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Consolidated Financial Results for the Year Ended March 31, 2023("FY2022") [Japanese GAAP]

May 11, 2023

Company name: HASEKO Corporation Stock exchange listing: Tokyo Stock Exchange, Prime Market

Code number: 1808

URL: <https://www.haseko.co.jp/hc/>

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	1,027,277	12.9	90,162	9.0	88,265	7.8	59,326	8.9
FY2021	909,708	12.4	82,702	13.4	81,871	14.0	54,490	12.9

(Note) Comprehensive income: FY2022: ¥ 63,316 million [9.2%] FY2021: ¥ 57,958 million [8.8%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
FY2022	216.10	-	13.6	7.7	8.8
FY2021	198.32	-	13.4	8.0	9.1

(Reference) Equity in earnings (losses) of affiliated companies: FY2022: ¥ (12) million FY2021: ¥ (2) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	1,198,105	454,088	37.9	1,666.30
March 31, 2022	1,081,907	417,667	38.6	1,520.73

(Reference) Shareholder's Equity: As of March 31, 2023: ¥ 454,084 million As of March 31, 2022: ¥ 417,662 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 the end of period
	Million yen	Million yen	Million yen	Million yen
FY2022	(51,909)	(55,446)	50,785	208,333
FY2021	65,448	(31,601)	15,728	264,864

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2021	-	35.00	-	45.00	80.00	22,209	40.3	5.4
FY2022	-	40.00	-	40.00	80.00	22,209	37.0	5.0
FY2023 (Forecast)	-	40.00	-	40.00	80.00		39.3	

3. Consolidated Financial Results Forecast for FY2023

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2023	530,000	18.7	42,000	11.4	39,000	6.6	26,000	5.1	95.41
Full year	1,080,000	5.1	88,000	(2.4)	83,000	(6.0)	55,500	(6.4)	203.66

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common stocks)

1) Total number of issued shares at the end of the period (including treasury stocks):

March 31, 2023: 300,794,397 shares

March 31, 2022: 300,794,397 shares

2) Total number of treasury stocks at the end of the period:

March 31, 2023: 28,283,902 shares

March 31, 2022: 26,148,175 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2023: 274,537,924 shares

Fiscal Year ended March 31, 2022: 274,765,147 shares

(Note) The number of treasury stocks above includes shares held as the trust assets for the Board Benefit Trust (BBT) and the Employee Stock Ownership Plan (ESOP).

Shares of the Company's own stock held in BBT and ESOP trust accounts are included in treasury stock subtracted from the calculation of the average number of shares during the period.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	706,162	11.9	53,875	(4.3)	62,491	(2.6)	45,552	0.2
FY2021	630,859	12.0	56,278	3.0	64,175	(0.6)	45,457	(3.7)

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY2022	165.92		-	
FY2021	165.44		-	

(2) Non-consolidated Financial Position

As of	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
March 31, 2023	987,770		373,417		37.8		1,370.29	
March 31, 2022	888,509		356,487		40.1		1,297.99	

(Reference) Shareholder's Equity: As of March 31, 2023: ¥ 373,417 million
As of March 31, 2022: ¥ 356,487 million

2. Non-consolidated Financial Results Forecast for FY2023

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Six months ended September 30, 2023	380,000	21.7	30,000	13.5	39,000	13.8	30,000	14.3	110.09	
Full year	730,000	3.4	56,000	3.9	66,000	5.6	48,000	5.4	176.14	

This report is not subject to audit procedures by certified public accountants or audit firms.

Explanation regarding appropriate use of forecasts, and other specific comments

The forecasts contained herein are based on information available as of the date of this announcement, and the actual results may differ materially from forecasts due to various factors.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the year ended March 31, 2023

In the fiscal year ended March 31, 2023, the Japanese economy is expected to pick up, partly due to the effects of various policies under the situation of coexisting with COVID-19. However, amid continued global monetary tightening and other factors, a downturn in overseas economies may put downward pressure on the Japanese economy. We also need to pay close attention to the effects of rising prices, supply constraints, and fluctuations in the financial and capital markets.

New supply of condominium units in the fiscal year ended March 2023 stood at 28,632 units (down 12.9% year on year) in the Tokyo metropolitan area and 17,252 units (down 5.0% year on year) in the Kinki area. The number of units supplied in the Tokyo metropolitan area fell below 30,000 for the first time in two years due to a narrowing of the number of times supplied and the number of units per supply. The number of units supplied in the Kinki area also decreased due to the same reason of Tokyo metropolitan area. Both for families (down 4.7% year on year) and studio apartments (6.4% down year on year) decreased. The upward trend of the unit price and the average market price continues both in the Tokyo metropolitan area and in the Kinki area. The unit price increased to 1,039 thousand yen/m² (up 9.0% year on year) and the average market price increased to 69.07 million yen (up 8.6% year on year) in the Tokyo metropolitan area, surpassing the records for fiscal year 2021 (953 thousand yen/m² and 63.60 million yen) and reaching a record high two years in a row. The unit price increased to 775 thousand yen/m² (up 2.1% year on year) and the average market price increased to 46.79 million yen (up 0.6% year on year) in the Kinki area. The unit price reached a record high for the second consecutive year, and the average price remained at the highest level since fiscal year 1991 (54.64 million yen). Sales are favorable both in the Tokyo metropolitan area and the Kinki area amid rising unit prices and average market prices. The initial-month sales rate was 70.7% in the Tokyo metropolitan area and the number of for-sale units being marketed as of the end of March 2023 decreased to 5,189 (down 11.8% year on year) because the inventory sales were also favorable. The initial-month sales rate was 70.9% in the Kinki area and the number of for-sale units being marketed as of the end of March 2023 decreased to 3,476 (down 6.4% year on year).

