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Consolidated Financial Results for the First Three Months of the Fiscal Year Ending November 30, 2024 <IFRS>

April 5, 2024

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 10, 2024 (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 29, 2024 (December 1, 2023 – February 29, 2024)

(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 29, 2024 | 34,868 | 12.3 | 9,585 | 41.4 | 9,191 | 41.7 | 6,439 | 45.8 |
| Three months ended February 28, 2023 | 31,052 | 18.0 | 6,781 | 19.3 | 6,488 | 19.7 | 4,416 | 21.8 |

| | 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 29, 2024 | 6,435 | 45.7 | 6,534 | 49.5 | 132.98 | 132.81 |
| Three months ended February 28, 2023 | 4,416 | 21.8 | 4,369 | 24.0 | 93.55 | 93.36 |

(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 29, 2024 | 245,149 | 85,705 | 85,429 | 34.8 |
| As of November 30, 2023 | 245,329 | 82,319 | 82,046 | 33.4 |

2. Dividends

| | Annual dividends per share | | | | |
|--|----------------------------|----------|--------|-----------|-----------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| Fiscal year ended November 30, 2023 | (¥) — | (¥) 0.00 | (¥) — | (¥) 66.00 | (¥) 66.00 |
| Fiscal year ending November 30, 2024 | — | — | — | — | — |
| Fiscal year ending November 30, 2024 (Forecast) | — | 0.00 | — | 73.00 | 73.00 |

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2024 (December 1, 2023– November 30, 2024)

(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, 2024 | 92,116 | 15.9 | 17,702 | 8.9 | 16,500 | 7.8 | 11,209 | 6.7 | 231.72 |

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 29, 2024 | 48,683,800 shares |
| As of November 30, 2023 | 48,683,800 shares |

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

| | |
|-------------------------|----------------|
| As of February 29, 2024 | 262,265 shares |
| As of November 30, 2023 | 306,765 shares |

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

| | |
|--------------------------------------|-------------------|
| Three months ended February 29, 2024 | 48,394,160 shares |
| Three months ended February 28, 2023 | 47,212,653 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 three months ended February 29, 2024, the Japanese economy showed a gradual recovery due to the improved employment and income environments and the effects of various government policies, although personal consumption seemed to have stalled somewhat. Meanwhile, global credit tightening, uncertainty over the future of the Chinese economy, and the situation in the Middle East are posing downward risks to the domestic economy, and therefore it remains necessary to continue closely monitoring these factors, along with rising prices, foreign exchange trends, fluctuations in the financial and capital markets, and other factors.

In the real estate industry where Tosei Group operates, domestic real estate investments for the whole of 2023 increased by 4.0% year on year to ¥3.4 trillion, with Tokyo ranking fifth in the world for real estate investments by city (ranked 16th in 2022). Despite the slowdown in investments in domestic real estate by foreign capital in the latter half of 2023 due to the expectations of higher domestic interest rates ahead and the worsening market conditions of overseas real estate, the influx of investment funds into domestic real estate is expected to continue against the backdrop of a relatively favorable fund-raising environment and the weakening yen, among other factors (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 2023 decreased by 9.1% year on year to 26,886 units, due partly to soaring land and construction costs as well as supply-side control, and the average price per unit reached a record-breaking ¥81.01 million (compared to ¥62.88 million in the whole of 2022). Although 31,000 units are projected to be supplied in the whole of 2024, the trend for supply-side control is expected to continue, and compounded with soaring construction costs, prices of condominiums are expected to continue rising. In the Tokyo metropolitan area pre-owned condominium market, the number of units contracted for the whole of 2023 slightly exceeded the levels of the previous fiscal year at 35,987 units (up 1.6% year on year) and the average contract price per unit as of January 2023 was ¥46.75 million (down 3.5% year on year). Additionally, in the build-for-sale detached house market, housing starts for the whole of 2023 were 59,412 units (the same level as the previous fiscal year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the whole of 2023 were ¥1,212 thousand per tsubo (1 tsubo = 3.30 square meters) (a decrease of 15.6% year on year) for steel reinforced concrete structures and ¥674 thousand per tsubo (an increase of 15.9% year on year) for wooden structures. As for the current prices of building materials, steel prices remain high, which has resulted in the construction cost of steel reinforced concrete structures skyrocketing to ¥1,742 thousand per tsubo (an increase of 50.5% year on year), as of January 2024, while the construction cost of wooden structures was ¥698 thousand per tsubo (an increase of 16.4% year on year). Construction costs have been generally rising backed by rising prices and soaring personnel costs among other factors, and this rising trend is expected to continue going forward (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 2024 was 5.8% (a decrease of 0.4 percentage points year on year). The vacancy rate is expected to slowly decline toward the end of the year, as the massive supply of new office buildings in 2023 is being filled up and also due to the limited supply of new office buildings expected in 2024. In addition, the average asking rent as of January 2024 was ¥ 19,730 per tsubo (a decrease of 1.5% year on year). Thus, we have been seeing a slowdown in the pace of decline in rent, thanks to a recovery in demand as workers go back to the office (according to a survey by a private research institute).

