Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending November 30, 2023
<IFRS>

April 5, 2023

Company name: TOSEI CORPORATION Stock listing: TSE / SGX
Securities code number: 8923 / S2D
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Submission of Quarterly Securities Report (Shihanki-Houkokusho): April 7, 2023 (scheduled)
Commencement of dividend payments: —
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: No

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

1. Consolidated Financial Results for the Three Months Ended February 28, 2023 (December 1, 2022 – February 28, 2023)

(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)	(%)
Three months ended February 28, 2023	31,052	18.0	6,781	19.3	6,488	19.7	4,416	21.8
Three months ended February 28, 2022	26,315	4.8	5,685	22.5	5,420	21.3	3,625	17.7

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Three months ended February 28, 2023	4,416	21.8	4,369	24.0	93.55	93.36
Three months ended February 28, 2022	3,625	17.7	3,522	2.9	76.10	76.07

(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 February 28, 2023	210,192	74,170	74,170	35.3
As of November 30, 2022	210,955	72,290	72,290	34.3

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended November 30, 2022	–	0.00	–	51.00	51.00
Fiscal year ending November 30, 2023	–				
Fiscal year ending November 30, 2023 (Forecast)		0.00	–	60.00	60.00

Note: Revision to the most recently released dividend forecasts: No

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2023 (December 1, 2022 – November 30, 2023)

(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, 2023	85,000	19.8	14,824	9.7	14,000	9.8	9,388	9.1	198.66

Note: Revision to the most recently released earnings forecasts: No

*** 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 February 28, 2023	48,683,800 shares
As of November 30, 2022	48,683,800 shares

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

As of February 28, 2023	1,472,022 shares
As of November 30, 2022	1,424,122 shares

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

Three months ended February 28, 2023	47,212,653 shares
Three months ended February 28, 2022	47,639,028 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.

Contents of Attached Materials

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 three months ended February 28, 2023, the Japanese economy showed signs of moderate recovery, as it took the path of coexistence with COVID-19. Meanwhile, concerns have been raised over the lackluster overseas economies reflecting the global credit tightening and the impact of rising consumer prices, and it will be necessary to monitor them as downside risks.

In the real estate industry where Tosei Group operates, domestic real estate investments for the whole of 2022 decreased by 27% year on year to ¥3.2 trillion. The continuing shortage of income-generating properties and the slowdown in property acquisition by J-REIT, the main players in real estate investment, are believed to be the factors for this decrease. While some investors have chosen to adopt a “wait-and-see” attitude as the market awaits an imminent correction of its monetary policies by the Bank of Japan, many other real estate investors both in Japan and overseas continue to demonstrate an avid appetite for investments and current real estate prices remain high. Therefore, it will be necessary to continue monitoring the trends of monetary policies and other factors going forward (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly built units for the whole of 2022 decreased 12.1% year on year to 29,569 units and the average price per unit reached a record-breaking ¥62.88 million (up 0.4% year on year) due to the constraints put on supply by developers owing to the difficulty of purchasing land lots and the soaring prices of building materials. Although 32,000 units (up 8.2% year on year) are projected to be supplied in the whole of 2023, given that further cost pass-through will be required going forward, the average contract rate for the first month of 2023 has fallen by 3.8 percentage points year on year to 54.6% and significantly below the 70% threshold from which market conditions are viewed as favorable, raising concerns over declining consumer appetite and longer periods required for sales due to soaring condominium prices. In the Tokyo metropolitan area pre-owned condominium market, while the number of units contracted for the whole of 2022 declined by 11.0% year on year to 35,429 units, sales prices continue to rise, similarly to newly built units. Additionally, in the build-for-sale detached house market, housing starts for the whole of 2022 remained strong at 59,425 units (up 4.2% year on year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the whole of 2022 were ¥582 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 2.3% year on year) for wooden structures and ¥1,436 thousand per tsubo (an increase of 28.4% year on year) for steel reinforced concrete structures. Although the price of timber, which shot up last year, has been gradually coming down, it remains at high levels and steel prices are also still high, which have resulted in the ongoing rise of construction costs (according to a survey by the Ministry of Land, Infrastructure, Transport and Tourism).

In the office leasing market of Tokyo’s five business wards, the average vacancy rate as of January 2023 was 6.3% (unchanged from the same month of the previous year), and the average asking rent was ¥20,026 per tsubo (a decrease of 2.4% year on year). Although office demand is on a recovery trend, a massive supply of new office buildings is expected in 2023, and it remains necessary to continue monitoring the trends in supply and demand (according to a survey by a private research institute).

