Consolidated Financial Results
for the Fiscal Year Ended November 30, 2023
<IFRS>

January 12, 2024

Company name: Tosei Corporation
Stock listing: TSE / SGX
Securities code number: 8923/S2D
URL: https://www.toseicorp.co.jp/english/
Representative: Seiichiro Yamaguchi, President and CEO
Contact: Noboru Hirano, Director and CFO
Phone: +81-3-5439-8807
Ordinary general shareholders' meeting: February 27, 2024 (scheduled)
Commencement of dividend payments: February 28, 2024 (scheduled)
Submission of Securities Report (Yuka Shoken Hokokusho): February 28, 2024 (scheduled)
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended November 30, 2023 (December 1, 2022 – November 30, 2023)

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

	Revenue		Operating profit		Profit before tax		Profit for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2023	79,446	12.0	16,254	20.3	15,310	20.1	10,508	22.1
Year ended Nov. 30, 2022	70,953	14.9	13,514	23.2	12,753	23.8	8,607	28.0

	Profit attributable to owners of the parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Year ended Nov. 30, 2023	10,507	22.1	10,544	20.0	219.74	219.32
Year ended Nov. 30, 2022	8,607	28.1	8,784	23.1	181.66	181.33

	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	(%)	(%)	(%)
Year ended Nov. 30, 2023	13.6	6.7	20.5
Year ended Nov. 30, 2022	12.5	6.3	19.0

(Reference) Equity method investment gain or loss Year ended Nov. 30, 2023: ¥－million Year ended Nov.30, 2022: ¥－million

(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	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2023	245,329	82,319	82,046	33.4	1,695.98
As of Nov. 30, 2022	210,955	72,290	72,290	34.3	1,529.65

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year ended Nov. 30, 2023	5,722	(16,102)	17,805	39,197
Year ended Nov. 30, 2022	(197)	(9,081)	7,477	31,767

2. Dividends

	Annual dividends per share					Total dividends per share (Total)	Dividend payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
Year ended Nov. 30, 2022	–	0.00	–	51.00	51.00	2,410	28.1	3.5
Year ended Nov. 30, 2023	–	0.00	–	66.00	66.00	3,192	30.0	4.1
Year ending Nov. 30, 2024 (Forecast)	–	0.00	–	73.00	73.00		31.5	

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)	(%)	(¥)
Year ending Nov. 30, 2024	92,116	15.9	17,702	8.9	16,500	7.8	11,209	6.7	231.72

*** Notes**

(1) Changes in significant subsidiaries during the year (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 other than (a) above: No

(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

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

As of Nov. 30, 2023	48,683,800 shares
As of Nov. 30, 2022	48,683,800 shares

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

As of Nov. 30, 2023	306,765 shares
As of Nov. 30, 2022	1,424,122 shares

(c) Average number of outstanding shares during the year

Year ended Nov. 30, 2023	47,815,490 shares
Year ended Nov. 30, 2022	47,381,024 shares

(Reference) Summary of Non-Consolidated Results

1. Non-consolidated Financial Results for the Fiscal Year Ended November 30, 2023
(December 1, 2022 – November 30, 2023)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Revenue		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2023	46,480	7.9	7,754	8.1	10,906	2.1	8,738	0.6
Year ended Nov. 30, 2022	43,063	(9.2)	7,175	(5.3)	10,678	10.2	8,687	16.6

	Net income per share	Net income per share (diluted)
	(¥)	(¥)
Year ended Nov. 30, 2023	182.76	182.41
Year ended Nov. 30, 2022	183.35	183.02

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2023	217,524	73,821	33.9	1,525.81
As of Nov. 30, 2022	189,896	65,863	34.7	1,393.00

(Reference) Equity As of November 30, 2023: ¥73,814million As of November 30, 2022: ¥65,832million

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2024
(December 1, 2023 – November 30, 2024)

(Percentages indicate year-on-year changes.)

	Revenue		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2024	51,043	9.8	13,205	21.1	10,782	23.4	222.88

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

* Proper use of earnings forecasts and other notes

(1) 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.Operating results and Financial Position (5) Future outlook" on page 8 of the attached materials.

(2) A financial results meeting will be held on January 12, 2024 for institutional investors and analysts. The presentation materials distributed at the meeting will be available on our website immediately after the financial results disclosure.

Contents of Attached Material

1. Operating Results and Financial Position

(1) Operating Results

During the fiscal year ended November 30, 2023, the Japanese economy was in a moderate recovery trend due to further progress in the normalization of social and economic activities, coupled with the improved employment and income environment and the effects of various government policies. Meanwhile, it remains necessary to closely monitor the trend as there are risks of a downturn in the economy due to factors such as the global credit tightening, concerns over the future of the Chinese economy, and rising geopolitical risks.

