

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024

February 8, 2024 released

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 Stock listing: Tokyo Stock Exchange Prime Section
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Supplemental materials for the financial results: Yes

Presentation to explain for the financial results: Yes (For institutional investors and analysts)

*Amounts are rounded down to millions of yen.

1. Consolidated Performance in the Third Quarter of the Fiscal Year Ending March 31, 2024

(1) Consolidated Operating Results (April 1, 2023 to December 31, 2023)

(% indicate year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2024/3 3Q	62,258	-17.4	14,163	-3.6	13,902	-3.5	9,744	-5.9
FY2023/3 3Q	75,328	22.3	14,696	20.9	14,401	20.2	10,354	37.7

(Note) Comprehensive income: 3rd Quarter of FY ending March 31, 2024: 10,450 millions of yen (-6.6%)

3rd Quarter of FY ended March 31, 2023 : 11,187 millions of yen (43.7%)

	Net Income per Share	Fully Diluted Net income per Share
	¥	¥
FY2024/3 3Q	200.76	200.57
FY2023/3 3Q	213.05	212.85

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	¥ million	¥ million	%
FY2024/3 3Q	172,493	92,539	51.4
FY2023/3	152,519	83,965	52.9

(Reference) Total Equity: 3rd Quarter of FY ending March 31, 2024 : 88,643 millions of yen

FY ended March 31, 2023 : 80,702 millions of yen

2. Cash Dividends

	Cash Dividends per Share (yen)				
	1 st quarter end	2 nd quarter end	3 rd quarter end	Year end	Annual Total
	¥	¥	¥	¥	¥
FY2023/3	-	23.00	-	25.00	48.00
FY2024/3	-	26.00	-	-	-
FY2024/3 (Forecast)	-	-	-	30.00	56.00

(Note) Changes from the latest released dividend forecast: Yes

For details of the changes, please refer to “Notice of Revision to Financial Results Forecast for FY2024/3 and Revision to Dividend Forecast (Increase and Commemorative dividend)” announced on February 8.

The breakdown of FY2024/3 year-end dividend (forecast): ordinary dividend ¥28.00,
commemorative dividend ¥2.00

3.Forecast for Consolidated Financial Results for FY2024 (April 1, 2023 to March 31, 2024)

(% indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Profit Attributable to Owners of Parent		EPS (yen)
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	79,000	-4.6	16,700	12.0	16,500	12.1	11,600	-0.1	238.99

(Note) Changes from the latest released performance: Yes

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changing scope of consolidation): None

New companies: -

Excluded companies: -

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

(3) Changes in accounting policies, estimates and retrospective restatement

1) Changes in accounting policies due to changes in accounting standard: None

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock):	FY2024/3 3Q	48,755,500 shares	FY2023/3	48,755,500 shares
2) Number of shares of treasury stock at the end of the period:	FY2024/3 3Q	202,468 shares	FY2023/3	237,169 shares
3) Average number of shares for the period (April 1, 2022 to December 31, 2022):	FY2024/3 3Q	48,538,232 shares	FY2023/3 3Q	48,601,210 shares

(Note) The number of treasury shares at the end of the third quarter of the fiscal year ending March 31, 2024 includes 1,194 treasury shares of restricted stock as remuneration held by the former employees resigning during their terms in this period, 51 shares by purchase of fractional shares, and 35,946 treasury shares deducting disposed of as remuneration of restricted stock.

※This Summary of Consolidated Financial Results is exempt from audit process by Certified public accountants or auditors.

※Explanation for appropriate use of forecast and other special matters

Earnings per share in the forecast of consolidated financial results for FY2024/3 is calculated based on the average number of shares for the period, 48,538,232 shares.

Forward-looking statements, such as forecast of consolidated financial performance, stated in this document are based on information currently possessed by the Company as well as certain assumptions deemed rational. It does not mean that the Company assures that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance may be significantly different from such expectations due to various factors. For further information on assumptions used in forecasts, please see Page 8, 1. (3) Forward-Looking Statements such as Consolidated Earnings Forecasts.

Accompanying Materials

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1. Qualitative information regarding consolidated performance for the first nine months

(1) Business Performance

Forward-looking statements in this document are based on the judgments of the Group as of the end of the third quarter of the fiscal year ending March 31, 2024.

