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August 9, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	54,043	4.9	7,240	18.1	8,434	14.6	7,914	62.9
June 30, 2023	51,510	9.9	6,128	17.8	7,360	10.9	4,859	5.6

Note: Comprehensive income For the three months ended June 30, 2024: ¥7,640 million [55.0%]
 For the three months ended June 30, 2023: ¥4,928 million [8.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	159.34	-
June 30, 2023	97.85	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	322,296	170,282	51.8	3,360.37
March 31, 2024	324,109	165,318	50.0	3,264.60

Reference: Equity
 As of June 30, 2024: ¥166,915 million
 As of March 31, 2024: ¥162,155 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	50.00	-	55.00	105.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		55.00	-	55.00	110.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Earnings Forecast of Consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	105,800	0.8	12,700	0.3	12,700	(12.9)	10,300	8.2	207.36
Full year	228,000	(2.3)	30,700	0.7	30,700	(8.1)	22,400	1.4	450.96

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2024	53,998,205 shares
As of March 31, 2024	53,998,205 shares

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

As of June 30, 2024	4,326,491 shares
As of March 31, 2024	4,327,274 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	49,671,751 shares
Three months ended June 30, 2023	49,667,675 shares

- * Review of the attached quarterly consolidated financial statements by a certified public accountant or an audit firm: Yes (optional).

- * Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements in this document are based on information available to the Company and on certain assumptions deemed reasonable by the Company. Actual results may differ significantly from these forecasts due to various factors. For assumptions underlying the forecasts and notes to the forecasts, refer to 1. Qualitative information related to this quarterly financial report, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements on page 7.

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1. Qualitative information related to this quarterly financial report

(1) Explanation of Operating Results

During the first quarter of the fiscal year under review, the domestic economy showed a moderate recovery, with consumption trends increasing due to the normalization of economic activities and improvements in the employment and income environment. However, the economic outlook remained uncertain due to the prolonged unstable international situation, rising prices caused by the weak yen, and soaring raw material and energy prices.

Under these circumstances, in the Tokyo metropolitan area and other major cities in Japan, the Group has aimed for stable and sustainable growth and business development together with its customers by providing one-stop services in real estate utilization, from construction, rental brokerage and real estate brokerage to real estate management, as well as by promoting cooperation among related businesses.

As of June 30, 2024, the number of managed real estate properties that provide a stable revenue base to the Group was as follows: 150,745 rental apartments, 101,601 monthly parking spaces, and 55,114 hourly parking spaces through the Navi Park service, and in the corporate housing management business, 110,051 housing units and 14,515 parking spaces (for 464 companies). By adding 4,117 condominium units and 675,783 units for the 24-hour emergency response service Access 24, we managed 940,696 housing units, 171,230 parking spaces and 2,669 buildings and facilities in total.

As of June 30, 2024, the PITAT HOUSE network of real estate brokerage outlets numbered 631 nationwide (114 Starts Group outlets and 517 network outlets). As for elderly assistance and childcare facilities, we operated 126 facilities as of June 30, 2024, and are preparing to open five facilities in the Tokyo metropolitan area.

As of June 30, 2024, in 34 cities in 21 countries (including countries and regions) around the world, our overseas offices have provided services tailored to the needs of each country, such as brokering offices and company housing for expatriates of Japanese companies seeking to expand overseas, brokering the purchase and sale of investment real estate, factories and other facilities, and managing rental offices, service apartments, and hotels.

As for sports and cultural activities, we sponsor the “Japan Table Tennis Team” and the “Kokoro no Gekijo” children's invitational performances and support the activities of our athletes in table tennis, golf, canoeing, skateboarding, and other sports. In addition, we acquired the naming rights to the line-of-sight vision at the Shibuya Scramble Crossing and began operating “Starts Vision SHIBUYA”. As a “comprehensive life and culture corporation,” we will not only develop the Group's wide-ranging businesses, but also develop advertisements to promote our corporate philosophy “People are everything, the heart is all.” and our corporate culture and climate.

