Consolidated Financial Summary for the Fiscal Year Ended July 31, 2024 (Japanese GAAP)

September 12, 2024

Name of listed company:Meiho Enterprise Co., Ltd. Listing exchange: Tokyo Stock Exchange

Code: 8927 URL: https://meiho-est.com

Representative: (Position) Chairman & Representative Director (Name) Mitsuru Yabuki

Contact for inquiries: (Position) Executive Officer, Head of the Management Dept. (Name) Ayako Iwasaki

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Scheduled date for the ordinary general meeting of shareholders: October 24, 2024

Scheduled date for start of dividend payment: October 25, 2024

Scheduled date for submission of annual securities report: October 31, 2024

Creation of supplementary explanatory materials: Yes

Holding of accounts briefing meeting: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for the fiscal year ended July 2024 (from August 1, 2023 to July 31, 2024)

(1) Consolidated operating results (% figures show the rate of increase (decrease) from the previous fiscal year)

	Revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2024	20,562	34.9	2,341	79.5	1,895	95.7	1,375	115.6
Fiscal year ended July 2023	15,247	36.6	1,304	16.9	968	3.9	637	(0.4)

(Note)Comprehensive income Fiscal year ended July 2024 1,376 million yen (119.5%)

Fiscal year ended July 2023 627million yen ((2.8)%)

	Basic earnings per share	Diluted earnings per share	Equity capital Current profit margin	Total assets Ordinary profit ratio	Revenues Operating profit ratio
	yen sen	yen sen	%	%	%
Fiscal year ended July 2024	46.64	-	18.4	7.5	11.4
Fiscal year ended July 2023	23.73	-	10.2	5.3	8.6

(Reference) Equity in earnings (losses) of affiliates Fiscal year ended July 2024 -million yen

Fiscal year ended July 2023 -million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen sen
Fiscal year ended July 2024	28,104	7,990	28.4	270.74
Fiscal year ended July 2023	22,480	7,006	31.2	237.55

(Reference) Equity capital Fiscal year ended July 2024 7,984 million yen

Fiscal year ended July 2023 7,006 million yen

(3) Consolidated cash flow status

	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) financing activities	Ending balance for cash and cash equivalents
	million yen	million yen	million yen	million yen
Fiscal year ended July 2024	(4,555)	474	3,595	2,952
Fiscal year ended July 2023	(5,670)	244	5,363	3,437

2. Dividends

	Annual dividend					Total dividends (Total)	Payout ratio (Consolidated)	Net assets Dividend rate (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen sen	yen sen	yen sen	yen sen	yen sen	million yen	%	%
Fiscal year ended July 2023	-	0.00	-	9.00	9.00	265	37.9	3.8
Fiscal year ended July 2024	-	4.50	-	6.50	11.00	324	23.6	4.3
Fiscal year ending July 2025 (Forecast)	-	5.50	-	5.50	11.00		-	

3. Consolidated earnings forecast for the fiscal year ending July 2025 (from August 1, 2024 to July 31, 2025)

(% figures show the rate of increase (decrease) from the previous fiscal year)

	Revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
End of second quarter (cumulative)	12,200	12.2	920	(33.1)	610	(48.8)	430	(48.6)	14.58
Full year	29,000	41.0	2,600	11.0	2,000	5.5	1,400	1.8	47.47

* Explanatory notes

(1) Significant changes in scope of consolidation during the period : None

Newly included: — companies (Company name), Excluded: — companies (Company name)

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

1) Changes in accounting policies with revision of accounting standards : None

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : Yes

4) Restatement : None

(3) Number of shares issued and outstanding (ordinary shares)

1) Number of shares issued and outstanding (including treasury shares) at the end of the period	Fiscal year ended July 2024	30,539,900 shares	Fiscal year ended July 2023	30,539,900 shares
2) Number of treasury shares at the end of the period	Fiscal year ended July 2024	1,047,160 shares	Fiscal year ended July 2023	1,047,160 shares
3) Average number of shares during the period	Fiscal year ended July 2024	29,492,740 shares	Fiscal year ended July 2023	26,883,474 shares

(Reference) Overview of unconsolidated financial results

1. Unconsolidated results for the fiscal year ended July 2024 (from August 1, 2023 to July 31, 2024)

(1) Unconsolidated operating results (% figures show the rate of increase (decrease) from the previous fiscal year)

	Revenues		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended July 2024	16,036	41.1	2,042	72.2	2,236	91.2	1,835	96.2
Fiscal year ended July 2023	11,363	32.4	1,186	33.4	1,169	(27.6)	935	(33.4)

	Basic earnings per share	Diluted earnings per share
	yen sen	yen sen
Fiscal year ended July 2024	62.22	-
Fiscal year ended July 2023	34.79	-

(2) Unconsolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen sen
Fiscal year ended July 2024	24,573	7,091	28.8	240.25
Fiscal year ended July 2023	17,635	5,647	32.0	191.48

(Reference) Equity capital Fiscal year ended July 2024 7,085 million yen
Fiscal year ended July 2023 5,647 million yen

* Financial Summary is outside the scope of the review by a certified public accountant or audit firm.
* Explanation regarding the appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained herein are based on information currently available and certain assumptions that are thought to be reasonable by the Company. Accordingly, actual business performance and other results may differ materially due to various factors. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please see "Overview of Operating Results, etc." on page 1 of the attachment.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the current consolidated fiscal year (August 1, 2023 to July 31, 2024), the Japanese economy saw signs of a gradual economic recovery against the backdrop of the improved employment and income environment, a recovery in inbound demand, and other factors. On the other hand, the impacts on the economic environment of the prolonged situation in Ukraine and the continued high raw material and energy prices associated with the situation in the Middle East remain of concern.

