



## 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	–	0.00	–	–	–
Fiscal year ending November 30, 2024 (Forecast)				77.00	77.00

Note: Revision to the most recently released dividend forecasts: Yes

## 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	81,921	3.1	18,187	11.9	17,000	11.0	11,723	11.6	242.07

Note: Revision to the most recently released earnings forecasts: Yes

### \* Notes

(1) Significant changes in the scope of consolidation during the period: No

Newly included: –

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 August 31, 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 August 31, 2024	222,707 shares
As of November 30, 2023	306,765 shares

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

Nine months ended August 31, 2024	48,431,224 shares
Nine months ended August 31, 2023	47,654,038 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

\* Proper use of earnings forecasts, and other special matters

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

## Contents of Attached Materials

<b>1. Qualitative Information on Quarterly Consolidated Financial Performance.....</b>	<b>2</b>
(1) Qualitative Information Regarding Consolidated Operating Results.....	2
(2) Qualitative Information Regarding Consolidated Financial Positions.....	5
(3) Qualitative Information Regarding Consolidated Earnings Forecasts .....	5
<b>2. Matters Related to Summary Information (Notes) .....</b>	<b>6</b>
(1) Changes in Significant Subsidiaries during the Period.....	6
(2) Changes in Accounting Policies and Changes in Accounting Estimates .....	6
<b>3. Condensed Quarterly Consolidated Financial Statements and notes.....</b>	<b>7</b>
(1) Condensed Quarterly Consolidated Statement of Financial Position.....	7
(2) Condensed Quarterly Consolidated Statement of Comprehensive Income .....	8
(3) Condensed Quarterly Consolidated Statement of Changes in Equity .....	9
(4) Condensed Quarterly Consolidated Statement of Cash Flows.....	10
(5) Notes on Going Concern Assumption.....	11
(6) Notes on Condensed Quarterly Consolidated Financial Statements .....	11
(7) Notes on Significant Subsequent Events.....	12

# 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 nine months ended August 31, 2024, the Japanese economy showed a gradual recovery, although there were certain sectors where they had stalled. Meanwhile, the downturn in the overseas economies brought on by continuing high interest rate levels in Europe and the U.S. and the slowdown of the Chinese economy, among other factors, has been posing downward risks to the domestic economy, and therefore it remains necessary to monitor these trends along with rising prices, the 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 six months from January to June 2024 increased by 21% year on year to ¥2,610.5 billion, with Tokyo continuing to rank first in the world for real estate investments by city. Despite the current rise in domestic interest rates due to the effects of the normalization of monetary policy by the Bank of Japan, neither a further rapid rise in interest rates nor a hardening of the lending stance by financial institutions is anticipated, and active investments into highly profitable domestic real estate are expected to continue (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 July 2024 decreased by 19.3% year on year to 10,562 units while the average price per unit in July 2024 was ¥78.47 million (down 21.1% year on year). The number of units supplied decreased, as construction costs continued to soar and the timing of sales was reconsidered, among other factors, while the average price per unit also has been falling as a reaction to the massive number of high-priced units supplied in the Tokyo metropolitan area in the previous year. In the Tokyo metropolitan area pre-owned condominium market, the number of units contracted from January to July 2024 increased to 22,419 units (up 5.2% year on year) and the average price per unit as of July 2024 was ¥46.29 million (down 3.7% year on year). The rising prices of newly built units have driven the shift in demand for pre-owned units and as a result, the average price per unit remains high. In the build-for-sale detached house market, housing starts for the seven months from January to July 2024 were 31,516 units (down 7.5% year on year). There has been concern for a further decline in the purchasing appetite due to the likely rise in interest rates of floating-rate mortgage loans starting from the latter half of 2024, in addition to the effects of soaring construction costs (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the seven months from January to July 2024 were ¥1,675 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 45.2% year on year) for steel reinforced concrete structures and ¥719 thousand per tsubo (an increase of 10.0% year on year) for wooden structures. Although the current prices of building materials have more or less remained flat, construction costs continue to rise against the backdrop of rising prices as well as soaring personnel costs and transportation costs, and therefore it remains necessary to monitor these trends 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 July 2024 fell to 5.0% (6.5% in the same month of the previous fiscal year), which is said to indicate an equilibrium between demand and supply, and the average asking rent as of July 2024 was ¥20,034 per tsubo (an increase of 1.1% year on year). Thanks to the robust demand for offices as a result of such factors as office relocations and business expansion, many empty offices mainly in new and relatively new building office buildings are filled up, contributing to the improvement in the vacancy rate and the rent (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium leasing market, the average asking rent of apartments as of July 2024 was ¥12,006 per tsubo (an increase of 3.2% year on year) and the average occupancy rate of condominiums held by J-REIT in the Tokyo area, as of May 31, 2024, was 97.2% (unchanged from the same month of the previous fiscal year). The demand for rental apartments remains firm, owing to rising condominium prices and concerns for a rise in mortgage interest rates, in addition to the increase in the population influx into the Tokyo metropolitan area (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock as of July 2024 was 10.27 million tsubo (an increase of 9.9% year on year), the vacancy rate rose to 7.7% (an increase of 1.6 percentage points year on year), and the asking rent was ¥4,820 per tsubo (an increase of 6.6% year on year). As supply continues to exceed demand, a prolonged rise in the vacancy rate is expected reflecting the trend for long-term leasing activities, among other factors, and therefore it remains necessary to continue monitoring the trends in supply and demand (according to a survey by a private research

