Quarterly Securities Report

(The English translation of the "Shihanki-Houkokusho"
for the second quarter of the 75th term)

from March 1, 2024
to May 31, 2024

TOSEI CORPORATION

4-5-4, Shibaura, Minato-ku, Tokyo, Japan

(E04021)

This is an English translation prepared for the convenience of non-resident shareholders by translating the Quarterly Securities Report (Shihanki-Houkokusho) submitted to the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on July 10, 2024. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

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[Quarterly Review Report of Independent Auditors]

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Company name (English):	TOSEI CORPORATION
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A. Company Information

I. Overview of the Tosei Group

1. Trends in principal management benchmarks

Term	74th term First six months	75th term First six months	74th term
Accounting period	From December 1, 2022 to May 31, 2023	From December 1, 2023 to May 31, 2024	From December 1, 2022 to November 30, 2023
Revenue (¥ thousand) [Second quarter of the current fiscal year]	52,861,365 [21,809,034]	57,618,442 [22,749,860]	79,446,329
Profit before tax (¥ thousand)	12,072,944	14,372,747	15,310,707
Profit attributable to owners of parent (¥ thousand) [Second quarter of the current fiscal year]	8,164,135 [3,747,427]	10,058,745 [3,623,273]	10,507,095
Comprehensive income attributable to owners of parent (¥ thousand)	8,046,548	10,083,710	10,542,923
Total equity (¥ thousand)	79,578,903	89,438,046	82,319,282
Total assets (¥ thousand)	224,553,101	254,464,500	245,329,690
Basic earnings per share (¥) [Second quarter of the current fiscal year]	172.35 [78.91]	207.75 [74.79]	219.74
Diluted earnings per share (¥)	172.00	207.51	219.32
Ratio of equity attributable to owners of the parent to total assets (%)	35.4	35.0	33.4
Net cash from (used in) operating activities (¥ thousand)	14,498,157	6,035,697	5,722,006
Net cash from (used in) investing activities (¥ thousand)	(4,305,359)	(2,332,664)	(16,102,356)
Net cash from (used in) financing activities (¥ thousand)	2,083,571	(3,172,923)	17,805,721
Cash and cash equivalents at end of period (¥ thousand)	44,044,834	39,731,046	39,197,843

Notes: 1. Filing company's trends in principal management benchmarks are not disclosed as the Company prepares quarterly consolidated financial statements.
2. The above benchmarks are based on the quarterly consolidated financial statements and consolidated financial statements that were prepared in compliance with the International Financial Reporting Standards (hereinafter "IFRS").

2. Business description

During the six months ended May 31, 2024, there were no significant changes in business activities operated by the Tosei Group (the Company and its subsidiaries and affiliates) from the previous fiscal year.

Changes in major subsidiaries and associates include the exclusion of Sanki-shoji Co., Ltd. from the scope of consolidation, in conjunction with the completion of its liquidation in the three months ended February 29, 2024.

During the six months ended May 31, 2024, the Company acquired equity in the silent partnership of TREC URANUS LLC and included in its scope of consolidation.

II. Review of operations

1. Business and other risks

There were no business and other risks that newly arose during the six months ended May 31, 2024. In addition, there were no significant changes in "Business and other risks" described in the annual securities report for the previous fiscal year.

2. Management analysis of financial position, operating results and cash flows

Forward-looking statements included in this section are judged by information available to the Group's management as of May 31, 2024.

(1) Recognition, analysis and contents for discussions of the Group's operating results from the viewpoint of management

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

During the six months ended May 31, 2024, the Japanese economy showed a gradual recovery due to the improved employment and income environments and the effects of various government policies, although the recovery of personal consumption seemed to have stalled somewhat. Meanwhile, uncertainty over the future of the Chinese economy and other factors are posing downward risks to the domestic economy, and therefore it remains necessary to monitor these trends along with the unstable global situation, the Bank of Japan's review of monetary policy, rising prices, etc.

In the real estate industry where Tosei Group operates, domestic real estate investments for the three months from January to March 2024 increased by 45% year on year to ¥1,704.6 billion, with Tokyo ranking first in the world for real estate investments by city (ranked fifth for the full year of 2023). Although currently, we are seeing expectations of higher domestic interest rates ahead, a sudden rise in interest rates is not in the picture and with the continuation of favorable fund-raising environment, the influx of funds into domestic real estate is expected to continue (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 April 2024 decreased by 12.1% year on year to 5,854 units while the average price per unit in April 2024 was ¥74.12 million (down 4.3% year on year). The average price per unit in the Tokyo metropolitan area continues to remain high due to the shifting of soaring construction costs onto condominium prices. These sales prices are expected to remain high due to the further narrowing down of supply and other factors going forward. In the Tokyo metropolitan area pre-owned condominium market, the number of units contracted from January to April 2024 increased to 13,122 units (up 7.4% year on year) and the average price per unit as of April was ¥46.06 million (down 5.1% year on year). In the build-for-sale detached house market, housing starts for the four months from January to April 2024 were 17,863 units (down 6.3% year on year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the four months from January to April 2024 were ¥1,759 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 53.7% year on year) for steel reinforced concrete structures and ¥710 thousand per tsubo (an increase of 14.5% year on year) for wooden structures. As for the current prices of building materials, cement and steel prices remain high while the price of timber remains flat. However, construction costs have been generally rising 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 April 2024 indicates a moderate recovery at 5.4% (a decrease of 0.7 percentage points year on year), reflecting the rush to fill up the mainly new and relatively new office buildings. In addition, the average asking rent as of April 2024 was ¥19,825 per tsubo (a decrease of 0.4% year on year), remaining mostly at levels comparable to the previous year. Although a massive supply of office buildings is forecasted for 2025, the supply of new office buildings in 2024 is expected to be limited (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium leasing market, the average asking rent of apartments as of April 2024 was ¥12,079 per tsubo (an increase of 4.6% year on year) and the average occupancy rate of condominiums held by J-REIT in the Tokyo area, as of February 29, 2024, was 97.5% (an increase of 0.3% year on year). The preference for rental apartments continues against the backdrop of rising

condominium prices and concerns for a rise in mortgage interest rates, and both the rent and occupancy rates remain firm (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock as of April 2024 was 10.15 million tsubo (an increase of 13.5% year on year), the vacancy rate rose to 7.4% (an increase of 1.9 percentage points year on year), and the asking rent was ¥4,860 per tsubo (an increase of 5.7% year on year). While the vacancy rate continues to rise in conjunction with the growing supply of new facilities, the asking rent is also rising due to the effects of soaring construction costs. The supply of new facilities is expected to fall after peaking out in 2024, and a decline in the vacancy rate is expected going forward (according to a survey by a private research institute).

In the real estate fund market, J-REIT assets under management in April 2024 totaled ¥23.1 trillion (an increase of ¥0.9 trillion year on year) and assets under management in private placement funds totaled ¥35.0 trillion (as of December 31, 2023, an increase of ¥5.3 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥58.1 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, in the three months from January to March 2024, the average guest room occupancy rate was 80.9% (an increase of 6.5 percentage points year on year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 26.29 million (an increase of 25.0% year on year). Inbound guests made up roughly half of the total number of hotel guests and fueled by the weakening yen, inbound demand is expected to expand even further in the future (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 improve business performance.

As a result, consolidated revenue for the six months ended May 31, 2024 totaled ¥57,618 million (up 9.0% year on year), operating profit was ¥14,901 million (up 19.1%), profit before tax was ¥14,372 million (up 19.0%), and profit attributable to owners of the parent was ¥10,058 million (up 23.2%).

Performance by business segment is shown below.

Revitalization Business

During the six months ended May 31, 2024, the segment sold 28 properties it had renovated and 65 pre-owned condominium units, including T's garden Nishi Terao (Yokohama-shi, Kanagawa), Hatchobori Tosei Building II (Chuo-ku, Tokyo), LIERRE ICHIGAYA (Shinjuku-ku, Tokyo).

During the six months ended May 31, 2024, it also acquired a total of 29 income-generating office buildings, rental apartments, nine land lots and 61 pre-owned condominium units.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥12 million.

As a result, revenue in this segment was ¥29,399 million (down 13.6% year on year) and the segment profit was ¥5,597 million (down 21.9%).

Development Business

During the six months ended May 31, 2024, the segment sold T's Logi Ome (Nishitama-gun, Tokyo) which is a logistic facility, T'S BRIGHTIA Jiyugaoka (Meguro-ku, Tokyo) which is a commercial facility and sold 11 detached houses at such property as THE Palms Court Gakugei University (Meguro-ku, Tokyo).

During the six months ended May 31, 2024, it also acquired three land lots for rental apartment project, nine land lots for rental wooden apartment project, and land lots for 70 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥269 million.

As a result, revenue in this segment was ¥14,334 million (up 124.1% year on year) and the segment profit was ¥5,123 million (up 295.3% year on year).

Rental Business

During the six months ended May 31, 2024, the Company focused on leasing out its rental properties.

