

This English document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail. Tosei Corporation assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.



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

April 5, 2024

Company name: TOSEI CORPORATION	Stock listing: TSE / SGX
Securities code number: 8923 / S2D	
Representative: Seiichiro Yamaguchi, President and CEO	URL: https://www.toseicorp.co.jp/english/
Contact: Noboru Hirano, Director and CFO	Phone: +81-3-5439-8807
Submission of Quarterly Securities Report (Shihanki-Houkokusho):	April 10, 2024 (scheduled)
Commencement of dividend payments:	—
Preparation of supplementary materials for quarterly financial results:	Yes
Holding of quarterly financial results meeting:	No

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Three Months Ended February 29, 2024 (December 1, 2023 – February 29, 2024)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Three months ended February 29, 2024	34,868	12.3	9,585	41.4	9,191	41.7	6,439	45.8
Three months ended February 28, 2023	31,052	18.0	6,781	19.3	6,488	19.7	4,416	21.8

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Three months ended February 29, 2024	6,435	45.7	6,534	49.5	132.98	132.81
Three months ended February 28, 2023	4,416	21.8	4,369	24.0	93.55	93.36

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	(¥ million)	(¥ million)	(¥ million)	(%)
As of February 29, 2024	245,149	85,705	85,429	34.8
As of November 30, 2023	245,329	82,319	82,046	33.4

2. Dividends

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

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

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

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal year ending November 30, 2024	92,116	15.9	17,702	8.9	16,500	7.8	11,209	6.7	231.72

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

* Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): No
Newly added: – Excluded: –

(2) Changes in accounting policies and changes in accounting estimates

(a) Changes in accounting policies required by IFRS: No

(b) Changes in accounting policies due to other reasons: No

(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

(a) Number of issued shares at the end of the period (including treasury shares)

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

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

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

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

Three months ended February 29, 2024	48,394,160 shares
Three months ended February 28, 2023	47,212,653 shares

* These consolidated Financial Results are not subject to quarterly review procedures by a certified public accountant or an audit corporation.

* Proper use of earnings forecasts and other notes

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

Contents of Attached Materials

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

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

1) Recognition, analysis and contents for discussion of business environment and business performance

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

In the real estate industry where Tosei Group operates, domestic real estate investments for the whole of 2023 increased by 4.0% year on year to ¥3.4 trillion, with Tokyo ranking fifth in the world for real estate investments by city (ranked 16th in 2022). Despite the slowdown in investments in domestic real estate by foreign capital in the latter half of 2023 due to the expectations of higher domestic interest rates ahead and the worsening market conditions of overseas real estate, the influx of investment funds into domestic real estate is expected to continue against the backdrop of a relatively favorable fund-raising environment and the weakening yen, among other factors (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly built units for the whole of 2023 decreased by 9.1% year on year to 26,886 units, due partly to soaring land and construction costs as well as supply-side control, and the average price per unit reached a record-breaking ¥81.01 million (compared to ¥62.88 million in the whole of 2022). Although 31,000 units are projected to be supplied in the whole of 2024, the trend for supply-side control is expected to continue, and compounded with soaring construction costs, prices of condominiums are expected to continue rising. In the Tokyo metropolitan area pre-owned condominium market, the number of units contracted for the whole of 2023 slightly exceeded the levels of the previous fiscal year at 35,987 units (up 1.6% year on year) and the average contract price per unit as of January 2023 was ¥46.75 million (down 3.5% year on year). Additionally, in the build-for-sale detached house market, housing starts for the whole of 2023 were 59,412 units (the same level as the previous fiscal year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the whole of 2023 were ¥1,212 thousand per tsubo (1 tsubo = 3.30 square meters) (a decrease of 15.6% year on year) for steel reinforced concrete structures and ¥674 thousand per tsubo (an increase of 15.9% year on year) for wooden structures. As for the current prices of building materials, steel prices remain high, which has resulted in the construction cost of steel reinforced concrete structures skyrocketing to ¥1,742 thousand per tsubo (an increase of 50.5% year on year), as of January 2024, while the construction cost of wooden structures was ¥698 thousand per tsubo (an increase of 16.4% year on year). Construction costs have been generally rising backed by rising prices and soaring personnel costs among other factors, and this rising trend is expected to continue going forward (according to a survey by the Ministry of Land, Infrastructure, Transport and Tourism).

In the office leasing market of Tokyo's five business wards, the average vacancy rate as of January 2024 was 5.8% (a decrease of 0.4 percentage points year on year). The vacancy rate is expected to slowly decline toward the end of the year, as the massive supply of new office buildings in 2023 is being filled up and also due to the limited supply of new office buildings expected in 2024. In addition, the average asking rent as of January 2024 was ¥ 19,730 per tsubo (a decrease of 1.5% year on year). Thus, we have been seeing a slowdown in the pace of decline in rent, thanks to a recovery in demand as workers go back to the office (according to a survey by a private research institute).

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

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

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

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

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

Amid this operating environment, in the Revitalization Business and the Development Business, the Group proceeded with property sales and the acquisition of income-generating properties and various types of land for development as future sources of income. In the Fund and Consulting Business, the Group increased its balance of assets under management, while in the Hotel Business, it made efforts to recover business performance.

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

Performance by business segment is shown below.

