



## Summary of Consolidated Financial Results for Fiscal Year Ended March 31, 2022 (Japanese GAAP)

May 11, 2022

Listed company name: Wealth Management, Inc.

Listed Stock Exchange: Tokyo

Code No.: 3772

URL: <https://www.wealth-mngt.com/en/>

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Scheduled ordinary general meeting of shareholders: June 27, 2022

Start of cash dividend payments: June 28, 2022

Securities report to be submitted: June 28, 2022

Supplementary materials: None

Financial results conference: Not scheduled

(Figures rounded down to nearest million yen)

### 1. Consolidated Results for Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

#### (1) Consolidated Operating Results

(%: change from the same period 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	%
FYE March 31, 2022	29,029	446.7	5,676	—	5,317	—	3,513	—
FYE March 31, 2021	5,309	(59.8)	(690)	—	(827)	—	(1,059)	—

(Note) Comprehensive income

FYE March 31, 2022: ¥3,528 million (—%)

FYE March 31, 2021: ¥-1,030 million (—%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
FYE March 31, 2022	412.14	—	38.0	16.3	19.6
FYE March 31, 2021	(124.77)	—	(13.0)	(3.3)	(13.0)

Reference: Share of profit/loss of entities accounted for using equity method

FYE March 31, 2022: ¥0 million

FYE March 31, 2021: ¥0 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FYE March 31, 2022	39,386	10,925	27.7	1,281.53
FYE March 31, 2021	25,754	8,628	29.5	890.38

Reference: Equity capital

FYE March 31, 2022: ¥10,925 million

FYE March 31, 2021: ¥7,591 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FYE March 31, 2022	19,281	(4,589)	(11,232)	5,564
FYE March 31, 2021	(3,724)	(315)	1,856	2,104

### 2. Dividends

	Annual dividends per share					Total dividends (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1Q	2Q	3Q	Fiscal year end	Total			
FYE March 31, 2021	—	0.00	—	20.00	20.00	170	—	2.1
FYE March 31, 2022	—	0.00	—	30.00	30.00	255	7.3	2.8
FYE March 31, 2023 (projection)	—	—	—	—	—	—	—	—

(Note) The projection dividends for FYE March 31, 2023 have not been determined at this time.

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(%: 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, 2023	15,000	(48.3)	6,500	14.5	6,500	22.2	4,000	13.8	469.17

\* Notes

(1) Significant changes in subsidiaries during the fiscal year under review (changes in specific subsidiaries associated with changes in the scope of consolidation): Yes  
 New companies: 3 (Silent Partnership Myoho, Silent Partnership Ryozen, Silent Partnership Gojo)  
 Exclusions: 2 (Silent Partnership Myoho, Silent Partnership Ryozen)

(2) 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

(3) 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

FYE March 31, 2022	8,526,200 shares	FYE March 31, 2021	8,526,200 shares
FYE March 31, 2022	572 shares	FYE March 31, 2021	487 shares
FYE March 31, 2022	8,525,668 shares	FYE March 31, 2021	8,493,947 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Results for Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 31, 2022	6,440	550.7	3,800	—	4,433	—	3,016	—
FYE March 31, 2021	989	(70.3)	(306)	—	(308)	—	(354)	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
FYE March 31, 2022	353.82	—
FYE March 31, 2021	(41.74)	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FYE March 31, 2022	16,160	10,031	62.1	1,176.67
FYE March 31, 2021	8,911	7,186	80.6	842.87

Reference: Equity capital

FYE March 31, 2022: ¥10,031 million

FYE March 31, 2021: ¥7,186 million

\*The summary of financial results is not subject to audit 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. Overview of Business Results, etc.

### (1) Overview of Business Results

During this consolidated fiscal year, the Japanese economy showed signs of gradually returning to normal after it faced harsh circumstances from the COVID-19 pandemic. Meanwhile, the impact of the steep depreciation of the Japanese yen, the Ukraine situation, and the rise in raw material prices has been felt. In the future, it will continue to be necessary to pay close attention to economic circumstances, global affairs, and the COVID-19 pandemic.

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 generally reached our targets for this consolidated fiscal year. We will continue to strive to achieve them in the future.

Targets of the Medium-Term Management Plan 2024

- (1) We will establish a J-REIT during the period of Medium-Term Management Plan 2024, 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.

(Real estate securitization business)

In the real estate market, subordinated investors continue to take an aggressive stance toward hotel assets in anticipation of the post-COVID-19 era. In terms of the investment stance to the hotel development business, 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. On the other hand, there are concerns of rising construction costs and interest rates in the future due to the inflation in materials prices and depreciation of the Japanese yen. In the Group, sales and operating profit rose significantly year-over-year due to the transfer of beneficial interests in real estate trust in the Kyoto Higashiyama SIX SENSES hotel development project in September 2021, the Kyoto Higashiyama Banyan Tree hotel development project Kyoto in February 2022, and the Ashinokohan hotel development business in March 2022. In terms of property acquisition, the Group acquired 100% equity in the subordinated silent partnership of Silent Partnership Gojo in March 2022 to make it a consolidated subsidiary. In the fiscal year ending March 31, 2023, the Group maintains a policy to proactively make acquisitions of new properties.