In the real estate industry where Tosei Group operates, domestic real estate investments for the nine months from January to September 2023 increased by 40% year on year to ¥2,748.3 billion, with Tokyo ranking fourth in the world for real estate investments by city (ranked 16th for the full year of 2022). Despite the continuing real estate price adjustments and stagnant market conditions prevailing from the end of the previous year due to rising interest rates around the world, Japan has maintained its competitive advantage due to its relatively favorable fund-raising environment and the weakening yen, among other factors, resulting in investment demand for domestic real estate remaining firm (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly built units from January to November 2023 decreased by 12.2% year on year to 20,911 units, while the average price per unit in November 2023 was ¥82.50 million (up 36.7% year on year). The supply of high-priced properties continues to drive up the average price and together with the soaring land and construction cost as well as supply-side control the condominium prices are expected to remain high. In the Tokyo metropolitan area pre-owned condominium market, the number of units contracted from January to October 2023 slightly exceeded the levels of the same period of the previous fiscal year at 30,146 units (up 1.2% year on year), and the average contract price per unit as of October 2023 was ¥47.65 million (up 8.4% year on year). Additionally, in the build-for-sale detached house market, housing starts for the 10 months from January to October 2023 were 49,042 units (down 0.8% year on year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the 10 months from January to October 2023 were ¥1,183 thousand per tsubo (1 tsubo = 3.30 square meters) (a decrease of 17.6% year on year) for steel reinforced concrete structures and ¥669 thousand per tsubo (an increase of 15.5% year on year) for wooden structures. While the prices of building materials in terms of both steel prices and the price of timber have been on a moderate downward trend compared to their peak, there are concerns that construction costs will continue to rise going forward due to the effects of rising prices and soaring personnel costs, among other factors (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 October 2023 was 6.1% (a decrease of 0.3 percentage points year on year). Although the massive supply of new office buildings in 2023 is being filled up thanks to more workers returning to the office, the average asking rent continues on its gradual downward trend at ¥19,741 per tsubo (a decrease of 1.9% year on year). Furthermore, we will need to continue to closely monitor the supply and demand trends, as another massive supply of office buildings is expected in 2025 (according to a survey by a private research institute).

The condominium leasing market remained robust and the average asking rent of apartments in the Tokyo metropolitan area as of October 2023 was ¥11,705 per tsubo (an increase of 7.6% year on year) and the average occupancy rate of condominiums held by J-REIT in the Tokyo area as of August 31, 2023 was 97.5% (an increase of 0.6 percentage points year on year). Rent and occupancy rates remain firm due to factors such as an increase in the influx of people into the city center as well as an increasing preference for rental apartments associated with the rise in condominium prices (according to a survey by a private research institute).

In the Tokyo metropolitan area’s logistics facility leasing market, leasable stock as of October 2023 was 9.50 million tsubo (an increase of 15.8% year on year) and the vacancy rate rose to 6.4% (an increase of 2.4 percentage points year on year), as supply continued to exceed demand and the rising trend of the vacancy rate continued. Additionally, the asking rent as of October 2023 was ¥4,600 per tsubo (a decrease of 2.1% year on year) and there have been changes in the trends of asking rent depending on the characteristics of the property and the area in which it is located (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 October 2023 totaled ¥22.5 trillion (an increase of ¥0.8 trillion year on year) and assets under management in private placement funds totaled ¥33.4 trillion (as of June 30, 2023, an increase of ¥6.9 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥55.9 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, in the nine months from January to September 2023, the average guest room occupancy rate was 78.4% (53.9% in the same period of the previous fiscal year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 70.54 million (an increase of 82.0% year on year). With a robust recovery in inbound demand, demand is expected to increase more than pre-COVID-19 levels going forward (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 fiscal year under review totaled ¥79,446million (up 12.0% year on year), operating profit was ¥16,254 million (up 20.3%), profit before tax was ¥15,310 million (up 20.1%), and profit attributable to owners of the parent was ¥10,507 million (up 22.1%).

Performance by business segment is shown below.

Revitalization Business

During the fiscal year under review, the segment sold 45 properties it had renovated and 106 pre-owned condominium units, including Otsuka Tosei Building Ⅱ (Toshima-ku, Tokyo), Kashiwa Tosei Building (Kashiwa-shi, Chiba), Stellar Court Higashi-kojiya (Ota-ku, Tokyo).

During the fiscal year under review, it also acquired a total of 53 income-generating office buildings, and apartments, 26 land lots and 198 pre-owned condominium units.

In addition, the Group reviewed the valuation of its income-generating properties, recording a valuation loss of ¥42 million and reversal of inventories valuation loss of ¥408 million.

As a result, revenue in this segment was ¥47,535 million (up 26.8% year on year) and the segment profit was ¥8,877 million (up 45.5%).

Development Business

During the fiscal year under review, the segment sold THE PALMS Machida (Machida-shi, Tokyo) which is a rental apartment, T’s Cuore Nishi-Ogikubo (Suginami-ku, Tokyo) which is a rental wooden apartment and sold 52 detached houses at such properties as THE Palms Court Tsunashima (Yokohama-shi, Kanagawa) and THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo).