During the nine months ended December 31, 2023 (hereinafter, the current period), the Japanese economy continued to recover due to improvements in the employment and income environment and corporate earnings. Although there are concerns about the outlook for the global economy due to persistently high policy interest rates in various countries, the slowdown in the Chinese economy, and geopolitical risks, expectations are rising that U.S. policy interest rates will be lower and that the U.S. economy will make a soft landing.

In the real estate market, the average rent for December in the Tokyo Business District (5 wards of Central Tokyo: Chiyoda, Chuo, Minato, Shinjuku, and Shibuya) increased for the first time in 41 months to 19,748 yen (unit price per tsubo), but the average vacancy rate remained almost unchanged at 6.03% (according to a private research institution). The office market was generally weak due to the promotion of remote work in the pandemic of COVID-19 and the impact of an increase in vacant floor space resulting from the completion of a new building, etc. However, following the classification change of COVID-19 to Category 5, demand is expected to recover further due to a recognition of the significance of offices, and downward pressures on average rents are expected to ease. In the real estate investment market, demand for investment in profitable, high-occupancy mid-sized office buildings continues to be firm among wealthy individuals in Japan and overseas, despite overseas institutional investors with cautious investment stance on investment in offices. In addition, strong investment demand for hotels has continued due to the recovery of tourism demand.

In Real Estate Revitalization Business, our core business in the Group, both net sales and profits declined in reaction to the sale of a large project in the same period of the previous year, but profit margin maintained a high level and continued to be a strong driver of overall performance. Real Estate Service Business continued to perform well. In Hotel Development Business, net sales decreased in reaction to the sale of two hotels in the same period of the previous fiscal year, but profits increased from the sale of one hotel at a higher profit margin in this period. In Hotel Operation Business, net sales and profits increased year on year due to the “Nationwide Travel Subsidy Program” and the transition of COVID-19 to a Category 5 disease. Also, as the yen depreciated due to the difference in interest rates between Japan and other countries, the recovery in numbers of both domestic and foreign tourists has led to a further increase in tourism demands.

As a result, net sales amounted to 62,258 million yen (down17.4% YoY), operating profit amounted to 14,163 million yen (down3.6% YoY), ordinary profit amounted to 13,902 million yen (down3.5% YoY) and profit attributable to owners of parent amounted to 9,744 million yen (down5.9% YoY).

The results of each segment are as follows.

(Real Estate Revitalization Business)

In the Real Estate Revitalization Business, we are engaged in (i) Replanning Business and (ii) Rental Building Business.

- (i) In Replanning Business, we provide a one stop, integrated real estate service that includes everything from the purchase of buildings, renovation and utilization planning, construction work, leasing, rent guarantee services, management, sales, and building management. Although market competition was intense in the current period, purchase operations progressed at a faster pace than planned due to the strengthening of cooperation among office divisions and purchasing systems. We will continue to

strengthen our purchase operations in preparation for commercialization and sales in the coming fiscal year. In property sales, the number of properties sold decreased by 1 from the same period of the previous fiscal year to 20, but a high profit margin of 30% was maintained. In commercialization, while maintaining cooperation with each department of the Office Division, we reflected the real needs of clients in our products, leveraged our community-based leasing capabilities, added value as high-occupancy, high-value-added real estate, and sold them to clients in Japan and overseas. Also, we will continue to focus on purchase and sales of properties in New York in the United States and we have started to sell Compass Sakurashinmachi (international academy) as the ninth small-lot project in order to respond to clients' asset portfolio diversification needs. Results for the current period declined in both net sales and profits due to a year-on-year decline in sales of large-scale projects.

- (ii) In Rental Building Business, with the aim of building a stable revenue base as a stock business, we are expanding the number of rental building properties in Replanning Business and utilizing the operational capabilities we have accumulated in Real Estate Service division to increase rent income over the medium to long term. Results for the current period increased from the same period of the previous year in both net sales and profits due to an increase in the number of properties held as inventories.

As a result, net sales amounted to 39,037 million yen (down17.9% YoY) and segment profit amounted to 11,620 million yen (down20.6% YoY) in total for the Real Estate Revitalization Business.

