

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

November 9, 2023 released

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 Stock listing: Tokyo Stock Exchange Prime Section  
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Scheduled date of dividend payment commencement: December 5, 2023

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 Second Quarter of Fiscal Year Ending March 31, 2024

### (1) Consolidated Operating Results

(“¥” indicates millions of yen, percentage figures indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
FY2024/3 2Q	¥ 48,998	38.7%	¥ 12,022	49.4%	¥ 11,944	48.7%	¥ 8,463	57.7%
FY2023/3 2Q	¥35,333	-22.0%	¥ 8,044	-14.4%	¥ 8,035	-13.5%	¥ 5,368	-8.4%

(Note) Comprehensive income: FY2024/3 2Q : 9,032 millions of yen (52.0%)

FY2023/3 2Q :5,943 millions of yen (-2.3%)

	Earnings per Share (yen)	Fully Diluted earnings per Share (yen)
FY2024/3 2Q	174.39	174.22
FY2023/3 2Q	110.44	110.34

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
FY2024/3 2Q	¥ 159,615	¥ 91,833	55.4%
FY2023/3	¥ 152,519	¥ 83,965	52.9%

(Reference) Equity: FY2024/3 2Q : 88,500 millions of yen

FY2023/3 : 80,702 millions of yen

## 2. Cash Dividends

	Cash Dividends per Share (yen)				
	1 <sup>st</sup> quarter end	2 <sup>nd</sup> quarter end	3 <sup>rd</sup> quarter end	Year end	Annual Total
FY2023/3	-	23.00		25.00	48.00
FY2024/3		26.00			
FY2024/3 (Forecast)				26.00	52.00

(Note) Changes from the latest released dividend forecast: No.

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

(“¥” indicates millions of yen, percentage figures indicate year-on-year changes.)

Full year	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		EPS (yen)
		¥83,000	0.3%	¥16,500	10.7%	¥16,000	8.7%	¥11,000	-5.3%

(Note) Changes from the latest forecast: No.

#### ※ 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 2Q	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 2Q	202,052 shares	FY2023/3	237,169 shares
3) Average number of shares for the period (April 1, 2023 to June 30, 2023):	FY2024/3 2Q	48,530,650 shares	FY2023/3 2Q	48,606,722 shares

(Note) The number of treasury shares at the end of the second quarter of the fiscal year ending March 31, 2024 includes 824 treasury shares of restricted stock as remuneration held by the former employees resigning during their terms in this period, 5 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, 48,530,650 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 7, 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 six months

### (1) Business Performance

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

During the six months ended September 30, 2023 (hereinafter referred to as the current period), the Japanese economy continued its gradual recovery as the employment and income environment improved. There are concerns that the global economy may slow down due to the tightening of monetary policy in various countries and concerns about the economic outlook caused by the real estate slump in China.

In the real estate market, the average rent in the Tokyo Business District (5 wards of Central Tokyo: Chiyoda, Chuo, Minato, Shinjuku and Shibuya) in September was 19,750 yen (unit price per tsubo), down for the 38th consecutive month (total 3,264 yen/14.18%), and the average vacancy rate for the same month was almost unchanged at 6.15% (according to a private research institution). Overall office market conditions remained weak. The Japanese market is facing a large supply of new office buildings in 2025, and the outlook for the real estate investment market is increasingly uncertain. Foreign institutional investors and other companies have adopted a cautious investment stance on investment in offices, However, demand for investment in hotels is increasing due to a recovery in tourism demand.