(Hotel management business)

In the hotel industry, the declaration of a state of emergency and the issuance of key measures to prevent the spread of COVID-19 had a significant impact on the business, and a robust recovery in guest numbers did not occur during the consolidated fiscal year. Some of the hotels operated by the Group have even closed temporarily as a result of the declaration of a state of emergency. On the other hand, net sales and operating profit increased significantly compared to the previous consolidated fiscal year, thanks to factors including new hotels leading to an increase in the number of locations under management, recovery of guest numbers in the spring and autumn tourist seasons, and sales related to consulting services for hotels under development.

In the area of hotel 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. Also, from March 18, 2022, the Group rebranded the "Kyoto Yura Hotel MGallery" and "Kyoto Yura Hotel Nijo Jo Bettei MGallery" (changed the hotel operations contracting company) as "Dhawa" and "Garrya" hotels, respectively, under the new Banyan Tree Group brand. The "Dhawa Yura Kyoto" (84 Ohashi-cho, Sanjo-dori-ohashi Higashi-iru, Higashiyama-ku, Kyoto City) and the "Garrya Nijo Castle Kyoto" (180-1 Ichino-cho, Nakagyo-ku, Kyoto City) opened for business.

As a result, during the consolidated fiscal year ended March 31, 2022, net sales were ¥29,029,801,000 (up 446.7% year-on-year), operating profit was ¥5,676,194,000 (compared to an operating loss of ¥690,704,000 in the same period of the previous fiscal year), ordinary profit was ¥5,317,942,000 (compared to an ordinary loss of ¥827,845,000 in the same period of the previous fiscal year) and net profit attributable to owners of parent was ¥3,513,770,000 (compared to net loss attributable to owners of parent of ¥1,059,822,000 in the same period of the previous fiscal year).

The net sales by segment were as follows.

Segment	Previous fiscal year (April 1, 2020 to March 31, 2021)		Current fiscal year (April 1, 2021 to March 31, 2022)	
	Amount (thousands of yen)	Percentage of total (%)	Amount (thousands of yen)	Percentage of total (%)
Real estate securitization business	4,583,567	82.3	27,528,465	90.2
Hotel management business	985,307	17.7	2,986,403	9.8
Total	5,568,875	100.0	30,514,868	100.0

(Notes) 1. The above amounts do not include consumption tax, etc.

2. Transactions between segments have not been eliminated.

## (2) Overview of Financial Position

### (i) Assets, Liabilities and Net Assets

With regard to the financial position during the current fiscal year, total assets were ¥39,386,089,000, liabilities were ¥28,460,246,000 and net assets were ¥10,925,843,000.

Total assets increased by ¥13,631,150,000 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 Gojo.

Liabilities increased by ¥11,333,872,000 compared to the end of the previous fiscal year. This was mainly due to an increase in non-recourse long-term borrowings as a result of the newly consolidated Silent Partnership Gojo.

Net assets increased by ¥2,297,277,000 compared to the end of the previous fiscal year. This was mainly attributable to the recording of profit attributable to owners of parent.

### (ii) Cash Flows

Cash and cash equivalents (net cash) at the end of the current fiscal year increased by ¥3,459,850,000 from the end of the previous fiscal year to ¥5,564,741,000.

Cash flows at the end of the current fiscal year were as follows.

#### (Cash flows from operating activities)

Net cash provided in operating activities at the end of the current fiscal year was ¥19,281,919,000 (¥3,724,424,000 used at the end of the previous fiscal year). This increase was mainly due to a decrease of ¥13,623,151,000 in real estate for sale, and booking ¥2,646,712,000 in amortization of goodwill and ¥4,998,601,000 in profit before income taxes.

#### (Cash flows from investing activities)

Net cash used by investing activities at the end of the current fiscal year was ¥4,589,191,000 (¥315,542,000 used at the end of the previous fiscal year). This was mainly due to a decrease of ¥6,065,014,000 corresponding with the acquisition of investments in capital of subsidiaries and an increase of ¥1,540,589,000 for the redemption and acquisition of investment securities.

#### (Cash flows from financing activities)

Net cash used by financing activities at the end of the current fiscal year was ¥11,232,877,000 (¥1,856,782,000 provided at the end of the previous fiscal year). This decrease was mainly due to ¥10,487,166,000 in repayments of non-recourse borrowings.

