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(Stock Exchange Code 8934)

June 1, 2026

**To Shareholders with Voting Rights:**

Sun Frontier Fudousan Co., Ltd.  
Seiichi Saito, President and Representative Director  
2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo

**NOTICE OF  
THE 27<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

We would like to express our appreciation for your continued support and patronage.

Please be informed that the 27th Annual General Meeting of Shareholders of Sun Frontier Fudousan Co., Ltd. (the “Company”) will be held for purposes as described below.

For the convocation of this General Meeting of Shareholders, electronic provision of information (materials subject to electronic provision), which is the content of the Reference Documents, etc., has been implemented and posted on the following websites. Please access them to see the related information.

The Company’s website: <https://www.sunfrt.co.jp/en/>

(Please access the above website and select “Shareholder and Investor Information” followed by “Stock Information”, “Annual General Meeting for shareholders” from the menu.)



The materials subject to electronic provision are also posted on the following website.

TSE website (TSE Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the above TSE website (TSE Listed Company Search), enter the name of the stock (Sun Frontier Fudousan Co., Ltd.) or securities code (8934), select “Basic information”, “Documents for public inspection/PR information”, then check “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” section of “Filed information available for public inspection”.)



In lieu of attending the meeting, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents listed in the “materials subject to electronic provision” and exercise your voting rights in accordance with the “Guide for Exercising Voting Rights” shown below by 6:00 p.m. on Monday, June 22, 2026 (JST).

## Information of the 27th Annual General Meeting of Shareholders

1.	Date	2:30 p.m. (JST) on Tuesday, June 23, 2026 (The hall is scheduled to open at 1:30 pm.)		
2.	Location	Pulp & Paper Building, 2 <sup>nd</sup> Floor, Phoenix Hall, 3-9-11, Ginza, Chuo-ku, Tokyo		
3.	Agenda	Materials to be reported	1. Business Report, Consolidated Financial Statements, and the Results of Audits of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Committee for the 27th Fiscal Year (April 1, 2025 to March 31, 2026)	
			2. Non-consolidated Financial Statements for the 27th Fiscal Year (April 1, 2025 to March 31, 2026)	
	Materials to be resolved	Proposal 1	Election of Seven (7) Directors who are not Audit & Supervisory Committee Members	
		Proposal 2	Election of Three (3) Directors who are Audit & Supervisory Committee Members	
Proposal 3		Election of One (1) Director who is a Substitute Audit & Supervisory Committee Member		

### ■ Other Matters

- After the conclusion of the General Meeting of Shareholders, we will hold a shareholders' reception. We would appreciate your participation if your schedule permitted.
- To ensure timely information provision, the contents of this notice have been posted on the Company's website prior to its dispatch.
- Please note that no gifts will be provided to shareholders attending the General Meeting. We appreciate your kind understanding.
- If you attend the meeting, we kindly ask that you present the enclosed Voting Rights Exercise Form at the reception desk.
- If you wish to exercise your voting rights by proxy, only one shareholder with voting rights may attend the General Meeting of Shareholders as your proxy. In such case, please submit a document certifying the authority of representation, such as the power of attorney. (Persons who are not shareholders, including proxies who are not shareholders or accompanying individuals, may not attend the meeting.)
- If you exercise your voting rights both on the Voting Rights Exercise Form and via the Internet, the vote exercised via the Internet will be deemed valid.
- If the voting rights are exercised multiple times via the Internet, the last vote exercised will be treated as valid.
- If you do not indicate your approval or disapproval of the proposal on the Voting Rights Exercise Form, it will be treated as a manifestation of your approval.
- In accordance with laws and regulations as well as the provisions of the Company's Articles of Incorporation, among the materials subject to electronic provision, the following matters are not stated in the documents to be delivered to shareholders who have requested delivery of documents. The Audit & Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including the following items.
  - (1) "Matters Related to the Company's Share Acquisition Rights, etc.," "Matters Related to the Accounting Auditor" and "System for Ensuring Proper Business Operations and Overview of Operation Status" in the Business Report
  - (2) "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
  - (3) "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

■ Information for Website Posting




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- Any changes in the operation of the General Meeting of Shareholders will be posted on the Company's website at the following URL. (Company website: <https://www.sunfirt.co.jp/>)
- If there are any amendments made to the materials subject to electronic provision, such amendments will be posted on the respective websites listed.

# Guide for Exercising Voting Rights

There are three ways to exercise the voting rights.

Please review the Reference Documents of the materials subject to electronic provision and exercise your voting rights.

Exercise the voting rights in writing	Exercise the voting rights via the Internet, etc.	Exercise the voting rights by attending on the day
 <p>Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and send back to us.</p>	 <p>Please review the information on page 6 of this notice, access the website for exercising voting rights from a smartphone or a computer, and indicate your approval or disapproval of the proposals.</p>	 <p>Please bring and submit the enclosed Voting Rights Exercise Form to the reception desk when attending.</p>
<p>Expiration Date</p> <p>By 6:00 p.m. on Monday, June 22, 2026</p>	<p>Expiration Date</p> <p>By 6:00 p.m. on Monday, June 22, 2026</p>	<p>Date</p> <p>2:30 p.m. on Tuesday, June 23, 2026</p>



Please indicate your approval or disapproval of the proposals here.

**Proposals No.3**

Approve >> Circle the "賛"

Disapprove >> Circle the "否"

**Proposals No.1 and No.2**

Approve everyone >> Circle the "賛"

Disapprove everyone >> Circle the "否"

Disapprove some candidate >> Circle the "賛". And write down the number of the candidate you disapprove.

\*Shareholders who are willing to exercise the voting rights by proxy, may delegate the person who is also a shareholder and with the voting rights in accordance with the provisions of Article 18 of the Company's Articles of Incorporation. However, the Shareholders shall submit a document certifying the authority of representation.

For institutional investors	You can exercise your voting rights by electromagnetic means from the "Electronic Voting Rights Exercise Platform" operated by ICJ, Inc.
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## Guide to Exercising Voting Rights via the Internet, etc.

How to read login QR code with  
“Smart SR”

This is a method to log-in to the website of exercising voting rights without entering the code and password.

- 1 Please read the QR code at the bottom right of the Voting Rights Exercise Form.



\*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

- 2 Please tap the “To voting rights exercise website” button at the top of the “Smart SR” screen. Please follow the instructions on the screen to indicate your approval or disapproval.



Please tap  
“議決権行使サイトへ”

Shareholders could exercise the voting rights by “Smart Exercise” **only one time**.

Shareholders who wish to change their vote, please access the website for PC, enter the code and password written on the Voting Rights Exercise Form to log-in, and exercise the voting rights again.  
\*Reading the QR code again could bring you to the website for PC too.

How to enter the code and password to  
exercise the voting rights

Website for  
exercising  
voting rights

<https://soukai.mizuho-tb.co.jp/>

- 1 Please access the website for exercising the voting rights.



Please click “次へすすむ”

- 2 Please enter the code written on the Voting Rights Exercise Form.



Please enter the  
“議決権行使コード”

Please click “次へ”

- 3 Please enter the password written on the Voting Rights Exercise Form.



Please enter the  
“初期パスワード”

Please reset the password

Please click “登録”

- 4 Please follow the instructions on the screen to indicate your approval and disapproval.

\*This is an illustrative image.

Institutional investors can use the Electronic Voting Rights Exercise Platform for institutional investors operated by ICJ, Inc.

## Guide for Preliminary Questions

Shareholders can ask questions regarding the General Meeting of Shareholders' agenda on the "Smart SR" website. Questions that we believe are of particular interest to shareholders will be answered at the General Meeting of Shareholders as "answers to preliminary questions."

Deadline for questions

6:00 p.m. on Wednesday, June 17, 2026

### How to submit questions

#### 1. Submitting via a smartphone, tablet, etc.

1 Please scan the QR code at the bottom right of the Voting Rights Exercise Form.



2 Please press the "General Meeting of Shareholders Preliminary Questions" button on the "Smart SR" screen.



3 Transition to the "Preliminary Questions" screen. Please follow the instructions on the screen.



\*"QR code" is a registered trademark of DENSO WAVE INCORPORATED.

#### 2. Submitting via a PC, etc.

1 Please log in to "Smart SR" from the following URL by entering the voting rights exercise code and password on the back of the right side of the Voting Rights Exercise Form.

"Smart SR" URL

<https://smart-sr.m041.mizuho-tb.co.jp/SA>

「スマートSR」URL  
<https://smart-sr.m041.mizuho-tb.co.jp/SA>



2 Please click the "General Meeting of Shareholders Preliminary Questions" button on the "Smart SR" screen.



3 Transition to the "Preliminary Questions" screen. Please follow the instructions on the screen.



#### 3. Other than Smart SR

Send via e-mail

[soukai2026@sunfit.co.jp](mailto:soukai2026@sunfit.co.jp)

Send by mail

Corporate Planning Division, Sun Frontier Fudousan Co., Ltd.  
1-2-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006

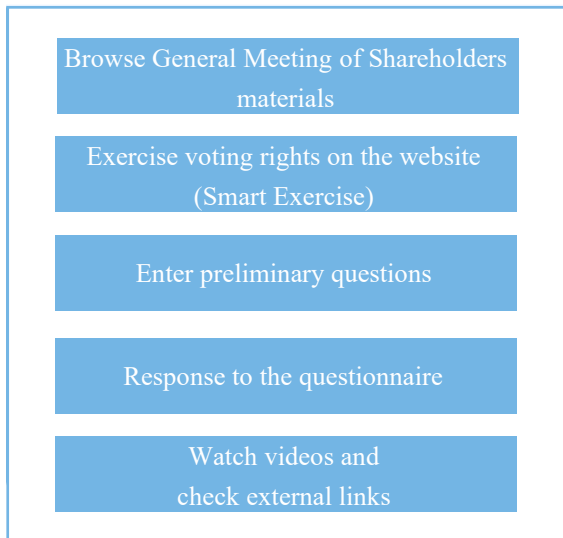
#### Notes

- Questions will be limited to the agenda of the General Meeting of Shareholders.
- Each shareholder may ask up to three questions, with a maximum length of 200 characters each.
- We do not promise to answer all questions. Please note that we will not be able to answer the questions individually.
- Any communication fees or other costs associated with using this service are the responsibility of the shareholder.

## About “Smart SR”

“Smart SR” is a web service provided by Mizuho Trust & Banking that promotes the digitalization of dialogue between the Company and shareholders. By scanning the QR code on the Voting Rights Exercise Form, you can log in without entering your ID and password and use the following functions.

\*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.



(Please note)

The actual information provided varies depending on the issuing company. If you are unable to use “Smart SR” due to network issues, etc., please refer to the back of the right side of the Voting Rights Exercise Form, log in to the “Voting Rights Exercise Website” and exercise your voting rights.

## “Smart SR” screen image (mobile)

The terms of office of all six (6) Directors who are not Audit & Supervisory Committee Members will expire at the conclusion of this general meeting of shareholders. Accordingly, the election of seven (7) Directors who are not Audit & Supervisory Committee Members is proposed. This proposal was discussed in the Audit & Supervisory Committee, but no particular opinions were expressed.

The candidates for Directors who are not Audit & Supervisory Committee Members are as follows.

Candidate No.	Name	Sex	Current Positions and Responsibilities	Candidate Attributes	Attendance Rate of Board of Directors Meetings
1	Tomoaki Horiguchi	Male	Chairman Representative Director	Reappointment	94.7% (Attended 18 of 19 meetings)
2	Seiichi Saito	Male	President & CEO President Executive Officer	Reappointment	100% (Attended 19 of 19 meetings)
3	Kentaro Kawanishi	Male	Director and Senior Executive Officer Division Director, Entrusted Asset Management Division General Manager, Real Estate Solutions Head of Sustainability Promotion Office	Reappointment	100% (Attended 15 of 15 meetings)
4	Takeshi Hirahara	Male	Senior Executive Officer Division Director, Administration Division General Manager of Corporate Planning Division	New appointment	-
5	Keitaro Otomichi	Male	Senior Executive Officer Deputy Division Director, Entrusted Asset Management Division	New appointment	-
6	Keiichi Asai	Male	Outside Director	Reappointment Outside Independent	100% (Attended 19 of 19 meetings)
7	Hideaki Okamoto	Male	-	New appointment Outside	-

(Notes) 1. There are no special interests or relationships between any of the candidates and the Company. However, ITOCHU Corporation, where Mr. Hideaki Okamoto serves as an Executive Officer, and the Company are in a capital and business alliance relationship.

2. Mr. Keiichi Asai and Mr. Hideaki Okamoto are candidates for Outside Directors.

3. Mr. Keiichi Asai will have served as an Outside Director of the Company for four years as of the conclusion of this General Meeting of Shareholders.

4. The Company has entered into a Liability Limitation Agreement pursuant to the provisions of Article 427 Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation so that Outside Directors may fully perform their expected roles. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations. If Mr. Keiichi Asai and Mr. Hideaki Okamoto are elected as Directors, the Company plans to enter into such agreements.

5. The Company has designated Mr. Keiichi Asai as an independent officer under the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange of the designation. If he is elected as a Director, the Company plans for him to continue as an independent officer.

6. Mr. Hideaki Okamoto is an executive of ITOCHU Corporation, which is an "other affiliated company" of the Company. Accordingly, even if Mr. Okamoto is elected as an Outside Director, the Company does not intend to designate him as an independent officer under the provisions of the Tokyo Stock Exchange, Inc. or notify the Tokyo Stock Exchange.

7. The Company has entered into an Officers' Liability Insurance Agreement with an insurance company with the Directors, Audit & Supervisory Committee Members, Executive Officers, etc. of the Company and its subsidiaries as insured persons, and under this agreement, any damage that may arise from the fact that the insured person is responsible for the performance of his/her duties or from receiving a claim for pursuing such responsibility will be compensated. If each candidate is reappointed as a Director, he/she will become an insured person under the policy and will be renewed with the same content. The outline of the agreement is as stated in the "Outline of the Officers' Liability Insurance Contract/ Agreement" of the Business Report.



No.  
1

Tomoaki Horiguchi

Reappointment

Born on April 21, 1958  
16,696 shares held

#### Biography, Positions and Responsibilities at the Company

- March 1990 Sun Frontier Co., Ltd. (merged company) President and Representative Director
- April 1999 Established the Company, President and Representative Director
- April 2020 Chairman and Representative Director of the Company (present)

#### Significant Concurrent Positions

- Representative Director of Sun Frontier Hotel Management Inc.
- Representative Director of Sun Frontier Sado Inc.

#### Reasons for selection as a candidate for Director

Mr. Tomoaki Horiguchi is the founder of the Company and has been leading the growth of the Company for many years as a President and Representative Director with his strong leadership and charisma and abundant experience in corporate management. Since stepping down as President and assuming the role of Chairman and Representative Director on April 1, 2020, he has been dedicated to developing the next generation of leaders and further strengthening the Company's management foundation to enhance the Group's long-term and sustainable corporate value. The Company believes that his extensive experience, accomplishments, and deep insight remain essential to its management, and is therefore recommending his reappointment as Director.



No.  
2

Seiichi Saito

Reappointment

Born on June 9, 1960  
94,695 shares held

#### Biography, Positions and Responsibilities at the Company

September 2005	Joined the Company
November 2005	Division Director of Administration Division of the Company
June 2006	Director and Division Director of Administration Division of the Company
June 2008	Senior Managing Director and Division Director of Administration Division of the Company
June 2012	Executive Vice President, Vice President Executive Officer and Division Director of Administration Division of the Company
June 2014	Representative Executive Vice President, Vice President Executive Officer and Division Director of Administration Division of the Company
April 2015	Representative Executive Vice President, Vice President Executive Officer and Division Director of Asset Management Division of the Company
April 2020	President and CEO , President Executive Officer (present)

#### Significant Concurrent Positions

CEO of Sun Frontier NY Co., Ltd.

Representative Director of SF Engineering Inc.

#### Reasons for selection as a candidate for Director

Mr. Seiichi Saito has extensive experience and a proven track record, having led the management of the Group as President and Chief Executive Officer. As the Chairperson of the Board of Directors, he has appropriately presided over important managerial matters and contributed to enhancing the Board's oversight function. Since succeeding Mr. Tomoaki Horiguchi, the founder, as President in 2020, he has played a key role in further advancing the Company and reinforcing the management foundation that supports the development of the next generation. The Company believes that he is well qualified to advance its Corporate Philosophy and enhance corporate value, and therefore recommends his reappointment as Director.



No.  
3

Kentaro Kawanishi

Reappointment

Born on October 16, 1980  
7,758 shares held

### Biography, Positions and Responsibilities at the Company

February 2008	Joined the Company in Entrusted Asset Management Division, Property Management Business Department
April 2018	General Manager of Property Management 2nd Department of the Company
April 2020	Head of Property Management Business and General Manager of Property Management 2nd Department of the Company
June 2020	Executive Officer of the Company
April 2023	Head of Property Management Business, General Manager of Property Management 2nd Department and General Manager of Real Estate Solutions of the Company
April 2024	Senior Executive Officer, Deputy Division Director of Entrusted Asset Management Division, Head of Property Management Business, and General Manager of Real Estate Solutions of the Company
June 2025	Head of Sustainability Promotion Office
June 2025	Director of the Company
April 2026	Director and Senior Executive Officer, Division Director of Entrusted Asset Management Division, General Manager of Real Estate Solutions, and Head of Sustainability Promotion Office (present)

### Significant Concurrent Positions

None

### Reasons for selection as a candidate for Director

As Senior Executive Officer and Deputy Division Director of Entrusted Asset Management Division, Mr. Kentaro Kawanishi has assisted the Division Director and made efforts to develop the Division. He has also served as the head of Property Management Business and Real Estate Solutions Business. He is well-versed in real estate operations and has led the growth of the Company's businesses by promoting cooperation across divisions. The Company has determined that he is a person capable of contributing to the further development and growth of the Company by leveraging his abundant knowledge and business experience and proposes that he be reappointed as Director.



No.  
4

Takeshi Hirahara

New appointment

Born on August 23, 1964  
2,804 shares held

#### Biography, Positions and Responsibilities at the Company

April 2019	Joined the Company General Manager of Corporate Planning Division, Administration Division
June 2020	Executive Officer and General Manager of Corporate Planning Division, Administration Division of the Company
April 2024	Senior Executive Officer, Deputy Division Director of Administration Division and General Manager of Corporate Planning Division of the Company
April 2026	Senior Executive Officer, Division Director of Administration Division and General Manager of Corporate Planning Department of the Company (present)

#### Significant Concurrent Positions

None

#### Reasons for selection as a candidate for Director

Mr. Takeshi Hirahara is the Division Director of the Administration Division and General Manager of the Corporate Planning Department in the Company and has been involved in the formulation and promotion of medium-term management plans, capital policy, investor relations, and company-wide business management. In addition to organizing management issues and formulating strategies in light of the Group's business structure and financial situation, he has contributed to the execution of management policies and strengthening of the governance system through collaboration with related divisions and Group companies. The Company has determined that his experience and knowledge will contribute to the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term and proposes that he be newly elected as Director.



No.  
5

Keitaro Otomichi

New appointment

Born on December 6, 1978  
1,858 shares held

#### Biography, Positions and Responsibilities at the Company

November 2003	Joined the Company
April 2019	Director of Sun Frontier Space Management Inc.
April 2023	President and Representative Director of the same company
June 2023	Executive Officer of the Group President and Representative Director of Sun Frontier Space Management Inc.
April 2026	Senior Executive Officer, Deputy Division Director of Entrusted Asset Management Division President and Representative Director of Sun Frontier Space Management Inc. (present)

#### Significant Concurrent Positions

President and Representative Director of Sun Frontier Space Management Inc.

