801	23,334,712
Gross profit	4,039,043	4,631,198
Selling, general and administrative expenses		
Salaries and allowances	337,407	385,639
Remuneration for directors (and other officers)	206,600	227,371
Bonuses	163,045	168,766
Provision for share awards for directors (and other officers)	28,594	41,301
Provision for employee stock ownership plan trust	–	13,925
Retirement benefit expenses	43,623	9,911
Legal welfare expenses	79,941	88,735
Advertising expenses	21,236	29,179
Promotion expenses	8,356	10,368
Travel and transportation expenses	25,153	32,750
Supplies expenses	14,553	14,585
Rent expenses on land and buildings	69,339	130,182
Insurance expenses	24,344	16,193
Taxes and dues	171,421	186,126
Commission expenses	118,027	184,260
Fee expenses	46,271	64,606
Outsourcing expenses	53,661	88,439
Depreciation	23,092	25,152
Other	174,465	187,338
Total selling, general and administrative expenses	1,609,134	1,904,835
Operating profit	2,429,909	2,726,363
Non-operating income		
Interest income	63	73
Dividend income	8	8,073
Distribution profit	–	15,450
Other	7,662	10,991
Total non-operating income	7,734	34,588
Non-operating expenses		
Interest expenses	216,643	257,808
Commission expenses	81,143	66,148
Other	149	10,109
Total non-operating expenses	297,936	334,066
Ordinary profit	2,139,706	2,426,885
Extraordinary income		
Gain on bargain purchase	–	20,867
Surrender value of insurance policies	45,754	85,507
Other	–	776
Total extraordinary income	45,754	107,150
Extraordinary losses		
Loss on valuation of golf club membership	5,270	–
Total extraordinary losses	5,270	–

(Thousands of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Profit before income taxes	2,180,190	2,534,036
Income taxes - current	729,409	880,337
Income taxes - deferred	(40,051)	(80,401)
Total income taxes	689,357	799,936
Profit	1,490,832	1,734,100
Profit attributable to non-controlling interests	43,470	32,923
Profit attributable to owners of parent	1,447,362	1,701,177

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Profit	1,490,832	1,734,100
Other comprehensive income	–	–
Comprehensive income	1,490,832	1,734,100
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,447,362	1,701,177
Comprehensive income attributable to non-controlling interests	43,470	32,923

(3) Consolidated Statement of Changes in Equity

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	2,693,701	2,191,829	7,909,801	(17)	12,795,315	1,597,964	14,393,279
Changes during period							
Dividends of surplus			(564,732)		(564,732)		(564,732)
Profit attributable to owners of parent			1,447,362		1,447,362		1,447,362
Purchase of treasury shares				(126,476)	(126,476)		(126,476)
Net changes in items other than shareholders' equity						43,470	43,470
Total changes during period	–	–	882,630	(126,476)	756,153	43,470	799,623
Balance at end of period	2,693,701	2,191,829	8,792,432	(126,494)	13,551,468	1,641,434	15,192,903

Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of period	2,693,701	2,191,829	8,792,432	(126,494)	13,551,468	–	1,641,434	15,192,903
Changes during period								
Issuance of new shares	262,430	262,430			524,860			524,860
Dividends of surplus			(631,480)		(631,480)			(631,480)
Profit attributable to owners of parent			1,701,177		1,701,177			1,701,177
Purchase of treasury shares				(83,831)	(83,831)			(83,831)
Net changes in items other than shareholders' equity						2,265	(1,641,434)	(1,639,169)
Total changes during period	262,430	262,430	1,069,696	(83,831)	1,510,725	2,265	(1,641,434)	(128,444)
Balance at end of period	2,956,131	2,454,259	9,862,128	(210,325)	15,062,194	2,265	–	15,064,459

