



Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Japanese GAAP)

November 9, 2021

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Quarterly securities report to be submitted: November 9, 2021

Start of cash dividend payments: —

Quarterly supplementary materials: None

Quarterly financial results conference: Not scheduled

(Figures rounded down to nearest million yen)

1. Consolidated Results for the Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results (Cumulative) (%: change from the same quarter of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	15,854	290.8	4,539	—	4,413	—	2,616	—
Six months ended September 30, 2020	4,056	(54.8)	126	(93.5)	35	(98.6)	20	(98.6)

(Note) Comprehensive income

Six months ended September 30, 2021: ¥2,631 million (—%) Six months ended September 30, 2020: ¥34 million (-98.4%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	306.89	—
Six months ended September 30, 2020	2.43	—

Note: The rate of change in operating profit, ordinary profit, profit attributable to owners of parent and comprehensive income for the six months ended September 30, 2021 compared to the same quarter of the previous year is indicated as "—" because these exceeded 1,000%.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Six months ended September 30, 2021	35,120	10,028	28.6
FYE March 31, 2021	25,754	8,628	29.5

Reference: Equity capital

Six months ended September 30, 2021: ¥10,028 million

FYE March 31, 2021: ¥7,591 million

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2021	—	0.00	—	20.00	20.00
FYE March 31, 2022	—	0.00			
FYE March 31, 2022 (projection)			—	—	—

(Note) Changes from the most recently announced dividend forecast: None

The forecast dividends for FYE March 31, 2022 have not been determined at this time.

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(%: change from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FYE March 31, 2022	19,000	257.8	5,800	—	5,500	—	3,200	—	375.34

(Note) Changes from the most recently announced earnings forecast: Yes

* Notes

(1) Significant changes in subsidiaries during the cumulative period under review (changes in specific subsidiaries associated with changes in the scope of consolidation): Yes

New companies: 2 (Silent Partnership Myoho, Silent Partnership Ryozen) Exclusions: 1 (Silent Partnership Myoho)

(2) Application of special accounting practices in the preparation of the quarterly consolidated financial statements: None

(3) Changes of accounting policies, changes of accounting estimates and retrospective restatements

(i) Changes in accounting policies resulting from changes in accounting standards, etc.: Yes

(ii) Changes in accounting policies other than those in (i): None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Number of shares outstanding (common shares)

(i) Number of shares outstanding at the end of the period (including treasury shares)

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

(iii) Average number of shares during the period (cumulative quarterly period)

As of September 30, 2021	8,526,200 shares	As of March 31, 2021	8,526,200 shares
As of September 30, 2021	537 shares	As of March 31, 2021	487 shares
Six months ended September 30, 2021	8,525,683 shares	Six months ended September 30, 2020	8,462,355 shares

* The quarterly summary of financial results is not subject to quarterly review by a Certified Public Accountant or audit firm.

* Explanations and other notes concerning the appropriate use of earnings projections

Forward-looking statements such as forecasted financial results contained in this document are based on information available to the Company and certain assumptions considered reasonable by the Company at the time of preparation of the document. Actual results, etc. may significantly differ from projections due to a variety of factors.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the six months ended September 30, 2021, although economic activities in Japan were greatly restricted for most of the period due to the declaration of a state of emergency and priority measures to prevent the spread of COVID-19, the number of infected people has now dramatically decreased and economic activities are gradually picking up. Although it will be necessary to keep a close eye on the government's future policies, it is expected that the situation will gradually normalize.

In May 2021, the Group entered into a capital and business alliance agreement with Samty Co., Ltd., and in June 2021, the Group announced its Medium-Term Management Plan 2024 to demonstrate the direction of its business. We set the following goals in the Medium-Term Management Plan 2024 and will continue to strive to achieve them.

Targets of the Medium-Term Management Plan 2024

- (1) In order to establish a J-REIT during the period of Medium-Term Management Plan 2024, we will establish an asset cycle business model, and aim to become a hotel REIT with assets under management of 500 billion yen.
- (2) Aiming for a listing on the Prime Market, we will develop a framework for this purpose and aim to triple the market capitalization.