(Real Estate Service Business)

In the Real Estate Service Business, we are engaged in (i) Property Management Business, (ii) Building Maintenance Business, (iii) Sales Brokerage Business, (iv) Leasing Brokerage Business, (v) Rental Conference Room Business, and (vi) Rent Guarantee Business.

- (i) In Property Management Business, we will increase the satisfaction of tenants through property management that meets the needs of the clients. At the same time, by working together with our leasing brokerage division to attract tenants and revising conditions for appropriate rents, we are able to support the high-occupancy and high-profitability building management that owners want. In the current period, the number of entrusted buildings increased by 37 buildings compared to the same period in the previous year, and the occupancy rate improved by 2.9%pt. As a result, both net sales and profits increased year on year.

	End of December 2021	End of December 2022	End of December 2023
Number of Entrusted Buildings	413 buildings	457 buildings	494 buildings
Occupancy Rate	90.8%	90.8%	93.7%

- (ii) In Building Maintenance Business, under the slogan of “making Tokyo the most beautiful city in the world,” we are engaged in projects such as inspections, cleaning, renovation work and surveys to maintain and manage buildings. Using our strengths in glass cleaning and exterior wall cleaning and repair work, we are collaborating with each department of the Office Division. Results decreased year on year in both net sales and profits mainly due to a decrease in facility disinfection work related to COVID-19 and cancellations of unprofitable sites.
- (iii) In Sales Brokerage Business, as part of our real estate consulting, we are working to quickly respond to inquiries from clients in other divisions, including Property Management Business and Leasing Brokerage Business. The Office Division worked together to support building owners manage their

buildings and expand its customer base, and it is using the trust it has built up to win brokerage contracts. Both net sales and profits declined due to the conclusion of large-scale deals in the same period of the previous fiscal year.

- (iv) In Leasing Brokerage Business, we utilize tenant needs and changes that we have quickly learned at leasing sites in our research and proposals for the optimal use of office space, leading to the creation of a new sense of value from our clients' perspective in Replanning Business product planning. In addition, we have entered two new entrustment contracts in our sub-lease operations, which are working to resolve the problems of local building owners. Both net sales and profits increased year on year due to steady performance in leasing.

We also opened the Shimbashi office in January and the Ikebukuro office in February, running a service network of 12 sites in the main central Tokyo area. We will continue to contribute to the local community by providing information centers for consultation close to building owners.

- (v) In Rental Conference Room Business, an increasing number of companies have resumed group training programs, and rental conference room demand has increased. Through services that respond to clients' requests, both new and repeat customers have increased. In November, we opened the Vision Center Shinjuku Minds Tower, bringing the total number of operations to 14 sites, 6,091 tsubo. Including Vision Center Shimbashi, which is scheduled to open in February, the total operating floor space is expected to reach approximately 6,500 tsubo. We will continue to accelerate site expansion centered on our central Tokyo operations. Results increased year on year in both net sales and profits due to an increase in orders resulting from the new conference room opening and the floor space expansion in 8 facilities.

- (vi) In Rent Guarantee Business, through our brand “ TRI-WINS”, we provide services tailored to building owners for all processes from tenant screening at offices and stores, rent guarantee, building surrender lawsuits, and eviction. Compared to general guarantee services, this brand expands the range of services. It is a win-win-win service that solves the risks and issues faced by both building owners and tenants and contributes to economic growth and social stability. The stable progress of the credit guarantee business as main pillar continued, resulting in firm performance of net sales and profit.

As a result, net sales amounted to 7,766 million yen (up19.4% YoY) and segment profit amounted to 4,272 million yen (up17.2% YoY) in total for the Real Estate Service Business.

(Hotel and Tourism Business)

In the Hotel and Tourism Business, we are engaged in (i) Hotel Development Business and (ii) Hotel Operation Business.