In the real estate industry in which the Meiho Group operates, regarding real estate investments, mainly residential real estate, foreign investors are showing strong interest in Japanese real estate against the backdrop of the continuing low-interest rate environment and the weak yen, and both supply and demand continue to be strong. However, high real estate prices due to soaring land prices and construction costs and other situations continue to require attention.

Under these business circumstances, the Group made the following efforts in each business segment.

In the real estate sales business, the Group is proceeding to enhance its ability to procure properties by leveraging its strengths in information analysis and business planning to its fullest while strengthening its resistance to market fluctuation risks by carefully selecting locations and reducing procurement costs. In addition, the Group is striving to enhance inbound sales by conducting seminars outside Japan in addition to sales activities within Japan. As a result, regarding the sales activities of our main brands, MIJAS and EL FARO, we completed the delivery of 24 buildings (17 buildings in the previous fiscal year) and completed the delivery of one other income-producing real estate property and two properties for development projects (seven properties in the previous year).

In the real estate leasing business, in order to maximize profits for existing owners, in addition to area marketing, we aim to eliminate vacancies by setting the optimal rent based on the AI assessment system and contract execution examples and by proposing leasing strategies utilizing our network of brokerage firms in the Tokyo metropolitan area, thereby achieving high occupancy rates in the properties managed by the Group. We have also introduced an application for information exchange with owners and continue to share and exchange information through CS surveys and other measures. For our main brands, the MIJAS and EL FARO series, the Group offers a one-stop service, from the creation of products to their management, thereby endeavoring to maintain high quality and high occupancy rates. Consequently, the series is creating synergies within the Group, with their positive recognition as highly profitable real estate investment products, triggering repeated purchases of real estate investment product series.

In the real estate brokerage business, the Group is working to increase revenues by introducing properties in line with customer needs through the use of its unique information network comprising real estate sales business and other businesses.

In the contracting business, the Group worked to increase earnings through the completion and delivery of 15 buildings and the design and construction of 15 buildings in the MIJAS and EL FARO series, along with other remodeling and renovation projects tailored to the characteristics of properties under our management.

As a result of the above, revenues for the consolidated fiscal year under review were 20,562 million yen (up 34.9% year on year) as the sales of whole-building investment product series secured higher profit margins and amounts than originally expected. For the profit at each stage, operating profit was 2,341 million yen (up 79.5% year on year), ordinary profit was 1,895 million yen (up 95.7% year on year), and profit attributable to owners of parent was 1,375 million yen (up 115.6% year on year).

The performance of each segment is as follows.

[Real estate sales business]

In the real estate sales business, we sold three buildings in the MIJAS series (apartment development project) and 21 buildings in the EL FARO series (rental apartment project) and sold one other income-producing real estate property and two properties for development projects. As a result, revenues were 15,923 million yen (up 36.7% year on year), and segment profit was 2,941 million yen (up 82.3% year on year).

[Real estate leasing business]

In the real estate leasing business, revenues were 1,986 million yen (down 4.6% year on year), and segment profit was 49 million yen (down 72.3% year on year), due to property management fees for the management business of the real estate management company, a Group company.

[Real estate brokerage business]

In the real estate brokerage business, revenues were 1 million yen (down 88.4% year on year), and segment profit was 1 million yen (down 88.2% year on year), reflecting real estate brokerage and other fees.

[Contracting business]

Regarding the contracting business, due to the execution of construction contracts and renovation works, revenues were 2,628 million yen (up 79.4% year on year) and segment loss was 440 million yen (segment loss of 248 million yen in the same period of the previous year).

[Other]

This section refers to business segments not included in the reportable segments. Due mainly to insurance agency services, revenues were 51 million yen (up 13.7% year on year) and segment profit was 51 million yen (up 37.8% year on year).

(2) Overview of Financial Position

(Assets)

The balance of total assets at the end of the current fiscal year increased by 5,624 million yen from the end of the previous consolidated fiscal year to 28,104 million yen. This was mainly due to an increase of 5,168 million yen in real estate for sale in process and an increase of 227 million yen in real estate for sale resulting from the acquisition of properties for new development projects, investment properties under construction, etc.

(Liabilities)

Liabilities increased by 4,639 million yen from the end of the previous consolidated fiscal year to 20,114 million yen. This was mainly due to an increase of 2,956 million yen in long-term borrowings, an increase of 859 million yen in the current portion of long-term borrowings, and an increase of 196 million yen in short-term borrowings due to the procurement of funds for the acquisition of properties for new development projects, etc.

(Net assets)

Net assets increased by 984 million yen from the previous consolidated fiscal year to 7,990 million yen, and the equity-to-asset ratio decreased by 2.8 percentage points to 28.4%.

(3) Overview of Cash Flow

The balance of cash and cash equivalents (hereinafter referred to as "Cash") at the end of the current consolidated fiscal year totaled 2,952 million yen, a decrease of 484 million yen from the end of the previous consolidated fiscal year. The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

[Cash flows from (used in) operating activities]

Net cash used in operating activities amounted to 4,555 million yen (versus an outflow of 5,670 million yen in the previous consolidated fiscal year). This was mainly due to an increase of 1,895 million yen from profit before income taxes and a decrease of 5,812 million yen from the acquisition of inventories.

