

# Consolidated Financial Results for Fiscal Year Ended March 31, 2024

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Company name: Sun Frontier Fudousan Co., Ltd.  
 Stock listing: Tokyo Stock Exchange Prime Section  
 Code number: 8934  
 URL: <https://www.sunfrt.co.jp/en/>  
 Representative: Seiichi Saito, President  
 Inquiries: Takeshi Hirahara, Senior Executive Officer, General Manager of Corporate Planning Department  
 (Phone: +81-3-5521-1301)

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Scheduled date of dividend payment commencement: June 26, 2024

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Supplemental materials for the financial results: Yes

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

\*Amounts are rounded down to millions of yen.

## 1. Consolidated Performance in Fiscal Year Ended March 31, 2024

### (1) Consolidated Operating Results (April 1, 2023 to March 31, 2024)

(% indicate year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2024/3	79,868	-3.5	17,600	18.1	17,374	18.0	11,917	2.6
FY2023/3	82,777	16.2	14,905	22.9	14,722	20.5	11,612	56.6

(Note) Comprehensive income: FY2024/3: 12,375 millions of yen (3.3%)

FY2023/3: 11,980 millions of yen (54.8%)

	Net Income per Share	Fully Diluted Net income per Share	ROE	ROA	Operating Income Margin
	¥	¥	%	%	%
FY2024/3	245.50	230.74	13.9	10.2	22.0
FY2023/3	238.98	238.76	15.3	10.2	18.0

(Reference) Income on investments based on equity method FY2024/3: 12 millions of yen

FY2023/3: -71 millions of yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
FY2024/3	188,661	94,416	48.0	1,864.36
FY2023/3	152,519	83,965	52.9	1,663.33

(Reference) Total Equity: FY2024/3: 90,519 millions of yen

FY2023/3: 80,702 millions of yen

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Operating Activities	Cash Flows from Operating Activities	Cash Flows from Operating Activities
	¥ million	¥ million	¥ million	¥ million
FY2024/3	-11,003	-4,254	21,040	47,866
FY2023/3	16,544	-6,681	2,039	41,914

## 2. Cash Dividends

	Cash Dividends per Share					Total Dividends	Consolidated Payout Ratio	Consolidated Net Asset dividend rate
	1 <sup>st</sup> quarter end	2 <sup>nd</sup> quarter end	3 <sup>rd</sup> quarter end	Year end	Annual Total			
	¥	¥	¥	¥	¥			
FY2023/3	-	23.00	-	25.00	48.00	2,335	20.1	3.1
FY2024/3	-	26.00	-	32.00	58.00	2,819	23.6	3.3
FY2025/3 (Forecast)	-	33.00	-	33.00	66.00		22.9	

The breakdown of FY2024/3 year-end dividend (forecast): ordinary dividend ¥30.00, commemorative dividend ¥2.00

## 3. Forecast for Consolidated Financial Results for FY2025/3 (April 1, 2024 to March 31, 2025)

(% indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Profit Attributable to Owners of Parent		EPS (yen)
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	100,000	25.2	20,870	18.6	20,000	15.1	14,000	17.5	288.41

### ※ Notes

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

- (2) Adaption of special accounting practices in the preparation of quarterly consolidated financial statements

Changes in accounting policies, estimates and retrospective restatement

- |  |      |
|--|------|
| 1) Changes in accounting policies due to changes in accounting standard: | None |
| 2) Changes in accounting policies other than 1) above:                   | Yes  |
| 3) Changes in accounting estimates:                                      | None |
| 4) Retrospective restatement:  | None |

- (3) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock):	FY2024/3	48,755,500 shares	FY2023/3	48,755,500 shares
2) Number of shares of treasury stock at the end of the period:	FY2024/3	203,208 shares	FY2023/3	237,169 shares
3) Average number of shares for the period:	FY2024/3	48,541,810 shares	FY2023/3	48,592,065 shares

(Note) The number of treasury shares at the end of the third quarter of the fiscal year ending March 31, 2024 includes 1,934 treasury shares of restricted stock as remuneration held by the former employees resigning during their terms in this period, 51 shares by purchase of fractional shares, and 35,946 treasury shares deducting disposed of as remuneration of restricted stock.

(Reference) Overview of Non-consolidated Performance

1. Non-consolidated Performance in the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Operating Results

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

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2024/3	52,929	1.6	11,944	-0.0	11,614	-1.2	7,953	1.0
FY2023/3	52,097	-12.5	11,949	-16.4	11,753	-18.1	7,871	-15.2

	Earnings per Share	Fully Diluted Earnings per Share
	¥	¥
FY2024/3	163.85	154.00
FY2023/3	161.98	161.83

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (yen)
	¥ million	¥ million	%	¥
FY2024/3	168,972	85,382	50.5	1,757.95
FY2023/3	137,212	79,859	58.2	1,645.34

(Reference) Total Equity: FY2024/3: 85,352 millions of yen

FY2023/3: 79,829 millions of yen

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

※Explanation for appropriate use of forecast and other special matters

Earnings per share in the forecast of consolidated financial results for FY2025/3 is calculated based on the average number of shares for the period, 48,541,810 shares.

Forward-looking statements, such as forecast of consolidated financial performance, stated in this document are based on information currently possessed by the Company as well as certain assumptions deemed rational. It does not mean that the Company assures that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance may be significantly different from such expectations due to various factors.

