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## Consolidated Financial Results

### for the First Six Months of the Fiscal Year Ending November 30, 2023

#### <IFRS>

July 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):      July 7, 2023 (scheduled)  
 Commencement of dividend payments: —  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Six Months Ended May 31, 2023 (December 1, 2022 – May 31, 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)	(%)
Six months ended May 31, 2023	52,861	21.4	12,516	33.8	12,072	34.1	8,163	33.7
Six months ended May 31, 2022	43,552	6.4	9,357	1.4	9,000	0.5	6,107	(0.3)

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Six months ended May 31, 2023	8,164	33.7	8,045	29.3	172.35	172.00
Six months ended May 31, 2022	6,107	(0.2)	6,222	(7.9)	128.56	128.46

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	(¥ million)	(¥ million)	(¥ million)	(%)
As of May 31, 2023	224,553	79,578	79,463	35.4
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	–	0.00			
Fiscal year ending November 30, 2023 (Forecast)			–	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 May 31, 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 May 31, 2023	393,422 shares
As of November 30, 2022	1,424,122 shares

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

Six months ended May 31, 2023	47,370,964 shares
Six months ended May 31, 2022	47,504,621 shares

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

### \* Proper use of earnings forecasts and other notes

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

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# 1. Qualitative Information on Quarterly Consolidated Financial Performance

## (1) Qualitative Information Regarding Consolidated Operating Results

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

During the six months ended May 31, 2023, the Japanese economy showed signs of moderate recovery, as it took the path of coexistence with COVID-19 and economic activities returned to normal. Meanwhile, concerns have been raised over the risk of a slowdown of the global economy reflecting the prolonged Russian invasion of Ukraine and the global credit tightening, as well as the risk of a downturn in the economy due to high crude oil prices and rising consumer prices, and it will be necessary to monitor economic trends going forward.

In the real estate industry where Tosei Group operates, domestic real estate investments for the three months from January to March 2023 increased 61% year on year to ¥1,174.8 billion, ranking second in the world for real estate investment by city (ranked 16th for the full year of 2022). Despite the global uncertainty surrounding banks and the unpredictability of the financial markets, the general preference for Japanese real estate backed by a low-interest rate environment and the weak yen continues, and expectations are high for even more transactions in the latter half of 2023 (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly built units from January to April 2023 decreased by 20.1% year on year to 6,660 units due to the developers adjusting their supplies as a result of the continuing high prices of land lots and rising construction costs. Prices continue to rise with the average price per unit at ¥77.47 million (up 23.1% year on year) in April 2023, as the high-priced condominiums in the center of Tokyo drive up prices and the city centers make a return in general residential preference. In the Tokyo metropolitan area pre-owned condominium market, while the number of units contracted from January to April 2023 declined slightly by 1.5% year on year to 12,217 units, the market is booming as indicated by the continuing high level of prices with the average price per unit at ¥42.01 million (up 5.0% year on year). Additionally, in the build-for-sale detached house market, housing starts for the four months from January to April 2023 remained strong at 19,000 units (up 1.2% year on year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the four months from January to April 2023 were ¥1,145 thousand per tsubo (1 tsubo = 3.30 square meters) (a decrease of 15.7% year on year) for steel reinforced concrete structures and ¥620 thousand per tsubo (an increase of 8.0% year on year) for wooden structures. In terms of the prices of building materials, while steel prices remain high, the price of timber, which had previously skyrocketed as a result of the “wood shock,” has been gradually coming down (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 April 2023 was 6.1% (a decrease of 0.3 percentage points year on year), and the average asking rent was ¥19,896 per tsubo (a decrease of 2.1% year on year). Although the vacancy rate seems to have bottomed out, the declining trend in rent continues. As a massive supply of new and large office buildings is also expected in the second half of the year, it remains necessary to continue monitoring market trends (according to a survey by a private research institute).