[Cash flows from (used in) investing activities]

Net cash provided by investing activities totaled 474 million yen (244 million yen in the previous consolidated fiscal year). This was mainly due to an increase of 498 million yen from the collection of loans receivable.

[Cash flows from (used in) financing activities]

Net cash provided by financing activities totaled 3,595 million yen (5,363 million yen in the previous consolidated fiscal year). This was mainly due to an increase of 9,484 million yen due to income from long-term borrowings to fund the acquisition of properties for development projects, a decrease of 5,767 million yen due mainly to the repayment by property sales, and a decrease of 402 million yen from dividend payments.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended July 2021	Fiscal year ended July 2022	Fiscal year ended July 2023	Fiscal year ended July 2024
Equity-to-asset ratio (%)	43.7	39.5	31.2	28.4
Equity-to-asset ratio based on market value (%)	46.2	29.7	29.8	38.6
Cash flow versus interest bearing liabilities ratio (year)	3.8	-	-	-
Interest coverage ratio (times)	12.3	-	-	-

(Note) Equity-to-asset ratio = equity / total assets

Equity-to-asset ratio based on market value = Market capitalization / Total assets

Cash flow to interest-bearing liabilities ratio = Interest-bearing liabilities / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest payments

* All calculations are based on consolidated financial figures.

* The market capitalization is calculated based on the number of ordinary shares issued, excluding treasury stock.

* Operating cash flow and interest payments refer to "Cash flows from (used in) operating activities" and "Interest paid" as reported in the consolidated statement of cash flows.

(4) Future Outlook

Regarding the outlook for the future, we have set a planned annual supply target of around 25 buildings, focusing on the rental apartment project under the brand name MIJAS series, and the rental apartment project EL FARO series (24 buildings were supplied in the fiscal year ended July 2024), as a comprehensive developer focusing on manufacturing in order to become a partner for life, as in our corporate philosophy. In addition, we will actively promote lot purchasing activities and sales activities mainly in the Jonan and Josai areas, which are particularly well-located in Tokyo’s 23 wards, as the development areas of the main business by leveraging our strengths in information analysis and business planning to our fullest. As for future business development, each company of the Group will independently chart its own growth strategy, establish each company's system, define authority and responsibility, accelerate decision-making, and further increase the speed of management, thereby promoting the growth of the entire Group, strengthening and expanding the business base, and proceeding business activities as a united group to further increase profitability.

As for the earnings forecast for the next fiscal year (ending July 2025), revenues of 29,000 million yen (up 41.0% from the current consolidated fiscal year), operating profit of 2,600 million yen (up 11.0% from the current consolidated fiscal year), ordinary profit of 2,000 million yen (up 5.5% from the current consolidated fiscal year), and profit attributable to owners of parent of 1,400 million yen (up 1.8% from the current consolidated fiscal year) are projected.

(5) Important Notes Related to Going Concern Assumption, etc.

Not applicable.

2. Basic Approach Related to the Selection of Accounting Standards

The Group's policy, for the time being, is to prepare its consolidated financial statements in accordance with Japanese GAAP, in light of the comparability of consolidated financial statements between periods and between companies.

With regard to the adoption of IFRS, the Group intends to consider various conditions in Japan and overseas and respond appropriately.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2023)	Current consolidated fiscal year (July 31, 2024)
Assets		
Current assets		
Cash and deposits	3,662,815	3,109,904
Accounts receivable - trade and contract assets	274,663	881,706
Real estate for sale	2,209,126	2,436,136
Real estate for sale in process	13,259,154	18,427,433
Short-term loans receivable	498,123	-
Current portion of long-term loans receivable	-	287
Other	315,833	446,422
Allowance for doubtful accounts	(643)	(710)
Total current assets	20,219,074	25,301,180
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,344,314	1,701,459
Accumulated depreciation	(491,948)	(539,606)
Buildings and structures, net	852,365	1,161,852
Land	968,944	1,081,153
Leased assets	8,061	16,179
Accumulated depreciation	(6,906)	(8,614)
Leased assets, net	1,154	7,564
Other	76,336	88,252
Accumulated depreciation	(39,237)	(50,731)
Other, net	37,099	37,520
Total property, plant and equipment	1,859,563	2,288,090
Intangible assets	19,072	20,856
Investments and other assets		
Investment securities	16,550	17,850
Long-term loans receivable	425,940	425,370
Long-term accounts receivable - other	385,440	375,440
Deferred tax assets	55,110	164,118
Other	310,063	312,034
Allowance for doubtful accounts	(810,440)	(800,440)
Total investments and other assets	382,663	494,373
Total non-current assets	2,261,300	2,803,321
Total assets	22,480,374	28,104,501

(Unit: thousand yen)