- (i) In Hotel Development Business, net sales decreased year on year due to the sale of two hotels in the same period of the previous fiscal year, but profits increased significantly due to the sale of one condominium hotel lot and one hotel. In addition to the capital return from the sale of hotels, funds raised through the issuance of convertible bonds, for which payment was completed on October 6, 2023, will be used to reinvest in hotel development, including M&A, with a focus on the Tabi no Hotel brand and hotel condominiums, and expand our operations. At present, there are 10 hotels with 1,355 rooms under planning in various parts of the country, and together with the hotels in in operation, there will be 39 hotels with 4,464 rooms.
- (ii) In Hotel Operation Business, we currently operate a total of 29 hotels (3,109 rooms). During the current period, Seifutei (11 rooms), a ryokan overlooking Mt. Bandai in Aizu, joined the Group in November. In December, SKY HEART Hotel Narita, which is operated by the Group, underwent a major renovation, and reopened as Tabino Hotel EXpress Narita. In addition, five hotels in the Kansai area (612 rooms), including Joytel Hotel Namba Doutonbori, were added to the Group through M&A transactions in January. During the current period, due to the continued expansion of domestic tourism demand and the effects of recovery of inbound tourism, occupancy rates and average daily rates continued to rise based on the Group's high added value strategies. As a result, both net sales and profits increased significantly

year on year.

As a result, net sales amounted to 14,352 million yen (down30.6% YoY) and segment profit amounted to 4,018 million yen (up175.4% YoY) in total for the Hotel and Tourism Business.

(Other Business)

In Other Business, we are engaged in (i) Overseas Development Business and (ii) Construction Business.

- (i) In Overseas Development Business, the Company has entered the Vietnamese market, where growth is expected, and we are expanding our business including condominium development. In October, the Company acquired a land for condominium development in Danang which is the biggest city in middle of Vietnam. This project will start the construction in Spring. We will contribute to the development of local communities by providing high-quality housing to the people of Vietnam using Japan's advanced construction technology. Results for the current period showed a year-on-year decrease in both net sales and profits.
- (ii) In Construction Business, we are engaged in renewal planning, repair and renovation of commercial buildings, interior finishing work and telecommunications construction, etc. Both net sales and profits for the current period increased year on year in due to the sales of large-scale construction projects by Group companies.

As a result of the above, net sales amounted to 1,786 million yen (up45.4% YoY) and segment profit amounted to 203 million yen (up13.1% YoY) in total for Other Business.

The main initiatives of the quarter are as follows.

The Group's Health and Productivity Management Declaration states that "Sun Frontier Fudousan is committed to protecting all employees, achieving material and spiritual happiness, and initiatives to maintaining and improving the health of its employees." Based on this declaration, we were recently certified as a Fiscal 2023 "Tokyo Sports Promotion Company." We will continue to promote the maintenance and improvement of the mental and physical health of our employees through various activities. At the Japan-Vietnam Economic Forum "Comprehensive Strategic Partnership for Peace and Prosperity in Asia and the World," held to commemorate the 50th anniversary of the establishment of diplomatic relations between Japan and Vietnam, the Group entered into a memorandum of understanding with Dong A University in Da Nang City, Vietnam, on "Mutual Support and Cooperation for Providing Educational and Employment Opportunities in Japan to Young Vietnamese People." With the conclusion of this MOU, we will work toward further development of Japan and Vietnam by deepening mutual understanding through people-to-people and cultural exchanges, and further strengthening the human resource development that can create a bright future for both countries.

In response to a request from the Tokyo Stock Exchange in March 2023 regarding "Action to Implement Management that is Conscious of Cost of Capital and Stock Price", the Group disclosed its current status, policies and targets, and initiatives for realizing management that is conscious of the cost of capital and stock prices following a resolution by the Board of Directors. With the exception of the fiscal year ended March 2021, when profits temporarily declined due to the impact of the pandemic of COVID-19, the Group has achieved ROE that exceeds the cost of shareholders' equity every year. We will continue to improve ROE, PBR, and corporate value by expanding and deepening each business based on the three key issues of "environmental protection," "regional revitalization," and "human resource development" under sustainability management. A specific initiative is to speed up the PDCA cycle for measures that will be the driver of ROE improvement. At the same time, we will enhance dialogue with investors on the progress of measures to improve ROE and strive to further improve capital efficiency.

(2) Consolidated Financial Position

Total assets at the end of the current consolidated fiscal year amounted to 172,493 million yen (up13.1% compared with the end of the previous fiscal year), liability amounted to 79,954 million yen (up16.6% compared with the end of the previous fiscal year), and net assets amounted to 92,539 million yen (up10.2% compared with the end of the previous fiscal year).