institute).

In the real estate fund market, J-REIT assets under management in July 2024 totaled ¥23.3 trillion (an increase of ¥0.9 trillion year on year) and assets under management in private placement funds totaled ¥38.6 trillion (as of June 30, 2024, an increase of ¥5.2 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥61.9 trillion (according to a survey by a private research institute).

The Tokyo business hotel market has been robust and in the six months from January to June 2024, the average guest room occupancy rate was 82.4% (an increase of 4.7 percentage points year on year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 54.15 million (an increase of 20.3% year on year). Occupancy rates and the total number of hotel guests continue to be robust thanks to an increase in inbound demand fueled by the weakening yen (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 improve business performance.

As a result, consolidated revenue for the nine months ended August 31, 2024 totaled ¥69,419 million (up 4.1% year on year), operating profit was ¥17,055 million (up 18.0%), profit before tax was ¥16,090 million (up 17.6%), and profit attributable to owners of the parent was ¥11,234 million (up 20.0%).

Performance by business segment is shown below.

### **Revitalization Business**

During the nine months ended August 31, 2024, the segment sold 33 properties it had renovated and 89 pre-owned condominium units, including T's garden Nishi Terao (Yokohama-shi, Kanagawa), Hatchobori Tosei Building II (Chuo-ku, Tokyo), LIERRE ICHIGAYA (Shinjuku-ku, Tokyo).

During the nine months ended August 31, 2024, it also acquired a total of 33 income-generating office buildings and rental apartments, nine land lots and 78 pre-owned condominium units.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥48 million.

As a result, revenue in this segment was ¥33,498 million (down 19.5% year on year) and the segment profit was ¥5,931 million (down 27.3%).

### **Development Business**

During the nine months ended August 31, 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 18 detached houses at such property as THE Palms Court Gakugei Daigaku (Meguro-ku, Tokyo).

During the nine months ended August 31, 2024, it also acquired four land lots for rental apartment project, 14 land lots for rental wooden apartment project, and land lots for 125 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥361 million.

As a result, revenue in this segment was ¥14,975 million (up 113.5% year on year) and the segment profit was ¥5,061 million (up 307.2% year on year).

### **Rental Business**

During the nine months ended August 31, 2024, the Company focused on leasing out its rental properties.

As of August 31, 2024, the number of rental properties increased by nine from 114 at the end of the previous fiscal year to 123, as the segment acquired 30 properties, and begin offering for rental of seven properties, sold 24 properties, and terminated the leasing of four properties.

As a result, revenue in this segment was ¥5,826 million (up 20.9% year on year) and the segment profit was ¥2,906 million (up 21.2%).