The condominium leasing market continued to be robust and the average asking rent of apartments in the Tokyo metropolitan area as of January 2024 was ¥11,801 per tsubo (an increase of 5.3% year on year) and the average occupancy rate of condominiums held by J-REIT in the Tokyo area, as of October 31, 2023, was 97.0% (the same level as the same period of the previous fiscal year). Asking rent and occupancy rates remain firm, thanks to the growing demand for rental apartments associated with the rise in condominium prices and other factors (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock as of January 2024 was 9.68 million tsubo (an increase of 12.8% year on year) and the vacancy rate rose to 7.1% (an increase of 2.7 percentage points year on year), as the rising trend of the vacancy rate continued reflecting the increase in the supply of new facilities. Additionally, the asking rent as of January 2024 was ¥4,620 per tsubo (an increase of 2.4% year on year). Asking rent has generally remained flat due to the back and forth between

the downward pressure on rents from the easing of supply and demand and the upward pressure on rents as a result of soaring construction costs (according to a survey by a private research institute).

The market scale of the real estate fund market continues to expand. J-REIT assets under management in January 2024 totaled ¥22.7 trillion (an increase of ¥0.8 trillion year on year) and assets under management in private placement funds totaled ¥35.0 trillion (as of December 31, 2023, an increase of ¥5.3 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥57.7 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, for the whole of 2023, the average guest room occupancy rate was 80.0% (an increase of 21.6 percentage points year on year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 97.30 million (an increase of 65.8% year on year), as the robust recovery in domestic and inbound demand continued. Going forward, inbound demand is expected to continue to fuel hotel demand, and rises in occupancy rates and increases in the total number of hotel guests are expected to continue (according to a survey by the Japan Tourism Agency).

Amid this operating environment, 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. In the Fund and Consulting Business, the Group increased its balance of assets under management, while in the Hotel Business, it made efforts to recover business performance.

As a result, consolidated revenue for the three months ended February 29, 2024 totaled ¥34,868 million (up 12.3% year on year), operating profit was ¥9,585 million (up 41.4%), profit before tax was ¥9,191 million (up 41.7%), and profit attributable to owners of the parent was ¥6,435 million (up 45.7%).

Performance by business segment is shown below.

Revitalization Business

During the three months ended February 29, 2024, the segment sold 20 properties it had renovated and 30 pre-owned condominium units, including T's garden Nishi Terao (Yokohama-shi, Kanagawa), Mikawashima Tosei Building (Arakawa-ku, Tokyo), Field Yoyogi Uehara (Shibuya-ku, Tokyo).

During the three months ended February 29, 2024, it also acquired a total of 5 income-generating office buildings and apartments, 27 pre-owned condominium units.

As a result, revenue in this segment was ¥15,487 million (down 34.7% year on year) and the segment profit was ¥3,119 million (down 38.4%).