As of May 31, 2024, the number of rental properties increased by nine from 114 at the end of the previous fiscal year to 123, as the segment acquired 27 properties, and begin offering for rental of six properties, sold 22 properties, and terminated the leasing of two properties.

As a result, revenue in this segment was ¥3,699 million (up 16.9% year on year) and the segment profit was ¥1,791 million (up 17.5%).

Fund and Consulting Business

While ¥122,327 million was subtracted due mainly to property dispositions by funds, ¥147,681 million added due to new asset management contracts, from the balance of assets under management (Note) ¥2,352,454 million for the end of the previous fiscal year. The balance of assets under management as of May 31, 2024, was ¥2,377,808 million.

As a result, revenue in this segment was ¥3,644 million (down 12.9% year on year) and the segment profit was ¥2,305 million (down 22.6%).

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

Property Management Business

During the six months ended May 31, 2024, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 963 as of May 31, 2024, an increase of 122 from May 31, 2023, with the total comprising 571 office buildings, hotels, logistic facilities and other such properties, and 392 condominiums and apartments.

As a result, revenue in this segment was ¥3,529 million (up 7.7% year on year) and segment profit was ¥637 million (up 23.0%).

Hotel Business

During the six months ended May 31, 2024, as domestic economic activities went back to normal and inbound demand continued to recover, the segment made efforts to improve the occupancy rates and the guest room rates of all eight hotels including the Tosei Hotel COCONE Tsukiji Ginza Premier (Chuo-ku, Tokyo), which opened in September 2023.

As a result, revenue in this segment was ¥3,011 million (up 65.4% year on year) and segment profit was ¥1,046 million (up 120.0% year on year).

2) Analysis and contents for discussion of Operating Results

In the domestic real estate investment market, which is the Group's mainstay market, transactions remained robust thanks to the continuing influx of investment funds against the backdrop of extremely accommodative financial conditions, despite expectations of higher domestic interest rates ahead.

Under such an operating environment, for the six months ended May 31, 2024, the Group reported consolidated revenue of ¥57.6 billion (up 9.0% year on year), operating profit of ¥14.9 billion (up 19.1% year on year), and profit before tax of ¥14.3 billion (up 19.0% year on year). Significant progress was made against the full-year forecast, achieving 62.5% based on revenue and 87.1% based on profit before tax, reflecting strong property sales including the large-scale development property sold in the first quarter.

As for the operating segments, the Revitalization Business saw brisk sales of whole buildings such as T's garden Nishi-terao, Hatchobori Tosei Building II, and LIERRE ICHIGAYA, as well as pre-owned, high-rise condominium units in central Tokyo. In the Development Business, the Company, according to its sales plan, sold the major logistics facility T's Logi Ome and the commercial facility T's BRIGHTIA Jiyugaoka in the first quarter, while in the second quarter, it focused on the sales of detached houses and land lots for detached houses. In purchasing activities, the acquisition of property through business succession support services, a competitive advantage of the Company, made a major contribution, as acquisitions reached ¥44.6 billion against the ¥100.0 billion planned for the current fiscal year (on an expected disposition value basis). As countermeasures against the recent sharp rise in construction costs, the Company will raise the ratio of revitalization projects, which pose a smaller burden in terms of construction costs, while at the same time in the Development Business, it will carry out research on apartments made from wooden structures, whose construction costs have been rising at a more moderate rate than reinforced concrete structures and continue its acquisitions by selecting projects that focus on profitability.

Meanwhile, in the Stock and Fee Business, the Company's stable source of income, each business

progressed strongly, and in the Hotel Business in particular, performance was firm and exceeded the initial plan, thanks to the increase in inbound demand. Additionally, in the Fund and Consulting Business, the balance of assets under management increased by ¥25.3 billion from the end of the previous fiscal year to ¥2.3 trillion. As real estate prices remained high, the funds with management contracts actively engaged in the acquisition and disposal of properties, earning incentive fees, etc., which in turn resulted in strong performance. While the Bank of Japan is expected to make additional interest rate hikes, the appeal of Japanese real estate, including its stable revenue, the yield gap, and expectations for higher rent is set to continue into the future, and the Company will make efforts to bolster its organization to enhance its capabilities to further capture management contracts

On May 24, 2024, the Company concluded a capital and business alliance agreement with Nagoya Railroad Co., Ltd. ("Nagoya Railroad"). The Company will aim to maximize the corporate value of both groups by synergistically utilizing Nagoya Railroad's stable financial base and its presence and expertise in the Nagoya area, and the Group's core competencies of "real estate solution capabilities," "portfolio management capabilities" and "global reach capabilities." In specific terms, the Company will promote joint projects in the private placement fund formation and the real estate tech businesses in the Nagoya area and the Tokyo metropolitan area, wherein the strengths of each party lie, thereby strengthening the real estate fund business of the two companies. In addition, by promoting joint projects in the real estate business in the Nagoya area and the Tokyo metropolitan area, the Company will aim to acquire more prime projects and expand the Company's presence in these areas.

(2) Analysis of Financial Positions

As of May 31, 2024, total assets were ¥254,464 million, an increase of ¥9,134 million compared with November 30, 2023, while total liabilities were ¥165,026 million, an increase of ¥2,016 million.

Increase in total assets were due to an increase in trade and other receivables, inventories, and other financial assets . Increase in total liabilities were due to an increase in trade and other payables and interest-bearing liabilities.

Total equity increased by ¥7,118 million to ¥89,438 million, mainly due to an increase in retained earnings, payment of cash dividends.

(3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter "cash") as of May 31, 2024 totaled ¥39,731 million, up ¥533 million compared with November 30, 2023.

The cash flows for the six months ended May 31, 2024 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥6,035 million (down 58.4% year on year). This is mainly attributed to the profit before tax of ¥14,372 million, a increase in inventories of ¥5,694 million, and income taxes paid of ¥3,190 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,332 million (down 45.8% year on year). This is primarily due to payments of loans receivable of ¥7,795 million and collection of loans receivable of ¥7,412 million etc.

Cash Flows from Financing Activities

Net cash used by financing activities totaled ¥3,172 million (in comparison with segment net cash provided in financing activities of ¥2,083 million in the same period of the previous fiscal year). This mainly reflects ¥30,298 million in the repayments of non-current borrowings and ¥3,190 million in cash dividends paid, despite ¥30,737 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the six months ended May 31, 2024, there was no significant change in issues to be addressed by the Tosei Group.

The Group has set the basic policy regarding the persons who control the decision-making on the financial and business policies of the Company, but there have been no material changes during the cumulative quarter after the date of submission of the securities report in the previous fiscal year.

(5) Research and development activities

No item to report.

3. Important operational contracts, etc.

The Company concluded a capital and business alliance agreement ("the Agreement," hereafter, with the capital and business alliance based on the agreement hereafter referred to as "the capital and business alliance") with Nagoya Railroad Co., Ltd. (Securities code: 9048; Head Office: Nagoya, Aichi Prefecture; President: Hiroki Takasaki; "Nagoya Railroad" hereafter) on May 24, 2024, following the resolution at a meeting of the Board of Directors held on the same date.

1. Purpose and Reason for the Capital and Business Alliance

The Group's corporate philosophy is "Create new value and inspiration in all aspects of real estate as a global-minded group of seasoned professionals." We aim to contribute to society and enhance the corporate value of the Group by promoting diverse real estate-related businesses with an awareness of the integration of real estate and finance, and constant commitment to ensure craftsmanship.

Through its real estate-related businesses, which consists of six businesses, the Group has provided various solutions to manifest the potential value of real estate. By combining multiple businesses with different business characteristics, we are expanding our business domains while reducing risk, and we continue to improve our real estate investment skills as a portfolio manager capable of handling a variety of assets. In the asset management field, we provide world-class services that are trusted by real estate investors around the world. We are committed to further expanding "our real estate solutions capabilities", "portfolio management capabilities" and "global reach capabilities" as our core competencies, while growing our business and realizing our long-term vision 2032.

The Greater Tokyo area real estate investment market, the Group's main market, maintains a relatively high advantage over major overseas cities due to the yen's depreciation due to the low interest rate environment, the depth of the yield gap, and low geopolitical risk, and is expected to continue to see an inflow of investment funds. On the other hand, in FY 2024, we recognize the need to keep a close watch on real estate investors' willingness to invest, financial institutions' lending attitudes, changes in housing demand, and the prolonged sharp rise in construction costs, as the government's economic measures to end deflation are promoted and the Bank of Japan is expected to move toward normalization of monetary policy by lifting negative interest rates and other measures.

Under these circumstances, we have been looking to form an alliance with a partner company with strong financial credibility and land acquisition capabilities. This not only to pursue our own growth strategy, but also to strengthen our capability to respond to the changes in the environment described above. We recognize that collaborating with such partners in the real estate business represents the best growth strategy, and we have been considering potential business partners.