The condominium leasing market remained robust and the average asking rent of apartments in the Tokyo metropolitan area as of April 2023 was ¥11,550 per tsubo (an increase of 3.7% year on year) and the average occupancy rate at condominiums held by J-REIT in the Tokyo Area as of January 31, 2023 was 96.6% (an increase of 0.1 percentage points year on year). Demand for apartments in the Tokyo metropolitan area remains high and the rent and occupancy rates have begun to rise at a moderate pace. Additionally, apartments for singles, which had been in low demand during the COVID-19 pandemic, are also showing signs of recovery (according to a survey by a private research institute).

In the Tokyo metropolitan area’s logistics facility leasing market, leasable stock as of April 2023 was 8.90 million tsubo (an increase of 15.7% year on year), the vacancy rate was 5.4% (an increase of 2.5 percentage points year on year), and the asking rent was ¥4,600 per tsubo (a decrease of 1.1% year on year). While the vacancy rate is currently rising due to the increase in the supply of new facilities, demand for logistics facilities remains solid, and in the medium to long term, an increase in demand is expected in conjunction with the expanding e-commerce market (according to a survey by a private research institute).

The real estate fund market remains robust, and the market scale continues to expand. J-REIT assets under management in April 2023 totaled ¥22.2 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 ¥51.9

trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, in the three months from January to March 2023, the average guest room occupancy rate was 74.4% (an increase of 27.3 percentage points year on year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 21.02 million (an increase of 90.4% year on year). Domestic demand is on pre-COVID-19 levels and given the increase in inbound demand, further market recovery is expected going forward (according to a survey by the Japan Tourism Agency).

As a result, consolidated revenue for the six months ended May 31, 2023 totaled ¥52,861 million (up 21.4% year on year), operating profit was ¥12,516 million (up 33.8%), profit before tax was ¥12,072 million (up 34.1%), and profit attributable to owners of the parent was ¥8,164 million (up 33.7%).

Performance by business segment is shown below.

### **Revitalization Business**

During the six months ended May 31, 2023, the segment sold 26 properties it had renovated and 64 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 six months ended May 31, 2023, it also acquired a total of 31 income-generating office buildings, rental apartments, 10 land lots and 47 pre-owned condominium units.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥344 million.

As a result, revenue in this segment was ¥34,017 million (up 17.5% year on year) and the segment profit was ¥7,165 million (up 18.1%).

### **Development Business**

During the six months ended May 31, 2023, the segment sold THE PALMS Machida (Machida-shi, Tokyo) which is a rental apartment sold 44 detached houses at such properties as THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo) and THE Palms Court Tsunashima (Yokohama-shi, Kanagawa).

During the six months ended May 31, 2023, it also acquired five land lots for rental apartment project, two land lots for rental wooden apartment project, a land lot for condominium project and land lots for 141 detached houses.

As a result, revenue in this segment was ¥6,396 million (up 26.5% year on year) and the segment profit was ¥1,296 million (up 62.6% year on year).

### **Rental Business**

During the six months ended May 31, 2023, the Company focused on leasing out its rental properties.

As of May 31, 2023, the number of rental properties increased by 11 from 91 at the end of the previous fiscal year to 102, as the segment acquired 30 properties, and begin offering for rental of three properties, sold 20 properties, and terminated the leasing of two properties.

As a result, revenue in this segment was ¥3,164 million (up 9.7% year on year) and the segment profit was ¥1,525 million (up 5.4%).

### **Fund and Consulting Business**

During the three months ended May 31, 2023, while ¥118,235 million was subtracted due mainly to property dispositions by funds, ¥729,567 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 May 31, 2023, was ¥2,334,229 million.

As a result, revenue in this segment was ¥4,185 million (up 54.4% year on year) and the segment profit was ¥2,978 million (up 69.1%).

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

### **Property Management Business**

During the six months ended May 31, 2023, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 841 as of May 31,

2023, an increase of 64 from May 31, 2022, with the total comprising 503 office buildings, hotels, logistic facilities and other such properties, and 338 condominiums and apartments.

As a result, revenue in this segment was ¥3,276 million (up 4.8% year on year) and segment profit was ¥518 million (down 5.0%).