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## 1. Financial Highlights for the Fiscal Year Ended March 31, 2024

### (1) Business Performance

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

During the fiscal year under review, the Japanese economy continued to recover as the employment and income environments persisted to improve amid rising expectations for higher interest rates. In the global economy, while there are concerns about the outlook, such as persistently high policy interest rates in various countries, a slowdown in the Chinese economy, and high crude oil prices due to the impact of geopolitical risks, there is growing attention to the timing of policy interest rate cuts before the U.S. presidential election and a soft landing of the U.S. economy.

In the real estate market, average rents in the Tokyo Business District (5 wards of Central Tokyo: Chiyoda, Chuo, Minato, Shinjuku and Shibuya) bottomed out in November 2023 (unit price per tsubo: 19,726 yen) after 40 consecutive months of decline, and are currently on a slight upward trend at 19,820 yen (March 2024). After peaking at 6.48% in June 2023, the average vacancy rate has generally continued to improve, reaching 5.47% in March 2024 (according to a survey by a private survey organization). Until now, the market has been generally weak due to the promotion of remote work in the pandemic of COVID-19 and the increase in vacant floor space caused by the rush of completion of large-scale new office buildings. However, after the transition of COVID-19 to Category 5 (May 2023), demand has recovered as the significance of offices has been reconfirmed, and expectations for further declines in vacancy rate and increases in rents are increasing. In the real estate investment market, although the Bank of Japan's negative interest rate policy has been lifted, the accommodative financial environment is expected to be maintained, and low interest rates and the depreciation of the yen are expected to continue. Against this backdrop, overseas investors are expected to return to investing in office buildings. At the same time, strong investment demand for hotels continues due to a recovery in tourism demand.

In this environment, in the Real Estate Revitalization Business, our core business in the Group, the number of sales increased from the previous fiscal year. In addition, profit margin remained at a high level. As a result, both net sales and profit increased, continuing to drive the overall performance of the Company. Moreover, the Real Estate Service Business operations continued to perform well. In Hotel Development Business, net sales decreased in reaction to the sale of two hotels in the previous fiscal year, while profit increased due to the sale of one hotel in the fiscal year under review. In Hotel Operation Business, due to the “Nationwide Travel Subsidy Program” and the transition of COVID-19 to a Category 5 disease, as well as the impact of the depreciation of the yen, tourism demands further increased due to the recovery of both domestic and foreign tourists, and both net sales and profit saw significant year-on-year increases.

As a result, net sales amounted to 79,868 million yen (down3.5% YoY), operating profit amounted to 17,600 million yen (up18.1% YoY), ordinary profit amounted to 17,374 million yen (up18.0% YoY) and profit attributable to owners of parent amounted to 11,917 million yen (up2.6% YoY).

The results of each segment are as follows.

#### (Real Estate Revitalization Business)

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

- (i) In Replanning Business, we provide a one stop, integrated real estate service that includes everything from the purchase of buildings, renovation and utilization planning, construction work, leasing, rent guarantee services, management, and building management. During the fiscal year under review, purchase operations progressed at a faster pace than planned, thanks to cooperation among various departments of the Office Division and the strengthening of the procurement system. We will continue to strengthen our purchase operations in preparation for commercialization and sales in the coming

fiscal year. In commercialization, we worked to reflect the real needs of clients in our products and increase the value of our properties with a high added value. In property sales, we sold 25 properties (including two properties in New York and one small-lot property) during the fiscal year under review, and maintained a high level of 30% in segment profit margin. We will continue to utilize our community-based leasing capabilities to sell properties with high occupancy rates and high added value to investors in Japan and overseas. We also continued to focus on purchase and sales in our Replanning Business of apartments in New York, with one purchase and two sales in the fiscal year under review. Additionally, in specified joint real estate ventures, Compass Nerima, the Company's eighth small-lot project, was sold out, and Compass Sakurashinmachi, the Company's ninth small-lot project, was launched. In the fiscal period under review, both net sales and profit posted year-on-year increases due to steady property sales and the maintenance of a high level of gross profit margin.

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

As a result, net sales amounted to 51,027 million yen (up1.9% YoY) and segment profit amounted to 15,602 million yen (up1.7% YoY) in total for the Real Estate Revitalization Business.

(Real Estate Service Business)

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

- (i) In Property Management Business, we aim to raise tenant satisfaction through property management that meets the needs of the clients. At the same time, we are working with the leasing brokerage division to attract tenants and revise conditions to appropriate rents, thereby supporting the high-occupancy and high-profitability building management that meets building owners' requests. In the fiscal year under review, both net sales and profit recorded year-on-year growth, with number of entrusted buildings adding 36 buildings and occupancy rate improving 4.31% pt.

	End of March 2022	End of March 2023	End of March 2024
Number of Entrusted Buildings	421 buildings	457 buildings	493 buildings
Occupancy Rate	91.49%	89.61%	93.92%

- (ii) Under the slogan of “making Tokyo the most beautiful city in the world,” Building Maintenance Business is engaged in projects such as inspections, cleaning, renovation and surveys to maintain and manage buildings. With strengths in glass cleaning and exterior wall cleaning and repair work, we are collaborating with each department of the Office Division. Results for the fiscal year under review decreased from the previous fiscal year in both net sales and profit due to a decrease in facility disinfection work related to the COVID-19 pandemic and cancellations at unprofitable sites.
- (iii) In Sales Brokerage Business, as part of our real estate consulting, we are working to quickly respond to inquiries from clients in other divisions, including Property Management Business and Leasing Brokerage Business. The Office Divisions are working together to expand our customer base by supporting building owners' building management, and based on the trust we have built up, we have been able to win brokerage contracts. Results for the year under review declined in both net sales and

profit due to the conclusion of large-scale projects in the previous fiscal year.