In the first quarter consolidated cumulative period under review, construction work generally progressed as planned in the construction business, and brokerage and management fee income remained strong in the leasing brokerage and real estate management businesses due to an increase in the number of properties under management. In the publishing business, sales of books and e-books were steady, including the long selling “Ano Hana ga Saku Oka de Kimi to Mata Deaetara” the number of users of “Oz Premium Reservations” also increased mainly for restaurant reservations. In the hotel and leisure business, the normalization of economic activities has led to a recovery in leisure demand. In the finance and consulting business, the number of mortgage loans handled remained steady, resulting in an increase in fee income.

As a result of the above, net sales were 54,043 million yen (up 4.9% year on year), operating income was 7,240 million yen (up 18.1 % year on year), ordinary income was 8,434 million yen (up 14.6% year on year), and net income attributable to owners of the parent amounted to 7,914 million yen (up 62.9% year on year) due to the posting of gain on sales of fixed assets.

Overview by Segment

The following is a summary of business results by business segment.

(i) Construction Business

In the Construction Business, we continue to provide consulting services for asset management and asset inheritance through our community-based sales activities, which have remained unchanged since the company's establishment, and we make proposals for effective land utilization with a wealth of content that leverages our comprehensive strengths, including rental housing, commercial buildings, hotels, senior assistance facilities, childcare facilities, and logistics warehouses.

In the field of "buildings with seismic isolation structures," which we are focusing on promoting as social infrastructure, we received an order for a hybrid (mixed structure of wood and reinforced concrete) seismically isolated office building in Sendai City, Miyagi Prefecture. We have proposed optimal land utilization for all land, owners, and tenants based on regional characteristics. As a result, we have received orders for a total of 619 properties as of June 30, 2024.

As for our environmental initiatives, by obtaining a carbon neutral verification opinion based on PAS2060, which is the first in the construction industry in Japan, we are able to demonstrate that our greenhouse gas (GHG) emissions calculation and reduction plan are in line with international standards. We will act in accordance with the standards and accumulate knowledge and experience to contribute to a decarbonized society.

In the first quarter of the fiscal year under review, net sales were 16,281 million yen (up 3.7% year on year), operating income was 1,418 million yen (up 44.3% year on year), and the order backlog was 125,354 million yen (up 7.0% year on year), mainly due to the steady progress of construction work and the contribution of the sales price revision effect.

■ Construction Business orders received and construction work completed

Item	Classifica- tion	Amount of construction carried from the previous period	Orders received	Total	Net sales of completed construction contracts	Amount of construction carried to the next period		Amount of construction in the current period
						Construc- tion contracts on hand	Of which, completed amount	
Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	General housing	2,356	623	2,979	640	2,339	14	638
	Rental housing	95,910	4,814	100,724	11,615	89,109	601	11,593
	Other	27,640	1,455	29,096	3,444	25,651	1,013	3,543
	Total	125,906	6,893	132,800	15,699	117,100	1,629	15,775
Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)	General housing	2,224	316	2,540	525	2,014	2	2,183
	Rental housing	89,794	8,310	98,104	11,367	86,736	626	11,150
	Other	39,121	1,870	40,991	4,388	36,603	1,116	5,408
	Total	131,140	10,496	141,637	16,281	125,354	1,745	18,742

(ii) Rental Brokerage Business

In the Rental Brokerage Business, brokerage commissions and renewal commissions remained steady as the number of properties under management increased. In addition, we have also focused on expanding corporate transactions through community-based sales. As a result, net sales for the first quarter of the fiscal year under review were 1,869 million yen (up 12.4% year on year) and operating income was 411 million yen (up 32.4% year on year).

(iii) Real Estate Brokerage Business

In the Real Estate Brokerage Business, the number of transactions remained steady, reflecting the promotion of highly transparent transactions for both sellers and buyers by utilizing the "My Home Auction" real estate sales support service. On the other hand, the amount of commercial real estate brokerage contracts decreased. As a result, net sales for the first quarter of the fiscal year under review were 1,757 million yen (down 11.3% year on year) and operating income was 546 million yen (down 27.8% year on year).

(iv) Real Estate Management Business

In the Real Estate Management Business, an increase in the number of properties under management led to a steady increase in management fee sales and leasing business sales, and maintenance sales also increased due to orders received for various types of repair work on managed properties. As a result, net sales for the first quarter of the fiscal year under review were 22,698 million yen (up 4.8% year on year) and operating income was 3,153 million yen (up 7.0% year on year).

