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Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending November 30, 2021
<IFRS>

July 5, 2021

Company name: TOSEI CORPORATION Stock listing: TSE / SGX
Securities code number: 8923 / S2D
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Submission of Quarterly Securities Report (Shihanki-Houkokusho): July 9, 2021 (scheduled)
Commencement of dividend payments: —
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Six Months Ended May 31, 2021 (December 1, 2020 – May 31, 2021)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Six months ended May 31, 2021	40,932	(9.1)	9,232	325.4	8,959	373.8	6,122	433.5
Six months ended May 31, 2020	45,050	30.8	2,170	(72.7)	1,890	(75.2)	1,147	(78.1)

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Six months ended May 31, 2021	6,120	433.3	6,754	—	130.06	129.90
Six months ended May 31, 2020	1,147	(78.1)	592	(88.9)	24.14	24.06

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	(¥ million)	(¥ million)	(¥ million)	(%)
As of May 31, 2021	170,923	64,585	64,465	37.7
As of November 30, 2020	161,684	58,969	58,969	36.5

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended November 30, 2020	–	0.00	–	19.00	19.00
Fiscal year ending November 30, 2021	–	0.00			
Fiscal year ending November 30, 2021 (Forecast)			–	38.00	38.00

Note: Revision to the most recently released dividend forecasts: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2021 (December 1, 2020 – November 30, 2021)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal year ending November 30, 2021	61,657	(3.6)	11,036	71.7	10,376	75.8	6,846	90.1	146.21

Note: Revision to the most recently released earnings forecasts: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): No
Newly added: – Excluded: –

(2) Changes in accounting policies and changes in accounting estimates
(a) Changes in accounting policies required by IFRS: No
(b) Changes in accounting policies due to other reasons: No
(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

(a) Number of issued shares at the end of the period (including treasury shares)

As of May 31, 2021	48,683,800 shares
As of November 30, 2020	48,683,800 shares

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

As of May 31, 2021	1,856,922 shares
As of November 30, 2020	1,508,353 shares

(c) Average number of outstanding shares during the period (cumulative)

Six months ended May 31, 2021	47,058,545 shares
Six months ended May 31, 2020	47,545,895 shares

* These consolidated Financial Results are not subject to quarterly review procedures by a certified public accountant or an audit corporation.

* Proper use of earnings forecasts and other notes

The forward-looking statements, including outlook of future performance, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ substantially from these statements due to various factors. For the assumptions on which the earnings forecasts are based and cautions concerning the use thereof, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Qualitative Information Regarding Consolidated Earnings Forecasts" on page 5 of the attached materials.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

1) Recognition, analysis and contents for discussion of business environment and business performance

During the six months ended May 31, 2021, the Japanese economy continued to face a harsh environment due to the impact of COVID-19. While indications continue of an upturn in the domestic economy, it remains necessary to monitor factors such as economic downside risks due to the renewed spread of the virus in Japan and overseas, as well as movements in global financial markets.

In the real estate industry where Tosei Group operates, domestic real estate investments for the three months from January to March 2021 amounted to ¥1.2 trillion, decreasing by 28% year on year. However, Tokyo ranked second in the world ranking by city for the three months from January to March 2021, and it appears that investment demand remains high among overseas investors, who value Japan's highly stable real estate market. There are also signs of a recovery in the purchase and sale of office buildings, for which a decline in profitability was feared, and transactions are expected to be lively throughout 2021 (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly supplied units from January to April 2021 increased 57.5% year on year to 8,760 units. This appears to be the result of a rebound after a substantial decline under the state of emergency introduced in April last year. Since February 2021, the average contract rate for the first month has remained above the 70% threshold from which market conditions are viewed as favorable, and a steady recovery is underway. However, in the build-for-sale detached house market, housing starts for the three months from January to March 2021 numbered 12,000 units, a decrease of 6.0% year on year (according to a survey by a private research institute).

Regarding construction costs for the four months from January to April 2021, average costs per tsubo for reinforced concrete structure were ¥915 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 0.1% year on year), and average costs per tsubo for wooden structure were ¥567 thousand (an increase of 0.4% year on year). The current increase in the price of steel materials due to the global economic recovery, particularly in China, has raised fears of a future hike in construction costs (according to a survey by the Ministry of Land, Infrastructure, Transportation and Tourism).