## (Reference) Indicators Related to Cash Flows

	FYE March 31, 2018	FYE March 31, 2019	FYE March 31, 2020	FYE March 31, 2021	FYE March 31, 2022
Equity ratio (%)	31.5	55.9	34.8	29.5	27.7
Equity ratio based on market price (%)	59.3	97.0	26.4	45.9	50.7
Interest bearing debt on cash flow (%)	455.8	155.5	—	—	123.6
Interest coverage ratio (multiple)	20.1	15.1	—	—	18.7

Equity ratio: Equity / total assets

Equity ratio based on market price: Market capitalization / total assets

Interest bearing debt on cash flow: Interest bearing debt / cash flow

Interest coverage ratio: Cash flow / interest payments

(Note 1) All figures have been calculated using financial figures on a consolidated basis.

(Note 2) Market capitalization is calculated based on the number of outstanding shares excluding treasury shares.

(Note 3) Cash flow from operating activities is used for cash flow.

(Note 4) Interest-bearing debt includes all liabilities on which interest is paid that are included in the liabilities shown on the consolidated balance sheet.

(Note 5) The interest bearing debt on cash flow for the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021 is not shown because cash flow from operating activities was negative in that year.

(Note 6) The interest coverage ratio for the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021 is not shown despite interest payments being made because cash flow from operating activities was negative in that year.

## (3) Projections

In the fiscal year ended March 31, 2022, the Company booked record high profit despite the impact of COVID-19. In the fiscal year ending March 31, 2023, the Company will continue to proceed with business activities to achieve the Medium-Term Management Plan 2024 announced on June 22, 2021.

The consolidated results projection for the fiscal year ending March 31, 2023 is as follows.

(Unit: million yen)

	FYE March 31, 2022 (Results)	FYE March 31, 2023 (Forecasts)	Percentage change (%)
Transaction volume *1	47,686	60,000	25.8%
Net sales	29,029	15,000	(48.3%)
Operating profit	5,676	6,500	14.5%
Ordinary profit	5,317	6,500	22.2%
Profit attributable to owners of parent	3,513	4,000	13.8%

\*1 Total amount of transactions related to the real estate securitization business + net sales related to hotel management

The Company forecasts the same amount of net sales and ordinary profit as in the Medium-Term Management Plan 2024.

In the real estate securitization business, the Company will establish an asset cycle business model to create a J-REIT, proceed with the hotel development projects related to the Wealth Management Group, and reinforce trust assets for asset management. In the hotel management business, as the Company focuses on stabilizing the hotel management business we began during the COVID-19 pandemic, we will strive to reduce costs by reviewing operational efficiency.

#### (4) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Year

The Company positioned returning profit to shareholders as one of its most important issues. The Company will return profit to shareholders based on the indicator of "total shareholder returns" that includes dividends, shareholder benefit program, and capital gains on shares.

The Company's basic policy on dividends of surplus is to pay year-end dividends once per year, and the organization determining the dividends is the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends according to the articles of incorporation.

In the fiscal year ended March 31, 2022, the first year of the Medium-Term Management Plan 2024, the Company realized record high profit from completing large transactions that were planned for the previous year as well as realizing progress on projects this year. After taking comprehensive consideration of the business environment, the direction of results, financial health, capital efficiency, and the retained earnings standards required to establish a management foundation that is stable into the long-term, the Company responded to many shareholder expectations and plans to increase the dividend ¥10 per common share in the Company stock compared to the previous financial year to an annual dividend of ¥30.00. This increase will be proposed at the 23rd Annual General Meeting of Shareholder on June 27, 2022.

The dividend projection for the fiscal year ending March 31, 2023 is yet to be determined because it is difficult to reasonably calculate at this stage what impact COVID-19 will have on the progress of achieving the budget and cash flow.

#### 2. Basic Approach on Selection of Accounting Standards

The Group's business is currently limited to Japan and it does not have any overseas operations. Furthermore, because its shareholders are mainly domestic shareholders, Japanese generally accepted accounting principles are used as the Company's accounting standards.

The Company will appropriately respond to the application of International Financial Reporting Standards (IFRS) based on consideration of the percentage of foreign shareholders and trends within Japan and overseas.



### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	2,159,660	5,695,427
Accounts receivable - trade	278,116	249,667
Real estate for sale	19,397,919	30,778,616
Income taxes receivable	602,540	1,607
Other	1,172,605	841,317
Allowance for doubtful accounts	(482)	—
Total current assets	23,610,359	37,566,636
Non-current assets		
Property, plant and equipment		
Buildings	32,275	4,610
Accumulated depreciation	(21,667)	(768)
Buildings, net	10,607	3,841
Tools, furniture and fixtures	123,668	91,334
Accumulated depreciation	(36,965)	(50,270)
Tools, furniture and fixtures, net	86,702	41,063
Total property, plant and equipment	97,310	44,905
Intangible assets		
Goodwill	—	628,237
Other	27,411	31,994
Total intangible assets	27,411	660,232
Investments and other assets		
Investment securities	1,769,387	741,476
Deferred tax assets	75,487	201,808
Other	174,981	171,030
Total investments and other assets	2,019,856	1,114,315
Total non-current assets	2,144,579	1,819,452
<b>Total assets</b>	<b>25,754,938</b>	<b>39,386,089</b>