■ Real Estate Management Business Sales

(Millions of yen)

	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)
	Amount	Amount
Sales from management commissions	3,012	3,232
Maintenance sales	6,431	6,910
Leasing sales	12,223	12,555
Total	21,667	22,698

(v) Real Estate Development Business

In the Real Estate Development Business, the remaining two units of Alpha Grande Narita Hachibangai were sold out. Net sales for the first fiscal year under review were 110 million yen (down 87.6% year on year), and operating loss was 86 million yen (operating income of 10 million yen for the same period of the previous year).

In addition, the contract balance was 1,612 million yen for 27 units, due to the start of sales for QUWON GARDEN Todoroki (Setagaya-ku, Tokyo: 3 units), a new detached house for sale, and the progress of contracts for Alpha Grande Koshigaya Lake Town (Koshigaya-shi, Saitama: 39 units), a new condominium for sale.

■ Contract for Real Estate Properties

(Millions of yen)

	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)				Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)			
	Contract volume		Contract balance		Contract volume		Contract balance	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Detached house	-	-	-	-	1	177	1	177
Condominium	8	316	48	2,543	5	272	26	1,435
Rental housing	1	498	-	-	-	-	-	-
Other revenue	-	2	-	-	-	21	-	-
Total	9	816	48	2,543	6	471	27	1,612

■ Sales for Real Estate Properties

(Millions of yen)

	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)		Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)	
	Volume	Amount	Volume	Amount
Detached house	-	-	-	-
Condominium	9	393	2	88
Rental housing	1	498	-	-
Other revenue	-	2	-	21
Total	10	893	2	110

(vi) Publishing Business

In the publishing business, sales of books, e-books and e-comics, including “Starts Publishing Bunko,” continued to be favorable due to sales promotion measures such as product development in line with readers' needs and development of visualization. The film “Ano Hana ga Saku Oka de Kimi to Mata Deaetara” has been a long-running hit and has been screened throughout Vietnam. In addition, “OZ Premium Reservations,” a contingency fee-based customer sending service of OZ Mall, a website for women with over 4 million members, the number of users is increasing, centering on restaurant reservations, including the launch of “OZ's Private and Large Group Reservations,” a new service that provides concierge support for large-group dinner party reservations. Net sales for the first quarter of the current fiscal year were 2,454 million yen (up 25.8% year on year), and operating income was 898 million yen (up 51.4% year on year).

(vii) Hotel and Leisure Business

In the hotel and leisure business, following the opening of the “HOTEL Emion SAPPORO” (Kita-ku, Sapporo, Hokkaido; 295 guest rooms) in December 2023, the “HOTEL comento YOKOHAMA KANNAI” (seven floors above ground, 116 guest rooms) opened on April 1, 2024, adjacent to the “YOKOHAMA BUNTAI”, an arena facility resulting from the reconstruction of the Yokohama Culture and Sports Center. As a result of a recovery in the flow of people due to normalization of economic activities and other factors, demand for leisure activities remained strong. As a result, net sales were 3,500 million yen (up 27.4% year on year) and operating income was 344 million yen (up 72.4% year on year) for the first quarter of the fiscal year under review.

(viii) Elderly Assistance and Childcare Business

In the Elderly Assistance and Childcare Business, the five new facilities opened in the previous fiscal year, in addition to the existing facilities, have been operating steadily, and the official price of daycare centers has increased from the previous year. We will continue to actively engage in activities to recruit and train personnel. Net sales for the first quarter of the current fiscal year were 2,993 million yen (up 5.6% year on year), and operating income was 118 million yen (up 1.8% year on year).

(ix) Finance and Consulting Business

In the finance and consulting business, we concluded a consignment agreement with “Hamamatsu Iwata Shinkin Bank” as a new trust agency. In addition, we were selected as the successful bidder for the PFI project “Multipurpose Facility and Toyohashi Park East Area Development and Operation Project” by Toyohashi City, Aichi Prefecture, and signed a basic agreement contract. We will redevelop the multipurpose indoor facility (arena) and park facilities in Toyohashi Park in an integrated manner, and provide integrated maintenance, management and operation services for approximately 30 years after the completion of the facilities. In the first quarter of the fiscal year under review, the number of Starts Proceed Investment Corporation management fees, mortgage loan fees, and small-amount short-term insurance policies steadily increased, resulting in net sales of 2,205 million yen (up 17.3% year on year) and operating income of 551 million yen (up 62.5% year on year).