In the office leasing market of Tokyo's five business wards, the average vacancy rate as of April 2021 was 5.65% (an increase of 4.09 percentage points year on year), against the backdrop of tenants cutting back on office space as a result of the spread of teleworking lifestyle in certain areas, and a slowdown in expansion. The average asking rent was ¥21,415 per tsubo (a decrease of ¥1,405 year on year), which has continued to fall from August 2020, and it remains necessary to monitor future trends in supply and demand (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock in April 2021 amounted to 6.60 million tsubo (an increase of 9.5% year on year). The vacancy rate was 0.5%. Although this was a slight increase from the level of 0.2% observed in January 2021, supply remains tight. The vacancy rate is expected to remain low, with leasing activity progressing strongly overall (according to a survey by a private research institute).

In the real estate fund market, the market scale continues to expand. J-REIT assets under management in April 2021 totaled ¥20.7 trillion (an increase of ¥1.0 trillion year on year) and assets under management in private placement funds totaled ¥22.5 trillion (as of December 2020, an increase of ¥2.3 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥43.2 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, the average guest room occupancy rate in the three months from January to March 2021 was 33.6%, due to the continuing impact of COVID-19. The total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 7.04 million overnight stays (a decrease of 45.7% year on year). The environment is forecasted to remain harsh for the hotel market, despite the daily progress of vaccinations in Japan (according to a survey by the Japan Tourism Agency).

Amid this operating environment, in the Revitalization Business, the Group made steady progress in selling assets such as income-generating office buildings and apartments, while in the Development Business, the Group pushed ahead with sales of detached houses and logistics facilities. In addition, the Group also proceeded with the acquisition of income-generating properties and various types of land for development as future sources of income.

As a result, consolidated revenue for the six months ended May 31, 2021 totaled ¥40,932 million (down 9.1% year on year), operating profit was ¥9,232 million (up 325.4%), profit before tax was ¥8,959 million (up 373.8%), and profit attributable to owners of the parent was ¥6,120 million (up 433.3%).

Performance by business segment is shown below.

Revitalization Business

During the six months ended May 31, 2021, the segment sold 35 properties which had been renovated, including T's garden Kiyose (Kiyose-shi, Tokyo), Ichikawashimamura Building (Ichikawa-shi, Chiba), Tokyo-interior Minamiaoyama Building (Minato-ku, Tokyo). In addition, the segment sold one unit in the Restyling Business from Rune Kamakura Ueki Residence (Kamakura-shi, Kanagawa).

It also acquired a total of 21 income-generating office buildings, apartments and a logistic facility for renovation and sales purposes and two land lots.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥895 million.

As a result, revenue in this segment was ¥24,185 million (down 12.6% year on year) and the segment profit was ¥6,437 million (up 15.7%).

Development Business

During the six months ended May 31, 2021, the segment sold a new logistic facility T's Logi Hasuda (Hasuda-shi, Saitama) and a new commercial facility THE Palms Sagamihara Park Brighter (Store section) (Sagamihara-shi, Kanagawa). In addition, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 41 detached houses at such properties as THE Palms Court Kamakura Shiromeguri (Kamakura-shi, Kanagawa) and THE Palms Court Hibarigaoka (Nishitokyo-shi, Tokyo).

During the six months ended May 31, 2021, it also acquired one land lot for logistic facility project, one land lot for commercial facility project, two land lots for income-generating office buildings and land lots for 56 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥255 million.

As a result, revenue in this segment was ¥9,043 million (down 8.8% year on year) and the segment profit was ¥1,211 million (in comparison with segment loss of ¥4,720 million in the same period of the previous fiscal year).

Rental Business

During the six months ended May 31, 2021, while the segment sold 19 buildings of its inventory assets held for leasing purposes, it newly acquired 14 properties including income-generating office buildings and apartments. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its holding non-current assets and inventory assets.

As a result, revenue in this segment was ¥2,760 million (up 1.0% year on year) and the segment profit was ¥1,447 million (up 39.3%).

Fund and Consulting Business

During the six months ended May 31, 2021, while ¥191,799 million was added due to new asset management contracts, ¥59,405 million was subtracted due mainly to property dispositions by funds, from the balance of assets under management (Note) ¥1,123,406 million for the end of the previous fiscal year. The balance of assets under management as of May 31, 2021, was ¥1,255,800 million.

As a result, revenue in this segment was ¥2,271 million (up 4.2% year on year) and the segment profit was ¥1,565 million (up 5.7%).

Note: The balance of assets under management includes the balance of assets that were subject to consulting contracts, etc.

Property Management Business

During the six months ended May 31, 2021, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 701 as of May 31, 2021, an increase of 12 from May 31, 2020, with the total comprising 452 office buildings, hotels, logistic

facilities and other such properties, and 249 condominiums and apartments.