Under such circumstances, for the fiscal year ended under review, which represented the third year of the “Haseko Next Stage Plan” (Plan NS), the Company’s medium-term business plan, net sales reached a record high to 1,027.3 billion yen because real estate sales increased significantly. Ordinary income exceeded the initial forecast of 85.0 billion yen and reached 88.3 billion yen because sales of new for-sale condominiums by consolidated subsidiaries in the Real Estate-Related Business progressed smoothly and each subsidiary of Service-Related Business steadily accumulated profits.

Consolidated Operating Results

(Yen in billions)

	Fiscal year ended March 31,		Increase or Decrease	Ratio of change
	2022	2023		
Net Sales	909.7	1,027.3	117.6	12.9%
Operating income	82.7	90.2	7.5	9.0%
Ordinary income	81.9	88.3	6.4	7.8%
Net income attributable to owners of the parent	54.5	59.3	4.8	8.9%

Non-Consolidated Operating Results

(Yen in billions)

	Fiscal year ended March 31,		Increase or Decrease	Ratio of change
	2022	2023		
Net Sales	630.9	706.2	75.3	11.9%
Operating income	56.3	53.9	(2.4)	(4.3%)
Ordinary income	64.2	62.5	(1.7)	(2.6%)
Net income	45.5	45.6	0.1	0.2%
Orders	472.3	481.3	9.0	1.9%

For the fiscal year ended March 2023, net sales were up 12.9% year on year at 1,027.3 billion yen because an increase in a transaction volume of real estate for the purpose of receiving construction orders by the Company and an increase in a transaction volume of real estate by consolidated subsidiaries. Mainly due to an increase in the gross profit of real estate sales, operating income was up 9.0% year on year at 90.2 billion yen, ordinary income was up 7.8% year on year at 88.3 billion yen, and net income attributable to owners of parents was up 8.9% year on year at 59.3 billion yen. The operating income ratio was 8.8% (down by 0.3 percentage points year on year) and ordinary income ratio came to 8.6% (down by 0.4 percentage points year on year).

Operating results by reportable segment are as follow:

	Billions of yen							
	Construction-Related business		Real estate-Related Business		Service-Related business		Overseas-Related business	
Net Sales	746.7	(+100.2)	116.4	(+8.3)	233.2	(+22.1)	0.0	(+0.0)
Segment income	66.9	(+3.7)	19.1	(+3.5)	14.9	(+1.7)	-2.9	(+1.5)

Figures in parentheses show the amount of increase or decrease from the same period of the previous fiscal year

(Construction-related business)

For construction works, projects owners have had high regard for the Company's ability in gathering land information as well as product planning, its attitude regarding construction quality and maintaining construction schedules, efficient production system, and such. Meanwhile, the gross profit margin of completed construction contracts lowered due to higher costs of materials and labor, among other factors.

In terms of orders for new construction of for-sale condominiums, the Company won orders for 95 projects in total throughout Japan consisting of 64 in the Tokyo metropolitan area including 18 large projects of at least 200 units and 31 in the Kinki and Tokai areas including 9 large projects of at least 200 units. In addition, aside from construction of for-sale condominiums, the Company received orders for 17 projects for rental housing, etc.

As for construction completion, the Company completed construction of 96 projects including 9 projects for rental housing, etc.

The segment posted sales of 746.7 billion yen, a year-on-year increase of 15.5%, because real estate sales increased due to the increase in the transaction volume of lands for the purpose of receiving construction orders by the Company. Operating income was 66.9 billion yen, a year-on-year increase of 5.8%, because of the increase in the profit of real estate sales despite the decrease in the gross profit of completed construction contracts due to the lowered gross profit margin of it.

(Real estate-related Business)

The segment posted sales of 116.4 billion yen, a year-on-year increase of 7.7%, and operating income of 19.1 billion yen, a year-on-year increase of 22.1% because huge projects of new for-sale condominiums were delivered and other projects were also sold smoothly by consolidated subsidiaries.

(Service-related Business)

Sales and profits for large-scale repair work and interior remodeling increased year on year, due to the volume of works increased and improved the gross profit margin.

In the management of rental condominiums and corporate housing management agency services, the number of units Haseko operates reached a combined total of 181,262 units, an increase of 3.6% from the end of the previous fiscal year, due to a steady increase in new consignment of these services and continuation of ongoing consignment.

In consignment sales of newly built condominiums, sales were strong, especially in the Tokyo metropolitan area, but the number of delivered units failed to reach the high level of the previous year.

In real estate brokerage operations, the number of brokered units and the number of sold units in the renovation business both increased year on year.

In for-sale condominium management operations, the number of units the Haseko Group is consigned to manage reached 427,900 units (up 2.1% year on year) with new consignment growing steady.