In the current period, in Real Estate Revitalization Business, the core business of the Group, the number of sales was the same as in the previous year. However, as our relatively large-scale, highly profitable properties met our client's expectations, we were able to sell ahead of schedule. As a result, both net sales and profits increased from the same period of the previous year. Profit margin declined in reaction to the high level of sales of properties with high profit margin in the same period of the previous fiscal year but remained at a high level and continued to drive overall results. In Real Estate Service Business, operations continued to perform well. In Hotel Development Business, the completion of the sale of one hotel resulted in a significant year-on-year increase in both revenue and earnings. In Hotel Operation Business, demand for tourism further increased due to the increase of domestic and foreign tourists in line with the Nationwide Travel Subsidy Program and the transition of the status of COVID-19 to Category 5. As a result, net sales grew compared to the same period of the previous fiscal year and profits returned to the black.

As a result, net sales amounted to 48,998 million yen (up 38.7% YoY), operating profit amounted to 12,022 million yen (up 49.4% YoY), ordinary profit amounted to 11,944 million yen (up 48.7% YoY) and profit attributable to owners of parent amounted to 8,463 million yen (up 57.7% 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, all processes from purchase of buildings to revitalization and usage planning and development, tenant placement, management, sales, and subsequent support with building management are offered as a one stop service. In the current period, we made steady progress in purchasing and sales, and made progress at a faster pace than planned. In commercialization, the Group reflected the real needs of clients in its products while maintaining coordination with each department of the Office Division. In addition, by leveraging close ties with local communities' leasing capabilities, the Group increased the value of real estate with high occupancy rates and high added value and sold products that meet the expectations of clients in Japan and overseas. We also sold one property in New York. We are continuing purchase and sales of properties to meet clients' asset portfolio diversification needs. In addition, the first stage of Compass Nerima (a licensed nursery school), the eighth small-lot project, was completed, and the second stage is scheduled for the fourth quarter. In the current period, the number of sales was 14, the same as the

same period of the previous year, and net sales and profits increased from the same period of the previous year.

- (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 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. Net sales and profits increased year on year due to an increase in the number of properties held as inventories.

As a result, net sales amounted to 31,984 million yen (up 21.8% YoY) and segment profit amounted to 9,543 million yen (up 4.0% 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 enhance the satisfaction of tenants through property management that meets the needs of clients. At the same time, by working with the leasing brokerage division to attract tenants and revising the conditions for appropriate rent, we are able to support the high-occupancy and high-profitability building management that owners want. In the current period, number of entrusted buildings increased by 34 buildings compared to the end of the previous period, and occupancy rate improved by 1%pt. As a result, both net sales and profits increased from the same period of the previous year.

	End of September 2021	End of September 2022	End of September 2023
Number of Entrusted Buildings	403 buildings	444 buildings	478 buildings
Occupancy Rate	91.6%	91.9%	92.9%

- (ii) In Building Maintenance Business, under the slogan of “making Tokyo the most beautiful city in the world,” we are engaged in inspections, cleaning, renovation, and surveys to maintain and manage buildings. With strengths in glass cleaning and exterior wall cleaning and repair work, we are collaborating with each department of the Office Division. In the current period, net sales increased compared with the same period of the previous fiscal year due to an increase in the number of entrusted buildings, despite a decrease in facility disinfection work related to COVID-19 and cancellations of contracts for unprofitable sites. However, profits decreased due to an increase in personnel costs associated with an increase in the number of new employees.
- (iii) In Sales Brokerage Business, as part of our real estate consulting, we are working to quickly respond to consultation requests from clients in other divisions such as Property Management Business and Leasing Brokerage Business. Our Office Business is working to expand our customer base in building management for building owners, and we are using the trust we have built up to win brokerage contracts. In the current period, a number of large-scale deals were concluded, however a decrease in the number of deals concluded resulted in a decline in both net sales and profits.
- (iv) In Leasing Brokerage Business, we provide a service network based in 10 sites, mainly in central Tokyo, and serve as a convenient consultation window that is close to local building owners. In addition, 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 the current period, both leasing and profits increased from the same period of the previous year due to an increase in the number of tenant leasing brokerage transactions at entrusted properties.