Meanwhile Nagoya Railroad, our partner in this capital and business alliance, has positioned the period from FY2024 to FY2026 as a "period for building a foundation for growth and strengthening profitability" as described in "The Meitetsu Group’s New Management Vision, The Meitetsu Group’s Vision for 2040, The Meitetsu Group’s Medium- to Long-term Management Strategies, The Meitetsu Group’s Medium-term Management Plan(FY2024-FY2026)", formulated in March 2024. The Nagoya Railroad Group has identified five key themes to achieve sustainable growth and increase corporate value despite accelerating changes in lifestyles due to the COVID-19 pandemic and the ongoing trends of population decline and aging. It is working to further revitalize its operations through the development of areas along railway lines and local areas from the perspectives of "creating attractive areas and cities" and "strengthening earning power and promoting structural reforms." At the same time, to balance growth while maintaining financial soundness, the Nagoya Railroad Group is working to enhance profitability in the real estate sector, a field expected to see growth, by advancing the dualization of its real estate business.

The Company engaged in repeated discussions on the possibility of collaboration in the real estate business with Nagoya Railroad, verifying that it would be possible to create synergies by leveraging the "real estate solution capabilities", "portfolio management capabilities", and "global reach capabilities" that are the source of the Group's corporate value, together with the Nagoya Railroad Group's strengths, such as its customer base and its ability to make solid proposals rooted in the Chubu region. Due to the prospects for maximizing the corporate value of both companies, an agreement was reached to enter into a capital and business alliance.

2. Details of the Capital and Business Alliance

(1) Details of the business alliance

The Company and Nagoya Railroad aim to maximize the corporate value of both companies by synergistically utilizing their respective expertise and strengths cultivated to date and promoting joint projects in the real estate business, which would strengthen the real estate fund business and promote joint projects for real estates in business areas where each party has strengths.

(a) Promotion of joint projects in the real estate tech business and private placement fund business

The Group's activities include the establishment, management, and advisory of privately placed real estate funds, management of Tosei Reit Investment Corporation, and real estate consulting for business companies. As of the end

of November 2023, the Group's assets under management totaled 2.3 trillion yen, one of the largest in Japan.

By leveraging the asset management business expertise that the Tosei Group has cultivated to date and Nagoya Railroad's stable financial base and involved assets, the Company and the Nagoya Railroad Group will collaborate in private placement fund formation and the real estate tech business to promote the asset management business in the Nagoya area and the Greater Tokyo area, and to strengthen the real estate fund business of the two companies.

(b) Promotion of joint business in the Nagoya area

Both the Company and Nagoya Railroad Group have developed comprehensive real estate businesses in the Greater Tokyo area and the Tokai area, including Nagoya respectively.

On a groupwide basis Nagoya Railroad in particular has been promoting real estate development in the Nagoya area that contributes to the creation of attractive cities. The Company and Nagoya Railroad Group will jointly promote the real estate business by leveraging the Nagoya Railroad Group's presence and expertise in the area, as well as our real estate solution capabilities in the real estate revitalization and development businesses, along with our abundant experience in investing in variety of assets.

(c) Promotion of joint projects in the Greater Tokyo area

In addition to (b) above, the Company and the Nagoya Railroad Group will promote joint business to acquire more prime projects and expand our presence in the Greater Tokyo area, where we have an extensive track record of real estate investment, by utilizing Nagoya Railroad's stable financial base.

(d) Collaboration in terms of human resources and expertise

In order to realize (a) through (c) above and maximize the synergistic effects of the capital and business alliance, the two companies will promote the exchange of human resources and the integration of the two companies' expertise, including Nagoya Railroad Group's expertise in urban redevelopment that contributes to the creation of attractive areas and cities, the development of areas along railway lines, and expertise in the development of high added value in commercial, residential and tourist facilities, etc.

(e) Establishment of a Business Alliance Promotion Committee

A consultative body will be established to promote the business alliance with the purpose to proceed smooth and prompt discussions regarding the business alliance and to generate synergies.

(2) Details of the capital alliance

Regarding the share transfer, the Company's largest and major shareholder, Seiichiro Yamaguchi agreed to transfer a total of 7,500,100 shares of the Company's common stock which he owns (15.40% of the total number of shares issued and outstanding as of November 30, 2023 (hereafter rounded down to two decimal places); 15.50% of the total number of voting rights as of November 30, 2023) to Nagoya Railroad through off-market negotiated trades. The Company recognized that the share transfer was completed on June 4, 2024. Details are as described in "IV. Accounting 1. Condensed Quarterly Consolidated Financial Statements (5) Notes on Condensed Quarterly Consolidated Financial Statements 12. Significant Subsequent Events."

In addition, in the Agreement, the Company and Nagoya Railroad have agreed on matters regarding the capital and business alliance, including the following matters.

(a) Respect for independence, etc.

The Company and Nagoya Railroad have mutually confirmed that they will respect the Company's autonomy and independence of management as a listed company to the maximum extent possible, and Nagoya Railroad has agreed to give maximum consideration to the common interests of the Company's shareholders, including minority shareholders.

(b) Dispatching of a director

Under the Agreement, Nagoya Railroad may nominate one person and propose to the Company as a candidate for full-time director for the purpose of promoting the business alliance. After discussing the details of the proposal and the person to be selected, the Company intends to submit the proposal to the Board of Directors and to the first ordinary general meeting of shareholders to be held after May 30, 2024.

3. Overview of the Counterparty to the Capital and Business Alliance

(1) Name	Nagoya Railroad Co., Ltd.	
(2) Address	1-2-4 Meieki, Nakamura-ku, Nagoya-shi, Aichi	
(3) Title and name of representative	President Hiroki Takasaki	
(4) Business activities	Transportation, goods transport, real estate, leisure services, distribution, aviation-related services, and other businesses	
(5) Capital	¥101,158 million	
(6) Date of establishment	June 13, 1921	
(7) Major shareholders and shareholding ratios (Ratios of the number of shares held to the number of shares issued excluding treasury shares) (as of September 30, 2023)	The Master Trust Bank of Japan, Ltd. (Trust Account) 13.62% Custody Bank of Japan, Ltd. (Trust account) 4.27% Nippon Life Insurance Company 2.57% GOVERNMENT OF NORWAY (Standing proxy: Citibank N.A., Tokyo Branch) 1.51% JP Morgan Chase Bank 385781 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) 1.36% MUFG Bank, Ltd. 1.24% State Street Bank West Client - Treaty 505234 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) 1.15% Tokio Marine & Nichido Fire Insurance Co., Ltd. 1.02% State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) 0.94% Mitsui Sumitomo Insurance Co., Ltd. 0.94%	
(8) Relationship between the parties	Capital relationship	Not applicable.
	Personal relationship	Not applicable.
	Business relationship	Not applicable.
	Applicability to related parties	Not applicable.

(9) Consolidated operating results and consolidated financial position for the past three years
(¥ million, except where noted)

Fiscal years	FY ended March 2022	FY ended March 2023	FY ended March 2024
Consolidated net assets	411,132	429,089	463,532
Consolidated total assets	1,186,897	1,231,378	1,303,205
Consolidated net assets per share (¥)	1,949.33	2,057.89	2,227.88
Consolidated operating revenue	490,919	551,504	601,121
Consolidated operating profit	2,932	22,731	34,750
Consolidated ordinary profit	13,135	26,362	37,544
Consolidated net income attributable to owners of parent	9,370	18,850	24,400
Consolidated net income per share (¥)	47.65	95.91	124.13
Dividend per share (¥)	12.50	20.00	27.50

III. Filing company

1. Information on the Company (Tosei)'s shares, etc.

(1) Total number of authorized shares, etc.

1) Total number of authorized shares

Class	Total number of authorized shares
Ordinary shares	150,000,000
Total	150,000,000

2) Number of shares issued

Class	Number of issued shares (Shares: as of May 31, 2024)	Number of issued shares (Shares: as of the date of filing: July 10, 2024)	Name of financial instruments exchange where the stock of Tosei is traded or the name of authorized financial instruments firms association where Tosei is registered	Details
Ordinary shares	48,683,800	48,683,800	Tokyo Stock Exchange (Prime Market), Singapore Exchange (Mainboard)	Share unit number: 100
Total	48,683,800	48,683,800	–	–

(2) Status of stock acquisition rights

1) The detail of the stock option system

No item to report.

2) Details of other stock acquisition rights, etc.

No item to report.

(3) Exercise of bond certificates with stock acquisition rights with exercise price amendment clause

No item to report.

(4) Trends in total number of issued shares, share capital, etc.