(Thousands of yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	11,076	54,756
Short-term borrowings	624,000	830,046
Current portion of long-term borrowings	408,676	98,909
Current portion of non-recourse long-term borrowings	80,000	80,000
Income taxes payable	65,151	668,181
Provision for bonuses	32,548	29,053
Provision for share-based remuneration	—	146,000
Provision for shareholder benefit program	24,000	26,000
Other	462,026	2,615,568
<b>Total current liabilities</b>	<b>1,707,478</b>	<b>4,548,515</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,883,909	4,445,000
Non-recourse long-term borrowings	11,192,055	18,293,606
Deferred tax liabilities	—	875,281
Other	342,929	297,842
<b>Total non-current liabilities</b>	<b>15,418,894</b>	<b>23,911,730</b>
<b>Total liabilities</b>	<b>17,126,373</b>	<b>28,460,246</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	987,243	987,243
Capital surplus	419,176	410,875
Retained earnings	6,185,289	9,528,546
Treasury shares	(623)	(821)
<b>Total shareholders' equity</b>	<b>7,591,086</b>	<b>10,925,843</b>
<b>Non-controlling interests</b>	<b>1,037,479</b>	<b>—</b>
<b>Total net assets</b>	<b>8,628,565</b>	<b>10,925,843</b>
<b>Total liabilities and net assets</b>	<b>25,754,938</b>	<b>39,386,089</b>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Income)

(Thousands of yen)

	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Net sales	5,309,731	29,029,801
Cost of sales	4,443,705	19,343,008
Gross profit	866,026	9,686,793
Selling, general and administrative expenses	1,556,730	4,010,598
Operating profit (loss)	(690,704)	5,676,194
Non-operating income		
Interest income	250	24
Dividend income	—	137
Subsidies for employment adjustment	120,286	92,158
Subsidy income	47,030	54,674
Other	6,027	17,808
Total non-operating income	173,595	164,803
Non-operating expenses		
Interest expenses	305,573	505,754
Commission expenses	2,511	15,441
Share of loss of entities accounted for using equity method	849	874
Other	1,801	985
Total non-operating expenses	310,735	523,055
Ordinary profit (loss)	(827,845)	5,317,942
Extraordinary income		
Gain on step acquisitions	—	*1 543,176
Total extraordinary income	—	543,176
Extraordinary losses		
Losses related to COVID-19	*2 402,349	*2 246,768
Impairment losses	*3 154,549	*3 607,485
Loss on retirement of non-current assets	—	7,004
Loss on step acquisitions	—	1,258
Total extraordinary losses	556,898	862,516
Profit (loss) before income taxes	(1,384,743)	4,998,601
Income taxes - current	82,092	1,956,775
Refund of income taxes	(414,167)	—
Income taxes - deferred	(21,849)	(486,821)
Total income taxes	(353,924)	1,469,954
Profit (loss)	(1,030,819)	3,528,647
Profit attributable to non-controlling interests	29,003	14,876
Profit (loss) attributable to owners of parent	(1,059,822)	3,513,770

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Profit (loss)	(1,030,819)	3,528,647
Comprehensive income	(1,030,819)	3,528,647
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,059,822)	3,513,770
Comprehensive income attributable to non-controlling interests	29,003	14,876

## (3) Consolidated Statement of Changes in Equity

Previous fiscal year (April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	914,543	346,115	7,411,628	(576)	8,671,709
Changes during period					
Issuance of new shares	72,700	72,700			145,400
Profit (loss) attributable to owners of parent			(1,059,822)		(1,059,822)
Dividends of surplus			(166,515)		(166,515)
Purchase of treasury shares				(46)	(46)
Change in ownership interest of parent due to transactions with non-controlling interests		361			361
Net changes in items other than shareholders' equity					
Total changes during period	72,700	73,061	(1,226,338)	(46)	(1,080,623)
Balance at end of period	987,243	419,176	6,185,289	(623)	7,591,086

	Non-controlling interests	Total net assets
Balance at beginning of period	1,007,842	9,679,552
Changes during period		
Issuance of new shares		145,400
Profit (loss) attributable to owners of parent		(1,059,822)
Dividends of surplus		(166,515)
Purchase of treasury shares		(46)
Change in ownership interest of parent due to transactions with non-controlling interests		361
Net changes in items other than shareholders' equity	29,636	29,636
Total changes during period	29,636	(1,050,987)
Balance at end of period	1,037,479	8,628,565

