August 1, 2024

Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2025 [Japanese Standards] (Consolidated)

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Date of commencement of dividend payment —
The supplementary explanation document for closing of accounts is created. No
The briefing for closing of accounts is held. No

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of Fiscal Year Ending March 31, 2025 (From April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(% 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	%
1Q/ FY ending March 31, 2025	23,890	14.2	1,278	(0.7)	1,271	(1.2)	845	3.6
1Q/ FY ended March 31, 2024	20,923	16.7	1,287	(9.9)	1,286	(9.7)	815	(14.9)

(Note)
Comprehensive income:
1Q/ FY ending March 31, 2025: ¥813 million (-2.7%)
1Q/ FY ended March 31, 2024: ¥835 million (-13.6%)

	Net Income Per Share	Net Income Per Share After Dilution
	Yen	Yen
1Q/ FY ending March 31, 2025	25.84	—
1Q/ FY ended March 31, 2024	24.96	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	91,371	67,994	74.4	2,078.48
As of March 31, 2024	95,281	68,031	71.4	2,079.57

(Reference)
Shareholders' equity:
As of June 30, 2024: ¥67,994 million
As of March 31, 2024: ¥68,031 million

2. Dividends

	Dividends Per Share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2024	—	24.00	—	26.00	50.00
FY ending March 31, 2025	—				
FY ending March 31, 2025 (Forecast)		24.00	—	24.00	48.00

(Note) Revision to the latest forecast of dividends: No
Breakdown of year-end dividend for the fiscal year ended March 31, 2024.
Ordinary dividend: 24.00 yen Special dividend: 2.00 yen

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% 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	103,000	2.6	7,500	(20.5)	7,500	(20.5)	5,000	(22.5)	152.84

(Note) Revision of forecasts on the consolidated operating results: No

***Notes**

(1) Significant changes in the scope of consolidation during this three-month period ended June 30, 2024: No
New: － (Company name: －), Excluded: － (Company name: －)

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: No

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

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)	Three months ended June 30, 2024	34,646,500 shares	FY ended March 31, 2024	34,646,500 shares
2) Amount of treasury stock at term-end	Three months ended June 30, 2024	1,932,815 shares	FY ended March 31, 2024	1,932,089 shares
3) Amount of average stock during term (Quarter accumulation)	Three months ended June 30, 2024	32,713,686 shares	Three months ended June 30, 2023	32,685,343 shares

* Review of the attached quarterly consolidated financial statements by a certified public accountant or audit corporations: No

* 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.

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1. Summary of Operating Results, Etc.

(1) Overview of Operating Results in the First Quarter

During the three-month consolidated period under review (1Q for the fiscal year ending March 31, 2025), encouraging signs were tempered with uncertainty. A modest recovering trend was seen in the Japanese economy, with various government measures taking effect as the employment and income pictures improved. Overseas, however, economies slumped amid continuing monetary tightening and concerns about prospects for the Chinese economy. These trends continued to place downward pressure on the Japanese economy, warranting caution.

In the market for condominiums in the Tokyo metropolitan area, factors such as high prices for construction materials and building plots drove the number of newly supplied units during the first half of 2024 (January to June) down 13.7% from the same period of last year to just 9,066. In purchase demand, the average first-month contract rate for the same period was 67.0%, falling into the 60–70% range for the first time in four years since 2020. (All figures are derived from 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.

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, in order to respond to changes in social conditions, we have strived to promote our business while using various sales methods such as holding web seminars and online business negotiations.

As a result, net sales were ¥23,890 million (an increase of 14.2% compared with the same period of the previous fiscal year (YOY)), operating income amounted ¥1,278 million (a decrease of 0.7% YOY), and ordinary income was ¥1,271 million (a decrease of 1.2% YOY). Furthermore, net income attributable to shareholders of parental company totaled ¥845 million (an increase of 3.6% YOY).

(Real estate development segment)

We focused on sales activities of newly constructed condominiums such as Gala Cresta Kawasaki (completed in July 2024) , Gala Vista Ojima (scheduled for completion in September 2024) and Gala Residence Yashio(scheduled for completion in March 2025) and also actively conducted sales of pre-owned condominiums.

During the consolidated cumulative first quarter under review, net sales were ¥19,617 million for pre-owned condominiums (725 units), ¥1,494 million for real estate rental income, and ¥111 million from other income sources. Therefore, the total net sales in the segment reached ¥21,222 million (an increase of 19.8% YOY) and the segment profit was ¥980 million (an increase of 0.2% YOY).