	Previous consolidated fiscal year (July 31, 2023)	Current consolidated fiscal year (July 31, 2024)
Liabilities		
Current liabilities		
Notes payable and accounts payable - trade	749,304	1,071,826
Short-term borrowings	1,816,630	2,013,000
Current portion of long-term borrowings	4,877,309	5,736,857
Current portion of bonds payable	16,000	-
Lease obligations	854	2,192
Income taxes payable	229,745	508,708
Provision for bonuses	100,432	173,130
Allowance for compensation for completed construction	964	964
Other	1,124,551	1,126,502
Total current liabilities	8,915,792	10,633,182
Non-current liabilities		
Long-term borrowings	6,191,871	9,148,852
Retirement benefits liabilities	70,735	70,072
Lease obligations	511	6,273
Deferred tax liabilities	108,028	106,014
Other	187,345	149,730
Total non-current liabilities	6,558,491	9,480,942
Total liabilities	15,474,284	20,114,125
Net assets		
Shareholders' equity		
Share capital	614,403	614,403
Capital surplus	2,014,814	2,014,814
Retained earnings	4,755,296	5,732,726
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	7,004,040	7,981,471
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,050	3,350
Total accumulated other comprehensive income	2,050	3,350
Share acquisition rights	-	5,555
Total net assets	7,006,090	7,990,376
Total liabilities and net assets	22,480,374	28,104,501

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

Consolidated Statement of Income

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)	Current consolidated fiscal year (August 1, 2023 to July 31, 2024)
Revenues	15,247,891	20,562,348
Cost of sales	12,166,983	16,010,542
Gross profit	3,080,908	4,551,805
Selling, general and administrative expenses	1,776,034	2,210,185
Operating profit	1,304,873	2,341,620
Non-operating income		
Interest income	37,431	18,932
Reversal allowance for doubtful accounts	10,000	10,000
Compensation for damage	49,162	18,787
Business compensation income	-	40,000
Other	16,909	12,050
Total non-operating income	113,502	99,769
Non-operating expenses		
Interest expenses	271,429	376,685
Commission expenses	168,802	164,837
Other	9,525	4,294
Total non-operating expenses	449,756	545,817
Ordinary profit	968,619	1,895,572
Extraordinary income		
Gain on sale of non-current assets	1,249	-
Gain on sale of investment securities	245	-
Gain on bargain purchase	16,183	-
Total extraordinary income	17,679	-
Profit before income taxes	986,299	1,895,572
Income taxes - current	346,925	648,784
Income taxes - refund	-	(17,772)
Income taxes - deferred	10,150	(111,022)
Total income taxes	357,076	519,990
Profit	629,222	1,375,582
Profit (loss) attributable to non-controlling interests	(8,717)	-
Profit attributable to owners of parent	637,940	1,375,582

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)	Current consolidated fiscal year (August 1, 2023 to July 31, 2024)
Profit	629,222	1,375,582
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,950)	1,300
Total other comprehensive income	(1,950)	1,300
Comprehensive income	627,272	1,376,882
(Breakdown)		
Comprehensive income attributable to owners of parent	635,990	1,376,882
Comprehensive income attributable to non-controlling interests	(8,717)	-

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	100,000	1,500,411	4,306,266	(380,474)	5,526,203
Changes during period					
Issuance of new shares	514,403	514,403			1,028,807
Profit attributable to owners of parent			637,940		637,940
Dividends of surplus			(188,910)		(188,910)
Net changes in items other than shareholders' equity					
Total changes during period	514,403	514,403	449,029	-	1,477,837
Ending balance	614,403	2,014,814	4,755,296	(380,474)	7,004,040

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Beginning balance	4,000	4,000	-	-	5,530,203
Changes during period					
Issuance of new shares					1,028,807
Profit attributable to owners of parent					637,940
Dividends of surplus					(188,910)
Net changes in items other than shareholders' equity	(1,950)	(1,950)	-	-	(1,950)
Total changes during period	(1,950)	(1,950)	-	-	1,475,887
Ending balance	2,050	2,050	-	-	7,006,090

Current consolidated fiscal year (August 1, 2023 to July 31, 2024)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	614,403	2,014,814	4,755,296	(380,474)	7,004,040
Changes during period					
Issuance of new shares					-
Profit attributable to owners of parent			1,375,582		1,375,582
Dividends of surplus			(398,152)		(398,152)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	977,430	-	977,430
Ending balance	614,403	2,014,814	5,732,726	(380,474)	7,981,471

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Beginning balance	2,050	2,050	-	-	7,006,090
Changes during period					
Issuance of new shares					-
Profit attributable to owners of parent					1,375,582
Dividends of surplus					(398,152)
Net changes in items other than shareholders' equity	1,300	1,300	5,555	-	6,855
Total changes during period	1,300	1,300	5,555	-	984,285
Ending balance	3,350	3,350	5,555	-	7,990,376