Current fiscal year (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	987,243	419,176	6,185,289	(623)	7,591,086
Changes during period					
Profit attributable to owners of parent			3,513,770		3,513,770
Dividends of surplus			(170,514)		(170,514)
Purchase of treasury shares				(197)	(197)
Change in ownership interest of parent due to transactions with non-controlling interests		(8,301)			(8,301)
Net changes in items other than shareholders' equity					
Total changes during period	—	(8,301)	3,343,256	(197)	3,334,757
Balance at end of period	987,243	410,875	9,528,546	(821)	10,925,843

	Non-controlling interests	Total net assets
Balance at beginning of period	1,037,479	8,628,565
Changes during period		
Profit attributable to owners of parent		3,513,770
Dividends of surplus		(170,514)
Purchase of treasury shares		(197)
Change in ownership interest of parent due to transactions with non-controlling interests		(8,301)
Net changes in items other than shareholders' equity	(1,037,479)	(1,037,479)
Total changes during period	(1,037,479)	2,297,277
Balance at end of period	—	10,925,843

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(1,384,743)	4,998,601
Depreciation	35,021	33,921
Amortization of goodwill	39,357	2,646,712
Increase (decrease) in allowance for doubtful accounts	(340)	(482)
Increase (decrease) in provision for bonuses	5,605	(3,494)
Increase (decrease) in provision for share-based remuneration	(145,400)	146,000
Increase (decrease) in provision for shareholder benefit program	13,470	2,000
Interest and dividend income	(250)	(161)
Interest expenses	305,573	505,754
Commission expenses	2,511	15,441
Share of loss (profit) of entities accounted for using equity method	849	874
Loss (gain) on step acquisitions	—	(541,917)
Impairment losses	154,549	607,485
Loss on retirement of non-current assets	—	7,004
Decrease (increase) in deposits in trust	(6,249)	(4,974)
Decrease (increase) in trade receivables	(44,670)	28,449
Decrease (increase) in real estate for sale	(4,959,327)	13,623,151
Decrease (increase) in real estate for sale in process	2,364,049	—
Decrease (increase) in consumption taxes refund receivable	(316,313)	205,846
Decrease (increase) in other assets	(568,818)	21,265
Increase (decrease) in trade payables	(3,121)	43,679
Increase (decrease) in other liabilities	166,230	475,705
Other	164,739	(1,673,650)
Subtotal	(4,177,280)	21,137,212
Interest and dividends received	28	383
Interest paid	(305,250)	(1,029,704)
Income taxes paid	(296,998)	(1,424,146)
Income taxes refund	1,055,076	598,174
Net cash provided by (used in) operating activities	(3,724,424)	19,281,919
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,787)	(6,934)
Purchase of intangible assets	(26,027)	(48,304)
Proceeds from redemption of investment securities	866,003	2,228,589
Purchase of investment securities	(1,136,003)	(688,000)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	—	(6,065,014)
Other	(12,726)	(9,527)
Net cash provided by (used in) investing activities	(315,542)	(4,589,191)

(Thousands of yen)

	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(9,000)	206,046
Proceeds from long-term borrowings	2,253,000	660,000
Repayments of long-term borrowings	(164,576)	(408,676)
Repayments of non-recourse borrowings	(187,944)	(10,487,166)
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	(166,138)	(170,478)
Other	(13,958)	(24,147)
Net cash provided by (used in) financing activities	1,856,782	(11,232,877)
Net increase (decrease) in cash and cash equivalents	(2,183,183)	3,459,850
Cash and cash equivalents at beginning of period	4,288,074	2,104,891
Cash and cash equivalents at end of period	2,104,891	5,564,741



(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Significant Matters Forming the Basis for Preparation of the Consolidated Financial Statements)

1. Matters related to the scope of consolidation

Number of consolidated subsidiaries: 9

Names of consolidated subsidiaries

Richesse Management, Inc.

Hotel W Management, Inc.

Godo Kaisha Nijo

Mimatsu Co., Ltd.

Sanyo Kogyo Co., Ltd.

Silent Partnership Yura

Dojima Hotel Operations, Inc.

Wealth Realty Management, Inc.

Silent Partnership Gojo (Note)

(Note) Silent Partnership Gojo has been included in the scope of consolidation as of March 25, 2022 as a result of additional acquisition of investments in capital.

Silent Partnership Myoho, which had been an equity method affiliate, had been included in the scope of consolidation as of June 30, 2021 as a result of additional acquisition of investments in capital. However, it was removed from the scope of consolidation as of September 28, 2021 because the investments in capital were returned.

Silent Partnership Ryozen, which had been an equity method affiliate, had been included in the scope of consolidation as of September 28, 2021 as a result of additional acquisition of investments in capital.

However, it was removed from the scope of consolidation as of February 18, 2022 because the investments in capital were returned.

2. Matters related to application of the equity method

Number of affiliates to which the equity method applies: 3

Names of major companies, etc.