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,180,190	2,534,036
Depreciation	145,797	142,750
Gain on bargain purchase	–	(20,867)
Increase (decrease) in provision for warranties for completed construction	–	(1,138)
Increase (decrease) in provision for share awards for directors (and other officers)	28,594	41,301
Increase (decrease) in provision for employee stock ownership plan trust	–	13,925
Increase (decrease) in retirement benefit liability	(2,701)	5,636
Interest and dividend income	(71)	(8,147)
Distribution profit	–	(15,450)
Interest expenses	216,643	257,808
Surrender value of insurance policies	(45,754)	(85,507)
Decrease (increase) in investments in leases	30,186	34,886
Decrease (increase) in inventories	(4,257,306)	2,270,582
Increase (decrease) in trade payables	(938,921)	(155,108)
Increase (decrease) in advances received	726,231	(888,550)
Increase (decrease) in accrued consumption taxes	(108,547)	21,063
Other, net	133,416	(177,987)
Subtotal	(1,892,240)	3,969,234
Interest and dividends received	73	8,147
Interest paid	(218,986)	(247,525)
Income taxes paid	(724,902)	(751,452)
Net cash provided by (used in) operating activities	(2,836,056)	2,978,403
Cash flows from investing activities		
Payments into time deposits	–	(300)
Purchase of property, plant and equipment	(27,446)	(107,206)
Purchase of intangible assets	(750)	(6,850)
Proceeds from cancellation of insurance funds	81,378	207,585
Payments of leasehold and guarantee deposits	(45,942)	(109,999)
Decrease (increase) in investments and other assets	(328,230)	300,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(632,890)	(377,096)
Other, net	–	11,988
Net cash provided by (used in) investing activities	(953,880)	(81,878)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(112,664)	941,021
Proceeds from long-term borrowings	12,866,000	8,003,000
Repayments of long-term borrowings	(7,609,414)	(10,573,460)
Purchase of treasury shares	(126,476)	(83,831)
Repayments of lease liabilities	(17,828)	(12,140)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	522,200
Proceeds from issuance of share acquisition rights	–	4,925
Dividends paid	(564,047)	(631,284)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(1,674,357)
Other, net	–	(14,000)
Net cash provided by (used in) financing activities	4,435,568	(3,517,927)
Net increase (decrease) in cash and cash equivalents	645,631	(621,402)
Cash and cash equivalents at beginning of period	8,485,387	9,131,018
Cash and cash equivalents at end of period	9,131,018	8,509,615

(5) Notes to Consolidated Financial Statements

Notes to Going Concern Assumption

Not applicable.

Notes to Changes in Scope of Consolidation or Equity Method

Following the acquisition of all of its shares on February 29, 2024, K-nine Co., Ltd. began to be included in the scope of consolidation in the fiscal year under review.

Notes to Segment Information, Etc.

1. Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and regular evaluation by the Board of Directors is performed to decide the allocation of management resources and to assess performance.

The Urbanet Group has two reportable segments: the Real Estate Business and the Hotel Business. The Real Estate Business operates businesses related to real estate development and sales, real estate purchase and sales, real estate brokerage and real estate leasing. The Hotel Business operates businesses related to hotel operations.

2. Methods for determining net sales, profit or loss, assets, liabilities and other items for each reportable segment

Accounting methods for reportable segments are mostly the same as those adopted for preparing the consolidated financial statements.

Reportable segment profit is based on operating profit.

3. Information related to net sales, profit or loss, assets, liabilities and other items for each reportable segment

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Real Estate	Hotel			
Net sales					
External sales	20,112,382	152,463	20,264,845	–	20,264,845
Inter-segment sales and transfers	–	–	–	–	–
Total	20,112,382	152,463	20,264,845	–	20,264,845
Segment profit (loss)	3,507,878	(8,292)	3,499,586	(1,069,677)	2,429,909
Segment assets	33,085,471	1,371,053	34,456,524	9,781,122	44,237,646
Other items					
Depreciation	88,632	37,233	125,865	19,932	145,797
Increase in property, plant and equipment and intangible assets	–	–	–	45,903	45,903

Notes: 1. Details of adjustments are as follows:

(1) The negative 1,069,677 thousand yen adjustment to segment profit (loss) represents corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

(2) 9,781,122 thousand yen adjustment to segment assets represents corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of cash and deposits held by the Company that are not attributable to any of the reportable segments.

