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 Fiscal Year Ended November 30, 2022 <IFRS>

January 12, 2023

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 24, 2023 (scheduled)
Commencement of dividend payments: February 27, 2023 (scheduled)
Submission of Securities Report (Yuka Shoken Hokokusho): February 27, 2023 (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, 2022 (December 1, 2021 – November 30, 2022)

(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, 2022	70,953	14.9	13,514	23.2	12,753	23.8	8,607	28.0
Year ended Nov. 30, 2021	61,726	(3.5)	10,965	70.6	10,302	74.6	6,723	86.6

	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, 2022	8,607	28.1	8,784	23.1	181.66	181.33
Year ended Nov. 30, 2021	6,721	86.6	7,136	132.9	142.56	142.37

	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, 2022	12.5	6.3	19.0
Year ended Nov. 30, 2021	10.8	5.8	17.8

(Reference) Equity method investment gain or loss Year ended Nov. 30, 2022: ¥－million Year ended Nov.30, 2021: ¥－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, 2022	210,955	72,290	72,290	34.3	1,529.65
As of Nov. 30, 2021	195,010	65,958	65,958	33.8	1,380.36

(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, 2022	(197)	(9,081)	7,477	31,767
Year ended Nov. 30, 2021	974	(15,448)	10,994	33,560

2. Dividends

	Annual dividends per share					Total dividends per share (Total)	Devident 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, 2021	—	0.00	—	38.00	38.00	1,815	26.7	2.9
Year ended Nov. 30, 2022	—	0.00	—	51.00	51.00	2,410	28.1	3.5
Year ending Nov. 30, 2023(Forecast)	—	0.00	—	60.00	60.00		30.2	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2023 (December 1, 2022 – November 30, 2023)

(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, 2023	85,000	19.8	14,824	9.7	14,000	9.8	9,388	9.1	198.66

*** 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, 2022	48,683,800 shares
As of Nov. 30, 2021	48,683,800 shares

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

As of Nov. 30, 2022	1,424,122 shares
As of Nov. 30, 2021	900,022 shares

(c) Average number of outstanding shares during the year

Year ended Nov. 30, 2022	47,381,024 shares
Year ended Nov. 30, 2021	47,145,722 shares

(Reference) Summary of Non-Consolidated Results

1. Non-consolidated Financial Results for the Fiscal Year Ended November 30, 2022 (December 1, 2021 – November 30, 2022)

(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, 2022	43,063	(9.2)	7,175	(5.3)	10,678	10.2	8,687	16.6
Year ended Nov. 30, 2021	47,452	(8.7)	7,574	165.5	9,690	186.5	7,452	187.2

	Net income per share	Net income per share (diluted)
	(¥)	(¥)
Year ended Nov. 30, 2022	183.35	183.02
Year ended Nov. 30, 2021	158.08	157.86

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2022	189,896	65,863	34.7	1,393.00
As of Nov. 30, 2021	171,076	59,467	34.7	1,243.27

(Reference) Equity As of November 30, 2022: ¥65,832million As of November 30, 2021: ¥59,408million

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2023 (December 1, 2022 – November 30, 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2023	53,429	24.1	11,430	7.0	9,011	3.7	190.68

* 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 6 of the attached materials.

(2) A financial results meeting will be held on January 12, 2023 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 ……..……2**

(1) Operating Results……..……2
(2) Analysis and Discussion of Operating Results…….……..……4
(3) Financial Positions.…….…….…… 5
(4) Cash Flows ……..... 5
(5) Future Outlook……..……..……..……..……..……..... 6
(6) Fundamental Earnings Distribution Policy and Dividends for 2022 and 2023……..…….....8

2. **Basic Concept Regarding Selection of Accounting Standards……..8**

3. **Consolidated Financial Statements and notes…….…..... 9**

(1) Consolidated Statement of Financial Position ……9
(2) Consolidated Statement of Comprehensive Income ……10
(3) Consolidated Statement of Changes in Equity …….....11
(4) Consolidated Statement of Cash Flows ……..……12
(5) Notes on Consolidated Financial Statements ……..……13
(Notes on Going Concern Assumption) ……... 13
(Additional Information) …….. 13
(Segment Information) ……... 13
(Earnings per Share) ……14
(Significant Subsequent Events) …….. 15