Date	Fluctuation in the number of issued shares (Shares)	Balance of issued shares (Shares)	Fluctuation in share capital (¥ thousand)	Balance of share capital (¥ thousand)	Fluctuation in capital reserves (¥ thousand)	Balance of capital reserves (¥ thousand)
From March 1, 2024 to May 31, 2024	—	48,683,800	—	6,624,890	—	6,708,366

(5) Status of major shareholders

(As of May 31, 2024)

Name of shareholder	Address	Number of shares held (Share)	Ownership percentage to the number of issued shares (excluding treasury stock) (%)
Seiichiro Yamaguchi	Shibuya-ku, Tokyo, Japan	12,885,500	26.58
Zeus Capital Limited	2-22-26-103 Uehara, Shibuya-ku, Tokyo, Japan	6,000,000	12.38
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo, Japan	4,548,200	9.38
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Hongkong And Shanghai Banking Corporation Limited, Tokyo Branch)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (3-11-1 Nihonbashi,Chuo-ku, Tokyo, Japan)	1,821,902	3.75
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	1,671,500	3.44
Government of NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	Bankplassen 2, 0107 Oslo 1 Oslo 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo, Japan)	1,405,617	2.90
Hirotoshi Deguchi	Minato-ku, Tokyo, Japan	1,030,000	2.12
Kiraboshi Capital Tokyo Sparkle Investment Limited Partnership	3-10-43, Minami-Aoyama, Minato-ku, Tokyo, Japan	1,000,000	2.06
HOST-PLUS PTY LIMITED-HOSTPLUS POOLED SUPERANNUATION TRUST HOSKING PARTNERS LLP (Standing proxy: Citibank, N.A., Tokyo Branch)	LEVEL 9,114 WILLIAM STREET, MELBOURNE VICTORIA 3000 (6-27-30 Shinjuku, Shinjuku-ku, Tokyo, Japan)	763,400	1.57
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd., Settlement &cleaning Services Division)	P. O. BOX 351 BOSTON MASSACHUSETTS 02101 U. S. A. (2-15-1, Konan, Minato-ku, Tokyo, Japan)	748,086	1.54
Total	–	31,874,205	65.77

Notes: 1. Ownership percentage to the number of issued shares (excluding treasury stock) is rounded down to the second decimal place.

2. The number of shares of treasury shares (222,707 of shares) is not included in the chart above.

3. The change report for the large shareholding report, which was made accessible to the public as of April 2, 2024, states that Grantham, Mayo, Van Ottterloo & Co. LLC held the following shares as of March 26, 2024. However, since the Company could not confirm the actual number of shares held by this company as of the end of the fiscal year under review, the company was not included in the status of major shareholders described above.

The content of the change report for the large shareholding report is as follows:

Large volume holder	Grantham, Mayo, Van Ottterloo & Co. LLC
Address	53 State Street, Suite3300, Boston, Massachusetts 02109, U.S.A.
Number of share certificates, etc. held (shares)	1,956,000
Holding ratio of share certificates, etc. (%)	4.02

4. The large shareholding report, which was made accessible to the public as of June 3, 2024, states that Grantham, Mayo, Van Ottterloo & Co. LLC held the following shares as of May 27, 2024. However, since the Company could not confirm the actual number of shares held by this company as of the end of the fiscal year under review, the company was not included in the status of major shareholders described above.

The content of the large shareholding report is as follows:

Large volume holder	Dalton Investments, Inc.
Address	9440 West Sahara Avenue, Suite 215 Las Vegas, Nevada 89117, USA
Number of share certificates, etc. held (shares)	2,445,600
Holding ratio of share certificates, etc. (%)	5.02

(6) Status of voting rights

1) Issued shares

(As of May 31, 2024)

Classification	Number of shares (Shares)	Number of voting rights	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares held) Ordinary shares 222,700	–	–
Shares with full voting rights (Other)	Ordinary shares 48,441,800	484,418	–
Shares less than one unit	Ordinary shares 19,300	–	–
Total number of issued shares	48,683,800	–	–
Voting rights owned by all shareholders	–	484,418	–

Notes:1. The number of "Shares with full voting rights (Other)" includes 400 shares in the name of Japan Securities Depository Center, Inc. "Number of voting rights" includes 4 units of voting rights related to shares with full voting rights in its name.

2. Number of ordinary shares in "Shares less than one unit" includes seven shares of treasury shares.

2) Treasury shares, etc.

(As of May 31, 2024)

Name of shareholder	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of number of shares held in the total number of issued shares (%)
(Treasury shares held) TOSEI CORPORATION	4-5-4, Shibaura, Minato-ku, Tokyo, Japan	222,700	—	222,700	0.45
Total	–	222,700	—	222,700	0.45

Note: The number of shares decreased by 39,600 shares due to the exercise of stock acquisition rights. As a result, the number of treasury shares as of May 31, 2024 stands at 222,707 shares.

2. Status of Officers

There was change in Officers during the six months ended May 31, 2024 after the filing date of annual securities report for the previous fiscal year is as follows.

Change of position

New Post	Old Post	Name	Date of Change
Director,Senior Managing Executive Officer, Chief of Business Division and in charge of Asset Solution Department 2 and Asset Solution Department 4 and Asset Solutions Business Promotion Department	Director,Senior Managing Executive Officer, Chief of Business Division and in charge of Asset Solution Department 4 and Asset Solutions Business Promotion	Hideki Nakanishi	March 1, 2024
Director, Managing Executive Officer, Deputy Chief of Administrative Division in charge of Finance Department and M&A-Group Strategy Department	Director, Managing Executive Officer in charge of Finance Department and M&A-Group Strategy Department	Hiroyasu Yoneda	March 1, 2024
Director,Senior Managing Executive Officer, Chief of Business Division and in charge of Asset Solution Department 2 and Asset Solutions Business Promotion	Director,Senior Managing Executive Officer, Chief of Business Division and in charge of Asset Solution Department 2 and Asset Solution Department 4 and Asset Solutions Business Promotion Department	Hideki Nakanishi	April 1, 2024

IV. Accounting

1. Preparation policy of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” under the provision of Article 93 of the “Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

2. Audit attestation

The condensed quarterly consolidated financial statements for the second quarter of the fiscal year ending November 30, 2024 (from March 1, 2024 to May 31, 2024) and for the first six months of the fiscal year ending November 30, 2024 (from December 1, 2023 to May 31, 2024) were reviewed by Shinsoh Audit Corporation pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

	Notes	As of November 30, 2023	As of May 31, 2024
Assets			
Current assets			
Cash and cash equivalents	10	39,197,843	39,731,046
Trade and other receivables	10	5,348,785	7,243,677
Inventories	6	118,252,139	124,020,444
Other current assets		32,256	32,331
Total current assets		162,831,025	171,027,500
Non-current assets			
Property, plant and equipment		33,018,001	32,580,427
Investment properties		37,805,499	37,610,286
Goodwill		1,401,740	1,401,740
Intangible assets		138,914	130,590
Trade and other receivables	10	1,440,172	1,289,689
Other financial assets	10	7,826,991	9,710,805
Deferred tax assets		839,334	685,448
Other non-current assets		28,010	28,010
Total non-current assets		82,498,665	83,437,000
Total assets		245,329,690	254,464,500
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	10	6,107,625	6,874,247
Interest-bearing liabilities	10	13,783,385	15,612,785
Current income tax liabilities		3,269,414	4,518,617
Provisions		1,193,060	697,237
Total current liabilities		24,353,486	27,702,888
Non-current liabilities			
Trade and other payables	10	4,207,480	4,258,422
Interest-bearing liabilities	10	132,804,369	131,650,736
Retirement benefits obligations		761,387	753,437
Provisions		85,122	85,535
Deferred tax liabilities		798,561	575,433
Total non-current liabilities		138,656,921	137,323,565
Total Liabilities		163,010,408	165,026,454
Equity			
Share capital		6,624,890	6,624,890
Capital reserves		7,200,518	7,208,944
Retained earnings		68,139,668	74,986,657
Treasury shares		(335,327)	(243,507)
Other components of equity		416,935	460,773
Total equity attributable to owners of parent		82,046,685	89,037,758
Non-controlling interests		272,596	400,288
Total equity		82,319,282	89,438,046
Total liabilities and equity		245,329,690	254,464,500

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

Six months ended May 31, 2024

(¥ thousand)

	Notes	Six months ended May 31, 2023	Six months ended May 31, 2024
Revenue	5,7	52,861,365	57,618,442
Cost of revenue		33,930,374	34,715,695
Gross profit		18,930,991	22,902,747
Selling, general and administrative expenses		6,565,234	7,508,305
Other income		166,777	71,331
Other expenses		16,343	564,190
Operating profit	5	12,516,190	14,901,583
Finance income		190,689	289,299
Finance costs		633,935	818,134
Profit before tax		12,072,944	14,372,747
Income tax expense		3,909,848	4,309,763
Profit for the period		8,163,096	10,062,984
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		(93,809)	19,241
Remeasurements of defined benefit pension plans		—	(18,872)
Subtotal		(93,809)	368
Other comprehensive income items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		4,842	10,711
Net change in fair values of cash flow hedges		(28,619)	13,885
Subtotal		(23,777)	24,597
Other comprehensive income for the period, net of tax		(117,587)	24,965
Total comprehensive income for the period		8,045,509	10,087,950
Profit attributable to:			
Owners of parent		8,164,135	10,058,745
Non-controlling interests		(1,039)	4,239
Profit for the period		8,163,096	10,062,984
Total comprehensive income attributable to:			
Owners of parent		8,046,548	10,083,710
Non-controlling interests		(1,039)	4,239
Total comprehensive income for the period		8,045,509	10,087,950
Earnings per share attributable to owners of the parent			
Basic earnings per share (¥)	9	172.35	207.75
Diluted earnings per share (¥)	9	172.00	207.51

