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Tosei Corporation

Securities Code: 8923

February 7, 2025

(Start date of electronic provision measures: January 31, 2025)

Dear Shareholders,

Notice of the 75th Ordinary General Meeting of Shareholders

We are pleased to announce the 75th Ordinary General Meeting of Shareholders of Tosei Corporation (the “Company”; this meeting, the “Meeting”), which will be held as described below.

In convening the Meeting, the Company has taken measures to provide the information contained in the Reference Documents for the General Meeting of Shareholders (matters subject to electronic provision measures) in electronic format and has posted such information on the following websites as the “Notice of the 75th Ordinary General Meeting of Shareholders.” Please access either of the following websites to review the information.

The Company’s website:

<https://www.toseicorp.co.jp/english/ir/stock/meeting/>

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the TSE website, enter “Tosei” in “Issue name (company name)” or the Company’s securities code “8923” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting, you may exercise your voting rights in writing or by electromagnetic method (using the Internet, etc.). **Please examine the Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 6:00 p.m. on Tuesday, February 25, 2025 (JST).**

The Company will livestream the Meeting so that more shareholders will be able to view the proceedings of the Meeting from their homes or other places. Please note that while shareholders can comment during the livestreaming by using the chat function, shareholders will not be able to ask any questions pursuant to the Companies Act, exercise their voting rights, or propose a motion in the chat. The Company will also take questions regarding the purpose of the Meeting from shareholders in advance on its dedicated website.

For information on electromagnetic methods for exercising voting rights (via the Internet) as well as cautionary notes regarding the advance registration of questions and the livestreaming, etc., please refer to pages 4-8 of the Japanese version of this document.

Sincerely yours,

Seiichiro Yamaguchi
President and CEO
Tosei Corporation
4-5-4 Shibaura, Minato-ku, Tokyo

Details

1. Date and Time:

Wednesday, February 26, 2025, at 10:00 a.m. (JST) (The reception for attendees begins at 9:00 a.m.)

2. Place:

Jiji Press Hall (2nd Floor, Jiji Press Building)
5-15-8 Ginza, Chuo-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

- a. Business Report and Consolidated Financial Statements, as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Board on Consolidated Financial Statements, for the 75th term (from December 1, 2023 to November 30, 2024)
- b. Non-consolidated Financial Statements for the 75th term (from December 1, 2023 to November 30, 2024)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Nine (9) Directors
Proposal 3: Election of Three (3) Audit & Supervisory Board Members

<Disclosures on the Internet>

- If any changes are made to the matters subject to electronic provision measures, such changes will be posted on the websites shown on page 1.
 - Of the matters subject to electronic provision measures, the following matters are posted on the websites pursuant to laws and regulations and the provisions set forth in Article 16 of the Articles of Incorporation of the Company, and are therefore not included in the documents sent to the shareholders.
 - (i) “Systems to ensure properness of operations” and “Basic policy regarding the control of the Company” in the Business Report
 - (ii) “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements
 - (iii) “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements
- Note: The Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements, which were audited by the Audit & Supervisory Board Members and the Accounting Auditors in preparing their respective audit reports, include the matters above in addition to the content of the documents sent to the shareholders.

<Request for the shareholders’ understanding and cooperation when attending the Meeting in person>

- When you attend the Meeting, you are requested to present the enclosed Voting Form to the receptionist.
- The Company plans to livestream the Meeting. Please be advised that while the Company intends to pay due consideration to the shareholders’ privacy and film only the Chairman and the area surrounding the seats of the executives, images of attending shareholders may unavoidably appear on the stream.
- After the closing of the Meeting, the Business Strategy Presentation Meeting will be held (and livestreamed) in the same place.

<Reward for shareholders who exercise their voting rights in writing or by using the Internet, etc.>

- As a small token of our appreciation, the Company will offer a QUO card worth ¥1,000 to selected 500 shareholders who have effectively exercised their voting rights in advance in writing (by post) or by using the Internet, etc., regardless of voting for or against the individual proposals.
 - The prize will be sent to the addresses of the selected shareholders as registered in the shareholder registry and winners will not be otherwise announced.
 - The prize will be sent out between late March and mid-April.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as shown below:

Year-end dividend

Taking into account such factors as our operating results for the fiscal year under review and our future business development, the Company proposes the year-end dividend for the 75th term as shown below.

1. Type of dividend property: Money
2. Dividend property allotment and total amount thereof

Dividends per ordinary share of the Company:	¥79
Total amount of dividends:	¥3,828,419,158
3. Effective date of dividends from surplus: February 27, 2025

Proposal 2: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of the Meeting. Accordingly, we propose the election of nine (9) Directors.

The candidates for Directors are as follows:

No.		Name	Current positions and areas of responsibility in the Company	Attendance at the meetings of the Board of Directors held in the fiscal year under review
1	Reappointment	Seiichiro Yamaguchi	President and CEO	22/22 (100% attendance rate)
2	Reappointment	Noboru Hirano	CFO Senior Executive Officer of Administrative Division	22/22 (100% attendance rate)
3	Reappointment	Hideki Nakanishi	Director COO and Senior Executive Officer of Business Division In charge of Asset Solution Department 2, Asset Solution Department 3, and Asset Solution Department 7	22/22 (100% attendance rate)
4	Reappointment	Shunsuke Yamaguchi	Director Managing Executive Officer Deputy Chief of Administrative Division In charge of General Affairs Department and Human Resource Department	22/22 (100% attendance rate)
5	Reappointment	Hiroyasu Yoneda	Director Managing Executive Officer Deputy Chief of Administrative Division In charge of Finance Department and M&A • Group Strategy Department	15/15 (100% attendance rate)
6	New appointment	Shigehiro Takami	Corporate Advisor	—
7	Reappointment Outside Independent	Kenichi Shohtoku	Outside Director	22/22 (100% attendance rate)
8	Reappointment Outside Independent	Hiroyuki Kobayashi	Outside Director	21/22 (95.5% attendance rate)
9	Reappointment Outside Independent	Mai Ishiwatari	Outside Director	14/15 (93.3% attendance rate)