Meanwhile, the condominium leasing market remained robust and the average asking rent of apartments in the Tokyo metropolitan area as of January 2023 was ¥11,209 per tsubo (an increase of 2.8% year on year) and the average occupancy rate at condominiums held by J-REIT in the Tokyo Area as of October 31, 2022 was 96.6% (an increase of 0.1 percentage points year on year). The rent for apartments for singles, which had taken a hit during the COVID-19 pandemic, has also begun to rise at a moderate pace (according to a survey by a private research institute).

In the Tokyo metropolitan area’s logistics facility leasing market, leasable stock as of January 2023 amounted to 8.59 million tsubo (an increase of 15.8% year on year), the vacancy rate was 4.4% (an increase of 2.1 percentage points year on year), and the asking rent was ¥4,510 per tsubo (a decrease of 4.0% year on year). As supply continues to rise at a rapid pace, in 2023, a record-breaking supply of approximately 1.2 million tsubo is expected. While there are concerns about the deteriorating balance of supply and demand in the short term, demand is expected to remain solid in the medium- to long term (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 January 2023 totaled ¥21.9 trillion (an increase of ¥0.6 trillion year on year) and assets under management in private placement funds totaled ¥29.7 trillion (as of December 31, 2022, an increase of ¥5.6 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥51.6 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, for the whole of 2022, the average guest room occupancy rate was 58.4% (an increase of 16.6 percentage points year on year), and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 58.68 million (an increase of 53.5% year on year). Domestic demand has already recovered to pre-COVID-19 levels, and a recovery in the number of inbound guests is also expected in 2023 (according to a survey by the Japan Tourism Agency).

Amid this operating environment, in the Fund and Consulting Business, the Group increased its balance of assets under management, while in the Revitalization Business and the Development Business, the Group proceeded with property sales and 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 three months ended February 28, 2023 totaled ¥31,052 million (up 18.0% year on year), operating profit was ¥6,781 million (up 19.3%), profit before tax was ¥6,488 million (up 19.7%), and profit attributable to owners of the parent was ¥4,416 million (up 21.8%).

Performance by business segment is shown below.

Revitalization Business

During the three months ended February 28, 2023, the segment sold 16 properties it had renovated and 39 pre-owned condominium units, including Otsuka Tosei Building Ⅱ (Toshima-ku, Tokyo), Kashiwa Tosei Building (Kashiwa-shi, Chiba), Stellar Court Higashi-kojiya (Ota -ku, Tokyo).

During the three months ended February 28, 2023, it also acquired a total of 15 income-generating office buildings and apartments, nine land lots and 28 pre-owned condominium units.

As a result, revenue in this segment was ¥23,717 million (up 26.7% year on year) and the segment profit was ¥5,061 million (up 22.4%).

Development Business

During the three months ended February 28, 2023, the segment sold 18 units at THE Palms Toda Master Graces (Toda-shi, Saitama) in newly build condominium and sold 13 detached houses at such properties as THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo) and THE Palms Court Hikawadai (Nerima-ku, Tokyo).

During the fiscal year under review, it also acquired two land lots for rental apartment projects, two land lots for rental wooden apartment projects and land lots for four detached houses.

As a result, revenue in this segment was ¥1,752 million (down 44.2% year on year) and the segment profit was ¥215 million (down 65.0%).

Rental Business

During the three months ended February 28, 2023, the Company focused on leasing out its rental properties.

As of February 28, 2023, the number of rental properties increased by seven from 91 at the end of the previous fiscal year to 98, as the segment acquired 18 properties, sold 10 properties, and terminated the leasing of one property.

As a result, revenue in this segment was ¥1,556 million (up 7.6% year on year) and the segment profit was ¥759 million (up 3.4%).

Fund and Consulting Business

During the three months ended February 28, 2023, while ¥25,620 million was subtracted due mainly to property dispositions by funds, ¥558,360 million added due to new asset management contracts, from the balance of assets under management (Note) ¥1,722,896 million for the end of the previous fiscal year. The balance of assets under management as of February 28, 2023, was ¥2,255,636 million.

As a result, revenue in this segment was ¥1,655 million (up 41.8% year on year) and the segment profit was ¥1,060 million (up 51.9%).

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

Property Management Business

During the three months ended February 28, 2023, the segment made efforts to win new contracts and

maintain existing contracts. Consequently, the total number of properties under management was 812 as of February 28, 2023, an increase of 47 from February 28, 2022, with the total comprising 487 office buildings, hotels, logistic facilities and other such properties, and 325 condominiums and apartments.
As a result, revenue in this segment was ¥1,586 million (up 6.8% year on year) and segment profit was ¥263 million (down 6.3%).