The increase in total assets was mainly due to an increase of 7,727 million yen in cash and deposits and an increase of 13,750 million yen in real estate for sale in process, which offset a decrease of 3,464 million yen in real estate for sale and a decrease of 618 million yen in deferred tax assets.

The decrease in liabilities was mainly due to an increase of 5,421 million yen in the current portion of long-term borrowings and an increase of 9,999 million yen in bonds payable, offset by a decrease of 3,756 million yen in long-term borrowings and a decrease of 1,242 million yen in advances received included in other current liabilities.

The increase in net assets was mainly due to the recording of 9,744 million yen in profit attributable to owners of parent, which offset the year-end dividend payment of 2,481 million yen.

Equity ratio decreased by 1.5% from the same period of the previous fiscal year to 51.4%.

(3) Forward-Looking Statements such as Consolidated Earnings Forecasts

As for the results for the fiscal year ending March 31, 2024, we revised the forecast figures announced on May 12, 2023. For details of the revision, please refer to “Notice of Revision to Financial Results Forecast for FY2024/3 and Revision to Dividend Forecast (Increase and Commemorative dividend)” announced today.

Our group issues the 1st Series Unsecured Convertible Bonds on October 6 and started the business alliance with Advantage Advisors Co., Ltd. (“Advantage Advisors”).

Our corporate group has consistently upheld “Altruism” and has contributed to the realization of a sustainable society by expanding 3 fields of business which are “Office Business” that aims to conduct urban development through the revitalization and efficient use of existing real estate, “Hotel and Tourism Business” that is tied to the promotion of regional development, and “Overseas Business”. In order to expand and deepen each business, we executed a business alliance agreement with Advantage Advisors Co., Ltd. and working on (i) the provision of know-how for various efforts and the steady implementation of measures therefor, (ii) the search for M&A partner candidates, and the enhancement of the examination process and PMI, (iii) the expansion of sales networks by utilizing the diversified networks of Advantage Advisors, (iv) the establishment of business models and enhanced marketing, and (v) the improvement of productivity and efficiency, etc. To realize the management philosophy and increasing corporate value, we will receive a lot of support from Advantage Advisors and keep growing.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	42,016	49,743
Notes, accounts receivable, and contract assets	1,625	1,861
Real estate for sale	19,781	16,317
Real estate for sale in process	60,254	74,004
Costs of uncompleted construction contracts	57	67
Supplies	87	95
Other	2,080	3,094
Allowance for doubtful accounts	-18	-23
Total current assets	125,886	145,160
Non-current assets		
Property, plant and equipment		
Buildings (net amount)	9,528	9,545
Land	10,117	10,366
Other (net amount)	764	1,031
Total property, plant and equipment	20,410	20,943
Intangible assets		
Goodwill	343	550
Other	472	597
Total intangible assets	815	1,147
Investments and other assets		
Guarantee deposits	3,210	3,387
Deferred tax assets	2,033	1,415
Other	173	452
Allowance for doubtful accounts	-11	-13
Total investments and other assets	5,406	5,241
Total non-current assets	26,633	27,333
Total assets	152,519	172,493

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,106	2,202
Short-term borrowings	50	1,085
Current portion of long-term borrowings	5,442	10,863
Income taxes payable	1,699	1,580
Provision for bonuses	237	135
Provision for bonuses for directors (and other officers)	73	61
Provision for fulfillment of guarantees	22	41
Other	6,731	5,552
Total current liabilities	16,363	21,524
Non-current liabilities		
Bonds payable	-	9,999
Long-term borrowings	50,170	46,413
Retirement benefit liability	5	3
Provision for share-based remuneration	83	94
Other	1,930	1,917
Total non-current liabilities	52,190	58,430
Total liabilities	68,553	79,954
Net assets		
Shareholders' equity		
Share capital	11,965	11,965
Capital surplus	6,445	6,460
Retained earnings	62,289	69,552
Treasury shares	-270	-233
Total shareholders' equity	80,430	87,744
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	269	896
Total accumulated other comprehensive income	271	898
Share acquisition rights	30	30
Non-controlling interests	3,233	3,866
Total net assets	83,965	92,539
Total liabilities and net assets	152,519	172,493