### **Hotel Business**

During the six months ended May 31, 2023, domestic demand recovered as a result of the lifting of movement restrictions and the implementation of nationwide travel subsidies, while inbound demand also showed signs of recovery due to the easing of border control restrictions and border measures. In conjunction, guest room rates and occupancy rates improved to levels comparable to pre-COVID-19 times and both revenue and segment profit exceeded that of the same period of the previous fiscal year.

As a result, revenue in this segment was ¥1,821 million (up 121.7% year on year) and segment profit was ¥475 million (in comparison with segment loss of ¥259 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, despite the weakening of the previously-robust investment stance of real estate investors in Europe, the U.S., and South Korea due to rising interest rates reflecting the global trend toward inflation, domestic and Asian investors continued to demonstrate strong demand and transactions remained solid. Furthermore, with the downgrading of COVID-19's category to Class 5, there has been a greater movement of people resulting in a return of workers to the office and the recovery of accommodation demand.

Under such operating environment, for the six months ended May 31, 2023, the Group reported consolidated revenue of ¥52.8 billion (up 21.4% year on year), operating profit of ¥12.5 billion (up 33.8% year on year), and profit before tax of ¥12.0 billion (up 34.1% year on year). Significant progress was made against the full-year forecast, achieving 62.2% based on revenue and 86.2% based on profit before tax.

As for the operating segments, the transaction business drove the Group's overall profit, including the strong sales of whole buildings and pre-owned condominium units in the Revitalization Business and the upswing in the sales of rental apartments in the Development Business. Additionally, in the Stock and Fee Business, the Company's stable source of income, the Rental Business and the Property Management Business progressed as planned. In the Hotel Business, which is showing signs of a strong recovery, improvement in both guest room rates and occupancy rates exceeded the Company's expectations, leading to a significant upward swing compared to the initial plan. Furthermore, in the Fund and Consulting Business, profits grew as a result of capturing disposition fees and acquisition fees related to the sales of fund properties under management and the balance of assets under management reached ¥2.3 trillion (an increase of ¥611.3 billion from the end of the previous fiscal year).

The Company is engaged in initiatives to reform the Group's business and improve business efficiency through the promotion of DX. To this end, it has decided to establish "TOSEI PROP TECH Co., Ltd.," a new company to support the Group's real estate DX divisions.

The Company intends to accelerate its DX-driven initiatives including the business of issuing real estate-backed security tokens, which had been the subject of ongoing demonstration trials, expanding services of real estate cloud funding scheme, and the launch of a direct-sales business of condominium units through the utilization of digital technology in the new company.

## **(2) Qualitative Information Regarding Consolidated Financial Positions**

### **1) Analysis of Financial Positions**

As of May 31, 2023, total assets were ¥224,553 million, an increase of ¥13,597 million compared with November 30, 2022, while total liabilities were ¥144,974 million, an increase of ¥6,309 million.

Increase in total assets were due to an increase in Cash and cash equivalents and inventories despite a decrease in Trade and other receivables. Increase in total liabilities were due to an increase in trade and other payables and interest-bearing liabilities.

Total equity increased by ¥7,288 million to ¥79,578 million, mainly due to an increase in retained earnings, payment of cash dividends, purchase of treasury shares and disposal of treasury shares.

## 2) Analysis of Cash Flows

Cash and cash equivalents (hereinafter “cash”) as of May 31, 2023 totaled ¥44,044 million, up ¥12,277 million compared with November 30, 2022.

The cash flows for the six months ended May 31, 2023 and factors contributing to those amounts are as follows:

### Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥14,498 million (up 82.2% year on year). This is mainly due to profit before tax of ¥12,072 million, a decrease in Trade and other receivables of ¥5,159 million and income taxes paid of ¥2,817 million.

### Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥4,305 million (down 30.4% year on year). This is primarily due to payments for acquisition of subsidiaries of ¥2,453 million etc.

### Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥2,083 million (in comparison with segment net cash used in financing activities of ¥1,027 million in the same period of the previous fiscal year). This mainly reflects ¥29,869 million in the proceeds from non-current borrowings, despite ¥23,988 million in repayments of non-current borrowings and ¥2,407 million in cash dividends paid.

## (3) Qualitative Information Regarding Consolidated Earnings Forecasts

The business results during the six months ended May 31, 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 commercial facilities are already recovering as of May 31, 2023. It predicts that the impact of COVID-19 on 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 May 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	31,767,008	44,044,834
Trade and other receivables	10,038,132	5,207,521
Inventories	95,303,762	101,183,316
Other current assets	22,640	23,136
Total current assets	137,131,544	150,458,808
Non-current assets		
Property, plant and equipment	22,963,356	23,095,985
Investment properties	39,864,258	40,279,897
Goodwill	1,401,740	1,401,740
Intangible assets	205,354	179,326
Trade and other receivables	1,457,809	1,394,936
Other financial assets	7,219,963	7,141,126
Deferred tax assets	698,518	580,120
Other non-current assets	13,254	21,159
Total non-current assets	73,824,257	74,094,292
Total assets	210,955,801	224,553,101
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	5,681,615	6,380,529
Interest-bearing liabilities	13,739,325	14,769,414
Current income tax liabilities	1,935,664	3,368,979
Provisions	1,079,970	632,796
Total current liabilities	22,436,575	25,151,719
Non-current liabilities		
Trade and other payables	3,612,629	3,673,035
Interest-bearing liabilities	111,108,220	114,307,683
Retirement benefits obligations	704,268	731,558
Provisions	15,449	34,584
Deferred tax liabilities	787,980	1,075,617
Total non-current liabilities	116,228,549	119,822,478
Total Liabilities	138,665,124	144,974,198
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	6,775,532	7,208,244
Retained earnings	60,029,994	65,783,886
Treasury shares	(1,533,670)	(429,922)
Other components of equity	393,929	276,342
Total equity attributable to owners of parent	72,290,677	79,463,442
Non-controlling interests	—	115,460
Total equity	72,290,677	79,578,903
Total liabilities and equity	210,955,801	224,553,101



**(2) Condensed Quarterly Consolidated Statement of Comprehensive Income**

(¥ thousand)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Revenue	43,552,312	52,861,365
Cost of revenue	28,835,086	33,930,374
Gross profit	14,717,225	18,930,991
Selling, general and administrative expenses	5,679,284	6,565,234
Other income	325,234	166,777
Other expenses	5,292	16,343
Operating profit	9,357,882	12,516,190
Finance income	188,728	190,689
Finance costs	545,879	633,935
Profit before tax	9,000,732	12,072,944
Income tax expense	2,893,477	3,909,848
Profit for the period	6,107,254	8,163,096
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	89,194	(93,809)
Remeasurements of defined benefit pension plans	(8,544)	—
Subtotal	80,649	(93,809)
Other comprehensive income items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	23,444	4,842
Net change in fair values of cash flow hedges	11,287	(28,619)
Subtotal	34,731	(23,777)
Other comprehensive income for the period, net of tax	115,381	(117,587)
Total comprehensive income for the period	6,222,635	8,045,509
Profit attributable to:		
Owners of parent	6,107,254	8,164,135
Non-controlling interests	—	(1,039)
Profit for the period	6,107,254	8,163,096
Total comprehensive income attributable to:		
Owners of parent	6,222,635	8,046,548
Non-controlling interests	—	(1,039)
Total comprehensive income for the period	6,222,635	8,045,509
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	128.56	172.35
Diluted earnings per share (¥)	128.46	172.00

### (3) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended May 31, 2022 (December 1, 2021 – May 31, 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			6,107,254			6,107,254	6,107,254
Other comprehensive income					115,381	115,381	115,381
Total comprehensive income for the period	—	—	6,107,254	—	115,381	6,222,635	6,222,635
Amount of transactions with owners							
Purchase of treasury shares		(1,569)		(499,895)		(501,465)	(501,465)
Disposal of treasury shares		(592)		22,509		21,916	21,916
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 May 31, 2022	6,624,890	6,788,009	57,533,296	(1,389,049)	328,895	69,886,043	69,886,043