1. Operating Results and Financial Position

(1) Operating Results

During the fiscal year ended November 30, 2022, the Japanese economy showed signs of recovery as social and economic activities went back to normal as society transitions to coexisting with COVID-19 in ways such as the lifting of border entry restrictions. Meanwhile, it is necessary to monitor the effects of the downturn of the overseas economies, which is caused by the global credit tightening and the supply shortage and soaring prices of natural resources due to the situation between Russia and Ukraine, as well as the impact of surging prices caused by the excessively depreciating yen.

In the real estate industry where Tosei Group operates, due to the effects of a decrease in the number of projects sold and a decrease in the number of J-REIT properties acquired, domestic real estate investments for the nine months from January to September 2022 amounted to ¥1.9 trillion, decreasing 38% year on year. However, because of the continuing superiority of domestic real estate backed by its excellent stability and liquidity, in addition to the depreciating yen and Japan's continuing monetary easing policies as compared to hikes in interest rates in other countries, the Japanese real estate investment market is becoming even more attractive, and overseas investors' appetite for investment remains high (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 October 2022 decreased 2.7% year on year to 20,946 units. While developers refrain from cutting prices due to rising prices of building materials, leading to a longer period of time to make sales, the number of units sold remains stable. In addition, in the Tokyo metropolitan area pre-owned condominium market, while the number of units contracted from January to October 2022 declined 11.1% year on year to 29,797 units, the market is booming, as evidenced by the continuing trend of rising contract prices. In the build-for-sale detached house market, housing starts for the 10 months from January to October 2022 came to 49,452 units (up 6.0% year on year) (according to a survey by a private research institute).

Regarding construction costs for the ten months from January to October 2022, average costs per tsubo for wooden structure were ¥580 thousand (1 tsubo = 3.30 square meters) (an increase of 1.9% year on year), and average costs per tsubo for steel reinforced concrete structure were ¥1,436 thousand (an increase of 23.8% year on year). Although a shortage in supply of timber that once caused the "wood shock" has eased, the price of timber has not declined due to the recent depreciating yen, and construction costs for wooden structures remain at a high level. Moreover, with the soaring price of steel, construction costs of steel reinforced concrete structures are rising rapidly (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 2022 was 6.44% (a decrease of 0.03 percentage points year on year), and the average asking rent was ¥20,114 per tsubo (a decrease of 3.3% year on year), demonstrating the slowdown of the downward trend. A massive supply of new office buildings is expected in 2023 and it remains necessary to continue monitoring the trends in supply and demand (according to a survey by a private research institute).

Meanwhile, the condominium leasing market remained generally robust and the average asking rent of apartments in the Tokyo metropolitan area as of October 2022 was ¥10,879 per tsubo (a decrease of 0.5% year on year) and the average occupancy rate at condominiums held by J-REIT in the Tokyo Area as of August 31, 2022 was 97.0% (an increase of 0.5 percentage points year on year). As for the rent of apartments for singles in the 23 wards of Tokyo, the falling trend of the previous year has eased and there are signs of bottoming out (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock in October 2022 amounted to 8.21 million tsubo (an increase of 13.5% year on year). The vacancy rate was 4.0%. Although this was an increase of 2.3 percentage points from the same period of the previous year, rent continues to gradually increase. While the vacancy rate is expected to rise even higher temporarily due to increased supply resulting from new development, it is predicted to remain solid with the expanding demand in e-commerce in the medium- to long-term (according to a survey by a private research institute).

In the real estate fund market, the market scale continues to expand. J-REIT assets under management in October 2022 totaled ¥21.7 trillion (an increase of ¥0.4 trillion year on year) and assets under management in private placement funds totaled ¥26.5 trillion (as of June 30, 2022, an increase of ¥3.1 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥48.2 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, in the nine months from January to September 2022, the average guest room occupancy rate was 53.9% (38.1% 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 38.74 million (an increase of 59.1% year on year). In addition to the recovery of domestic demand, the number of guests from foreign countries has begun to increase due to the lifting of the border entry restrictions (according to a survey by the Japan Tourism Agency).