Second quarter ended May 31, 2024

(¥ thousand)

	Notes	Second quarter ended May 31, 2023	Second quarter ended May 31, 2024
Revenue	5	21,809,034	22,749,860
Cost of revenue		12,781,943	13,614,837
Gross profit		9,027,091	9,135,022
Selling, general and administrative expenses		3,330,394	3,874,545
Other income		50,613	60,563
Other expenses		12,204	5,061
Operating profit	5	5,735,106	5,315,979
Finance income		186,797	277,020
Finance costs		337,004	412,215
Profit before tax		5,584,899	5,180,784
Income tax expense		1,838,511	1,556,959
Profit for the period		3,746,387	3,623,824
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		(48,916)	(107,675)
Subtotal		(48,916)	(107,675)
Other comprehensive income items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		4,547	7,757
Net change in fair values of cash flow hedges		(26,445)	29,773
Subtotal		(21,898)	37,530
Other comprehensive income for the period, net of tax		(70,815)	(70,144)
Total comprehensive income for the period		3,675,572	3,553,680
Profit attributable to:			
Owners of parent		3,747,427	3,623,273
Non-controlling interests		(1,039)	551
Profit for the period		3,746,387	3,623,824
Total comprehensive income attributable to:			
Owners of parent		3,676,611	3,553,128
Non-controlling interests		(1,039)	551
Total comprehensive income for the period		3,675,572	3,553,680
Earnings per share attributable to owners of the parent			
Basic earnings per share (¥)	9	78.91	74.79
Diluted earnings per share (¥)	9	78.75	74.72

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended May 31, 2023 (December 1, 2022 – May 31, 2023)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at December 1, 2022		6,624,890	6,775,532	60,029,994	(1,533,670)	393,929	72,290,677	—	72,290,677
Profit for the period				8,164,135			8,164,135	(1,039)	8,163,096
Other comprehensive income						(117,587)	(117,587)		(117,587)
Total comprehensive income for the period		—	—	8,164,135	—	(117,587)	8,046,548	(1,039)	8,045,509
Amount of transactions with owners									
Purchase of treasury shares			(2,619)		(113,831)		(116,451)		(116,451)
Disposal of treasury shares			435,332		1,217,580		1,652,912		1,652,912
Dividends of surplus	8			(2,410,243)			(2,410,243)		(2,410,243)
Change from newly consolidated subsidiary							—	116,500	116,500
Balance at May 31, 2023		6,624,890	7,208,244	65,783,886	(429,922)	276,342	79,463,442	115,460	79,578,903

Six months ended May 31, 2024 (December 1, 2023 – May 31, 2024)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at December 1, 2023		6,624,890	7,200,518	68,139,668	(335,327)	416,935	82,046,685	272,596	82,319,282
Profit for the period				10,058,745			10,058,745	4,239	10,062,984
Other comprehensive income						24,965	24,965		24,965
Total comprehensive income for the period		—	—	10,058,745	—	24,965	10,083,710	4,239	10,087,950
Amount of transactions with owners									
Purchase of treasury shares					(101)		(101)		(101)
Disposal of treasury shares			(5,690)		91,921		86,230		86,230
Dividends of surplus	8			(3,192,884)			(3,192,884)		(3,192,884)
Dividends to non-controlling interests							—	(3,048)	(3,048)
Change from newly consolidated subsidiary							—	126,500	126,500
Transfer from other components of equity to retained earnings				(18,872)		18,872	—		—
Share-based payment transactions			14,117				14,117		14,117
Balance at May 31, 2024		6,624,890	7,208,944	74,986,657	(243,507)	460,773	89,037,758	400,288	89,438,046

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from operating activities			
Profit before tax		12,072,944	14,372,747
Depreciation expense		803,803	788,831
Increase (decrease) in provisions and retirement benefits obligations		(455,580)	(503,010)
Interest and dividend income		(190,689)	(289,299)
Interest expenses		633,935	818,134
Decrease (increase) in trade and other receivables		5,159,110	(1,098,256)
Decrease (increase) in inventories		(1,344,980)	(5,694,136)
Increase (decrease) in trade and other payables		405,697	345,173
Other, net		(109,042)	(20,840)
Subtotal		16,975,198	8,719,344
Interest and dividend income received		190,794	244,222
Income taxes paid		(2,817,483)	(3,190,168)
Income taxes refund		149,647	262,299
Net cash from (used in) operating activities		14,498,157	6,035,697
Cash flows from investing activities			
Purchase of property, plant and equipment		(61,082)	(92,268)
Purchase of investment properties		(496,638)	(37,910)
Purchase of intangible assets		(17,576)	(21,335)
Payments of loans receivable		(1,219,000)	(7,795,621)
Collection of loans receivable		4,174	7,412,149
Purchase of other financial assets		(68,714)	(2,032,501)
Collection of other financial assets		5,255	172,701
Payments for acquisition of subsidiaries		(2,453,851)	(46,190)
Proceeds from acquisition of businesses		—	101,584
Other, net		2,072	6,726
Net cash from (used in) investing activities		(4,305,359)	(2,332,664)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		(2,084,653)	594,900
Proceeds from non-current borrowings		29,869,725	30,737,542
Repayments of non-current borrowings		(23,988,379)	(30,298,677)
Redemption of bonds		(20,678)	(15,678)
Repayments of lease obligations		(218,749)	(373,128)
Capital contribution from non-controlling interests		116,500	126,500
Cash dividends paid		(2,407,851)	(3,190,381)
Dividends paid to non-controlling interests		—	(3,048)
Purchase of treasury shares		(113,831)	(101)
Proceeds from disposal of treasury shares		1,653,690	84,604
Interest expenses paid		(722,198)	(835,455)
Net cash from (used in) financing activities		2,083,571	(3,172,923)
Net increase (decrease) in cash and cash equivalents		12,276,369	530,110
Cash and cash equivalents at beginning of period		31,767,008	39,197,843
Effect of exchange rate change on cash and cash equivalents		1,455	3,093
Cash and cash equivalents at end of period		44,044,834	39,731,046

(5) Notes on Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

Tosei Corporation (hereinafter, the "Company") is a share company located in Japan whose shares are listed on the Prime Market of the Tokyo Stock Exchange and the Mainboard of Singapore Exchange. The Company's condensed quarterly consolidated financial statements for the second quarter (March 1, 2024 to May 31, 2024) and first six months (December 1, 2023 to May 31, 2024) have been prepared in respect of the Company and its consolidated subsidiaries (hereinafter collectively, the "Group"). The Group engages in the following six business operations: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business, Property Management Business and Hotel Business. The operations of each business segment are presented in "5. Segment information" in the notes.

2. Basis of preparation

(1) Compliance with IFRS

Since the Company qualifies as a "Designated International Financial Reporting Standards specified company" as provided in Article 1-2 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007), its condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" under the provision of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007).

These condensed quarterly consolidated financial statements were approved by Seiichiro Yamaguchi, the Company's President and CEO, and Noboru Hirano, Director and CFO, on July 8, 2024.

(2) Basis of measurement

The condensed quarterly consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities measured at fair value.

(3) Presentation currency and unit amount

The condensed quarterly consolidated financial statements in this report are presented in Japanese yen, the Company's functional currency. All financial information presented in Japanese yen is rounded down to the nearest thousand yen.

3. Material accounting policies

With the exception of the following items, material accounting policies that the Group applies in condensed quarterly consolidated financial statements are the same as the accounting policies used in the consolidated financial statements for the previous fiscal year.

4. Significant accounting estimates and judgments requiring estimates

The preparation of the condensed quarterly consolidated financial statements in compliance with IFRS requires the management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenue and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are changed and in future periods in which the change will affect.

5. Segment information

The Group's reportable segments are components of the Group about which separate financial information is available that the Board of Directors regularly conducts deliberations to determine the allocation of management resources and to assess the performance.

The Group draws up comprehensive strategies for each of the following six business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business" and "Hotel Business". In the Revitalization Business, the Group acquires the properties whose asset values have declined, renovates, and resells them. In the Development Business, the Group sells condominium units and detached houses to individual customers as well as rental apartments and office buildings to investors. In the Rental Business, the Group rents office buildings and apartments. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services. The Hotel Business provides mainly hotel operating services.