- (iv) In Leasing Brokerage Business, we opened two sites in the fiscal year under review, the Shinbashi office and the Ikebukuro office, creating a service network of 12 sites in the main central Tokyo area. By utilizing tenant needs and changes that we have quickly learned from leasing sites in our research and proposals for optimal use of office space, we are leading to the creation of a new sense of value from our clients' perspective in Replanning Business product planning. Also, in our sub-lease operations, where we are working to resolve building owners' concerns, we added two new entrustment contracts during the fiscal year under review, bringing the total number of properties to 10. We will continue to stay close to clients and contribute to the local community by providing services as a familiar information center. Results for the fiscal year under review increased year on year in both net sales and profit due to strong performance in leasing.
- (v) In Rental Conference Room Business, the number of companies that have resumed group training programs has increased, and demand for rental conference room services has increased. Through services that respond to clients' requests, both new and repeat customers have increased. During the fiscal year under review, we opened new Vision Centers in the following five areas: Nihombashi, Ichigaya, Yaesu, Shinjyuku, and Shimbashi. The scale of operations was 15 sites, 6,481 tsubo. We will continue to accelerate site expansion mainly in central Tokyo. In the fiscal year under review, orders increased due to the new conference room opening and the floor space expansion in 10 facilities, resulting in significant year-on-year growth in both net sales and profit.
- (vi) In Rent Guarantee Business, through our brand "TRI-WINS", we provide services tailored to building owners for all processes from tenant screening at offices and stores, rent guarantee, building surrender lawsuits, and eviction. Compared to general guarantee services, this brand expands the range of services. It is a win-win-win service that solves the risks and issues faced by both building owners and tenants and contributes to economic growth and social stability. As a result of continued stable progress in our core credit guarantee business, our performance in both net sales and profit remained strong.

As a result, net sales amounted to 10,497 million yen (up18.7% YoY) and segment profit amounted to 5,612 million yen (up14.8% YoY) in total for the Real Estate Service Business.

#### (Hotel and Tourism Business)

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

- (i) In Hotel Development Business, net sales decreased year on year due to the sale of two hotels in the previous fiscal year, but profit increased significantly due to the sale of one subdivision of a condominium hotel lot and one hotel. In addition to the capital return from the sale of those hotels, we will utilize the funds raised through convertible bonds that were completed on October 6, 2023 to reinvest in development, including M&A, centered on the Tabino Hotel brand, and expand our operations. At present (May, 2024), there are 10 hotels with 1,347 rooms under planning in parts of the country, and together with hotels in in operation, there will be 39 hotels with 4,456 rooms.
- (ii) In Hotel Operation Business, five hotels (612 rooms) have been added to the Group, including Seifutei (11 rooms) in Inawashiro-machi, Fukushima, and Joytel Hotel Namba Doutonbori in the Kansai area. As a result, a total of 29 hotels (3,109 rooms) are currently (May, 2024) in operation. We will continue to focus on creating enthusiastic fans through the heart-warming services of our staff under the theme of "a heartwarming and fun hotel." During the fiscal year under review, due to the continued expansion of domestic tourism demand and the effects of recovery in inbound tourism, occupancy rate and average daily rate continued to rise based on the Group's high added value strategies. As a result, net sales and profit increased significantly from the previous fiscal year.

As a result, net sales amounted to 16,977 million yen (down26.1% YoY) and segment profit amounted to 4,369 million yen (up153.9% YoY) in total for the Hotel and Tourism Business.

#### (Other Business)

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

- (i) As for Overseas Development Business operations, the Group entered the Vietnamese market, where growth is expected, and is developing condominiums and other businesses. In October 2023, we acquired land for the development of a condominium in Danang, the largest city in central Vietnam, and the construction is scheduled to begin in the first half of the next fiscal year. We will continue to contribute to the development of local communities by providing high-quality housing using Japan's advanced construction technology. Results for the fiscal year under review declined in both net sales and profit due to a rebound from property sales in the previous fiscal year.
- (ii) In Construction Business, we are engaged in renewal planning, repair and renovation of commercial buildings, interior finishing work and telecommunications construction, etc. Both net sales and profit increased year on year due to the booking of sales from large-scale construction projects by Group companies.

As a result of the above, net sales amounted to 2,409 million yen (up34.8% YoY) and segment profit amounted to 301 million yen (up6.4% YoY) in total for Other Business.

The main initiatives of the quarter are as follows.

“Sun Frontier Fudousan is committed to protecting all employees, achieving material and spiritual happiness, and initiatives to maintain and improve the health of its employees.” Based on this declaration, the Company aims to maintain and improve the mental and physical health of its employees and increase their job satisfaction which shall lead to increased productivity. We were recently certified as one of the “2024 Excellent Health and Productivity Management Corporations (Large-scale Corporations Category)” by the Ministry of Economy, Trade and Industry and the Japan Health Council. Encouraged by this certification, we will further strengthen our initiatives to maintain and improve the mental and physical health of our employees.

The Group sets a sustainability vision of “We will contribute to the realization of a sustainable society through our business activities while respecting the heart of altruism, the Company policy.” Based on this vision, we have identified “Environmental protection,” “Regional revitalization” and “Human resource development” as priority issues (materiality) and are working to resolve social issues through our businesses. In February, 2024 we concluded an agreement for “Mizuho Positive Impact Finance\*” with Mizuho Bank Ltd. We will continue to contribute to the realization of a sustainable society by continuing to take on the challenge of creating new value while controlling the waste of limited resources, and by advancing our business activities through the creation of customer delights.