(Note) Attendance at the meetings of the Board of Directors of Hiroyasu Yoneda and Mai Ishiwatari stated above is their attendance after their appointment as Directors.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
1	<div>Reappointment</div> Seiichiro Yamaguchi (Jan. 5, 1961)	Apr. 1983 Joined Mitsui Real Estate Sales Co., Ltd. (the predecessor of Mitsui Fudosan Realty Co., Ltd.) Apr. 1986 Joined Tosei-Shoji Corporation Aug. 1990 Director of the Company Jun. 1994 President and Representative Director of the Company (current position) Dec. 1995 Representative Director of Palms Community Management Co. Ltd. (the predecessor of Tosei Community Co., Ltd.) Jul. 2004 President and CEO of the Company (current position)	5,385,400
«Reasons for nomination as a candidate for Director» After being appointed as Representative Director of the Company in 1994, Seiichiro Yamaguchi has been leading the Company and the Group and has been committed to expanding its business scale and domains, and thus is essential for the management of the Company. In addition, as Chairman of the Board of Directors, he facilitates the efficient proceedings and actively seeks opinions from Outside Directors and Audit & Supervisory Board Members, playing the most important roles in promoting governance of the Company and the Group. Considering that he will contribute to the Group's sustainable growth in the future and the common interests of shareholders, we renominated him as a candidate for Director.			
2	<div>Reappointment</div> Noboru Hirano (Oct. 17, 1959)	Apr. 1982 Joined Kokubu & Co., Ltd. Apr. 1991 Joined Tosei-Shoji Corporation May 1995 Director of Tosei-Shoji Corporation Mar. 2001 General Manager of Finance and Accounting Department of the Company Oct. 2002 Managing Director of the Company Jul. 2004 Managing Executive Officer of the Company Mar. 2005 Audit & Supervisory Board Member of Tosei Revival Investment Co., Ltd. (the predecessor of Tosei Logistics Management Co., Ltd.) Apr. 2005 Audit & Supervisory Board Member of Tosei Community Co., Ltd. Sep. 2005 Representative Director of Tosei REIT Advisors, Inc. (the predecessor of Tosei Asset Advisors, Inc.) Feb. 2006 CFO and Senior Executive Officer of Administrative Division of the Company Dec. 2007 Representative Director of Tosei Revival Investment Co., Ltd. (the predecessor of Tosei Logistics Management Co., Ltd.) Jan. 2013 Director of Tosei Revival Investment Co., Ltd. (the predecessor of Tosei Logistics Management Co., Ltd.) Feb. 2013 Director of Tosei Community Co., Ltd. Feb. 2016 Director of Tosei Asset Advisors, Inc. (current position) Apr. 2017 CFO, Senior Executive Officer of Administrative Division and in charge of Human Resource Department of the Company Feb. 2020 Representative Director of Tosei Revival Investment Co., Ltd. (the predecessor of Tosei Logistics Management Co., Ltd.) (current position) Mar. 2023 CFO and Senior Executive Officer of Administrative Division of the Company (current position) Feb. 2024 Director of Tosei Hotel Management Co., Ltd. (current position)	45,000
«Reasons for nomination as a candidate for Director» After being appointed as Director of the Company in 2002, Noboru Hirano has been supporting Representative Director Seiichiro Yamaguchi in overall management of the Company, and is committed to growth of the Group, while being in charge of overall governance of the internal administrative division and each Group company. Considering that he is indispensable for the Group's sustainable growth and improvement of the management quality in the future, we renominated him as a candidate for Director.			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
3	<div>Reappointment</div> <div>Hideki Nakanishi (Jun. 17, 1967)</div>	Apr. 1990 Joined The Yasuda Trust & Banking Co., Ltd. (the predecessor of Mizuho Trust & Banking Co., Ltd.) Jun. 1999 Joined Gold Crest Co., Ltd. Oct. 2001 Joined HUSER Corporation Apr. 2006 Joined the Company Mar. 2013 Executive Officer of the Company Feb. 2016 Director of Tosei Revival Investment Co., Ltd. (the predecessor of Tosei Logistics Management Co., Ltd.) Mar. 2017 Managing Executive Officer of the Company Feb. 2018 Director and Managing Executive Officer of the Company Dec. 2018 Director, Managing Executive Officer, Deputy Chief of Business Division of the Company Mar. 2021 Director, COO and Senior Executive Officer of Business Division of the Company Dec. 2024 Director, COO and Senior Executive Officer of Business Division and in charge of Asset Solution Department 2, Asset Solution Department 3, and Asset Solution Department 7 of the Company (current position)	33,600
<p>《Reasons for nomination as a candidate for Director》</p> <p>After joining the Company in 2006, Hideki Nakanishi has been engaged mainly in the Revitalization Business and the Fund and Consulting Business of the Company. After being appointed as Executive Officer in 2013, he participated in deliberations related not only to assigned businesses but also to overall management as a member of the management meeting. After being appointed as Director in 2018, he has been sincerely working on management issues of the Company and the Group. Considering that he has been supervising the entire Business Division as Senior Executive Officer of Business Division, leading the entire business of the Company, and that he is indispensable for the Group's business expansion and growth in the future, we renominated him as a candidate for Director.</p>			
4	<div>Reappointment</div> <div>Shunsuke Yamaguchi (Jul. 26, 1964)</div>	Apr. 1988 Joined TOKYU CONSTRUCTION CO., LTD. Dec. 2001 Joined the Company Oct. 2006 Director in charge of Administrative Division of Fusion Partner, Inc. Aug. 2007 Joined the Company Oct. 2007 Director of Tosei Asset Management, Corp. Apr. 2008 Director of Tosei Asset Advisors, Inc. Dec. 2012 Director of NAI Tosei Japan, Inc. Mar. 2013 Executive Officer of the Company Feb. 2018 Audit & Supervisory Board Member of Tosei Asset Advisors, Inc. Feb. 2020 Director and Executive Officer of the Company Feb. 2023 Director of Tosei Hotel Management Co., Ltd. Mar. 2023 Director, Managing Executive Officer and Deputy Chief of Administrative Division of the Company Dec. 2023 Director, Managing Executive Officer, Deputy Chief of Administrative Division and in charge of General Affairs Department and Human Resource Department of the Company (current position) Feb. 2024 Director of Tosei Community Co., Ltd. (current position) Director of Tosei Logistics Management Co., Ltd. (current position)	16,200
<p>《Reasons for nomination as a candidate for Director》</p> <p>After joining the Company in 2001, Shunsuke Yamaguchi has been engaged in the operations of general affairs, legal affairs, IT and DX, human resources, and finance. In addition, he has been playing effective roles in promoting compliance and strengthening internal control functions of the Company and Group companies as a listed company, a real estate broker, or a financial instruments business operator. Furthermore, as Deputy Chief of Administrative Division, he has been contributing to the enhancement and maintenance of the internal management system of the Company. Considering that he is an essential person for establishing an internal management system to support the Group's expansion and growth, we renominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
5	<p><u>Reappointment</u></p> <p>Hiroyasu Yoneda (Aug. 19, 1970)</p>	<p>Apr. 1993 Joined Chiba Sogo Co., Ltd. (the predecessor of Sogo & Seibu Co., Ltd.)</p> <p>Apr. 2001 Joined the Company</p> <p>Mar. 2006 Joined AQ INTERACTIVE INC. (the predecessor of Marvelous Inc.)</p> <p>Jul. 2006 Joined eole inc.</p> <p>Aug. 2006 Joined Tosei Revival Investment Co., Ltd. (the predecessor of Tosei Logistics Management Co., Ltd.)</p> <p>Oct. 2006 Director of Tosei Revival Investment Co., Ltd. (the predecessor of Tosei Logistics Management Co., Ltd.) (current position)</p> <p>Apr. 2008 Joined the Company</p> <p>Dec. 2017 Representative Director of Masuda Kenzai-ten Co., Ltd. (current position)</p> <p>Mar. 2018 Representative Director of Sanki-shoji Co., Ltd.</p> <p>Feb. 2019 Director of Tosei Community Co., Ltd. (current position)</p> <p>Feb. 2019 Managing Director of Tosei Singapore Pte. Ltd. (current position)</p> <p>Mar. 2020 Executive Officer of the Company</p> <p>Sep. 2021 Director of Princess Square Co., Ltd. (current position)</p> <p>Mar. 2022 Representative Director of Isogo Asset Management Co., Ltd. (current position)</p> <p>Jan. 2023 Representative Director of Shibaura Residential Co., Ltd. (current position)</p> <p>Mar. 2023 Managing Executive Officer of the Company</p> <p>Mar. 2023 Representative Director of Usui Kigata Kogyo K.K. (current position)</p> <p>Jun. 2023 Representative Director of TOSEI-R, Inc. (current position)</p> <p>Jul. 2023 Representative Director of Tosei Proptech Co., Ltd.</p> <p>Feb. 2024 Director and Managing Executive Officer of the Company</p> <p>Mar. 2024 Director, Managing Executive Officer, Deputy Chief of Administrative Division, and in charge of Finance Department and M&A • Group Strategy Department of the Company (current position)</p> <p>Jun. 2024 Director of Tosei Proptech Co., Ltd.</p> <p>Nov. 2024 Representative Director of Tosei Proptech Co., Ltd. (current position)</p>	13,900
<p>《Reasons for nomination as a candidate for Director》</p> <p>After joining the Company in 2001, Hiroyasu Yoneda has been serving as Director of multiple subsidiaries, contributing to establishment of the internal management system of the subsidiaries. In addition to contributing to business performance through real estate M&A projects and M&A/PMI (Post Merger Integration) of operating companies, he has been playing an effective role in strengthening the compliance and internal control functions of the Group companies. Considering that he is indispensable to the Group's expansion and growth in the future, we renominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company (Important concurrent positions outside the Company)		Number of the Company's shares held
6	<div>New appointment</div> Shigehiro Takami (Jul. 17, 1968)	Apr. 1993	Joined Nagoya Railroad Co., Ltd.	—
		Jun. 2001	Seconded to Meitetsu Ikoma Asset Management Co., Ltd.	
		Jul. 2003	Seconded to Ikoma TBM Co., Ltd.	
		Jul. 2005	Building Business Department of Nagoya Railroad Co., Ltd.	
		Jul. 2009	Seconded to Meitetsu Real Estate Development Co. Ltd. (the predecessor of MEITETSU CITY DESIGN CO., LTD.)	
		Jul. 2019	Assistant General Manager of Management Strategy Department (in charge of business projects and hotel strategies) of Nagoya Railroad Co., Ltd.	
		Jul. 2020	Assistant General Manager of Management Strategy Department in charge of business projects of Nagoya Railroad Co., Ltd.	
		Jul. 2021	Assistant General Manager of Development Department and Manager of Development Section of Nagoya Railroad Co., Ltd.	
		Apr. 2022	Executive Officer of MEITETSU CITY DESIGN CO., LTD. and General Manager of Promotion of Community Development Department of Nagoya Railroad Co., Ltd.	
		Apr. 2023	Executive Officer of MEITETSU CITY DESIGN CO., LTD. (current position)	
		Jul. 2024	Corporate Advisor of the Company (current position)	
《Reasons for nomination as a candidate for Director》 Shigehiro Takami is a candidate for Executive Director nominated by Nagoya Railroad Co., Ltd. (“Meitetsu”) based on the capital and business alliance agreement concluded between the Company and Meitetsu on May 24, 2024 by considering the skills matrix of the Company’s Board of Directors and other matters related to the composition of the Board of Directors. After the conclusion of the capital and business alliance agreement, he was appointed as Corporate Advisor of the Company and has observed meetings important for management such as Board of Directors meetings and Management Meetings as an observer to deepen his understanding of the Company’s businesses, and has been contributing to execution of the Company’s growth strategies based on the alliance with Meitetsu, by promoting joint businesses for improving corporate value of both companies and coordinating opinions of both companies through the Capital and Business Alliance Promotion Committee. At the Meitetsu Group, he has been engaged in a wide range of businesses including asset management, real estate development, and administration, which are highly relevant to the Company’s business. Considering that he will be able to continue greatly contributing to the Group’s expansion and growth as a Director, we nominated him as a new candidate for Director.				