During the fiscal year under review, it also acquired six land lots for rental apartment project, six land lots for rental wooden apartment project, two land lots for condominium project and land lots for 220 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a valuation loss of ¥28 million and reversal of inventories valuation loss of ¥33 million.

As a result, revenue in this segment was ¥7,246 million (down 47.5% year on year) and the segment profit was ¥1,036 million (down 65.0%).

Rental Business

During the fiscal year under review, the Company focused on leasing out its rental properties.

As of November 30, 2023, the number of rental properties increased by 23 from 91 at the end of the previous fiscal year to 114, as the segment acquired 50 properties, and begin offering for rental of nine properties, sold 31 properties, and terminated the leasing of five properties.

As a result, revenue in this segment was ¥6,656 million (up 9.4% year on year) and the segment profit was ¥3,232 million (up 6.3%).

Fund and Consulting Business

During the fiscal year under review, while ¥200,859 million was subtracted due mainly to property dispositions by funds, ¥830,417 million added due to new asset management contracts, from the balance of assets under management (Note) ¥1,722,896 million for the end of the previous fiscal year. The balance of assets under management as of November 30, 2023, was ¥2,352,454 million.

As a result, revenue in this segment was ¥7,377 million (up 35.5% year on year) and the segment profit was ¥4,555 million (up 41.6%).

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

Property Management Business

During the fiscal year under review, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 858 as of November 30, 2023, an increase of 65 from November 30, 2022, with the total comprising 511 office buildings, hotels, logistic facilities and other such properties, and 347 condominiums and apartments.

As a result, revenue in this segment was ¥6,470 million (up 3.9% year on year) and segment profit was ¥813 million (down 7.4%).

Hotel Business

During the fiscal year under review, domestic demand recovered as a result of the lifting of movement restrictions and the implementation of nationwide travel subsidies, while inbound demand also showed signs of recovery due to the easing of border control restrictions and border measures. In conjunction, guest room rates and occupancy rates improved to levels comparable to pre-COVID-19 times and both revenue and segment profit exceeded that of the same period of the previous fiscal year.

As a result, revenue in this segment was ¥4,158 million (up 115.8% year on year) and segment profit was ¥990 million (in comparison with segment loss of ¥315 million in the same period of the previous fiscal year).

(2) Analysis and Discussion of Operating Results

During the fiscal year under review, despite concerns over interest rate hikes in Europe and the U.S. on the back of ongoing global inflation and rising geopolitical risks, domestic social and economic activities continued to recover from the COVID-19 pandemic and the economy regained a greater degree of normalcy. In the Tokyo metropolitan area real estate investment market, investment demand remained robust and the recovery in the movement of people has led to an uptick in the operations of office buildings, hotels, and commercial facilities, while some asset types even saw cap rate compression. Furthermore, end-user demand for home acquisitions has remained firm, despite the impact of soaring construction costs.

Amid this operating environment, the Company continued to closely monitor the trends in the real estate market and promoted its businesses, and consolidated revenue for the fiscal year under review totaled ¥79.4 billion (down 6.5% from the initial plan), operating profit was ¥16.2 billion (up 9.6% from the initial plan), and profit before tax was ¥15.3 billion (up 9.3% from the initial plan). Although revenue fell short of the initial plan due to the sale of certain properties scheduled for sale during the fiscal year under review being postponed to the next fiscal year in the Revitalization Business and the Development Business, thanks to factors including the profit margin of such real estate sales exceeding the plan, the major recovery in the Hotel Business, and the increase in revenues of the Fund and Consulting Business, operating profit greatly surpassed the initial plan, and both profit before tax and profit for the year reached record highs.

In the fiscal year under review, the Group’s medium-term management plan, “Infinite Potential 2023” (from December 2020 to November 2023) formulated in 2020 concluded its three-year plan period.

Under the plan, which upheld the main policy of “Pursue the Group’s infinite growth potential in all aspects of real estate and aim for a new stage as a comprehensive real estate company,” the Company pursued such initiatives as the expansion of existing businesses with a focus on environmental and social issues as well as the enhancement of existing businesses through the promotion of DX while putting sustainability management into practice.

Medium-term Management Plan “Infinite Potential 2023” (from December 2020 to November 2023)

<Main Policy>

"Pursue the Group's infinite growth potential in all aspects of real estate and aim for a new stage as a comprehensive real estate company."