Amid this operating environment, in the Fund and Consulting Business, the Group increased its balance of assets under management, while 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.

As a result, consolidated revenue for the fiscal year under review totaled ¥70,953million (up 14.9% year on year), operating profit was ¥13,514 million (up 23.2%), profit before tax was ¥12,753 million (up 23.8%), and profit attributable to owners of the parent was ¥8,607 million (up 28.1%).

Performance by business segment is shown below.

During the fiscal year under review, the Company changed the name of its “Real Estate Securitization Business” (in Japanese. In English, the segment has been known as the “Revitalization Business” and remains the same) to the “Revitalization Business.” As this is merely a change of the segment name, there will be no impact on segment information.

Revitalization Business

During the fiscal year under review, the segment sold 38 properties it had renovated and 127 pre-owned condominium units, including Central Minami-Otsuka No.1 Building (Toshima-ku, Tokyo), NAC Building (Tachikawa-shi, Tokyo), Kazo Warehouse (Kazo-shi, Saitama).

During the fiscal year under review, it also acquired a total of 33 income-generating office buildings, and apartments, four land lots and 125 pre-owned condominium units.

In addition, the Group reviewed the valuation of its income-generating properties, recording a valuation loss of ¥502 million and reversal of inventories valuation loss of ¥535 million.

As a result, revenue in this segment was ¥37,477 million (up 11.6% year on year) and the segment profit was ¥6,102 million (down 15.3%).

Development Business

During the fiscal year under review, the segment sold T’S BRIGHTIA Minami-Aoyama EAST (Minato-ku, Tokyo).The segment sold 93 units at THE Palms Toda Master Graces (Toda-shi, Saitama) in newly build condominium and sold 105 detached houses at such properties as THE Palms Court Setagaya Hachimanyama (Setagaya-ku, Tokyo) and THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo).

During the fiscal year under review, it also acquired four land lots for rental apartment projects, three land lots for rental wooden apartment projects, two land lots for income-generating office buildings and land lots for 96 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥544 million .

As a result, revenue in this segment was ¥13,792 million (up 15.3% year on year) and the segment profit was ¥2,958 million (up 178.9%).

Rental Business

During the fiscal year under review, while the segment sold 25 properties of its inventory assets held for leasing purposes, it newly acquired 26 properties including income-generating office buildings and apartments. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its existing non-current assets and inventory assets.

As a result, revenue in this segment was ¥6,083 million (up 11.3% year on year) and the segment profit was ¥3,041 million (up 12.7%).

Fund and Consulting Business

During the fiscal year under review, while ¥184,413 million was subtracted due mainly to property dispositions by funds, ¥486,442 million was added due to new lage asset management contracts from the balance of assets under management (Note) ¥1,420,867 million for the end of the previous fiscal year. The balance of assets under management as of November 30, 2022, was ¥1,722,896 million.

As a result, revenue in this segment was ¥5,444 million (up 10.3% year on year) and the segment profit was ¥3,218 million (up 2.6%).

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 worked to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 793 as of November 30, 2022, an increase of 35 from November 30, 2021 with that total comprising 478 office buildings, hotel, logistics facilities and other such properties, and 315 condominiums and apartments.

As a result, revenue in this segment was ¥6,228 million (up 19.3% year on year) and segment profit was ¥878 million (up 30.6%).

Hotel Business

While the impact of COVID-19 still persisted in the twelve months ended November 30, 2022, the Company strived to improve the occupancy rates at existing hotels, resulting in improvements in revenue and segment loss from the same period of the previous fiscal year.

As a result, revenue in this segment was ¥1,927 million (up 247.0% year on year) and segment loss was ¥315 million (in comparison with segment loss of ¥838 million in the same period of the previous fiscal year).