Six months ended May 31, 2023 (December 1, 2022 – May 31, 2023)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at December 1, 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			8,164,135			8,164,135	(1,039)	8,163,096
Other comprehensive income					(117,587)	(117,587)		(117,587)
Total comprehensive income for the period	—	—	8,164,135	—	(117,587)	8,046,548	(1,039)	8,045,509
Amount of transactions with owners								
Purchase of treasury shares		(2,619)		(113,831)		(116,451)		(116,451)
Disposal of treasury shares		435,332		1,217,580		1,652,912		1,652,912
Dividends of surplus			(2,410,243)			(2,410,243)		(2,410,243)
Change from newly consolidated subsidiary						—	116,500	116,500
Balance at May 31, 2023	6,624,890	7,208,244	65,783,886	△429,922	276,342	79,463,442	115,460	79,578,903

**(4) Condensed Quarterly Consolidated Statement of Cash Flows**

(¥ thousand)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from operating activities		
Profit before tax	9,000,732	12,072,944
Depreciation expense	784,741	803,803
Increase (decrease) in provisions and retirement benefits obligations	(289,175)	(455,580)
Interest and dividend income	(188,728)	(190,689)
Interest expenses	545,879	633,935
Decrease (increase) in trade and other receivables	18,472	5,159,110
Decrease (increase) in inventories	2,038,981	(1,344,980)
Increase (decrease) in trade and other payables	(199,209)	405,697
Other, net	(252,262)	(109,042)
Subtotal	11,459,430	16,975,198
Interest and dividend income received	110,733	190,794
Income taxes paid	(3,611,223)	(2,817,483)
Income taxes refund	—	149,647
Net cash from (used in) operating activities	7,958,940	14,498,157
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,470)	(61,082)
Purchase of investment properties	(1,052,617)	(496,638)
Purchase of intangible assets	(24,508)	(17,576)
Payments of loans receivable	(434,300)	(1,219,000)
Collection of loans receivable	3,080	4,174
Purchase of other financial assets	(2,895,915)	(68,714)
Collection of other financial assets	363,270	5,255
Payments for acquisition of subsidiaries	(2,154,339)	(2,453,851)
Other, net	31,406	2,072
Net cash from (used in) investing activities	(6,186,394)	(4,305,359)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	1,084,000	(2,084,653)
Proceeds from non-current borrowings	20,440,050	29,869,725
Repayments of non-current borrowings	(19,394,045)	(23,988,379)
Redemption of bonds	(40,678)	(20,678)
Repayments of lease obligations	(212,353)	(218,749)
Capital contribution from non-controlling interests	—	116,500
Cash dividends paid	(1,815,748)	(2,407,851)
Purchase of treasury shares	(499,895)	(113,831)
Proceeds from disposal of treasury shares	22,132	1,653,690
Interest expenses paid	(610,729)	(722,198)
Net cash from (used in) financing activities	(1,027,268)	2,083,571
Net increase (decrease) in cash and cash equivalents	745,277	12,276,369
Cash and cash equivalents at beginning of period	33,560,679	31,767,008
Effect of exchange rate change on cash and cash equivalents	5,220	1,455
Cash and cash equivalents at end of period	34,311,177	44,044,834

## (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 rental apartments and office buildings to investors. In the Rental Business, the Group rents office buildings and apartments. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services. The Hotel Business provides mainly hotel operating services.