In the real estate market, to which the real estate securitization business belongs, subordinated investors continue to take an aggressive stance toward hotel assets in anticipation of the post-COVID-19 era. On the other hand, although financial institutions have continued to be cautious about providing new loans for hotel development projects, the number of financial institutions that believe that the future of the hotel business is becoming less uncertain and improving is on the rise, and the amount of new loans is expected to turn up. As stated in the "Notice Concerning Transfer of Beneficial Interests in Real Estate Trust in Kyoto Higashiyama SIX SENSES Hotel Development Project (Progress of Disclosure)" (Japanese only) disclosed on September 28, 2021, the Group successfully completed the delivery of a large property that had been delayed, and the sale of properties related to other projects also progressed smoothly, resulting in significant progress in sales. From the nine months ending December 31, 2021 onward, we will continue to acquire and sell new properties, and strive for appropriate project management for ongoing projects.

The hotel industry, in which our hotel management business operates, has been greatly affected by the declaration of a state of emergency and the issuance of priority measures to prevent the spread of COVID-19, and has yet to see a significant recovery in the number of hotel guests. However, all of these measures were lifted at the end of September, and room reservations are showing signs of recovery in preparation for the fall tourist season. In the hotels operated by the Group, sales were at a low level due to the temporary closure of some hotels following the declaration of a state of emergency. However, in the second half of the fiscal year, reservations are steadily coming in ahead of the tourist season, and we will strive to recover the decline in sales in the first half of the fiscal year. On the other hand, we were able to secure operating income in the six months ended September 30, 2021 due to the recording of consulting sales for hotels under development. In the area of business openings, on June 28, 2021, we opened the Aloft Osaka Dojima (2-1-31 Dojimahama, Kita-ku, Osaka City), the second Marriott International's Aloft brand hotel in Japan and the first in the Kansai region, on the site of the Dojima Hotel, which was once a popular social spot in Kita, Osaka. Aloft is a lifestyle hotel brand whose main customer target is the next generation of travelers who are sensitive to trends, outgoing, and love music and design, and will enliven the hospitality scene in Osaka with its sophisticated and innovative style.

As a result, during the six months ended September 30, 2021, net sales were ¥15,854,463,000 (up 290.8% year-on-year), operating profit was ¥4,539,816,000 (compared to operating profit of ¥126,110,000 in the same period of the previous fiscal year), ordinary profit was ¥4,413,837,000 (compared to ordinary profit of ¥35,833,000 in the same period of the previous fiscal year) and net profit attributable to owners of parent was ¥2,616,408,000 (compared to net profit attributable to owners of parent of ¥20,594,000 in the same period of the previous fiscal year).

By segment, in the real estate securitization business, net sales were ¥15,314,516,000 (up 290.1% year-on-year), while operating profit was ¥4,336,632,000 (up 611.9% year-on-year). This was due to the aforementioned sale of properties, which resulted in a significant increase in net sales and operating profit. In the hotel management business, net sales were ¥1,628,214,000 (up 591.2% year-on-year), while operating profit was ¥608,254,000 (compared to an operating loss of ¥369,553,000 in the same period of the previous fiscal year). This was due to the fact that while some hotels were temporarily closed during the three months ended June 30, 2021 due to the declaration of a state of emergency, all hotels were open for business during the six months ended September 30, 2021, and consulting sales for hotels under development and other sales were recorded, resulting in significant growth in sales.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the three months ended June 30, 2021, but this change has no impact on profit and loss for the six months ended September 30, 2021.

(2) Explanation of Financial Position

With regard to the financial position as of September 30, 2021, total assets were ¥35,120,804,000, liabilities were ¥25,092,227,000 and net assets were ¥10,028,576,000.

Total assets increased by ¥9,365,865,000 compared to the end of the previous fiscal year. This was mainly due to an increase in cash and deposits and an increase in real estate for sale as a result of the newly consolidated Silent Partnership Ryozen.

Liabilities increased by ¥7,965,854,000 compared to the end of the previous fiscal year. This was mainly due to an increase in current portion of non-recourse long-term borrowings as a result of the newly consolidated Silent Partnership Ryozen.

Net assets increased by ¥1,400,010,000 compared to the end of the previous fiscal year. This was mainly attributable to the increase in retained earnings due to the recording of profit attributable to owners of parent exceeding dividends paid and the decrease in non-controlling interests.

(3) Explanation of Forward-looking Information Such as Consolidated Earnings Forecasts

With regard to the consolidated earnings forecast for the fiscal year ending March 31, 2022, we have revised the forecast of consolidated financial result (full year) for the fiscal year ending March 31, 2022 announced on May 11, 2021. For details, please refer to the "Notice of Revision of the Earnings Forecast" (Japanese only) released today.