In the senior services business, the number of paid facilities for the elderly and housing for elderly in operation totaled 2,362 units (up 2.8% year on year) mainly as a result of progress seen in move-ins to paid facilities for the elderly and housing for elderly.

The segment posted sales of 233.2 billion yen, a year-on-year increase of 10.5%, and operating income of 14.9 billion yen, a year-on-year increase 12.8%.

(Overseas-related business)

New for-sale detached housing business and developing commercial facilities have been in progress in Oahu, Hawaii. A complex facility has opened in the resort area in March, 2023.

The segment posted sales of 0.0 billion yen (the sales were 0.0 billion yen in the previous fiscal year), and operating loss of 2.9 billion yen (in contrast to operating loss of 4.3 billion yen in the previous fiscal year).

(2) Financial Position

Total assets at the end of the consolidated fiscal year ended March 2023 increased by 116.2 billion yen from the end of the previous fiscal year to 1,198.1 billion yen. This is attributable to increases in real estate for sale and costs and advances for real estate operations in accordance with the investing in lands for the purpose of receiving construction orders and new for-sale condominiums business.

Total liabilities were 744.0 billion yen, an increase of 79.8 billion yen from the end of the previous fiscal year. This is attributable to borrowing of debt and issuing corporate bonds.

Consolidated net assets were 454.1 billion yen, an increase of 36.4 billion yen from the end of the previous fiscal year, stemming from such factors as increase in retained earnings due to the recording of net income attributable to owners of parent despite decrease by the payment of cash dividends and purchase of treasury stock.

As a result, the equity ratio was 37.9% compared with 38.6% at the end of the previous fiscal year.

	As of March 31,		Increase or Decrease	Ratio of change
	2022	2023		
Total assets	1,081.9	1,198.1	116.2	10.7%
Interest-bearing debt	312.1	391.8	79.6	25.5%
Net assets	417.7	454.1	36.4	8.7%

(3) Cash Flows

Net cash used in operating activities in the fiscal year ended March 2023 was 51.9 billion yen, a decrease of 117.4 billion yen in income compared with the net cash provided by operating activities totaling 65.4 billion yen in the previous fiscal year. Major factors included a decrease of 97.4 billion yen in cash in accordance with an increase in inventories (in contrast to a decrease of 40.0 billion yen in cash for the previous year.)

Net cash used in investing activities in the fiscal year under review was 55.4 billion yen, a decrease of 23.8 billion yen in income compared with the net cash used in investing activities totaling 31.6 billion yen in the previous fiscal year. Major factors included a decrease of 35.4 billion yen in cash in accordance with purchase of property, equipment and intangible assets (in contrast to a decrease of 26.8 billion yen in cash for the previous fiscal year.)

Net cash provided by financing activities in the fiscal year ended March 2023 was 50.8 billion yen, an increase of 35.1 billion yen in income compared with the net cash provided by financing activities totaling 15.7 billion yen in the previous fiscal year. Major factors included an increase of 79.7 billion yen in cash as a result of newly borrowing of debt and issuance of corporate bonds as well as repayment (in contrast to an increase of 40.1 billion yen in cash for the previous year.)

As a result of the above, the balance of cash and cash equivalents at the end of the consolidated fiscal year totaled 208.3 billion yen, a decrease of 56.5 billion yen from 264.9 billion yen at the end of the previous consolidated fiscal year.

	Fiscal year ended March 31,		Increase or decrease
	2022	2023	
Net cash provided by operating activities	65.4	(51.9)	(117.4)
Net cash used in investing activities	(31.6)	(55.4)	(23.8)
Net cash used in financing activities	15.7	50.8	35.1
Cash and cash equivalents at end of year	264.9	208.3	(56.5)

Reference:

	As of March 31,2021	As of March 31,2022	As of March 31,2023
Equity ratio (%) (*1)	41.4	38.6	37.9
Total market value of Haseko's shares to total assets (%) (*2)	44.9	35.7	35.0
Interest-bearing debt to net cash provided by operating activities (years) (*3)	8.4	4.8	—
Interest coverage ratio (times) (*4)	24.4	40.5	—

(Notes)

*1. Equity ratio: Shareholder's equity divided by total assets

*2. Total market value of Haseko's shares to total assets: Total market value of Haseko's shares (1) divided by total assets

*3. Interest-bearing debt to net cash provided by operating activities: Interest-bearing debt (2) divided by net cash provided by operating activities

*4. Interest coverage ratio: Net cash provided by operating activities divided by interest payments (3)

(1) Total market value: Closing stock price at fiscal year end (TSE) multiplied by the number of shares issued at fiscal year end (excluding treasury stock)

(2) Interest-bearing debt covers all interest-bearing debt recorded on the consolidated balance sheet that pays interest.