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)	Current consolidated fiscal year (August 1, 2023 to July 31, 2024)
Cash flows from (used in) operating activities		
Profit before income taxes	986,299	1,895,572
Depreciation	42,630	63,907
Gain on bargain purchase	(16,183)	-
Loss (gain) on sales of investment securities	(245)	-
Loss (gain) on sale of non-current assets	(1,249)	(30)
Share issuance costs	7,195	-
Share acquisition rights issuance costs	-	2,424
Interest and dividend income	(37,905)	(19,353)
Interest expenses on borrowings and bonds	271,429	376,685
Increase (decrease) in allowance for doubtful accounts	(10,024)	(9,932)
Increase (decrease) in provision of bonuses	19,799	72,697
Increase (decrease) in other provisions	(28,226)	(662)
Decrease (increase) in trade receivables	(19,511)	(607,042)
Decrease (increase) in inventories	(6,960,096)	(5,812,287)
Decrease (increase) in advance payments to suppliers	39,377	(80,376)
Increase (decrease) in trade payables	241,154	322,522
Increase (decrease) in advances received	339,661	(86,821)
Increase (decrease) in deposits received	30,931	33,477
Other	26,326	(77,426)
Subtotal	(5,068,639)	(3,926,646)
Interest and dividends received	38,086	19,353
Interest paid	(273,300)	(369,989)
Income taxes paid	(415,820)	(371,799)
Income taxes refund	52	34,792
Compensation received	49,162	58,787
Cash flows from (used in) operating activities	(5,670,459)	(4,555,502)
Cash flows from (used in) investing activities		
Other payments into deposits	(95,022)	(49,170)
Other proceeds from withdrawal of deposits	86,722	117,172
Purchase of property, plant and equipment and intangible assets	(23,360)	(65,916)
Proceeds from sale of property, plant and equipment	1,250	-
Proceeds from sale of investment securities	1,545	-
Proceeds from collection of loans receivable	81,341	498,405
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	191,344	-
Purchase of insurance funds	(2,001)	-
Proceeds from cancellation of insurance funds	3,690	-
Payments for investment	(1,000)	(25,700)
Cash flows from (used in) investing activities	244,510	474,791

(Unit: thousand yen)

	Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)	Current consolidated fiscal year (August 1, 2023 to July 31, 2024)
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	448,123	296,370
Repayments of lease obligations	(1,807)	(1,830)
Proceeds from long-term borrowings	8,868,900	9,484,300
Repayments of long-term borrowings	(4,768,531)	(5,767,771)
Redemption of bonds	(16,000)	(16,000)
Proceeds from issuance of shares	1,021,612	-
Proceeds from issuance of share acquisition rights	-	3,131
Dividends paid	(188,910)	(402,397)
Cash flows from (used in) financing activities	5,363,386	3,595,802
Net increase (decrease) in cash and cash equivalents	(62,563)	(484,908)
Beginning balance for cash and cash equivalents	3,500,175	3,437,612
Ending balance for cash and cash equivalents	3,437,612	2,952,703

(5) Notes to Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

Not applicable.

(Changes in Accounting Estimates)

(Asset retirement obligations)

Under a building lease contract, the Group has an obligation to restore the office space to its original state when vacating it. However, since the period of use of the leased assets related to such obligation is uncertain, and there are no plans to relocate in the future, we could not reasonably estimate the asset retirement obligations and did not record the asset retirement obligations that are commensurate with such obligation.

During the current consolidated fiscal year, we made changes to the estimate regarding the restoration costs necessary when vacating the space and the estimated period of use based on the information newly obtained during the expansion of our office space.

Instead of recording as liabilities, the asset retirement obligations are accounted for by a simplified method in which we reasonably estimate the amount of security deposits related to the real estate lease contract that is not expected to be collected in the future and record the amount that is attributable to the current consolidated fiscal year.

The impact of the changes in the estimate on profit and loss in the current consolidated fiscal year is immaterial.

(Additional Information)

(Proceeds from collection of loans receivable)

House Saison Enterprise Co., Ltd., a consolidated subsidiary of the Company, collected short-term loans receivable of 494,773 thousand yen from House Saison Co., Ltd. during the current consolidated fiscal year. As a result, the loans receivable from House Saison Co., Ltd. have been fully recovered.

(Issuance of the 3rd to 5th series of share acquisition rights through a third-party allotment)

At the Board of Directors meeting held on June 28, 2024, the Company resolved the issuance of the 3rd to 5th series of share acquisition rights through a third-party allotment (hereinafter the “Share Acquisition Rights”).

(1) Allotment date	July 16, 2024
(2) Number of share acquisition rights issued	30,598 units The 3rd-series share acquisition rights: 13,333 units The 4th-series share acquisition rights: 6,154 units The 5th-series share acquisition rights: 11,111 units
(3) Issued value	Total of 5,555,297 yen (310 yen per 3rd-series Share Acquisition Right, 139 yen per 4th-series Share Acquisition Right, and 51 yen per 5th-series Share Acquisition Right)
(4) Number of dilutive shares due to the issuance	3,059,800 shares (100 shares per share acquisition right) The 3rd-series share acquisition rights: 1,333,300 shares The 4th-series share acquisition rights: 615,400 shares The 5th-series share acquisition rights: 1,111,100 shares
(5) Amount of funds raised (value of assets to be contributed upon exercise of share acquisition rights)	2,005,540,297 yen (the amount of estimated net proceeds: 1,991,540,297 yen) (Breakdown) The 3rd-series Share Acquisition Rights Amount raised by issuance of share acquisition rights: 4,133,230 yen Amount raised by exercise of share acquisition rights: 599,985,000 yen The 4th-series Share Acquisition Rights