(x) Merchandising and Culture Business

In the Merchandising and Culture Business, we manufacture and sell the Sherlock series of card key systems and operate art museums. Net sales for the first quarter of the fiscal year under review were 172 million yen (down 8.8% year on year) and operating income was 88 million yen (up 223.8% year on year).

(2) Explanation of Financial Position.

1) Assets, Liabilities and Net Assets

Total assets as of the end of the consolidated three-month reporting period decreased by 1,812 million yen from the end of the previous fiscal year to 322,296 million yen. This was mainly due to the payment of income taxes.

Total liabilities amounted to 152,014 million yen, a decrease of 6,776 million yen from the end of the previous fiscal year. This was mainly due to a decrease in accounts payable, accounts payable for construction contracts, and income taxes payable.

Total net assets amounted to 170,282 million yen, an increase of 4,963 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings.

2) Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the consolidated three-month reporting period totaled 83,240 million yen, a decrease of 3,637 million yen from the end of the previous fiscal year.

The status of each cash flow category the end of the consolidated three-month reporting period is as follows.

(Cash flows from operating activities)

Net cash used by operating activities totaled 4,114 million yen (compared with 1,418 million yen used in the previous fiscal year), which was mainly due to a decrease in Accounts payable-trade and accounts payable for construction contracts of 5,547 million yen, an increase in inventories of 4,582 million yen in the real estate development business, income taxes paid of 5,667 million yen and other items that used cash, despite income before income taxes and minority interests of 11,143 million yen, depreciation and amortization of 1,604 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 1,706 million (compared with 7,293 million yen used in the previous fiscal year) mainly due to the acquisition of rental real estate, etc.

(Cash flows from financing activities)

Net cash provided in financing activities totaled 1,815 million yen (compared with 5,903 million yen provided in the previous fiscal year), mainly due to bank loans for working capital, despite dividends of surplus of 2,651 million yen.

(3) Explanation of Consolidated Earnings Forecasts and other forward-looking information

The results for the current quarter have been in line with the plan, and there is no change to the earnings forecast announced on May 10, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	94,037	93,325
Notes and accounts receivable - trade, and contract assets	20,410	18,896
Real estate for sale	3,563	5,684
Real estate for sale in process	11,967	13,990
Costs on construction contracts in progress	2,022	2,339
Other	15,912	13,887
Allowance for doubtful accounts	(373)	(389)
Total current assets	147,540	147,734
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	57,143	55,764
Land	75,065	74,371
Other, net	5,963	6,759
Total property, plant and equipment	138,172	136,895
Intangible assets		
Software	2,259	2,246
Software in progress	2,061	2,294
Goodwill	652	587
Other	65	64
Total intangible assets	5,038	5,192
Investments and other assets		
Investment securities	15,834	15,367
Deferred tax assets	1,887	1,201
Other	15,972	16,248
Allowance for doubtful accounts	(194)	(200)
Allowance for investment loss	(143)	(143)
Total investments and other assets	33,356	32,473
Total non-current assets	176,568	174,562
Total assets	324,109	322,296

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable-trade and accounts payable for construction contracts	22,198	16,240
Short-term borrowings	8,379	13,866
Current portion of long-term borrowings	14,256	15,521
Income taxes payable	6,157	2,264
Contract liabilities	13,259	12,122
Provision for bonuses	3,064	1,684
Other	26,299	27,127
Total current liabilities	93,615	88,827
Non-current liabilities		
Long-term borrowings	50,797	48,551
Provision for retirement benefits for directors (and other officers)	1,126	1,146
Provision for warranties for completed construction	1,176	1,186
Provision for loss on lease business	319	317
Deferred tax liabilities for land revaluation	573	573
Retirement benefit liability	263	264
Asset retirement obligations	3,201	3,224
Other	7,716	7,921
Total non-current liabilities	65,175	63,186
Total liabilities	158,790	152,014
Net assets		
Shareholders' equity		
Share capital	11,039	11,039
Capital surplus	6,545	6,565
Retained earnings	144,836	150,021
Treasury shares	(8,173)	(8,174)
Total shareholders' equity	154,247	159,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,352	2,926
Revaluation reserve for land	1,253	1,254
Foreign currency translation adjustment	212	363
Remeasurements of defined benefit plans	3,089	2,919
Total accumulated other comprehensive income	7,908	7,463
Non-controlling interests	3,162	3,366
Total net assets	165,318	170,282
Total liabilities and net assets	324,109	322,296