(3) Interest payments: "Interests expenses" on the consolidated statements of cash flows

2.Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and bank deposits	266,891	206,644
Notes and accounts receivable, trade	147,945	169,150
Marketable securities	576	4,613
Costs on uncompleted construction contracts	11,379	12,061
Real estate for sale	165,818	216,966
Costs and advances for real estate operations	176,887	212,591
Real estate for development projects	26,027	30,315
Other	14,642	16,929
Allowance for doubtful accounts	(84)	(70)
Total current assets	810,079	869,199
Fixed assets		
Property and equipment		
Buildings and structures	83,854	98,263
Machinery, vehicles, equipment and furniture	10,239	11,131
Land	96,325	116,645
Leased assets	1,203	1,197
Construction in progress	13,956	18,448
Other	-	22
Accumulated depreciation	(31,396)	(34,087)
Total property and equipment	174,182	211,618
Intangible assets		
Land leasehold rights	1,895	1,896
Goodwill	2,387	2,184
Other	5,810	6,083
Total intangible assets	10,092	10,163
Investments and other assets		
Investment securities	43,125	61,218
Long-term loans receivable	2,333	3,692
Net defined benefit asset	20,416	18,407
Deferred tax assets	8,918	10,751
Other	13,548	13,856
Allowance for doubtful accounts	(787)	(799)
Total investments and other assets	87,554	107,124
Total fixed assets	271,828	328,906
Total assets	1,081,907	1,198,105

(Million yen)

	As of March 31,2022	As of March 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable	86,480	93,246
Electronically recorded obligations	55,562	63,896
Short -term borrowings	-	31,500
Current portion of long-term debt	31,841	10,000
Current portion of bonds payable	-	20,000
Income taxes payable	16,495	19,152
Advances received on uncompleted construction contracts	25,472	28,631
Advances received for real estate sales	38,095	27,245
Warranty	5,487	4,351
Allowance for losses on construction contracts	384	506
Accrued bonuses for employees	5,322	5,515
Accrued bonuses for director	157	180
Other	85,249	74,580
Total current liabilities	350,543	378,802
Long-term liabilities		
Straight bonds	90,000	100,000
Long-term debt	190,000	230,000
Provision for loss on litigation	2,484	2,819
Provision for employee stock ownership plan	3,446	4,059
Provision for board benefit trust	421	491
Liability for retirement benefit	1,446	1,630
Deferred tax liabilities	18	17
Other	25,883	26,199
Total long-term liabilities	313,697	365,215
Total liabilities	664,240	774,016
Net assets		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	392,149	427,878
Treasury shares	(34,333)	(37,630)
Total shareholders' equity	422,689	455,121
Accumulated other comprehensive income		
Net unrealized gain(loss) on other securities	2,358	711
Translation adjustment	(2,180)	5,241
Retirement benefits liability adjustments	(5,205)	(6,989)
Total accumulated other comprehensive income	(5,027)	(1,037)
Non-controlling interests	5	4
Total net assets	417,667	454,088
Total liabilities and net assets	1,081,907	1,198,105

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net sales		
Construction contracts	482,866	502,361
Design and supervision	11,262	11,845
Leasing and management	85,416	86,565
Real estate sales	312,576	408,540
Others	17,588	17,965
Total net sales	909,708	1,027,277
Cost of sales		
Construction contracts	399,910	419,087
Design and supervision	5,719	5,460
Leasing and management	66,160	67,237
Cost of sales - real estate	274,439	358,615
Others	15,171	15,569
Total cost of sales	761,399	865,968
Gross profit		
Construction contracts	82,956	83,274
Design and supervision	5,543	6,385
Leasing and management	19,255	19,329
Real estate sale	38,137	49,925
Others	2,417	2,396
Total gross profit	148,309	161,309
Selling, general and administrative expenses	65,607	71,147
Operating income	82,702	90,162
Non-operating income		
Interest income	84	97
Dividend income	1,142	374
Subsidy income	164	241
Other	1,015	1,188
Total non-operating income	2,405	1,901
Non-operating expenses		
Interest expenses	1,675	1,919
Equity in losses of affiliates	2	12
Incidental expenses for loan	1,465	1,486
Other	96	380
Total non-operating expenses	3,237	3,798
Ordinary income	81,871	88,265

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Special income		
Gain on sale of property and equipment	3	11
Gain on sale of investment securities	218	13
Subsidy income	-	45
Other	3	-
Total special income	224	68
Special losses		
Loss on disposal of property and equipment	66	104
Impairment loss on fixed assets	166	347
Impairment loss on investment securities	36	500
Other	3	41
Total special losses	270	991
Income before income taxes	81,825	87,342
Income taxes - current	25,478	29,115
Income taxes - deferred	1,857	(1,098)
Total income taxes	27,335	28,016
Net income	54,490	59,326
Net income attributable to non-controlling interests	(0)	(0)
Net income attributable to owners of parent	54,490	59,326

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net income	54,490	59,326
Other comprehensive income		
Net unrealized gain(loss) on other securities	(1,897)	(1,646)
Translation adjustments	5,140	7,421
Retirement benefits liability adjustments	225	(1,784)
Total other comprehensive income	3,468	3,990
Comprehensive income	57,958	63,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	57,958	63,316
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	57,500	7,373	369,335	(31,353)	402,855
Cumulative effects of changes in accounting policies			(11,881)		(11,881)
Restated balance	57,500	7,373	357,454	(31,353)	390,973
Changes during period					
Cash dividend			(19,503)		(19,503)
Net income attributable to owners of parent			54,490		54,490
Purchase of treasury stock				(3,087)	(3,087)
Disposal of treasury stock		0		108	108
Change in scope of consolidation			(292)		(292)
Net changes in items other than those in shareholders' equity					-
Total changes during period	-	0	34,695	(2,979)	31,716
Balance at end of period	57,500	7,373	392,149	(34,333)	422,689