(2) Analysis and Discussion of Operating Results

During the fiscal year under review, while there are concerns over the slowdown of the global economy on the back of rapidly ongoing global inflation and credit tightening in Europe and the U.S., with its excellent scale and stability, the Japanese real estate investment market remains solid partly due to the continuing low interest-rate environment and the current weakening of the yen, and investment demand has continued for real estate by investors both in Japan and abroad. Moreover, with domestic economic activities being on a recovery trend resulting from the balance between restrictions against COVID-19 and economic activities, the housing market targeting individuals remains stable.

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 ¥70.9 billion (down 11.3% from the initial plan), operating profit was ¥13.5 billion (up 5.9% from the initial plan), and profit before tax was ¥12.7 billion (up 6.3% from the initial plan). Although the sale of certain properties scheduled for sale has been postponed to the next fiscal year, which resulted in revenue being lower than the initial plan, operating profit exceeded the initial plan due to improvements in profit margin in both the Revitalization Business and the Development Business, and reached a record high in both profit before tax and profit for the year.

The mainstay Revitalization Business performed well, as sales of income-generating properties such as office buildings, logistics facilities, income-generating apartments, etc. remained robust, while sales of condominium units, which the Company started to fully engage in from FY2021, also remained solid. In the Development Business, while sales of condominiums and detached houses fell below the planned number of units due to the strategy of prioritizing profits instead of the speed of sales made, the segment profit has exceeded the plan as the commercial facilities sold in the first half of the year has contributed to profits.

In the Stock and Fee Business, the Company's stable source of income, the business results were mostly according to the plan. Although segment profit of the Rental Business fell below the plan resulting from delays in purchasing activities of income-generating properties and leasing activities, in the Fund and Consulting Business and the Property Management Business, the number of contracts has grown steadily according to the plan. The Hotel Business, which is still on the road to recovery, recorded a GOP (gross operating profit) higher than planned due to return in customer traffic. The Fund and Consulting Business, which has continued to grow in recent years, largely increased its end of period balance of assets under management to over ¥1.7 trillion, and in December 2022, a new contract for the large project "Otemachi PLACE" was signed. The Company will promote organization enhancement and efficiency improvement to further grow its business.

(3) Financial Positions

As of November 30, 2022, total assets were ¥210,955 million, a increase of ¥15,944 million compared with November 30, 2021, while total liabilities were ¥138,665 million, a increase of ¥9,612 million.

This is mainly due to, a increase in inventories (up ¥10,092 million year on year) and a increase Other financial assets (up ¥2,708 million year on year) . Increase in liabilities were primarily due to a increase in interest-bearing liabilities (up 9,892 million year on year).

Total equity increased by ¥6,331 million to ¥72,290 million, mainly due to an increase in retained earnings, payment of cash dividends, purchase of treasury shares and disposal of treasury shares.

(4) Cash Flows

Cash and cash equivalents (hereinafter "cash") as of November 30, 2022 totaled ¥31,767 million, an decrease of ¥1,793 million compared with November 30, 2021.

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 used by operating activities totaled ¥197 million (¥974 million provided in the same period of the previous fiscal year). This is mainly attributed to the profit before tax of ¥12,753 million, trade and other receivables of ¥5,542 million, a increase in inventories of ¥6,365 million and income taxes paid of ¥5,099 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥9,081 million (down 41.2% year on year). This is mainly due to purchase of investment properties of ¥3,172 million, other financial assets of ¥2,921 million, payments for acquisition of subsidiaries of ¥2,764 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥7,477 million (down 32.0% year on year). This mainly reflects ¥37,857 million in the proceeds from non-current borrowings , ¥29,180 million in repayments of non-current borrowings and ¥1,814 million in cash dividends paid.