<Basic Policies>

Basic policy 1.	Expand existing businesses and increase operating profit with a focus on environmental/ social issues
Basic policy 2.	Enhance existing businesses and create new income-generating models through DX
Basic policy 3.	Implement a balance sheet strategy with a focus on increasing business scale, Group-held assets and capital efficiency
Basic policy 4.	Implement Group strategy and organizational strategy with a focus on achieving both governance and efficiency
Basic policy 5.	Improve operational and administrative efficiency through the promotion of utilization of IT and enhance employee satisfaction conducive to improving productivity
Basic policy 6.	Promote business, management and ESG with a focus on sustainability

<Quantitative Plan>

Growth potential:	Consolidated revenue for the final fiscal year of the plan: ¥85 billion
	Consolidated profit before tax for the final fiscal year of the plan: ¥14 billion
Capital efficiency:	ROE of 12% or more in the final fiscal year of the plan
Stability:	Stable businesses ratio (operating profit-basis) 42% or more
Financial soundness:	Equity ratio of around 35%
	Net debt-to-equity ratio about 1.3 times
Shareholder returns:	Aim to gradually raise payout ratio from 25% to 30% over three years
	Consider repurchase of own shares with a focus on capital efficiency

The plan commenced in FY2021, a year when there was no end in sight to the COVID-19 pandemic. Still, as a result of unwavering efforts to recover business performance and promote growth measures, we managed to achieve record profits in FY2022. In the final fiscal year of the plan, we once again achieved record profits as well as an ROE of 13.6% exceeding the ROE of 12%, which had been targeted in the final fiscal year.

The results of the execution of each of the Basic Policies are as follows.

Basic policy 1. Expand existing businesses and increase operating profit with a focus on environmental/ social issues

As for initiatives to expand existing businesses, we promoted the acquisition of real estate utilizing M&As, enhanced our competitive edge in real estate transactions through real estate solutions with a focus on environmental and social issues, and expanded the asset type handled by the Group and strengthened our functions by making the Princess Group, which is engaged in the sale of pre-owned condominiums, a consolidated subsidiary. Additionally, in the Stock and Fee Business, the Company's stable source of income, we responded to the recovery in accommodation demand and expanded the scale of our Hotel Business by opening the Tosei Hotel COCONE Asakusa and the Tosei Hotel COCONE Kamakura in 2021, and the Tosei Hotel COCONE Tsukiji Ginza Premier in 2023. In the Rental Business, we promoted measures to improve our added value including the acquisition of prime large-scale properties, the improvement of the environmental performance of our real estate holdings, and the acquisition of environmental certification for real estate. Furthermore, in the Fund and Consulting Business and the Property Management Business, we concentrated our efforts on improving service quality and expanding the assets under management. Among others, Tosei Asset Advisors, Inc., which is entrusted with assets for management by real estate investors has grown to become the industry's top asset management company with assets under management of ¥2.3 trillion.

Basic policy 2. Enhance existing businesses and create new income-generating models through DX

Accelerating its initiatives to create new income-generating models that combine real estate and DX, the Group issued real estate security tokens, established Tosei Real Estate Crowd, "TREC Funding No. 2 through 7," as part of its real estate crowd funding scheme, and launched "TRESQ," the digital matching business for real estate investment instruments, among other initiatives. Additionally, we consolidated these three businesses as the real estate tech arm of the Group and launched the new company Tosei Proptech Co., Ltd. to allow for strategic and innovative business development untethered by conventional businesses.

Basic policy 3. Implement a balance sheet strategy with a focus on increasing business scale, Group-held assets and capital efficiency

To financially sustain the expansion of our business scale, we made efforts to strengthen our funding capabilities by raising the Group's maximum borrowing limit from the banks, strengthening our relationships with the banks, and promoting the acquisition of sustainability-linked loans. Additionally, as a result of promoting the purchase of superior real estate in line with the capital allocation policy focused on capital efficiency while maintaining financial soundness, as of the end of FY2023, inventories reached ¥118.2 billion (an increase of ¥52.8 billion during the three-year period), non-current assets increased to ¥70.8 billion (an increase of ¥20.3 billion during the three-year period), and total assets increased approximately 1.5-fold to ¥245.3 billion (an increase of ¥83.6 billion during the three-year period). Total equity increased to ¥82.3 billion (an increase of ¥23.3 billion during the three-year period) due to the increase in retained earnings, etc. In terms of shareholder returns, as per the initial plan of gradually raising the dividend payout ratio from 25% to 30% over three years, we achieved a dividend payout ratio of 30.0% in the final year of the plan, while also conducting the purchase of treasury shares totaling ¥1.5 billion during the three-year period.

Basic policy 4. Implement Group strategy and organizational strategy with a focus on achieving both governance and efficiency

We reconfigured the functions of the entire Group, made efforts to transfer expertise and improve business efficiency by consolidating the rental management business, which had been operated by Tosei and Tosei Community Co., Ltd. into Tosei Community Co., Ltd., a property management company, and integrating the detached houses business of Tosei Urban Home Corporation under Tosei's departments in charge of the Development Business. Additionally, we strengthened the functions of the administrative departments in each company by reinforcing the compliance system, the governance system of the Group companies including the subsidiaries acquired through M&As, and improving the Group accounting and human resources system with the support of the head office.