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	4,254	(7,320)	(5,429)	(8,495)	5	394,365
Cumulative effects of changes in accounting policies						(11,881)
Restated balance	4,254	(7,320)	(5,429)	(8,495)	5	382,483
Changes during period						
Cash dividend						(19,503)
Net income attributable to owners of parent						54,490
Purchase of treasury stock						(3,087)
Disposal of treasury stock						108
Change in scope of consolidation						(292)
Net changes in items other than those in shareholders' equity	(1,897)	5,140	225	3,468	(0)	3,468
Total changes during period	(1,897)	5,140	225	3,468	(0)	35,183
Balance at end of period	2,358	(2,180)	(5,205)	(5,027)	5	417,667

For the fiscal year ended March 31,2023

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	57,500	7,373	392,149	(34,333)	422,689
Cumulative effects of changes in accounting policies					-
Restated balance	57,500	7,373	392,149	(34,333)	422,689
Changes during period					
Cash dividend			(23,597)		(23,597)
Net income attributable to owners of parent			59,326		59,326
Purchase of treasury stock				(3,532)	(3,532)
Disposal of treasury stock				234	234
Change in scope of consolidation					-
Net changes in items other than those in shareholders' equity					-
Total changes during period	-	-	35,729	(3,297)	32,432
Balance at end of period	57,500	7,373	427,878	(37,630)	455,121

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	2,358	(2,180)	(5,205)	(5,027)	5	417,667
Cumulative effects of changes in accounting policies						-
Restated balance	2,358	(2,180)	(5,205)	(5,027)	5	417,667
Changes during period						
Cash dividend						(23,597)
Net income attributable to owners of parent						59,326
Purchase of treasury stock						(3,532)
Disposal of treasury stock						234
Change in scope of consolidation						-
Net changes in items other than those in shareholders' equity	(1,646)	7,421	(1,784)	3,990	(0)	3,989
Total changes during period	(1,646)	7,421	(1,784)	3,990	(0)	36,422
Balance at end of period	711	5,241	(6,989)	(1,037)	4	454,088

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from operating activities		
Income before income taxes	81,825	87,342
Depreciation	5,895	6,179
Impairment loss on fixed assets	166	347
Amortization of goodwill	203	203
Provision (reversal) of allowance for doubtful accounts	(16)	(3)
Increase (decrease) in provision for loss on litigation	(26)	(28)
Interest and dividend income	(1,226)	(471)
Interest expenses	1,675	1,919
Equity in earnings of affiliates	2	12
Loss (gain) on sale of investment securities	(218)	(13)
Impairment loss on investment securities	36	500
Loss (gain) on disposal of property an equipment	63	93
Valuation loss on inventories	5,034	1,631
Decrease (increase) in notes and accounts receivables	(15,390)	(21,210)
Decrease (increase) in costs on uncompleted construction contracts	(605)	(682)
Decrease (increase) in inventories	(40,023)	(97,363)
Increase (decrease) in notes, accounts payable and accrued expenses	(7)	15,056
Increase (decrease) in amounts received for uncompleted construction contracts	4,187	3,159
Increase (decrease) in deposits	11,294	(5,367)
Other, net	37,582	(13,671)
Subtotal	90,450	(22,365)
Interest and dividends received	1,229	470
Interest paid	(1,617)	(1,888)
Income taxes paid	(24,614)	(28,126)
Net cash provided by (used in) operating activities	65,448	(51,909)
Cash flows from investing activities		
Payment for purchase of securities	(576)	(659)
Proceeds from redemption of securities	576	659
Purchase of property, equipment and intangible assets	(26,806)	(35,447)
Proceeds from sale of property, equipment and intangible assets	12	60
Payment for purchase of investment securities	(6,379)	(18,365)
Proceeds from sale of investment securities	1,031	42
Loan advances	(11,665)	(16,509)
Proceeds from collection of loans receivable	12,076	15,263
Payments of leasehold and guarantee deposits	(904)	(1,123)
Proceeds from refund of leasehold and guarantee deposits	960	729
Other, net	74	(96)
Net cash provided by (used in) investing activities	(31,601)	(55,446)

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	31,500
Increase in long-term debt	50,000	50,000
Repayments of long-term debt	(9,882)	(31,841)
Bonds issuance	-	30,000
Purchase of treasury stock	(3,087)	(3,538)
Incidental expenses for loan	(1,461)	(1,469)
Cash dividends paid	(19,503)	(23,597)
Other, net	(339)	(270)
Net cash provided by (used in) financing activities	15,728	50,785
Effect of exchange rate change on cash and cash equivalents	982	39
Net increase (decrease) in cash and cash equivalents	50,558	(56,531)
Cash and cash equivalents at beginning of period	214,299	264,864
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	7	-
Cash and cash equivalents at end of period	264,864	208,333

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement, Etc.)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), from the beginning of the fiscal year ended March 31, 2023. The Company has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is little impact of application of the Implementation Guidance on Accounting Standard for Fair Value Measurement on consolidated financial statements for the fiscal year ended March 31, 2023.