#### Reasons for selection as a candidate for Director

Mr. Keitaro Otomichi was involved in the launch of the Rental Conference Room Business in the Company's Entrusted Asset Management Division and has been responsible for the management of Sun Frontier Space Management Inc. as a Director since it was spun off in 2019, driving its growth. In June 2023, he was appointed as the President and Representative Director of the same company and has led the growth of the Rental Conference Room Business and the establishment of its operating base. The Company has determined that his experience in launching new businesses and growing them as an operating company will contribute to the promotion of business strategy and the strengthening of the management system of the Group as a whole and proposes that he be newly elected as Director.



No. 6	Keiichi Asai	Reappointment	Born on September 29, 1954 0 share held
		Outside	
		Independent	

**Biography, Positions and Responsibilities at the Company**

- April 1978      Joined Mitsubishi Corporation
- April 2009      Executive Officer, General Manager of the Energy Business Group CEO Office of the same company
- April 2013      Vice President Director of Lithium Energy Japan Co., Ltd.
- September 2014      President Representative Director of KH Neochem Co., Ltd.
- June 2021      Outside Director (Audit and Supervisory Committee Member) of Cosmo Energy Holdings Co., Ltd. (present)
- June 2022      Director of the Company (present)

**Significant Concurrent Positions**

Outside Director (Audit and Supervisory Committee Member) of Cosmo Energy Holdings Co., Ltd.

Reasons for selecting him as a candidate for Outside Director and an outline of his expected role

After joining Mitsubishi Corporation, Mr. Keiichi Asai has worked in various divisions of the oil business, including oil sales, supply and demand, and refining. He has been involved in international business in the energy sector for the most part, with assignments in the United States and India. In 2013, he was appointed Executive Vice President and Director of Lithium Energy Japan Co., Ltd., and in 2014, he became President and Representative Director of KH Neochem Co., Ltd., where he was responsible for overall corporate management. He possesses a wealth of knowledge and experience. Based on this extensive background, the Company believes he is well qualified to provide oversight and advice to management and appropriately fulfill his duties, and thus proposes his reappointment as an Outside Director.



No. 7	Hideaki Okamoto	New appointment Outside	Born on May 19, 1970 0 shares held
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**Biography, Positions and Responsibilities at the Company**

April 1994	Joined ITOCHU Corporation
April 2025	Chief Operating Officer of Construction & Real Estate Division of the same company
June 2025	Non-executive Director of ITOCHU Property Development, Ltd. (present)
December 2025	Outside Director of Paraca Inc. (present)
April 2026	Executive Officer, Chief Operating Officer of Construction & Real Estate Division of ITOCHU Corporation (present)

**Significant Concurrent Positions**

- Executive Officer of ITOCHU Corporation
- Non-executive Director of ITOCHU Property Development, Ltd.
- Outside Director of Paraca Inc.

<p>Reasons for selecting him as a candidate for Outside Director and an outline of his expected role</p>	<p>Since joining ITOCHU Corporation, Mr. Hideaki Okamoto has engaged in business promotion and management in the construction and real estate fields and has abundant practical experience and expert knowledge in the same fields. He is an Executive Officer of the said company and serves as Director of its group company in addition to the management of a division and is deeply involved in organizational operation and business growth from a management standpoint.</p> <p>The Group is working to enhance the corporate value over the medium to long term under a capital and business alliance with ITOCHU Corporation. The Company has determined that he can be expected to provide supervision and advice on overall management based on his knowledge of both practical and business management aspects in the construction and real estate fields, and proposes that he be newly elected as Outside Director.</p>
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The terms of office of all three (3) Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this general meeting of shareholders. Accordingly, the election of three (3) Directors who are Audit & Supervisory Committee Member is proposed. This proposal has been approved by the Audit & Supervisory Committee.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

Candidate No.	Name	Current Positions and Responsibilities at the Company	Candidate Attributes	Attendance Rate of Board of Directors Meetings	Attendance Rate of Audit & Supervisory Committee Meetings
1	Koichi Ishimizu	Director who is not an Audit & Supervisory Committee Member	New appointment Outside Independent	100% (Attended 19 of 19 meetings)	-
2	Kazutaka Okubo	Director who is an Audit & Supervisory Committee Member	Reappointment Outside Independent	100% (Attended 19 of 19 meetings)	100% (Attended 13 of 13 meetings)
3	Yukiko Edahiro	Director who is an Audit & Supervisory Committee Member	Reappointment Outside Independent	100% (Attended 19 of 19 meetings)	100% (Attended 13 of 13 meetings)

- Notes: 1. There are no special interests between the Company and each candidate for Director who is an Audit & Supervisory Committee Member.
2. Mr. Koichi Ishimizu, Mr. Kazutaka Okubo and Ms. Yukiko Edahiro are candidates for Outside Directors who are Audit & Supervisory Committee Members.
3. The terms of office as Outside Directors at the conclusion of this general meeting of shareholders will be two (2) years for Mr. Koichi Ishimizu, seven (7) years (including two (2) years for the term of office as Director who is an Audit & Supervisory Committee Member) for Mr. Kazutaka Okubo and two (2) years (including two (2) years for the term of office as Director who is an Audit & Supervisory Committee Member) for Ms. Yukiko Edahiro.
4. The Company has entered into a Liability Limitation Agreement with Mr. Koichi Ishimizu, Mr. Kazutaka Okubo and Ms. Yukiko Edahiro pursuant to the provisions of Article 427 Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation so that they may fully perform their expected roles as Outside Directors. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations. If they are elected as Directors, the Company plans to continue the agreement.
5. The Company has designated Mr. Koichi Ishimizu, Mr. Kazutaka Okubo and Ms. Yukiko Edahiro as independent officers under the provisions of Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange of the designation. If they are elected as Directors, the Company plans for them to continue as independent officers.
6. Ms. Yukiko Edahiro has never been involved in the management of a company (including foreign companies) other than by serving as an Outside Audit & Supervisory Committee Member. However, the Company proposes that she be elected as an Outside Director who is an Audit & Supervisory Committee Member as it has determined that she will be able to appropriately perform her duties based on the legal knowledge that she has developed over many years as an attorney.
7. Ms. Yukiko Edahiro's name on the family register is Yukiko Yano.
8. The Company has entered into an Officers' Liability Insurance Agreement with an insurance company under which all Directors are insured. Under this agreement, Directors are compensated for any damage that may be caused by Directors who are insured being held liable for the performance of his/her duties or receiving claims related to the pursuit of such liability. If each candidate is appointed as a Director, he/she will become an insured person under this insurance agreement, and the Company plans to renew the insurance agreement with the same contents during his/her term of office. The outline of the agreement is as stated in the "Outline of the Officers' Liability Insurance Contract/Agreement" of the Business Report.



No. 1	Koichi Ishimizu	New Appointment	Born on October 16, 1958
		Outside	0 shares held
		Independent	

### Biography, Positions and Responsibilities at the Company

April 1984	Joined Shimizu Corporation
February 1997	Director of Tokyo Branch Construction Department of the same company
July 2007	General Manager of Tokyo Building Construction Department No. 3, Building Construction Division of the same company
July 2008	General Manager of New Head Office Construction Division of the same company
April 2015	Executive Officer, Director of Hiroshima Branch of the same company
April 2017	Managing Officer in charge of the Tokyo Metropolitan Area, Director of Tokyo Branch of the same company
April 2020	Senior Managing Officer in charge of the Tokyo Metropolitan Area, Director of Tokyo Branch, Manager in charge of Nuclear Business of the same company
April 2021	Senior Managing Officer in charge of the Kansai Region, Director of the Yumeshima Project of the same company
April 2023	Standing Advisor of the same company
March 2024	Resigned from the same company
June 2024	Director of the Company (present)

### Significant Concurrent Positions

None

Reasons for selecting him as a candidate for Outside Director and an outline of his expected role

Since joining Shimizu Corporation, Mr. Koichi Ishimizu engaged in construction management at construction sites and supervision of all phases of construction work from order placement to completion. He also held positions as a Managing Executive Officer and Senior Managing Executive Officer and has extensive knowledge and experience in both construction and management. In addition, based on the experience he has cultivated as an Outside Director, the Company expects him to appropriately supervise and advise on audit and management with respect to business execution of the Group, and proposes his election as Outside Director who is an Audit & Supervisory Committee Member.



No. 2	Kazutaka Okubo	Reappointment	Born on March 22, 1973 4,500 shares held
		Outside	
		Independent	

**Biography, Positions and Responsibilities at the Company**

- November 1995 Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC)
- April 1999 Registered as a certified public accountant
- February 2005 Managing Director, ShinNihon Integrity Assurance Co., Ltd., (currently Ernst & Young ShinNihon Sustainability Co., Ltd.)
- June 2006 Partner, Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)
- July 2012 Senior Partner, ShinNihon LLC (currently Ernst & Young ShinNihon LLC)
- February 2016 Executive Managing Director, General Manager of ERM Division, ShinNihon LLC
- June 2019 President and Representative Director, Okubo Associates Co., Ltd. (present)
- June 2019 Director of the Company
- December 2019 Outside Director, LIFULL Co., Ltd. (present)
- February 2020 Outside Director, SARA CORPORATION (present)
- June 2020 Outside Director, The Shoko Chukin Bank, Ltd. (present)
- June 2020 Outside Director (Audit & Supervisory Committee Member), Musashi Seimitsu Industry Co., Ltd. (present)
- September 2021 Outside Director (Audit & Supervisory Committee Member) of Brainpad Co., Ltd.
- June 2022 Outside Director (Audit & Supervisory Committee Member), SEGA SAMMY HOLDINGS INC. (present)
- June 2024 Director (Audit & Supervisory Committee Member) of the Company (present)

**Significant Concurrent Positions**

- President and Representative Director, Okubo Associates Co., Ltd.
- Outside Director (Audit & Supervisory Committee Member), SEGA SAMMY HOLDINGS INC.
- Outside Director, LIFULL Co., Ltd.
- Outside Director, SARA CORPORATION
- Outside Director, The Shoko Chukin Bank, Ltd.
- Outside Director (Audit & Supervisory Committee Member), Musashi Seimitsu Industry Co., Ltd.

Reasons for selecting him as a candidate for Outside Director and an outline of his expected role

Mr. Kazutaka Okubo has extensive knowledge and experience in a wide range of fields, including corporate compliance and corporate social responsibility, in addition to being familiar with corporate governance and finance from his auditing experience at a large-sized audit firm. The Company proposes that he be elected as an Outside Director who is an Audit & Supervisory Committee Member with the expectation that he will strengthen corporate governance and audit and supervise management toward the sustainable improvement of the Company’s corporate value based on his abundant knowledge and experience.



No. 3	Yukiko Edahiro	Reappointment Outside Independent	Born on June 14, 1980 0 shares held
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#### Biography, Positions and Responsibilities at the Company

- December 2009 Registered as an attorney at law (Tokyo Bar Association)
- December 2009 Joined Makinouchi & Kamiishi Law Office (currently Makinouchi Law Office)
- July 2016 Joined Ginza Broad Law Office
- January 2020 Established Toranomom Daiichi Law Office (present)
- June 2024 Director (Audit & Supervisory Committee Member) of the Company (present)

#### Significant Concurrent Positions

- Partner, Toranomom Daiichi Law Office
- Outside Member, Ethics Committee, Toho University School of Medicine
- Judicial Commissioner, Tokyo Summary Court

#### Reasons for selecting her as a candidate for Outside Director and an outline of her expected role

Ms. Yukiko Edahiro has specialized knowledge and extensive experience in corporate legal affairs as an attorney, mainly in the fields of real estate and inheritance-related matters. The Company proposes that she be elected as an Outside Director who is an Audit & Supervisory Committee Member as it believes that she will utilize her expertise in strengthening the governance of the Group and auditing and supervising the execution of business. In addition, we expect objective and expert advice in promoting the activities of diverse human resources, including women and foreign nationals.

(Reference)

Management system after proposals are approved (planned)

Main expertise and experience we expect from Directors who are not an Audit & Supervisory Committee Member are as follows.

Name	Sex	Expected expertise and experience * Up to 4 main items are listed.							
		Corporate management	Real estate	Accounting/ Finance	Legal/ Compliance/ Risk Management	HR/Labor/ HR Development	CSR/ ESG/ Sustainability	M&A	Overseas
Tomoaki Horiguchi	Male	●	●			●		●	
Seiichi Saito	Male	●	●	●					●
Kentaro Kawanishi	Male		●				●		
Takeshi Hirahara	Male			●	●			●	●
Keitaro Otomichi	Male	●	●			●			
Keiichi Asai	Male	●						●	●
Hideaki Okamoto	Male	●	●						●

Main expertise and experience we expect from Directors who are an Audit & Supervisory Committee Member are as follows.

Name	Sex	Expected expertise and experience * Up to 4 main items are listed.							
		Corporate management	Real estate	Accounting/ Finance	Legal/ Compliance/ Risk Management	HR/Labor/ HR Development	CSR/ ESG/ Sustainability	M&A	Overseas
Koichi Ishimizu	Male	●	●						
Kazutaka Okubo	Male			●	●		●		
Yukiko Edahiro	Female				●	●			

The above does not represent all the knowledge and experience possessed by each director.

#### Reasons for Skill Selection

The Company has selected eight skills that it believes are particularly important among those required for a director in order to achieve sustainable growth in the corporate value. These skills have been selected based on the nature of the business, management strategies and commitment to social responsibility, and are consistent with the structure of the Board of Directors.

Corporate Management	Selected as indispensable for formulating and executing management strategies to realize the Group's sustainable growth and enhancement of corporate value.
Real Estate	Selected as necessary for clarifying business direction, improving decision-making quality, and viewing operations from a broad perspective in our core business of real estate revitalization and utilization.
Accounting, Finance	Selected as indispensable for ensuring financial soundness and transparency, and for executing timely and appropriate capital policies by possessing accounting and financial knowledge and assessing the validity of financial strategies.

Legal Affairs, Compliance, Risk Management	Selected as necessary for maintaining social trust, properly evaluating and managing business risks, and supporting sound corporate management through thorough legal compliance and corporate ethics.
Human Resources, Labor, Human Capital Development	Selected as necessary for optimally utilizing human capital, promoting a rewarding work environment, and enhancing organizational vitality through knowledge of human resource strategy.
CSR, ESG, Sustainability	Selected as necessary for fulfilling social responsibilities, coexisting with local communities and the environment, and realizing long-term value creation through deep knowledge of sustainability.
M & A	Selected as necessary for optimizing the business portfolio and implementing growth strategies, requiring practical experience and strategic perspectives in M&A, along with decision-making abilities that contribute to corporate value enhancement
Global/Overseas	Selected as indispensable for promoting business on a global scale, requiring international perspectives, cross-cultural understanding, and accurate grasp of overseas market trends.

(Reference)

“Independence Criteria for Outside Directors”

The Company has established criteria for determining the independence of Outside Directors to ensure the independence of Outside Directors from a practical perspective.

The Company’s “Independence Criteria for Outside Directors” are disclosed on the Company’s website.

[https://www.sunfrt.co.jp/sustainability/en/governance/independence\\_criteria/](https://www.sunfrt.co.jp/sustainability/en/governance/independence_criteria/)

(Reference)

Evaluation of the effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors once a year and uses the results to improve the effectiveness. Please refer to the Corporate Governance Report for the results of the latest Board of Directors Effectiveness Evaluation.

[https://www.sunfrt.co.jp/sustainability/en/governance/corporate\\_governance/](https://www.sunfrt.co.jp/sustainability/en/governance/corporate_governance/)

In preparation for the case where the number of Directors who are Audit & Supervisory Committee Members falls below the number prescribed by laws and regulations, the Company proposes the election of one (1) Director who is a Substitute Audit & Supervisory Committee Member in advance.

The candidate for the Director who is a Substitute Audit & Supervisory Committee Member is as follows, and the consent of the Audit & Supervisory Committee has been obtained for this proposal.

Koichi Moriya

Born on September 29, 1960  
4,800 shares held

#### Biography, Positions and Responsibilities at the Company

April 1989	Registered as an attorney at law (The Second Tokyo Bar Association)
July 2000	Established Moriya Law Office as the Representative (present)
May 2004	Outside Audit & Supervisory Committee Member of Samantha Thavasa Japan Limited
June 2014	Outside Audit & Supervisory Committee Member of the Company
May 2018	Outside Director of Samantha Thavasa Japan Limited (present)

#### Significant Concurrent Positions

Representative of Moriya Law Office  
Outside Director of Samantha Thavasa Japan Limited

Reasons for selecting him as a candidate for Outside Director and an outline of his expected role

Mr. Koichi Moriya is a qualified attorney at law and has abundant experience and deep insight as an expert in corporate legal affairs, including deep knowledge of the real estate and financial fields. He has served as an Outside Audit & Supervisory Committee Member of the Company in the past. The Company proposes that he be elected as an Outside Director who is a Substitute Audit & Supervisory Committee Member with the expectation that he will utilize the insight he has cultivated through his experience to appropriately audit the legality and appropriateness of the Company's business execution and oversee the management of the Company from an objective and expert standpoint.

- (Notes) 1. Mr. Koichi Moriya is a candidate for the Outside Director who is a Substitute Audit & Supervisory Committee Member.
2. If Mr. Moriya is appointed as an Outside Director who is an Audit & Supervisory Committee Member, the Company plans to enter into a limited liability agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation in order to enable Outside Directors to fully perform the roles expected of them. The maximum amount of liability for damages under the agreement will be the amount stipulated by laws and regulations.
  3. If he is appointed as an Outside Director who is an Audit & Supervisory Committee Member, the Company plans to designate him as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange, Inc. and notify the exchange to that effect.
  4. The Company has determined that he will be able to appropriately perform his duties based on his experience as an Outside Audit & Supervisory Committee Member, including at the Company, and the legal knowledge and practical experience that he has developed over many years as an attorney at law, although he has never been involved in the management of a company (including foreign companies).
  5. The Company has concluded an Officers' Liability Insurance Agreement with an insurance company, under which Directors are compensated for any damage that may be caused by the Directors, who are insured persons, assuming liability for the execution of their duties or receiving claims related to the pursuit of such liability. When Mr. Koichi Moriya assumes the position of an Outside Director who is an Audit & Supervisory Committee Member, he will be included as an insured person under the insurance contract. The summary of the said agreement is as stated in the "Outline of the Officers' Liability Insurance Contract/Agreement" of the Business Report.