\*This contract is a comprehensive and quantitative evaluation of a company’s social impact (positive and negative impacts) using an impact evaluation framework developed independently by Mizuho Research & Technologies Co., Ltd. If it confirms that the company has the intention of producing a positive impact, the loans will be provided to the company for the purpose of continuous support for initiatives.

#### (2) Consolidated Financial Position

Total assets at the end of the current consolidated fiscal year amounted to 188,661 million yen (up23.7% compared with the end of the previous fiscal year), liability amounted to 94,244 million yen (up37.5% compared with the end of the previous fiscal year), and net assets amounted to 94,416 million yen (up12.4% compared with the end of the previous fiscal year).



The increase in total assets was mainly due to an increase of 5,851 million yen in cash and deposits and an increase of 34,826 million yen in real estate for sale in process and an increase of 912 million yen in land of non-current assets, which were partially offset by a decrease of 8,149 million yen in real estate for sale and a decrease of 388 million yen in deferred tax assets.

The increase in liabilities was mainly due to an increase of 6,764 million yen in current portion of long-term borrowings, an increase of 9,999 million yen in bonds payable and an increase of 7,101 million yen in long-term borrowings, which were partially offset by a decrease in 789 million yen in advances received of other in non-current liabilities,

The increase in net assets was mainly due to the recording of 11,917 million yen in profit attributable to owners of parent, which was partially offset by the year-end dividend payment of 1,216 million yen and the interim dividend payment of 1,265 million yen. Equity ratio increased 4.9 percentage points to 48.0%.

### (3) Consolidated Cash Flows

Cash and cash equivalents (hereinafter called, “funds”) at the end of the current period increased by 5,951 million yen from the beginning of the fiscal year to 47,866 million yen as a result of a decrease of 11,003 million yen of funds provided by operating activities, a decrease of 4,254 million yen of funds provided by investing activities, and an increase of 21,040 million yen of funds provided by financing activities.

Cash flows for the current consolidated fiscal year and their factors are as follows.

#### (Cash flows from operating activities)

Net cash outflow used in operating activities was 11,003 million yen compared with net cash provided by operating activities of 16,544 million yen in the previous fiscal year. This was mainly due to outflow of an increase in inventories of 26,770 million yen, corporate income taxes payments of 3,505 million yen and an decrease for accounts receivable increasing of 1,187 million yen, despite profit before income taxes of 17,295 million yen, depreciation of 2,124 million yen.

#### (Cash flows from investing activities)

Net cash outflow used in investing activities was 4,254 million yen compared with net cash outflow used in investing activities of 6,681 million yen in the previous fiscal year. This was mainly due to outflow of 2,457 million yen in purchase of property, plant and equipment and 954 million yen in purchase of shares of subsidiaries and associates, despite 205 million yen in proceeds from collection of guaranteed deposits.

#### (Cash flows from financing activities)

Net cash provided by financing activities was 21,040 million yen compared with net cash provided by financing activities of 2,039 million yen in the previous fiscal year. This was mainly due to 32,558 million yen in proceeds from long-term borrowings and 9,999 million yen in proceeds from bond issuance, despite 18,991 million yen in repayments of long-term borrowings and 2,481 million yen in dividends paid.

#### (Sources of capital and liquidity of funds)

The main demand for funds in our business activities is purchase in inventory assets, which is related to the Real Estate Revitalization Business. Purchase of inventory assets is provided by long-term borrowings from financial institutions secured by individual inventory assets and funds acquired through operating activities. As a basic policy, the inventory asset is to be sold within one year, and a lump-sum repayment of borrowings is made at the time of sale of the inventory asset, while taking into account the monthly scheduled repayment and this ensures sufficient liquidity of funds.

(Reference) Cash Flows-Related Indicators

	FY Ended March 31, 2020	FY Ended March 31, 2021	FY Ended March 31, 2022	FY Ended March 31, 2023	FY Ended March 31, 2024
Equity ratio	49.6	52.3	52.2	52.9	48.0
Equity ratio at market value	30.7	36.9	37.5	40.8	50.5
Interest-bearing debt to cash flow ratio	-	10.0	2.9	3.4	-6.3
Interest coverage ratio	-	9.4	39.1	34.7	-20.4

Equity Ratio: Equity/Total assets

Equity Ratio at Market Value: Market capitalization/Total assets

Interest-Bearing Debt to Cash Flow Ratio: Interest-bearing debt/Cash flows from operating activities

Interest Coverage Ratio: Cash flows from operating activities/Interest expenses

(4) Outlook for the Fiscal Year Ending March 31, 2025

Since the transition of COVID-19 to a Category 5 disease in May 2023, the Japanese economy has entered a full-scale recovery trend. Although the Bank of Japan decided to end its negative interest rate policy at the Monetary Policy Meeting in March 2024, the accommodative financial environment is expected to be maintained for the time being. The global economy is expected to avoid downside risks due to the soft landing of the U.S. economy and solid growth in emerging economies, despite the continued low growth rate due to the slowdown in the Chinese economy.