(Segment information)

Overview of Segment information

The reportable segments of the Company are components for which discrete financial information is available and which are subject to periodic review in order for the Board of Directors to decide on resource allocation and to assess performance.

The Company group operates its business with any housing related business being at the core. An organizational unit comprises of several business groups with common business/operation targets and responsibilities in certain business domain. The Company has "Construction-Related business," which primarily targets the market for new housing supply, etc., "Real Estate-Related Business," which primarily engages in the real estate for sale and real estate leasing, "Service-Related Business," which primarily deals with existing residences and "Overseas-Related Business," which engages in the development and sales of real estate overseas as reportable segments.

FY2021(April 1, 2021- March 31, 2022)

(Millions of Yen)

	Reportable Segments				Total	Adjustments and eliminations (Note 1,2)	Consolidated
	Construction-related business	Real estate-related business	Service-related business	Overseas-related business			
Net sales							
Sales to third parties	600,805	107,330	201,563	11	909,708	—	909,708
Inter-segment sales and transfer	45,654	801	9,520	—	55,975	(55,975)	—
Total	646,459	108,131	211,083	11	965,683	(55,975)	909,708
Segment income(loss)	63,283	15,614	13,212	(4,349)	87,760	(5,058)	82,702
Segment assets	353,778	331,653	202,994	67,880	956,305	125,602	1,081,907
Other items							
Depreciation	1,555	1,930	2,321	10	5,817	78	5,895
Investment in equity-method affiliates	—	—	—	4,510	4,510	—	4,510
Capital expenditures	941	17,330	2,752	5,305	26,328	168	26,495

Note 1 : Adjustment and eliminations for segment income include (971) million yen of elimination of inter-segment transactions and(4,086) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

Note 2 : Adjustment and eliminations for segment assets include (16,123) million yen of elimination of receivables stemming from inter-segment transactions and 141,725 million yen of corporate assets. Corporate assets are primarily comprised of cash and cash deposits of the Company.

Note 3 : Segment income (loss) has been adjusted with operating income in the consolidated statement of income.

	Reportable Segments				Total	Adjustments and eliminaions (Note 1,2)	Consolidated
	Construction- related business	Real estate- related business	Service- related business	Overseas- related business			
Net sales							
Sales to third parties	689,187	115,910	222,147	33	1,027,277	—	1,027,277
Inter-segment sales and transfer	57,481	518	11,067	—	69,067	(69,067)	—
Total	746,668	116,429	233,214	33	1,096,343	(69,067)	1,027,277
Segment income(loss)	66,939	19,071	14,907	(2,893)	98,025	(7,863)	90,162
Segment assets	390,563	423,995	232,063	99,928	1,146,548	51,556	1,198,105
Other items							
Depreciation	1,661	1,983	2,425	28	6,098	81	6,179
Investment in equity-method affiliates	—	—	—	14,184	14,184	—	14,184
Capital expenditures	1,381	24,724	3,974	5,374	35,452	(46)	35,406

Note 1 : Adjustment and eliminations for segment income include (2,580) million yen of elimination of inter-segment transactions and(5,283) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

Note 2 : Adjustment and eliminations for segment assets include (25,515) million yen of elimination of receivables stemming from inter-segment transactions and 77,071 million yen of corporate assets. Corporate assets are primarily comprised of cash and cash deposits of the Company.

Note 3 : Segment income (loss) has been adjusted with operating income in the consolidated statement of income.

3. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and bank deposits	137,942	73,537
Notes receivable – trade	3,544	3,490
Accounts receivable from completed construction contracts	112,508	114,068
Accounts receivable leasing	280	326
Accounts receivable - real estate business	183	184
Costs on uncompleted construction contracts	7,498	8,046
Real estate for sale	119,473	154,103
Costs and advances for real estate operations	34,976	38,978
Raw materials and supplies	32	62
Prepaid expenses	2,687	2,565
Other	18,989	10,935
Allowance for doubtful accounts	(37)	(24)
Total current assets	438,074	406,271
Fixed assets		
Property and equipment		
Buildings	39,364	46,417
Accumulated depreciation	(6,114)	(7,391)
Buildings, net	33,250	39,025
Structures	1,825	2,057
Accumulated depreciation	(788)	(866)
Structures, net	1,037	1,191
Machinery and equipment	1,683	2,050
Accumulated depreciation	(942)	(1,078)
Machinery and equipment, net	742	972
Tools, furniture and fixtures	3,914	3,913
Accumulated depreciation	(2,721)	(2,850)
Tools, furniture and fixtures, net	1,193	1,064
Land	70,229	80,009
Leased assets	238	236
Accumulated depreciation	(147)	(164)
Leased assets, net	91	72
Construction in progress	4,287	2,167
Total property and equipment	110,830	124,500
Intangible assets		
Land leasehold rights	26	26
Software	4,140	3,363
Intangible assets in progress	634	1,384
Other	30	91
Total intangible assets	4,830	4,863

(Million yen)