	Amount raised by issuance of share acquisition rights: 855,406 yen Amount raised by exercise of share acquisition rights: 400,010,000 yen The 5th-series Share Acquisition Rights Amount raised by issuance of share acquisition rights: 566,661 yen Amount raised by exercise of share acquisition rights: 999,990,000 yen The amount of estimated net proceeds is the sum of the total amount to be paid for the Share Acquisition Rights and the amount of property contributed upon exercise of the Share Acquisition Rights, deducting the estimated amount of issuance expenses. Therefore, it may increase or decrease if the exercise price is adjusted. It may also decrease if the Share Acquisition Rights are not exercised during the exercise period or if the Company cancels the Share Acquisition Rights acquired by itself.
(6) Exercise price	Initial exercise price The 3rd-series Share Acquisition Rights: 450 yen The 4th-series Share Acquisition Rights: 650 yen The 5th-series Share Acquisition Rights: 900 yen The exercise prices will not be adjusted for any of the Share Acquisition Rights. In the event of a stock split or other certain circumstances, the exercise price of the Share Acquisition Rights may be adjusted according to the terms and conditions of the issuance of the Share Acquisition Rights.
(7) Method of offering or allocation (allottee)	To Cantor Fitzgerald Europe through a third-party allotment.
(8) Exercise period of the share acquisition rights	From July 17, 2024 to July 16, 2027.
(9) Other	Each of the above items shall be subject to the effectiveness of the notification according to the Financial Instruments and Exchange Act.

(Segment Information, etc.)

[Segment information]

1. Information on Revenues, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)

(Unit: thousand yen)

	Reportable segment					Other	Total	Reconciliation (Note)	Amount recorded in the consolidated financial statements
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Revenues									
MIJAS/EL FARO	8,965,513	-	-	-	8,965,513	-	8,965,513	-	8,965,513
Other	2,682,422	596,068	16,927	1,456,841	4,752,260	45,380	4,797,640	-	4,797,640
Revenue from contracts with customers	11,647,936	596,068	16,927	1,456,841	13,717,774	45,380	13,763,154	-	13,763,154
Other revenue	-	1,484,736	-	-	1,484,736	-	1,484,736	-	1,484,736
Net sales to external customers	11,647,936	2,080,805	16,927	1,456,841	15,202,510	45,380	15,247,891	-	15,247,891
Transactions with other segments	-	977	-	8,242	9,220	-	9,220	(9,220)	-
Total	11,647,936	2,081,782	16,927	1,465,084	15,211,731	45,380	15,257,111	(9,220)	15,247,891
Segment profit	1,613,665	179,036	16,630	(248,804)	1,560,528	37,163	1,597,692	(292,818)	1,304,873
Segment assets	17,476,164	1,610,089	2,932	2,673,236	21,762,422	29,634	21,792,057	688,317	22,480,374
Other items									
Depreciation	16	10,915	-	21,995	32,926	-	32,926	9,703	42,630
Interest expenses	250,066	4,460	-	8,504	263,031	-	263,031	8,397	271,429
Increase in property, plant and equipment and intangible assets	-	11,260	-	1,249,094	1,260,354	-	1,260,354	16,430	1,276,784

(Note) Adjustments are as follows.

(1) The segment profit adjustment of (292,818) thousand yen consists of the elimination of inter-segment transactions of 11,069 thousand yen and corporate expenses of (303,888) thousand yen not allocated to any reportable segment. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.

(2) The segment assets adjustment of 688,317 thousand yen includes the elimination of inter-segment transactions of 0 thousand yen and corporate assets of 688,317 thousand yen not allocated to any reportable segment. Corporate assets include short-term loans, investment securities, and assets related to general and administrative departments.

(3) The adjustment of depreciation of 9,703 thousand yen and the adjustment of increase in property, plant and equipment and intangible assets of 16,430 thousand yen are all related to corporate assets.

(4) The adjustment of interest expenses of 8,397 thousand yen includes interest on borrowings other than those for specified properties.

Current consolidated fiscal year (August 1, 2023 to July 31, 2024)

(Unit: thousand yen)

	Reportable segment					Other	Total	Reconciliation (Note)	Amount recorded in the consolidated financial statements
	Real estate sales business	Real estate leasing business	Real estate brokerage business	Contracting business	Total				
Revenues									
MIJAS/EL FARO	14,924,978	-	-	-	14,924,978	-	14,924,978	-	14,924,978
Other	998,147	569,454	1,970	2,627,945	4,197,517	51,575	4,249,092	-	4,249,092
Revenue from contracts with customers	15,923,125	569,454	1,970	2,627,945	19,122,495	51,575	19,174,070	-	19,174,070
Other revenue	-	1,388,277	-	-	1,388,277	-	1,388,277	-	1,388,277
Net sales to external customers	15,923,125	1,957,732	1,970	2,627,945	20,510,773	51,575	20,562,348	-	20,562,348
Transactions with other segments	-	28,366	-	274	28,641	-	28,641	(28,641)	-
Total	15,923,125	1,986,099	1,970	2,628,219	20,539,414	51,575	20,590,989	(28,641)	20,562,348
Segment profit	2,941,395	49,519	1,958	(440,747)	2,552,126	51,199	2,603,326	(261,705)	2,341,620
Segment assets	23,130,325	1,704,219	251	3,136,130	27,970,927	20,012	27,990,939	113,561	28,104,501
Other items									
Depreciation	4,871	26,815	-	30,828	62,515	-	62,515	1,391	63,907
Interest expenses	326,063	9,054	-	7,402	342,520	-	342,520	34,164	376,685
Increase in property, plant and equipment and intangible assets	1,915	36,251	-	20,626	58,792	-	58,792	12,634	71,427

(Note) Adjustments are as follows.

(1) The segment profit adjustment of (261,705) thousand yen consists of the elimination of inter-segment transactions of (913) thousand yen and corporate expenses of (260,791) thousand yen not allocated to any reportable segment. Corporate expenses consist primarily of general and administrative expenses not attributable to the reportable segments.