(Note) The above forward-looking statements are based on information and certain assumptions considered reasonable by the Company currently available. Actual results may differ from projections due to a variety of factors including the impact of COVID-19.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	2,159,660	5,399,757
Accounts receivable - trade	278,116	147,579
Real estate for sale	19,397,919	25,127,904
Income taxes receivable	602,540	434,869
Other	1,172,605	533,464
Allowance for doubtful accounts	(482)	—
Total current assets	23,610,359	31,643,575
Non-current assets		
Property, plant and equipment		
Buildings	32,275	36,885
Accumulated depreciation	(21,667)	(22,588)
Buildings, net	10,607	14,297
Tools, furniture and fixtures	123,668	134,446
Accumulated depreciation	(36,965)	(46,816)
Tools, furniture and fixtures, net	86,702	87,629
Total property, plant and equipment	97,310	101,926
Intangible assets		
Goodwill	—	1,818,501
Other	27,411	51,597
Total intangible assets	27,411	1,870,099
Investments and other assets		
Investment securities	1,769,387	1,196,504
Deferred tax assets	75,487	128,986
Other	174,981	179,712
Total investments and other assets	2,019,856	1,505,203
Total non-current assets	2,144,579	3,477,228
Total assets	25,754,938	35,120,804

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	11,076	23,030
Short-term borrowings	624,000	1,130,342
Current portion of long-term borrowings	408,676	118,357
Current portion of non-recourse long-term borrowings	80,000	5,880,000
Income taxes payable	65,151	500,926
Provision for bonuses	32,548	33,301
Provision for share-based remuneration	—	225,000
Provision for shareholder benefit program	24,000	21,000
Other	462,026	958,521
Total current liabilities	1,707,478	8,890,480
Non-current liabilities		
Long-term borrowings	3,883,909	4,488,882
Non-recourse long-term borrowings	11,192,055	11,109,948
Deferred tax liabilities	—	265,445
Other	342,929	337,472
Total non-current liabilities	15,418,894	16,201,747
Total liabilities	17,126,373	25,092,227
Net assets		
Shareholders' equity		
Share capital	987,243	987,243
Capital surplus	419,176	410,875
Retained earnings	6,185,289	8,631,184
Treasury shares	(623)	(726)
Total shareholders' equity	7,591,086	10,028,576
Non-controlling interests	1,037,479	—
Total net assets	8,628,565	10,028,576
Total liabilities and net assets	25,754,938	35,120,804

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Six months ended September 30, 2021)

(Thousands of yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Net sales	4,056,791	15,854,463
Cost of sales	3,238,274	9,582,314
Gross profit	818,516	6,272,149
Selling, general and administrative expenses	692,406	1,732,332
Operating profit	126,110	4,539,816
Non-operating income		
Interest income	15	9
Subsidies for employment adjustment	57,929	76,647
Subsidy income	2,000	27,584
Other	1,762	2,301
Total non-operating income	61,707	106,543
Non-operating expenses		
Interest expenses	151,291	217,736
Commission expenses	591	13,705
Share of loss of entities accounted for using equity method	—	874
Other	101	205
Total non-operating expenses	151,984	232,522
Ordinary profit	35,833	4,413,837
Extraordinary income		
Gain on step acquisitions	—	*1 543,176
Total extraordinary income	—	543,176
Extraordinary losses		
Losses related to COVID-19	*2 133,507	*2 246,768
Impairment losses	—	*3 534,762
Loss on step acquisitions	—	1,258
Total extraordinary losses	133,507	782,790
Profit (loss) before income taxes	(97,673)	4,174,223
Income taxes - current	71,578	1,691,491
Income taxes - deferred	(203,890)	(148,553)
Total income taxes	(132,312)	1,542,938
Profit	34,638	2,631,285
Profit attributable to non-controlling interests	14,044	14,876
Profit attributable to owners of parent	20,594	2,616,408

(Quarterly Consolidated Statement of Comprehensive Income)
(Six months ended September 30, 2021)

(Thousands of yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Profit	34,638	2,631,285
Comprehensive income	34,638	2,631,285
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,594	2,616,408
Comprehensive income attributable to non- controlling interests	14,044	14,876