	As of March 31,2022	As of March 31,2023
Investments and other assets		
Investment securities	19,204	22,221
Shares of subsidiaries and associates	151,538	171,884
Investments in other securities of subsidiaries and associates	570	570
Investments in capital	1	1
Long-term loans receivable	19	19
Long-term loans receivable from subsidiaries and associates	140,169	233,478
Distressed receivables	484	484
Long-term prepaid expenses	59	70
Prepaid pension costs	17,098	17,420
Deferred tax assets	288	707
Other	6,053	5,986
Allowance for doubtful accounts	(707)	(706)
Total investments and other assets	334,776	452,136
Total non-current assets	450,435	581,499
Total assets	888,509	987,770
Liabilities		
Current liabilities		
Notes payable – trade	7,565	6,879
Electronically recorded obligations - operating	52,846	60,888
Accounts payable for construction contracts	54,540	58,027
Accounts payable - real estate business	2,841	2,037
Short-term borrowings	-	31,500
Current portion of long-term debt	31,205	10,000
Current portion of bonds payable	-	20,000
Lease liabilities	52	35
Accounts payable – other	3,804	2,254
Accrued expenses	3,370	4,025
Income taxes payable	14,854	10,373
Advances received on uncompleted construction contracts	25,920	29,699
Deposits received - real estate business	30,834	25,757
Deposits received	1,493	6,344
Unearned revenue	233	241
Warranty	4,502	3,463
Allowance for losses on construction contracts	360	502
Accrued bonuses for employees	2,276	2,401
Accrued bonuses for director	157	180
Other	10,439	4,280
Total current liabilities	247,292	278,883
Long-term liabilities		
Straight bonds	90,000	100,000
Long-term debt	190,000	230,000
Lease liabilities	48	45
Provision for employee stock ownership plan	2,018	2,333
Provision for board benefit trust	162	224
Asset retirement obligations	76	78
Other	2,426	2,790
Total long-term liabilities	284,730	335,470
Total liabilities	532,021	614,353

(Million yen)

	As of March 31,2022	As of March 31,2023
Net assets		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus		
Legal capital surplus	7,500	7,500
Other capital surplus	0	0
Total capital surplus	7,500	7,500
Retained earnings		
Legal retained earnings	6,875	6,875
Other retained earnings		
Retained earnings brought forward	317,110	339,065
Total retained earnings	323,985	345,940
Treasury stock	(34,333)	(37,630)
Total shareholders' equity	354,653	373,310
Valuation and translation adjustments		
Net unrealized gain(loss) on other securities	1,834	107
Total valuation and translation adjustments	1,834	107
Total net assets	356,487	373,417
Total liabilities and net assets	888,509	987,770

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net sales		
Construction contracts	405,959	425,654
Commissioned work	5,155	6,439
Design and supervision	12,146	13,147
Lease rentals of buildings	5,613	5,508
Real estate sales	201,986	255,412
Total net sales	630,859	706,162
Cost of sales		
Construction contracts	336,727	357,251
Commissioned work	1,707	2,043
Design and supervision	6,112	6,065
Lease rentals of buildings	3,976	3,771
Real estate sales	187,665	241,613
Total cost of sales	536,187	610,743
Gross profit		
Construction contracts	69,232	68,403
Commissioned work	3,447	4,396
Design and supervision	6,035	7,083
Lease rentals of buildings	1,637	1,737
Real estate sales	14,321	13,799
Total gross profit	94,673	95,418
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	482	499
Employees' salaries and allowances	8,774	9,001
Provision for bonuses	957	1,022
Provision for bonuses for directors (and other officers)	157	180
Provision for employee stock ownership plan	195	222
Provision for board benefit trust	45	62
Retirement benefit expenses	317	330
Legal welfare expenses	1,439	1,489
Welfare expenses	1,286	1,141
Repair and maintenance expenses	778	880
Stationery expenses	810	874
Communication and transportation expenses	732	888
Power utilities expenses	173	252
Research study expenses	3,155	2,489
Advertising expenses	2,346	3,984
Provision of allowance for doubtful accounts	2	(13)
Entertainment expenses	521	796
Donations	188	111
Rent expenses on land and buildings	2,153	2,236
Depreciation	1,910	2,166
Taxes and dues	3,142	3,491
Insurance expenses	187	188
Miscellaneous expenses	8,648	9,254
Total selling, general and administrative expenses	38,395	41,543
Operating income	56,278	53,875

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Non-operating income		
Interest income	2,401	3,604
Dividend income	8,296	8,326
Other	683	811
Total non-operating income	11,380	12,740
Non-operating expenses		
Interest expenses	1,716	1,997
Incidental expenses for loan	1,464	1,486
Other	302	642
Total non-operating expenses	3,483	4,125
Ordinary income	64,175	62,491
Special income		
Gain on extinguishment of tie-in shares	-	414
Gain on sale of property and equipment	2	2
Gain on sale of investment securities	147	-
National subsidies	3	-
Total special income	152	416
Special losses		
Loss on retirement of fixed assets	5	66
Impairment loss on fixed assets	-	170
Loss on tax purpose reduction entry of fixed assets	3	-
Loss on valuation of other securities of subsidiaries and associates	-	500
Other	0	-
Total special losses	7	736
Net income before income taxes	64,320	62,171
Income taxes - current	17,988	17,086
Income taxes - deferred	874	(466)
Total income taxes	18,863	16,620
Net income	45,457	45,552