Breakdown of net sales, etc.

Category	Three-month consolidation period ended June 30, 2023 (Apr. 1, 2023 – June 30, 2023)			Three-month consolidation period ended June 30, 2024 (Apr. 1, 2024 – June 30, 2024)		
	No. of Units	Amount (millions of yen)	YOY (%)	No. of Units	Amount (millions of yen)	YOY (%)
Gala Condominium series	109	3,597	157.3	0	―	―
Gala Residence series	0	―	―	0	―	―
Pre-owned condominiums	497	12,545	106.2	725	19,617	156.4
Real estate rental income	―	1,561	94.6	―	1,494	95.7
Other income	―	14	34.7	―	111	787.7
Total	606	17,718	112.2	725	21,222	119.8

(Note) Note that among for sales of condominiums, only the proceeds from condominiums that have been actually handed over to the customer are posted. Therefore, there may be unbalances in quarterly business results depending on the dates of completion of the housing or dates of delivery.

(Real estate management segment)

New orders for management of properties advanced, as did outside orders for property management. The number of managed units for leasing reached 18,723 and the number of buildings managed reached 359.

During the first quarter of the fiscal year ending March 31, 2025, net sales in the real estate management segment were ¥1,041 million (an increase of 8.6% YOY) and segment profit was ¥283 million (an increase of 7.0% YOY).

(Construction segment)

The number of condominium construction projects declined, reducing both sales and profit YOY.

During the first quarter of the fiscal year ending March 31, 2025, net sales in the construction segment were ¥1,335 million (a decrease of 32.6% YOY) and segment profit was ¥50 million (a decrease of 36.6% YOY).

(Japanese inn segment)

Room occupancy rates were generally firm, but revenue per room underperformed our plan.

During the first quarter of the fiscal year ending March 31, 2025, net sales in the Japanese inn segment were ¥280 million (an increase of 11.8% YOY) and the segment posted a loss of ¥39 million (compared to a segment loss of ¥43 million in the same period of the previous fiscal year).

(Other segments)

Net sales in other segments were ¥10 million in the first quarter of the fiscal year ending March 31, 2025 (a decrease of 20.9% YOY). Segment profit was ¥4 million (a decrease of 38.3% YOY).

(2) Overview of Financial Position in the First Quarter

(Assets)

At the end of the consolidated first quarter under review, current assets were ¥79,035 million, a decrease of ¥3,697 million as compared with the end of the previous consolidated fiscal year. Major increases were ¥5,685 million in real estate for sale in process and ¥540 million in notes and operating accounts receivable-trade, and contract assets, while major decreases were ¥4,438 million in cash and deposits, ¥3,993 million in real estate for sale, and ¥1,468 million in electronically recorded monetary claims-operating. Non-current assets recorded ¥12,336 million, a decrease of ¥212 million as compared with the end of the previous consolidated fiscal year.

As a result, total assets were ¥91,371 million, a decrease of ¥3,909 million as compared with the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the consolidated first quarter under review, current liabilities were ¥10,310 million, a decrease of ¥4,898 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 ¥1,914 million, income taxes payable by ¥1,751 million, and notes and accounts payable-trade by ¥1,294 million. Non-current liabilities recorded ¥13,065 million, an increase of ¥1,026 million as compared with the end of the previous consolidated fiscal year. This is mainly because long-term loans payable increased by ¥1,000 million.

As a result, total liabilities were ¥23,376 million, a decrease of ¥3,872 million as compared with the end of the previous consolidated fiscal year.

(Net assets)

At the end of the consolidated first quarter under review, total net assets were ¥67,994 million, a decrease of ¥37 million as compared with the end of the previous consolidated fiscal year. A major increase was ¥845 million in net income attributable to shareholders of parental company, while a major decrease was ¥850 million in dividends of surplus.

As a result, the equity ratio was 74.4% (it was 71.4% at the end of the previous consolidated fiscal year).

(3) Explanation of Future Forecasts Such as the Forecast of Consolidated Operating Results

Regarding the forecast for the fiscal year ending March 31, 2025, there has been no change to the forecasted numbers listed in the “Summary of Financial Results for the Fiscal Year Ended March 31, 2024” that was released on May 13, 2024.

2. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets in the First Quarter

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
ASSETS		
Current assets		
Cash and deposits	34,600	30,162
Notes and operating accounts receivable-trade, and contract assets	3,259	3,799
Electronically recorded monetary claims-operating	2,207	738
Real estate for sale	12,491	8,498
Real estate for sale in process	28,159	33,844
Costs on uncompleted construction contracts	4	3
Raw materials and supplies	28	35
Advance payments-trade	348	324
Other	1,631	1,628
Allowance for doubtful accounts	(0)	(0)
Total current assets	**82,732**	**79,035**
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,359	7,364
Accumulated depreciation	(1,879)	(1,935)
Buildings and structures, net	**5,480**	**5,428**
Land	5,406	5,406
Other	458	462
Accumulated depreciation	(358)	(367)
Other, net	**100**	**94**
Total property, plant and equipment	**10,987**	**10,929**
Intangible assets	37	36
Investments and other assets		
Investment securities	405	323
Deferred tax assets	438	303
Other	690	751
Allowance for doubtful accounts	(9)	(8)
Total investments and other assets	**1,524**	**1,369**
Total non-current assets	**12,548**	**12,336**
Total assets	**95,281**	**91,371**

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	2,473	1,179
Current portion of long-term loans payable	5,653	3,738
Accounts payable-other	731	953
Income taxes payable	2,069	318
Accrued consumption taxes	335	252
Deposits received	2,726	2,716
Provision for bonuses	318	107
Other	900	1,044
Total current liabilities	**15,209**	**10,310**
Non-current liabilities		
Long-term loans payable	7,100	8,100
Long-term accounts payable-other	833	833
Net defined benefit liabilities	862	880
Long-term lease and guarantee deposited	1,897	1,900
Long-term deposits received	80	87
Provision incurred from business combination	1,253	1,253
Other	11	8
Total non-current liabilities	**12,039**	**13,065**
Total liabilities	**27,249**	**23,376**
NET ASSETS		
Shareholders' equity		
Capital stock	2,774	2,774
Capital surplus	3,066	3,066
Retained earnings	63,227	63,222
Treasury stock	(1,193)	(1,193)
Total shareholders' equity	**67,875**	**67,869**
Accumulated other comprehensive income		
Valuation difference on marketable securities	109	79
Remeasurements of defined benefit plans	47	44
Total accumulated other comprehensive income	**156**	**124**
Total net assets	**68,031**	**67,994**
Total liabilities and net assets	**95,281**	**91,371**

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Three-Month Consolidation Period)

(Millions of yen)

	1Q/ FY ended March 31, 2024 (Apr. 1, 2023 - June 30, 2023)	1Q/ FY ending March 31, 2025 (Apr. 1, 2024 - June 30, 2024)
Net sales	**20,923**	**23,890**
Cost of sales	**17,027**	**20,049**
Gross profit	**3,896**	**3,841**
Selling, general and administrative expenses		
Advertising expenses	437	461
Salaries, allowances and bonuses	988	941
Provision for bonuses	82	92
Retirement benefit expenses	28	23
Provision for directors' retirement benefits	13	-
Other	1,057	1,045
Total selling, general and administrative expenses	**2,608**	**2,563**
Operating income	**1,287**	**1,278**
Non-operating income		
Interest income	0	0
Dividend income	0	0
Penalty income	6	2
Subsidy income	0	0
Other	5	4
Total non-operating income	**12**	**7**
Non-operating expenses		
Interest expenses	12	12
Other	1	2
Total non-operating expenses	**14**	**15**
Ordinary income	**1,286**	**1,271**
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	34	-
Total extraordinary losses	**34**	-
Income before income taxes	**1,252**	**1,271**
Income taxes-current	349	277
Income taxes-deferred	86	148
Total income taxes	**436**	**425**
Net income	815	845
Net income attributable to shareholders of parental company	**815**	**845**

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-Month Consolidation Period)

(Millions of yen)

	1Q/ FY ended March 31, 2024 (Apr. 1, 2023 - June 30, 2023)	1Q/ FY ending March 31, 2025 (Apr. 1, 2024 - June 30, 2024)
Net income	**815**	**845**
Other comprehensive income		
Valuation difference on marketable securities	19	(29)
Remeasurements of defined benefit plans, net of tax	0	(2)
Total of other comprehensive income	**20**	**(31)**
Comprehensive income	**835**	**813**
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	835	813
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes Regarding Quarterly Consolidated Financial Statements

(Notes on Changes in Accounting Principles)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter "the 2022 Revised Accounting Standard"), etc. from the beginning of the consolidated first quarter under review.