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
7	<div>Reappointment Outside Independent</div> Kenichi Shohtoku (Jan. 20, 1971)	Oct. 1995 Joined Asahi & Co., Ltd. (the predecessor of KPMG AZSA LLC) Sep. 1999 Seconded to Arthur Andersen & Co., Kuala Lumpur Office Sep. 2002 Joined SCS Global Accounting Co., Ltd. (the predecessor of SCS Global Consulting (S) Pte Ltd) Nov. 2003 Representative Director of SCS Global Accounting Co., Ltd. (current position) Sep. 2005 Director of O-RID GLOBAL BPO PTE. LTD. Dec. 2010 Outside Audit & Supervisory Board Member of ROKI TECHNO CO., LTD. Feb. 2012 Director of the Company (current position) Jan. 2013 Outside Audit & Supervisory Board Member of ROKI GROUP HOLDINGS CO., LTD. (current position)	2,000
	<p>« Reasons for nomination as a candidate for Outside Director and expected roles »</p> <p>As a certified public accountant, Kenichi Shohtoku operates an accounting consulting firm mainly in foreign countries. In order to leverage the advice that he provides based on his expertise for the Company's overseas development, we have been having him serve as Outside Director of the Company since 2012. After being appointed as Outside Director, he has provided invaluable advice on various occasions such as the Board of Directors' meetings of the Company, liaison meetings with the Audit & Supervisory Board Members of the Company, etc. and has worked energetically to enhance the governance system of the Company and the Group as well as to ensure the appropriateness of financial reporting. He has also been serving as a member of the Nominating and Compensation Advisory Committee to participate in deliberations from an objective standpoint and contributing to securing appropriateness and fairness of compensation, etc. for Directors. Considering that he is indispensable for the maintenance and improvement of corporate governance structure for further expanding the Group and enhancing the checking functions in the future while paying attention to ESG and sustainability issues, we renominated him as a candidate for Outside Director.</p>		