### **Fund and Consulting Business**

While ¥152,633 million was subtracted due mainly to property dispositions by funds, ¥253,392 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 August 31, 2024, was ¥2,453,212 million.

As a result, revenue in this segment was ¥5,282 million (down 6.0% year on year) and the segment profit was ¥3,101 million (down 14.9%).

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

### **Property Management Business**

During the nine months ended August 31, 2024, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 960 as of August 31, 2024, an increase of 118 from August 31, 2023, with the total comprising 565 office buildings, hotels, logistic facilities and other such properties, and 395 condominiums and apartments.

As a result, revenue in this segment was ¥5,279 million (up 9.2% year on year) and segment profit was ¥933 million (up 38.1%).

### **Hotel Business**

During the nine months ended August 31, 2024, 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 ¥4,557 million (up 61.2% year on year) and segment profit was ¥1,565 million (up 176.8% 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, there has been no significant change in the lending stance of financial institutions as the Bank of Japan takes cautious steps in its normalization of monetary policy. Office rent is also on a rising trajectory and investment demand by real estate investors remains robust. Meanwhile, in the build-for-sale detached housing market for end users, concerns are being voiced about the waning appetite for purchasing homes caused by a rise in mortgage interest rates, while many development projects both in the public and private sectors are requiring a change in plans due to the effects of the never-ending rise in construction costs. This has resulted in the Company practicing caution in its purchasing activities.

Under such an operating environment, for the nine months ended August 31, 2024, the Group reported consolidated revenue of ¥69.4 billion (up 4.1% year on year), operating profit of ¥17.0 billion (up 18.0% year on year), profit before tax of ¥16.0 billion (up 17.6% year on year), and profit for the period of ¥11.2 billion (up 20.0% year on year), thus achieving ahead of schedule the profit for the period of ¥11.2 billion projected for the full-year forecast at the beginning of the period.

As for the operating segments, the Revitalization Business has seen brisk sales of whole buildings and condominium units such as the high-rise condominium units in central Tokyo. In the Development Business, in the first half of the year, the Company sold the major logistics facility, T's Logi Ome, and the commercial facility, T's BRIGHTIA Jiyugaoka, and in the third quarter, the Company sold one whole apartment made from wooden structures and detached houses which had been its focus. Although the sales of detached houses are somewhat behind schedule, the Revitalization Business and the Development Business as a whole have been achieving profit margins exceeding initial expectations and continue to engage in steady purchasing activities.

Furthermore, in the Stock and Fee Business, the Company's stable source of income, each business is progressing mostly according to plan, and in the Hotel Business in particular, profits significantly exceeded the plan, thanks to the rise in the occupancy rate of the Tosei Hotel COCONE Tsukiji Ginza Premier, which opened last year, and the hike in guest room rates reflecting growing inbound demand. Additionally, in the Property Management Business, in conjunction with the acquisition of a property management company in Chiba Prefecture in March, the total number of properties under management reached 960 (an increase of 102 from the end of the previous fiscal year), contributing to an increase in

profits. In the Fund and Consulting Business, while the balance of assets under management increased by ¥100.7 billion from the end of the previous fiscal year to ¥2.45 trillion, slightly undershooting the plan due to active acquisition and disposal of properties by trusted funds, earning fees from trading activities, which, in turn, resulted in strong performance. The Company will continue to closely monitor the investment trends of domestic and overseas investors, while also making efforts to further enhance service quality and bolster its capabilities to capture new management contracts.

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

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

As of August 31, 2024, total assets were ¥260,038 million, an increase of ¥14,709 million compared with November 30, 2023, while total liabilities were ¥169,270 million, an increase of ¥6,260 million.

Increase in total assets were due to an increase in trade and other receivables, inventories, and other financial assets. Increase in total liabilities were due to an increase in trade and other payables and interest-bearing liabilities.

Total equity increased by ¥8,448 million to ¥90,767 million, mainly due to an increase in retained earnings, payment of cash dividends.