In the office building market in central Tokyo, average vacancy rate is gradually improving despite the completion of many large-scale new office buildings. As more and more people return to the office and the hybrid work styles have taken root, the ways in which people use the office have become more diverse. Under these circumstances, the Company will continue to utilize the know-how it has accumulated on the front lines of its Office Division, promote commercialization that reflects the latest needs of tenants, and enhance the value of its buildings to be highly profitable and highly operational through close cooperation among each department. At the same time, we aim to curb waste of resources through the environment-friendly revitalization for existing office buildings and minimizing necessity of future reconstruction for new office buildings. In the Group, after we sell a property to building owners, we will continue to manage the property, together with other buildings of the owner, and provide various real estate services to maintain and improve the value of the property.

In the hotel and tourism market, in addition to the expansion of tourism demands, the number of foreign visitors to Japan has exceeded the number before the novel coronavirus outbreak due to continued low interest rates and the depreciation of the yen due to the maintenance of the easy monetary policy, and inbound demands are expanding. Under these circumstances, the Hotel and Tourism Business in the Group will aim to be “the one and only hotel in the world for clients” through heart-warming services by our staff under the theme of “a heartwarming and fun hotel” this year as well. Moreover, as SDGs partners certified by each local government, all our hotels will keep contributing to solving environmental and social issues. At the same time, we will actively promote hotel development in various parts of Japan while contributing to regional revitalization, focusing on the Tabino Hotel brand that responds to the needs of both business and tourism, and small luxury where you can enjoy the characteristics unique to the area.

In this business environment, the fiscal year ending March 31, 2025 is the final year of medium-term management plan, which was extended by two years in May 2021. The consolidated earnings forecasts for the fiscal year are as planned: net sales 100,000 million yen (up 25.2% year on year), operating profit 20,870 million yen (up 18.6% year on year), ordinary profit 20,000 million yen (up 15.1% year on year), and profit attributable to owners of parent 14,000 million yen (up 17.5% year on year).

We have set forth a new long-term vision for 2035, which is ten years from now, and have formulated the next medium-term management plan, with the fiscal year ending March 31, 2028 as the final year, to achieve this vision. By formulating the next medium-term management plan before the completion of the medium-

term management plan, the final year of which is the fiscal year ending March 2025, we intend to quickly clarify our policies for the future, unify the intentions of the entire Group, and work toward sustainable growth toward the realization of our Company Philosophy. The details are as follows.

### **Long-Term Vision 2035**

Utilize limited resources to fill the world with smiles and excitement!

Becoming a corporate group that continues to challenge the creation of future value.

### **Quantitative target 2035**

The company aims for 300 billion yen in net sales and 60 billion yen in ordinary profit for FY2035/3.

### **The Next Medium-term Management Plan** (From FY2026/3 to FY2028/3)

- Basic policy  
Work to resolve social issues by promoting cooperation and diversification within our core business through product making and heartwarming services from clients' point of view.
- Key Points
  - (1) Strengthening human resource base
  - (2) Product making and heartwarming services from clients' point of view
  - (3) Promoting cooperation and diversifying core businesses
- Quantitative target  
After achieving the goals of the current medium-term management plan, the Company will continue to achieve high profitability and growth potential, while at the same time developing businesses with high capital efficiency through more active investment in businesses while paying attention to financial discipline.

	Current Medium-Term Management Plan	Next Medium-Term Management Plan
	Earnings forecast for FY2025/3	Plan for FY2028/3
[Profit plan]		
Net sales	100 billion yen	135 billion yen
Ordinary profit	20 billion yen	27 billion yen
[Management indicator]		
Ordinary profit margin	20%	20%
ROE	10% or more	10% or more
Equity ratio	50% level	45% level

## 2. Basic Views on the Selection of Accounting Standards

Our policy is to prepare consolidated financial statements for Japanese GAAP for the time being, taking into account comparability of consolidated financial statements over time and comparability among companies.

With regard to the application of IFRS, we intend to take appropriate measures in consideration of various situations in Japan and overseas

### 3.Consolidated Financial Statements and Key Notes

#### (1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and time deposits	42,016	47,867
Notes, accounts receivable, and contract assets	1,625	2,138
Real estate for sale	19,781	11,632
Real estate for sale in process	60,254	95,081
Costs of uncompleted construction contracts	57	50
Supplies	87	104
Other	2,080	2,680
Allowance for doubtful accounts	-18	-38
Total current assets	125,886	159,518
Non-current assets		
Property, plant and equipment		
Buildings	13,416	14,486
Accumulated depreciation	-3,878	-4,438
Accumulated impairment	-8	-8
Buildings (net amount)	9,528	10,038
Land	10,117	11,029
Other	1,767	2,587
Accumulated depreciation	-995	-1,325
Accumulated impairment	-6	-7
Other (net amount)	764	1,254
Total property, plant and equipment	20,410	22,323
Intangible assets		
Goodwill	343	579
Other	472	614
Total intangible assets	815	1,193
Investments and other assets		
Guarantee deposits	3,210	3,523
Deferred tax assets	2,033	1,644
Other	173	470
Allowance for doubtful accounts	-11	-13
Total investments and other assets	5,406	5,626
Total non-current assets	26,633	29,143
Total assets	152,519	188,661

(Unit: million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,106	2,810
Short-term borrowings	50	62
Current portion of long-term borrowings	5,442	12,207
Income taxes payable	1,699	2,967
Provision for bonuses	237	279
Provision for bonuses for directors (and other officers)	73	80
Provision for fulfillment of guarantees	22	44
Other	6,731	6,314
Total current liabilities	16,363	24,767
Non-current liabilities		
Corporate bonds	-	9,999
Long-term borrowings	50,170	57,272
Retirement benefit liability	5	1
Provision for share-based remuneration	83	97
Other	1,930	2,105
Total non-current liabilities	52,190	69,477
<b>Total liabilities</b>	<b>68,553</b>	<b>94,244</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,965	11,965
Capital surplus	6,445	6,433
Retained earnings	62,289	71,725
Treasury shares	-270	-233
Total shareholders' equity	80,430	89,889
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	269	626
Total accumulated other comprehensive income	271	629
Share acquisition rights	30	30
Non-controlling interests	3,233	3,867
<b>Total net assets</b>	<b>83,965</b>	<b>94,416</b>
<b>Total liabilities and net assets</b>	<b>152,519</b>	<b>188,661</b>