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

Six months ended May 31, 2023

(December 1, 2022 – May 31, 2023)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	34,017,017	6,396,938	3,164,786	4,185,181	3,276,386	1,821,054	—	52,861,365
Intersegment revenue	—	—	88,545	5,890	576,904	9,815	(681,156)	—
Total	34,017,017	6,396,938	3,253,331	4,191,071	3,853,291	1,830,869	(681,156)	52,861,365
Segment profit	7,165,048	1,296,086	1,525,334	2,978,306	518,285	475,610	(1,442,480)	12,516,190
Finance income/costs, net								(443,246)
Profit before tax								12,072,944

Six months ended May 31, 2024

(December 1, 2023 – May 31, 2024)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	29,399,460	14,334,142	3,699,086	3,644,554	3,529,404	3,011,793	—	57,618,442
Intersegment revenue	—	—	55,519	28,999	728,891	15,111	(828,521)	—
Total	29,399,460	14,334,142	3,754,606	3,673,553	4,258,296	3,026,904	(828,521)	57,618,442
Segment profit	5,597,143	5,123,449	1,791,688	2,305,930	637,604	1,046,223	(1,600,455)	14,901,583
Finance income/costs, net								(528,835)
Profit before tax								14,372,747

Second quarter ended May 31, 2023

(March 1, 2023 – May 31, 2023)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	10,299,980	4,644,255	1,608,183	2,529,381	1,689,821	1,037,411	—	21,809,034
Intersegment revenue	—	—	44,193	5,890	294,417	6,149	(350,651)	—
Total	10,299,980	4,644,255	1,652,377	2,535,271	1,984,239	1,043,561	(350,651)	21,809,034
Segment profit	2,103,867	1,080,265	766,095	1,917,592	255,126	333,436	(721,278)	5,735,106
Finance income/costs, net								(150,206)
Profit before tax								5,584,899

Second quarter ended May 31, 2024

(March 1, 2024 – May 31, 2024)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	13,911,567	1,300,009	1,916,381	2,086,818	1,885,474	1,649,608	—	22,749,860
Intersegment revenue	—	—	27,723	8,149	379,305	8,015	(423,193)	—
Total	13,911,567	1,300,009	1,944,104	2,094,967	2,264,779	1,657,624	(423,193)	22,749,860
Segment profit	2,477,772	391,497	964,244	1,380,196	348,396	631,862	(877,990)	5,315,979
Finance income/costs, net								(135,194)
Profit before tax								5,180,784

6. Inventories

The amount of loss on valuation of inventory and the amount of reversal of valuation loss recognized as expenses are as follows:

(¥ thousand)

	Six months ended May 31, 2023	Six months ended May 31, 2024
The amount of loss on valuation	3,297	―
The amount of reversal of valuation loss	344,663	282,000

7. Sales Revenue

Composition of revenue recognized from contracts with customers are as follows:

The Group engages in six major businesses consisting of the Revitalization Business, the Development Business, the Rental Business, the Fund and Consulting Business, the Property Management Business, and the Hotel Business. Revenue generated from these businesses is recorded in accordance with contracts with customers, and the promised amount of consideration does not contain significant financing components.

The relationship between the sales revenue of each reportable segment and the sales revenue classified according to type is shown below.

Six months ended May 31, 2023

(December 1, 2022 – May 31, 2023)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business	Total
Sales of real estate	34,017,017	6,395,375	―	―	―	―	40,412,393
Revenue from services	―	1,563	250,188	4,182,698	3,276,386	1,763,239	9,474,076
Revenue recognized from other sources	―	―	2,914,597	2,483	―	57,815	2,974,896
Revenue to external customers	34,017,017	6,396,938	3,164,786	4,185,181	3,276,386	1,821,054	52,861,365

Note: Revenue recognized from other sources is revenue recognized under IFRS 16 Leases and IFRS 9 Financial Instruments.

Six months ended May 31, 2024

(December 1, 2023 – May 31, 2024)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business	Total
Sales of real estate	29,399,460	14,333,977	―	―	―	―	43,733,438
Revenue from services	―	165	241,006	3,635,638	3,529,404	2,966,618	10,372,832
Revenue recognized from other sources	―	―	3,458,080	8,916	―	45,175	3,512,171
Revenue to external customers	29,399,460	14,334,142	3,699,086	3,644,554	3,529,404	3,011,793	57,618,442

Note: Revenue recognized from other sources is revenue recognized under IFRS 16 Leases an IFRS 9 Financial Instruments.

8. Dividends

Dividends paid in the six months ended May 31, 2023 and May 31, 2024 are as follows:

Six months ended May 31, 2023				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 24, 2023	51	2,410,243	November 30, 2022	February 27, 2023

Six months ended May 31, 2024				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 27, 2024	66	3,192,884	November 30, 2023	February 28, 2024

9. Earnings per Share

	Six months ended May 31, 2023	Six months ended May 31, 2024
Profit attributable to owners of parent (¥ thousand)	8,164,135	10,058,745
Net income used to figure diluted net income per share (¥ thousand)	8,164,135	10,058,745
Weighted average number of outstanding ordinary shares (shares)	47,370,964	48,418,423
The number of increased ordinary shares used to figure diluted earnings per share (shares)		
Subscription rights to shares relating to stock options (shares)	96,331	45,739
Common stock relating to PSU (shares)	—	9,982
Common stock relating to RSU (shares)	—	223
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,467,295	48,474,367
Basic earnings per share (¥)	172.35	207.75
Diluted net income per share (¥)	172.00	207.51

	Second quarter ended May 31, 2023	Second quarter ended May 31, 2024
Profit attributable to owners of the parent (¥ thousand)	3,747,427	3,623,273
Net income used to figure diluted net income per share (¥ thousand)	3,747,427	3,623,273
Weighted average number of outstanding ordinary shares (shares)	47,489,478	48,443,464
The number of increased ordinary shares used to figure diluted earnings per share (shares)		
Subscription rights to shares relating to stock options (shares)	98,286	28,885
Common stock relating to PSU (shares)	—	19,228
Common stock relating to RSU (shares)	—	430
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,587,764	48,492,007
Basic earnings per share (¥)	78.91	74.79
Diluted net income per share (¥)	78.75	74.72

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

10. Financial instruments

i) Fair values and book values

Fair values of financial assets and liabilities and their book values presented in the condensed quarterly consolidated statement of financial position are as follows:

(¥ thousand)

	As of November 30, 2023		As of May 31, 2024	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at amortized cost				
Cash and cash equivalents	39,197,843	39,197,843	39,731,046	39,731,046
Trade and other receivables	4,500,897	4,500,897	5,055,528	5,055,528
Financial assets measured at fair value through other comprehensive income				
Other financial assets	7,826,991	7,826,991	9,710,805	9,710,805
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	7,811,400	7,811,400	8,939,807	8,939,807
Interest-bearing liabilities	146,587,755	146,556,583	147,263,522	147,239,531

Method for measuring fair value of financial instruments

Cash and cash equivalents, trade and other receivables, trade and other payables, and current interest-bearing liabilities

The book values of these financial instruments that are settled in a short period of time approximate the fair values.

However, the fair values of interest rate swaps are based on market values presented by financial institutions.

Other financial assets

The fair values of listed securities are measured based on quoted market prices. For financial assets for which there is no active market and unlisted securities, the Group estimates fair values using certain valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially at the same price, and the discounted cash flow method.

Non-current interest-bearing liabilities

The fair values of non-current borrowings with floating interest rate approximate the book values, as interest rates reflect market interest rates in short-term intervals. The fair values of those with fixed interest rate are measured based on the present value of the total amount of principal and interest discounted by the interest rate that would be charged for a new similar borrowing.

Fair value hierarchy of non-current interest-bearing liabilities is classified as Level 2.

ii) Fair value hierarchy

The following shows the analysis of financial instruments measured at fair value after the initial recognition. Fair values of financial instruments are classified into level 1 to level 3.

Level 1: Fair values measured at a price quoted in an active market
Level 2: Fair values calculated directly or indirectly using an observable price except for level 1
Level 3: Fair values calculated through valuation techniques, including inputs that are not based on observable market data

Transfers between the different levels of the fair value hierarchy are recognized on the date on which the event or the changes in circumstances causing the transfer occurred.

(¥ thousand)

	As of November 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	7,504,077	―	322,913	7,826,991
Financial assets measured at fair value through other comprehensive income (derivative)	―	26,004	―	26,004
Financial liabilities measured at fair value through other comprehensive income (derivative)	―	3,057	―	3,057

	As of May 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	9,179,251	―	531,554	9,710,805
Financial assets measured at fair value through other comprehensive income (derivative)	―	44,204	―	44,204
Financial liabilities measured at fair value through other comprehensive income (derivative)	―	1,005	―	1,005

Reconciliation of financial assets classified in level 3 at the beginning of the period with those at the end of the period is as follows:

(¥ thousand)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Balance at beginning of period	125,083	322,913
Acquisition	60,818	387,287
Profit or loss		
Net Profit (loss)	—	—
Other comprehensive income	1,622	(4,706)
Disposal	(4,445)	(173,941)
Transfer	40,317	—
Balance at end of period	223,397	531,554

Notes1: Profit or loss included in other comprehensive income is included in "Net change in financial assets measured at fair values through other comprehensive income" in the Condensed Quarterly Consolidated Statement of Comprehensive Income.