- (v) In Rental Conference Room Business, we provide services that respond to the changing times and succeeded in attracting customers based on data. Through close ties with local communities and flexible and agile proposal-based sales in response to clients' requests, we have been able to capture demand from continuing users and new customer segments. In the current period, both net sales and profits increased from the same period of the previous fiscal year due to an increase in renting resulting from an increase in demand for events such as corporate training and certification examinations, and the provision of a one stop service including accommodation and catering, and the impact of the new conference room opening and the floor space expansion in 7 facilities during the current period.
- (vi) In Rent Guarantee Business, we provide services tailored to building owners for all processes from tenant screening at offices and stores, rent guarantee, building surrender lawsuits, and eviction. The new brand, TRI-WINS, 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. Compared to general guarantee services, it expands the range of services, including investigation and examination, rent guarantee, delinquency handling, and removal. In the current period net sales remained almost flat compared with the same period of the previous fiscal year, but net sales of the credit guarantee as main business grew by 7.4% compared with the same period of the previous fiscal year.

As a result, net sales amounted to 5,172 million yen (up 18.4% YoY) and segment profit amounted to 2,902 million yen (up 13.8% 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, both net sales and 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 for sale, and to expand operations.
- (ii) In Hotel Operation Business we currently operate 21 hotels (2,477 rooms). In the current period, domestic tourism continued to expand, and there was a recovery in inbound tourism, and both occupancy rate and the average daily rate continued to rise based on the Group's high added value strategies. As a result, both net sales and profits increased significantly from the same period of the previous fiscal year.

As a result, net sales amounted to 11,329 million yen (up 148.8% YoY) and segment profit amounted to 3,397 million yen compared with the previous fiscal year (segment loss was 334 million yen in the previous fiscal year) 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 Southeast Asian market, where growth is expected, and is developing real estate centering on condominiums and houses using Japanese advanced construction technology, with a focus on providing Asian people with a taste of Japanese quality. In the current period, both net sales and profits increased.
- (ii) In Construction Business, the Company is engaged in renovation planning, repair and renovation of commercial buildings, interior finishing work and telecommunications construction, etc. In the current period, both net sales and profits increased from the same period of the previous fiscal year due to the booking of sales from large-scale construction projects at Group subsidiaries.

As a result of the above, net sales amounted to 996 million yen (up 60.7% YoY) and segment profit amounted to 131 million yen (up 51.6% YoY) in total for Other Business.

Initiatives in the current period are as follows.

Based on the concept of “making Tokyo the most friendly city for start-up in the world,” the Group is promoting initiatives to support startups. As one such initiatives, we launched the “START-UP FRONTIER TOKYO” project and held its kick-off event, the “FRONTIER PITCH TOKYO for Startups 2023,” on September 15. We will support the further growth of the startup.

The Group is also engaged in sustainability management under the vision of “contributing to the realization of a sustainable society through our corporate activities while taking care of the Company policy (Credo).” To realize this vision, we have identified three key issues, environmental protection, regional revitalization, and human resource development, and have set specific measures and KPIs. As an initiative of regional revitalization, we supported the following two events together with local residents. In August we sponsored the “Island Dream Jazz in Sado 2023,” In September, we sponsored the 2023 Sado International Triathlon Competition. As an initiative of human resource development, on October 6, 2023, we established “SF Human Support Co., Ltd.,” which supports the employment of specified skilled workers, etc., to contribute to solving the labor shortage in Japan. The newly established company will support the education, employment, and livelihood of excellent and motivated foreign nationals with the specified skills in Vietnam and other Asian countries and contribute to the resolution of social issues through the development of human resources who will be responsible for the growth of domestic industries. In addition, on September 29, we issued the Group Sustainability Report 2023 to further deepen understanding of the Group. This report summarizes the philosophy that the Group has held dear since its founding, the history of the company, and recent sustainability activities.

## (2) Consolidated Financial Position

Total assets at the end of the current consolidated fiscal year amounted to 159,615 million yen (up 4.7% compared with the end of the previous fiscal year), liability amounted to 67,781 million yen (down 1.1% compared with the end of the previous fiscal year), and net assets amounted to 91,833 million yen (up 9.4% compared with the end of the previous fiscal year).