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
8	<div>Reappointment Outside Independent</div> <div>Hiroyuki Kobayashi (Mar. 3, 1965)</div>	<p>Apr. 1987 Joined the Industrial Bank of Japan, Ltd. (the predecessor of Mizuho Bank, Ltd.)</p> <p>Apr. 2002 Seconded to Mizuho Securities Co., Ltd.</p> <p>Apr. 2003 Head of Advisory Department IV of Mizuho Securities Co., Ltd.</p> <p>Jul. 2005 Joined Sophia Corporation</p> <p>Apr. 2006 Vice President and Director of Sophia Corporation</p> <p>Dec. 2006 Joined Mizuho Securities Co., Ltd.</p> <p>Jun. 2008 Deputy Head of Corporate Planning Department of Mizuho Securities Co., Ltd.</p> <p>Dec. 2011 Head of Corporate Communications Department of Mizuho Securities Co., Ltd.</p> <p>Apr. 2014 Senior Corporate Officer attached to Head of Corporate Investment Services & Retail Business Division of Mizuho Securities Co., Ltd.</p> <p>Apr. 2015 Head of Wealth Management Division, Retail & Business Banking Division of Mizuho Securities Co., Ltd.</p> <p>Apr. 2017 President & CEO of Social Capital Management, Inc. (current position)</p> <p>Feb. 2018 Director of the Company (current position)</p> <p>Apr. 2018 Vice President and Director of Precious Square, Inc. (current position)</p> <p>Jun. 2019 Outside Auditor of Tohto Suisan Co., Ltd.</p> <p>Aug. 2019 Director of SEIWA Co., Ltd. (the predecessor of SEIWA HOLDINGS Co., Ltd.)</p> <p>Dec. 2020 Representative Director of WATASU, Inc. (the predecessor of Kidventure Co., Ltd.) (current position)</p> <p>Jun. 2022 Outside Auditor of Taiheiyo Kensetsu Kogyo Co., Ltd. (current position)</p> <p>Outside Auditor of Taiheiyo Remicon Co., Ltd. (current position)</p>	2,000
<p>« Reasons for nomination as a candidate for Outside Director and expected roles »</p> <p>Hiroyuki Kobayashi was engaged in operations at the Industrial Bank of Japan, Ltd. and M&A advisory services during secondment to a securities company. Currently he has established a consulting firm specializing in business strategies for corporate clients, M&As and organization development, and serves as CEO. With his objective monitoring and proposals based on his abundant experience and expertise, he has been contributing to more active discussion at Board of Directors meetings and improves their effectiveness. He has also been serving as a member of the Nominating and Compensation Advisory Committee to participate in deliberations from an objective standpoint and contributing to securing appropriateness and fairness of compensation, etc. for Directors. Considering that he is indispensable for the maintenance and improvement of corporate governance structure for further expanding the Group and enhancing the checking functions in the future while paying attention to ESG and sustainability issues, we renominated him as a candidate for Outside Director.</p> <p>« Supplemental information on Independence »</p> <p>Hiroyuki Kobayashi served as a business executor of the Industrial Bank of Japan, Ltd. (a predecessor of Mizuho Bank, Ltd.) until March 2002. However, his independence as Outside Director has been secured, considering that the Company has business transactions* with many other financial institutions as well as the said bank, and he is not in the position to be influenced by the bank as it has been more than 20 years since he ceased to be a business executor of the said bank and he currently serves as a corporate manager of other companies. He satisfies the criteria for an independent director stipulated by the Tokyo Stock Exchange, and the Company notified the said Exchange of the appointment of Hiroyuki Kobayashi as an independent director as stated in Note 2.</p> <p>*Reference: Outstanding loans payable to the said bank as of November 30, 2024 (consolidated basis) accounted for approximately 6.4% of the Company's total assets and approximately 9.6% of its total outstanding loans.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
9	<div>Reappointment Outside Independent</div> <div>Mai Ishiwatari (Jan. 26, 1977)</div>	<div>Apr. 2002 Registered as attorney-at-law (Daini Tokyo Bar Association)</div> <div>Oct. 2002 Masako Atsumi Law Office</div> <div>Jul. 2004 Hideo Yamada Law Office (the predecessor of Yamada Ozaki Law Office)</div> <div>Jun. 2006 Authense Law Office</div> <div>Jan. 2008 Polaris Law Office</div> <div>Jan. 2012 Registered foreign lawyer of Rajah & Tann LLP, Singapore</div> <div>Apr. 2014 Joined cocone corporation (the predecessor of cocone ONE corporation)</div> <div>Oct. 2014 Supervisory Officer of Kenedix Retail REIT Corporation</div> <div>Dec. 2014 Partner lawyer of Shiroyama Tower Law Office (current position)</div> <div>Mar. 2017 Director of cocone corporation (the predecessor of cocone ONE corporation) (current position)</div> <div>Jan. 2021 Outside Director of Kakao Japan Corp. (the predecessor of Kakao piccoma Corp.) (current position)</div> <div>Feb. 2024 Director of the Company (current position)</div> <div>Mar. 2024 Representative Director of Cocone Business Partners corporation (current position)</div>	—
<p>《Reasons for nomination as a candidate for Outside Director and expected roles》</p> <p>With her work experience at domestic and foreign law offices, Mai Ishiwatari possesses a high level of expertise and global knowledge of corporate legal affairs. In addition, she has experience of serving as a supervisory officer at a REIT investment corporation, and has been involved in corporate management at multiple companies in recent years. With her objective monitoring and proposals based on her abundant experience and knowledge, she has been contributing to the enhancement of corporate governance, including the maintenance of legal compliance of the Group's business and ensuring neutrality in management. She has also been serving as a member of the Nominating and Compensation Advisory Committee to participate in deliberations from an objective standpoint and contributing to securing appropriateness and fairness of compensation, etc. for Directors. Considering that she is indispensable for the maintenance and improvement of corporate governance structure for further expanding the Group and enhancing the checking functions in the future while paying attention to ESG and sustainability issues, we renominated her as a candidate for Outside Director.</p>			