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

#### Six months ended May 31, 2022

(December 1, 2021 – May 31, 2022)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	28,951,915	5,056,317	2,884,941	2,709,943	3,127,640	821,552	—	43,552,312
Intersegment revenue	—	—	73,598	8,071	696,978	2,613	(781,260)	—
Total	28,951,915	5,056,317	2,958,540	2,718,014	3,824,618	824,165	(781,260)	43,552,312
Segment profit or loss	6,067,999	797,109	1,446,700	1,761,183	545,654	(259,062)	(1,001,703)	9,357,882
Finance income/costs, net								(357,150)
Profit before tax								9,000,732

Six months ended May 31, 2023  
(December 1, 2022 – May 31, 2023)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	34,017,017	6,396,938	3,164,786	4,185,181	3,276,386	1,821,054	—	52,861,365
Intersegment revenue	—	—	88,545	5,890	576,904	9,815	(681,156)	—
Total	34,017,017	6,396,938	3,253,331	4,191,071	3,853,291	1,830,869	(681,156)	52,861,365
Segment profit	7,165,048	1,296,086	1,525,334	2,978,306	518,285	475,610	(1,442,480)	12,516,190
Finance income/costs, net								(443,246)
Profit before tax								12,072,944

## 2. Dividends

Dividends paid in the six months ended May 31, 2022 and May 31, 2023 are as follows:

Six months ended May 31, 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

Six months ended May 31, 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

	Six months ended May 31, 2022	Six months ended May 31, 2023
Profit attributable to owners of parent (¥ thousand)	6,107,254	8,164,135
Net income used to figure diluted net income per share (¥ thousand)	6,107,254	8,164,135
Weighted average number of outstanding ordinary shares (shares)	47,504,621	47,370,964
The number of increased ordinary shares used to figure diluted earnings per share (shares)	36,332	96,331
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,540,953	47,467,295
Basic earnings per share (¥)	128.56	172.35
Diluted net income per share (¥)	128.46	172.00

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

(Absorption-type company split by a consolidated subsidiary)

Tosei Corporation resolved that a meeting of its Board of Directors held on June 26, 2023, to conclude a basic agreement with LIXIL REALTY Corporation, under which TOSEI-R, Inc., a subsidiary to be newly established by the Company, will succeed to assets, liabilities, contracts and other rights and obligations related to the LIXIL REALTY Corporation's Asset Securitization Business in an absorption-type company split. And the company concluded the agreement on the same date.

Although the provisions of IFRS 3 have been applied, detailed information on the accounting treatment is not provided for the reason that the accounting treatment for the business combination has not been completed at this time.

### 1. Outline of the business combination

#### (1) Name of the company to be established by the absorption-type company split

TOSEI-R, Inc.

#### (2) Name of the party involved and details of the succeeded business

Name of the party involved	LIXIL REALTY Corporation.
Contents of the business to be succeeded to	Real Estate Transaction Business, Real Estate Rental Business, Property Management Business

#### (3) Purpose of the absorption-type company split

The Tosei Group positions the Tokyo metropolitan area as a major investment area and operates a wide range of business as a comprehensive real estate company with six business segments: Revitalization Business, Development Business, Fund and Consulting Business, Rental Business, Property Management Business, and Hotel Business. In the Revitalization Business, which is one of its core businesses, the Group acquires properties whose asset value has declined, improves their environmental performance, convenience and design based on "value-up plans" to increase their asset value and then resells these renovated properties to a wide range of clients including REITs, general corporations and end users. Through implementation of the absorption-type company split in which the Group will succeed to LIXIL REALTY Corporation's Asset Securitization Business, the Group aims to strengthen human resources in the Revitalization Business and also to acquire, as part of the purchase, 6 income-generating properties, 3 sections of income-generating commercial building with compartmentalized ownership, 1 section of income-generating building with compartmentalized ownership and 109 condominium units.

#### (4) Effective date

September 1, 2023

#### (5) Items of assets and liabilities to be succeeded to and their book values

The successor company will succeed to the assets, liabilities, contracts and other rights and obligations related to the business being succeeded to, within the scope provided for in the absorption-type company split agreement. The assets and liabilities to be succeeded are ¥11,329 million and ¥230 million, respectively.

#### (6) Amount of consideration and the breakdown thereof

As consideration for the absorption-type company split, TOSEI-R, Inc. is scheduled to pay cash to LIXIL REALTY Corporation. The actual amount is not disclosed in accordance with a non-disclosure agreement.