## 1. Status of the Corporate Group

### (1) Progress and Results of Operations

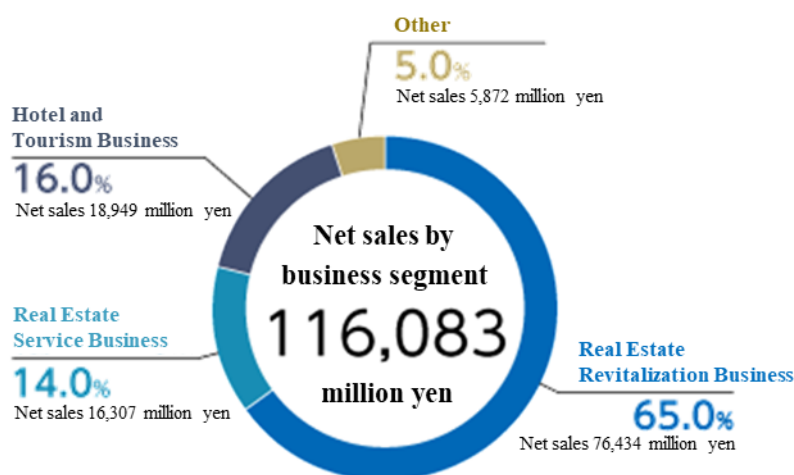
The Japanese economy continued on a moderate recovery trend, supported by a favorable employment environment and expectations for proactive fiscal policies. While attention is focused on the response to rising prices and the future direction of fiscal management, the Bank of Japan has maintained its policy interest rate at 0.75% but revised its inflation outlook upward and maintains a stance of normalizing monetary policy in accordance with economic and price developments. In the global economy, energy prices continue to rise against the backdrop of heightened tensions in the Middle East, and the outlook is becoming increasingly uncertain due to factors such as a resurgence of inflation and its impact on supply chains. Under these circumstances, although uncertainty may arise regarding the future procurement of certain materials for office renovations and new construction projects due to supply-side constraints, the Group is striving to ensure steady progress and profitability of its projects by securing materials early and flexibly selecting alternatives.

In Tokyo's five central wards, which is the core area of the Group's Office Building Business, rents have continued to rise, and vacancy rates have remained low, resulting in a solid market environment. While new office building supply is expected in some areas in 2026, demand for proactive relocations and expansions aimed at securing talented personnel has remained strong, and even in the real estate investment market, investment appetite from both domestic and overseas institutional investors has remained solid. At the same time, the screening of properties with an emphasis on profitability and property competitiveness is accelerating. As this market polarization progresses, the Company will continue to closely monitor market trends. In the hotel and tourism market, inbound demand from Europe and the United States remained strong, and both occupancy rates and average daily rates at accommodation facilities stayed at high levels.

In this business environment, the Group's Office Building Business is focusing on the development of office buildings that accommodate diverse operational styles and properties with high social value that have obtained environmental certifications. Although the number of property sales decreased during the period, both net sales and profits increased year on year due to the sale of large-scale properties and highly profitable newly constructed buildings. In addition, while carefully assessing changes in the market environment, property acquisitions significantly exceeded the previous year's results, steadily progressing toward sustainable growth. In the Hotel and Tourism Business, construction for new openings proceeded smoothly, and in operations, both occupancy rates and average daily room rates improved, which contributed to business growth.

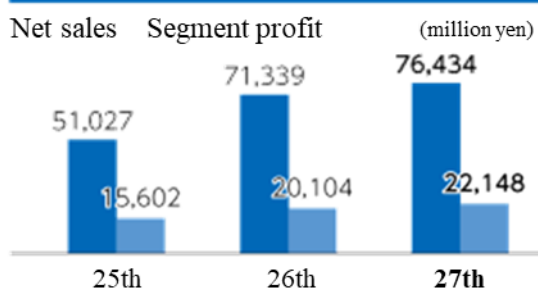
As a result, net sales amounted to 116,083 million yen (up 12.5% YoY), operating profit amounted to 25,356 million yen (up 19.2% YoY), ordinary profit amounted to 23,298 million yen (up 13.9% YoY) and profit attributable to owners of parent amounted to 15,986 million yen (up 12.9% YoY).

Net sales by business segment for the current fiscal year (reference)

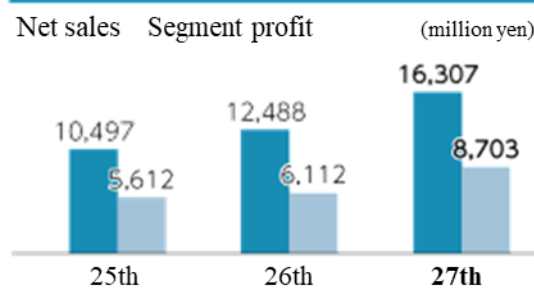


※ The total amount of net sales includes adjustment amounts not allocated to individual segments.

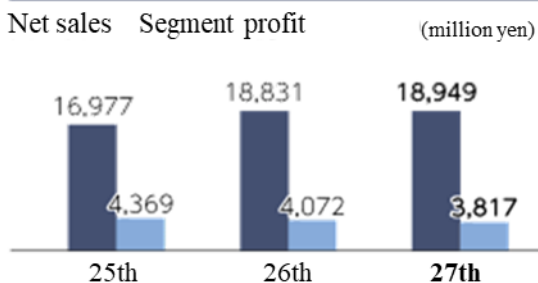
**Real Estate Revitalization Business**



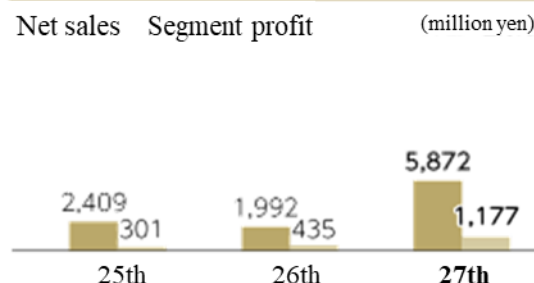
**Real Estate Service Business**



**Hotel and Tourism Business**



**Other**



(2) Capital Expenditures

The Group's capital expenditure in the fiscal year ended March 31, 2026 was 6,049 million yen, mainly for the acquisition of hotel facilities (5,353 million yen).

(3) Financing Activities

During the fiscal year ended March 31, 2026, the Company has not made any noteworthy fund procurement.

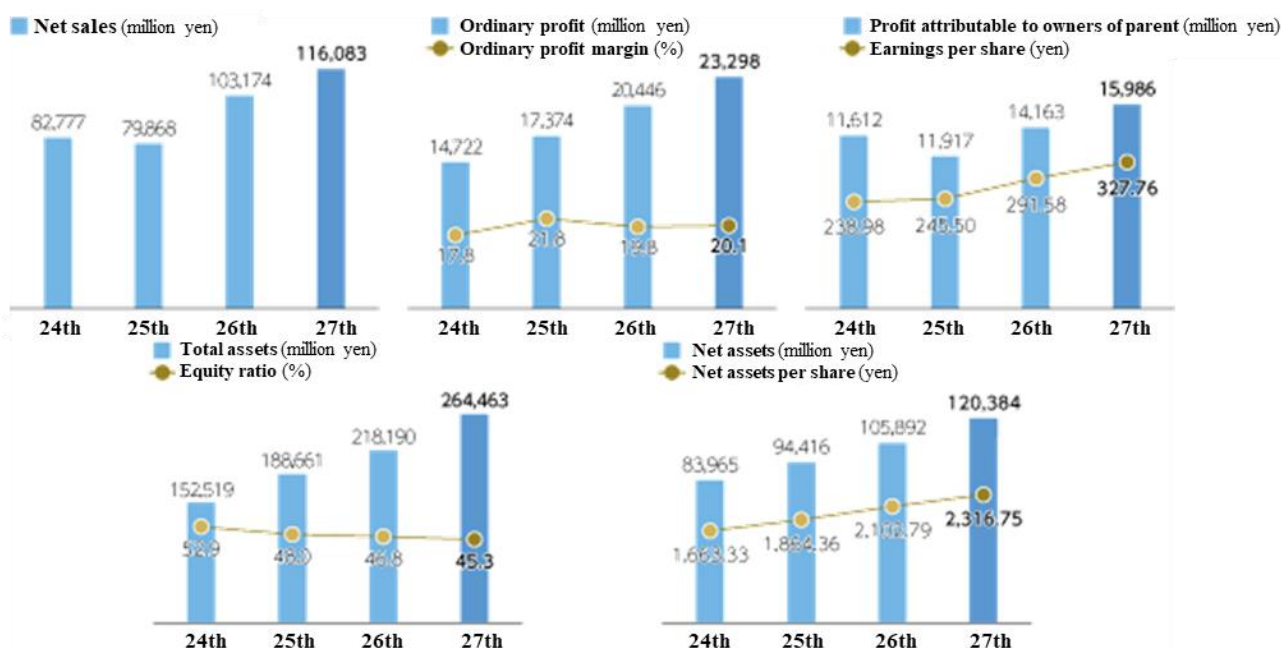
(4) Trends in Assets and Income

(i) Consolidated Assets and Income of the Corporate Group

		FY2023/3	FY2024/3	FY2025/3	FY2026/3 (current period)
Net Sales	(million yen)	82,777	79,868	103,174	116,083
Ordinary Profit	(million yen)	14,722	17,374	20,446	23,298
Ordinary Profit Ratio	(%)	17.8	21.8	19.8	20.1
Profit Attributable to Owners of Parent	(million yen)	11,612	11,917	14,163	15,986
Earnings per Share	(yen)	238.98	245.50	291.58	327.76
Total Assets	(million yen)	152,519	188,661	218,190	264,463
Equity Ratio	(%)	52.9	48.0	46.8	45.3
Net Assets	(million yen)	83,965	94,416	105,892	120,384
Net Assets per Share	(yen)	1,663.33	1,864.36	2,102.79	2,316.75

Note 1. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares deducted from the weighted average number of common shares during the period and from the total number of shares outstanding at the end of the fiscal year under review. The number of the Company's shares held by the trust account at the end of the fiscal year under review was 128,300 shares.

Note 2. "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "Revised Accounting Standard of 2022") and such have been applied from the beginning of the 26th fiscal year, and the figures for major management indicators, etc. for the 26th fiscal year have been restated to reflect the retrospective application of these standards. The Company adopted the transitional treatment in the proviso to Section 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso to Section 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). As a result, the figures for major management indicators, etc. for the 26th fiscal year are the figures after the application of these accounting standards.



## (ii) Non-consolidated Assets and Income of the Company

	FY2023/3	FY2024/3	FY2025/3	FY2026/3 (current period)
Net Sales (million yen)	52,097	52,929	72,930	78,830
Ordinary Profit (million yen)	11,753	11,614	15,339	17,605
Profit (million yen)	7,871	7,953	10,821	12,329
Earnings per Share (yen)	161.98	163.85	222.78	252.79
Total Assets (million yen)	137,212	168,972	186,019	221,827
Net Assets (million yen)	79,859	85,382	93,100	106,739
Net Assets per Share (yen)	1,645.34	1,757.95	1,915.70	2,064.75

Note 1. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares deducted from the weighted average number of common shares during the period and from the total number of shares outstanding at the end of the fiscal year under review. The number of the Company's shares held by the trust account at the end of the fiscal year under review was 128,300 shares.

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## (5) Material Subsidiaries

Name	Share capital	Investment ratio	Major businesses
SF Building Support Inc.	50 million yen	100.0%	Rent guarantee business
SF Building Maintenance Inc.	20 million yen	100.0%	Building maintenance business
Sun Frontier Space Management Inc.	50 million yen	100.0%	Conference room rental business, rental office business
SF Engineering Inc.	20 million yen	100.0%	Construction and interior finishing business
Sun Frontier Hotel Management Inc.	100 million yen	99.9%	Hotel planning, development, and management business
Sky Heart Hotel Inc.	10 million yen	100.0%	Hotel planning and operation business
Sun Frontier Sado Inc.	100 million yen	100.0%	Hotel planning and operation business, regional revitalization business
Sun Frontier NY Co., Ltd.	3 million U.S. dollar	100.0%	Real estate revitalization business in the United States
Oriental Resort Associates Inc	50 million yen	100.0%	Hotel planning and operation business
Otake Kenso CO., LTD.	55 million yen	100.0%	Construction (sash and glass work) business

(6) Issues to be Addressed

Long-Term Vision 2035 and the Medium-term Management Plan 2028

The Group is working on the “Long-Term Vision 2035,” as the ideal image to achieve in 10 years, and the Medium-term Management Plan 2028 (from FY2026/3 to FY2028/3) as an action plan toward the realization of this vision.

In addition to the steady progress of the current Medium-term Management Plan, we will strive to realize higher growth by revising upward the quantitative target of the Medium-term Management Plan, with a view to strengthening our operating base and expanding growth opportunities through a capital and business alliance with ITOCHU Corporation. As a result, we will raise the quantitative target to 150 billion yen in net sales and 30 billion yen in ordinary profit for the fiscal year ending March 31, 2028, accelerating our progress toward the realization of “Long-Term Vision 2035.”

Long-Term Vision 2035	Utilize limited resources to fill the world with smiles and excitement! Become a corporate group that continues to challenge the creation of future value.
Medium-term Management Plan 2028	Basic policy Work to resolve social issues by promoting cooperation and diversification within the core business, providing manufacturing through clients' point of view and heartwarming services.

Capital and Business Alliance with ITOCHU Corporation

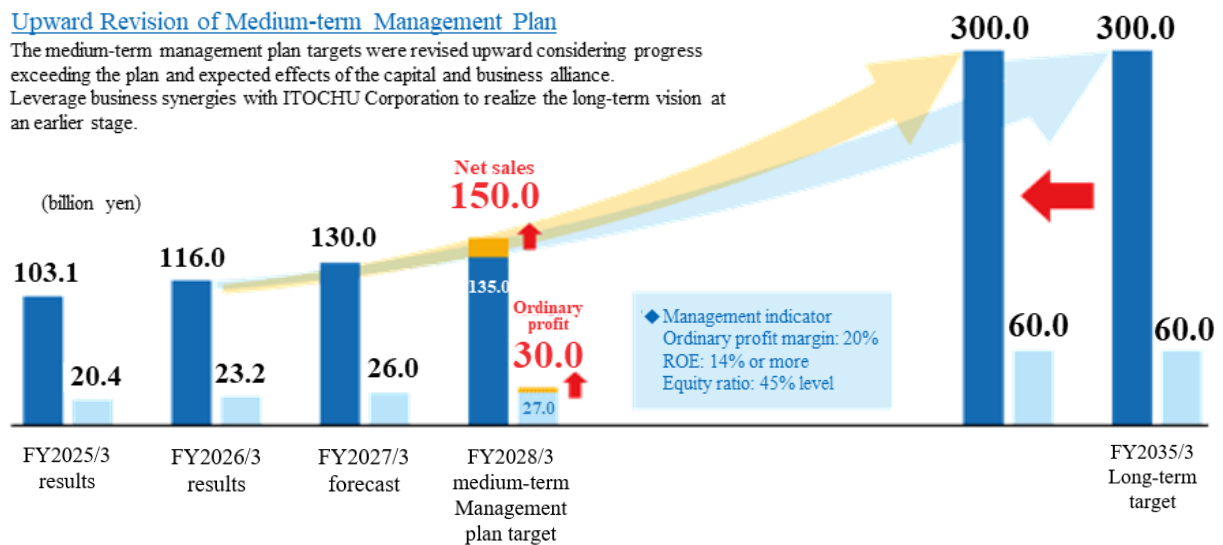
**Purpose** Aim to accelerate business growth and dramatically enhance corporate value over the medium- to long-term through a strategic capital and business alliances, in order to realize our management philosophy

**Background**



Upward Revision of Medium-term Management Plan

The medium-term management plan targets were revised upward considering progress exceeding the plan and expected effects of the capital and business alliance. Leverage business synergies with ITOCHU Corporation to realize the long-term vision at an earlier stage.



## Sustainability Initiatives

The Group has put into practice philosophy-driven management based on the spirit of altruism since its founding. Also, the Company has been promoting business activities that contribute to the sustainability of society by defining the Company Philosophy as “we reduce the waste of non-renewable resources on earth and contribute to the prosperity of the people, plants and animals.”

The spirit of altruism is the idea that we value others as much as we value ourselves. Our desire to make many people smile and to contribute to the prosperity of people, plants and animals on the earth is the foundation of our business philosophy. We also place great importance on being close to clients while sharing the value that “the pleasure of others is one’s own,” with “rightness” and “consideration” based on right and wrong rather than gain and loss.

Based on this philosophy, the Group has established the Sustainability Vision to achieve sustainable growth. We have identified three important issues (materiality), namely environmental protection, regional revitalization and human resource development, and are promoting sustainable management that integrates with the spirit of altruism. We will continue to increase our corporate value over the medium to long term by realizing this vision and implementing specific measures on important issues to contribute to the realization of a sustainable society through our operational activities.

### Sustainability Vision and Important Issues (Materiality)

#### 1. Sustainability Vision

We will contribute to the realization of a sustainable society through business activities while respecting the heart of altruism, the Company policy.

#### 2. Important sustainability issues

We have identified three important issues that must be addressed to realize our Sustainability Vision. We will implement specific measures in the three areas of environmental protection, regional revitalization, and human resource development. Specific measures will be reviewed as appropriate in response to future environmental and social trends and changes in the business environment.

Important issues	Vision	Key measures
Environmental protection	Enhance the environmental sustainability by significantly reducing waste and GHG emissions as a frontier in the real estate revitalization business	<ul style="list-style-type: none"> <li>■ Reduce GHG emissions from business activities</li> <li>■ Expand the use of renewable energy</li> <li>■ Extend the life and health of real estate</li> <li>■ Reduce environmental impact of Real Estate Revitalization Business</li> <li>■ Safe and secure hotel operation that is environmentally friendly</li> </ul>
Regional revitalization	Create sustainable growth of the regional economy through office, hotel and tourism businesses as a frontier of sustainable regional revitalization	<ul style="list-style-type: none"> <li>■ Create buildings, offices, and spaces with “job satisfaction” and “creativity” that contribute to economic growth</li> <li>■ Prevent and mitigate disaster through regional cooperation</li> <li>■ Resolve regional issues through community revitalization</li> </ul>
Human resource development	Promote the concept of altruism, which is indispensable for the realization of a sustainable society as a frontier of philosophy management	<ul style="list-style-type: none"> <li>■ Respect and utilize diversity</li> <li>■ Create workplaces with job satisfaction, creativity and growth opportunities</li> </ul>

For specific measures and KPIs/target values, please refer to “Materiality” on the Company’s sustainability website.  
<https://www.sunftr.co.jp/sustainability/en/management/materiality/>

## (7) Principal Business Segment of the Corporate Group (As of March 31, 2026)

Business segment		Major businesses
Real Estate Revitalization Business	Replanning Business	Purchasing of existing commercial buildings and rebuilding them as buildings with a new concept, attract tenants and sell them with increased real estate value (including small-lot real estate sales business, NY apartment replanning business, and residential business)
	Rental Building Business	Leasing of own properties
Real Estate Service Business	Property Management Business	Property management business for management of buildings and tenants
	Building Maintenance Business	Building maintenance business such as building cleaning, facility management, security, waterproofing, and exterior wall repair
	Sales Brokerage Business	Brokerage of real estate for business
	Leasing Brokerage Business	Leasing of offices and stores
	Rent Guarantee Business	Provide a rent guarantee for the delinquency of rent of a tenant of real estate for building owners
	Conference Room Rental Business	Plan and operate vacant office buildings in central Tokyo as rental conference rooms, rental offices, and coworking spaces
Hotel and Tourism Business	Hotel Operation Business	Planning and management of accommodation facilities such as hotels
	Hotel Development Business	Development of new hotels, refurbishing existing hotels to improve operating efficiency, and selling them as investment products
Other	Overseas Development Business	Real estate development business in Vietnam, etc.
	Construction Business	Carry out interior finishing work, telecommunications work, sash and glass work, planning of renewal of commercial buildings and repair and renovation work

## (8) Principal Business Offices (As of March 31, 2026)

Name	Place
Headquarters	Chiyoda-ku, Tokyo
Ginza Branch	Chuo-ku, Tokyo
Nihonbashi Branch	Chuo-ku, Tokyo
Kodenmacho Branch	Chuo-ku, Tokyo
Kanda Branch	Chiyoda-ku, Tokyo
Kojimachi Branch	Chiyoda-ku, Tokyo
Shinjuku Branch	Shinjuku-ku, Tokyo
Shibuya Branch	Shibuya-ku, Tokyo
Gotanda Branch	Shinagawa-ku, Tokyo
Hamamatsucho Branch	Minato-ku, Tokyo
Shinbashi Branch	Minato-ku, Tokyo
Ikebukuro Branch	Toshima-ku, Tokyo
Ueno Branch	Taito-ku, Tokyo
Yokohama Branch	Yokohama-shi, Kanagawa
Property Management Business Department	Chiyoda-ku, Tokyo
SF Building Support Inc.	Chiyoda-ku, Tokyo
SF Building Maintenance Inc.	Sumida-ku, Tokyo
Sun Frontier Space Management Inc.	Minato-ku, Tokyo
SF Engineering Inc.	Sumida-ku, Tokyo
Sun Frontier Hotel Management Inc.	Chiyoda-ku, Tokyo
Sky Heart Hotel Inc.	Chiyoda-ku, Tokyo
Oriental Resort Associates Inc.	Onnason, Kunigami-gun, Okinawa
Sun Frontier Sado Inc.	Sado-shi, Niigata
Otake Kenso CO., LTD.	Shinagawa-ku, Tokyo
Sun Frontier Fudousan Taiwan Co., Ltd.	Taiwan
SUN FRONTIER DANANG CO., LTD.	Socialist Republic of Vietnam
Sun Frontier NY Co., Ltd.	United States of America

(9) Employees (As of March 31, 2026)

(i) Employees of the Corporate Group

Number of Employees	Increase/Decrease Compared to End of Previous FY
1,076	208 increase

Note. The above number of employees does not include 873 temporary employees (part-timers and contract employees).