The increase in total assets was mainly due to an increase of 5,094 million yen in cash and time deposits and an increase of 8,655 million yen in real estate for sale in process, offset by a decrease of 6,533 million yen in real estate for sale.

The decrease in liabilities was mainly due to an increase of 4,226 million yen in current portion of long-term borrowings and an increase of 1,361 million yen in income taxes payable, offset by a decrease of 5,522 million yen in long-term borrowing and a decrease of 910 million yen in advance payment included in Other of current liabilities.

The increase in net assets was mainly due to the recording of 8,463 million yen in profit attributable to owners of parent, which offset the year-end dividend payment of 1,216 million yen.

Equity ratio increased 2.5%pt from the same period of the previous fiscal year to 55.4%

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

There are no changes to the forecasts for the fiscal year ending March 31, 2024, announced on May 12, 2023.

Our group executed a business alliance agreement with Advantage Advisors Co., Ltd. (“Advantage Advisors”), and the payment of 1st Series Unsecured Convertible Bonds was completed on October 6.

Our group raise the philosophy of “Protect all employees, pursue the material and intellectual happiness, with the heart of coexistence we contribute to the prosperity of society and humankind.” To realize the philosophy, we aim to expand the existing businesses by the synergy between “Real Estate Revitalization Business” which has high social significance from both an environmental and economic perspective and “Real Estate Service Business” which serves as a platform. In “Hotel and Tourism Business” which is a growth business, we aim to expand the scale actively by furthering refinement the business models established and improving the brand as “heartwarming and fun hotel”. At the same time, we will deepen the

possibility of growth opportunities through M&A. In order to steadily advance each of the abovementioned measures, the corporate group believes that procuring investment funds and M&A funds for the hotel development business and others will be necessary, and also that acquiring a high level of external professional support will be effective. Just at the same time, we received a proposal for increasing corporate value from Advantage Advisors and decided to execute it. We will receive support from Advantage Advisers for (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. by acquiring a high level of external professional support. 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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and time deposits	42,016	47,110
Notes, accounts receivable, and contract assets	1,625	1,947
Real estate for sale	19,781	13,248
Real estate for sale in process	60,254	68,910
Costs of uncompleted construction contracts	57	84
Supplies	87	86
Other	2,080	1,556
Allowance for doubtful accounts	-18	-19
<b>Total current assets</b>	<b>125,886</b>	<b>132,923</b>
Non-current assets		
Property, plant and equipment		
Buildings (net amount)	9,528	9,396
Land	10,117	10,308
Other (net amount)	764	1,000
<b>Total property, plant and equipment</b>	<b>20,410</b>	<b>20,705</b>
Intangible assets		
Goodwill	343	311
Other	472	576
<b>Total intangible assets</b>	<b>815</b>	<b>887</b>
Investments and other assets		
Guarantee deposits	3,210	3,110
Deferred tax assets	2,033	1,533
Other	173	466
Allowance for doubtful accounts	-11	-12
<b>Total investments and other assets</b>	<b>5,406</b>	<b>5,097</b>
<b>Total non-current assets</b>	<b>26,633</b>	<b>26,691</b>
<b>Total assets</b>	<b>152,519</b>	<b>159,615</b>