Development Business

During the three months ended February 29, 2024, the segment sold T's Logi Ome (Nishitama-gun, Tokyo) which is a logistic facility, T'S BRIGHTIA Jiyugaoka (Meguro-ku, Tokyo) which is a commercial facility and sold 4 detached houses at such property as THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo).

During the three months ended February 29, 2024, it also acquired a land lot for rental apartment project, four land lots for rental wooden apartment projects and land lots for 20 detached houses.

As a result, revenue in this segment was ¥13,034 million (up 643.7% year on year) and the segment profit was ¥4,731 million (in comparison with segment profit of ¥215 million in the same period of the previous fiscal year).

Rental Business

During the three months ended February 29, 2024, the Company focused on leasing out its rental properties.

As of February 29, 2024, the number of rental properties decreased by 13 from 114 at the end of the previous fiscal year to 101, as the segment acquired four properties, and begin offering for rental of two properties, sold 17 properties, and terminated the leasing of two properties.

As a result, revenue in this segment was ¥1,782 million (up 14.5% year on year) and the segment profit was ¥827 million (up 9.0%).

Fund and Consulting Business

During the three months ended February 29, 2024, while ¥17,045 million was subtracted due mainly to property dispositions by funds, ¥101,009 million added due to new asset management contracts, from the balance of assets under management (Note) ¥2,352,454 million for the end of the previous fiscal year. The

balance of assets under management as of February 29, 2024, was ¥2,436,418 million.

As a result, revenue in this segment was ¥1,557 million (down 5.9% year on year) and the segment profit was ¥925 million (down 12.7%).

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 29, 2024, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 867 as of February 29, 2024, an increase of 55 from February 28, 2023, with the total comprising 518 office buildings, hotels, logistic facilities and other such properties, and 349 condominiums and apartments.

As a result, revenue in this segment was ¥1,643 million (up 3.6% year on year) and segment profit was ¥289 million (up 9.9%).

Hotel Business

During the three months ended February 29, 2024, as domestic economic activities went back to normal and inbound demand continued to recover, the segment made efforts to improve the occupancy rates and the guest room rates of all eight hotels including the Tosei Hotel COCONE Tsukiji Ginza Premier (Chuo-ku, Tokyo), which opened in September 2023.

As a result, revenue in this segment was ¥1,362 million (up 73.8% year on year) and segment profit was ¥414 million (up 191.4% year on year).

2) Analysis and contents for discussion of Operating Results

In the domestic real estate investment market, which is the Group's mainstay market, transactions remained robust thanks to real estate investors both in Japan and overseas, due to such factors as Japan's relatively wide yield gap compared to other countries and the continuing appeal of the stable rental market, despite certain level of concerns for a slowdown in the real estate sales market, reflecting the mounting expectations for a rise in domestic interest rates.

Under such an operating environment, for the first three months ended February 29, 2024, the Group's financial results were off to an extremely good start backed by strong performances in each of the Group's businesses including real estate sales, with consolidated revenue of ¥34.8 billion (up 12.3% year on year), operating profit of ¥9.5 billion (up 41.4% year on year), and profit before tax of ¥9.1 billion (up 41.7% year on year), achieving 37.9% of the full-year forecast based on revenue and 55.7% based on profit before tax.

As for the operating segments, the Revitalization Business saw brisk sales of income-generating apartments and office buildings whose NOI had been improved through the Company's renovations, including the major income-generating apartment, T's garden Nishi-terao, which had been transformed from an idle company housing to a rental apartment for families. In the Development Business, the transaction business drove the Group's overall profit, including the sales of the major logistics facility, T's Logi Ome and the commercial facility, T's BRIGHTIA Jiyugaoka. Additionally, in the Stock and Fee Business, the Company's stable source of income, each business progressed strongly including the Hotel Business and the Rental Business. In particular, in the Fund and Consulting Business, the Group's focus business, the balance of assets under management exceeded ¥2.4 trillion (an increase of ¥83.9 billion from the end of the previous fiscal year).