(3) Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward		
Balance at beginning of period	57,500	7,500	0	6,875	293,895	(31,353)	334,417
Cumulative effects of changes in accounting policies					(2,739)		(2,739)
Restated balance	57,500	7,500	0	6,875	291,156	(31,353)	331,678
Changes during period							
Dividends of surplus					(19,503)		(19,503)
Net income					45,457		45,457
Purchase of treasury stock						(3,087)	(3,087)
Disposal of treasury stock			0			108	108
Net changes in items other than shareholders' equity							-
Total changes during period	-	-	0	-	25,954	(2,979)	22,975
Balance at end of period	57,500	7,500	0	6,875	317,110	(34,333)	354,653

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	3,613	338,031
Cumulative effects of changes in accounting policies		(2,739)
Restated balance	3,613	335,292
Changes during period		
Dividends of surplus		(19,503)
Net income		45,457
Purchase of treasury stock		(3,087)
Disposal of treasury stock		108
Net changes in items other than shareholders' equity	(1,779)	(1,779)
Total changes during period	(1,779)	21,196
Balance at end of period	1,834	356,487

For the fiscal year ended March 31,2023

(Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward		
Balance at beginning of period	57,500	7,500	0	6,875	317,110	(34,333)	354,653
Cumulative effects of changes in accounting policies							-
Restated balance	57,500	7,500	0	6,875	317,110	(34,333)	354,653
Changes during period							
Dividends of surplus					(23,597)		(23,597)
Net income					45,552		45,552
Purchase of treasury stock						(3,532)	(3,532)
Disposal of treasury stock						234	234
Net changes in items other than shareholders' equity							-
Total changes during period	-	-	-	-	21,955	(3,297)	18,657
Balance at end of period	57,500	7,500	0	6,875	339,065	(37,630)	373,310

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	1,834	356,487
Cumulative effects of changes in accounting policies		-
Restated balance	1,834	356,487
Changes during period		
Dividends of surplus		(23,597)
Net income		45,552
Purchase of treasury stock		(3,532)
Disposal of treasury stock		234
Net changes in items other than shareholders' equity	(1,728)	(1,728)
Total changes during period	(1,728)	16,930
Balance at end of period	107	373,417

4. Non-consolidated Orders received, Net sales and Backlog

Orders, Net sales and Backlog

[Millions of Yen]

	For the fiscal year ended March 31, 2022		For the fiscal year ended March 31, 2023		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Private-sector condominium	374,470	(82.4%)	396,646	(86.1%)	22,176	5.9%
Rental condominiums, Company housing, etc	53,008	(11.6%)	45,461	(9.8%)	(7,547)	(14.2%)
Residence Total	427,477	(94.0%)	442,107	(95.9%)	14,629	3.4%
Non-Residence	10,513	(2.3%)	7,847	(1.7%)	(2,666)	(25.4%)
Others	16,562	(3.6%)	10,817	(2.4%)	(5,745)	(34.7%)
Construction Total	454,552	96.2%	460,771	95.7%	6,219	1.4%
Consulting Contracts	6,477	1.4%	6,996	1.5%	518	8.0%
Construction business	461,029	97.6%	467,766	97.2%	6,737	1.5%
Design and Supervision	11,285	2.4%	13,514	2.8%	2,229	19.7%
Orders Total	472,314	100.0%	481,280	100.0%	8,966	1.9%
Private-sector condominium	365,064	(89.9%)	358,709	(84.3%)	(6,355)	(1.7%)
Rental condominiums, Company housing, etc	16,453	(4.1%)	43,041	(10.1%)	26,587	161.6%
Residence Total	381,517	(94.0%)	401,750	(94.4%)	20,233	5.3%
Non-Residence	14,829	(3.7%)	9,179	(2.2%)	(5,650)	(38.1%)
Others	9,612	(2.4%)	14,725	(3.4%)	5,113	53.2%
Construction Total	405,959	95.9%	425,654	95.6%	19,696	4.9%
Consulting Contracts	5,155	1.2%	6,439	1.4%	1,285	24.9%
Construction business	411,113	97.1%	432,094	97.0%	20,980	5.1%
Design and Supervision	12,146	2.9%	13,147	3.0%	1,001	8.2%
Net Sales Total	423,260	100.0%	445,241	100.0%	21,981	5.2%
Private-sector condominium	531,264	(83.4%)	569,200	(84.7%)	37,936	7.1%
Rental condominiums, Company housing, etc	80,464	(12.6%)	82,884	(12.3%)	2,420	3.0%
Residence Total	611,728	(96.0%)	652,084	(97.0%)	40,357	6.6%
Non-Residence	10,021	(1.6%)	8,689	(1.3%)	(1,332)	(13.3%)
Others	15,470	(2.4%)	11,562	(1.7%)	(3,908)	(25.3%)
Construction Total	637,219	97.2%	672,335	97.2%	35,116	5.5%
Consulting Contracts	5,070	0.8%	5,627	0.8%	556	11.0%
Construction business	642,289	98.0%	677,962	98.0%	35,672	5.6%
Design and Supervision	13,283	2.0%	13,650	2.0%	367	2.8%
Backlog Total	655,573	100.0%	691,612	100.0%	36,039	5.5%

* The figures in parentheses refer to the proportion of Construction Total.