### **2) Analysis of Cash Flows**

Cash and cash equivalents (hereinafter “cash”) as of August 31, 2024 totaled ¥37,601 million, down ¥1,596 million compared with November 30, 2023.

The cash flows for the nine months ended August 31, 2024 and factors contributing to those amounts are as follows:

#### **Cash Flows from Operating Activities**

Net cash used in operating activities totaled ¥1,122 million (in comparison with segment net cash provided in Operating activities of ¥10,492 million in the same period of the previous fiscal year). This is attributed to the profit before tax of ¥16,090 million, an increase in inventories of ¥14,060 million and income taxes paid of ¥5,621 million.

#### **Cash Flows from Investing Activities**

Net cash used in investing activities totaled ¥2,203 million (down 55.4% year on year). This is primarily due to payments of loans receivable of ¥7,808 million, collection of loans receivable of ¥7,791 million and purchase of other financial assets of ¥2,170 million.

#### **Cash Flows from Financing Activities**

Net cash provided by financing activities totaled ¥1,730 million (down 62.0% year on year). This mainly reflects ¥34,294 million in the repayments of non-current borrowings and ¥3,192 million in cash dividends paid, despite ¥38,664 million in proceeds from non-current borrowings.

## **(3) Qualitative Information Regarding Consolidated Earnings Forecasts**

In light of the performance trends for the period under review, the Company has revised the full-year consolidated earnings forecasts announced on January 12, 2024. In terms of revenue, the Company made a downward revision of the previously forecasted revenue by ¥10,195 million to ¥81,921 million after incorporating several factors into the earnings forecast. These include the strategic postponement in the timing of property sales to the following fiscal year and beyond upon partially revising its sales plan for the current fiscal year in the Revitalization Business, and the slight delay in the sales of detached houses in the Development Business and the upward swing in performance of the Hotel Business. Meanwhile, in terms of profits, despite such factors as the revision of the sales plan described above, due to the profit margins of the properties sold exceeding initial expectations and the upward swing in performance compared to the initial plan in the Hotel Business and the Rental Business, the forecasts have been increased for operating profit by ¥485 million to ¥18,187 million, for profit before tax by ¥500 million to ¥17,000 million, and for profit attributable to owners of the parent by ¥514 million to ¥11,723 million. Furthermore, the year-end dividend forecast which had initially been ¥73 per share was revised to ¥77 per share (payout ratio of 31.8%), an increase of ¥4, in conjunction with the revision of the consolidated earnings forecasts.

## **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 August 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	39,197,843	37,601,560
Trade and other receivables	5,348,785	6,576,781
Inventories	118,252,139	132,415,504
Other current assets	32,256	31,897
Total current assets	162,831,025	176,625,744
Non-current assets		
Property, plant and equipment	33,018,001	32,361,737
Investment properties	37,805,499	37,528,208
Goodwill	1,401,740	1,401,740
Intangible assets	138,914	121,340
Trade and other receivables	1,440,172	1,330,165
Other financial assets	7,826,991	10,038,032
Deferred tax assets	839,334	603,780
Other non-current assets	28,010	28,010
Total non-current assets	82,498,665	83,413,017
Total assets	245,329,690	260,038,761
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	6,107,625	7,281,869
Interest-bearing liabilities	13,783,385	19,663,452
Current income tax liabilities	3,269,414	2,663,691
Provisions	1,193,060	707,600
Total current liabilities	24,353,486	30,316,613
Non-current liabilities		
Trade and other payables	4,207,480	4,372,834
Interest-bearing liabilities	132,804,369	132,997,803
Retirement benefits obligations	761,387	775,239
Provisions	85,122	85,742
Deferred tax liabilities	798,561	722,616
Total non-current liabilities	138,656,921	138,954,235
Total Liabilities	163,010,408	169,270,849
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	7,200,518	7,236,164
Retained earnings	68,139,668	76,162,068
Treasury shares	(335,327)	(243,507)
Other components of equity	416,935	588,233
Total equity attributable to owners of parent	82,046,685	90,367,850
Non-controlling interests	272,596	400,061
Total equity	82,319,282	90,767,911
Total liabilities and equity	245,329,690	260,038,761