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	75,328	62,258
Cost of sales	54,844	41,638
Gross profit	20,483	20,620
Selling general and administrative expenses	5,787	6,457
Operating profit	14,696	14,163
Non-operating income		
Interest income and dividends	37	60
Foreign exchange gains	75	53
Other	83	39
Total non-operating income	196	154
Non-operating expenses		
Interest expenses	354	389
Loss on investments based on equity method	101	14
Other	34	11
Total non-operating expenses	490	414
Ordinary profit	14,401	13,902
Extraordinary income		
Gain on sale of shares of subsidiaries and affiliates	101	-
Total extraordinary income	101	-
Extraordinary loss		
Loss on retirement of non-current assets	-	25
Impairment loss	27	-
Other	-	0
Total extraordinary loss	27	25
Profit before income taxes	14,475	13,876
Income taxes - current	3,686	3,471
Income taxes - deferred	326	614
Total income taxes	4,013	4,086
Profit	10,462	9,790
Profit attributable to non-controlling interests	107	46
Profit attributable to owners of parent	10,354	9,744

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	10,462	9,790
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	0
Foreign currency translation adjustment	725	659
Total other comprehensive income	725	659
Comprehensive income	11,187	10,450
Comprehensive income attributable to		
Owners of parent	11,041	10,371
Non-controlling interests	145	78

(3) Notes of Consolidated Financial Statements

(Notes of Assumption of Going Concern)

Not applicable.

(Notes of Significant Changes in the Amount of Shareholders' Equity)

For FY2023/3 3Q (April 1, 2022 to December 31, 2022)

1. Dividend paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Per share Dividends (yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders June 21, 2022	Common shares	1,121	23.00	March 31, 2022	June 22, 2022	Retained earnings
Board of Directors November 10, 2022	Common shares	1,118	23.00	September 30, 2022	December 6, 2022	Retained earnings

Note: 1. The total amount of dividends decided at the Annual General Meeting of Shareholders on June 21, 2022 includes dividends of 1 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

2. The total amount of dividends decided at the Board of Directors held on November 10, 2022, includes dividends of 1 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

2. Dividends for which the record date is during FY2023/3 3Q and the effective date is after the last day of FY2023/3 3Q.

Not applicable.

3. Significant changes in the shareholders' equity

Based on the resolution of Board of Directors meeting held on May 13, 2022, the Company purchased 143,800 treasury shares. The Company also disposed of 35,464 treasury shares with a due date of July 21, 2022 as a remuneration of restricted shares. As a result, treasury shares increased by 112 million yen during the nine months ended December 31, 2023, and stands at 180 million yen as of the end of the period.

For FY2024/3 3Q (April 1, 2023 to December 31, 2023)

1. Dividend paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors May 16, 2023	Common shares	1,216	25.00	March 31, 2023	June 28, 2023	Retained earnings
Board of Directors November 9, 2023	Common shares	1,265	26.00	September 30, 2023	December 5, 2023	Retained earnings

Note: 1. The total amount of dividends decided at the Board of Directors on May 16, 2023 includes dividends of 3 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

2. The total amount of dividends decided at the Board of Directors held on November 9, 2023, includes dividends of 3 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

2. Dividends for which the record date is during FY2023/3 3Q and the effective date is after the last day of FY2023/3 3Q.

Not applicable.

3. Significant changes in shareholders' equity

Not applicable.

(Change of Accounting Policies)

(Change in Translation Method for Revenue and Expenses of Foreign Subsidiaries)

Revenue and expenses of foreign subsidiaries were previously translated into Japanese yen at the spot exchange rate as of the date the foreign subsidiary closes their books. However, from the beginning of the first three months ended June 30, 2023, the Company has changed to a method of translating revenue and expenses into Japanese yen at the average exchange rate during the period. This change was made in order to mitigate the effect of temporary fluctuations in foreign exchange rates on the profits and losses of the Group's subsidiaries and more appropriately reflect the performance of foreign subsidiaries on the quarterly consolidated financial statements. The impact on the profits and losses of foreign subsidiaries is expected to become more important due to the expansion of overseas operations amid the increasing range of exchange rate fluctuations caused by the increasingly complex international situation in recent years.