- (Notes) 1. Shigehiro Takami is an executive officer of MEITETSU CITY DESIGN CO., LTD., a company with a collaborative relationship with the Company, and therefore has special interests in the Company. MEITETSU CITY DESIGN CO., LTD. is a consolidated subsidiary of Nagoya Railroad Co., Ltd., with which the Company has concluded a capital and business alliance agreement. Each of the other candidates for Directors has no special interests in the Company.
2. Kenichi Shohtoku, Hiroyuki Kobayashi, and Mai Ishiwatari are candidates for Outside Directors. The Company notified the Tokyo Stock Exchange of Kenichi Shohtoku, Hiroyuki Kobayashi, and Mai Ishiwatari as independent directors pursuant to the regulations of the said Exchange, and they will continue to serve as independent directors if they are reelected as Directors.
3. Kenichi Shohtoku currently serves as Outside Director of the Company and will have served as such for thirteen (13) years as of the conclusion of the Meeting. Hiroyuki Kobayashi currently serves as Outside Director of the Company and will have served as such for seven (7) years as of the conclusion of the Meeting. Mai Ishiwatari currently serves as Outside Director of the Company and will have served as such for one (1) year as of the conclusion of the Meeting.
4. Kenichi Shohtoku, Hiroyuki Kobayashi, and Mai Ishiwatari currently serve as Outside Directors of the Company. The Company has concluded a contract for limitation of liability with them pursuant to the provisions of Article 427, paragraph 1 of the Companies Act for the liability for damages provided for in Article 423, paragraph 1 of the same, and limits their liability to the amount provided by relevant laws and regulations. The Company intends to maintain the contract with them if they are reelected as originally proposed.
5. The Company has concluded a directors and officers liability insurance contract as stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. Directors and officers included as insured in this insurance policy will receive compensation for damages arising from their liability borne from performance of their duties or arising from claims in pursuit of that liability. Other details of said insurance are as stated in the Business Report (page 36). If the candidates are elected as Directors, they will be insured by said insurance contract. The Company is scheduled to renew said insurance contract with the same contents in March 2025.

<Reference> Skills matrix of Directors (plan after conclusion of the Meeting)

Aiming to realize “Tosei Group Long-Term Vision 2032,” the Company nominates candidates for Directors who have high levels of expertise, experience and knowledge in the areas of corporate management, real estate business, finance and accounting, global business, ESG, IT and DX, human resource and labor, and compliance and risk management, with an eye on the balance of knowledge, experience, and competence within the Board of Directors as a whole and the composition of the Board of Directors that considers diversity and scale.

Name	Gender	Executive/ Outside	Specialty, knowledge, and experience								Nominating and Compensation Advisory Committee	Sustainability Committee
			Corporate manage- ment	Real estate business	Finance/ Accounting	Global business	ESG	IT/DX	Human Resource /Labor	Compliance/ Risk manage- ment		
Seiichiro Yamaguchi	Male	Executive	●	●	●		●			●	○	
Noboru Hirano	Male	Executive	●		●		●		●	●	○	○ (Chair- person)
Hideki Nakanishi	Male	Executive		●			●					
Shunsuke Yamaguchi	Male	Executive					●	●	●	●		○
Hiroyasu Yoneda	Male	Executive	●		●							
Shigehiro Takami	Male	Executive		●								
Kenichi Shohtoku	Male	Outside (Independent)	●		●	●					○ (Chair- person)	
Hiroyuki Kobayashi	Male	Outside (Independent)	●		●		●		●		○	(Observer)
Mai Ishiwatari	Female	Outside (Independent)	●			●		●		●	○	

- (Notes) 1. The ● symbol is assigned to skills that each Director is especially expected to demonstrate based on his/her past achievements and experience. The table above does not show all expertise, knowledge, and experience of each Director.
2. Matters such as the appointment of Executive Directors and Executive Officers and delegation of departments of which Directors will be in charge (job titles) will be determined at a meeting of the Board of Directors to be held after the conclusion of the Meeting.

Proposal 3: Election of Three (3) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members – Toshinori Kuroda, Tatsuki Nagano, and Osamu Doi – will expire at the conclusion of the Meeting. Accordingly, we propose the election of three (3) Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its approval to this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name (Date of birth)	Career summary and positions in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
1	<div>Reappointment Outside Independent</div> <p>Toshinori Kuroda (Jan. 9, 1960)</p>	<p>Apr. 1982 Joined The Sanwa Bank, Ltd. (the predecessor of MUFG Bank, Ltd.)</p> <p>May 1989 Completed MBA at Purdue University in the U.S.</p> <p>Nov. 1991 Assigned to Sanwa Business Credit Corporation (Chicago, IL, U.S.)</p> <p>Aug. 1995 Assigned to Sanwa Bank California (Los Angeles, CA, U.S.)</p> <p>Oct. 2002 Deputy General Manager of Public & Institutional Business Division of UFJ Bank Limited (the predecessor of MUFG Bank, Ltd.)</p> <p>May 2007 Chief Manager of Internal Audit Office of Internal Audit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the predecessor of MUFG Bank, Ltd.)</p> <p>May 2012 Joined Mitsubishi UFJ NICOS Co., Ltd.</p> <p>Oct. 2012 General Manager of Compliance Division of Mitsubishi UFJ NICOS Co., Ltd.</p> <p>Apr. 2017 Chief Auditor of Internal Audit Division of Mitsubishi UFJ NICOS Co., Ltd.</p> <p>Feb. 2021 Full-time Audit & Supervisory Board Member of the Company (current position)</p> <p>Feb. 2022 Audit & Supervisory Board Member of Tosei Community Co., Ltd.</p> <p>Feb. 2023 Audit & Supervisory Board Member of Tosei Logistics Management Co., Ltd.</p> <p>Feb. 2024 Audit & Supervisory Board Member of Tosei Community Co., Ltd. (current position)</p>	—
<p><<Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member>></p> <p>Toshinori Kuroda has duly fulfilled his duties as Audit & Supervisory Board Member by voicing necessary comments, as appropriate, at the meetings of the Board of Directors and other important meetings as full-time Audit & Supervisory Board Member, while maintaining his independence as an incumbent Outside Audit & Supervisory Board Member of the Company. The Company renominated him as a candidate for Outside Audit & Supervisory Board Member so that he can fulfill his duty to ensure the adequacy and appropriateness of the Company's management based on his abundant experience acquired at audit divisions of major financial institutions and expert insight backed by qualifications as a Master of Business Administration (MBA) and a Certified Internal Auditor (CIA). For these reasons, although he has no experience of involvement in company management in ways other than being an Outside Audit & Supervisory Board Member of the Company, the Company believes that he can appropriately perform his duties as Outside Audit & Supervisory Board Member.</p> <p><<Supplemental information on independence>></p> <p>Toshinori Kuroda served as a business executor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the predecessor of MUFG Bank, Ltd.) until April 2012. However, his independence as Outside Audit & Supervisory Board Member has been secured, as the Company has business transactions* with many other financial institutions as well as the said bank and he is not in the position to be influenced by the bank as it has been more than 12 years since he ceased to be a business executor of the bank. He satisfies the criteria for an independent auditor stipulated by the Tokyo Stock Exchange, and the Company notified the said Exchange of the appointment of Toshinori Kuroda as an independent auditor as stated in Note 2.</p> <p>*Reference: Outstanding loans payable to the said bank as of November 30, 2024 (consolidated basis) accounted for approximately 5.8% of the Company's total assets and approximately 8.8% of its total outstanding loans.</p>			