(ii) Employees of the Company

Number of Employees	Increase/Decrease Compared to End of Previous FY	Average Age	Average Number of Years of Continuous Service
395	32 increase	36.0 years old	7.1 years

Note. The above number of employees does not include employees transferred from the Company to other companies.

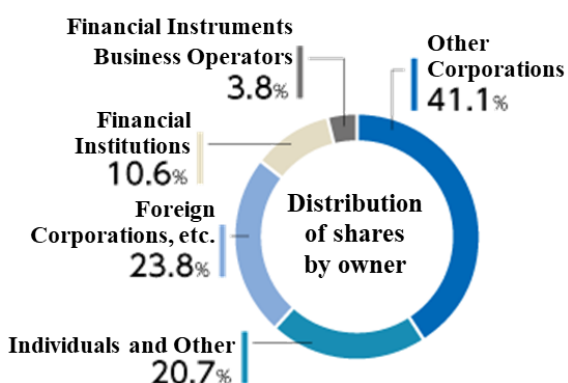
(10) Principal Lenders (As of March 31, 2026)

Lender	Loan Amount (million yen)
Mizuho Bank, Ltd.	19,533
Sumitomo Mitsui Banking Corporation	15,253
MUFG Bank, Ltd.	14,597
Resona Bank, Limited	8,420
SBI Shinsei Bank, Limited	4,695
Aozora Bank, Ltd.	3,606

## 2. Status of Shares

### (1) Shares (As of March 31, 2026)

(i) Number of Authorized Shares	91,200,000
(ii) Number of Outstanding Shares	51,907,314
	(includes 94,320 of treasury shares)
(iii) Number of Shareholders	15,309



### (iv) Principal Shareholders (top 10)

Name	Number of shares held	Percentage of shares held (%)
Houon Co., Ltd	20,978,600	40.49
AAGS S5, L. P.	3,151,800	6.08
The Master Trust Bank of Japan Co., Ltd. (Trust Account)	2,990,300	5.77
Custody Bank of Japan, Ltd. (Trust Account)	1,813,600	3.50
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO	758,504	1.46
JPMorgan Securities Japan Co., Ltd.	694,766	1.34
NOMURA INTERNATIONAL PLC A/C JAPAN FLOW	553,465	1.07
STATE STREET BANK AND TRUST COMPANY 505001	494,737	0.95
THE BANK OF NEW YORK MELLON 140044	492,300	0.95
SBI SECURITIES Co., Ltd.	437,570	0.84

Note 1. The percentage of shares held is calculated after exclusion of treasury shares (94,320 shares).

Note 2. The percentage of shares held is calculated including 128,300 shares of the Company held by Mizuho Trust & Banking Co., Ltd as the trust account of the Employee Stock Ownership Plan (J-ESOP).

### (2) Shares Delivered to Directors as Consideration for Execution of Duties During the Fiscal Year

Director category	Number of shares	Number of recipients (persons)
Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors)	14,488	5

### (3) Other Significant Matters concerning the Shares

The Company entered into a capital and business alliance agreement with ITOCHU Corporation on February 25, 2026. Based on this, on April 1, 2026, the Company conducted a third-party allotment (5,500,000 shares) to ITOCHU Corporation. The Company has granted the voting rights of the shares at the 27th Annual General Meeting of Shareholders. In addition, as a result of the completion of the settlement of the tender offer by a wholly-owned subsidiary of ITOCHU Corporation on April 16, 2026, ITOCHU Corporation holds more than 20% of the Company's voting rights, including direct and indirect holdings, and has become an "other affiliated company" of the Company.

### 3. Matters Concerning Share Acquisition Rights

#### (1) Share acquisition rights granted as part of the compensation held by the Company's officers

(1) Name of share acquisition rights	Share-based compensation type stock option for FY2018/3 (Share acquisition rights)	Share-based compensation type stock option for FY2019/3 (Share acquisition rights)	Share-based compensation type stock option for FY2020/3 (Share acquisition rights)	Share-based compensation type stock option for FY2021/3 (Share acquisition rights)
(2) Date of issuance	June 22, 2018 (the Board of Directors Resolution)	June 21, 2019 (the Board of Directors Resolution)	June 30, 2020 (the Board of Directors Resolution)	June 22, 2021 (the Board of Directors Resolution)
(3) Number of share acquisition rights	393	555	834	1,676
(4) Status of share acquisition rights ownership	3 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 393	3 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 555	3 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 834	4 Directors (excluding Audit & Supervisory Committee Members and Outside Directors) 1,676
(5) Class and number of shares to be issued upon	3,930 shares in common shares (10 stocks per 1 share acquisition right)	5,550 shares in common shares (10 stocks per 1 share acquisition right)	8,340 shares in common shares (10 stocks per 1 share acquisition right)	16,760 shares in common shares (10 stocks per 1 share acquisition right)
(6) Amount to be paid in share acquisition rights	1,019 yen per 1 share	789 yen per 1 share	438 yen per 1 share	657 yen per 1 share
(7) Value of property to be contributed upon exercise of share acquisition rights	1 yen per 1 share to be delivered upon exercise of share acquisition rights			
(8) Date of allotment of share acquisition rights and period for exercise	Date of allotment: July 31, 2018 Exercise period: From August 1, 2018 until July 31, 2048	Date of allotment: July 31, 2019 Exercise period: From August 1, 2019 until July 31, 2049	Date of allotment: July 31, 2020 Exercise period: From August 1, 2020 until July 31, 2050	Date of allotment: July 30, 2021 Exercise period: From July 31, 2021 until July 30, 2051
(9) Conditions for exercise of rights	A holder of share acquisition rights may exercise their share acquisition rights in a lump sum only when they lose their position as a Director of the Company and only on the following day from losing their position until 10 days after.			
(10) Restrictions on transfer of share acquisition rights	Any acquisition of share acquisition rights by transfer shall require approval by resolution of the Company's Board of Directors.			

Note 1. At the 19th Annual General Meeting of Shareholders held on June 22, 2018, a resolution was passed to allocate share acquisition rights to Directors (excluding Audit & Supervisory Committee Members and Outside Directors) as share-based compensation type stock options to be exercised upon retirement, within the range of 36 million yen per year.

Note 2. Conditions for the exercise of other rights other than those described in (9) shall be in accordance with the "Share Acquisition Rights Application Form (Application Guidelines)" submitted to the Company.

Note 3. In the fiscal year under review, a part of the stock acquisition rights has extinguished due to the exercise of share-based compensation type stock options by the retiring Director.

(2) Share acquisition rights delivered to employees as consideration for execution of duties during the fiscal year under review

Not applicable.

(3) Other significant matters concerning share acquisition rights

The Company has issued unsecured convertible bonds with share acquisition rights through third party allotment based on a resolution of the Board of Directors.

Outline of the First Series Unsecured Convertible Bonds with Share Acquisition Rights

Date of issuance	September 20, 2023
Date of payment	October 6, 2023
Total number of share acquisition rights	49 24 of the bonds with share acquisition rights were converted into shares on March 4, 2026.
Issued price of bonds and share acquisition rights	The issued price of each bond is 204,488,160 yen (100.2 yen per 100 yen face value. The face value of each bond is 204,080,000 yen.) Provided, however, that no monetary payment is required in exchange for the share acquisition rights.
Number of dilutive shares by such issuance	6,434,900 shares 24 of the bonds with share acquisition rights were converted into shares on March 4, 2026, and 3,151,814 shares were issued.
Amount of funds to be procured	10,019,919,840 yen (estimated net proceeds: 9,999,920,000 yen)
Exercise price or conversion price	1,554 yen per share
Method of offering or allotment	By way of third-party allotment.
Assignee	AAGS S5, L. P.
Other	The Company entered into an underwriting agreement for the bonds with share acquisition rights with AAGS S5, L. P., the assignee, on September 20, 2023.

(Note) Conversion price of the bonds with share acquisition rights was resolved at the Board of Directors meeting held on February 25, 2026, and was adjusted to 1,546.1 yen per share on and after April 2, 2026 in accordance with the conversion price adjustment provisions of the terms and conditions of issuance, following the issuance of new shares through a third-party allotment on April 1, 2026.

#### 4. Company Officers

##### (1) Directors (As of March 31, 2026)

Position	Name	Areas of Responsibility and Important Concurrent Positions
Chairman and Representative Director	Tomoaki Horiguchi	Representative Director of Sun Frontier Hotel Management Inc. Representative Director of Sun Frontier Sado Inc.
President and CEO President and Executive Officer	Seiichi Saito	CEO of Sun Frontier NY Co., Ltd. Representative Director of SF Engineering Inc.
Vice President and Director Vice President and Executive Officer	Izumi Nakamura	Division Director of Entrusted Asset Management Division Representative Director of SF Building Maintenance Inc.
Managing Director Managing Executive Officer	Mitsuhiro Ninomiya	Division Director of Administration Division and Head of Sustainability Promotion
Director	Kentaro Kawanishi	
Director	Keiichi Asai	Outside Director (Audit & Supervisory Committee Member) of Cosmo Energy Holdings Co., Ltd.
Director	Koichi Ishimizu	
Director (Full-time Audit & Supervisory Committee Member)	Shinichi Tominaga	
Director (Audit & Supervisory Committee Member)	Kazutaka Okubo	President and Representative Director of Okubo Associates Co., Ltd. Outside Director (Audit & Supervisory Committee Member) of SEGA SAMMY HOLDINGS INC. Outside Director of LIFULL Co., Ltd. Outside Director of SARA CORPORATION Outside Director of The Shoko Chukin Bank, Ltd. Outside Director (Audit & Supervisory Committee Member) of Musashi Seimitsu Industry Co., Ltd.
Director (Audit & Supervisory Committee Member)	Yukiko Edahiro	Partner of Toranomon Daiichi Law Office Outside Member of Ethics Committee, Toho University School of Medicine Judicial Commissioner of the Tokyo Summary Court

Note 1. Directors Keiichi Asai, Koichi Ishimizu, Kazutaka Okubo and Yukiko Edahiro are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act. The Company has designated the four (4) individuals as independent officers under the provisions of the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange of the designation.

Note 2. For the fiscal year under review, the Company had appointed full-time Audit & Supervisory Committee Members since full-time persons who have thorough knowledge of the Company conduct effective audits through attendance at important meetings and close cooperation with the Internal Audit Department.

Note 3. Director Kazutaka Okubo has qualifications as a certified public accountant and has expertise and abundant experience in finance and accounting.

Note 4. Director Yukiko Edahiro is a qualified attorney and has expertise in law and extensive experience in various fields, including real estate.

Note 5. Mr. Mitsuhiro Ninomiya and Mr. Shinichi Tominaga resigned from the position of Director on March 31, 2026. Due to the resignation of Mr. Shinichi Tominaga, Mr. Fumio Tsuchiya, who was a Substitute Audit & Supervisory Committee Member, was appointed as a Director who is an Audit & Supervisory Committee Member on April 1, 2026. Since then, the Company has not appointed a full-time Audit & Supervisory Committee Member, but the effectiveness of audits has been ensured through cooperation with the Audit & Supervisory Committee and the Internal Audit Department.

(2) Outline of the Liability Limitation Agreement

The Company has concluded a liability limitation agreement pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 30, Paragraph 2 of the Company's Articles of Incorporation with all Outside Directors. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations.

(3) Outline of Officers' Liability Insurance Contract/Agreement

The Company has entered into liability insurance contracts for officers, etc. with an insurance company as stipulated in Article 430 (3), Item 1 of the Companies Act with the Company's and its subsidiaries' Directors, Audit & Supervisory Committee Members, executive officers and other employees as insured persons. Claims for damages arising from an act performed by an insured person in relation to the business of the Company (including inaction) are covered by compensation for damages and court costs incurred by the insured. The Company pays all insurance premiums for all insured persons, but damage caused by criminal acts or intentional illegal acts is excluded so as not to impair the appropriateness of the execution of duties.

(4) Remuneration for Directors for the Fiscal Year under Review

(i) Matters concerning the policy for determining the contents of individual remuneration, etc. for Directors

(a) Determination method

At the Board of Directors meeting held on May 10, 2024, the Company resolved a policy for determining the details of individual remuneration for Directors who are not Audit & Supervisory Committee Members. An outline of the policy is as described in (b) to (g) below.

(b) Fixed remuneration (monetary remuneration) shall be an amount considered to be at an appropriate level in comparison with the performance of other companies in the real estate industry in Japan, etc., in consideration of the content of duties of Directors and the Company's situation, etc.

(c) Performance-linked remuneration (monetary remuneration) shall be determined from the perspective of reflecting the results of the improvement in performance by taking into consideration the status of achievement against the target based on the consolidated performance (ordinary profit) of the relevant fiscal year.

(d) Directors (excluding Outside Directors) shall be granted restricted stock remuneration through resolution by the Board of Directors to provide an incentive to Directors to continuously improve corporate value and to further share value with shareholders.

(e) As a guideline for the ratio of individual remuneration, etc. for Directors, excluding Outside Directors, if the target for the performance-linked remuneration indicator is 100%, fixed remuneration will be 60%, performance-linked remuneration will be 30%, and restricted stock remuneration will be 10%. With regard to Outside Directors, only fixed remuneration will be provided.

(f) The timing of payment of remuneration, etc. shall be as follows.

- |                                    |   |
|------------------------------------|---|
| a. Fixed remuneration              | It is provided every month.   |
| b. Performance-linked remuneration | Payment shall be made once a year after the end of the Annual General Meeting of Shareholders pertaining to the relevant fiscal year.   |
| c. Restricted stock remuneration   | The amount shall be determined and granted by the resolution of the Board of Directors held once a year after the end of the Annual General Meeting of Shareholders and the transfer restriction shall be lifted at the time of resignation or retirement of each Director. |

(g) Matters concerning delegation pertaining to determination of contents of individual remuneration, etc. for Directors

The amount of fixed remuneration and performance-linked remuneration for each individual or the determination of the methods for calculating such amounts shall be determined by resolution at the Board of Directors and delegated to the President and Representative Director.

In order to improve the objectivity and transparency of the procedures for determining remuneration of Directors, the Company has established a Nomination and Compensation Committee consisting of the Chairman and Representative Director and President and Representative Director as well as 2 or more Outside Directors as a voluntary advisory body. The Nomination and Compensation Committee considers and deliberates on the amount of remuneration for Directors, the calculation method, the composition of remuneration, the ratio, and the setting of indicators, and the President and Representative Director makes decisions with maximum respect for the deliberation contents.

(h) Status of the above decision policy for the fiscal year under review

The target for performance (consolidated ordinary profit), which is an indicator of performance-linked remuneration for the fiscal year under review, was 22,500 million yen, while the actual performance was 23,298 million yen. The determination of the amount of fixed remuneration and performance-linked remuneration for each individual or the calculation method thereof has been delegated to the President and Representative Director, who can evaluate the projects which each Director oversees, with the involvement of the Nomination and Compensation Committee. The Board of Directors, upon receiving reports from the voluntary Nomination and Compensation Committee, has determined that the details of individual remuneration for Directors who are not Audit & Supervisory Committee Members for the fiscal year under review, including the procedures and details of decisions made by Seiichi Saito, President and Representative Director, are in line with the above decision policies.

(ii) Matters concerning resolutions of the General Meeting of Shareholders regarding remuneration, etc. for Directors

(a) At the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that the amount of monetary remuneration (fixed remuneration and performance-linked remuneration) for Directors who are not Audit & Supervisory Committee Members to be no more than 360 million yen per year (including no more than 36 million yen for Outside Directors, but excluding employee salaries for Directors who concurrently serve as employees). The number of Directors at the conclusion of the said Annual General Meeting of Shareholders was eight (including two Outside Directors). Separately from this monetary remuneration, at the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that the annual amount of restricted stock remuneration for Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors) should not exceed 36 million yen. The number of Directors (excluding Outside Directors) at the conclusion of the said Annual General Meeting of Shareholders was six.

(b) At the 23rd Annual General Meeting of Shareholders held on June 21, 2022, it was resolved that the amount of monetary remuneration (fixed remuneration only) for Directors who are Audit & Supervisory Committee Members should be no more than 36 million yen per year including those for Outside Directors. The number of Directors who are Audit & Supervisory Committee Members at the conclusion of the said Annual General Meeting of Shareholders was three (including two Outside Directors).

(iii) Total Amount of Remuneration of Directors

Director category	Amount paid (million yen)	Amount paid by type (million yen)			Number of qualified officers
		Basic compensation	Performance- linked remuneration	Restricted stock remuneration	
Directors who are not Audit & Supervisory Committee Members	271.8	165.6	80.0	26.3	9
(of which, Outside Directors)	(15.4)	(15.4)	(-)	(-)	(2)
Directors who are Audit & Supervisory Committee Members	25.9	25.9	(-)	(-)	3
(of which, Outside Directors)	(13.9)	(13.9)	(-)	(-)	(2)

Notes: 1. Executive bonuses are paid to Directors as performance-linked remuneration.

2. Performance-linked remuneration indicates the provision for the current period in provision for bonuses for Directors for the fiscal year under review.

3. As non-monetary remuneration, restricted stock remuneration is provided to Directors, excluding Outside Directors and Audit & Supervisory Committee Members. "Restricted stock remuneration" above indicates the amount recorded as expenses in the fiscal year under review.

4. The number of Directors and the amount of remuneration above include two (2) Directors who are not Audit & Supervisory Committee Members who retired at the conclusion of the 26th Annual General Meeting of Shareholders held on June 23, 2025, one (1) Director who is not an Audit & Supervisory Committee Member who retired on March 31, 2026, and one (1) Director who is an Audit & Supervisory Committee Member who retired on March 31, 2026.