Basic policy 5. Improve operational and administrative efficiency through the promotion of utilization of IT and enhance employee satisfaction conducive to improving productivity

As part of efforts to encourage IT utilization among the Group, we have been improving the network environment by building a unified Group network system at the head office building and raising the level of information security, as well as appointing DX promotion leaders to each unit and promoting improved business efficiency at each division. Thanks to such efforts, we were certified the "Digital Transformation Certification", which is certified by the government to companies that are recognized as ready to promote digital transformation, in October 2021 and then was renewed in October 2023. Additionally, as measures to promote diverse workstyles and improve employee satisfaction, we made the telecommuting system permanent, supported the acquisition of childcare leave, revised our human resources development plan, and improved and expanded various training programs and benefit programs. As a result, in March 2023, we were recognized as one of the 2023 Certified Health & Productivity Management Outstanding Organizations.

Basic policy 6. Promote business, management and ESG with a focus on sustainability

In promoting ESG management, to further advance our efforts, we established various rules including ESG promotion rules and a human rights policy, identified the materiality (material issues) of the Group in the promotion of sustainability, promoted human resources and organizational strategies, and proactively improved and expanded the disclosure of non-financial information. In terms of issues related to climate change, we set our decarbonization targets for 2050 (Scope 1 and 2), calculated the GHG emissions of the Group (Scope 1 and 2), and promoted measures including the introduction of renewable energy at the Company-operated hotels, LED renovation works, and tenant education, while conducting disclosure based on the TCFD recommendations.

<Quantitative Plan of the Medium-term Management Plan “Infinite Potential 2023” (Consolidated)>

	Initial year Year ended Nov.30, 2021 (Announced on January 12, 2021)	2nd year Year ended Nov.30, 2022 (Announced on January 12, 2022)	3rd year (final year) Year ending Nov.30, 2023 (Announced on January 12, 2023)
Consolidated revenue	¥69.5 billion	¥80 billion	¥85 billion
Consolidated profit before tax	¥8 billion	¥12 billion	¥14 billion
ROE in the final fiscal year	-	-	12% or more
Stable businesses ratio (operating profit-basis)	47.5%	43.5%	42% or more
Equity ratio	35.7%	33.3%	Around 35%
Net debt-to-equity ratio	1.01 times	1.35 times	About 1.3 times
Dividend payout ratio	26.2%	28.2%	30.2%

< Results for the current fiscal year>

	Year ended November 2021	Year ended November 2022	Year ended November 2023
Consolidated revenue	¥61.7 billion	¥70.9 billion	¥79.4 billion
Consolidated profit before tax	¥10.3 billion	¥12.7 billion	¥15.3 billion
ROE	10.8%	12.5%	13.6%
Stable businesses ratio (operating profit-basis)	40.7%	43.0%	49.2%
Equity ratio	33.8%	34.3%	33.4%
Net debt-to-equity ratio	1.23 times	1.29 times	1.31 times
Dividend payout ratio	26.7%	28.1%	30.0%

(3) Financial Positions

As of November 30, 2023, total assets were ¥245,329 million, a increase of ¥34,373 million compared with November 30, 2022, while total liabilities were ¥163,010 million, a increase of ¥24,345 million.

Increase in total assets were due to an increase in Cash and cash equivalents, inventories and Property, plant and equipment despite a decrease in Trade and other receivables. Increase in total liabilities were due to an increase in trade and other payables and interest-bearing liabilities.

Total equity increased by ¥10,028 million to ¥82,319 million, mainly due to an increase in retained earnings, payment of cash dividends.

(4) Cash Flows

Cash and cash equivalents (hereinafter “cash”) as of November 30, 2023 totaled ¥39,197 million, a increase of ¥7,430 million compared with November 30, 2022.

The cash flows for the fiscal year under review and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥5,722 million (¥197 million used in the same period of the previous fiscal year). This is mainly due to profit before tax of ¥15,310 million, a decrease in Trade and other receivables of ¥5,065 million, a increase in inventories of ¥14,496 million and income taxes paid of ¥4,639 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥16,102 million (up 77.3% year on year). This is primarily due to payments for acquisition of subsidiaries of ¥2,938 million, Payments for acquisition of businesses of ¥10,128 million, etc.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥17,805 million (up 138.1% year on year). This mainly reflects ¥59,501 million in proceeds from non-current borrowings, despite ¥37,621 million in the repayments of non-current borrowings and ¥2,408 million in cash dividends paid.

(Reference) Trends in cash flow indicators for the Tosei Group

	Year ended Nov. 30, 2021	Year ended Nov. 30, 2022	Year ended Nov. 30, 2023
Ratio of equity attributable to owners of the parent to total assets (%)	33.8	34.3	33.4
Ratio of equity attributable to owners of the parent to market capitalization (%)	23.6	31.4	35.5
Ratio of cash flows to interest-bearing debt (years)	118.0	—	25.6
Interest coverage ratio (times)	0.8	—	3.6

Ratio of equity attributable to owners of the parent to total assets:	Equity attributable to owners of the parent /Total assets
Ratio of equity attributable to owners of the parent to market capitalization:	Market capitalization/Total assets
Ratio of cash flows to interest-bearing debt:	Interest-bearing debt/Cash flows
Interest coverage ratio:	Cash flows/Interest expenses

Notes:

(1) All indicators are calculated using consolidated financial figures.