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(97,673)	4,174,223
Depreciation	15,422	16,432
Amortization of goodwill	19,678	828,211
Increase (decrease) in allowance for doubtful accounts	—	(482)
Increase (decrease) in provision for bonuses	(2,534)	753
Increase (decrease) in provision for share-based remuneration	(142,702)	225,000
Increase (decrease) in provision for shareholder benefit program	(2,530)	(3,000)
Interest and dividend income	(15)	(9)
Interest expenses	151,291	217,736
Commission expenses	590	13,705
Share of loss (profit) of entities accounted for using equity method	—	874
Loss (gain) on step acquisitions	—	(541,917)
Impairment losses	—	534,762
Decrease (increase) in deposits in trust	1,317	(5,034)
Decrease (increase) in trade receivables	60,280	130,537
Decrease (increase) in real estate for sale	(4,099,549)	7,197,800
Decrease (increase) in real estate for sale in process	2,364,049	—
Decrease (increase) in consumption taxes refund receivable	(225,629)	340,303
Decrease (increase) in other assets	(161,532)	314,427
Increase (decrease) in trade payables	168	11,954
Increase (decrease) in other liabilities	(50,907)	(341,485)
Other	107,632	(283,958)
Subtotal	(2,062,643)	12,830,835
Interest and dividends received	15	231
Interest paid	(151,791)	(216,479)
Income taxes refund (paid)	(170,314)	(1,172,852)
Net cash provided by (used in) operating activities	(2,384,734)	11,441,736
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,213)	(4,940)
Purchase of intangible assets	—	(33,606)
Proceeds from redemption of investment securities	866,003	405,108
Purchase of investment securities	(886,003)	(314,000)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	—	(3,292,447)
Other	(10,867)	(7,245)
Net cash provided by (used in) investing activities	(36,081)	(3,247,130)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	31,816	506,342
Proceeds from long-term borrowings	1,606,000	660,000
Repayments of long-term borrowings	(76,250)	(345,346)
Repayments of non-recourse borrowings	(93,703)	(4,590,824)
Purchase of investments in capital of subsidiaries not resulting in change in scope of consolidation	—	(1,008,456)
Proceeds from issuance of shares	145,400	—
Dividends paid	(166,050)	(170,292)
Other	(5,335)	(15,645)
Net cash provided by (used in) financing activities	1,441,877	(4,964,222)
Net increase (decrease) in cash and cash equivalents	(978,938)	3,230,383
Cash and cash equivalents at beginning of period	4,288,074	2,104,891
Cash and cash equivalents at end of period	3,309,135	5,335,274

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Significant Changes in Subsidiaries During the Cumulative Period Under Review)

(1) Significant changes in scope of consolidation

From the three months ended June 30, 2021, Silent Partnership Myoho, which had been an equity method affiliate, has been included in the scope of consolidation as a result of additional acquisition of investment.

Because the investment in Silent Partnership Myoho was redeemed in the six months ended September 30, 2021, it was excluded from the scope of consolidation. Silent Partnership Ryozen, which had been an equity method affiliate, has been included in the scope of consolidation as a result of additional acquisition of investment.

(2) Significant changes in the scope of application of the equity method

From the three months ended June 30, 2021, NISEKO INVESTMENT SINGAPORE PTE. LTD. has been included in the scope of application of the equity method as a result of new investment.

(Quarterly Consolidated Statement of Income)

*1 Gain on step acquisitions

This occurred as a result of the additional investment in Silent Partnership Ryozen, which was an equity method affiliate, becoming a consolidated subsidiary.

*2 Losses related to COVID-19

Losses include fixed costs incurred during the temporary closure of some hotels to prevent the spread of COVID-19.

*3 Impairment losses

(1) Assets for which an impairment loss was recognized

Type	Amount
Goodwill	534,762 thousand yen

(2) Background leading to the recognition of impairment losses

Goodwill was recorded based on the assumption of excess earning capacity when the Company acquired additional investment in Silent Partnership Ryozen, making it a wholly owned subsidiary. However, after careful consideration of future earnings prospects and recoverability, a portion of the goodwill was reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss.

(3) Asset grouping method

In principle, the Group groups its assets by taking into consideration the management accounting categories in which income and expenditure are continuously monitored.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; below "Accounting Standard for Revenue Recognition"), etc. from the beginning of the three months ended June 30, 2021, and will recognize revenue when control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for those goods or services.

For the application of the Accounting Standard for Revenue Recognition, etc., the Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the three months ended June 30, 2021 has been added to or deducted from retained earnings at the beginning of the three months ended June 30, 2021, and the new accounting policy has been applied from the relevant beginning balance.