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

	Year ended Nov. 30, 2020	Year ended Nov. 30, 2021	Year ended Nov. 30, 2022
Ratio of equity attributable to owners of the parent to total assets (%)	36.5	33.8	34.3
Ratio of equity attributable to owners of the parent to market capitalization (%)	33.9	23.6	31.4
Ratio of cash flows to interest-bearing debt (years)	7.3	118.0	―
Interest coverage ratio (times)	12.9	0.8	―

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 real estate investment market is easily affected by the trends of global economy and financial policies, and even in the Tokyo metropolitan area real estate investment market, which is the Group's mainstay market, there has been a rising uncertainty due to concerns over recession on the back of ongoing inflation and credit tightening in Europe and the U.S. Currently, liquidity of real estate and transaction prices remain high with continuing robust investment demand from investors both in Japan and abroad, however, the real estate market will need to be watched for the possibility of entering an adjustment phase caused by changes in the stance of real estate investors reacting to the Bank of Japan raising the long-term interest rate in December 2022, further changes in domestic financial policies, and tightening in the lending attitude of financial institutions. Moreover, we are aware that we will need to closely monitor the trend as the "zero-zero loan," which was implemented as a measure against impact of COVID-19 that practically provides loans without interest and collateral to small and medium-sized enterprises, has come to an end and the repayment deadlines will peak in the summer of 2023.

The protracted COVID-19 pandemic has come to the phase coexisting with COVID-19 where society seeks balance between measures against infection and social and economic activities. In the Hotel Business, where impact of COVID-19 persists, operations are gradually returning to the level prior to the COVID-19 pandemic as we capture domestic demand, and it is expected to recover, including in terms of guest room rates, with the increasing number of inbound customers going forward. The Group's anticipates the hotel business market to start a full-blown recovery from the first half in 2023 and return to the level before the COVID-19 pandemic in 2024.

Under such a business environment, as for the business forecast for the fiscal year ending November 30, 2023, the Group expects consolidated revenue of ¥85.0 billion (up 19.8% year on year), operating profit of ¥14.8 billion (up 9.7%), profit before tax of ¥14.0 billion (up 9.8%), and profit attributable to owners of the parent for the year of ¥9.3 billion (up 9.1%). Tosei will continue to promote its purchasing and sales activities for future growth while ensuring sufficient liquidity on hand and financial soundness, and will focus on enhancement of leasing in real estate for sale and non-current assets, increase in assets under management in the Fund and Consulting Business, returning back to profitable operations in the Hotel Business of which the business performance is recovering, and preparation for the opening of TOSEI HOTEL COCONE Tsukiji scheduled in September 2023. In addition, we will promote initiatives for growth of the Group such as exploring on real estate revitalization services and development services with a focus on reduction of the environmental burden and social issues, expanding services of security tokens backed by real estate and services of real estate crowd funding scheme, and research on promotion of DX including research on marketing automation for streamlining sales activities.

The Group has formulated and has been promoting its three-year medium-term management plan in an effort to enhance corporate value. The medium-term management plan, "Infinite Potential 2023," covering the period from December 2020 to November 2023, upholds the main policy to "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." Under the plan, the Group is expanding existing businesses for the further growth of the Group and enhancing existing businesses through the promotion of DX, while making efforts to put ESG management into practice. As we approach the final year, the sales plan in the Revitalization Business and the Development Business has been revised in light of the current outlook of the business environment, the performance trends, and the inventories portfolio. As the projected profit margin in the Revitalization Business has risen, profit before tax of the initial plan is maintained, while consolidated revenue is revised downward.

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> *Underlined sections indicate revisions.

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

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

	Initial year Year ended Nov.30, 2021	2nd year Year ended Nov.30, 2022	3rd year (final year) Year ending Nov.30, 2023 (Announced on January 12, 2022)	Revised 3rd year (final year) Year ending Nov.30, 2023 (Announced on January 12, 2023)
Consolidated revenue	¥69.5 billion	¥80 billion	¥100 billion	¥85 billion
Consolidated profit before tax	¥8 billion	¥12 billion	¥14 billion	¥14 billion
ROE in the final fiscal year	-	-	12% or more	12% or more
Stable businesses ratio (operating profit-basis)	47.5%	43.5%	Around 50%	42% or more
Equity ratio	35.7%	33.3%	Around 35%	Around 35%
Net debt-to-equity ratio	1.01 times	1.35 times	About 1.3 times	About 1.3 times
Dividend payout ratio	26.2%	28.2%	Around 30%	30.2%