The Monetary Policy Meeting held in March 2024 decided to lift the Bank of Japan's negative interest rate policy. Given that the short-term interest rate target will be raised to a moderate 0%-0.1% and that the extremely accommodative monetary environment will continue for the time being, the Company expects its impact on the domestic real estate investment market to be limited. Meanwhile, as investors are expected to become more selective in their choice of properties and changes to investment strategies are on the horizon, the Company will closely monitor the trends in the 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 29, 2024, total assets were ¥245,149 million, a decrease of ¥180 million compared with November 30, 2023, while total liabilities were ¥159,444 million, a decrease of ¥3,566 million.

Decrease of total assets were due to a decrease in Inventories despite an increase in Trade and other receivables. 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 ¥3,386 million to ¥85,705 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 29, 2024 totaled ¥39,342 million, up ¥144 million compared with November 30, 2023.

The cash flows for the three months ended February 29, 2024 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥16,098 million (up 20.3% year on year). This is mainly attributed to the profit before tax of ¥9,191 million, a decrease in inventories of ¥9,419 million, and income taxes paid of ¥3,188 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥9,262 million (up 288.5% year on year). This is mainly due to payments of loans receivable of ¥7,418 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥6,692 million (up 17.5% year on year). This mainly reflects ¥17,927 million in the repayments of non-current borrowings and ¥3,141 million in cash dividends paid, despite ¥14,490 million in proceeds from non-current borrowings.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

The business results during the three months ended February 29, 2024 basically remained stable as planned and there is no change on the full-year consolidated earnings forecasts, announced on January 12, 2024.

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. Condensed Quarterly Consolidated Financial Statements and notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

| | As of November 30, 2023 | As of February 29, 2024 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 39,197,843 | 39,342,101 |
| Trade and other receivables | 5,348,785 | 13,240,592 |
| Inventories | 118,252,139 | 108,873,135 |
| Other current assets | 32,256 | 27,626 |
| Total current assets | 162,831,025 | 161,483,456 |
| Non-current assets | | |
| Property, plant and equipment | 33,018,001 | 32,809,554 |
| Investment properties | 37,805,499 | 37,702,002 |
| Goodwill | 1,401,740 | 1,401,740 |
| Intangible assets | 138,914 | 137,420 |
| Trade and other receivables | 1,440,172 | 1,384,539 |
| Other financial assets | 7,826,991 | 9,739,432 |
| Deferred tax assets | 839,334 | 463,399 |
| Other non-current assets | 28,010 | 28,010 |
| Total non-current assets | 82,498,665 | 83,666,101 |
| Total assets | 245,329,690 | 245,149,557 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 6,107,625 | 7,485,914 |
| Interest-bearing liabilities | 13,783,385 | 15,315,905 |
| Current income tax liabilities | 3,269,414 | 2,593,000 |
| Provisions | 1,193,060 | 379,569 |
| Total current liabilities | 24,353,486 | 25,774,390 |
| Non-current liabilities | | |
| Trade and other payables | 4,207,480 | 4,026,028 |
| Interest-bearing liabilities | 132,804,369 | 128,122,527 |
| Retirement benefits obligations | 761,387 | 733,147 |
| Provisions | 85,122 | 85,328 |
| Deferred tax liabilities | 798,561 | 702,807 |
| Total non-current liabilities | 138,656,921 | 133,669,840 |
| Total Liabilities | 163,010,408 | 159,444,230 |
| Equity | | |
| Share capital | 6,624,890 | 6,624,890 |
| Capital reserves | 7,200,518 | 7,196,538 |
| Retained earnings | 68,139,668 | 71,363,384 |
| Treasury shares | (335,327) | (286,688) |
| Other components of equity | 416,935 | 530,918 |
| Total equity attributable to owners of parent | 82,046,685 | 85,429,042 |
| Non-controlling interests | 272,596 | 276,284 |
| Total equity | 82,319,282 | 85,705,327 |
| Total liabilities and equity | 245,329,690 | 245,149,557 |