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

## Consolidated Statement of Income

(Unit: million yen)

	For the year ended March 31,2023	For the year ended March 31,2024
Net sales	82,777	79,868
Cost of sales	59,971	53,462
Gross profit	22,805	26,405
Selling, general and administrative expenses	7,900	8,804
Operating profit	14,905	17,600
Non-operating income		
Interest and dividend income	55	71
Eviction fee received	-	97
Subsidy income	62	40
Foreign exchange gains	83	125
Income on investments based on equity method	-	12
Penalty income	133	-
Other	72	52
Total non-operating income	406	399
Non-operating expenses		
Interest expenses	477	539
Loss on liquidation of subsidiaries and associates	-	68
Loss on investments based on equity method	71	-
Other	41	17
Total non-operating expenses	589	625
Ordinary profit	14,722	17,374
Extraordinary income		
Government subsidy	232	41
Gain on liquidation of subsidiaries and associates	64	-
Gain on sale of shares of subsidiaries and associates	101	-
Other	1	-
Total extraordinary income	400	41
Extraordinary loss		
Impairment loss	27	48
Loss on reduction of non-current assets	232	41
Loss on retirement of non-current assets	12	30
Loss on devaluation of investment securities	104	-
Other	0	-
Total extraordinary loss	377	120
Profit before income taxes	14,745	17,295
Income taxes - current	3,876	4,808
Income taxes - deferred	-852	464
Total income taxes	3,024	5,272
Profit	11,721	12,023
Profit attributable to non-controlling interests	108	106
Profit attributable to owners of parent	11,612	11,917

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	For the year ended March 31,2023	For the year ended March 31,2024
Profit	11,721	12,023
Other comprehensive income		
Valuation difference on available-for-sale securities	-1	0
Foreign currency translation adjustment	259	351
Total other comprehensive income	258	351
Comprehensive income	11,980	12,375
Comprehensive income attributable to		
Owners of parent	11,861	12,279
Non-controlling interests	118	95

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

For the fiscal year ended March 31, 2023

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	11,965	6,445	52,917	-67	71,260
Changes during period					
Dividends of surplus			-2,240		-2,240
Profit attributable to owners of parent			11,612		11,612
Acquisition of treasury shares				-239	-239
Disposal of treasury shares		-0		36	36
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	9,372	-202	9,169
Balance at end of the period	11,965	6,445	62,289	-270	80,430

	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	3	19	22	30	3,139	74,452
Changes during period						
Dividends of surplus						-2,240
Profit attributable to owners of parent						11,612
Acquisition of treasury shares						-239
Disposal of treasury shares						36
Change in ownership interest of parent due to transactions with non-controlling interests						0
Net changes in items other than shareholders' equity	-1	250	249	-	94	343
Total changes during period	-1	250	249	-	94	9,513
Balance at end of the period	2	269	271	30	3,233	83,965



For the fiscal year ended March 31, 2024

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	11,965	6,445	62,289	-270	80,430
Changes during period					
Dividends of surplus			-2,481		-2,481
Profit attributable to owners of parent			11,917		11,917
Purchase of treasury shares				-0	-0
Disposal of treasury shares		14		37	51
Change in ownership interest of parent due to transactions with non-controlling interests		-27	0		-27
Net changes in items other than shareholders' equity					
Total changes during period	-	-12	9,435	37	9,459
Balance at end of the period	11,965	6,433	71,725	-233	89,889

	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	269	271	30	3,233	83,965
Changes during period						
Dividends of surplus						-2,481
Profit attributable to owners of parent						11,917
Purchase of treasury shares						-0
Disposal of treasury shares						51
Change in ownership interest of parent due to transactions with non-controlling interests						-27
Net changes in items other than shareholders' equity	0	357	357	-	633	991
Total changes during period	0	357	357	-	633	10,450
Balance at end of the period	2	626	629	30	3,867	94,416

## (4) Consolidated Statement of Cash Flows

(Unit: million yen)