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

(¥ thousand)

	Nine months ended August 31, 2023	Nine months ended August 31, 2024
Revenue	66,710,147	69,419,485
Cost of revenue	42,197,580	40,375,314
Gross profit	24,512,567	29,044,171
Selling, general and administrative expenses	10,201,051	11,503,520
Other income	216,896	86,203
Other expenses	78,770	571,560
Operating profit	14,449,641	17,055,292
Finance income	197,851	273,788
Finance costs	968,486	1,238,276
Profit before tax	13,679,006	16,090,805
Income tax expense	4,314,203	4,851,809
Profit for the period	9,364,802	11,238,996
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	273,418	171,593
Remeasurements of defined benefit pension plans	—	(18,872)
Subtotal	273,418	152,721
Other comprehensive income items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	14,490	1,374
Net change in fair values of cash flow hedges	(25,090)	(1,669)
Subtotal	(10,600)	(295)
Other comprehensive income for the period, net of tax	262,818	152,426
Total comprehensive income for the period	9,627,620	11,391,422
Profit attributable to:		
Owners of the parent	9,364,618	11,234,156
Non-controlling interests	183	4,840
Profit for the period	9,364,802	11,238,996
Total comprehensive income attributable to:		
Owners of the parent	9,627,437	11,386,582
Non-controlling interests	183	4,840
Total comprehensive income for the period	9,627,620	11,391,422
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	196.51	231.96
Diluted earnings per share (¥)	196.12	231.75

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

Nine months ended August 31, 2023 (December 1, 2022 – August 31, 2023)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the 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			9,364,618			9,364,618	183	9,364,802
Other comprehensive income					262,818	262,818		262,818
Total comprehensive income for the period	—	—	9,364,618	—	262,818	9,627,437	183	9,627,620
Amount of transactions with owners								
Purchase of treasury shares		(2,619)		(113,831)		(116,451)		(116,451)
Disposal of treasury shares		431,354		1,266,720		1,698,074		1,698,074
Dividends of surplus			(2,410,243)			(2,410,243)		(2,410,243)
Change from newly consolidated subsidiary						—	271,500	271,500
Balance at August 31, 2023	6,624,890	7,204,266	66,984,370	(380,782)	656,747	81,089,493	271,683	81,361,176

Nine months ended August 31, 2024 (December 1, 2023 – August 31, 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			11,234,156			11,234,156	4,840	11,238,996
Other comprehensive income					152,426	152,426		152,426
Total comprehensive income for the period	—	—	11,234,156	—	152,426	11,386,582	4,840	11,391,422
Amount of transactions with owners								
Purchase of treasury shares				(101)		(101)		(101)
Disposal of treasury shares		(5,690)		91,921		86,230		86,230
Dividends of surplus			(3,192,884)			(3,192,884)		(3,192,884)
Dividends to non-controlling interests						—	(3,875)	(3,875)
Change from newly consolidated subsidiary						—	126,500	126,500
Transfer from other components of equity to retained earnings			(18,872)		18,872	—		—
Share-based payment transactions		41,337				41,337		41,337
Balance at August 31, 2024	6,624,890	7,236,164	76,162,068	(243,507)	588,233	90,367,850	400,061	90,767,911

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

(¥ thousand)