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income (cumulative)
Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	51,510	54,043
Cost of sales	34,947	35,881
Gross profit	16,563	18,162
Selling, general and administrative expenses	10,434	10,921
Operating profit	6,128	7,240
Non-operating income		
Interest income	32	76
Dividend income	25	28
Foreign exchange gains	1,129	867
Reversal of allowance for doubtful accounts	4	0
Subsidy income	91	265
Other	52	72
Total non-operating income	1,337	1,310
Non-operating expenses		
Interest expenses	56	79
Provision of allowance for doubtful accounts	25	7
Other	23	29
Total non-operating expenses	105	116
Ordinary profit	7,360	8,434
Extraordinary income		
Gain on sale of non-current assets	—	2,809
Gain on sale of investment securities	0	0
Total extraordinary income	0	2,809
Extraordinary losses		
Loss on retirement of non-current assets	26	99
Other	3	1
Total extraordinary losses	30	101
Profit before income taxes	7,331	11,143
Income taxes - current	1,552	2,154
Income taxes - deferred	772	921
Total income taxes	2,324	3,076
Profit	5,006	8,066
Profit attributable to non-controlling interests	146	151
Profit attributable to owners of parent	4,859	7,914

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	5,006	8,066
Other comprehensive income		
Valuation difference on available-for-sale securities	241	(404)
Foreign currency translation adjustment	(307)	151
Remeasurements of defined benefit plans, net of tax	(12)	(171)
Total other comprehensive income	(78)	(425)
Comprehensive income	4,928	7,640
Comprehensive income attributable to		
Owners of parent	4,778	7,469
Non-controlling interests	149	171

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	7,331	11,143
Depreciation	1,379	1,604
Loss (gain) on sale and retirement of property, plant and equipment	26	(2,709)
Increase (decrease) in allowance for doubtful accounts	22	21
Increase (decrease) in provision for bonuses	(1,335)	(1,379)
Increase (decrease) in net defined benefit asset and liability	(71)	(126)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	54	19
Interest and dividend income	(58)	(104)
Interest expenses	56	79
Foreign exchange losses (gains)	(1,129)	(867)
Decrease (increase) in trade receivables	174	1,514
Decrease (increase) in inventories	(1,667)	(4,582)
Increase (decrease) in trade payables	(3,162)	(5,547)
Increase (decrease) in contract liabilities	(494)	(1,228)
Decrease (increase) in other current assets	(904)	2,147
Increase (decrease) in other current liabilities	4,144	882
Other, net	(682)	686
Subtotal	3,681	1,552
Interest and dividends received	59	82
Interest paid	(57)	(82)
Income taxes paid	(5,102)	(5,667)
Net cash provided by (used in) operating activities	(1,418)	(4,114)
Cash flows from investing activities		
Payments into time deposits	(3)	(2,880)
Purchase of property, plant and equipment	(6,883)	(1,995)
Proceeds from sale of property, plant and equipment	0	3,602
Purchase of intangible assets	(447)	(383)
Purchase of investment securities	(381)	(369)
Proceeds from sale of investment securities	449	355
Loan advances	(0)	—
Proceeds from collection of loans receivable	1	0
Other, net	(27)	(35)
Net cash provided by (used in) investing activities	(7,293)	(1,706)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,907	5,487
Proceeds from long-term borrowings	4,300	2,800
Repayments of long-term borrowings	(3,893)	(3,781)
Dividends paid	(2,396)	(2,651)
Purchase of treasury shares	(0)	(0)
Dividends paid to non-controlling interests	(51)	(89)
Other, net	38	51
Net cash provided by (used in) financing activities	5,903	1,815
Effect of exchange rate change on cash and cash equivalents	340	367
Net increase (decrease) in cash and cash equivalents	(2,467)	(3,637)
Cash and cash equivalents at beginning of period	78,485	86,878
Cash and cash equivalents at end of period	76,017	83,240

(4) Notes on the Quarterly Consolidated Financial Statements
(Notes on Changes in Accounting Policies)

Application of the Accounting Standards for Current Income Tax and others

The Company has applied the Accounting Standard for Current Income Tax (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") and others since the beginning of the first quarter of the current fiscal year under review.