2: Certain financial instruments were reclassified from Level 2 due to the difficulty in obtaining observable inputs.

iii) Evaluation Process

The fair values of financial instruments of Level 3 are measured in accordance with related internal policies. In measuring of fair values, the most appropriate method and input to reflect the characteristics and risk of financial instruments, are employed.

11. Business combinations

Six months ended May 31, 2023 (December 1, 2022 – May 31, 2023)

(Business combination by acquisition)

(1) Name of the acquired company and its fields of business

Name of the acquired company Shibaura Residential Co., Ltd.

Fields of business Real estate rental, brokerage, management, and trading

(2) Date of acquisition January 31, 2023

(3) Ratio of acquired capital equity with voting rights

100%

(4) Reason for conducting business combination

The share acquisition was conducted as part of the Group's purchasing methods to strengthen the Group's purchasing activities, a source of future income, given that the acquired company holds income-generating properties and is engaged in the rental business.

(5) Method for gaining control of the acquired company

Acquisition of shares with cash as consideration.

(6) Fair value of consideration for the acquisition, assets acquired, and liabilities assumed at the acquisition date

(¥ thousand)

	Amount
Fair value of consideration for the acquisition	1,786,861
Current assets	
Cash and cash equivalents	158,606
Inventories	2,436,866
Other	17,766
Non-current assets	
Other	15,701
Current liabilities	
Other	56,599
Non-current liabilities	
Interest-bearing liabilities	484,806
Other	202,554
Fair value of assets acquired and liabilities assumed (net)	1,884,979
Gain on bargain purchase	98,117

Note: Gain on bargain purchase of ¥98,117 thousand was reported under "Other income" in the Condensed Quarterly Consolidated Statement of Comprehensive Income, as the fair value of the net assets acquired exceeded the fair value of the consideration for the acquisition.

(7) Acquisition-related costs

The Company reported ¥82,856 thousand in outsourcing expenses, etc., related to the acquisition of shares under selling, general and administration expenses in the consolidated statements of comprehensive income as acquisition-related costs associated with the business combination.

(8) Cash flows from the acquisition

(¥ thousand)

	Amount
Cash and cash equivalents paid for the acquisition	(1,740,000)
Cash and cash equivalents held by the acquiree at the time of acquisition	158,606
Payment for the acquisition of subsidiaries	(1,581,393)

(9) Impact on business performance

Information on profit/loss and proforma information after the acquisition date of this business combination is not included, as their impact on the Condensed Quarterly Consolidated Financial Statements is negligible.

Six months ended May 31, 2024 (December 1, 2023 – May 31, 2024)

No item to report.

12. Significant Subsequent Events

(Changes in the major shareholders, the major shareholder who is the largest shareholder, and other affiliated companies relating to the conclusion of the capital and business alliance agreement)

The Company concluded a capital and business alliance agreement with Nagoya Railroad Co., Ltd. on May 24, 2024, following the resolution at a meeting of the Board of Directors held on the same date. In connection with this agreement, a transfer contract was concluded between Nagoya Railroad Co., Ltd. and Seiichiro Yamaguchi to transfer a total of 7,500,100 shares of common stock of the Company owned by Seiichiro Yamaguchi, the largest and major shareholder of the Company, to Nagoya Railroad Co., Ltd. through an off-market negotiated trades as of May 24, 2024, and the share transfer was completed on June 4, 2024. The share transfer constitutes a secondary offering of shares. Further, on the same date, there were changes to the Company's major shareholder, largest and major shareholder, and other affiliated companies.

(1) Overview of the major shareholders, the major shareholder who is the largest shareholder, and other affiliated companies relating to this change

(1) Name	Nagoya Railroad Co., Ltd.	
(2) Address	1-2-4 Meieki, Nakamura-ku, Nagoya-shi, Aichi	
(3) Title and name of representative	President Hiroki Takasaki	
(4) Business activities	Transportation, goods transport, real estate, leisure services, distribution, aviation-related services, and other businesses	
(5) Capital	¥101,158 million	
(6) Date of establishment	June 13, 1921	
(7) Major shareholders and shareholding ratios (Ratios of the number of shares held to the number of shares issued excluding treasury shares) (as of September 30, 2023)	The Master Trust Bank of Japan, Ltd. (Trust Account) 13.62% Custody Bank of Japan, Ltd. (Trust account) 4.27% Nippon Life Insurance Company 2.57%	
(8) Relationship between the parties	Capital relationship	Not applicable.
	Personal relationship	Not applicable.
	Business relationship	Not applicable.
	Applicability to related parties	Not applicable.

Note: Information other than those on the (7) Major shareholders and shareholding ratios is based on information as of May 24, 2024.

(2) Number of voting rights held by the subject major shareholder and the ratio to the total voting rights held by all shareholders before and after the change

	Number of voting rights held	Ratio to the total voting rights held by all shareholders
Before change (As of April 30, 2024)	-	-
After change	75,001 rights	15.50%

Note: The ratio to the number of voting rights of all shareholders after the change is calculated using 48,360,000 shares (483,600 voting rights), which is the number of shares after deducting the number of shares without voting rights described below from the total number of issued shares as of November 30, 2023 of 48,683,800 shares, as the denominator, and rounded down to the second decimal place.
Treasury shares: 306,700 shares Shares less than one unit: 17,100 shares (as of November 30, 2023)

(3) Date of the change
June 4, 2024

(Issuance of stock acquisition rights as stock options)

At the meeting of the Board of Directors held on July 5, 2024, in accordance with Article 236, 238 and 240 of the Companies Act, the Company resolved to issue stock acquisition rights as stock options to Directors, Executive Officers and employees of the Company (including persons who are seconded to the Company's subsidiaries; hereinafter the same), and directors of the Company's subsidiaries as follows.

1. Reason for issuing stock acquisition rights as stock options
   Stock acquisition rights shall be issued as stock options for the purpose of further incentivizing people to work for improving the performance and enhancing the corporate value of the Tosei Group.

2. Outline of issuance of stock acquisition rights

   (1) Name of stock acquisition rights
   Tosei Corporation Seventh Series of Stock Acquisition Rights

   (2) Total number of stock acquisition rights to be issued
   11,095 units
   The total number above is the expected number of stock acquisition rights to be allotted. In the event that the total number of stock acquisition rights to be allotted decreases due to fewer people applying for subscription than expected, etc., the number shall equal the total number of stock acquisition rights to be allotted.

   (3) Persons to whom stock acquisition rights are allotted and number of such persons, and number of stock acquisition rights to be allotted

Directors of the Company:	Nine persons (of whom three are Outside Directors), 1,025 units (of which 60 are allotted to Outsider Directors)
Executive Officers of the Company:	Five persons, 480 units
Employees of the Company:	423 persons, 9,020 units
Directors of the Company's subsidiaries:	10 persons, 570 units

   (4) Terms, including class and number, of shares delivered upon exercise of stock acquisition rights
   The class of shares delivered upon exercise of stock acquisition rights shall be ordinary shares of the Company and the number of shares delivered upon exercise of each of the stock acquisition rights (the "Number of Shares Granted") shall be 100 shares.
   In the event that the Company conducts a share split (including allotment of ordinary shares of the Company without contribution; hereinafter the same for a share split) or a consolidation of shares, of ordinary shares of the Company after the date on which the allotment of stock acquisition rights is conducted as stipulated in (9) below (the "Allotment Date"), the Number of Shares Granted shall be adjusted according to the following formula. However, the relevant adjustment shall only be made to the number of shares to be delivered upon exercise of stock acquisition rights that have not yet been exercised as of the relevant point in time. Any fraction less than one share resulting from this adjustment shall be rounded down.

   $$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Ratio of share split or consolidation}$$

   In the event that the Company conducts a share split, the Number of Shares Granted after adjustment shall apply on and after the following day of the base date of the share split (or on and after the effective date if no base date is set). In the event of a consolidation of shares, the Number of Shares Granted after adjustment shall apply on and after its effective date. However, in the event that a share split is conducted under the condition that a proposal to decrease surplus and increase capital stock or legal capital surplus is approved at a general meeting of shareholders of the Company ("General Meeting of Shareholders"), and a date before the date of conclusion of the General Meeting of Shareholders is set as the base date of the share split, the Number of Shares Granted after adjustment shall become retroactively applicable on the day following the said record date, which procedure may be apply on and after the following day of the date of conclusion of the General Meeting of Shareholders.

In addition, in the event that, after the Allotment Date, the Company conducts a merger, a company split or a share exchange, and in any event equivalent to these in which it becomes necessary to adjust the Number of Shares Granted, the Company may make the adjustment that the Board of Directors deems necessary.

(5) Value of property to be contributed upon exercise of stock acquisition rights
The value of property to be contributed upon exercise of each of the stock acquisition rights shall be an amount equal to the value to be paid for one share to be delivered upon exercise of stock acquisition rights ("Exercise Value") multiplied by the Number of Shares Granted.
The Exercise Value is either the amount obtained by multiplying the average value of the closing price for regular transactions of the ordinary shares of the Company at the Tokyo Stock Exchange on each day (excluding any day on which no trade is made) during the month prior to the month containing the Allotment Date by 1.05 (any resulting fraction less than one yen shall be rounded up) or the closing price on the Allotment Date (or the closing price of the nearest preceding day if no trade is made on the day), whichever is higher.