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

| | Three months ended February 28, 2023 | Three months ended February 29, 2024 |
|--|---|---|
| Revenue | 31,052,331 | 34,868,582 |
| Cost of revenue | 21,148,431 | 21,100,858 |
| Gross profit | 9,903,900 | 13,767,724 |
| Selling, general and administrative expenses | 3,234,839 | 3,633,759 |
| Other income | 116,163 | 10,767 |
| Other expenses | 4,139 | 559,128 |
| Operating profit | 6,781,084 | 9,585,604 |
| Finance income | 3,891 | 12,279 |
| Finance costs | 296,931 | 405,919 |
| Profit before tax | 6,488,045 | 9,191,963 |
| Income tax expense | 2,071,336 | 2,752,803 |
| Profit for the period | 4,416,708 | 6,439,159 |
| 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 | (44,892) | 126,916 |
| Remeasurements of defined benefit pension plans | — | (18,872) |
| Subtotal of Other comprehensive income Items that will not be reclassified to profit or loss | (44,892) | 108,044 |
| Other comprehensive income Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 295 | 2,953 |
| Net change in fair values of cash flow hedges | (2,173) | (15,887) |
| Subtotal of other comprehensive income Items that may be reclassified to profit or loss | (1,878) | (12,933) |
| Other comprehensive income for the period, net of tax | (46,771) | 95,110 |
| Total comprehensive income for the period | 4,369,937 | 6,534,270 |
| Profit attributable to: | | |
| Owners of parent | 4,416,708 | 6,435,471 |
| Non-controlling interests | — | 3,687 |
| Profit for the period | 4,416,708 | 6,439,159 |
| Total comprehensive income attributable to: | | |
| Owners of parent | 4,369,937 | 6,530,582 |
| Non-controlling interests | — | 3,687 |
| Total comprehensive income for the period | 4,369,937 | 6,534,270 |
| Earnings per share attributable to owners of the parent | | |
| Basic earnings per share (¥) | 93.55 | 132.98 |
| Diluted earnings per share (¥) | 93.36 | 132.81 |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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 |

Three months ended February 29, 2024 (December 1, 2023 – February 29, 2024)

(¥ 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, 2023 | 6,624,890 | 7,200,518 | 68,139,668 | (335,327) | 416,935 | 82,046,685 | 272,596 | 82,319,282 |
| Profit for the period | | | 6,435,471 | | | 6,435,471 | 3,687 | 6,439,159 |
| Other comprehensive income | | | | | 95,110 | 95,110 | | 95,110 |
| Total comprehensive income for the period | — | — | 6,435,471 | — | 95,110 | 6,530,582 | 3,687 | 6,534,270 |
| Amount of transactions with owners | | | | | | | | |
| Disposal of treasury shares | | (3,979) | | 48,638 | | 44,658 | | 44,658 |
| Dividends of surplus | | | (3,192,884) | | | (3,192,884) | | (3,192,884) |
| Transfer from other components of equity to retained earnings | | | (18,872) | | 18,872 | — | | — |
| Balance at February 29, 2024 | 6,624,890 | 7,196,538 | 71,363,384 | (286,688) | 530,918 | 85,429,042 | 276,284 | 85,705,327 |