< Results for the current fiscal year>

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

In this plan, the Group sets out “pursue the Group's infinite growth potential” as the main policy, and will strive for further growth, business transformation through the use of digital technology, contribution to SDGs through business and promotion of ESG management to improve corporate value. Specifically, the Group aims to promote initiatives Group-wide by incorporating efforts on environmental/social issues in the individual measures of each business. The Revitalization Business aims to extend the service life of buildings by renovating existing real estate, as well as differentiate and improve profitability of products by creating added value through upgrades focusing on comfort and safety. The Development Business will incorporate elements such as eco-friendliness and crime prevention/disaster preparedness in product planning with aiming to increase the brand value of each product through product planning that will be supported by customers. Both the Revitalization Business and the Development Business will leverage IT to promote sales activities, strengthen decision-making capabilities in investments and Group-wide cooperation to reinforce the structure toward expanding business scale. In the Stock and Fee Business, the stable source of income, the Group will aim to expand business scale and improve profitability through initiatives such as providing high-quality services and enhancing customer satisfaction with a focus on ESG as well as reviews of operational processes by leveraging IT in each of the Rental Business, Fund and Consulting Business, Property Management Business and Hotel Business. Recognizing that the fusion of DX and real estate presents a new business opportunity, the Group will expand assets under management in the crowd funding business, commercialize an investment scheme using security tokens, and other projects as initiatives to create new income-generating models.

On the financial front, the Group will work on effective investments while strengthening funding capabilities and maintaining a sound financial structure to support the expansion in business scale and asset balance. In addition, as a Group organizational strategy in line with the business which is both expanding in scale and diversifying in nature, the Group will streamline and reconstruct the organization, further enhance the quality of internal control, and maintain an optimal corporate governance structure to extend Group-wide cooperation and comprehensive capabilities. Furthermore, to fully activate human resources, which are the Group’s most important assets, the Group will promote human resources development aiming for the growth of all officers and employees and productivity enhancement while improving employee satisfaction Group-wide.

(6) Fundamental Earnings Distribution Policy and Dividends for 2022 and 2023

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, 2022 and the fiscal year ending November 30, 2023, Tosei plans to pay cash dividends per share of ¥51 and ¥60 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, 2021	As of Nov. 30, 2022
Assets		
Current assets		
Cash and cash equivalents	33,560,679	31,767,008
Trade and other receivables	4,139,380	10,038,132
Inventories	85,210,849	95,303,762
Other current assets	46,903	22,640
Total current assets	122,957,812	137,131,544
Non-current assets		
Property, plant and equipment	23,860,236	22,963,356
Investment properties	39,812,070	39,864,258
Goodwill	1,401,740	1,401,740
Intangible assets	191,758	205,354
Trade and other receivables	1,509,310	1,457,809
Other financial assets	4,511,800	7,219,963
Deferred tax assets	752,916	698,518
Other non-current assets	13,254	13,254
Total non-current assets	72,053,087	73,824,257
Total assets	195,010,899	210,955,801
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,976,342	5,681,615
Interest-bearing liabilities	11,432,641	13,739,325
Current income tax liabilities	2,625,593	1,935,664
Provisions	788,366	1,079,970
Total current liabilities	19,822,944	22,436,575
Non-current liabilities		
Trade and other payables	4,373,252	3,612,629
Interest-bearing liabilities	103,521,924	111,108,220
Retirement benefits obligations	646,515	704,268
Provisions	15,284	15,449
Deffered Tax Liabilties	672,238	787,980
Total non-current liabilities	109,229,215	116,228,549
Total Liabilities	129,052,159	138,665,124
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	6,790,172	6,775,532
Retained earnings	53,250,370	60,029,994
Treasury shares	(911,662)	(1,533,670)
Other components of equity	204,969	393,929
Total equity attributable to owners of parent	65,958,740	72,290,677
Total equity	65,958,740	72,290,677
Total liabilities and equity	195,010,899	210,955,801