(5) Matters regarding Outside Officers

(i) Relationship between the Company and entities which are significant concurrent positions

- Director Keiichi Asai concurrently serves as an Outside Director of Cosmo Energy Holdings Co., Ltd. However, there is no important relationship that should be disclosed between the Company and the said corporation.
- Director (Audit & Supervisory Committee Member) Kazutaka Okubo concurrently serves as the President and Representative Director of Okubo Associates Co., Ltd, Outside Director of SEGA SAMMY HOLDINGS Inc., Outside Director of LIFULL Co., Ltd., Outside Director of SARA CORPORATION, Outside Director of The Shoko Chukin Bank, Ltd., and Outside Director of Musashi Seimitsu Industry Co., Ltd. There is no important relationship to be disclosed between the Company and the said entities.
- Director (Audit & Supervisory Committee Member) Yukiko Edahiro concurrently serves as a Partner of Toranomon Daiichi Law Office, Outside Member of the Ethics Committee of Toho University School of Medicine, and Judicial Commissioner of the Tokyo Summary Court. However, there is no important relationship that should be disclosed between the Company and the said entities.

(ii) Major Activities during the Fiscal Year ended March 31, 2026

(a) Attendance at the Board of Directors and the Audit & Supervisory Committee meetings

	Board of Directors (held 19 times)		Audit & Supervisory Committee (held 13 times)	
	Attendance (times)	Attendance Rate (%)	Attendance (times)	Attendance Rate (%)
Director Keiichi Asai	19 / 19	100 %	-	-
Director Koichi Ishimizu	19 / 19	100 %	-	-
Director (Audit & Supervisory Committee Member) Kazutaka Okubo	19 / 19	100 %	13 / 13	100 %
Director (Audit & Supervisory Committee Member) Yukiko Edahiro	19 / 19	100 %	13 / 13	100 %

Note. In addition to the above-mentioned Board of Directors meetings, there were 6 written resolutions deemed to have been adopted by the Board of Directors pursuant to Article 370 of the Companies Act and Article 27, Paragraph 2 of the Articles of Incorporation of the Company.

(b) Activities of Outside Directors and outline of duties performed in relation to expected roles

- Director Keiichi Asai has attended all Board of Directors meetings and provided valuable advice through his experience in international business. In particular, he provided effective advice based on his insight into overall corporate management and a wealth of knowledge about the energy industry.
- Director Koichi Ishimizu has attended all Board of Directors meetings and provided valuable advice based on his insight into corporate management in general and his extensive knowledge of the building construction field.
- Director (Audit & Supervisory Committee Member) Kazutaka Okubo has attended all Board of Directors meetings and Audit & Supervisory Committee meetings and, as a Certified Public Accountant, provided advice as appropriate based on his extensive knowledge in the areas of governance, compliance and CSR.
- Director (Audit & Supervisory Committee Member) Yukiko Edahiro has attended all Board of Directors meetings and Audit & Supervisory Committee meetings, and as an attorney, she has made statements as appropriate based on her extensive knowledge in the areas of governance, legal affairs, and compliance. She has also provided objective and expert advice as appropriate to enable diverse human resources, including women and foreign nationals, to play active roles.

## 5. Accounting Auditor

(1) Name of the Accounting Auditor: Sanyu Audit LLC

(2) Remuneration to be Paid to the Accounting Auditor

	Amount paid (million yen)
Amount of remuneration, etc. for the accounting auditor for the fiscal year under review	51
Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	51

Note 1. In the audit agreement between the Company and the accounting auditor, the amount of audit fees for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act is not clearly distinguished and cannot be substantially distinguished. Therefore, the amount of remuneration, etc. for the fiscal year under review is the sum of these amounts.

Note 2. Reasons for the Audit & Supervisory Committee's agreement on remuneration, etc. for the accounting auditor Based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Committee Members Association, the Audit & Supervisory Committee has confirmed the results of the audit time and the amount of remuneration for each audit item and hierarchy in the audit plan for the past fiscal year, as well as the status of the accounting auditor's performance of duties, and examined the appropriateness of the audit plan and the amount of remuneration for the fiscal year under review. As a result, the Audit & Supervisory Committee has given its consent to the remuneration, etc. of the accounting auditor under Article 399, Paragraphs 1 and 3 of the Companies Act.

(3) Policy on Decision of Dismissal and Refusal of Reappointment of the Accounting Auditor

When it is considered that the accounting auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act and if deemed necessary, the Company will dismiss the accounting auditor subject to the unanimous consent of Audit & Supervisory Committee Members. In this case, the Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee will report the dismissal of the accounting auditor and the reason thereof at the first General Meeting of Shareholders convened after the dismissal. In addition, the Audit & Supervisory Committee will determine the content of a shareholder resolution to be proposed at the General Meeting of Shareholders to dismiss or refuse the reappointment of the accounting auditor when the Audit & Supervisory Committee judges that there are problems with the qualifications, independency, and reliability of the accounting auditor.

## 6. System for Ensuring Proper Business Operations and Overview of Operation Status

### (1) Systems to Ensure the Appropriateness of Business Operations

The outline of the systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and to ensure the appropriateness of the business of the Company is as follows.

#### (i) Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

All Directors and employees shall strive to establish a management system that is trusted by society on an ongoing basis in the future by strengthening internal management systems and raising awareness of compliance, based on the recognition that it is our social responsibility as a company to always embody the spirit of legal compliance and execute business based on a fair and high level of ethics.

In concrete terms, the Internal Audit Office, which is under direct control of the President and Representative Director, will be established to conduct regular internal audits of all divisions and group companies without exception. In internal audits, the Company shall ascertain the status of business operations and systems and shall fairly investigate and verify whether all business operations are conducted appropriately in compliance with laws and regulations, the Articles of Incorporation, and internal rules, and whether corporate systems, organizations, and rules are proper and appropriate. The results of audits shall be reported to the President and Representative Director. In addition, the Company will establish a “Corporate Ethics Help Line” and implement an internal reporting system with various contact points that thoroughly protects reporters to prevent and promptly detect violations of laws and regulations and misconduct to improve the mobility of the self-cleaning process, control reputational risks, and ensure public trust. Furthermore, in order to raise awareness of compliance, the Legal Department shall be established, and various training and education shall be conducted. The Company and group companies shall have no relationship with anti-social forces and shall respond resolutely to unreasonable demands.

#### (ii) Systems for storage and management of information related to the execution of duties by Directors

Information related to the execution of duties by Directors, such as records related to decision-making at important meetings including the Board of Directors meetings and documents approved by each Director in accordance with the “Regulations on Administrative Authority,” shall be appropriately recorded, and shall be retained for a specified period of time in accordance with laws and regulations and the “Regulations on the Handling of Documents,” and shall be kept available for inspection by Directors as necessary. The General Manager of the Administration Department shall be responsible for supervising the storage and management of information.

#### (iii) Regulations concerning the management of risk of loss and other systems

In order to respond to all risks that threaten the improvement of corporate value and the sustainable development of the Company, the Company shall strive to establish an organizational crisis management system by creating a risk management manual and establishing a task force headed by the President and Representative Director (including a team of external experts such as corporate lawyers) in the event of an unforeseen event.

#### (iv) Systems to ensure efficient execution of duties by Directors

As an indicator for establishing and implementing the corporate vision of the entire corporation, the Company has formulated a medium-term management policy and a single-year management plan. In order to realize the management policy and the management plan, the Board of Directors has clarified the executive authority and responsibilities of Directors and has increased the efficiency of the execution of duties. In addition, with regard to matters for which decisions on business execution have been delegated to the President and Representative Director and Directors in charge of business execution of other matters, necessary decisions shall be made based on the “Organization Regulations” or the “Regulations for Management of Affiliated Companies” including group companies. These regulations shall also be timely and appropriately reviewed based on revisions and abolition of laws and regulations and for the purpose of improving the efficiency of the execution of duties.

#### (v) Systems to ensure the appropriateness of operations within the corporate group consisting of the Company and group companies

In order to ensure the appropriate execution of operations by group companies, the Corporate Planning Department shall be responsible for the management of the group companies in accordance with the “Regulations for the Management of Affiliated Companies.” While respecting the autonomy of the group companies, the Corporate Planning Department shall receive periodic reports on the status of the business of the group companies. In addition, the Corporate Planning Department shall require prior consultation or prior approval with the Company for important management matters of the group companies. Group companies’ management plans are also formulated under the control of the Company, and the Company provides timely and appropriate advice and guidance during the business period to improve the efficiency of group companies’ operations. In addition, the Company and its group companies have established a Risk Management Committee chaired by the President and Representative Director and assign a risk management officer to each division. In

the event that any risk is discovered in management or business, it shall be reported to the Risk Management Committee, and the risk information shall be analyzed, and countermeasures shall be considered to prevent damage or to minimize damage to the Company and the group companies if such damage occurs. The Company shall establish a system for reporting violations of laws and regulations or illegal acts that have occurred or may occur at group companies to each internal reporting desk or outside Audit & Supervisory Committee Members specified in the “Regulations on the Corporate Ethics Help Line,” with the aim of striving for early detection and resolution of these violations.

The Internal Audit Office shall conduct internal audits of all group companies to ensure the effectiveness and appropriateness of systems, organizations, and regulations covering the overall operations of group companies. The results of these audits shall be reported to the organization designated by the Company’s President and Representative Director.

President and Representative Director shall prepare and report the Company’s financial statements in accordance with fair and appropriate accounting standards in order to enhance the reliability of financial reporting and increase corporate value of the Company and its group companies.

- (vi) Matters relating to employees who are required to assist the Audit & Supervisory Committee in performing their duties

In the event that the Audit & Supervisory Committee requests that an employee be assigned to assist them in performing their duties, such employee shall be assigned as an Audit & Supervisory Committee’s assistant. The assistant shall be appointed from persons who have sufficient knowledge of accounting and law and shall perform their duties in accordance with the instructions of the Audit & Supervisory Committee Members. In addition, the assistant shall also serve as the secretariat of the Audit & Supervisory Committee.

- (vii) Matters related to the independence of employees from Directors in the preceding paragraph

In order to ensure the independence of the assistant as set forth in the preceding paragraph, personnel changes and evaluations of such employees shall be reported to the Audit & Supervisory Committee in advance and their consent shall be obtained.

- (viii) Matters related to ensuring the effectiveness of instructions given by the Audit & Supervisory Committee to employees in Paragraph (vi)

The assistant in Paragraph (vi) shall have the opportunity to accompany the Audit & Supervisory Committee Members to Board of Directors meetings and other important meetings. They shall also accompany the Audit & Supervisory Committee Members and regularly exchange opinions with the President and Representative Director and accounting auditors. Directors and other employees shall cooperate with the Audit & Supervisory Committee Members to improve the auditing environment so that the duties of the assistant are carried out smoothly.

- (ix) Systems for Directors and employees of the Company and group companies to report to the Audit & Supervisory Committee

All Directors and department heads shall report on the status of the execution of their duties from time to time at Board of Directors meetings and other meetings attended by Audit & Supervisory Committee Members. Audit & Supervisory Committee Members shall be permitted to attend any Company meetings they request to attend. All Directors and employees of the Company and its group companies shall report to the Audit & Supervisory Committee as soon as they discover any matter that has or may have a material impact on the Company’s credibility, business performance or any material violation of the Corporate Vision and/or Corporate Code of Conduct.

Directors and employees of the Company and group companies can report to the internal reporting desk of the Company as set forth in the “Regulations on the Corporate Ethics Help Line” at any time. In addition, they can voluntarily report to Outside Audit & Supervisory Committee Members. The Compliance Department of the Company provides education and training opportunities for Directors and employees to raise awareness of the hotline and encourage active reporting.

The Company shall explicitly stipulate in the “Regulations on the Corporate Ethics Help Line” that Directors and employees of the Company and group companies shall not be subjected to unfavorable treatment in personnel evaluation and shall not be subjected to adverse dispositions such as disciplinary actions for reporting to the internal reporting desk and shall make it known that they shall not be subjected to adverse dispositions due to reporting to Audit & Supervisory Committee Members.

- (x) Matters related to the policy regarding the handling of expenses and obligations arising from the execution of duties by Audit & Supervisory Committee Members

The Company shall promptly respond to requests from Audit & Supervisory Committee Members for advance payment of expenses incurred in the execution of their duties, reimbursement of expenses incurred, and repayment of obligations incurred, except in cases where such expenses can be proved not to have arisen in the execution of their duties.

- (xi) Systems to ensure effective audits by the Audit & Supervisory Committee  
The President and Representative Director shall hold regular meetings with Audit & Supervisory Committee Members in order to facilitate mutual communication. In addition, in accordance with the “Regulations for Internal Audit” and the “Internal Audit Implementation Guidelines,” the Internal Audit Office shall maintain close communication and coordination to ensure that audits by the Audit & Supervisory Committee and audits by the accounting auditor are conducted efficiently and effectively.

(2) Outline of the Operating Status of the System for Ensuring the Appropriateness of Operations

- (i) Directors’ execution of duties  
The Company has established internal rules to ensure that Directors act in compliance with laws and regulations and the Articles of Incorporation. During the fiscal year under review, the Company held 19 Board of Directors meetings to discuss each proposal, supervise the status of business execution, and actively exchange opinions.
- (ii) Execution of duties by Audit & Supervisory Committee Members  
During the fiscal year under review, the Audit & Supervisory Committee Members held 13 Audit & Supervisory Committee meetings and implemented audits based on the audit plan stipulated by the Audit & Supervisory Committee. In addition, Audit & Supervisory Committee Members attended Board of Directors meetings and other important meetings, and regularly exchanged information with the President and Representative Director, the accounting auditor, and the Internal Audit Office to audit the execution of duties by the Directors and to confirm the development and operational status of the internal control system.
- (iii) Ensuring the appropriateness of operations at the Company’s subsidiaries  
The Company receives periodic reports on the status of the business from its subsidiaries in accordance with the “Regulations for Management of Affiliated Companies” and monitors their business activities.
- (iv) Compliance and Risk Management  
The Company has established the “Corporate Ethics Help Line” to ensure that employees who have reported compliance violations or questionable acts are not treated unfavorably for the reason of the report. The Company ensures that employees who report such acts are not treated unfavorably in personnel changes, personnel evaluations, or disciplinary actions, etc. for the reason of their report.  
In addition, we are preparing for unexpected situations such as training for countermeasures against large-scale disasters and securing supplies for people with difficulty in returning home.

7. Policy on the Determination of Dividends of Surplus, etc.

The Group’s basic policy is to contribute to the interests of shareholders in a comprehensive manner while (i) striving to provide long-term and stable profit returns to shareholders, (ii) securing investment funds to aggressively engage in business initiatives for future growth, and (iii) strengthening financial stability.

In the case of dividends of surplus, principally the Company pays dividends twice a year through interim dividends and year-end dividends, as stipulated in the Company’s Articles of Incorporation. The Company also provides in its Articles of Incorporation that dividends of surplus may be determined by the Board of Directors pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act of Japan.

The year-end dividend for the fiscal year ended March 31, 2026 was 38 yen per share, in line with the dividend forecast announced on May 9, 2025. As the interim dividend for the fiscal year under review was also 38 yen per share, the annual dividend per share amounts to 76 yen, an increase of 10 yen from 66 yen in the previous fiscal year.

The Company plans to pay an interim dividend of 40 yen per share and a year-end dividend of 40 yen per share for the fiscal year ending March 31, 2027. As a result, cash dividends per share will increase by 4 yen to 80 yen.

**Consolidated Balance Sheet**  
(As of March 31, 2026)

(Unit: million yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
Current assets	225,705	Current liabilities	30,703
Cash and deposits	39,274	Notes and accounts payable - trade	5,329
Notes and accounts receivable and contract assets	3,791	Short-term borrowings	1,310
Real estate for sale	17,949	Current portion of long-term borrowings	9,063
Real estate for sale in process	160,392	Income taxes payable	4,358
Costs of uncompleted construction contracts	71	Provision for bonuses	419
Supplies	127	Provision for bonuses for directors	88
Other	4,121	Provision for fulfillment of guarantees	20
Allowance for doubtful accounts	-22	Other	10,113
Non-current assets	38,758	Non-current liabilities	113,375
Property, plant and equipment	26,246	Bond	5,102
Buildings	13,347	Long-term borrowings	102,556
Land	9,387	Retirement benefit liability	32
Other	3,511	Provisions for directors' retirement benefits	359
Intangible assets	3,342	Provision for share-based remuneration	129
Goodwill	1,851	Other	5,196
Other	1,490	<b>Total liabilities</b>	<b>144,078</b>
Investments and other assets	9,170	<b>Net assets</b>	
Guarantee deposits	4,944	Shareholders' equity	118,243
Long-term loans	667	Share capital	14,414
Deferred tax assets	2,687	Capital surplus	8,901
Other	967	Retained earnings	95,252
Allowance for doubtful accounts	-97	Treasury shares	-324
		Accumulated other comprehensive income	1,497
		Valuation difference on available-for-sale securities	7
		Foreign currency translation adjustment	1,489
		Share acquisition rights	23
		Non-controlling interests	620
		<b>Total net assets</b>	<b>120,384</b>
<b>Total assets</b>	<b>264,463</b>	<b>Total liabilities and net assets</b>	<b>264,463</b>

**Consolidated Statement of Income**  
(From April 1, 2025 to March 31, 2026)

(Unit: million yen)

Item	Amount	
Net sales		116,083
Cost of sales		77,968
Gross profit		38,114
Selling, general and administrative expenses		12,758
Operating profit		25,356
Non-operating income		
Interest and dividend income	148	
Compensation for eviction received	40	
Other	115	303
Non-operating expenses		
Interest expenses	1,516	
Share issuance expenses	584	
Other	260	2,361
Ordinary profit		23,298
Extraordinary loss		
Loss on valuation of investment securities	104	
Loss on retirement of non-current assets	40	145
Profit before income taxes		23,153
Income taxes - current	7,741	
Income taxes - deferred	-814	6,926
Profit		16,226
Profit attributable to non-controlling interests		240
Profit attributable to owners of parent		15,986

**Consolidated Statement of Changes in Equity**  
(From April 1, 2025 to March 31, 2026)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	11,965	6,462	82,723	-202	100,949
Changes during period					
Conversion of convertible bonds with share acquisition right	2,448	2,448			4,897
Dividends of surplus			-3,456		-3,456
Profit attributable to owners of parent			15,986		15,986
Purchase of treasury shares				-199	-199
Disposal of treasury shares		-2		77	74
Increase (decrease) due to merger of consolidated subsidiaries		-2			-2
Increase (decrease) in equity due to additional acquisition of shares of consolidated subsidiaries		-5			-5
Changes due to redemption of preferred shares of consolidated subsidiaries					
Net changes in items other than shareholders' equity during period			0		0
Total changes during period	2,448	2,438	12,529	-122	17,294
Balance at end of the period	14,414	8,901	95,252	-324	118,243

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	2	1,207	1,210	30	3,702	105,892
Changes during period						
Conversion of convertible bonds with share acquisition right						4,897
Dividends of surplus						-3,456
Profit attributable to owners of parent						15,986
Purchase of treasury shares						-199
Disposal of treasury shares						74
Increase (decrease) due to merger of consolidated subsidiaries						-2
Increase (decrease) in equity due to additional acquisition of shares of consolidated subsidiaries						-5
Changes due to redemption of preferred shares of consolidated subsidiaries					-3,288	-3,288
Net changes in items other than shareholders' equity during period	4	282	286	-7	206	486
Total changes during period	4	282	286	-7	-3,081	14,492
Balance at end of the period	7	1,489	1,497	23	620	120,384

## Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes Regarding Significant Accounting Policies for the Preparation of Consolidated Financial Statements)

### 1. Scope of Consolidation

All subsidiaries are consolidated.