(Unit: million yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,106	2,328
Short-term borrowings	50	—
Current portion of long-term borrowings	5,442	9,668
Income taxes payable	1,699	3,060
Provision for bonuses	237	259
Provision for bonuses for directors (and other officers)	73	40
Provision for fulfillment of guarantees	22	26
Other	6,731	5,801
<b>Total current liabilities</b>	<b>16,363</b>	<b>21,186</b>
<b>Non-current liabilities</b>		
Long-term borrowings	50,170	44,648
Retirement benefit liability	5	3
Provision for share-based remuneration	83	91
Other	1,930	1,851
<b>Total non-current liabilities</b>	<b>52,190</b>	<b>46,594</b>
<b>Total liabilities</b>	<b>68,553</b>	<b>67,781</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,965	11,965
Capital surplus	6,445	6,460
Retained earnings	62,289	69,537
Treasury shares	-270	-233
<b>Total shareholders' equity</b>	<b>80,430</b>	<b>87,728</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	269	769
<b>Total accumulated other comprehensive income</b>	<b>271</b>	<b>771</b>
Share acquisition rights	30	30
Non-controlling interests	3,233	3,303
<b>Total net assets</b>	<b>83,965</b>	<b>91,833</b>
<b>Total liabilities and net assets</b>	<b>152,519</b>	<b>159,615</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statement of Income

(Unit: million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	35,333	48,998
Cost of sales	23,534	32,641
Gross profit	11,798	16,357
Selling, general and administrative expenses	3,753	4,334
Operating profit	8,044	12,022
Non-operating income		
Interest and dividend income	23	43
Foreign exchange gains	179	112
Other	68	37
Total non-operating income	271	193
Non-operating expenses		
Interest expenses	241	256
Other	39	15
Total non-operating expenses	281	271
Ordinary profit	8,035	11,944
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	22	-
Total extraordinary loss	22	25
Profit before income taxes	8,114	11,919
Income taxes - current	2,478	2,914
Income taxes - deferred	172	496
Total income taxes	2,650	3,410
Profit	5,464	8,508
Profit/loss attributable to non-controlling interests	95	45
Profit attributable to owners of parent	5,368	8,463

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	5,464	8,508
Other comprehensive income		
Valuation difference on available-for-sale securities	-0	0
Foreign currency translation adjustment	480	523
Total other comprehensive income	479	524
Comprehensive income	5,943	9,032
Comprehensive income attributable to		
Owners of parent	5,816	8,963
Non-controlling interests	127	69

### (3) Notes of Consolidated Financial Statements

(Notes of Assumption of Going Concern)

Not applicable.

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

I For FY2023/3 2Q (April 1, 2022 to September 30, 2022)

#### 1. Dividend paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (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

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

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors, November 10, 2022	Common shares	1,118	23.00	September 30, 2022	December 6, 2022	Retained earnings

#### 3. Significant changes in 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 6 months ended September 30, 2022, and stands at 180 million yen as of the end of the period.

II For FY2024/3 2Q (April 1, 2023 to September 30, 2023)

#### 1. Dividend paid

Resolution	Type of shares	Total dividends (million 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

Note: 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. Dividends for which the record date is during FY2024/3 2Q and the effective date is after the last day of FY2024/3 2Q

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors, November 9, 2023	Common shares	1,265	26.00	September 30, 2023	December 5, 2023	Retained earnings

Note: The total amount of dividends decided at the Board of Directors 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).

#### 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 September 30, 2023.

(Segment Information, etc.)

Segment Information

I For FY 2023/3 2Q (April 1, 2022 to September 30, 2022)

1. Information on net sales and profit and disaggregation of revenue 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	24,925	3,285	4,472	32,682	618	33,301
Other revenue (Note 2)	1,319	647	64	2,032	-	2,032
Net sales to external customers	26,245	3,933	4,536	34,714	618	35,333
Internal sales or transfers between segments	10	433	17	461	1	463
Total	26,255	4,367	4,553	35,176	620	35,797
Segment profit (loss)	9,181	2,551	-334	11,397	86	11,484

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	11,397
Profit in the "Other" category	86
Elimination of intersegment transactions	-12
Corporate expenses (Note)	-3,437
Ordinary profit in the consolidated statement of income	8,035

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 2Q (April 1, 2023 to September 30, 2023)