2. Segment profit (loss) is consistent with operating profit shown on the consolidated financial statements.

Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Real Estate	Hotel			
Net sales					
External sales	27,747,622	218,288	27,965,910	–	27,965,910
Inter-segment sales and transfers	–	–	–	–	–
Total	27,747,622	218,288	27,965,910	–	27,965,910
Segment profit	3,873,847	31,134	3,904,981	(1,178,617)	2,726,363
Segment assets	35,213,305	1,336,262	36,549,567	10,423,380	46,972,948
Other items					
Depreciation	88,051	36,976	125,028	17,722	142,750
Increase in property, plant and equipment and intangible assets	794,032	–	794,032	5,372	799,404

Notes: 1. Details of adjustments are as follows:

(1) The negative 1,178,617 thousand yen adjustment to segment profit represents corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

(2) The 10,423,380 thousand yen adjustment to segment assets represents corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of cash and deposits held by the Company that are not attributable to any of the reportable segments.

2. Segment profit is consistent with operating profit shown on the consolidated financial statements.

Notes to Per Share Information

(Yen)

	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)
Net assets per share	437.54	468.18
Basic earnings per share	46.33	54.15
Diluted earnings per share	–	54.00

Notes: 1. Diluted earnings per share is not presented for the previous fiscal year because the Company had no outstanding potential shares.

2. The number of common shares as of the end of the fiscal year under review used to calculate net assets per share, as well as the average number of common shares during the fiscal year used to calculate basic earnings per share and diluted earnings per share are calculated by deducting the portion of shares held under own name, and deducting the shares of the Company held as trust assets for the stock compensation plan for directors of the Company (excluding outside directors) and directors of some of its subsidiaries and for employees of the Company (shares as of the end of the previous fiscal year: 402,400 shares; average number of shares during the previous fiscal year: 136,388 shares; shares as of the end of the fiscal year under review: 602,400 shares; average number of shares during the fiscal year: 424,187 shares).

3. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

(Thousands of yen, unless otherwise stated)

	Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)	Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)
Basic earnings per share		
Profit attributable to owners of parent	1,447,362	1,701,177
Amount not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	1,447,362	1,701,177
Average number of shares outstanding of common stock during the period (shares)	31,237,650	31,417,610
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	–	–
Increase in number of shares of common stock (shares)	–	88,498
(of which share acquisition rights)	–	88,498
Overview of potential shares not included in the calculation of diluted earnings per share because they have no dilutive effect	–	11th share acquisition rights resolved at the meeting of the Board of Directors held on August 24, 2023 (number of shares to be issued on exercise of share acquisition rights: 2,100,000) 12th share acquisition rights resolved at the meeting of the Board of Directors held on August 24, 2023 (number of shares to be issued on exercise of share acquisition rights: 2,000,000)

Notes to Significant Subsequent Events

Not applicable.

4. Others

(1) Changes in Board Members

The following changes in the board members to be effective on September 26, 2024 were approved (reappointment of seven current Directors and resignation of one Director) at the Board of Directors' meeting held on August 8, 2024. The changes are expected to be authorized subject to approval at the 27th Annual General Meeting of Shareholders and the subsequent Board of Directors' meeting, both scheduled on September 26, 2024.

1. Candidates for director

Director (Reappointment)	Shinji Hattori (Current Chairman, Representative Director and CEO)
Director (Reappointment)	Atsushi Tanaka (Current President and Representative Director, General Manager of First Business Division)
Director (Reappointment)	Wataru Akai (Current Managing Director and Senior Executive Officer, General Manager of Administration Division)
Director (Reappointment)	Akifumi Ino (Current Director, Senior Executive Officer, General Manager of Second Business Division)
Director (Reappointment)	Shinichiro Nakajima (Current Outside Director, Independent Director)
Director (Reappointment)	Tetsushi Shinoda (Current Outside Director, Independent Director)
Director (Reappointment)	Sayaka Yamaguchi (Current Outside Director, Independent Director)

2. Resigning Director

Yoshizumi Kimura (Current Director, Executive Officer, In Charge of Internal Audit Office)*
*Yoshizumi Kimura is expected to remain employed by the Company in the role of Executive Officer.

3. Changes in Audit & Supervisory Board Members

All three of the Audit & Supervisory Board Members are currently serving their terms, and thus there is no change.