As a result, revenue in this segment was ¥2,509 million (up 10.4% year on year) and segment profit was ¥421 million (up 18.9%).

Hotel Business

During the six months ended May 31, 2021, the Group endeavored to improve occupancy ratios, but conditions remained harsh due to the renewed spread of COVID-19, with the temporary closure of some hotels.

As a result, revenue in this segment was ¥161 million (down 40.0% year on year) and segment loss was ¥408 million (in comparison with segment loss of ¥458 million in the same period of the previous fiscal year).

2) Analysis and contents for discussion of Operating Results

Consolidated revenue for the six months ended May 31, 2021 was ¥40,932 million, accounting for approximately 60% of the full-year revenue plan, and profit before tax was ¥8,959 million, significantly above the full-year profit plan of ¥8,001 million.

Revenue in the Revitalization Business only slightly exceeded the first half plan, but the profit margin was substantially higher than projected at the beginning of the fiscal year, and operating profit amounted to ¥6,437 million, compared to the full-year operating profit plan of ¥5,101 million. This was primarily due to a recovery in the real estate investment market in the Tokyo metropolitan area, which is the Group's main market, to pre-COVID-19 levels, and the sale of entire income-generating properties to investors for a higher profit margin than anticipated. In particular, overall profit was driven by the sale of several large properties that had appreciated in value due to renovation and improved occupancy rates, for around ¥2.0 billion each. Profit was also boosted by the reversal of Inventories valuation loss, recorded in the previous fiscal year, due to a recovery in market conditions.

In the Development Business, the profit margin was slightly higher than projected at the beginning of the fiscal year, with the completed sales of one large-scale logistics facility and one commercial facility, for which sale was planned during the fiscal year. Revenue and gross profit accounted for around 70% of the full-year plan established at the beginning of the fiscal year, and operating profit reached 138% of the full-year plan. Only sales of detached houses are planned for the second half of the fiscal year.

The Group is also strengthening purchasing activities that will provide a source of income in the next fiscal year and beyond. In addition to entire office buildings and apartment blocks of around ¥1.0 billion targeting investors, in which the Group specializes, it acquired other properties such as logistics facilities and large-scale offices, for which fund investor demand is high. With diverse exit strategies and value regeneration expertise, the Group's strength lies in its ability to commercialize low-occupancy properties and vacant properties, which other companies find it difficult to approach. Despite a persistently harsh purchasing environment, the Group is progressing smoothly towards achieving its goal of acquiring properties with an anticipated selling value of ¥80.0 billion.

In the Stock and Fee Business, the Group's stable source of income, occupancy rates of Group-held properties in the Rental Business showed no obvious decline, despite the COVID-19 crisis, and progress was made according to plan. In the Fund and Consulting Business, the balance of assets under management reached the year-end target of ¥1.2 trillion, half a year ahead of schedule, capturing strong demand from overseas investors. Income from asset management fees grew steadily in proportion to the balance of assets under management. Income from the Property Management Business was also steady. There was no recovery in accommodation sales in the Hotel Business, however, due to the impact of the COVID-19 crisis, and operating loss in this segment exceeded projections.

(2) Qualitative Information Regarding Consolidated Financial Positions

1) Analysis of Financial Positions

As of May 31, 2021, total assets were ¥170,923 million, an increase of ¥9,239 million compared with November 30, 2020, while total liabilities were ¥106,338 million, an increase of ¥3,623 million.

Increase in total assets were due to an increase in investment properties despite a decrease in cash and cash equivalents and in inventories. Increase in total liabilities were due to an increase in borrowings.

Total equity increased by ¥5,615 million to ¥64,585 million, mainly due to an increase in retained earnings, payment of cash dividends.

2) Analysis of Cash Flows

Cash and cash equivalents (hereinafter "cash") as of May 31, 2021 totaled ¥35,030 million, down ¥2,009 million compared with November 30, 2020.