#### (1) Number of consolidated subsidiaries and names of principal subsidiaries

Number of consolidated subsidiaries	39 companies
Names of major consolidated subsidiaries	SF Building Support Inc. SF Building Maintenance Inc. Sun Frontier Space Management Inc. SF Engineering Inc. Sun Frontier Hotel Management Inc. Sky Heart Hotel, Inc. Sun Frontier Sado Inc. Sun Frontier NY Co., Ltd. Oriental Resort Associates Inc. Otake Kenso CO., LTD. Jonan Kenso CO., LTD. Tama Kenso Kogyo CO., LTD...

In the current consolidated fiscal year, Otake Kenso CO., LTD. and seven other companies acquired through share acquisition, and five other companies newly established were included in the scope of consolidation. In addition, five companies were excluded from the scope of consolidation following absorption-type mergers with the Company or its group company as the surviving company, and one company was excluded due to liquidation. One of the subsidiaries included in the scope of consolidation through share acquisition has been consolidated only in the consolidated balance sheet of the current consolidated fiscal year because the deemed date of acquisition is the end of the current consolidated fiscal year.

#### (2) Names of companies the Company did not make into its subsidiaries despite holding s majority of voting rights on its own account

Not applicable.

#### (3) Assets, profit or loss of subsidiaries excluded from the scope of consolidation since control is deemed to be temporary

Not applicable.

#### (4) Special purpose company subject to disclosure

An outline of the special purpose company subject to disclosure, an outline of transactions using the special purpose company subject to disclosure, and the transaction amount with the special purpose company subject to disclosure are described in “Notes on special purpose company subject to disclosure.”

### 2. Application of Equity Method

#### (1) Number of affiliated companies accounted for by the equity method and names of major companies

Not applicable.

#### (2) Name of the company which holds not less than 20% and not more than 50% of the voting rights on its own account and which has not been an affiliated company

Not applicable.

#### (3) Special note regarding application of the equity method

Not applicable.

### 3. Matters concerning Accounting Policies

#### (1) Valuation standards and methods for significant assets

##### (i) Valuation standards and methods for securities

###### Other securities (available-for-sale securities)

Shares with market prices	Stated at market (Valuation difference is reported as a component of net assets. The cost of sale is calculated using the moving-average method.)
Shares with no market prices	Stated at cost using the moving-average method.

##### (ii) Inventories

1. Real estate for sale and Real estate for sale in process	Valued at cost based on the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on a decline in profitability.) Leased assets are amortized in accordance with property, plant and equipment standards.
2. Costs of uncompleted construction contracts	Valued at cost based on the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on a decline in profitability.)
3. Supplies	Stated at cost based on the latest purchase price method (The figures shown in the balance sheet have been calculated by writing them down based on a decline in profitability.)

#### (2) Depreciation or amortization method for significant depreciable assets

##### (i) Property, plant and equipment

The declining-balance method is applied.  
However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings	3 to 39 years
Other	2 to 20 years

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are amortized over three years on a straight-line basis.

##### (ii) Intangible assets

The straight-line method is used.

Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years).

- (3) Significant provisions
- (i) Allowance for doubtful accounts
 

The allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.
  - (ii) Provision for bonuses
 

To prepare for the payment of bonuses to employees, the Company records the portion of the estimated bonuses to be paid during the current consolidated fiscal year.
  - (iii) Provision for bonuses for directors
 

Provision for directors' bonuses is provided based on the estimated amount to be paid during the current consolidated fiscal year.
  - (iv) Provision for fulfillment of guarantees
 

In order to prepare for losses related to Rent Guarantee Business operations, costs for which the amount incurred can be estimated individually are recorded in the amount of such costs, and for others, the estimated losses are recorded by taking into account the past guarantee fulfillment rate.
  - (v) Provision for share-based remuneration
 

In order to prepare for the provision of the Company's shares to employees based on the Share Benefit Regulations, the provision for the Company's shares is recorded based on the estimated amount of the share benefit obligations at the end of the current consolidated fiscal year.
  - (vi) Provision for directors' retirement benefits
 

In order to prepare for directors' retirement benefits, certain consolidated subsidiaries record estimated amount that would be required to be paid at the end of the current consolidated fiscal year
- (4) Other significant matters for preparation of consolidated financial statements
- (i) Fiscal year of consolidated subsidiaries
 

Consolidated domestic subsidiaries and one overseas consolidated subsidiary close their books on March 31, and Sun Frontier NY Co., Ltd., and 15 other companies close their books on December 31. In preparing the consolidated financial statements, the financial statements as of December 31 are used for the consolidated subsidiaries whose closing date is December 31, and necessary adjustments are made for significant transactions occurring between the consolidated closing date and December 31.
  - (ii) Standards for recording significant revenues and expenses
 

The major performance obligations of the Company and its consolidated subsidiaries in their principal businesses with respect to revenue arising from contracts with clients and the normal time at which such performance obligations are met (normal time at which revenue is recognized) are as follows.

    - (a) Real Estate Revitalization Business
 

Replanning Business

Replanning Business purchases existing office buildings, refurbishes buildings and facilities, and attracts excellent tenants to sell buildings with added value to clients in Japan and overseas. The business is obligated to deliver these properties based on real estate sales agreements with clients. The performance obligation is fulfilled at the time the property is delivered and revenue is recognized at the time of delivery of the property.
    - (b) Real Estate Service Business
      - (1) Property Management Business
 

Property Management Business enters into property management agreements with clients and is obligated to perform various operations related to real estate properties on behalf of clients, including maintenance and management of properties and collection of rent from tenants. The performance obligation is fulfilled at the time service is provided based on the property management agreement, and revenue is recognized over the contract period.
      - (2) Building Maintenance Business
 

Building Maintenance Business mainly is obligated to inspect building facilities by entering into various agreements with clients or by entering into purchase orders and order contracts.

The performance obligation is fulfilled upon completion of the work under the agreement, and revenue is recognized at the time of issuance of the completion report for the work and construction.

(3) Sales Brokerage Business

Sales Brokerage Business stands between the buyer and the seller at the time of purchase and sale of real estate and is responsible for concluding sales agreements. Based on intermediary agreements with clients, it is responsible for a series of operations including the negotiation and adjustment of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements. The performance obligation is fulfilled at the time when the property related to the real estate sales contract established by the intermediary agreement is delivered, and revenue is recognized at the time of delivery.

(4) Leasing Brokerage Business

Leasing Brokerage Business is a business that stands between the lessee and the lessor when leasing real estate and is responsible for concluding lease agreements. Based on intermediary agreements with clients, it is responsible for a series of operations including the negotiation and adjustment of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements. The performance obligation is fulfilled at the time when the real estate lease agreement for the property brokered by the intermediary agreement is concluded, and revenue is recognized at the time of conclusion of the agreement.

(c) Hotel and Tourism Business

(1) Hotel Operation Business

Hotel Operation Business is primarily responsible for the operation of hotels owned or leased by the Company and is obligated to provide hotel related services for clients to stay.

The performance obligation is fulfilled at the time service is provided to clients, and revenue is recognized when clients check in.

(2) Hotel Development Business

Hotel Development Business is a business engaging in the purchase of land and the construction of hotel buildings, which are then sold to clients, and is obligated to deliver the property based on real estate sales agreements with clients.

The performance obligation is fulfilled at the time the property is delivered and revenue is recognized at the time of delivery.

(d) Others

(1) Overseas Development Business

Overseas Business is engaged in real estate development mainly for condominiums and houses in Southeast Asia and sells these properties to clients in Japan and overseas. The business is obligated to deliver these properties based on real estate sales agreements with clients.

The performance obligation is fulfilled at the time the property is delivered, and revenue is recognized at the time of delivery.

(2) Construction Business

Construction Business is engaged in renovation planning, repair and renovation work for commercial buildings, telecommunications work, contracted interior construction for large, medium, and small facilities, and sashes and glass windows, etc.

When control over goods or services is transferred to clients over a certain period, revenue is recognized over a certain period as the performance obligation to transfer goods or services to clients is fulfilled.

Contracts with a very short period between the transaction start date and the time when the performance obligation is expected to be fulfilled, or construction work for which the order amount per construction work is insignificant are subject to alternative treatment in which revenue is not recognized over a certain period but is recognized when the performance obligation is fulfilled.

(iii) Accounting treatment for retirement benefits

In calculating the retirement benefit liability and retirement benefit expenses, some of the Company's consolidated subsidiaries apply the simplified method where the amount of retirement benefits payable at the end of the fiscal year for voluntary resignations is the retirement benefit obligation.

- (iv) Standards for translation of foreign currency-denominated assets and liabilities into Japanese currency  
 Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates on the consolidated balance sheet date, and translation differences are charged or credited to income. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates prevailing at the respective balance sheet dates of the foreign subsidiaries, and sales income and expenses are translated into Japanese yen at the average exchange rate during the year. Translation differences are included in foreign currency translation adjustment and non-controlling interests in net assets.
- (v) Non-deductible consumption tax accounting  
 Non-deductible consumption tax and local consumption tax on assets are charged to income in the year in which they are incurred.
- (vi) Amortization methods and periods for goodwill  
 Goodwill is amortized on a straight-line basis over mainly 2 to 10 years.
- (vii) Application of group tax sharing system  
 The Company and certain consolidated domestic subsidiaries apply the group tax sharing system.

(Change of Presentation Method)

Consolidated Statement of Income

“Loss on retirement of non-current assets” of “Extraordinary loss,” which was included in “Other” in the previous fiscal year (1 million yen in the previous fiscal year), is presented separately from the current fiscal year due to its increasing financial materiality.

(Notes on Accounting Estimates)

1. Assessment of the real estate for sale

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Real estate for sale	17,949 million yen
Real estate for sale in process	160,392 million yen

(2) Other information

For real estate for sale, etc., if the net selling price falls below the acquisition cost, the net selling price is stated as the balance sheet amount. The net selling price is calculated by deducting the estimated future cost of construction work and the estimated selling expenses from the return value, which is calculated by dividing the expected future profit, estimated based on the business plan, by the expected yield.

The calculation of return value includes estimates of forecasts of future market conditions and is based on important assumptions such as future tenant rents, average daily rates and occupancy rates of hotel rooms, and expected yields.

In the following fiscal years, the net selling price may change due to changes in assumptions used in formulating business plans if an unforeseen event at the time of formulating business plans. This may have a significant impact on the amount of real estate for sale, etc., recognized in the consolidated financial statements for the following fiscal year and thereafter.

2. Non-current assets impairment

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Non-current assets related to Hotel Development Business and Hotel Operation Business: 20,307 million yen

(2) Other information

If a hotel shows signs of impairment, the determination of impairment loss recognition is based on the hotel’s business plan and a comparison of the estimated undiscounted future cash flows over the remaining economic useful lives of the hotel’s major assets with the carrying amounts of the hotel’s asset groups.

The business plan of the hotel, which is the basis of future cash flows, has been formulated under the policy of conducting long-term management, based on important assumptions including the forecast of the average daily rates and occupancy rates of hotel rooms, etc., as well as the assumption of future market conditions.

In the following fiscal year and thereafter, the net selling price may change due to changes in assumptions used in formulating business plans if an unforeseen event occurs at the time of formulating business plans. This may have a significant impact on the amount of real estate for sale, etc., recognized in the consolidated financial statements for the following fiscal year and thereafter.

(Additional Information)

Change in holding purpose of assets

Property, plant and equipment (2,274 million yen in buildings and 2,492 million yen in land) has been transferred to real estate for sale in process of 4,767 million yen under current assets due to a change in the holding purpose.

Transactions of delivering the Company's own shares to employees etc. through trusts

The Company conducts transactions to deliver its own shares through trusts 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 shall grant points to employees who satisfy certain conditions at the end of the consolidated fiscal year, and when they acquire the right to receive benefits, the Company shares corresponding to the granted points shall be delivered. The shares to be granted to employees are acquired, including those for the future, with the money placed 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 recorded as treasury shares under net assets. The book value and number of shares of the treasury shares were 157 million yen and 128,300 shares.

(Notes to Consolidated Balance Sheet)

(1) Assets pledged as collateral and obligations secured by collateral

(i) Assets pledged as collateral are as follows:

Cash and deposits (Note)	274 million yen
Real estate for sale	10,781 million yen
Real estate for sale in process	138,388 million yen
Buildings	9,767 million yen
Land	7,945 million yen
Other	678 million yen
<u>Total</u>	<u>167,835 million yen</u>

Notes: 1. Time deposits are pledged as collateral for bank loans and other obligations.

2. Shares of subsidiaries and affiliates (1,856 million yen of amount before elimination), which have been eliminated on a consolidated basis, are pledged as collateral for bank loans payable.

(ii) Secured obligations are as follows:

<u>Long-term borrowings (including current portion)</u>	<u>99,677 million yen</u>
<u>Total</u>	<u>99,677 million yen</u>

(2) Accumulated depreciation of property, plant and equipment 9,785 million yen

Note. The above amounts include accumulated impairment losses.

(3) Contingent liabilities

Debt guarantee

(i) Liability guarantee by rent guarantee

Customers pertaining to Rent Guarantee Business (amount equivalent to the guarantee limit)	58,985 million yen
<u>Provision for fulfillment of guarantees</u>	<u>-20 million yen</u>
<u>Total</u>	<u>58,965 million yen</u>

(ii) <u>Liability guarantee of customer's debt from financial institutions</u>	<u>986 million yen</u>
<u>Total</u>	<u>986 million yen</u>

(iii) Liability guarantee by substitute deposit

<u>Guaranteed amount of obligation to refund deposits</u>	<u>146 million yen</u>
<u>Total</u>	<u>146 million yen</u>

Note. The Group, the lessor, and the financial institutions have concluded a substitute deposit agreement for the leasehold and guarantee deposits of some rental properties. Under the agreement, financial institutions deposit an amount equivalent to the leasehold and guarantee deposits with the lessor, and the Group guarantees the lessor's obligations to the financial institutions to refund the deposit.

(4) Reduction entry amount

The reduced entry amount deducted from the acquisition cost of property, plant and equipment due to government subsidies, etc. is as follows.

Buildings	641 million yen
Land	32 million yen
Other	12 million yen
Total	686 million yen

(Notes on Consolidated Statement of Income)

Write-down of book value due to decline in profitability of inventories held for ordinary sales

Cost of sales	87 million yen
Total	87 million yen

(Notes to Consolidated Statement of Changes in Equity)

(1) Total number of issued shares

Type of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	48,755,500 shares	3,151,814 shares	- shares	51,907,314 shares

(Summary of reasons for changes)

The breakdown of the increase in the total number of issued common shares is as follows.

Increase due to exercise of share acquisition rights in unsecured convertible bonds with share acquisition rights	3,151,814 shares
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(2) Matters concerning treasury shares

Type of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	172,616 shares	93,454 shares	43,450 shares	222,620 shares

Note. The number of treasury shares in common shares, includes the Company's share of 128,300 held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

(Summary of reasons for change)

The breakdown of the change in the number of treasury shares in common shares is as follows.

Increase due to acquisition of treasury shares for the purpose of delivering restricted stock	92,500 shares
Increase due to acquisition of treasury shares following the forfeiture of rights by a grantee of restricted stock remuneration	929 shares
Increase due to purchase of shares less than one unit	25 shares
Decrease due to disposition of treasury shares for the purpose of granting as restricted stock remuneration	32,720 shares
Decrease due to disposition of treasury shares upon exercise of stock options	10,730 shares

(3) Matters concerning dividends of surplus

(i) Cash dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
May 20, 2025 Board of Directors	Common shares	1,607	33.00	March 31, 2025	June 25, 2025
November 10, 2025 Board of Directors	Common shares	1,849	38.00	September 30, 2025	December 2, 2025

Note. The total amount of dividends decided at the Board of Directors Resolution on May 20, 2025 includes dividends of 4 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

The total amount of dividends decided at the Board of Directors Resolution on November 10, 2025 includes dividends of 4 million yen for the Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

(ii) Dividends whose record date falls in the current consolidated fiscal year and whose effective date falls in the following consolidated fiscal year

The following resolution is scheduled.

Resolution	Type of shares	Source of dividends	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
May 19, 2026 Board of Directors	Common shares	Retained earnings	1,968	38.00	March 31, 2026	June 24, 2026

Note. The total amount of dividends decided at the Board of Directors Resolution on May 19, 2026, includes dividends of 4 million yen for the Company's shares held by the Employee Stock Ownership Plan (J-ESOP).

(4) Share acquisition rights as of the end of the current consolidated fiscal year

Breakdown	Type of shares to be issued	Number of shares to be issued (shares)				Balance at the end of the current consolidated fiscal year (million yen)
		Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year	
2018 share acquisition rights as stock option	-	-	-	-	-	4
2019 share acquisition rights as stock option	-	-	-	-	-	4
2020 share acquisition rights as stock option	-	-	-	-	-	3
2021 share acquisition rights as stock option	-	-	-	-	-	11
Share acquisition right in 1st Series Unsecured Convertible Bonds with Share Acquisition Rights	Common shares	6,434,900	-	3,151,814	3,283,086	(Note) 1
Total		6,434,900	-	3,151,814	3,283,086	23

Note. 1. Convertible bonds with share acquisition rights is accounted for by the lump-sum method.

2. The number of shares to be issued is the assumed number of shares upon exercise of the share acquisition rights.

(Notes on Financial Instruments)

(1) Items relating to financial instruments

(i) Policy on financial instruments

The Group limits its fund management to short-term deposits, etc. With regard to fund procurement, the Company's policy is to procure funds through indirect financing through bank loans and direct financing through issuance of bonds and shares, etc., taking into comprehensive consideration the characteristics of necessary fund demand, financial market environment, long and short-term redemption periods. Derivative transactions are used to avoid interest rate fluctuation risks in borrowings or to limit them to a certain range, and the Company's policy is not to engage in speculative transactions.

(ii) Content as well as risks of financial instruments

Trade receivables are exposed to customers' credit risk.

Borrowings were raised mainly for investment in business purposes and business strategies. Variable borrowings are exposed to interest rate fluctuation risk. Borrowings, which are procured mainly from financial institutions, are exposed to liquidity risks that restrict fund procurement due to changes in the stance of transactions with the group.

Corporate bonds are procured mainly for capital investment and do not bear interest.

(iii) Risk management system for the financial instruments

A. Management of credit risks (risks pertaining to non-performance of contracts by counterparties)

Based on the Management Regulations for Trade Receivables and other rules, the Company regularly monitors the business conditions of major business partners with regard to trade receivables, strives to identify and mitigate early concerns about collection of trade receivables due to deterioration in financial conditions and other factors.

B. Management of market risks (risks related to market price fluctuations)

The Company will not conduct derivative transactions for speculative purposes not stipulated in the derivative transaction management regulations.

C. Management of liquidity risk related to fund procurement (risk of inability to pay on the due date)

The Company aims to diversify its funding sources by accurately assessing the Group's funding needs and financial position, and by strengthening relationships with financial institutions.

(iv) Supplementary explanation of fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair values of financial instruments, the value may fluctuate by adopting different assumptions, etc.

(2) Fair value of financial instruments

On March 31, 2026, the consolidated balance sheet amounts, market values and differences between them were as follows.

	Consolidated balance sheet amount (million yen)	Market value (million yen)	Difference (million yen)
Corporate bonds	5,102	4,718	-383
Long-term borrowings (including current portion)	111,620	107,047	-4,572
Total liabilities	116,722	111,766	-4,955

Note 1. "Cash and time deposits" is omitted because the market value approximates the book value since cash and deposits are settled in a short period of time.