(2) The segment assets adjustment of 113,561 thousand yen includes corporate assets of 113,561 thousand yen not allocated to any reportable segment. Corporate assets include investment securities and assets related to general and administrative departments.

(3) The adjustment of depreciation of 1,391 thousand yen and the adjustment of increase in property, plant and equipment and intangible assets of 12,634 thousand yen are all related to corporate assets.

(4) The adjustment of interest expenses of 34,164 thousand yen includes interest on borrowings other than those for specified properties.

(Business Combination and Related Matters)

(Merger of consolidated subsidiaries)

At the Board of Directors meeting held on November 24, 2023, the Company resolved an absorption-type merger where House Saison Enterprise Co., Ltd., a wholly owned subsidiary of the Company, would be the surviving company and Moon Asset Co., Ltd., also a wholly owned subsidiary of the Company, would be the absorbed company. They merged on the effective date of March 1, 2024.

As the merger was between the wholly owned subsidiaries of the Company, there was no issuance of new shares, increase in capital, merger grant, or any other consideration as a result of the merger.

1. Overview of the business combination

(1) Name of the surviving company and its business

1) Name of the surviving company

House Saison Enterprise Co., Ltd.

2) Details of the business

Real estate sales business, management and operation of income-producing real estate properties

3) Name of the absorbed company

Moon Asset Co., Ltd.

4) Details of the business

Real estate sales business

(2) Date of the business combination

March 1, 2024

(3) Legal form of business combination

An absorption-type merger, with House Saison Enterprise Co., Ltd. as the surviving company and Moon Asset Co., Ltd. as the absorbed company.

(4) Name of the company after combination

House Saison Enterprise Co., Ltd.

(5) Other matters concerning the overview of the transaction

The purpose of the merger is to accelerate growth and increase profitability such as the enhancement of the management structure by unifying business activities, the improvement of productivity by streamlining operations, and the sharing and effective use of the management resources.

2. Overview of accounting processing

The merger was processed as a transaction under common control based on the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

(Per Share Information)

	Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)	Current consolidated fiscal year (August 1, 2023 to July 31, 2024)
Net assets per share	237.55yen	270.74yen
Basic earnings per share	23.73yen	46.64yen

(Note) 1. Diluted earnings per share are not disclosed because no dilution has occurred despite the existence of dilutive shares.

2. The basis for calculating basic earnings per share is as follows.

Items	Previous consolidated fiscal year (August 1, 2022 to July 31, 2023)	Current consolidated fiscal year (August 1, 2023 to July 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent	637,940	1,375,582
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit attributable to owners of parent attributable to ordinary share (thousand yen)	637,940	1,375,582
Average number of ordinary shares during the period (shares)	26,883,474	29,492,740
Summary of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	-	The 3rd-series share acquisition rights Number of share acquisition rights: 13,333 units Number of ordinary shares: 1,333,300 shares The 4th-series share acquisition rights Number of share acquisition rights: 6,154 units Number of ordinary shares: 615,400 shares The 5th-series share acquisition rights Number of share acquisition rights: 11,111 units Number of ordinary shares: 1,111,100 shares

3. The basis for the calculation of net assets per share is as follows.

Items	Previous consolidated fiscal year (July 31, 2023)	Current consolidated fiscal year (July 31, 2024)
Total net assets (thousand yen)	7,006,090	7,990,376
Amount to be deducted from total net assets (thousand yen)	-	5,555
(Of which, share acquisition rights (thousand yen))	(-)	(5,555)
(Of which, non-controlling interests (thousand yen))	(-)	(-)
Net assets at the end of the period pertaining to ordinary share (thousand yen)	7,006,090	7,984,821
Number of ordinary shares at the end of the period used to calculate net assets per share (shares)	29,492,740	29,492,740

(Significant Events After Reporting Period)

Not applicable.

4. Unconsolidated Financial Statements and Main Notes

(1) Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (July 31, 2023)	Current fiscal year (July 31, 2024)
Assets		
Current assets		
Cash and deposits	1,760,705	2,050,476
Real estate for sale	1,477,647	2,116,807
Real estate for sale in process	12,989,466	17,930,962
Supplies	1,346	3,096
Advance payments to suppliers	139,044	208,632
Prepaid expenses	20,353	15,034
Accounts receivable - other	11	31
Other	726,911	607,710
Total current assets	17,115,485	22,932,753
Non-current assets		
Property, plant and equipment		
Buildings	25,462	356,701
Accumulated depreciation	(3,526)	(15,212)
Buildings, net	21,936	341,488
Tools, furniture and fixtures	16,901	22,448
Accumulated depreciation	(6,616)	(10,557)
Tools, furniture and fixtures, net	10,285	11,890
Land	-	437,750
Leased assets	5,264	13,382
Accumulated depreciation	(5,089)	(6,237)
Leased assets, net	175	7,144
Total property, plant and equipment	32,397	798,273
Intangible assets	1,450	3,365
Investments and other assets		
Investment securities	16,550	17,850
Shares of subsidiaries and associate	320,169	320,169
Long-term loans receivable	425,000	705,000
Long-term accounts receivable - other	385,440	375,440
Deferred tax assets	38,613	89,076
Other	110,808	131,678
Allowance for doubtful accounts	(810,440)	(800,440)
Total investments and other assets	486,141	838,773
Total non-current assets	519,988	1,640,412
Total assets	17,635,473	24,573,165