The cash flows for the six months ended May 31, 2021 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥8,803 million (up 18.8% year on year). This is mainly due to profit before tax of ¥8,959 million, a decrease in inventories of ¥2,321 million, a decrease in trade and other payables of ¥2,055 million and income taxes paid of ¥1,609 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥12,857 million (up 282.2% year on year). This is primarily due to purchase of investment properties of ¥12,052 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥2,043 million (in comparison with segment net cash used in financing activities of ¥624 million in the same period of the previous fiscal year). This mainly reflects ¥27,502 million in proceeds from non-current borrowings, despite ¥26,420 million in the repayments of non-current borrowings and ¥895 million in cash dividends paid.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

A recovery is already apparent in the real estate market, but the impact of COVID-19 on hotels and commercial facilities is anticipated to continue for some time, and it is expected to be next fiscal year and beyond before conditions recover. With concerns over the future business environment such as the rise in the vacancy rate of offices in the Tokyo metropolitan area as a result of the spread of teleworking at companies and deteriorating business performance, and the reversal of the monetary policies of various countries, the Company will conduct its businesses while closely monitoring trends in the real estate market.

Based on this outlook and performance trend during this fiscal year, the Company has revised the full-year earnings forecasts for the fiscal year ending November 30, 2021, announced on January 12, 2021. The full-year revenue forecast has been revised down ¥7,878 million from the previous forecast, to ¥61,657 million, mainly due to the revision of the timing of the planned sales of some properties in the Revitalization Business to next fiscal year and beyond. However, profit margins from the sale of properties are trending higher than projected at the beginning of the fiscal year, and all businesses in the Stock and Fee Business, the Group's stable source of income, are performing well with the exception of the Hotel Business. Consequently, the Company has revised the full-year operating profit forecast to ¥11,036 million, up ¥2,329 million, the full-year profit before tax forecast to ¥10,376 million, up ¥2,375 million, and the full-year profit attributable to owners of the parent for the year forecast to ¥6,846 million, up ¥1,628 million.

During the second half of the fiscal year, in addition to working to swiftly increase occupancy rates for the properties acquired in a low occupancy state, the Group will continue to engage in environmentally- and socially-conscious real estate renovation and the creation of added value, aiming to provide products and services chosen by customers, in order to realize sustainable profit growth in the next fiscal year and beyond.

Under the new medium-term management plan "Infinite Potential 2023" launched this fiscal year and covering the period from December 2020 to November 2023, the Group has established the following fundamental policy for its business activities: "further grow existing businesses with a focus on environmental/social issues" and "enhance existing businesses and create new income-generating models through DX." During the six months ended May 31, 2021, the Group took the following steps to enhance the effectiveness of this fundamental policy. In addition to strengthening the ESG promotion structure by establishing an ESG Promotion Committee to further expand the work of the former ESG Promotion Meeting, it also defined and clarified the direction of its DX utilization as "pursuing the fusion of digital technology and real estate, to generate innovation." Through the promotion of DX, the Group will engage in business transformation and strive to improve operational efficiency.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

No item to report.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

No item to report.

(3) Additional information

Effect of the Spread of COVID-19 on Accounting Estimates

In determining accounting estimates regarding the valuation of inventory assets, impairment accounting for non-current assets, the recoverability of deferred tax assets, and other items, the Group has assumed that the spread of COVID-19 will exert a degree of impact on future income.

The Group considers that real estate markets other than hotels and commercial facilities are already recovering as of May 31,2021. It predicts that the impact of COVID-19 on hotels and commercial facilities will persist for the time being, and that it will be next fiscal year or later before a recovery takes place.

In view of this situation, during the six months ended May 31, 2021, the Group has altered some assumptions, etc. underlying accounting estimates concerning items such as the valuation of some inventory assets and non-current assets.

3. Condensed Quarterly Consolidated Financial Statements and notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

	As of November 30, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and cash equivalents	37,039,600	35,030,009
Trade and other receivables	3,192,248	3,411,452
Inventories	65,416,925	63,538,765
Other current assets	15,298	15,337
Total current assets	105,664,073	101,995,565
Non-current assets		
Property, plant and equipment	23,495,129	20,898,349
Investment properties	26,987,387	41,529,043
Intangible assets	209,663	197,738
Trade and other receivables	779,470	997,953
Other financial assets	3,972,309	4,844,617
Deferred tax assets	572,454	456,614
Other non-current assets	4,014	4,014
Total non-current assets	56,020,429	68,928,331
Total assets	161,684,503	170,923,896
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,466,127	3,931,591
Borrowings	11,794,730	12,209,001
Current income tax liabilities	925,671	2,341,645
Provisions	600,264	359,523
Total current liabilities	18,786,795	18,841,762
Non-current liabilities		
Trade and other payables	3,649,593	3,500,570
Borrowings	79,192,778	82,717,911
Retirement benefits obligations	546,421	558,461
Provisions	7,129	7,210
Deferred tax liabilities	532,260	712,796
Total non-current liabilities	83,928,183	87,496,950
Total Liabilities	102,714,978	106,338,712
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	6,627,004	6,638,938
Retained earnings	47,442,372	52,666,418
Treasury shares	(1,500,055)	(1,872,162)
Other components of equity	(224,688)	407,105
Total equity attributable to owners of parent	58,969,524	64,465,190
Non-controlling interests	—	119,993
Total equity	58,969,524	64,585,183
Total liabilities and equity	161,684,503	170,923,896