No.	Name (Date of birth)	Career summary and positions in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
2	<div> <div>Reappointment</div> <div>Outside</div> <div>Independent</div> </div> <p>Tatsuki Nagano (Apr. 16, 1959)</p>	<p>Apr. 1983 Joined The Chuo Trust & Banking Co., Ltd. (the predecessor of Sumitomo Mitsui Trust Bank, Limited)</p> <p>Jul. 1995 Financial Planning Chief of Corporate Planning Dept. at headquarters of The Chuo Trust & Banking Co., Ltd. (the predecessor of Sumitomo Mitsui Trust Bank, Limited)</p> <p>Jul. 2000 Managing Director of RG Asset Management PTE. LTD.</p> <p>Jul. 2004 Director of Reference Group Holdings Ltd.</p> <p>Aug. 2004 Representative Director of RG Asset Management Services Co., Ltd.</p> <p>Feb. 2012 Audit & Supervisory Board Member of the Company (current position)</p> <p>Apr. 2013 Director of RG Asset Management Services Limited (BVI)</p> <p>Apr. 2013 Director and Representative Partner of RG Asset Management Services Limited (HK)</p> <p>Jun. 2014 Director of System Location Co., Ltd.</p> <p>Feb. 2016 Senior Director, Head of the Management Headquarters of All Nippon Asset Management, Co., Ltd.</p> <p>Jun. 2019 Vice President and Representative Director of All Nippon Asset Management, Co., Ltd.</p> <p>Jun. 2021 President and Representative Director of All Nippon Asset Management, Co., Ltd. (current position)</p>	—
<p><<Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member>></p> <p>Tatsuki Nagano has duly fulfilled his duties as an incumbent Outside Audit & Supervisory Board Member of the Company by voicing necessary comments, as appropriate, at the meetings of the Audit & Supervisory Board and the Board of Directors, based on his abundant experience and considerable expert insight from his experience at major financial institutions and in corporate management. Accordingly, the Company renominated him as a candidate for Outside Audit & Supervisory Board Member so that he can continue to perform a role in ensuring the adequacy and appropriateness of the Company's management.</p>			

No.	Name (Date of birth)	Career summary and positions in the Company (Important concurrent positions outside the Company)	Number of the Company's shares held
3	<div> <div>New appointment</div> <div>Outside</div> <div>Independent</div> </div> <p>Satoshi Ikeda (Apr. 30, 1965)</p>	<p>Apr. 1989 Joined the Industrial Bank of Japan, Ltd. (the predecessor of Mizuho Bank, Ltd.)</p> <p>Apr. 2002 Transferred to Mizuho Bank, Ltd.</p> <p>Sep. 2010 Passed the national bar examination</p> <p>Oct. 2012 Resigned from Mizuho Bank, Ltd.</p> <p>Nov. 2012 The Legal Training and Research Institute of Japan, Supreme Court of Japan (legal apprentice)</p> <p>Dec. 2013 Motosugi Law Office (associate lawyer)</p> <p>Sep. 2014 Established KOWA Law Office (current position)</p> <p>Aug. 2017 Corporate Auditor of KJG Holdings Co., Ltd. (current position)</p> <p>Oct. 2018 Representative Director of Ikeda Business Consulting Co., Ltd.</p> <p>Aug. 2019 Corporate Auditor of KOWA Information Technology Co., Ltd. (current position)</p> <p>Oct. 2019 Director of Ikeda Business Consulting Co., Ltd. (current position)</p> <p>Apr. 2023 Corporate Auditor of Kyoei Information System Co., Ltd. (current position)</p> <p>Nov. 2023 Corporate Auditor of LEMON GASUI, Co., Ltd. (current position)</p>	—
<p>«Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member»</p> <p>After serving a major financial institution for many years (nine years at banking offices (out of which, three years as General Manager of branches), eight years at IT departments, six years at business planning departments, and one year at audit departments), Satoshi Ikeda is currently active as a lawyer mainly for corporate legal affairs, financial affairs, and real estate affairs. He has a high level of expertise of corporate legal affairs and abundant financial knowledge, and is well-versed in system development practices. This abundant experience and insights are highly relevant to the Group's business. Accordingly, in the belief that he will provide oversight over management in general and useful advice, the Company nominated him as a new candidate for Outside Audit & Supervisory Board Member.</p> <p>«Supplemental information on independence»</p> <p>Satoshi Ikeda served as a business executor of Mizuho Bank, Ltd. until October 2012. However, his independence as Outside Audit & Supervisory Board Member has been secured, considering that the Company has business transactions* with many other financial institutions as well as the said bank, and he is not in the position to be influenced by the bank as it has been more than 12 years since he ceased to be a business executor of the bank and he is currently active as a lawyer. He satisfies the criteria for an independent auditor stipulated by the Tokyo Stock Exchange, and the Company intends to notify the said Exchange of the appointment of Satoshi Ikeda as an independent auditor as stated in Note 2.</p> <p>*Reference: Outstanding loans payable to the said bank as of November 30, 2024 (consolidated basis) accounted for approximately 6.4% of the Company's total assets and approximately 9.6% of its total outstanding loans.</p>			

- (Notes)
- Each of the candidates for Audit & Supervisory Board Members has no special interests in the Company.
 - Toshinori Kuroda, Tatsuki Nagano, and Satoshi Ikeda are candidates for Outside Audit & Supervisory Board Members. The Company notified the Tokyo Stock Exchange of Toshinori Kuroda and Tatsuki Nagano as independent auditors pursuant to the regulations of the said Exchange, and they will continue to serve as independent auditors if they are reelected as Audit & Supervisory Board Members. In addition, the Company intends to notify the Tokyo Stock Exchange of Satoshi Ikeda as an independent auditor pursuant to the regulations of the said Exchange if he is elected as Audit & Supervisory Board Member.
 - Toshinori Kuroda currently serves as Outside Audit & Supervisory Board Member of the Company and will have served as such for four (4) years as of the conclusion of the Meeting. Tatsuki Nagano currently serves as Outside Audit & Supervisory Board Member of the Company and will have served as such for thirteen (13) years as of the conclusion of the Meeting.
 - The Company has concluded a contract for limitation of liability with Toshinori Kuroda and Tatsuki Nagano pursuant to the provisions of Article 427, paragraph 1 of the Companies Act for the liability for damages provided for in Article 423, paragraph 1 of the same, and limits their liability to the amount provided by relevant laws and regulations. The Company intends to maintain the contract with them if they are reelected as originally proposed. In addition, the Company intends to conclude the same contract with Satoshi Ikeda if he is elected as an Audit & Supervisory Board Member.