The revision of the classification of income taxes (taxation on other comprehensive income) is in accordance with the transitional treatment provided in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment provided in the proviso to Paragraph 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). The change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the Revised Implementation Guidance 2022 from the beginning of the first quarter of the current fiscal year to the revision related to the review of the treatment in the consolidated financial statements in the case of deferring, for tax purposes, the gain or loss on the sale of shares of subsidiaries among consolidated companies. This change in accounting policy has been applied retroactively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year have been prepared after the retrospective application.

The change in accounting policy had no impact on the quarterly consolidated financial statements for the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Segment Information

Segment information

I. Three-month period in the previous fiscal year (From April 1, 2023 to June 30, 2023)

1. Information on net sales, income or loss, and breakdown of revenue by reporting segment

(Millions of yen)

	Construction Business	Rental Brokerage Business	Real Estate Brokerage Business	Real Estate Management Business	Real Estate Development Business	Publishing Business	Hotel and Leisure Business
Net sales							
Revenue from customer contracts	15,699	1,664	1,982	12,845	893	1,951	2,747
Other revenue (Note) 3	-	-	-	8,822	-	-	-
Net sales to external customers	15,699	1,664	1,982	21,667	893	1,951	2,747
Intersegment net sales and transfer	947	413	5	831	1,041	100	100
Total	16,646	2,078	1,988	22,498	1,934	2,052	2,848
Segment profit	982	310	757	2,945	10	593	199

	Elderly Assistance and Childcare Business	Finance and Consulting Business	Merchandising and Culture Business	Total	Adjustment (Note) 1	Amount recorded in the Quarterly Consolidated Statements of Income (Note) 2
Net sales						
Revenue from customer contracts	2,834	1,290	188	42,098	-	42,098
Other revenue (Note) 3	-	590	-	9,412	-	9,412
Net sales to external customers	2,834	1,881	188	51,510	-	51,510
Intersegment net sales and transfer	0	833	995	5,270	(5,270)	-
Total	2,835	2,714	1,184	56,781	(5,270)	51,510
Segment profit	116	339	27	6,284	(155)	6,128

- (Notes)
1. Adjustments to segment profit are eliminations of inter-segment transactions.
 2. Segment income is reconciled with operating income in the Quarterly Consolidated Statements of Income.
 3. Other revenue includes rental income from real estate.

II. Three-month period under review (From April 1, 2024 to June 30, 2024)

1. Information on net sales, income or loss, and breakdown of revenue by reporting segment

(Millions of yen)

	Construction Business	Rental Brokerage Business	Real Estate Brokerage Business	Real Estate Management Business	Real Estate Development Business	Publishing Business	Hotel and Leisure Business
Net sales							
Revenue from customer contracts	16,281	1,869	1,757	13,661	110	2,454	3,500
Other revenue (Note) 3	-	-	-	9,036	-	-	-
Net sales to external customers	16,281	1,869	1,757	22,698	110	2,454	3,500
Intersegment net sales and transfer	1,485	426	16	1,055	24	94	148
Total	17,767	2,296	1,773	23,753	134	2,548	3,649
Segment profit(loss)	1,418	411	546	3,153	(86)	898	344

	Elderly Assistance and Childcare Business	Finance and Consulting Business	Merchandising and Culture Business	Total	Adjustment (Note) 1	Amount recorded in the Quarterly Consolidated Statements of Income (Note) 2
Net sales						
Revenue from customer contracts	2,993	1,546	172	44,348	-	44,348
Other revenue (Note) 3	-	658	-	9,695	-	9,695
Net sales to external customers	2,993	2,205	172	54,043	-	54,043
Intersegment net sales and transfer	0	1,028	1,658	5,937	(5,937)	-
Total	2,993	3,233	1,830	59,981	(5,937)	54,043
Segment profit(loss)	118	551	88	7,445	(205)	7,240

(Notes) 1. Adjustments to segment profit(loss) are eliminations of inter-segment transactions.

2. Segment income is reconciled with operating income in the Quarterly Consolidated Statements of Income.

3. Other revenue includes rental income from real estate.

(Notes on Noteworthy Changes in Shareholders' Equity)

Not applicable.

(Notes on the Going Concern Assumption)

Not applicable.