In the amendment of "taxes on other comprehensive income," a corporate-tax accounting category, the Company follows the transitional treatment in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment in the proviso of Paragraph 65-2 (2) of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter "the 2022 Revised Guidance"). However, these changes in accounting principles have no effect on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries arising from transactions between consolidated companies were deferred for tax purposes, the 2022 Revised Guidance has been applied from the beginning of the consolidated first quarter under review. These changes in accounting principles were applied retrospectively. Accordingly, the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been modified retrospectively. However, these changes in accounting principles have no effect on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information, etc.)

Segment Information

I. For the Three Months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

1. Information on the amount of sale and profit or loss for reported segments along with the breakdown of revenue

(Millions of yen)

	Reported segment					Other segments (Note) 1	Total	Adjustment (Note) 2	Amounts shown on Quarterly Consolidated Statement of Income (Note) 3
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Subtotal				
Net sales									
Newly-built condominiums	3,597	-	-	-	3,597	-	3,597	-	3,597
Pre-owned condominiums	12,545	-	-	-	12,545	-	12,545	-	12,545
Other	14	906	1,982	251	3,153	-	3,153	-	3,153
Revenue from contracts with customers	16,157	906	1,982	251	19,297	-	19,297	-	19,297
Other revenue (Note) 4	1,561	52	-	-	1,614	12	1,626	-	1,626
Net sales to external customers	17,718	958	1,982	251	20,911	12	20,923	-	20,923
Inter-segment sales or exchange	3	84	10	7	106	-	106	(106)	-
Total	17,722	1,042	1,993	259	21,018	12	21,030	(106)	20,923
Segment profit (loss)	978	264	79	(43)	1,279	7	1,286	0	1,287

(Notes) 1. “Other segments” are business segments that are not included in the reported segments. These include the financial-services business.

2. The adjustment of segment profit (loss) of ¥0 million includes negative ¥337 million in elimination of inter-segment transactions, Company-wide revenue of ¥400 million and Company-wide expenses of negative ¥61 million not allocated to each reported segments, and adjustment of inventories and non-current assets of negative ¥0 million. The elimination of inter-segment transactions mainly consists of the elimination of dividends from consolidated subsidiaries to the Company, Company-wide revenue is mainly the dividend income stated above, and Company-wide expenses are mainly general and administrative expenses not attributed to reported segments.

3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statement of income.

4. Other revenue is mainly real estate rental income.

II. For the Three Months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

1. Information on the amount of sale and profit or loss for reported segments along with the breakdown of revenue

(Millions of yen)

	Reported segment					Other segments (Note) 1	Total	Adjustment (Note) 2	Amounts shown on Quarterly Consolidated Statement of Income (Note) 3
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Subtotal				
Net sales									
Newly-built condominiums	-	-	-	-	-	-	-	-	-
Pre-owned condominiums	19,617	-	-	-	19,617	-	19,617	-	19,617
Other	111	989	1,335	280	2,717	-	2,717	-	2,717
Revenue from contracts with customers	19,728	989	1,335	280	22,334	-	22,334	-	22,334
Other revenue (Note) 4	1,494	52	-	-	1,546	10	1,556	-	1,556
Net sales to external customers	21,222	1,041	1,335	280	23,880	10	23,890	-	23,890
Inter-segment sales or exchange	3	87	14	8	114	-	114	(114)	-
Total	21,226	1,128	1,350	289	23,995	10	24,005	(114)	23,890
Segment profit (loss)	980	283	50	(39)	1,274	4	1,278	(0)	1,278

(Notes) 1. "Other segments" are business segments that are not included in the reported segments. These include the financial-services business.

2. The adjustment of segment profit (loss) of negative ¥0 million includes negative ¥341 million in elimination of inter-segment transactions, Company-wide revenue of ¥400 million and Company-wide expenses of negative ¥57 million not allocated to each reported segments, and adjustment of inventories and non-current assets of negative ¥1 million. The elimination of inter-segment transactions mainly consists of the elimination of dividends from consolidated subsidiaries to the Company, Company-wide revenue is mainly the dividend income stated above, and Company-wide expenses are mainly general and administrative expenses not attributed to reported segments.

3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statement of income.

4. Other revenue is mainly real estate rental income.

(Notes in Event of Significant Changes in Shareholders' Equity)

None.

(Notes Regarding Going Concern)

None.

(Notes Regarding Quarterly Consolidated Statement of Cash Flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the consolidated first quarter under review. Depreciation in the consolidated first quarter (including amortization of intangible assets) is as follows.

	1Q/ FY ended March 31, 2024 (Apr. 1, 2023 - June 30, 2023)	1Q/ FY ending March 31, 2025 (Apr. 1, 2024 - June 30, 2024)
Depreciation	¥88 million	¥85 million