Hotel Business

During the three months ended February 28, 2023, occupancy rates and guest room rates improved in line with the increasing normalization of social and economic activities, as the nation adopted coexistence with COVID-19 and accordingly, both revenue and segment profit exceeded that of the previous fiscal year. The segment, which had continued to report losses ever since the COVID-19 outbreak, returned to profitability.
As a result, revenue in this segment was ¥783 million (up 119.9% year on year) and segment profit was ¥142 million (in comparison with segment loss of ¥188 million in the same period of the previous fiscal year).

2) Analysis and contents for discussion of Operating Results

In the domestic real estate investment market, which is the Group's mainstay market, there were no major changes in the investment stance of real estate investors both in Japan and abroad and robust transactions continued. Overseas visitors also began to return since the lifting of border control restrictions and the hotel business market entered a recovery phase. Under such an operating environment, for the first three months ended February 28, 2023, the Group's financial results were off to a good start with consolidated revenue of ¥31.0 billion (up 18.0% year on year), operating profit of ¥6.7 billion (up 19.3% year on year), and profit before tax of ¥6.4 billion (up 19.7% year on year), achieving 36.5% of the full-year forecast based on revenue and 46.3% based on profit before tax.
As for the operating segments, in the Revitalization Business, sales of three major income-generating properties progressed as planned, while sales of condominium units that have been revitalized and small- to medium-sized properties were also strong, which drove the Group's overall profits. Additionally, in the Stock and Fee Business, the Company's stable source of income, each business progressed strongly, with the Hotel Business in particular showing a recovery in occupancy rates and guest room rates exceeding the Company's expectations. In the Fund and Consulting Business, the Company began to provide asset management services to the major property, "Otemachi PLACE" from December, which turned out to be a record real estate transaction deal in Japan, and as a result, the balance of assets under management exceeded ¥2.2 trillion (an increase of ¥532.7 billion from the end of the previous fiscal year).
Recently, our nation's economy has been witnessing rising uncertainty over the business environment, due to various factors including the soaring prices of natural resources, concerns about the global economic downturn, and forecasts for revisions of monetary policies by the Bank of Japan. The Company will closely monitor the trends in real estate market and continue to promote proactive business activities.

(2) Qualitative Information Regarding Consolidated Financial Positions

1) Analysis of Financial Positions

As of February 28, 2023, total assets were ¥210,192 million, a decrease of ¥763 million compared with November 30, 2022, while total liabilities were ¥136,022 million, a decrease of ¥2,642 million.
Decrease of total assets were due to a decrease in Trade and other receivables and inventories despite an increase in cash and cash equivalents. Decrease in total liabilities were due to a decrease in Interest-bearing liabilities despite an increase in Trade and other payables.
Total equity increased by ¥1,879 million to ¥74,170 million, mainly due to an increase in retained earnings and payment of cash dividends.

2) Analysis of Cash Flows

Cash and cash equivalents (hereinafter "cash") as of February 28, 2023 totaled ¥37,074 million, up ¥5,307 million compared with November 30, 2022.
The cash flows for the three months ended February 28, 2023 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥13,386 million (up 36.1% year on year). This is mainly attributed to the profit before tax of ¥6,488 million, a decrease in inventories of ¥4,361 million, a decrease in Trade and other receivables of ¥4,455 million, and income taxes paid of ¥2,780 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,383 million (down 18.3% year on year). This is mainly due to payments for acquisition of subsidiaries of ¥1,581 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥5,694 million (down 31.3% year on year). This mainly reflects ¥15,845 million in the repayments of non-current borrowings and ¥2,370 million in cash dividends paid, despite ¥12,918 million in proceeds from non-current borrowings.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

The business results during the three months ended February 28, 2023 basically remained stable as planned and there is no change on the full-year consolidated earnings forecasts, announced on January 12, 2023.

The forward-looking statements contained in these materials, including forecasts of the future performance, are based on the information available to the Company as of the date of announcement and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ from these forecasts due to various factors.

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 February 28, 2023. It predicts that the impact of COVID-19 on hotels and commercial facilities will persist for the time being, and that it will gradually recover toward November 30, 2023.