(6) Calculation method of the amount to be paid in for stock acquisition rights

1) Directors of the Company
The amount to be paid in for each of the stock acquisition rights shall be an amount stipulated by the Board of Directors based on the amount calculated by the Black-Scholes model on the Allotment Date. The amount shall be the fair value of stock acquisition rights. Pursuant to the provisions of Article 246, paragraph 2 of the Companies Act, the payment obligation shall offset remuneration receivable from the Company owned by Directors.

2) Executive Officers and employees of the Company, and directors of subsidiaries of the Company
Payment of money in exchange for stock acquisition rights shall not be required. Stock acquisition rights are fairly issued and granted as the consideration for execution of duties and do not fall under issuance with advantageous terms and conditions.

(7) Period during which stock acquisition rights may be exercised
From July 6, 2026 to July 5, 2029

(8) Terms and conditions for exercising stock acquisition rights

1) Terms and conditions for respective segment of persons

(a) Directors of the Company
Holders of stock acquisition rights are required to have the rank of Director of the Company at the time of exercising the stock acquisition rights; provided, however, that this shall not apply to holders of stock acquisition rights who no longer have the rank of Director due to retirement at the expiration of the period in office or due to resignation at the request of the Company.

(b) Executive Officers and employees of the Company, and directors of subsidiaries of the Company
Holders of stock acquisition rights are required to have either the rank of Director, Audit & Supervisory Board Member, Executive Officer, or employee of the Company or a subsidiary of the Company; provided, however, that this shall not apply to holders of stock acquisition rights who no longer have the rank of Director or Audit & Supervisory Board Member of the Company or a subsidiary of the Company due to retirement at the expiration of the period in office, or who no longer have the rank of Executive Officer or employee of the Company or a subsidiary of the Company due to retirement at mandatory age. In addition, this shall not apply in the event that persons with the rank of Director, Audit & Supervisory Board Member, Executive Officer, or employee of the Company or a subsidiary of the Company lose such a rank based on justifiable grounds.

2) Terms and conditions for all the holders of stock acquisition rights

(a) Inheritance of stock acquisition rights shall not be permitted.

(b) Pledging of stock acquisition rights or any other disposition shall not be permitted.

(9) Allotment Date of stock acquisition rights

July 30, 2024

(10) Matters regarding capital stock and legal capital surplus to be increased by issuing shares upon exercise of stock acquisition rights

1) The amount of increase of capital stock through issuing shares upon exercise of stock acquisition rights shall be half of the upper limit of capital stock, etc. stipulated in Article 17, paragraph 1 of the Ordinance on Accounting of Companies. Any fraction less than one yen resulting from this calculation shall be rounded up.

2) The amount of increase of legal capital surplus through issuing shares upon exercise of stock acquisition rights shall be an amount obtained by subtracting the amount of capital stock to be increased stipulated in 1) above from the upper limit of capital stock, etc. described in 1) above.

2. Other

No item to report.

B. Information on Guarantee Companies, etc. of Filing Company

No items to report.

(Translation)

Quarterly Review Report of Independent Auditors

July 8, 2024

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation

Chuo-ku, Tokyo

Designated and Engagement Partner,
Certified Public Accountant:

Takashi Aikawa (Seal)

Designated and Engagement Partner,
Certified Public Accountant:

Hiroshi Matsubara (Seal)

Auditor's Conclusion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the condensed quarterly consolidated financial statements of Tosei Corporation included in the "Accounting" section, namely, the condensed quarterly consolidated statements of financial position, comprehensive income, changes in equity, and cash flows, as well as their notes, for the second quarter (March 1, 2024 to May 31, 2024) and the first six-month period (December 1, 2023 to May 31, 2024) of the fiscal year from December 1, 2023 to November 30, 2024.

In our quarterly review, we have concluded that the condensed quarterly consolidated financial statements referred to above are in conformity with International Accounting Standard 34 "Interim Financial Reporting," under the provision of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements of Japan, and nothing has come to our attention that causes us to believe that they do not fairly present, in all material respects, the financial positions of the Company and its consolidated subsidiaries as of May 31, 2024, and the consolidated results of their operations and their cash flows for the six-month period then ended.

Basis for Auditor's Conclusion

We conducted a quarterly review in conformity with quarterly review standards generally accepted in Japan. Our responsibility under the quarterly review standards is described in "Auditor's Responsibility in the Quarterly Review of the Condensed Quarterly Consolidated Financial Statements." In accordance with the professional ethics regulations in Japan, we are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as an auditor. We believe that we have obtained the evidence to provide a basis for our conclusion.

Matter for Emphasis

1. As stated in Significant Subsequent Events, the Company, at a meeting of the Board of Directors held on May 24, 2024, resolved and concluded on the same date a capital and business alliance agreement with Nagoya Railroad Co., Ltd. In connection with this capital and business agreement, a share transfer agreement was concluded on the same date between Seiichiro Yamaguchi, the largest and major shareholder of the Company, and Nagoya Railroad Co., Ltd., and on June 4, 2024, the share transfer was completed. As a result, Nagoya Railroad Co., Ltd. holds 15.5% of the shares of the Company (the ratio to the number of voting rights held by all shareholders) to become the largest shareholder of the Company and thus fall under other affiliated company of the Company.

2. As stated in Significant Subsequent Events, the Company at a meeting of the Board of Directors held on July 5, 2024, resolved to issue stock acquisition rights as stock options to the Directors, Executive Officers, and employees (including persons who are seconded to the Company's subsidiaries), and directors of the Company's subsidiaries.
   These matters shall not affect the opinion of the Independent Auditor.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed quarterly consolidated financial statements in conformity with International Accounting Standard 34 "Interim Financial Reporting." This includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of condensed quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed quarterly consolidated financial statements, management evaluates whether it is appropriate to prepare the condensed quarterly consolidated financial statements based on a going concern assumption, and is responsible for disclosing any matters as a going concern that require disclosure pursuant to Paragraph 4 of International Accounting Standard 1 "Presentation of Financial Statements."

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by Directors in designing, implementing and maintaining a financial reporting process.

Auditor's Responsibility in the Quarterly Review of the Condensed Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion from an independent perspective on these condensed quarterly consolidated financial statements based on our quarterly review as independent auditor.

We will make professional judgments throughout the quarterly review process in conformity with the quarterly review standards generally accepted in Japan, and carry out the following with professional skepticism.

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical procedures and other quarterly review procedures. Such a review is substantially less in scope than an audit conducted in conformity with auditing standards generally accepted in Japan.
- If material uncertainties related to events or conditions that may cast significant doubt upon going concern assumption are recognized, conclude whether nothing comes to attention that causes us to believe that the documents are not fairly presented based on the evidence obtained in the condensed quarterly consolidated financial statements in conformity with Paragraph 4 of International Accounting Standard 1 "Presentation of Financial Statements." In addition, if material uncertainties regarding going concern assumption are recognized, the quarterly review report shall refer to the notes to the condensed quarterly consolidated financial statements, or, if material uncertainties stated in the notes to the condensed quarterly consolidated financial statements are inadequate, we are required to express qualified or adverse conclusions on the condensed quarterly consolidated financial statements. The auditor's conclusions are based on evidence obtained by the quarterly review reporting date, but future events and circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether nothing comes to attention that causes us to believe that the presentation and notes to the condensed quarterly consolidated financial statements do not comply with International Accounting Standard 34 "Interim Financial Reporting," or that the presentation, composition and contents of the condensed quarterly consolidated financial statements including related notes as well as the transactions and accounting events underlying the condensed quarterly consolidated financial

statements are not fairly presented.

- Obtain evidence regarding financial information of the Company and its consolidated subsidiaries to express a conclusion on the condensed quarterly consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the quarterly review of the condensed quarterly consolidated financial statements, and is solely responsible for its conclusion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and timing of the planned quarterly review and material findings in the quarterly review.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan regarding independence as well as matters that are reasonably considered to have an impact on the auditor's independence, the content of measures, if any, taken in order to eliminate obstacles, and the content of safeguards, if any, taken in order to reduce obstacles to an acceptable level.

Interest

Our firm and the engagement partners do not have any interest in the Company and its consolidated subsidiaries for which disclosure is required under the provisions of the Certified Public Accountants Act

End

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*1.The original copy of the Quarterly Review Report in above, is in the custody of the Company (filing company of the quarterly securities report) as attachments to the financial statements.

2.XBRL data is excluded from the scope of the quarterly review.

Note:
The English version of the financial statements consists of an English translation of the reviewed Japanese financial statements. The actual text of the English translation of the financial statements was not covered by our review. Consequently, for the auditors' review report of the English financial statements, the Japanese original is the official text, and the English version is a translation of that text. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.