As the effect of this change is insignificant, it has not been applied retroactively.

(Additional Information)

Transactions of Delivering the Company's Own Shares to Employees etc. through Trusts

The Company conducts transactions to deliver its own shares through trust for the purpose of employee welfare.

(i) Overview of transaction

The plan provides the Company's shares to employees of the Company who meet certain requirements based on the share benefit regulations established by the Company in advance. The Company will grant points to employees who satisfy certain conditions at the end of the fiscal year, and when they acquire the right to receive benefits, the Company shares corresponding to the granted points will be delivered. The shares to be granted to employees are acquired in the future with the money set in trust in advance and managed separately as trust assets. The total amount method is applied to the Employee Stock Ownership Plan (J-ESOP) in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Shares to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015).

(ii) Own shares remaining in the trust

The book value of the Company's shares remaining in the trust (excluding the amount of incidental expenses) is included in net assets. The book value and number of treasury shares were 157 million yen and 128,300 shares as of the end of the previous fiscal year, and 157 million yen and 128,300 shares as of December 31, 2023.

(Segment Information, etc.)

I For FY 2023/3 Q (April 1, 2022 to December 31, 2022)

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

(Unit: million yen)

	Reportable segment				Other (Note) 1	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Subtotal		
Net sales						
Revenue from contracts with customers	44,364	4,943	20,559	69,867	1,216	71,084
Other revenue (Note 2)	3,173	974	97	4,244	-	4,244
Net sales to external customers	47,537	5,917	20,656	74,112	1,216	75,328
Internal sales or transfers between segments	13	587	23	624	11	636
Subtotal	47,550	6,505	20,680	74,736	1,228	75,965
Segment profit	14,638	3,646	1,459	19,743	179	19,923

Notes: 1. The “Other” segment is a business segment that is not included in the reportable segment and includes the Overseas Development Business, Construction Business, etc.

2. Other income is rental income, etc., based on ASBJ No. 13 “Accounting Standard for Lease Transactions”.

2. The difference between the total amount of the report segment's profit or loss and the amount recorded in the Consolidated Statement of Income and the main content of the difference (matters related to the difference adjustment)

(Unit: million yen)

Profit	Amount
Reportable segment total	19,743
Profit in the “Other” category	179
Elimination of intersegment transactions	24
Corporate expenses (Note)	-5,546
Ordinary profit in the consolidated statement of income	14,401

Note: Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

3. Information on impairment loss or goodwill of fixed assets for each reportable segment

Not applicable.

II For FY2024/3 3Q (April 1, 2023 to December 31, 2023)

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

(Unit: million yen)

	Reportable segment				Other (Note) 1	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Total		
Net sales						
Revenue from contracts with customers	36,280	6,113	14,221	56,614	1,768	58,383
Other revenue (Note 2)	2,750	1,026	98	3,875	-	3,875
Net sales to external customers	39,031	7,139	14,319	60,490	1,768	62,258
Internal sales or transfers between segments	6	626	32	665	17	683
Total	39,037	7,766	14,352	61,155	1,786	62,941
Segment profit	11,620	4,272	4,018	19,911	203	20,114

Notes: 1. The “Other” segment is a business segment that is not included in the reportable segment and includes the Overseas Development Business, Construction Business, etc.

2. Other income is rental income, etc., based on ASBJ No. 13 “Accounting Standard for Lease Transactions”.

2. The difference between the total amount of the report segment's profit or loss and the amount recorded in the Consolidated Statement of Income and the main content of the difference (matters related to the difference adjustment)

(Unit: million yen)

Profit	Amount
Reportable segment total	19,911
Profit in the “Other” category	203
Elimination of intersegment transactions	-25
Corporate expenses (Note)	-6,186
Ordinary profit in the consolidated statement of income	13,902

Note: Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

3. Information on impairment loss or goodwill of fixed assets for each reportable segment

Not applicable.

(Revenue Recognition)

Breakdown of revenue from contracts with customers is as stated in the “Notes to Consolidated Financial Statements (Segment Information, etc.)”.

(Significant Subsequent Events)

Not applicable.