2. Shares with no market price

Category	Consolidated balance sheet amount (million yen)
Unlisted shares	0

3. Scheduled repayment amount of corporate bonds and long-term borrowings after the consolidated balance sheet date

Category	(million yen)					
	Within 1 year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	Over 5 years
Corporate bonds	-	-	5,102	-	-	-
Long-term borrowings	9,063	24,322	37,629	12,199	14,460	13,944

(3) Breakdown of market value of financial instruments by appropriate category, etc.

The market values of financial instruments are classified into the following three levels according to the inputs, observability and materiality related to the calculation of market values.

Level 1 Market Value: Market value calculated based on quoted prices of the same asset or liability in an active market (unadjusted)

Level 2 Market Value: Market value calculated using direct or indirect observable inputs other than Level 1 inputs

Level 3 Market Value: Market value calculated using significant unobservable inputs

When multiple inputs that have a significant impact on the calculation of market value are used, market value is classified to the lowest level to which each of these inputs belongs that has the lowest priority for calculating market value.

Financial assets and liabilities not recognized in consolidated balance sheet at market value

Category	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Corporate bonds	-	4,718	-	4,718
Long-term borrowings (including current portion)	-	107,047	-	107,047

Note. Explanation of valuation techniques used for market value calculation and input related to market value calculation

Corporate bonds

The market values of corporate bonds issued by the Company is calculated using the discounted present value method based on the total amount of principal and interest and the interest rate that takes into account the remaining term of the bonds and credit risk and is classified as Level 2 market values.

Long-term borrowings (including current portion)

These market values are calculated by the discounted present value method based on the total amount of principal and interest and the interest rate taking into account the remaining period of the debt and credit risk and are classified as Level 2 market values.

(Business Combination, etc.)

Business combination by acquisition of shares

(1) Overview of the business combination

(i) Name and business of the acquired company

Name of the acquired company	Otake Kenso Holdings Co., Ltd. And the following four wholly owned subsidiaries Otake Kenso CO., LTD. Jonan Kenso CO., LTD. Tama Kenso Kogyo CO., LTD. Arrow Co., Ltd.
Description of business	Design and installation of sashes and glass windows in office buildings and hotels

(ii) Main reason for the business combination

Otake Kenso Holdings Co., Ltd. and its group companies (hereinafter referred to as "Otake Kenso") By internalizing processes from planning to construction in-house, the Group will be able to provide higher-quality and more functional office spaces and other facilities in a stable and timely manner. Otake Kenso's technology for improving buildings insulation and energy conservation efficiency through the renewal of sashes and glass windows is also expected to make a significant contribution to the creation of environmental value in our Replanning Business.

(iii) Date of business combination

October 1, 2025

(iv) Legal form of the business combination

Acquisition of shares in exchange for cash

(v) Name of the company after the business combination

Otake Kenso Holdings Co., Ltd.  
And the following four wholly owned subsidiaries  
Otake Kenso CO., LTD.  
Jonan Kenso CO., LTD.  
Tama Kenso Kogyo CO., LTD..  
Arrow Co., Ltd.

(vi) Percentage of voting rights acquired

100%

(vii) Basis for determining the acquired company

The Company acquired shares in exchange for cash.

(2) Period of the acquired company's financial results included in the consolidated financial statements

From October 1, 2025 to March 31, 2026

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition:	Cash	4,006 million yen
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Acquisition cost:	4,006 million yen
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(4) Details and amount of major acquisition-related expenses

Advisory fees, etc.: 171 million yen

(5) Amount of goodwill, reason for recognition, and amortization method and period

(i) Amount of goodwill

1,281 million yen

(ii) Reason for recognition

This is the excess sales capacity expected from future operations.

(iii) Amortization method and period

Straight-line method over 4 years

(6) Assets received and liabilities subscribed on the date of the business combination and the breakdown thereof

Current assets	3,136 million yen
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Non-current assets	2,123 million yen
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Total assets	5,260 million yen
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Current liabilities	1,190 million yen
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Non-current liabilities	1,342 million yen
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Total liabilities	2,533 million yen
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(7) Estimated impact on current consolidated fiscal year's Consolidated Statement of Income on the assumption that the business combination was completed on the first day of the current fiscal year and the calculation method thereof

This information is omitted due to immateriality.

These notes have not received audit certification.

(Notes on Lease and Real Estate)

The Company operates rental office buildings (including land) as well as hotel facilities (including land) in Tokyo and other areas. For the fiscal year ended March 31, 2026, net rental income from such rental properties was 244 million yen (rent revenue is recorded in net sales and rental expenses are recognized in cost of sales). In addition, the amount recorded in the consolidated balance sheet, increase/decrease for the current consolidated fiscal year and market value at the end of the current consolidated fiscal year for the said lease and real estate are as follows.

Consolidated balance sheet amount (million yen)			Market value at the end of the current consolidated fiscal year (million yen)
Balance at the beginning of the current consolidated fiscal year	Fiscal year under review Increase/Decrease	Balance at the end of the current consolidated fiscal year	
6,839	-4,364	2,475	6,314

Note 1. The consolidated balance sheet amount is the acquisition cost excluding the accumulated depreciation.

2. Among increases/decreases during the fiscal year under review, the major increase was due to new acquisitions (693 million yen) and the major decreases were due to transfers following changes in the holding purpose of the assets (4,767 million yen), depreciation (170 million yen), and a decrease due to sales (119 million yen).

3. The market value at the end of the current consolidated fiscal year is the amount based on the real estate appraisal report by an external real estate appraiser.

(Notes on Revenue Recognition)

1. Breakdown of information regarding revenue generated from contracts with clients

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Total		
Real Estate Revitalization Business net sales	68,397	-	-	68,397	-	68,397
Hotel Development Business net sales	-	-	-	-	-	-
Hotel Operation Business net sales	-	-	18,186	18,186	-	18,186
Other Business net sales	94	12,943	237	13,275	5,638	18,914
Revenue from contracts with clients	68,491	12,943	18,424	99,859	5,638	105,498
Other income (Note 2)	7,942	2,179	432	10,554	29	10,584
Net sales to external clients	76,434	15,123	18,857	110,414	5,668	116,083

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

2. Other income includes rental income under Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and transfers of real estate (including beneficial interests in real estate trust) subject to the Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies (Transferred Guidance, No. 10).

2. Basic information to understand the revenue generated from contracts with clients

Basic information for understanding revenue is as described in “Notes Regarding Significant Accounting Policies for the Preparation of Consolidated Financial Statements 3. Matters concerning Accounting Policies (4) Other significant matters for preparation of consolidated financial statements (ii) Standards for recording significant revenues and expenses.”

3. Information to understand the amount of revenue for the current period and subsequent periods

(1) Balance of contract assets and contract liabilities, etc.

The Company’s contract balance is as follows.

	Current consolidated fiscal year (Million yen)
Receivables arising from contracts with clients (at beginning of the period)	1,943
Receivables arising from contracts with clients (at end of the period)	3,414
Contract assets (at beginning of the period)	134
Contract assets (at end of the period)	74
Contract liabilities (at beginning of the period)	440
Contract liabilities (at end of the period)	1,676

Note 1. Receivables arising from contracts with clients

Receivables arising from contracts with clients are mainly uncollected proceeds for room charges, etc. and rights to clients arising from the performance of contracts in Real Estate Service Business. The collection period for these receivables is mainly within one to three months.

Note 2. Contract assets

Contract assets relate to the rights to clients arising from the receipt of payments from clients in the course of performance recognized in connection with contract work agreements in Construction Business. Contract assets for completed work are recognized in advance and are transferred to trade receivables upon acceptance by clients and invoicing.

Contract assets are included in notes receivable, accounts receivable, and contract assets in the Consolidated Balance Sheet.

Note 3. Contract liabilities

Contract liabilities mainly consist of earnest money received at the time of execution of sales contracts in Replanning Business, consideration received prior to performance under construction contracts in Construction Business, and room charges received in advance, etc. in Hotel Operation Business. These are transferred to income when the Company performs under contracts.

Contract liabilities are included in Other current liabilities in the Consolidated Balance Sheet.

Of the contract liabilities at the beginning of the current consolidated fiscal year, the amount recognized in revenue in the current consolidated fiscal year was 440 million yen.

The decrease in contract assets in the current consolidated fiscal year was mainly due to a decrease in construction orders in Construction Business.

The increase in contract liabilities in the current consolidated fiscal year was primarily due to an increase in advances received in Construction Business.

(Notes on Per Share Information)

(1) Net assets per share	2,316.75 yen
(2) Earnings per share	327.76 yen
(3) Fully diluted earnings per share	290.63 yen

Note. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in weighted average number of shares for the period in common shares and treasury shares deducted in the calculation of the total number of outstanding shares at the end of the fiscal year under review. The weighted average number of the Company's shares for the period held by the trust account is 128,300 shares and the number of shares at the end of the year is 128,300 shares.

(Notes on Special Purpose Companies subject to Disclosure)

(1) Overview of the special purpose company subject to disclosure and overview of transactions using the special purpose company subject to disclosure

The Company operates an investment product in sub-divided real estate sales business in Real Estate Revitalization Business based on Act on Specified Joint Real Estate Ventures (voluntary partnership type) and uses voluntary partnership as part of the business structure.

In this business, sub-divided real estate investment product purchasers (hereinafter referred to as investors) will enter into an agreement with voluntary partnership to participate in the specified joint real estate ventures and make contributions in kind. Voluntary partnership is structured to receive distributions of profits and losses arising from real estate investments in kind by investors. Profits and losses on leasing and sales of the real estate are attributable to investors.

As a Managing Partner (Chairman), the Company receives chairman compensation in accordance with the Voluntary Partnership Agreement, and also receives compensation from voluntary partnership for entrusting building management in a lump sum. In the case of a cash contribution, transfer of real estate occurs between the Company and voluntary partnership.

The latest financial position for the current consolidated fiscal year is as follows.

	Fiscal year under review (March 31, 2026)
Number of Special Purpose Companies	27 partnerships
Total assets as of the latest balance sheet date (simple sum)	18,828 million yen
Total liabilities (simple sum)	424 million yen

For the fiscal year under review, the total amounts of assets and liabilities of one of the above partnerships are not included in the total amounts because the closing date has not arrived yet.

(2) Transaction amount with the special purpose company subject to disclosure

	Major transaction amount	Main profit and loss	
		Item	Amount
Transfer amount of real estate	4,005 million yen	Net sales	4,005 million yen

Note 1. Transfer amount of real estate is stated at the transfer price at the time of transfer. The transfer amount of real estate is shown in net sales in the Consolidated Statement of Income.

2. Transactions other than above have been omitted due to lack of importance.

(Note on Significant Subsequent Events)

Capital and Business Alliance Agreement

On February 25, 2026, the Company and ITOCHU Corporation (hereinafter referred to as “ITOCHU”) entered into a capital and business alliance agreement for the purpose of enhancing the corporate values of both companies over the medium- to long-term through the expansion of existing businesses and the development of new businesses by combining the resources and expertise of the Company and ITOCHU. In connection with this, new shares were issued through a capital increase by third-party allotment and a tender offer for the Company’s shares was conducted as follows.

1. Issuance of new shares through capital increase by third-party allotment

On April 1, 2026, new shares were issued by the third-party allotment method. The outline is as follows.

(i) Overview of the capital increase by third-party allotment

(1)	Due date	April 1, 2026
(2)	Number of shares newly issued	5,500,000 common shares
(3)	Issue price	2,438 yen per share
(4)	Amount of funds procured	13,409,000,000 yen
(5)	Amount of capital increase	6,704,500,000 yen
(6)	Amount of increase in capital reserve	6,704,500,000 yen
(7)	Method of offering or allotment (allottee)	All shares shall be allotted to ITOCHU by way of third-party allotment

(ii) Changes in the total number of issued shares and the amount of capital by way of the capital increase by third-party allotment

(1)	Total number of issued shares before capital increase	51,907,314 shares (amount of capital before capital increase: 14,414,211,307 yen)
(2)	Number of shares increased by capital increase	5,500,000 common shares (amount of capital increased: 6,704,500,000 yen)
(3)	Total number of issued shares after capital increase	57,407,314 shares (amount of capital after capital increase: 21,118,711,307 yen)

2. Tender offer for company shares by SI Corporation, a wholly-owned subsidiary of ITOCHU

A tender offer for common shares of the Company that SI Corporation (the tender offeror), which is a wholly-owned subsidiary of ITOCHU, had been conducting since February 26, 2026 was completed on April 9, 2026, and the total number of share certificates, etc. tendered (7,768,279 shares) exceeded the maximum number of shares that may be purchased through the tender offer (6,656,900 shares) and therefore the tender offeror will acquire 6,656,900 Company shares, which constitutes the maximum number of shares that may be purchased.

As a result, together with the above-mentioned capital increase by third-party allotment on April 1, 2026, the number of voting rights in the Company’s shares held by ITOCHU directly or through the tender offeror as of April 16, 2026 (the commencement date of settlement of the tender offer) exceeded 20% of the number of voting rights of all shareholders of the Company, and ITOCHU became a new “other affiliated company” of the Company as of the same date.

(Other Note)

Not applicable.

## Non-consolidated Balance Sheet

(As of March 31, 2026)

(Unit: million yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
Current assets	177,629	Current liabilities	20,254
Cash and time deposits	17,515	Accounts payable - trade	3,352
Account receivable	903	Current portion of long-term borrowings	6,860
Real estate for sale	13,574	Income taxes payable	3,323
Real estate for sale in process	133,689	Deposits payable	3,120
Short-term advance to affiliated company	8,985	Provision for bonuses	190
Other	2,969	Provision for bonuses for directors	79
Allowance for doubtful accounts	-8	Other	3,326
Non-current assets	44,198	Non-current liabilities	94,834
Property, plant and equipment	10,937	Corporate bonds	5,102
Buildings	4,227	Long-term borrowings	86,312
Land	6,563	Long-term deposits received	3,085
Other	146	Provision for share-based remuneration	119
Intangible assets	571	Asset retirement obligations	60
Other	571	Other	154
Investments and other assets	32,689	Total liabilities	115,088
Subsidiaries' and affiliates' stocks	27,262	Net assets	
Long-term loans to affiliates	265	Shareholders' equity	106,713
Long-term loans	667	Share capital	14,414
Deferred tax assets	1,703	Total capital surplus	8,940
Other	2,888	Capital reserve	8,898
Allowance for doubtful accounts	-96	Other capital surplus	41
		Retained earnings	83,683
		Legal reserve	13
		Other retained earnings	83,670
		Retained earnings brought forward	83,670
		Treasury shares	-324
		Valuation and translation adjustments	2
		Valuation difference on available-for-sale securities	2
		Share acquisition rights	23
		Total net assets	106,739
<b>Total assets</b>	<b>221,827</b>	<b>Total liabilities and net assets</b>	<b>221,827</b>

**Non-consolidated Statement of Income**  
(From April 1, 2025 to March 31, 2026)

(Unit: million yen)

Item	Amount	
Net sales		78,830
Cost of sales		50,650
Gross profit		28,179
Selling, general and administrative expenses		8,913
Operating profit		19,265
Non-operating income		
Interest and dividend income	152	
Compensation for eviction received	40	
Reversal of allowance for doubtful account	17	
Other	68	277
Non-operating expenses		
Interest expenses	1,232	
Share issuance expenses	584	
Other	120	1,937
Ordinary profit		17,605
Extraordinary income		
Gain on extinguishment of tie-in shares	177	
Gain on sale of shares of subsidiaries and affiliates	0	177
Extraordinary loss		
Loss on valuation of investment securities	104	
Loss on valuation of shares of subsidiaries and affiliates	70	
Loss on extinguishment of tie-in shares	53	
Other	6	235
Profit before income taxes		17,547
Income taxes - current	5,580	
Income taxes - deferred	-362	5,217
Profit		12,329

**Non-consolidated Statement of Changes in Equity**  
(From April 1, 2025 to March 31, 2026)

(Unit: million yen)

	Shareholder's equity						
	Share capital	Capital surplus			Legal reserve	Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings
					Retained earnings brought forward		
Balance at beginning of the period	11,965	6,449	43	6,493	13	74,797	74,810
Changes during period							
Conversion of convertible bonds with share acquisition right	2,448	2,448	-0	2,448			
Dividends of surplus						-3,456	-3,456
Profit						12,329	12,329
Purchase of treasury shares							
Disposal of treasury shares			-2	-2			
Net changes in items other than shareholders' equity during period							
Total changes during period	2,448	2,448	-2	2,446	-	8,872	8,872
Balance at end of the period	14,414	8,898	41	8,940	13	83,670	83,683

	Shareholders' equity		Valuation and translation difference		Share acquisition rights	Net assets total
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation difference		
Balance at beginning of the period	-202	93,067	2	2	30	93,100
Changes during period						
Conversion of convertible bonds with share acquisition right		4,897				4,897
Dividends of surplus		-3,456				-3,456
Profit		12,329				12,329
Purchase of treasury shares	-199	-199				-199
Disposal of treasury shares	77	74				74
Net changes in items other than shareholders' equity during period			0	0	-7	-6
Total changes during period	-122	13,645	0	0	-7	13,638
Balance at end of the period	-324	106,713	2	2	23	106,739

## Notes to Non-consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Matters Concerning Significant Accounting Policies)

### 1. Valuation standards and methods for assets

#### (1) Valuation standards and methods for securities

(i) Shares of subsidiaries and affiliates Stated at cost using the moving-average method.

(ii) Other securities (available-for-sale securities)

Shares other than those with no market price, etc. Stated at market (Valuation difference is reported as a component of net assets. The cost of sale is calculated using the moving-average method.)

Shares with no market price, etc. Stated at cost using the moving-average method.

#### (2) Assessment criteria and assessment methods of inventories

Real estate for sale and Real estate for sale in process Stated at cost determined by the specific identification method.  
(The figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)  
Leased assets are depreciated in accordance with property, plant and equipment standards.

### 2. Depreciation of non-current assets

#### (1) Property, plant and equipment

The declining-balance method is applied.  
However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings 3 to 39 years

Other 3 to 20 years

Small-amount depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are depreciated over three years on a straight-line basis.

#### (2) Intangible assets

The straight-line method is applied.  
Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years).

### 3. Standards for provisions

#### (1) Allowance for doubtful accounts

To prepare for losses from bad debts, the Company records an estimated amount of irrecoverable debt based on the historical write-off rate for ordinary receivables and based on recoverability of individual cases for specified receivables such as doubtful accounts.

#### (2) Provision for bonuses

To prepare for the payment of bonuses to employees, the Company records the portion of the estimated bonuses to be paid during the current fiscal year.

#### (3) Provision for bonuses for directors

Provision for directors' bonuses is provided based on the estimated amount to be paid during the current fiscal year.

#### (4) Provision for share-based remuneration

To prepare for the provision of the Company's shares to employees based on the Share Benefit Regulations, the provision for share-based remuneration is recorded based on the estimated amount of the share benefit obligation at the end of the current fiscal year.

### 4. Method of recording revenue and expenses

The major performance obligations in principal businesses related to revenue arising from contracts with the Company's clients and the normal time at which such performance obligations are satisfied (normal time at which revenue is recognized) are as follows.

(a) Real Estate Revitalization Business

Replanning Business

Replanning Business purchases existing office buildings, refurbishes buildings and facilities, and attracts excellent tenants to sell added value to clients in Japan and overseas. The Company is obligated to deliver these properties based on real estate sales agreements with clients.