	Nine months ended August 31, 2023	Nine months ended August 31, 2024
Cash flows from operating activities		
Profit before tax	13,679,006	16,090,805
Depreciation expense	1,222,647	1,190,641
Increase (decrease) in provisions and retirement benefits obligations	(440,714)	(442,764)
Interest and dividend income	(197,851)	(273,788)
Interest expenses	968,486	1,238,276
Decrease (increase) in trade and other receivables	5,122,941	(1,039,002)
Decrease (increase) in inventories	(7,781,687)	(14,060,307)
Increase (decrease) in trade and other payables	2,063,073	1,073,105
Other, net	(106,497)	(14,976)
Subtotal	14,529,404	3,761,987
Interest and dividend income received	384,523	472,032
Income taxes paid	(4,574,665)	(5,621,701)
Income taxes refund	153,087	264,723
Net cash from (used in) operating activities	10,492,350	(1,122,958)
Cash flows from investing activities		
Purchase of property, plant and equipment	(251,605)	(183,743)
Purchase of investment properties	(509,597)	(75,061)
Purchase of intangible assets	(32,261)	(27,714)
Payments of loans receivable	(1,219,000)	(7,808,031)
Collection of loans receivable	6,189	7,791,544
Purchase of other financial assets	(487,635)	(2,170,989)
Collection of other financial assets	6,385	208,756
Payments for acquisition of subsidiaries	(2,453,851)	(46,190)
Proceeds from acquisition of businesses	-	101,584
Other, net	2,072	6,726
Net cash from (used in) investing activities	(4,939,303)	(2,203,117)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(1,786,703)	2,093,440
Proceeds from non-current borrowings	37,823,515	38,664,922
Repayments of non-current borrowings	(29,497,324)	(34,294,305)
Redemption of bonds	(30,678)	(15,678)
Repayments of lease obligations	(331,506)	(458,925)
Capital contribution from non-controlling interests	271,500	126,500
Cash dividends paid	(2,408,348)	(3,192,066)
Dividends paid to non-controlling interests	-	(3,875)
Purchase of treasury shares	(113,831)	(101)
Proceeds from disposal of treasury shares	1,698,960	84,604
Interest expenses paid	(1,071,647)	(1,274,459)
Net cash from (used in) financing activities	4,553,934	1,730,056
Net increase (decrease) in cash and cash equivalents	10,106,982	(1,596,018)
Cash and cash equivalents at beginning of period	31,767,008	39,197,843
Effect of exchange rate change on cash and cash equivalents	4,403	(264)
Cash and cash equivalents at end of period	41,878,394	37,601,560

## (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:

#### Nine months ended August 31, 2023

(December 1, 2022 – August 31, 2023)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	41,596,412	7,014,138	4,820,307	5,617,798	4,835,064	2,826,425	—	66,710,147
Intersegment revenue	—	—	133,418	6,493	888,683	15,527	(1,044,122)	—
Total	41,596,412	7,014,138	4,953,725	5,624,291	5,723,748	2,841,952	(1,044,122)	66,710,147
Segment profit	8,156,667	1,242,958	2,397,996	3,644,755	675,940	565,562	(2,234,239)	14,449,641
Finance income/costs, net								(770,635)
Profit before tax								13,679,006

#### Nine months ended August 31, 2024

(December 1, 2023 – August 31, 2024)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	33,498,119	14,975,336	5,826,580	5,282,904	5,279,107	4,557,437	—	69,419,485
Intersegment revenue	—	—	84,014	31,662	1,106,953	22,624	(1,245,254)	—
Total	33,498,119	14,975,336	5,910,595	5,314,566	6,386,060	4,580,061	(1,245,254)	69,419,485
Segment profit	5,931,932	5,061,584	2,906,241	3,101,884	933,322	1,565,340	(2,445,013)	17,055,292
Finance income/costs, net								(964,487)
Profit before tax								16,090,805

## 2. Dividends

Dividends paid in the nine months ended August 31, 2023 and August 31, 2024 are as follows:

Nine months ended August 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

Nine months ended August 31, 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

	Nine months ended August 31, 2023	Nine months ended August 31, 2024
Profit attributable to owners of parent (¥ thousand)	9,364,618	11,234,156
Net income used to figure diluted net income per share (¥ thousand)	9,364,618	11,234,156
Weighted average number of outstanding ordinary shares (shares)	47,654,038	48,431,224
The number of increased ordinary shares used to figure diluted earnings per share (shares)		
Subscription rights to shares relating to stock options (shares)	95,254	30,436
Common stock relating to PSU (shares)	—	14,425
Common stock relating to RSU (shares)	—	282
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,749,292	48,476,367
Basic earnings per share (¥)	196.51	231.96
Diluted net income per share (¥)	196.12	231.75

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.