(Unit: thousand yen)

	Previous fiscal year (July 31, 2023)	Current fiscal year (July 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	99,854	132,283
Short-term borrowings	1,717,450	2,322,000
Current portion of long-term borrowings	4,725,471	5,601,730
Current portion of bonds payable	16,000	-
Lease obligations	198	1,681
Accounts payable - other	86,449	230,550
Accrued expenses	10,336	17,520
Advances received	410,726	427,525
Deposits received	39,273	83,786
Provision for bonuses	64,327	112,458
Income taxes payable	141,442	393,798
Other	10,455	16,593
Total current liabilities	7,321,985	9,339,927
Non-current liabilities		
Long-term borrowings	4,645,488	8,073,980
Lease obligations	-	6,273
Guarantee deposits received	20,649	61,912
Total non-current liabilities	4,666,137	8,142,165
Total liabilities	11,988,122	17,482,093
Net assets		
Shareholders' equity		
Share capital	614,403	614,403
Capital surplus		
Legal capital surplus	514,403	514,403
Other capital surpluses	1,488,913	1,488,913
Total capital surpluses	2,003,316	2,003,316
Retained earnings		
Legal retained earnings	25,000	25,000
Other retained earnings		
Retained earnings brought forward	3,383,055	4,819,921
Total retained earnings	3,408,055	4,844,921
Treasury shares	(380,474)	(380,474)
Total shareholders' equity	5,645,301	7,082,166
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,050	3,350
Total valuation and translation adjustments	2,050	3,350
Share acquisition rights	-	5,555
Total net assets	5,647,351	7,091,072
Total liabilities and net assets	17,635,473	24,573,165

(2) Statement of Income

(Unit: thousand yen)

	Previous fiscal year (August 1, 2022 to July 31, 2023)	Current fiscal year (August 1, 2023 to July 31, 2024)
Revenues		
Real estate sales	11,272,791	15,923,125
Real estate lease revenue	40,468	79,190
Real estate brokerage revenue	15,085	1,970
Other	34,900	31,900
Total revenues	11,363,244	16,036,185
Cost of sales		
Real estate cost of sales	9,078,405	12,548,253
Cost of real estate lease revenue	46,476	65,337
Cost of real estate brokerage revenue	18	-
Other	1	-
Total cost of sales	9,124,901	12,613,591
Gross profit	2,238,343	3,422,594
Selling, general and administrative expenses	1,052,255	1,380,441
Operating profit	1,186,088	2,042,152
Non-operating income		
Interest income	12,029	17,183
Compensation for damage	30,326	18,253
Dividends received	362,144	682,384
Reversal allowance for doubtful accounts	10,000	10,000
Other	1,702	4,660
Total non-operating income	416,203	732,480
Non-operating expenses		
Interest expenses	257,015	373,780
Commission expenses	167,859	161,523
Other	7,668	3,284
Total non-operating expenses	432,542	538,588
Ordinary profit	1,169,749	2,236,045
Profit before income taxes	1,169,749	2,236,045
Income taxes - current	220,907	469,261
Income taxes - refund	-	(17,772)
Income taxes - deferred	13,594	(50,462)
Total income taxes	234,502	401,026
Profit	935,246	1,835,018

(3) Statement of Changes in Equity

Previous fiscal year (August 1, 2022 to July 31, 2023)

(Unit: thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surpluses	Total capital surpluses	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Beginning balance	100,000	-	1,488,913	1,488,913	25,000	2,636,718	2,661,718
Changes during period							
Issuance of new shares	514,403	514,403		514,403			
Profit						935,246	935,246
Dividends of surplus						(188,910)	(188,910)
Net changes in items other than shareholders' equity							
Total changes during period	514,403	514,403	-	514,403	-	746,336	746,336
Ending balance	614,403	514,403	1,488,913	2,003,316	25,000	3,383,055	3,408,055

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Beginning balance	(380,474)	3,870,157	4,000	4,000	-	3,874,157
Changes during period						
Issuance of new shares		1,028,807				1,028,807
Profit		935,246				935,246
Dividends of surplus		(188,910)				(188,910)
Net changes in items other than shareholders' equity			(1,950)	(1,950)	-	(1,950)
Total changes during period	-	1,775,143	(1,950)	(1,950)	-	1,773,193
Ending balance	(380,474)	5,645,301	2,050	2,050	-	5,647,351

Current fiscal year (August 1, 2023 to July 31, 2024)

(Unit: thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surpluses	Total capital surpluses	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings
Beginning balance	614,403	514,403	1,488,913	2,003,316	25,000	3,383,055	3,408,055
Changes during period							
Issuance of new shares							
Profit						1,835,018	1,835,018
Dividends of surplus						(398,152)	(398,152)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	1,436,865	1,436,865
Ending balance	614,403	514,403	1,488,913	2,003,316	25,000	4,819,921	4,844,921

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Beginning balance	(380,474)	5,645,301	2,050	2,050	-	5,647,351
Changes during period						
Issuance of new shares		-				-
Profit		1,835,018				1,835,018
Dividends of surplus		(398,152)				(398,152)
Net changes in items other than shareholders' equity			1,300	1,300	5,555	6,855
Total changes during period	-	1,436,865	1,300	1,300	5,555	1,443,721
Ending balance	(380,474)	7,082,166	3,350	3,350	5,555	7,091,072