The performance obligation is fulfilled at the time the property is delivered, and revenue is recorded at the time of delivery of the property.

(b) Real Estate Service Business

(1) Property Management Business

Property Management Business enters into property management agreements with clients and is obligated to perform various operations related to real estate properties on behalf of clients, including maintenance and management of properties and collection of rent from tenants.

The performance obligation is fulfilled at the time service is provided based on the property management agreement, and revenue is recorded over the contract period.

(2) Sales Brokerage Business

Sales Brokerage Business stands between the buyer and the seller at the time of purchase and sale of real estate and is responsible for executing the sales agreement. Based on the intermediary agreement with the client, the Company is responsible for a series of operations including negotiation and adjustment of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements.

The performance obligation is fulfilled at the time when the property related to the real estate sales agreement established by the intermediary contract is delivered, and revenue is recorded at the time of delivery.

(3) Leasing Brokerage Business

Leasing Brokerage Business is a business that stands between the lessee and the lessor when leasing real estate and is responsible for concluding lease agreements. Based on intermediary agreements with clients, the business is responsible for a series of operations including negotiations and adjustments of transaction terms and conditions to conclude agreements, delivery and explanation of important matters, preparation and delivery of agreements, and involvement in procedures for performance of agreements.

The performance obligation is fulfilled at the time when the real estate lease agreement for the property brokered by the intermediary agreement is concluded, and revenue is recorded at the time of conclusion of the agreement.

(c) Hotel and Tourism Business

Hotel Development Business

Hotel Development Business is a business engaging in the purchase of land and the construction of hotel buildings, which are then sold to clients, and is obligated to deliver the property based on the real estate sales agreement with the clients.

The performance obligation is fulfilled at the time the property is delivered, and revenue is recorded at the time of delivery.

(d) Others

Construction Business

Construction Business is engaged in renovation planning, repair and renovation work for commercial buildings, telecommunications work and contracted interior construction for large, medium, and small facilities, etc.

When control over goods or services is transferred to clients over a certain period, revenue is recorded over a certain period as the performance obligation to transfer goods or services to clients is fulfilled.

Contracts with a very short period between the transaction start date and the time when the performance obligation is expected to be fulfilled, or construction work for which the order amount per construction work is insignificant are subject to alternative treatment in which revenue is not recognized over a certain period but is recognized when the performance obligation is fulfilled.

5. Basis for preparation of other financial statements

(1) Standards for translation of significant assets or liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the respective balance sheet dates, and translation differences are charged or credited to income.

(2) Non-deductible consumption tax accounting

Non-deductible consumption tax on assets is charged to income in the year in which it is incurred.

- (3) Application of group tax sharing system  
Group tax sharing system is applied.

(Notes on Accounting Estimates)

1. Assessment of the real estate for sale

- (1) Amount recorded in the financial statements for the current business year

Real estate for sale	13,574 million yen
Real estate for sale in process	133,689 million yen

- (2) Other information

For real estate for sale, etc., if the net selling price falls below the acquisition cost, the net selling price is stated as the balance sheet amount. The net selling price is calculated by deducting the estimated future cost of construction work and the estimated selling expenses from the return value, which is calculated by dividing the expected future profit, estimated based on the business plan, by the expected yield.

The calculation of the return value includes estimates such as future market forecasts that are assumptions and is calculated based on important assumptions such as future tenant rents and expected yields.

In the following fiscal years, the net selling price may change due to changes in assumptions used in formulating business plans in the event of unanticipated events that were not anticipated at the time of formulating business plans. This may have a significant impact on the amount of real estate for sale, etc., recognized in the consolidated financial statements for the following fiscal year and thereafter.

2. Non-current assets impairment

- (1) Amount recorded in the financial statements for the current business year

Non-current assets related to Hotel Development Business	8,820 million yen
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- (2) Other information

The non-current assets related to Hotel Development Business are leased to consolidated subsidiaries. The rent is determined based on assumptions such as the average unit price and occupancy rate of hotel rooms based on future market forecasts under the long-term management policy. If signs of impairment are shown, the determination of impairment loss recognition is based on the rental contracts and a comparison of the estimated undiscounted future cash flows over the contract period with the carrying amounts of the hotels.

In the following fiscal year and thereafter, the assumptions used in calculating rents may change in the event of unanticipated events when the rental contracts were formulated. This may have a significant impact on the non-current assets amounts recognized in the financial statements for the following fiscal year and thereafter.

(Additional Information)

Change in holding purpose of assets

Property, plant and equipment (2,274 million yen in buildings and 2,492 million yen in land) has been transferred to real estate for sale in process of 4,767 million yen under current assets due to a change in the holding purpose.

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 as treasury shares. The book value and number of shares of the treasury shares were 157 million yen and 128,300 shares.

(Notes to Balance Sheet)

(1) Assets pledged as collateral and obligations secured by collateral

(i) Assets pledged as collateral are as follows:

Real estate for sale	10,781 million yen
Real estate for sale in process	122,205 million yen
Buildings	3,759 million yen
Land	6,488 million yen
Other	28 million yen
<u>Total</u>	<u>143,263 million yen</u>

(ii) Secured liabilities are as follows:

<u>Long-term borrowings (including current portion)</u>	<u>87,272 million yen</u>
<u>Total</u>	<u>87,272 million yen</u>

(2) Accumulated depreciation of property, plant and equipment 1,973 million yen

(3) Monetary claims and monetary obligations to subsidiaries and affiliates (excluding those classified)

Short-term monetary claims	100 million yen
Short-term monetary obligations	380 million yen
Long-term monetary obligations	81 million yen

(4) Monetary obligations to Directors 56 million yen

(5) Guarantee obligations

1. Debt guarantee by affiliated companies for borrowings from financial institutions

Sun Frontier Hotel Management Inc.	15,697 million yen
Sun Frontier Sado Inc.	350 million yen
SF Communication Inc.	8 million yen
Hotel Osado Co., Ltd	490 million yen
AQUA TOWER LIMITED LIABILITY COMPANY	1,118 million yen

2. Guarantee for reimbursement obligation of affiliated companies from financial institutions

Sun Frontier Hotel Management Inc.	1,650 million yen
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3. Guarantee for customers' borrowings from financial institutions

986 million yen

(Notes to Statement of Income)

(1) Transactions with affiliated companies

Transaction volume from operating transactions

Net sales	543 million yen
Cost of sales and selling, general and administrative expenses	1,403 million yen

Non-operating transactions

Non-operating income	102 million yen
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(2) Gain on extinguishment of tie-in shares

Gain on extinguishment of tie-in shares was recorded due to the absorption-type merger of Navd Inc., a consolidated subsidiary, with the Company as the surviving company on November 1, 2025.

(3) Loss on extinguishment of tie-in shares

Loss on extinguishment of tie-in shares was recorded due to the absorption-type merger of UT Trading LLC, a consolidated subsidiary, with the Company as the surviving company on April 1, 2025, and CRC Japan Co., Ltd. on June 1, 2025.

(Notes to Statement of Changes in Equity)  
Matters concerning treasury shares

Type of shares	Beginning of the current fiscal year	Increase	Decrease	End of the current fiscal year
Common shares	172,616 shares	93,454 shares	43,450 shares	222,620 shares

Note. The number of treasury shares in common shares, includes the Company's share of 128,300 held by the trust account of the Employee Stock Ownership Plan (J-ESOP).

(Summary of Reasons for Change)

Details of the increase/decrease in the number of treasury shares of common shares are as follows.

Increase due to acquisition of treasury shares for the purpose of delivering restricted stock	92,500 shares
Increase due to acquisition of treasury shares following the forfeiture of rights by a grantee of restricted stock remuneration	929 shares
Increase due to purchase of odd-lot shares	25 shares
Decrease due to disposition of treasury shares for the purpose of granting as remuneration of restricted stock	32,720 shares
Decrease due to disposition of treasury shares upon exercise of stock options	10,730 shares

(Notes on Tax Effect Accounting)

(1) Breakdown of deferred tax assets and deferred tax liabilities by major cause  
(Unit: million yen)

Deferred tax assets	
Inventory assets	1,025
Disallowed unrealized loss on shares of affiliates	708
Disallowed loss on valuation of investment securities	81
Accrued enterprise tax	182
Allowance for doubtful accounts	33
Taxes and duties	108
Accounts payable	65
Accrued expenses	106
Provision for bonuses	59
Long-term accounts payable	17
Excess depreciation	39
Disallowed unrealized loss on land	9
Asset retirement obligations	49
Other	211
Subtotal	2,698
Valuation allowance	-696
Deferred tax assets total	2,002
Deferred tax liabilities	
Valuation difference on available-for-sale securities	1
Valuation of inventory assets	280
Interest expenses on asset retirement obligations	16
Other	0
Deferred tax liabilities total	298
Deferred tax assets net	1,703

(Notes on Transactions with Related Parties)

1. Subsidiaries and affiliates

(Unit: million yen)

Type	Company name	Percentage of voting rights held	Relationship with related parties	Contents of the transaction	Transaction amount	Account	Year-end balance
Subsidiary	Sun Frontier Hotel Management Inc.	Possession Direct 99.9% Indirect -	Lease transaction	Debt guarantee	15,697	-	-
			Management	Receipt of debt guarantee fee (Note (i))	12	-	-
			Concurrent appointment posts	Loan of funds	3,000	Short-term loans to affiliates	8,000
			Loan of funds	Receipt of interest (Note (ii))	70		
			Debt guarantee Sale of shares	Sale of preferred stock	3,288	-	-

Note. Transaction terms and policy for determining transaction terms

(i) The Company has provided guarantees for financial institutions borrowings and has received a guarantee fee of 0.1% per annum.

(ii) Interest rates on loans are determined by taking market interest rates into consideration.

2. Officers and individual major shareholders, etc.

There are no significant transactions that should be noted.

(Notes on Revenue Recognition)

Basic information for understanding revenue

The information is identical to that presented in the Notes to Consolidated Financial Statements.

(Notes on Per Share Information)

(1) Net assets per share	2,064.75 yen
(2) Earnings per share	252.79 yen
(3) Fully diluted earnings per share	224.16 yen

Note. The Company's shares held by the trust account of the Employee Stock Ownership Plan (J-ESOP) are included in weighted average number of shares for the period in common shares and treasury shares deducted in the calculation of the total number of outstanding shares at the end of the fiscal year under review. The weighted average number of shares for the period held by the trust account is 128,300 shares and number of shares at year-end is 128,300 shares.

(Notes on Significant Subsequent Events)

Capital and Business Alliance Agreement

On February 25, 2026, the Company entered into a capital and business alliance agreement with ITOCHU Corporation (hereinafter "ITOCHU") for the purpose of enhancing the corporate value of both companies over the medium to long term by combining the resources and know-how of the Company and ITOCHU, expanding the existing businesses of both companies and developing new ones. In connection with this, new shares were issued through a third-party allotment and a tender offer for the Company's shares was conducted as follows.

## 1. Issuance of new shares by third-party allotment

On April 1, 2026, new shares were issued by the third-party allotment method. The outline is as follows.

### (i) Overview of the capital increase by third-party allotment

(1) Due date	April 1, 2026
(2) Number of shares newly issued	5,500,000 common shares
(3) Issue price	2,438 yen per share
(4) Amount of funds to be procured	13,409,000,000 yen
(5) Amount of stated capital to be increased	6,704,500,000 yen
(6) Amount of capital reserve to be increased	6,704,500,000 yen
(7) Method of offering or allotment (allottee)	All shares shall be allotted to ITOCHU by way of third-party allotment

### (ii) Change in the total number of issued shares and the amount of stated capital by way of the capital increase by third-party allotment

(1) Total number of issued shares before capital increase	51,907,314 shares (amount of stated capital before capital increase: 14,414,211,307 yen)
(2) Number of shares to be increased by capital increase	5,500,000 common shares (amount of stated capital to be increased: 6,704,500,000 yen)
(3) Total number of issued shares after capital increase	57,407,314 shares (amount of stated capital after capital increase: 21,118,711,307 yen)

## 2. Tender offer for company shares by SI Corporation, a wholly owned subsidiary of ITOCHU

A tender offer for common shares of the Company that SI Corporation (the “Tender Offeror”), which is a wholly-owned subsidiary of ITOCHU, had been conducting since February 26, 2026 was completed on April 9, 2026, and the total number of share certificates, etc. tendered (7,768,279 shares) exceeds the maximum number of shares that may be purchased through the tender offer (6,656,900 shares) and therefore the Tender Offeror will acquire 6,656,900 Company shares, which constitutes the maximum number of shares that may be purchased.

As a result, together with the above-mentioned capital increase by third-party allotment on April 1, 2026, the number of voting rights in Company’s shares held by ITOCHU directly or through the Tender Offeror as of April 16, 2026 (the commencement date of settlement of the tender offer) exceeded 20% of the number of voting rights of all shareholders of the Company, and ITOCHU newly became an “other affiliated company” of the Company as of the same date.

## Audit Report on Consolidated Financial Statements

### Independent Auditor's Report

May 13, 2026

To the Board of Directors of Sun Frontier Fudousan Co., Ltd.:

Sanyu Audit LLC  
Tokyo Office, Japan

Hitoshi Torii  
Designated Partner  
Engagement Partner  
Certified Public Accountant

Tomoharu Takashima  
Designated Partner  
Engagement Partner  
Certified Public Accountant

#### **Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to consolidated financial statements of Sun Frontier Fudousan Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group") for the fiscal year from April 1, 2025 to March 31, 2026 in accordance with Article 444, Paragraph 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including provisions applicable to financial statement audits of entities with high social impact), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Committee Members and the Audit & Supervisory Committee are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

### **Responsibilities of Management, the Audit & Supervisory Committee Members and the Audit & Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee Members and the Audit & Supervisory Committee are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform audits of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to form the basis for our opinion on the consolidated financial statements. We are responsible for the direction, supervision and examination of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee Members and the Audit & Supervisory Committee regarding, among other matters required by audit standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee Members and the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, if measures have been taken to eliminate disincentives or applied safeguards to reduce them to an acceptable level, the details of those measures.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and the designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit Report on the Non-consolidated Financial Statements

### Independent Auditor's Report

May 13, 2026

To the Board of Directors of Sun Frontier Fudousan Co., Ltd.:

Sanyu Audit LLC  
Tokyo Office, Japan

Hitoshi Torii  
Designated Partner  
Engagement Partner  
Certified Public Accountant

Tomoharu Takashima  
Designated Partner  
Engagement Partner  
Certified Public Accountant

#### **Opinion**

We have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the notes to non-consolidated financial statements, and the supplementary schedules (the “financial statements and others”) of Sun Frontier Fudousan Co., Ltd. (the “Company”) as at March 31, 2026 and for the fiscal year from April 1, 2025 to March 31, 2026 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act.

In our opinion, the financial statements and others referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and others were prepared, in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan (including provisions applicable to financial statement audits of entities with high social impact), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Committee Members and the Audit & Supervisory Committee are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the financial statements and others does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the financial statements and others is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements and others or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

### **Responsibilities of Management, the Audit & Supervisory Committee Members and the Audit & Supervisory Committee for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and others in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements and others that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and others, management is responsible for assessing whether it is appropriate to prepare the financial statements and others with the assumption of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, as applicable in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and Others**

Our objectives are to obtain reasonable assurance about whether the financial statements and others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements and others based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and others.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and others, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the financial statements and others is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the financial statements and others and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and others or, if such disclosures are inadequate, to express a qualified opinion with exceptions on the financial statements and others. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and others are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial

statements and others, including the disclosures, and whether the financial statements and others represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee Members and the Audit & Supervisory Committee regarding, among other matters required by audit standards, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee Members and the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, if measures have been taken to eliminate disincentives or applied safeguards to reduce them to an acceptable level, the details of those measures.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and the designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit Report of the Audit & Supervisory Committee

### Audit Report

The Audit & Supervisory Committee, having received a report from each Audit & Supervisory Committee Member on the method and results of his or her audit on the performance of duties of Directors during the 27th fiscal year from April 1, 2025 to March 31, 2026, and, as a result of discussion, does hereby report the results of audit as follows:

#### 1. Auditing method and its contents

The Audit and Supervisory Committee regularly received reports on the details of the resolutions of the Board of Directors concerning the matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act of Japan and the status of the construction and operation of the system established based on such resolutions (internal control system) from Directors and employees, etc., requested explanations as necessary, expressed opinions, and conducted audits by the method described below.

- (i) Audit & Supervisory Committee Members attended important meetings, received reports from Directors and employees on matters related to the execution of their duties, requested explanations as necessary, inspected important approval documents, etc., and investigated the status of business and assets at the head office and major business offices in accordance with the standards for Audit & Supervisory Committee Audits established by the Audit & Supervisory Committee and in accordance with auditing policies and the division of duties, in cooperation with the internal audit department of the Company. With regard to subsidiaries, the Audit & Supervisory Committee worked to communicate and exchange information with the Directors and Audit & Supervisory Committee Members, etc. of the subsidiaries, and received reports on the business from the subsidiaries as necessary.
- (ii) We monitored and verified whether or not the accounting auditor has properly carried out audits while maintaining its independence. We also received reports from the accounting auditor on the performance of its duties and have asked it to provide explanations when necessary. In addition, we sought explanations as necessary, upon having received notice from the accounting auditor that the “systems for ensuring that the performance of the duties is being carried out properly” (matters stipulated in each item of Article 131 of the Regulation on Corporate Accounting) have been developed in accordance with the “Quality Control Standard for Audit” (Business Accounting Council), etc. With regard to key audit matters (KAMs), the Audit & Supervisory Committee consulted with Sanyu Audit LLC and received reports on the implementation status of the audit and requested explanations as necessary.

Based on the methods described above, we reviewed the business report and supplementary schedules, the Non-consolidated Financial Statements (Non-consolidated balance sheet, Non-consolidated statement of income, Non-consolidated statement of changes in equity, and Notes to non-consolidated financial statements), supplementary schedules attached thereto, and the Consolidated Financial Statements (Consolidated balance sheet, Consolidated statement of income, Consolidated statement of changes in equity, and Notes to consolidated financial statements) for the fiscal year.

#### 2. Audit Results

- (1) Audit results of the Business Report, etc.
  - (i) We deem that the Business Report and supplementary schedules attached thereto fairly represent the situation of the Company in accordance with relevant laws and regulations, and the Articles of Incorporation.
  - (ii) We deem there to be no misconduct or material fact constituting a violation of relevant laws and regulations, or the Articles of Incorporation, regarding the Directors in performing their duties.
  - (iii) We deem that the content of the resolutions of the Board of Directors regarding the internal control systems are reasonable. We also deem there to be no issues to be pointed out with respect to the statements in the Business Report or Directors in performing their duties regarding the internal control systems.

(2) Audit results of the Non-consolidated Financial Statements and supplementary schedules attached thereto  
We deem that the methods and results of audits performed by the accounting auditor, Sanyu Audit LLC are appropriate.

(3) Audit results of the Consolidated Financial Statements  
We deem that the methods and results of audits performed by the accounting auditor, Sanyu Audit LLC are appropriate.

May 13, 2026

Sun Frontier Fudousan Co., Ltd. Audit & Supervisory Committee  
Outside Audit & Supervisory Committee Member Yukiko Edahiro  
Outside Audit & Supervisory Committee Member Kazutaka Okubo  
Outside Audit & Supervisory Committee Member Fumio Tsuchiya

Note. Audit & Supervisory Committee Members, Yukiko Edahiro, Kazutaka Okubo and Fumio Tsuchiya are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.