(2) Consolidated Statement of Comprehensive Income

(¥ thousand)

	Year ended Nov. 30, 2021 (Dec. 1, 2020 – Nov. 30, 2021)	Year ended Nov. 30, 2022 (Dec. 1, 2021 – Nov. 30, 2022)
Revenue	61,726,449	70,953,486
Cost of revenue	41,024,914	45,686,452
Gross profit	20,701,534	25,267,033
Selling, general and administrative expenses	9,778,616	12,107,013
Other income	177,190	359,807
Other expenses	134,496	5,624
Operating profit	10,965,612	13,514,203
Finance income	249,562	377,620
Finance costs	912,557	1,138,284
Profit before tax	10,302,616	12,753,538
Income tax expense	3,578,917	4,146,450
Profit for the year	6,723,698	8,607,088
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	405,964	105,128
Remeasurements of defined benefit pension plans	(18,615)	(11,680)
Subtotal of Other comprehensive income Items that will not be reclassified to profit or loss	387,348	93,447
Other comprehensive income Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	13,827	38,663
Net change in fair values of cash flow hedges	11,884	45,168
Subtotal of other comprehensive income Items that may be reclassified to profit or loss	25,712	83,832
Other comprehensive income for the year, net after tax	413,061	177,279
Total comprehensive income for the year	7,136,760	8,784,368
Profit attributable to:		
Owners of the parent	6,721,305	8,607,088
Non-controlling interests	2,393	—
Profit for the year	6,723,698	8,607,088
Total comprehensive income attributable to:		
Owners of the parent	7,134,366	8,784,368
Non-controlling interests	2,393	—
Total comprehensive income for the year	7,136,760	8,784,368
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	142.56	181.66
Diluted earnings per share (¥)	142.37	181.33

(3) Consolidated Statement of Changes in Equity

Year ended November 30, 2021 (Dec. 1, 2020 – Nov. 30, 2021)

(¥ 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, 2020	6,624,890	6,627,004	47,442,372	(1,500,055)	(224,688)	58,969,524	—	58,969,524
Profit for the year			6,721,305			6,721,305	2,393	6,723,698
Other comprehensive income					413,061	413,061		413,061
Total comprehensive income for the year	—	—	6,721,305	—	413,061	7,134,366	2,393	7,136,760
Amount of transactions with owners								
Purchase of treasury shares		(5,295)		(500,049)		(505,345)		(505,345)
Disposal of treasury shares		156,273		1,088,443		1,244,717		1,244,717
Dividends from surplus			(896,333)			(896,333)		(896,333)
Dividends to non-controlling interests						—	(2,771)	(2,771)
Change from newly consolidated subsidiary						—	117,600	117,600
Change in scope of consolidation			(378)			(378)	(117,221)	(117,600)
Share-based payment		12,189				12,189		12,189
Transfer from other components of equity to retained earnings			(16,596)		16,596	—		—
Balance at Nov. 30, 2021	6,624,890	6,790,172	53,250,370	(911,662)	204,969	65,958,740	—	65,958,740

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

(4) Consolidated Statement of Cash Flows

(¥ thousand)