(2) Market capitalization is calculated based on the number of issued shares, excluding treasury shares.

(3) The figure for cash flows employs cash flows from operating activities.

(4) Interest-bearing debt includes all liabilities recorded on the Consolidated Statement of Financial Position on which interest is paid.

(5) Interest-bearing debt to cash flows ratio and interest coverage ratio are not presented for the year ended November 30, 2022 because cash flows from operating activities on the consolidated statements of cash flows was negative.

(5) Future Outlook

The Tokyo metropolitan area real estate investment market, which is the Group’s mainstay market, maintains a relatively high advantage over major overseas cities due to the yen’s depreciation as a result of the low interest-rate environment, the yawning yield gap, and low geopolitical risks, and is expected to see a continuing inflow of investment funds. Meanwhile, given that the government’s economic policies to put an end to deflation will be promoted and the moves toward the normalization of monetary policy including the lifting of negative interest rates by the Bank of Japan are expected in FY2024, we are aware of the need to closely monitor such factors as the real estate investors’ appetite for investment, the attitude of financial institutions toward lending, the changes in housing demand, and prolonged hikes in construction costs.

Under such a business environment, as for the business forecast for the fiscal year ending November 30, 2024, the Group expects consolidated revenue of ¥92.1 billion (up 15.9% year on year), operating profit of ¥17.7 billion (up 8.9% year on year), profit before tax of ¥16.5 billion (up 7.8% year on year), and profit attributable to owners of parent for the year of ¥11.2 billion (up 6.7% year on year). Tosei will continue to push forward with the purchasing of properties that will become the source of future growth and promote real estate revitalization and development by leveraging The Group’s real estate solution know-how, while also focusing on improving the profitability of stable businesses. We will also further promote initiatives geared toward the Group’s growth including studies of real estate revitalization and development menus conscious of the reduction of the environmental burden and social issues and studies to promote DX including the expansion of the real estate DX businesses such as real estate crowd funding and digital matching of investment condominium units.

The Company announced today "Tosei Group Long-Term Vision 2032" and the new medium-term management plan "Further Evolution 2026" (from December 2023 to November 2026) beginning in the fiscal year ending November 30, 2024.

Tosei Group Long-Term Vision 2032

"We will contribute to the realization of a sustainable society as a unique real estate portfolio manager with diverse solution capabilities."

Furthermore, the company formulated the new medium-term management plan "Further Evolution 2026" for the initial three years (phase 1) out of the nine-year period in order to realize the Long-Term Vision 2032. By executing various measures under the policies of the plan, we will enhance the competitive edge of the Group and also contribute to the realization of a sustainable society.

(6) Fundamental Earnings Distribution Policy and Dividends for 2023 and 2024

Tosei's fundamental earnings distribution policy is to strive to continuously provide stable dividends while comprehensively considering operating results, the future operating environment and progress in its business plan to balance dividends with the need for internal capital resources to generate long-term growth in corporate value by taking advantage of highly profitable business opportunities.

For the fiscal year ended November 30, 2023 and the fiscal year ending November 30, 2024, Tosei plans to pay cash dividends per share of ¥66 and ¥73 respectively.

2. Basic Concept Regarding Selection of Accounting Standards

Tosei Group has adopted IFRS.

The Group expects that adoption of IFRS will bring numerous benefits in facilitating its overseas expansion going forward, such that include improving its creditworthiness abroad enhancing flexibility in fund raising by global offering, etc., and improved convenience of financial information for overseas investors and others.

Meanwhile, another benefit is that the adoption of IFRS enables Tosei Corporation to submit IFRS-based financial statements, as is, for matters involving both the Tokyo Stock Exchange and the Singapore Exchange where the Company maintains multiple listings.

3. Consolidated Financial Statements and notes

(1) Consolidated Statement of Financial Position

(¥ thousand)