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Six months ended May 31, 2020	Six months ended May 31, 2021
Revenue	45,050,321	40,932,878
Cost of revenue	38,217,330	27,143,570
Gross profit	6,832,990	13,789,307
Selling, general and administrative expenses	4,659,988	4,603,725
Other income	20,797	114,657
Other expenses	23,321	67,394
Operating profit	2,170,478	9,232,845
Finance income	97,505	135,891
Finance costs	377,095	409,062
Profit before tax	1,890,888	8,959,674
Income tax expense	743,281	2,836,815
Profit for the period	1,147,607	6,122,858
Other comprehensive income		
Other comprehensive income items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair values through other comprehensive income	(542,868)	630,430
Subtotal	(542,868)	630,430
Other comprehensive income items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(11,633)	12,722
Net change in fair values of cash flow hedges	(664)	(11,445)
Subtotal	(12,298)	1,276
Other comprehensive income for the period, net of tax	(555,166)	631,706
Total comprehensive income for the period	592,441	6,754,565
Profit attributable to:		
Owners of the parent	1,147,607	6,120,465
Non-controlling interests	—	2,393
Profit for the period	1,147,607	6,122,858
Total comprehensive income attributable to:		
Owners of the parent	592,441	6,752,172
Non-controlling interests	—	2,393
Total comprehensive income for the period	592,441	6,754,565
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	24.14	130.06
Diluted earnings per share (¥)	24.06	129.90

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended May 31, 2020 (December 1, 2019 – May 31, 2020)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at December 1, 2019	6,579,844	6,575,240	45,839,423	(1,000,037)	312,028	58,306,499	58,306,499
Profit for the period			1,147,607			1,147,607	1,147,607
Other comprehensive income					(555,166)	(555,166)	(555,166)
Total comprehensive income for the period	—	—	1,147,607	—	(555,166)	592,441	592,441
Amount of transactions with owners							
Issuance of new shares	20,360	11,516				31,876	31,876
Purchase of treasury shares		(199)		(288,063)		(288,263)	(288,263)
Dividends of surplus			(1,998,632)			(1,998,632)	(1,998,632)
Share-based payment		17,870				17,870	17,870
Balance at May 31, 2020	6,600,204	6,604,427	44,988,398	(1,288,100)	(243,137)	56,661,791	56,661,791

Six months ended May 31, 2021 (December 1, 2020 – May 31, 2021)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at December 1, 2020	6,624,890	6,627,004	47,442,372	(1,500,055)	(224,688)	58,969,524	—	58,969,524
Profit for the period			6,120,465			6,120,465	2,393	6,122,858
Other comprehensive income					631,706	631,706		631,706
Total comprehensive income for the period	—	—	6,120,465	—	631,706	6,752,172	2,393	6,754,565
Amount of transactions with owners								
Purchase of treasury shares		(258)		(373,109)		(373,368)		(373,368)
Disposal of treasury shares		117		1,003		1,120		1,120
Dividends of surplus			(896,333)			(896,333)		(896,333)
Change from newly consolidated subsidiary						—	117,600	117,600
Transfer from other components of equity to retained earnings			(86)		86	—		—
Share-based payment		12,075				12,075		12,075
Balance at May 31, 2021	6,624,890	6,638,938	52,666,418	(1,872,162)	407,105	64,465,190	119,993	64,585,183