Revitalization Business

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

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

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

Development Business

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

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

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

Rental Business

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

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

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

Fund and Consulting Business

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

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

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

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

Property Management Business

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

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

Hotel Business

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

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

2) Analysis and contents for discussion of Operating Results

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

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

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

The Monetary Policy Meeting held in March 2024 decided to lift the Bank of Japan's negative interest rate policy. Given that the short-term interest rate target will be raised to a moderate 0%-0.1% and that the extremely accommodative monetary environment will continue for the time being, the Company expects its impact on the domestic real estate investment market to be limited. Meanwhile, as investors are expected to become more selective in their choice of properties and changes to investment strategies are on the horizon, the Company will closely monitor the trends in the real estate market and continue to promote proactive business activities.

(2) Qualitative Information Regarding Consolidated Financial Positions

1) Analysis of Financial Positions

As of February 29, 2024, total assets were ¥245,149 million, a decrease of ¥180 million compared with November 30, 2023, while total liabilities were ¥159,444 million, a decrease of ¥3,566 million.

Decrease of total assets were due to a decrease in Inventories despite an increase in Trade and other receivables. Decrease in total liabilities were due to a decrease in Interest-bearing liabilities despite an increase in Trade and other payables.

Total equity increased by ¥3,386 million to ¥85,705 million, mainly due to an increase in retained

earnings and payment of cash dividends.

2) Analysis of Cash Flows

Cash and cash equivalents (hereinafter “cash”) as of February 29, 2024 totaled ¥39,342 million, up ¥144 million compared with November 30, 2023.

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

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

The forward-looking statements contained in these materials, including forecasts of the future performance, are based on the information available to the Company as of the date of announcement and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ from these forecasts due to various factors.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

No item to report.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

No item to report.

3. Condensed Quarterly Consolidated Financial Statements and notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

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

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

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

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended February 28, 2023 (December 1, 2022 – February 28, 2023)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at December 1, 2022	6,624,890	6,775,532	60,029,994	(1,533,670)	393,929	72,290,677	72,290,677
Profit for the period			4,416,708			4,416,708	4,416,708
Other comprehensive income					(46,771)	(46,771)	(46,771)
Total comprehensive income for the period	—	—	4,416,708	—	(46,771)	4,369,937	4,369,937
Amount of transactions with owners							
Purchase of treasury shares		(2,619)		(113,831)		(116,451)	(116,451)
Disposal of treasury shares		(3,238)		39,748		36,510	36,510
Dividends of surplus			(2,410,243)			(2,410,243)	(2,410,243)
Balance at February 28, 2023	6,624,890	6,769,673	62,036,459	(1,607,753)	347,158	74,170,429	74,170,429

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

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at December 1, 2023	6,624,890	7,200,518	68,139,668	(335,327)	416,935	82,046,685	272,596	82,319,282
Profit for the period			6,435,471			6,435,471	3,687	6,439,159
Other comprehensive income					95,110	95,110		95,110
Total comprehensive income for the period	—	—	6,435,471	—	95,110	6,530,582	3,687	6,534,270
Amount of transactions with owners								
Disposal of treasury shares		(3,979)		48,638		44,658		44,658
Dividends of surplus			(3,192,884)			(3,192,884)		(3,192,884)
Transfer from other components of equity to retained earnings			(18,872)		18,872	—		—
Balance at February 29, 2024	6,624,890	7,196,538	71,363,384	(286,688)	530,918	85,429,042	276,284	85,705,327

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

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

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes on Condensed Quarterly Consolidated Financial Statements

1. Segment Information

The Group's reportable segments are components of the Group about which separate financial information is available that the Board of Directors regularly conducts deliberations to determine the allocation of management resources and to assess the performance. The Group draws up comprehensive strategies for each of the following six business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business" and "Hotel Business". In the Revitalization Business, the Group acquires the properties whose asset values have declined, renovates, and resells them. In the Development Business, the Group sells condominium units and detached houses to individual customers as well as apartment and office buildings to investors. In the Rental Business, the Group rents office buildings and apartments. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services. The Hotel Business provides mainly hotel operating services.

The Group's revenue and profit/loss by reportable segment are as follows:

Three months ended February 28, 2023

(December 1, 2022 – February 28, 2023)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	23,717,036	1,752,683	1,556,602	1,655,800	1,586,565	783,642	—	31,052,331
Intersegment revenue	—	—	44,351	—	282,486	3,666	(330,504)	—
Total	23,717,036	1,752,683	1,600,954	1,655,800	1,869,052	787,308	(330,504)	31,052,331
Segment profit	5,061,180	215,820	759,239	1,060,713	263,158	142,173	(721,202)	6,781,084
Finance income/costs, net								(293,039)
Profit before tax								6,488,045

Three months ended February 29, 2024

(December 1, 2023 – February 29, 2024)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	15,487,893	13,034,132	1,782,705	1,557,735	1,643,930	1,362,184	—	34,868,582
Intersegment revenue	—	—	27,795	20,850	349,586	7,095	(405,327)	—
Total	15,487,893	13,034,132	1,810,501	1,578,585	1,993,517	1,369,280	(405,327)	34,868,582
Segment profit	3,119,371	4,731,952	827,444	925,733	289,207	414,360	(722,465)	9,585,604
Finance income/costs, net								(393,640)
Profit before tax								9,191,963

2. Dividends

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

Three months ended February 28, 2023				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 24, 2023	51	2,410,243	November 30, 2022	February 27, 2023

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

3. Earnings per Share

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

Notes: Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of outstanding ordinary shares during the reporting period.

(7) Notes on Significant Subsequent Events

No item to report.