	As of Nov. 30, 2022	As of Nov. 30, 2023
Assets		
Current assets		
Cash and cash equivalents	31,767,008	39,197,843
Trade and other receivables	10,038,132	5,348,785
Inventories	95,303,762	118,252,139
Other current assets	22,640	32,256
Total current assets	137,131,544	162,831,025
Non-current assets		
Property, plant and equipment	22,963,356	33,018,001
Investment properties	39,864,258	37,805,499
Goodwill	1,401,740	1,401,740
Intangible assets	205,354	138,914
Trade and other receivables	1,457,809	1,440,172
Other financial assets	7,219,963	7,826,991
Deferred tax assets	698,518	839,334
Other non-current assets	13,254	28,010
Total non-current assets	73,824,257	82,498,665
Total assets	210,955,801	245,329,690
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,681,615	6,107,625
Interest-bearing liabilities	13,739,325	13,783,385
Current income tax liabilities	1,935,664	3,269,414
Provisions	1,079,970	1,193,060
Total current liabilities	22,436,575	24,353,486
Non-current liabilities		
Trade and other payables	3,612,629	4,207,480
Interest-bearing liabilities	111,108,220	132,804,369
Retirement benefits obligations	704,268	761,387
Provisions	15,449	85,122
Deferred tax liabilties	787,980	798,561
Total non-current liabilities	116,228,549	138,656,921
Total Liabilities	138,665,124	163,010,408
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	6,775,532	7,200,518
Retained earnings	60,029,994	68,139,668
Treasury shares	(1,533,670)	(335,327)
Other components of equity	393,929	416,935
Total equity attributable to owners of parent	72,290,677	82,046,685
Non-controlling interests	—	272,596
Total equity	72,290,677	82,319,282
Total liabilities and equity	210,955,801	245,329,690

(2) Consolidated Statement of Comprehensive Income

(¥ thousand)

	Year ended Nov. 30, 2022 (Dec. 1, 2021 – Nov. 30, 2022)	Year ended Nov. 30, 2023 (Dec. 1, 2022 – Nov. 30, 2023)
Revenue	70,953,486	79,446,329
Cost of revenue	45,686,452	49,161,218
Gross profit	25,267,033	30,285,111
Selling, general and administrative expenses	12,107,013	14,247,230
Other income	359,807	264,795
Other expenses	5,624	48,097
Operating profit	13,514,203	16,254,578
Finance income	377,620	403,929
Finance costs	1,138,284	1,347,800
Profit before tax	12,753,538	15,310,707
Income tax expense	4,146,450	4,802,515
Profit for the year	8,607,088	10,508,192
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	105,128	30,950
Remeasurements of defined benefit pension plans	(11,680)	12,822
Subtotal of Other comprehensive income Items that will not be reclassified to profit or loss	93,447	43,772
Other comprehensive income Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	38,663	17,901
Net change in fair values of cash flow hedges	45,168	(25,845)
Subtotal of other comprehensive income Items that may be reclassified to profit or loss	83,832	(7,944)
Other comprehensive income for the year, net after tax	177,279	35,827
Total comprehensive income for the year	8,784,368	10,544,020
Profit attributable to:		
Owners of the parent	8,607,088	10,507,095
Non-controlling interests	—	1,096
Profit for the year	8,607,088	10,508,192
Total comprehensive income attributable to:		
Owners of the parent	8,784,368	10,542,923
Non-controlling interests	—	1,096
Total comprehensive income for the year	8,784,368	10,544,020
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	181.66	219.74
Diluted earnings per share (¥)	181.33	219.32

(3) Consolidated Statement of Changes in Equity

Year ended November 30, 2022 (Dec. 1, 2021 – Nov. 30, 2022)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at Dec. 1, 2021	6,624,890	6,790,172	53,250,370	(911,662)	204,969	65,958,740	65,958,740
Profit for the year			8,607,088			8,607,088	8,607,088
Other comprehensive income					177,279	177,279	177,279
Total comprehensive income for the year	–	–	8,607,088	–	177,279	8,784,368	8,784,368
Amount of transactions with owners							
Purchase of treasury shares		(1,837)		(885,972)		(887,809)	(887,809)
Disposal of treasury shares		(12,802)		263,964		251,161	251,161
Dividends from surplus			(1,815,783)			(1,815,783)	(1,815,783)
Transfer from other components of equity to retained earnings			(11,680)		11,680	–	–
Balance at Nov. 30, 2022	6,624,890	6,775,532	60,029,994	(1,533,670)	393,929	72,290,677	72,290,677

Year ended November 30, 2023 (Dec. 1, 2022 – Nov. 30, 2023)

(¥ 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 Dec. 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 year			10,507,095			10,507,095	1,096	10,508,192
Other comprehensive income					35,827	35,827		35,827
Total comprehensive income for the year	–	–	10,507,095	–	35,827	10,542,923	1,096	10,544,020
Amount of transactions with owners								
Purchase of treasury shares		(2,619)		(113,913)		(116,533)		(116,533)
Disposal of treasury shares		427,605		1,312,256		1,739,862		1,739,862
Dividends from surplus			(2,410,243)			(2,410,243)		(2,410,243)
Change from newly consolidated subsidiary						–	271,500	271,500
Transfer from other components of equity to retained earnings			12,822		(12,822)	–		–
Balance at Nov. 30, 2023	6,624,890	7,200,518	68,139,668	(335,327)	416,935	82,046,685	272,596	82,319,282

(4) Consolidated Statement of Cash Flows

(¥ thousand)