As a result, there is no effect on balance of retained earnings at the beginning of the fiscal period. There is also no impact on profit and loss for the six months ended September 30, 2021. In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on revenue from contracts with customers broken down for the six months ended September 30, 2020.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; below "Accounting Standard for Fair Value Measurement"), etc. from the beginning of the three months ended June 30, 2021, and in accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy set forth by the Accounting Standard for Fair Value Measurement will be applied in the future. There is no impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

Segment Information

I. Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)

1. Information on the amounts of net sales and profit for each reportable segment

(Thousands of yen)

	Reportable segment			Total	Adjustments (Note) 1	Amount in quarterly consolidated statement of income (Note) 2
	Real estate securitization business	Hotel management business	Total			
Net sales						
Net sales to external clients	3,921,235	135,555	4,056,791	4,056,791	—	4,056,791
Internal sales and transfers between segments	4,942	99,999	104,942	104,942	(104,942)	—
Total	3,926,178	235,555	4,161,734	4,161,734	(104,942)	4,056,791
Segment profit or (loss)	609,145	(369,553)	239,592	239,592	(113,482)	126,110

(Notes) 1. The negative ¥113,482,000 of segment profit or (loss) includes negative ¥19,678,000 of amortization of goodwill not allocated to each reportable segment, the net amount of negative ¥101,963,000 in corporate revenues and expenses, and ¥8,160,000 in eliminations of transactions between segments.

2. Adjustments have been made to the operating profit shown on the Quarterly Consolidated Statement of Income for segment profit or (loss).

II. Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

1. Information on the amounts of net sales and profit, and revenue breakdown for each reportable segment

(Thousands of yen)

	Reportable segment			Total	Adjustments (Note) 1	Amount in quarterly consolidated statement of income (Note) 2
	Real estate securitization business	Hotel management business	Total			
Net sales						
Goods and services transferred at a point in time	40,000	538,567	578,567	578,567	—	578,567
Goods and services transferred over a fixed period of time	168,729	—	168,729	168,729	—	168,729
Revenue from contracts with customers	208,729	538,567	747,296	747,296	—	747,296
Other revenue	15,105,787	1,380	15,107,167	15,107,167	—	15,107,167
Net sales to external clients	15,314,516	539,947	15,854,463	15,854,463	—	15,854,463
Internal sales and transfers between segments	—	1,088,267	1,088,267	1,088,267	(1,088,267)	—
Total	15,314,516	1,628,214	16,942,731	16,942,731	(1,088,267)	15,854,463
Segment profit	4,336,632	608,254	4,944,887	4,944,887	(405,070)	4,539,816

(Notes) 1. The negative ¥405,070,000 of segment profit includes a net amount of negative ¥413,230,000 of corporate income and expenses not allocated to each reportable segment, and ¥8,160,000 in eliminations of transactions between segments.

2. Adjustments have been made to the operating profit shown on the Quarterly Consolidated Statement of Income for segment profit.

3. Other revenue includes lease income in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and the transfer of real estate (including beneficial interests in real estate trust) subject to the "Practical Guidelines on Accounting for Transfers Related to Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No. 15).

2. Information on assets for each reportable segment

During the six months ended September 30, 2021, in the real estate securitization business segment, assets for the reportable segment increased by ¥7,123,190,000 compared to the end of the previous fiscal year as a result of additional acquisition of investment in Silent Partnership Ryozen, making it a consolidated subsidiary from an equity-method affiliate.

3. Information on impairment loss on non-current assets and goodwill, etc. for each reportable segment
(Significant changes in the amount of goodwill)

During the six months ended September 30, 2021, as a result of additional acquisition of investment in Silent Partnership Ryozen, making it a consolidated subsidiary from an equity-method affiliate, goodwill of ¥2,353,264,000 was recorded in the real estate securitization business segment. However, an impairment loss of ¥534,762,000 was recorded due to the write-down of a portion of goodwill to its recoverable amount.

Goodwill was recorded in the real estate securitization business segment due to the additional acquisition of investment in Silent Partnership Myoho. However, the entire amount was written off as the investment was redeemed and excluded from the scope of consolidation during the six months ended September 30, 2021.

As a result of the above, goodwill increased by ¥1,818,501,000 in the real estate securitization business segment.

4. Information on changes in reportable segments, etc.

As described in "Changes in Accounting Policies," the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the three months ended June 30, 2021 and changed the accounting method for revenue recognition, so the measurement method for profit or loss in the business segment has been changed as well. As a result, there is no impact on profit and loss for the six months ended September 30, 2021.