SUN RICHESSE SINGAPORE PTE. LTD.

WS PACIFIC INVESTMENT PTE. LTD.

NISEKO INVESTMENT SINGAPORE PTE. LTD. (Note)

(Note) NISEKO INVESTMENT SINGAPORE PTE. LTD., in which the Company has newly invested, is included in the scope of application of the equity method as of June 24, 2021.

3. Matters related to the business years, etc. of consolidated subsidiaries

The last day of the business years of consolidated subsidiaries is the same as the consolidated balance sheet date for Richesse Management, Inc., Hotel W Management, Inc., Godo Kaisha Nijo, Mimatsu Co., Ltd., Silent Partnership Yura, Dojima Hotel Operations, Inc., Wealth Realty Management, Inc., and Silent Partnership Gojo. However, the last day of the business year is June 30 for Sanyo Kogyo Co., Ltd.

For Sanyo Kogyo Co., Ltd., the consolidated financial statements are based on provisional financial statements prepared for Sanyo Kogyo Co., Ltd. as of the date of the consolidated settlement of accounts.

#### 4. Matters related to accounting policies

##### (1) Valuation standards and valuation methods for significant assets

###### Securities

###### Available-for-sale securities

###### Those with market value

Market value method based on the market price on the last day of the fiscal year (valuation differences are included directly in net assets and costs of securities sold are determined by the moving average method)

###### Those without market value

Cost method based on the moving average method

###### Inventories

###### Real estate for sale

Cost method based on the specific identification method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)

##### (2) Depreciation methods for significant depreciable assets

###### (i) Property, plant and equipment (excluding leased assets)

The straight-line method is used.

The main useful lives are as follows.

Buildings: 5-20 years

Tools, furniture and fixtures: 3-10 years

Depreciable assets of small value with an acquisition price of ¥100,000 or more and less than ¥200,000 are depreciated in a straight line over three years.

###### (ii) Intangible assets (excluding leased assets)

The straight-line method is used.

Depreciation of software used by the Company is based on the useful life within the Company (five years).

###### (iii) Leased assets

The straight line method is used with the lease period as the useful life and zero residual value.

##### (3) Accounting standards for significant provisions

###### Allowance for doubtful accounts

In order to provide for losses due to doubtful accounts, a provision is made for the estimated uncollectible amount accounted for based on historical rates for general accounts receivables and specific collectability for specific cases such as doubtful accounts receivable. An allowance for doubtful accounts was not recorded because there were no general accounts receivables that were uncollectible and there were no specific cases such as doubtful accounts receivable during the current fiscal year.

###### Provision for bonuses

To provide for payment of bonuses paid to employees, a provision is made for the amount to be paid during the current fiscal year based on the amount expected to be paid.

###### Provision for share-based remuneration

In order to provide for the granting of the Company's shares under the performance-linked share-based remuneration for Executive Directors, Executive Officers, and Group Executive Officers, a provision is made based on the amount of shares expected to be granted at the end of the current fiscal year.

###### Provision for shareholder benefit program

In order to provide for the shareholder benefit program, a provision is made based on the estimated future use amount at the end of the current fiscal year.

##### (4) Accounting standards for significant revenue and expenses

The Company and consolidated subsidiaries have applied "Accounting Standard for Revenue Recognition" (ASBJ

Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021; hereinafter called "Accounting Standard for Revenue Recognition, etc."). Details of significant obligations in major businesses and regular timing for recognizing profit are as follows.

(i) Revenue associated with investment advice and asset management business

In terms of revenue associated with the investment advice and asset management business, the Company recognizes the services provided by the Group related to the operation or management of assets held by the customer, or the acquisition or sale of assets, as an obligation based on the outsourcing contract entered into with the customer. If the conditions of the contract are met, such as the acquisition or sale of assets, at that point in time, the Company recognizes the revenue as its obligations have been fulfilled. If the contract obligations are deemed to be fulfilled over a period of time, such as in cases of operation or management of assets, revenue will be recognized over a set period.

(ii) Revenue associated with hotel management business

In terms of revenue associated with the hotel management business, the Company recognizes providing services to guests staying at the hotel as the obligation. This obligation is fulfilled upon the completion of providing services. The Company recognizes revenue when this obligation is fulfilled.

(5) Method of depreciation and depreciation period of goodwill

The Company amortizes goodwill evenly over the period when the investment effect is realized.

(6) Scope of net cash in the Consolidated Statement of Cash Flows

Net cash (cash and cash equivalents) in the Consolidated Statement of Cash Flows comprise cash on hand, demand deposits, and short-term investments that are readily convertible into cash, exposed to insignificant risk of fluctuations in value and redeemable in three months or less from the acquisition date.

(7) Other significant matters for preparation of the Consolidated Financial Statements

Accounting for investments in silent partnerships

When investing in a silent partnership, the amount equivalent to the holding of assets in the silent partnership is recorded as "investment securities."