	For the year ended March 31,2023	For the year ended March 31,2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	14,745	17,295
Depreciation	1,968	2,124
Impairment loss	27	48
Amortization of goodwill	64	75
Loss (gain) on liquidation of subsidiaries and associates	-64	68
Loss on reduction of non-current assets	232	41
Government subsidy	-232	-41
Increase (decrease) in allowance for doubtful accounts	6	20
Increase (decrease) in provision for bonuses	-87	27
Increase (decrease) in provision for bonuses for directors (and other officers)	-0	6
Increase (decrease) in provision for fulfillment of guarantees	-17	21
Increase (decrease) in provision for share-based remuneration	15	13
Interest and dividend income	-55	-71
Subsidy income	-62	-40
Interest expenses	477	539
Loss (gain) on investments based on equity method	71	-12
Loss on retirement of non-current assets	12	30
Decrease (increase) in trade receivables	409	-1,187
Decrease (increase) in inventories	1,854	-26,770
Increase (decrease) in trade payables	1,155	114
Other	1,751	580
Subtotal	22,274	-7,115
Interest and dividends received	55	71
Interest paid	-490	-536
Income taxes (paid) refund	-5,729	-3,505
Proceeds from subsidy income	62	40
Proceeds from Government subsidy	232	41
Proceeds from settlement	150	-
Other	-10	-
Net cash provided by (used in) operating activities	16,544	-11,003
<b>Cash flows from investing activities</b>		
Proceeds from sales of shares of subsidiaries and associates	125	-
Payments into time deposits	-100	-0
Proceeds from withdrawal of time deposits	100	100
Purchase of property, plant and equipment	-7,531	-2,457
Proceeds from sales of property, plant and equipment	27	0
Purchase of intangible assets	-312	-275
Payments of guarantee deposits	-692	-581
Proceeds from collection of lease and guarantee deposits	2,337	205
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-478	-954
Other	-155	-291
Net cash provided by (used in) investing activities	-6,681	-4,254
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	20	8
Proceeds from long-term borrowings	23,261	32,558
Repayments of long-term borrowings	-18,691	-18,991

	For the year ended March 31,2023	For the year ended March 31,2024
Dividends paid	-2,239	-2,481
Proceeds from issuance of bonds	-	9,999
Purchase of treasury shares	-239	-0
Proceeds from share issuance to non-controlling shareholders	1	46
Payments for refunds to non-controlling shareholders	-69	-94
Proceeds from sales of shares in subsidiaries not resulting in in change in scope of consolidation	4	-
Other	-5	-5
Net cash provided by (used in) financing activities	2,039	21,040
Effect of exchange rate change on cash and cash equivalents	59	169
Increase in cash and cash equivalents	11,962	5,951
Cash and cash equivalents at beginning of period	29,951	41,914
Cash and cash equivalents at end of period	41,914	47,866

## (5) Notes to Consolidated Financial Statements

### (Notes to Assumption of Going Concern)

Not applicable.

#### (Change of Accounting Policies)

##### (Change in Translation Method for Revenues and Expenses of Overseas Subsidiaries)

Revenues and expenses of foreign subsidiaries were previously translated into Japanese yen at the spot exchange rates of the dates foreign subsidiaries close their books, but from the beginning of the first quarter consolidated accounting period, they have been translated into Japanese yen at the average exchange rate during the period. This change was made in order to mitigate the effect of temporary fluctuations in foreign exchange rates on the profits and losses of the Group subsidiaries and more appropriately reflect the performance of overseas subsidiaries in the quarterly consolidated financial statements, as the impact on the profits and losses of overseas subsidiaries in the Group is expected to become more important due to the expansion of overseas business development in the future, while the range of exchange rate fluctuations is increasing due to the recent complicated international situation.

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

#### (Segment Information, etc.)

##### Segment Information

###### 1. Overview of reportable segments

The reportable segments of the Company are the constituent units of the company group for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

The head office formulates comprehensive strategies for each type of product and service and conducts business activities.

Accordingly, the Company consists of three reportable segments: “Real Estate Revitalization Business”, “Real Estate Service Business”, and “Hotel and Tourism Business”, which are defined by the product and service segments established by the head office.

“Real Estate Revitalization Business” is engaged in Replanning Business and Rental Building Business. “Real Estate Service Business” is engaged in Property Management Business, Building Maintenance Business, Sales Brokerage Business, Leasing Brokerage Business, Conference Room Rental Business, and Rent Guarantee Business. “Hotel and Tourism Business” is engaged in Hotel Development Business and Hotel Operation Business.

###### 2. Method for calculating the amount of sales, profit or loss, assets, liabilities and other items for each reportable segment

The method of accounting for the reportable segments is the same as that described in “Significant basis for preparation of consolidated financial statements”. Profit for the reportable segment is based on ordinary profit.

###### 3. Information on net sales, profit or loss, assets, liabilities, and other items for each reportable segment

For the year ended March 31, 2023

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statement (Note 3)
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Total				
Net sales								
Revenue from contracts with customers	45,687	6,714	22,808	75,211	1,774	76,985	-	76,985
Other income	4,362	1,299	129	5,792	-	5,792	-	5,792
Net sales to external customers	50,050	8,014	22,938	81,003	1,774	82,777	-	82,777
Internal sales or transfers	16	828	28	874	13	887	-887	-
Subtotal	50,066	8,843	22,967	81,877	1,788	83,665	-887	82,777
Segment profit (loss)	15,343	4,890	1,720	21,954	283	22,237	-7,514	14,722
Segment assets	78,440	2,950	24,442	105,832	676	106,509	46,010	152,519
Segment liabilities	46,560	3,709	11,467	61,737	194	61,932	6,621	68,553
Others								
Depreciation	872	45	889	1,807	4	1,811	151	1,963
Amortization of goodwill	-	4	-	4	47	51	12	64
Interest expenses	332	3	113	450	-	450	26	477
Income(loss) on investments based on equity method	-	-	-	-	-	-	-71	-71
Increase in property, plant and equipment and intangible assets	6,216	163	1,031	7,411	1	7,412	431	7,844

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.