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Six months ended May 31, 2020	Six months ended May 31, 2021
Cash flows from operating activities		
Profit before tax	1,890,888	8,959,674
Depreciation expense	577,024	742,936
Increase (decrease) in provisions and retirement benefits obligations	(310,955)	(234,106)
Interest and dividend income	(97,505)	(135,891)
Interest expenses	377,095	409,062
Decrease (increase) in trade and other receivables	1,072,016	(76,930)
Decrease (increase) in inventories	6,602,348	2,321,590
Increase (decrease) in trade and other payables	(904,300)	(2,055,535)
Other, net	17,425	(9,331)
Subtotal	9,224,037	9,921,468
Interest and dividend income received	49,042	137,902
Income taxes paid	(1,861,730)	(1,609,761)
Income taxes refund	—	354,107
Net cash from (used in) operating activities	7,411,348	8,803,715
Cash flows from investing activities		
Purchase of property, plant and equipment	(136,817)	(839,047)
Purchase of investment properties	(3,136,164)	(12,052,748)
Purchase of intangible assets	(111,071)	(12,124)
Collection of loans receivable	109,815	42
Purchase of other financial assets	(147,700)	(62,053)
Collection of other financial assets	57,716	104,194
Other, net	—	4,330
Net cash from (used in) investing activities	(3,364,222)	(12,857,406)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(1,798,000)	2,876,000
Proceeds from non-current borrowings	29,245,600	27,502,650
Repayments of non-current borrowings	(25,215,317)	(26,420,134)
Repayments of lease obligations	(124,635)	(120,339)
Proceeds from issuance of new shares	31,681	—
Capital contribution from non-controlling interests	—	117,600
Cash dividends paid	(1,995,818)	(895,469)
Purchase of treasury shares	(288,063)	(373,109)
Proceeds from disposal of treasury shares	—	1,006
Interest expenses paid	(480,325)	(645,146)
Net cash from (used in) financing activities	(624,878)	2,043,057
Net increase (decrease) in cash and cash equivalents	3,422,248	(2,010,633)
Cash and cash equivalents at beginning of period	31,998,929	37,039,600
Effect of exchange rate change on cash and cash equivalents	(1,094)	1,042
Cash and cash equivalents at end of period	35,420,082	35,030,009

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes on Condensed Quarterly Consolidated Financial Statements

1. Segment Information

The Group's reportable segments are components of the Group about which separate financial information is available that the Board of Directors regularly conducts deliberations to determine the allocation of management resources and to assess the performance.

The Group draws up comprehensive strategies for each of the following six business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business" and "Hotel Business". In the Revitalization Business, the Group acquires the properties whose asset values have declined, renovates, and resells them. In the Development Business, the Group sells condominium units and detached houses to individual customers as well as apartment and office buildings to investors. In the Rental Business, the Group rents office buildings and apartments. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services. The Hotel Business provides mainly hotel operating services.

The Group's revenue and profit/loss by reportable segment are as follows:

Six months ended May 31, 2020

(December 1, 2019 – May 31, 2020)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	27,679,495	9,913,147	2,734,793	2,180,492	2,273,286	269,106	—	45,050,321
Intersegment revenue	—	—	25,623	6,037	560,282	1,030	(592,974)	—
Total	27,679,495	9,913,147	2,760,417	2,186,529	2,833,569	270,136	(592,974)	45,050,321
Segment profit or loss	5,565,231	(4,720,938)	1,038,895	1,480,969	354,693	(458,871)	(1,089,501)	2,170,478
Finance income/costs, net								(279,589)
Profit before tax								1,890,888

Six months ended May 31, 2021

(December 1, 2020 – May 31, 2021)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	24,185,920	9,043,204	2,760,865	2,271,615	2,509,846	161,424	—	40,932,878
Intersegment revenue	—	—	26,573	6,757	653,834	50	(687,215)	—
Total	24,185,920	9,043,204	2,787,439	2,278,373	3,163,681	161,474	(687,215)	40,932,878
Segment profit or loss	6,437,315	1,211,348	1,447,111	1,565,707	421,904	(408,294)	(1,442,247)	9,232,845
Finance income/costs, net								(273,171)
Profit before tax								8,959,674

2. Dividends

Dividends paid in the six months ended May 31, 2020 and May 31, 2021 are as follows:

Six months ended May 31, 2020				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 26, 2020	42	1,998,632	November 30, 2019	February 27, 2020

Six months ended May 31, 2021				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2021	19	896,333	November 30, 2020	February 26, 2021

3. Earnings per Share

	Six months ended May 31, 2020	Six months ended May 31, 2021
Profit attributable to owners of the parent (¥ thousand)	1,147,607	6,120,465
Net income used to figure diluted net income per share (¥ thousand)	1,147,607	6,120,465
Weighted average number of outstanding ordinary shares (shares)	47,545,895	47,058,545
The number of increased ordinary shares used to figure diluted earnings per share (shares)	153,757	58,421
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,699,652	47,116,966
Basic earnings per share (¥)	24.14	130.06
Diluted net income per share (¥)	24.06	129.90

Notes: Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of outstanding ordinary shares during the reporting period.

(7) Notes on Significant Subsequent Events

No item to report.