3. Condensed Quarterly Consolidated Financial Statements and notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

	As of November 30, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and cash equivalents	31,767,008	37,074,725
Trade and other receivables	10,038,132	6,264,030
Inventories	95,303,762	93,416,384
Other current assets	22,640	23,312
Total current assets	137,131,544	136,778,452
Non-current assets		
Property, plant and equipment	22,963,356	22,706,578
Investment properties	39,864,258	40,194,274
Goodwill	1,401,740	1,401,740
Intangible assets	205,354	193,113
Trade and other receivables	1,457,809	1,275,091
Other financial assets	7,219,963	7,206,577
Deferred tax assets	698,518	423,660
Other non-current assets	13,254	13,254
Total non-current assets	73,824,257	73,414,291
Total assets	210,955,801	210,192,743
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,681,615	7,308,224
Interest-bearing liabilities	13,739,325	14,549,381
Current income tax liabilities	1,935,664	1,263,164
Provisions	1,079,970	342,728
Total current liabilities	22,436,575	23,463,497
Non-current liabilities		
Trade and other payables	3,612,629	3,492,129
Interest-bearing liabilities	111,108,220	107,550,049
Retirement benefits obligations	704,268	709,368
Provisions	15,449	7,498
Deferred tax liabilities	787,980	799,771
Total non-current liabilities	116,228,549	112,558,816
Total Liabilities	138,665,124	136,022,314
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	6,775,532	6,769,673
Retained earnings	60,029,994	62,036,459
Treasury shares	(1,533,670)	(1,607,753)
Other components of equity	393,929	347,158
Total equity attributable to owners of parent	72,290,677	74,170,429
Total equity	72,290,677	74,170,429
Total liabilities and equity	210,955,801	210,192,743

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Three months ended February 28, 2022	Three months ended February 28, 2023
Revenue	26,315,717	31,052,331
Cost of revenue	17,820,126	21,148,431
Gross profit	8,495,591	9,903,900
Selling, general and administrative expenses	2,826,704	3,234,839
Other income	21,602	116,163
Other expenses	5,153	4,139
Operating profit	5,685,336	6,781,084
Finance income	3,782	3,891
Finance costs	268,621	296,931
Profit before tax	5,420,496	6,488,045
Income tax expense	1,795,394	2,071,336
Profit for the period	3,625,101	4,416,708
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	(105,099)	(44,892)
Remeasurements of defined benefit pension plans	(8,544)	—
Subtotal of Other comprehensive income Items that will not be reclassified to profit or loss	(113,644)	(44,892)
Other comprehensive income Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	4,796	295
Net change in fair values of cash flow hedges	6,569	(2,173)
Subtotal of other comprehensive income Items that may be reclassified to profit or loss	11,366	(1,878)
Other comprehensive income for the period, net of tax	(102,278)	(46,771)
Total comprehensive income for the period	3,522,823	4,369,937
Profit attributable to:		
Owners of parent	3,625,101	4,416,708
Profit for the period	3,625,101	4,416,708
Total comprehensive income attributable to:		
Owners of parent	3,522,823	4,369,937
Total comprehensive income for the period	3,522,823	4,369,937
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	76.10	93.55
Diluted earnings per share (¥)	76.07	93.36

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended February 28, 2022 (December 1, 2021 – February 28, 2022)

(¥ 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, 2021	6,624,890	6,790,172	53,250,370	(911,662)	204,969	65,958,740	65,958,740
Profit for the period			3,625,101			3,625,101	3,625,101
Other comprehensive income					(102,278)	(102,278)	(102,278)
Total comprehensive income for the period	—	—	3,625,101	—	(102,278)	3,522,823	3,522,823
Amount of transactions with owners							
Purchase of treasury shares		(232)		(335,387)		(335,619)	(335,619)
Disposal of treasury shares		(105)		4,076		3,970	3,970
Dividends of surplus			(1,815,783)			(1,815,783)	(1,815,783)
Transfer from other components of equity to retained earnings			(8,544)		8,544	—	—
Balance at February 28, 2022	6,624,890	6,789,833	55,051,143	(1,242,973)	111,235	67,334,130	67,334,130

Three months ended February 28, 2023 (December 1, 2022 – February 28, 2023)

(¥ 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, 2022	6,624,890	6,775,532	60,029,994	(1,533,670)	393,929	72,290,677	72,290,677
Profit for the period			4,416,708			4,416,708	4,416,708
Other comprehensive income					(46,771)	(46,771)	(46,771)
Total comprehensive income for the period	—	—	4,416,708	—	(46,771)	4,369,937	4,369,937
Amount of transactions with owners							
Purchase of treasury shares		(2,619)		(113,831)		(116,451)	(116,451)
Disposal of treasury shares		(3,238)		39,748		36,510	36,510
Dividends of surplus			(2,410,243)			(2,410,243)	(2,410,243)
Balance at February 28, 2023	6,624,890	6,769,673	62,036,459	(1,607,753)	347,158	74,170,429	74,170,429