Accounting for consumption taxes, etc.

Consumption taxes, etc. are mainly accounted for by the tax-exclusion method.

Application of consolidated taxation system

The consolidated taxation system is applied.

Application of tax effect accounting related to the transition from the consolidated taxation system to the group tax sharing system

The Company and some of its domestic consolidated subsidiaries will transition from a consolidated taxation system to a group tax sharing system from the next consolidated fiscal year. However, for the items for which the non-consolidated taxation system was reviewed in conjunction with the transition to the group tax sharing system established in the "Act on Partial Revision of the Income Tax Act and Other Acts" (Act No. 8, 2020) and the transition to the group tax sharing system, in accordance with the treatment of paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020), the Company and some of its domestic consolidated subsidiaries do not apply the provisions of paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), and the amount of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before the revision.

The Company plans to adopt "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), in which the accounting practices and disclosures are established for income taxes, local income taxes, and tax effect accounting upon the adoption of the group tax sharing system, from the beginning of the next consolidated fiscal year.

(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 current fiscal year, and recognizes 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 current fiscal year has been added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy has been applied from the relevant beginning balance.

As a result, there is no impact on the consolidated financial statements for this consolidated fiscal year. In accordance with transitory measures established in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, there is no entry in the notes for "Revenue Recognition" for the previous consolidated fiscal year.

(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 current fiscal year, 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, etc. will be applied in the future. There is no impact on the consolidated financial statements.

(Consolidated Statement of Income)

\*1 Gain on step acquisitions

This occurred as a result of the additional acquisition of investments in capital of 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

In this consolidated fiscal year, the Group booked impairment losses for the below asset groups.

Use	Location	Type	Amount
Hotel management business Related facilities	Shimogyo-ku, Kyoto City and other	Tools, furniture and fixtures Intangible assets and other	55,806 thousand yen
Headquarter facilities	Minato-ku, Tokyo	Buildings Tools, furniture and fixtures	16,915 thousand yen
Real estate securitization business	—	Goodwill	534,762 thousand yen
—	—	Total	607,485 thousand yen

(1) 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.

(2) Background leading to the recognition of impairment losses and the calculation method for the recoverable value

Goodwill was recorded based on the assumption of excess earning capacity when the Company acquired additional investments in capital of 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 value, and the amount of the reduction was recorded as an impairment loss. Further, the recoverable value of goodwill is measured by the used value and future cash flow is calculated at a 5% discount.

Regarding certain hotel management business related facilities, as a result of rebranding the "Kyoto Yura Hotel" and "Kyoto Yura Hotel Nijo Jo Bettei" from Accor Hotels to the Banyan Tree Group brand, as well as the dramatically changed business environment stemming from the COVID-19 virus, the Company reduced the book price to the recoverable value, and the amount of the decrease was recorded as an impairment loss. The

recoverable value of these assets are measured by the used value. Because future cash flow is negative, the Company valued the recoverable value as zero.

For headquarters facilities assets (interior facilities, furniture, fixtures) that are not expected to be used, the Company reduced value to the recoverable value and the decrease was recorded as an impairment loss. The recoverable value of these assets are measured by the used value. Therefore, the Company valued the recoverable value as zero.

(Segment Information, etc.)

Segment Information

1. Overview of reportable segments

The Group's reportable segments are periodically considered based on the availability of separate financial information for constituent units of the Company and to enable the Board of Directors to determine the allocation of management resources and assess performance.

Therefore, the Group's businesses are categorized as follows.

- The real estate securitization business that operates an asset management business, invests in real estate or funds, and provides investment advice, for the acquisition, management, sale, etc. of real estate by institutional investors and wealthy clients.
- The hotel management business providing a variety of services related to hotel management including revenue management and on-site operations.

2. Method of calculation of the amounts of net sales, profit or loss, assets, liabilities and other items for each reportable segment

The methods of accounting for the reportable segments are the same as those shown in the "Significant Matters Forming the Basis for Preparation of the Consolidated Financial Statements."

Operating profit is shown as the profit of reportable segments.

Internal revenues and transfers between segments are based on actual market prices.

As described in "Changes in Accounting Policies," the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the current fiscal year 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 consolidated fiscal year ended March 31, 2022.