Note 2. Details of the “Adjustment” are as follows:

- (1) Adjustment in segment profit of negative 7,514 million yen includes elimination of intersegment transactions of 3 million yen and company-wide expenses of negative 7,517 million yen not allocated to each reportable segment. Company-wide expenses are mainly selling, general and administrative expenses that are not attributable to reportable segments.
- (2) Adjustment in segment assets of 46,010 million yen include eliminations of intersegment transactions of negative 17,749 million yen and company-wide assets of 63,759 million yen that are not allocated to each reportable segment. Company-wide assets consist mainly of surplus operating funds (cash and time deposits and available-for-sale securities) and administration department’s assets that do not belong to any reportable segment.
- (3) Adjustment in segment liabilities of 6,621 million yen include elimination of intersegment transactions of negative 264 million yen and company-wide liabilities of 6,885 million yen that are not allocated to each reportable segment.
- (4) Adjustment of depreciation under “Other” of 151 million yen includes depreciation of company-wide assets not allocated to each reportable segment of 151 million yen.
- (5) Adjustment of income(loss) on investments based on equity method under “Other” of negative 71 million yen includes income(loss) on investments based on equity method of negative 71 million yen related to company-wide assets not allocated to each reportable segment.
- (6) Adjustment of increase in property, plant and equipment and intangible assets under “Other” of 431 million yen includes the 431 million yen increase in property, plant and equipment and intangible assets related to company-wide assets not allocated to each reportable segment.

Note 3. Segment profit is reconciled to ordinary profit in the consolidated statement income.

For the year ended March 31, 2024

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statement (Note 3)
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Total				
Net sales								
Revenue from contracts with customers	46,662	8,171	16,814	71,647	2,363	74,010	-	74,010
Other income	4,358	1,377	121	5,857	-	5,857	-	5,857
Net sales to external customers	51,020	9,548	16,936	77,504	2,363	79,868	-	79,868
Internal sales or transfers	6	948	41	997	46	1,043	-1,043	-
Subtotal	51,027	10,497	16,977	78,502	2,409	80,912	-1,043	79,868
Segment profit (loss)	15,602	5,612	4,369	25,583	301	25,885	-8,510	17,374
Segment assets	105,206	3,688	26,259	135,153	1,845	136,999	51,662	188,661
Segment liabilities	62,499	4,391	9,776	76,667	299	76,967	17,277	94,244
Others								
Depreciation	1,327	80	508	1,916	4	1,920	204	2,124
Amortization of goodwill	-	17	6	23	51	75	-	75
Interest expenses	426	7	60	493	-	493	45	539
Income(loss) on investments based on equity method	-	-	-	-	-	-	12	12
Increase in property, plant and equipment and intangible assets	614	302	1,716	2,633	1	2,635	394	3,029

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.

Note 2. Details of the “Adjustment” are as follows:

- (1) Adjustment in segment profit of negative 8,510 million yen includes elimination of intersegment transactions of negative 25 million yen and company-wide expenses of negative 8,485 million yen not allocated to each reportable segment. Company-wide expenses are mainly selling, general and administrative expenses that are not attributable to reportable segments.
- (2) Adjustment in segment assets of 51,662 million yen include eliminations of intersegment transactions of negative 19,913 million yen and company-wide assets of 71,575 million yen that are not allocated to each reportable segment. Company-wide assets consist mainly of surplus operating funds (cash and time deposits and available-for-sale securities) and administration department’s assets that do not belong to any reportable segment.
- (3) Adjustment in segment liabilities of 17,277 million yen include elimination of intersegment transactions of negative 561 million yen and company-wide liabilities of 17,839 million yen that are not allocated to each reportable segment.
- (4) Adjustment of depreciation under “Other” of 204 million yen includes depreciation of company-wide assets not allocated to each reportable segment of 204 million yen.
- (5) Adjustment of income(loss) on investments based on equity method under “Other” of 12 million yen includes income(loss) on investments based on equity method of 12 million yen related to company-wide assets not allocated to each reportable segment.
- (6) Adjustment of increase in property, plant and equipment and intangible assets under “Other” of 394 million yen includes the 394 million yen increase in property, plant and equipment and intangible assets related to company-wide assets not allocated to each reportable segment.

Note 3. Segment profit is reconciled to ordinary profit in the consolidated statement income.

### (Per Share Information)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Net assets per share (yen)	1,663.33	1,864.36
Earnings per share (yen)	238.98	245.50
Fully diluted earnings per share (yen)	238.76	230.74

Note. Basis for calculation of earnings per share and fully diluted earnings per share is as follows.

(“¥” indicates millions of yen, except for per share figures.)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Earnings per share		
Profit attributable to owners of parent	¥11,612	¥11,917
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common shares	¥11,612	¥11,917
Average number of common shares	48,592,065	48,541,810
Fully diluted earnings per share		
Adjustment of profit attributable to owners of parent	-	-
Common shares increase	45,270	3,104,495
(including share acquisition rights)	¥-30	¥-30
Outline of dilutive shares not included in the calculation of fully diluted earnings per share because they have no dilutive effect	-	-

Note. Basis for calculation of net assets per share is as follows.

(“¥” indicates millions of yen, except for per share figures.)

	For the year ended March 31, 2023	For the year ended March 31, 2024
Total net assets	¥83,965	¥94,416
Amount of deduction from total net assets	¥3,263	¥3,897
(including share acquisition rights)	¥-30	¥-30
(including non-controlling interests)	¥-3,233	¥-3,867
Net assets at year end available to common shares	¥80,702	¥90,519
Number of common shares at year end used for the calculation of net assets per share	48,518,331	48,552,292

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 of the Company's shares held by the trust account is 62,921 shares for the previous fiscal year and 128,300 shares for the current fiscal year. The number of shares at the end of the fiscal year is 128,300 shares for the previous fiscal year and 128,300 shares for the current fiscal year.

### (Significant Subsequent Events)

Not applicable.