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

| | Three months ended February 28, 2023 | Three months ended February 29, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 6,488,045 | 9,191,963 |
| Depreciation expense | 386,643 | 391,591 |
| Increase (decrease) in provisions and retirement benefits obligations | (731,496) | (841,143) |
| Interest and dividend income | (3,891) | (12,279) |
| Interest expenses | 296,931 | 405,919 |
| Decrease (increase) in trade and other receivables | 4,455,728 | 96,705 |
| Decrease (increase) in inventories | 4,361,145 | 9,419,105 |
| Increase (decrease) in trade and other payables | 819,765 | 451,058 |
| Other, net | (97,257) | (31,588) |
| Subtotal | 15,975,613 | 19,071,333 |
| Interest and dividend income received | 190,563 | 210,522 |
| Income taxes paid | (2,780,096) | (3,188,847) |
| Income taxes refund | — | 5,722 |
| Net cash from (used in) operating activities | 13,386,081 | 16,098,731 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (12,062) | (41,584) |
| Purchase of investment properties | (451,711) | (19,975) |
| Purchase of intangible assets | (8,076) | (10,235) |
| Payments of loans receivable | (281,000) | (7,418,621) |
| Collection of loans receivable | 2,096 | 1,778 |
| Purchase of other financial assets | (55,660) | (1,730,647) |
| Collection of other financial assets | 3,846 | 1,153 |
| Payments for acquisition of subsidiaries | (1,581,393) | (46,190) |
| Other, net | — | 1,642 |
| Net cash from (used in) investing activities | (2,383,961) | (9,262,678) |
| Cash flows from financing activities | | |
| Net increase (decrease) in current borrowings | 165,004 | 536,450 |
| Proceeds from non-current borrowings | 12,918,400 | 14,490,575 |
| Repayments of non-current borrowings | (15,845,572) | (17,927,212) |
| Redemption of bonds | (10,000) | (10,000) |
| Repayments of lease obligations | (105,529) | (269,944) |
| Cash dividends paid | (2,370,212) | (3,141,911) |
| Purchase of treasury shares | (113,831) | — |
| Proceeds from disposal of treasury shares | 36,618 | 44,767 |
| Interest expenses paid | (369,364) | (415,367) |
| Net cash from (used in) financing activities | (5,694,488) | (6,692,644) |
| Net increase (decrease) in cash and cash equivalents | 5,307,631 | 143,408 |
| Cash and cash equivalents at beginning of period | 31,767,008 | 39,197,843 |
| Effect of exchange rate change on cash and cash equivalents | 84 | 849 |
| Cash and cash equivalents at end of period | 37,074,725 | 39,342,101 |

(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, 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 |

Three months ended February 29, 2024

(December 1, 2023 – February 29, 2024)

(¥ 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 | 15,487,893 | 13,034,132 | 1,782,705 | 1,557,735 | 1,643,930 | 1,362,184 | — | 34,868,582 |
| Intersegment revenue | — | — | 27,795 | 20,850 | 349,586 | 7,095 | (405,327) | — |
| Total | 15,487,893 | 13,034,132 | 1,810,501 | 1,578,585 | 1,993,517 | 1,369,280 | (405,327) | 34,868,582 |
| Segment profit | 3,119,371 | 4,731,952 | 827,444 | 925,733 | 289,207 | 414,360 | (722,465) | 9,585,604 |
| Finance income/costs, net | | | | | | | | (393,640) |
| Profit before tax | | | | | | | | 9,191,963 |

2. Dividends

Dividends paid in the three months ended February 28, 2023 and February 29, 2024 are as follows:

| 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 |

| Three months ended February 29, 2024 | | | | |
|--|-------------------------|------------------------------|-------------------|-------------------|
| Resolution | Dividends per share (¥) | Total dividends (¥ thousand) | Record date | Effective date |
| Ordinary General Meeting of Shareholders held on February 27, 2024 | 66 | 3,192,884 | November 30, 2023 | February 28, 2024 |

3. Earnings per Share

| | Three months ended February 28, 2023 | Three months ended February 29, 2024 |
|---|--------------------------------------|--------------------------------------|
| Profit attributable to owners of parent (¥ thousand) | 4,416,708 | 6,435,471 |
| Net income used to figure diluted net income per share (¥ thousand) | 4,416,708 | 6,435,471 |
| Weighted average number of outstanding ordinary shares (shares) | 47,212,653 | 48,394,160 |
| The number of increased ordinary shares used to figure diluted earnings per share (shares) | 94,177 | 62,345 |
| The weighted-average number of ordinary shares used to figure diluted earnings per share (shares) | 47,306,830 | 48,456,505 |
| Basic earnings per share (¥) | 93.55 | 132.98 |
| Diluted net income per share (¥) | 93.36 | 132.81 |

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.