3. Information and revenue analysis information on the amounts of net sales, profit or loss, assets, liabilities and other items for each reportable segment

Previous fiscal year (April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Reportable segment			Total	Adjustments (Note) 1	Amount shown on consolidated financial statements (Note) 2
	Real estate securitization business	Hotel management business	Total			
Net sales						
Net sales to external clients	4,578,423	731,307	5,309,731	5,309,731	—	5,309,731
Internal net sales and transfers between segments	5,143	254,000	259,143	259,143	(259,143)	—
Total	4,583,567	985,307	5,568,875	5,568,875	(259,143)	5,309,731
Segment profit or (loss)	195,077	(585,530)	(390,453)	(390,453)	(300,251)	(690,704)
Segment assets	23,367,299	2,282,034	25,649,333	25,649,333	105,605	25,754,938
Segment liabilities	20,851,462	1,329,339	22,180,802	22,180,802	(5,054,429)	17,126,373
Other items						
Depreciation	1,361	26,844	28,205	28,205	6,815	35,021
Amortization of goodwill	—	—	—	—	39,357	39,357
Share of profit (loss) of entities accounted for using equity method	(849)	—	(849)	(849)	—	(849)
Investments in entities accounted for using equity method	875,287	—	875,287	875,287	—	875,287
Increases in property, plant and equipment and intangible assets	—	97,617	97,617	97,617	10,502	108,119

(Notes) 1. The adjustments are as follows.

- (1) The negative ¥300,251,000 adjustment to segment profit or (loss) includes negative ¥39,357,000 of amortization of goodwill not allocated to each reporting segment, the net amount of negative ¥223,213,000 in corporate revenues and expenses, and negative ¥37,680,000 in eliminations of transactions between segments.
- (2) The ¥105,605,000 adjustment to segment assets is the cash, deposits and other assets of the Company.
- (3) The negative ¥5,054,429,000 adjustment to segment liabilities is the accounts payable - other, and other liabilities of the Company.

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

Current fiscal year (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segment			Total	Adjustments (Note) 1	Amount shown on consolidated financial statements (Note) 2
	Real estate securitization business	Hotel management business	Total			
Net sales						
Goods and services transferred at a point in time	93,100	1,493,157	1,586,257	1,586,257	—	1,586,257
Goods and services transferred over a fixed period of time	269,013	—	269,013	269,013	—	269,013
Revenue from contracts with customers	362,113	1,493,157	1,855,271	1,855,271	—	1,855,271
Other revenue	27,166,351	8,178	27,174,530	27,174,530	—	27,174,530
Net sales to external clients	27,528,465	1,501,336	29,029,801	29,029,801	—	29,029,801
Internal net sales and transfers between segments	—	1,485,066	1,485,066	1,485,066	(1,485,066)	—
Total	27,528,465	2,986,403	30,514,868	30,514,868	(1,485,066)	29,029,801
Segment profit	5,526,919	634,962	6,161,881	6,161,881	(485,686)	5,676,194
Segment assets	35,113,638	2,300,452	37,414,090	37,414,090	1,971,998	39,386,089
Segment liabilities	24,951,422	1,484,611	26,436,034	26,436,034	2,024,211	28,460,246
Other items						
Depreciation	1,167	27,897	29,065	29,065	4,855	33,921
Amortization of goodwill	2,646,712	—	2,646,712	2,646,712	—	2,646,712
Share of profit (loss) of entities accounted for using equity method	(874)	—	(874)	(874)	—	(874)
Investments in entities accounted for using equity method	—	—	—	—	—	—
Increases in property, plant and equipment and intangible assets	628,237	68,190	696,428	696,428	804	697,232

(Notes) 1. The adjustments are as follows.

- (1) The negative ¥485,686,000 of segment profit adjustments includes a net amount of negative ¥502,006,000 of corporate revenues and expenses not allocated to each reportable segment, and ¥16,320,000 in eliminations of transactions between segments.
  - (2) The ¥1,971,998,000 adjustment to segment assets is the cash, deposits and other assets of the Company.
  - (3) The ¥2,024,211,000 adjustment to segment liabilities is the accounts payable - other, and other liabilities of the Company.
2. Adjustments have been made to the operating profit shown on the 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).



## (Per Share Information)

Item	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Net assets per share	¥890.38	¥1,281.53
Earnings (loss) per share	(¥124.77)	¥412.14

(Notes) 1. Diluted earnings per share are not shown because there are no dilutive shares.

2. The basis for calculation of earnings (loss) per share is as follows.

Item	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Earnings (loss) per share		
Profit (loss) attributable to owners of parent (thousands of yen)	(1,059,822)	3,513,770
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit (loss) attributable to owners of parent pertaining to common shares (thousands of yen)	(1,059,822)	3,513,770
Average number of shares during fiscal year	8,493,947	8,525,668

3. The basis for calculation of net assets per share is as follows.

Item	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Total net assets (thousands of yen)	8,628,565	10,925,843
Amount deducted from total net assets (thousands of yen)	1,037,479	—
[Non-controlling interests (thousands of yen)]	[1,037,479]	[—]
Net assets at end of fiscal year pertaining to common shares (thousands of yen)	7,591,086	10,925,843
Number of common shares at end of fiscal year used in calculation of net assets per share	8,525,713	8,525,628

## (Significant Subsequent Events)

Not applicable.