1. Information on net sales and profit and disaggregation of revenue 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	29,883	4,065	11,244	45,193	989	46,182
Other revenue (Note 2)	2,095	654	65	2,816	-	2,816
Net sales to external customers	31,978	4,720	11,309	48,009	989	48,998
Internal sales or transfers between segments	5	451	19	476	7	484
Total	31,984	5,172	11,329	48,486	996	49,483
Segment profit	9,543	2,902	3,397	15,844	131	15,976

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	15,844
Profit in the “Other” category	131
Elimination of intersegment transactions	11
Corporate expenses (Note)	-4,043
Ordinary profit in the consolidated statement of income	11,944

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)

The Company made a resolution on the offering of its 1<sup>st</sup> series unsecured convertible bonds with share acquisition rights at Board of Directors Meeting on September 20, 2023, and the payment was completed on October 6, 2023.

The overview is as follows.

(1)	Total amount issued	10,019,919,840 yen
(2)	Issue price of bonds and share acquisition rights	The issue price of each bond is 204,488,160 yen (100.2 yen per 100 yen of the face value; the face value of each bond is 204,080,000 yen)
(3)	Interest rate	Non-interest-bearing
(4)	Redemption amount	100 yen per par value of 100 yen
(5)	Maturity	October 6, 2028
(6)	Matters related to share acquisition rights	
(i)	Type under share acquisition rights	Common shares of the Company
(ii)	Total number of share acquisition rights	49 acquisition rights
(iii)	Conversion price	1,554 yen per share
(iv)	Exercise period	From October 10, 2023 to October 4, 2028
(v)	Other	In principle, the allottee may not exercise the share acquisition rights within one year from the closing date. In principle, the allottee may make a request for the exercise of the share acquisition rights only if the closing price of regular trading on common shares of the Company for the business day immediately preceding the day on which the request for the exercise of the share acquisition rights becomes effective is not less than the amount obtained by multiplying the conversion price which is effective on the day on which the allottee intends to make a request for the exercise of the share acquisition rights by 1.20.
(7)	Due date of payment (issue date)	October 6, 2023
(8)	Security	None
(9)	Use of funds	Acquisition of land in conjunction with new hotel development and construction work investment and M&A funds primarily for the hotel development business and construction business.
(10)	Method of offering or allotment	The entire amount is allocated to AAGS S5, L.P. by way of third-party allotment.

The reasons for selecting AAGS S5, L.P. as the allottee are as follows.

The Company had been considering that in order to steadily promote measures to accelerate its growth strategies for the future while envisioning the next medium-term management plan, it would be necessary to raise funds for investment such as hotel development and for M&A, and that highly specialized external support would be effective. Around April 2023, the Company received a proposal from Advantage Advisors Co., Ltd. (hereinafter “Advantage Advisors”) regarding a business alliance with the Group in which Advantage Advisors would provide information, introduce clients, and provide business support.

In addition, Advantage Advisors introduced a fund provided by Advantage Advisors, which has a track record of investing in multiple listed companies and is reliable, as a prospective allottee as a financing method that can satisfy the Company’s need to raise necessary funds with due consideration to the share price and the interests of existing shareholders. In order to maximize the investment return of the funds, Advantage Advisors provides management and financial advice to the listed companies in which the fund invests and provides information using its own network.

After careful consideration of Advantage Advisors’ extensive track record in dealing with listed companies

and specifics of their proposal, the Group has determined that the proposal from Advantage Advisors is the most appropriate in order to improve the corporate value of the Group because it can receive from Advantage Advisors growth support consistent with the Group's mission and needs when tackling the management issues of which the Group is aware, and because the Group considers the issuance of Bonds with Share Acquisition Rights by way of third-party allotment to be the most appropriate fundraising method. Accordingly, the Group has determined that the proposal is most suitable for increasing the corporate value of the Group and decided to implement the third-party allotment and selected AAGS S5, L.P., a fund serviced by Advantage Advisors, who has a track record of investment and reliability as described above, as the allottee for the third-party allotment.