5. The Company has concluded a directors and officers liability insurance contract as stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. Directors and officers included as insured in this insurance policy will receive compensation for damages arising from their liability borne from performance of their duties or arising from claims in pursuit of that liability. Other details of said insurance are as stated in the Business Report (page 36). If the candidates are elected as Audit & Supervisory Board Members, they will be insured by said insurance contract. The Company is scheduled to renew said insurance contract with the same contents in March 2025.

End

(Attachment)

Business Report

(From December 1, 2023 to November 30, 2024)

1. Matters regarding current status of the Group

(1) Business developments and results

During the fiscal year ended November 30, 2024, the Japanese economy showed a gradual recovery, although there was some stagnation in personal consumption. However, the downturn in the global economy brought on by continuing high interest rate levels in Europe and the U.S. and the slowdown of the Chinese economy, among other factors, has been posing downward risks to the domestic economy, and therefore it remains necessary to monitor these trends along with the trend of interest rate hikes by the Bank of Japan, geopolitical risks, future policy changes of the U.S. government, and other factors.

In the real estate industry where Tosei Group operates, domestic real estate investments for the nine months from January to September 2024 increased by 40% year on year to ¥3,856.7 billion, with Tokyo continuing to rank first in the world for real estate investments by city. Amid the continuing relatively low interest-rate environment, the number of large transactions increased for each asset type and the amount of investments in domestic real estate increased. In addition, despite the current rise in interest rates, a hardening of the lending stance by financial institutions has not been observed and the investment appetite of European and U.S. investors is on a recovery trend. Accordingly, the robust investments in domestic real estate are 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 October 2024 decreased 17.7% year on year to 14,953 units, while the average price per unit in October 2024 was ¥92.39 million (up 40.7% year on year). The average price per unit continues to remain high due to the decrease in the number of units supplied and the shifting of soaring construction costs onto condominium prices. In the Tokyo metropolitan area pre-owned condominium market, the number of units contracted from January to October 2024 was 30,857 units (up 2.4% year on year), and the average price per unit as of October 2024 was ¥48.64 million (up 2.2% year on year). As the properties in Tokyo metropolitan area, where demand from wealthy individuals and overseas investors is high, have been driving up the average price, the trends of prices are polarized between said area and suburban areas, where demand for own use is high. Additionally, in the Tokyo metropolitan area's build-for-sale detached house market, the number of housing starts remained on a declining trend since 2022 at 44,452 units for the 10 months from January to October 2024 (down 9.4 % year on year), while the average price per unit of newly built units as of October 2024 was ¥45.40 million (up 1.0% year on year). Amid the rise in mortgage interest rates, there has been concern over a decline in the purchasing appetite in the end-user market as a whole (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the 10 months from January to October 2024 were ¥1,772 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 49.8% year on year) for steel reinforced concrete structures and ¥727 thousand per tsubo (an increase of 8.5% year on year) for wooden structures. Construction costs continue to rise, as the current prices of building materials in terms of both steel prices and the price of timber still remain high although they slightly decreased, and personnel costs are soaring due to labor shortage and 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 in October 2024 was 4.5% (a decrease of 1.6 percentage points year on year) against the backdrop of robust demand for offices due to office relocations and floor expansions, and the average asking rent continues on its gradual upward trend at ¥20,178 per tsubo (an increase of 2.2% year on year). Meanwhile, we will need to continue to closely monitor these trends, as another massive supply of new office buildings is expected in 2025 (according to a survey by a private research institute).

The Tokyo metropolitan area's condominium leasing market remained robust and the average asking rent as of October 2024 was ¥11,791 per tsubo (an increase of 0.7% year on year) and the average occupancy rate of condominiums held by J-REIT in the Tokyo area as of August 31, 2024 was 97.4% (an increase of 0.1 percentage points year on year) (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock as of October 2024 was 10.69 million tsubo (an increase of 10.9% year on year) and the vacancy rate rose to 8.6% (an increase of 1.5 percentage points year on year). As supply continued to exceed demand, the trend for long-term leasing activities has been observed mainly for new and relatively new properties and the vacancy rate is rising. While the asking rent remained firm at ¥4,780 per tsubo (an increase of 3.9% year on year), there is weakness in the oversupplied areas and disparities are seen within the Tokyo metropolitan area (according to a survey by a private research institute).

In the real estate fund market, J-REIT assets under management as of October 31, 2024 amounted to ¥23.4 trillion (an increase of ¥0.8 trillion year on year) and assets under management in private placement funds amounted to ¥38.6 trillion (as of June 30, 2024, an increase of ¥5.2 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥62.0 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, in the nine months from January to September 2024, the average guest room occupancy rate was 81.8% (an increase of 3.4 percentage points year on year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 81.50 million (an increase of 15.5% year on year). A robust recovery in inbound demand is expected to continue going forward as driven by the recovery, which was slower than expected, of the number of Chinese tourists visiting Japan (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 a wide variety of land for development as future sources of income. Additionally, in the Hotel Business, the Group captured inbound demand, while making efforts to increase its balance of assets under management in the Fund and Consulting Business.

As a result, consolidated revenue for the fiscal year under review totaled ¥82,191 million (up 3.5% year on year), operating profit was ¥18,488 million (up 13.7%), profit before tax was ¥17,364 million (up 13.4%), and profit attributable to owners of the parent was ¥11,985 million (up 14.1%).

Performance by business segment is shown below.

Revitalization Business

During the fiscal year under review, the segment sold 40 properties which had been renovated, and 110 pre-owned condominium units, including T's garden Nishi-Terao (Yokohama-shi, Kanagawa), Hatchobori Tosei Building II (Chuo-ku, Tokyo), and LIERRE ICHIGAYA (Shinjuku-ku, Tokyo).

During the fiscal year under review, it also acquired a total of 44 income-generating office buildings and apartments, nine land lots and 88 pre-owned condominium units.

In addition, the Group reviewed the valuation of its income-generating properties, recording a valuation loss of ¥16 million and a reversal of inventories valuation loss of ¥56 million.