	Year ended Nov. 30, 2022 (Dec. 1, 2021 – Nov. 30, 2022)	Year ended Nov. 30, 2023 (Dec. 1, 2022 – Nov. 30, 2023)
Cash flows from operating activities		
Profit before tax	12,753,538	15,310,707
Depreciation expense	1,589,224	1,593,621
Increase (decrease) in provisions and retirement benefits obligations	349,256	184,274
Interest and dividends income	(377,620)	(403,929)
Interest expenses	1,138,284	1,347,800
Decrease (increase) in trade and other receivables	(5,542,772)	5,065,872
Decrease (increase) in inventories	(6,365,535)	(14,496,604)
Increase (decrease) in trade and other payables	1,307,604	1,321,595
Other, net	(251,066)	(107,269)
Subtotal	4,600,915	9,816,068
Interest and dividends income received	301,923	392,357
Income taxes paid	(5,099,923)	(4,639,734)
Income taxes refund	—	153,315
Net cash from (used in) operating activities	(197,084)	5,722,006
Cash flows from investing activities		
Purchase of property, plant and equipment	(89,098)	(407,928)
Purchase of investment properties	(3,172,982)	(802,991)
Purchase of intangible assets	(79,221)	(39,951)
Payments of loans receivable	(460,300)	(1,219,000)
Collection of loans receivable	6,547	7,950
Purchase of other financial assets	(2,921,115)	(570,078)
Collection of other financial assets	364,677	8,481
Payments for acquisition of subsidiaries	(2,764,974)	(2,938,680)
Payments for acquisition of businesses	—	(10,128,240)
Other, net	35,365	(11,919)
Net cash from (used in) investing activities	(9,081,101)	(16,102,356)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	3,056,646	(1,504,103)
Proceeds from non-current borrowings	37,857,089	59,501,354
Repayments of non-current borrowings	(29,180,363)	(37,621,499)
Redemption of bonds	(66,356)	(36,356)
Repayments of lease obligations	(432,155)	(431,500)
Capital contribution from non-controlling interests	—	271,500
Cash dividends paid	(1,814,599)	(2,408,911)
Purchase of treasury shares	(885,972)	(113,913)
Proceeds from disposal of treasury shares	251,701	1,740,910
Interest expenses paid	(1,308,793)	(1,591,758)
Net cash from (used in) financing activities	7,477,196	17,805,721
Net increase (decrease) in cash and cash equivalents	(1,800,990)	7,425,371
Cash and cash equivalents at beginning of year	33,560,679	31,767,008
Effect of exchange rate change on cash and cash equivalents	7,319	5,463
Cash and cash equivalents at end of year	31,767,008	39,197,843

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

No item to report.

(Segment Information)

(1) Summary of reportable segments

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 leases 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.

(2) Method for calculating revenue, profit or loss and other items by reportable segment

The methods of accounting applied in the reported operating segments are consistent with the accounting policies adopted by the Group.The reported segment profit is calculated on an operating profit basis. Intersegment revenue or transfers are based on actual market prices.

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

Year ended November 30, 2022
(Dec. 1, 2021 – Nov. 30, 2022)

(¥ 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	37,477,067	13,792,758	6,083,791	5,444,022	6,228,354	1,927,490	—	70,953,486
Intersegment revenue	—	—	156,392	16,828	1,318,360	8,960	(1,500,542)	—
Total	37,477,067	13,792,758	6,240,184	5,460,850	7,546,715	1,936,451	(1,500,542)	70,953,486
Segment profit or loss	6,102,196	2,958,398	3,041,742	3,218,183	878,838	(315,817)	(2,369,338)	13,514,203
Finance income/costs, net								(760,664)
Profit before tax								12,753,538

Year ended November 30, 2023
(Dec. 1, 2022 – Nov. 30, 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	47,535,447	7,246,876	6,656,649	7,377,912	6,470,608	4,158,835	—	79,446,329
Intersegment revenue	—	—	161,216	6,493	1,325,457	21,833	(1,515,000)	—
Total	47,535,447	7,246,876	6,817,865	7,384,405	7,796,065	4,180,669	(1,515,000)	79,446,329
Segment profit	8,877,495	1,036,225	3,232,111	4,555,887	813,945	990,518	(3,251,604)	16,254,578
Finance income/costs, net								(943,871)
Profit before tax								15,310,707

(Earnings per Share)

	Year ended November 30, 2022 (Dec. 1, 2021 – Nov. 30, 2022)	Year ended November 30, 2023 (Dec. 1, 2022 – Nov. 30, 2023)
Profit attributable to owners of the parent (¥ thousand)	8,607,088	10,507,095
Net income used to figure diluted net income per share (¥ thousand)	8,607,088	10,507,095
Weighted average number of outstanding ordinary shares (shares)	47,381,024	47,815,490
The number of increased ordinary shares used to figure diluted earnings per share (shares)	84,254	91,733
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,465,278	47,907,223
Basic earnings per share (¥)	181.66	219.74
Diluted net income per share (¥)	181.33	219.32

(Significant Subsequent Events)

No item to report.