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Three months ended February 28, 2022	Three months ended February 28, 2023
Cash flows from operating activities		
Profit before tax	5,420,496	6,488,045
Depreciation expense	391,435	386,643
Increase (decrease) in provisions and retirement benefits obligations	(499,521)	(731,496)
Interest and dividend income	(3,782)	(3,891)
Interest expenses	268,621	296,931
Decrease (increase) in trade and other receivables	(230,921)	4,455,728
Decrease (increase) in inventories	7,884,330	4,361,145
Increase (decrease) in trade and other payables	(37,523)	819,765
Other, net	(111)	(97,257)
Subtotal	13,193,023	15,975,613
Interest and dividend income received	101,688	190,563
Income taxes paid	(3,459,656)	(2,780,096)
Net cash from (used in) operating activities	9,835,055	13,386,081
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,362)	(12,062)
Purchase of investment properties	(41,331)	(451,711)
Purchase of intangible assets	(8,396)	(8,076)
Payments of loans receivable	—	(281,000)
Collection of loans receivable	1,664	2,096
Purchase of other financial assets	(2,878,764)	(55,660)
Collection of other financial assets	100	3,846
Payments for acquisition of subsidiaries	—	(1,581,393)
Other, net	26,750	—
Net cash from (used in) investing activities	(2,918,339)	(2,383,961)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	1,680,000	165,004
Proceeds from non-current borrowings	4,829,500	12,918,400
Repayments of non-current borrowings	(12,290,221)	(15,845,572)
Redemption of bonds	(20,000)	(10,000)
Repayments of lease obligations	(106,454)	(105,529)
Cash dividends paid	(1,777,084)	(2,370,212)
Purchase of treasury shares	(335,387)	(113,831)
Proceeds from disposal of treasury shares	4,024	36,618
Interest expenses paid	(276,965)	(369,364)
Net cash from (used in) financing activities	(8,292,590)	(5,694,488)
Net increase (decrease) in cash and cash equivalents	(1,375,873)	5,307,631
Cash and cash equivalents at beginning of period	33,560,679	31,767,008
Effect of exchange rate change on cash and cash equivalents	832	84
Cash and cash equivalents at end of period	32,185,638	37,074,725

(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:

Three months ended February 28, 2022

(December 1, 2021 – February 28, 2022)

(¥ 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	18,719,768	3,140,491	1,446,586	1,167,411	1,485,047	356,413	－	26,315,717
Intersegment revenue	－	－	36,616	1,799	370,405	85	(408,906)	－
Total	18,719,768	3,140,491	1,483,203	1,169,210	1,855,453	356,498	(408,906)	26,315,717
Segment profit or loss	4,133,802	616,147	733,969	698,185	280,725	(188,527)	(588,966)	5,685,336
Finance income/costs, net								(264,839)
Profit before tax								5,420,496

Three months ended February 28, 2023

(December 1, 2022 – February 28, 2023)

(¥ 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	23,717,036	1,752,683	1,556,602	1,655,800	1,586,565	783,642	—	31,052,331
Intersegment revenue	—	—	44,351	—	282,486	3,666	(330,504)	—
Total	23,717,036	1,752,683	1,600,954	1,655,800	1,869,052	787,308	(330,504)	31,052,331
Segment profit	5,061,180	215,820	759,239	1,060,713	263,158	142,173	(721,202)	6,781,084
Finance income/costs, net								(293,039)
Profit before tax								6,488,045

2. Dividends

Dividends paid in the three months ended February 28, 2022 and February 28, 2023 are as follows:

Three months ended February 28, 2022				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2022	38	1,815,783	November 30, 2021	February 28, 2022

Three months ended February 28, 2023				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 24, 2023	51	2,410,243	November 30, 2022	February 27, 2023

3. Earnings per Share

	Three months ended February 28, 2022	Three months ended February 28, 2023
Profit attributable to owners of parent (¥ thousand)	3,625,101	4,416,708
Net income used to figure diluted net income per share (¥ thousand)	3,625,101	4,416,708
Weighted average number of outstanding ordinary shares (shares)	47,639,028	47,212,653
The number of increased ordinary shares used to figure diluted earnings per share (shares)	14,839	94,177
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,653,867	47,306,830
Basic earnings per share (¥)	76.10	93.55
Diluted net income per share (¥)	76.07	93.36

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.