	Year ended Nov. 30, 2021 (Dec. 1, 2020 – Nov. 30, 2021)	Year ended Nov. 30, 2022 (Dec. 1, 2021 – Nov. 30, 2022)
Cash flows from operating activities		
Profit before tax	10,302,616	12,753,538
Depreciation expense	1,492,087	1,589,224
Increase (decrease) in provisions and retirement benefits obligations	222,214	349,256
Interest and dividends income	(251,805)	(377,620)
Interest expenses	912,557	1,138,284
Decrease (increase) in trade and other receivables	(1,516,068)	(5,542,772)
Decrease (increase) in inventories	(7,118,262)	(6,365,535)
Increase (decrease) in trade and other payables	(1,157,713)	1,307,604
Other, net	8,827	(251,066)
Subtotal	2,894,452	4,600,915
Interest and dividends income received	256,073	301,923
Income taxes paid	(2,532,796)	(5,099,923)
Income taxes refund	356,873	—
Net cash from (used in) operating activities	974,603	(197,084)
Cash flows from investing activities		
Purchase of property, plant and equipment	(974,097)	(89,098)
Purchase of investment properties	(12,251,192)	(3,172,982)
Purchase of intangible assets	(39,893)	(79,221)
Payments of loans receivable	(610,695)	(460,300)
Collection of loans receivable	4,027	6,547
Purchase of other financial assets	(102,673)	(2,921,115)
Collection of other financial assets	157,049	364,677
Payments for acquisition of subsidiaries	(1,610,227)	(2,764,974)
Other, net	(21,275)	35,365
Net cash from (used in) investing activities	(15,448,977)	(9,081,101)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	1,358,000	3,056,646
Proceeds from non-current borrowings	49,831,946	37,857,089
Repayments of non-current borrowings	(37,419,887)	(29,180,363)
Redemption of bonds	—	(66,356)
Repayments of lease obligations	(254,241)	(432,155)
Repayments to non-controlling shareholders	(117,600)	—
Capital contribution from non-controlling interests	117,600	—
Cash dividends paid	(896,367)	(1,814,599)
Dividends paid to non-controlling interests	(2,771)	—
Purchase of treasury shares	(500,049)	(885,972)
Proceeds from disposal of treasury shares	44,767	251,701
Interest expenses paid	(1,167,130)	(1,308,793)
Net cash from (used in) financing activities	10,994,264	7,477,196
Net increase (decrease) in cash and cash equivalents	(3,480,109)	(1,800,990)
Cash and cash equivalents at beginning of year	37,039,600	33,560,679
Effect of exchange rate change on cash and cash equivalents	1,220	7,319
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(31)	—
Cash and cash equivalents at end of year	33,560,679	31,767,008

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

No item to report.

(Additional Information)

Effect of the Spread of COVID-19 on Accounting Estimates

In determining accounting estimates regarding the valuation of inventory assets, impairment accounting for non-current assets, the recoverability of deferred tax assets, and other items, the Group has assumed that the spread of COVID-19 will exert a degree of impact on future income.

The Group considers that real estate markets other than hotels and commercial facilities are already recovering as of November 30, 2022. It predicts that the impact of COVID-19 on hotels and commercial facilities will persist for the time being, and that it will gradually recover toward November 30, 2023.

(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.

During the fiscal year under review, the Company changed the name of its "Real Estate Securitization Business" (in Japanese. In English, the segment has been known as the "Revitalization Business" and remains the same) to the "Revitalization Business." As this is merely a change of the segment name, there will be no impact on segment information. Segment information for the year ended November 30, 2021 is also provided based on the changed segment name.

(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, 2021
(Dec.1, 2020 – Nov 30, 2021)

(¥ 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	33,587,081	11,962,680	5,466,444	4,934,862	5,219,864	555,515	—	61,726,449
Intersegment revenue	—	—	101,437	21,777	1,393,493	311	(1,517,019)	—
Total	33,587,081	11,962,680	5,567,882	4,956,639	6,613,357	555,827	(1,517,019)	61,726,449
Segment profit or loss	7,203,842	1,060,672	2,700,008	3,137,608	672,722	(838,825)	(2,970,416)	10,965,612
Finance income/costs, net								(662,995)
Profit before tax								10,302,616

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

(Earnings per Share)

	Year ended November 30, 2021 (Dec. 1, 2020 – Nov. 30, 2021)	Year ended November 30, 2022 (Dec. 1, 2021 – Nov. 30, 2022)
Profit attributable to owners of the parent (¥ thousand)	6,721,305	8,607,088
Net income used to figure diluted net income per share (¥ thousand)	6,721,305	8,607,088
Weighted average number of outstanding ordinary shares (shares)	47,145,722	47,381,024
The number of increased ordinary shares used to figure diluted earnings per share (shares)	64,770	84,254
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,210,492	47,465,278
Basic earnings per share (¥)	142.56	181.66
Diluted net income per share (¥)	142.37	181.33

(Significant Subsequent Events)

No item to report.