As a result, revenue in this segment was ¥37,221 million (down 21.7% year on year) and the segment profit was ¥5,963 million (down 32.8%).

Development Business

During the fiscal year under review, the segment sold T's Logi Ome (Nishitama-gun, Tokyo), which is a logistics facility, T'S BRIGHTIA Jiyugaoka (Meguro-ku, Tokyo), which is a commercial facility, T's Cuore Ukimafunado I (Kita-ku, Tokyo) and T's Cuore Shiinamachi

(Toshima-ku, Tokyo), which are rental wooden apartments, and sold 28 detached houses at THE Palms Court Gakugei Daigaku (Meguro-ku, Tokyo) and other properties.

During the fiscal year under review, it also acquired four land lots for apartment projects, 15 land lots for rental wooden apartment projects, and land lots for 133 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of inventories valuation loss of ¥361 million.

As a result, revenue in this segment was ¥16,659 million (up 129.9% year on year) and the segment profit was ¥4,962 million (up 378.9%).

Rental Business

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

As of November 30, 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 36 properties, and began offering for rental of nine properties, sold 31 properties, and terminated the leasing of five properties.

As a result, revenue in this segment was ¥8,088 million (up 21.5% year on year) and the segment profit was ¥4,083 million (up 26.4%).

Fund and Consulting Business

During the fiscal year under review, while ¥209,882 million was subtracted from the balance of assets under management mainly due to property dispositions by funds, ¥301,237 million was added to the balance of assets under management (Note) of ¥2,352,454 million for the end of the previous fiscal year, due to new asset management contracts. The balance of assets under management as of November 30, 2024, was ¥2,443,808 million.

As a result, revenue in this segment was ¥6,819 million (down 7.6% year on year) and the segment profit was ¥3,824 million (down 16.1%).

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

Property Management Business

During the fiscal year under review, the segment worked to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 963 as of November 30, 2024, an increase of 105 from November 30, 2023 with that total comprising 571 office buildings, hotel, logistics facilities and other such properties, and 392 condominiums and apartments.

As a result, revenue in this segment was ¥7,104 million (up 9.8% year on year) and segment profit was ¥1,039 million (up 27.7%).

Hotel Business

During the fiscal year under review, occupancy rates and guest room rates improved due to the recovery of domestic demand and capturing of inbound demand, and both revenue and segment profit greatly exceeded those in the same period of the previous fiscal year.

As a result, revenue in this segment was ¥6,297 million (up 51.4% year on year) and segment profit was ¥2,206 million (up 122.8%).

Business segment	Revenue
Revitalization Business	¥37,221 million
Development Business	¥16,659 million
Rental Business	¥8,088 million
Fund and Consulting Business	¥6,819 million
Property Management Business	¥7,104 million
Hotel Business	¥6,297 million
Total	¥82,191 million

(2) Status of capital investments

Capital investments for the Group executed during the fiscal year under review totaled ¥2,676 million.

(3) Status of financing

The Group raised funds of ¥59,194 million by means of non-current borrowings during the fiscal year under review.

(4) Issues to be addressed

The Tokyo metropolitan area real estate investment market maintains a favorable environment for real estate investments against the backdrop of the stable rental market and high liquidity, although the yield gap is on a closing trend as domestic interest rates are rising due to the change in the financial policy of the Bank of Japan. Meanwhile, given that the trend for longer construction periods due to hikes in construction costs and labor shortages is expected to persist for the time being, we are aware that careful consideration is still required in planning development for development projects. In addition, uncertainty is heightening amid revolutionary changes, including the escalation of climate change issues, the emergence of geopolitical risks, the declining birthrate and the aging of society, the acceleration of behavioral changes triggered by the COVID-19 pandemic, and rapid advances in digital technology.

In order to adapt to such changes in the business environment, ensure the Group's continued growth into the future, and enhance corporate value by contributing to the realization of a sustainable society, we have formulated "Tosei Group Long-Term Vision 2032" to clarify "our direction (what we envision ourselves to be)" based on our core competencies that are the source of our Group's competitive advantage and to make Group-wide efforts to realize our vision.

<Tosei Group Long-Term Vision 2032>

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

We will work toward realizing our business growth and Long-Term Vision 2032 by further expanding Tosei's core competencies, i.e., our "real estate solution capabilities," "portfolio management capabilities," and "global reach."

For the initial three years (first phase) of the nine years to realize this long-term vision, we have formulated the medium-term management plan "Further Evolution 2026" (from December 2023 to November 2026). Under this plan, we will enhance the competitive edge of the Group and also contribute to the realization of a sustainable society by executing various measures based on the five basic policies under the following main policy. For the fiscal year ending November 30, 2025, which will be the second year of the plan, the Group will continue pursuing its growth strategies based on this plan.

<Medium-term Management Plan “Further Evolution 2026”>

(Main Policy)

“Aim for further evolution as a unique comprehensive real estate company capable of contributing to the realization of a sustainable society”

(Basic Policies)

Sustainability	• Provide more solutions for environmental and social issues and promote sustainability management
	• Enlarge investments in measures to ensure the Group’s future growth
	• Establish and penetrate the Tosei brand through the disclosure of non-financial information
Business	• Achieve the evolution and growth of business portfolios
	• Strengthen real estate solution capabilities through the pursuit of synergy between the six businesses
Human Resources and Organization	• Develop an environment that allows diverse employees to leverage their individuality and demonstrate their capabilities
	• Nurture human resources equipped with a wealth of experience, knowledge, and strong leadership, as well as a deep knowledge of corporate philosophy
DX	• Promote the differentiation of products and services and the improvement of operational efficiency through IT and digital utilization
Financial and Capital Policies	• Strengthen funding capabilities to enable sustained growth
	• Maintain return on capital that exceeds capital costs and continue balance sheet management

(Quantitative Plan) *Underlined sections indicate revisions.

	1st year results (Year ended November 30, 2024)	2nd year revised plan (Year ending November 30, 2025)	3rd year revised plan (Year ending November 30, 2026)
Consolidated revenue	¥82.1 billion	<u>¥102.0 billion</u>	<u>¥123.0 billion</u>
Consolidated profit before tax	¥17.3 billion	<u>¥18.8 billion</u>	<u>¥20.2 billion</u>
ROE	13.9%	<u>13.5%</u>	<u>13.2%</u>
Stable businesses ratio (operating profit-basis)	50.5%	45% or more	45% or more
Equity ratio	32.7%	About 35%	About 35%
Net debt-to-equity ratio	1.45 times	About 1.4 times	About 1.4 times
Dividend payout ratio*	31.9%	<u>33.7%</u>	35.0%

* In terms of shareholder returns, we will aim to gradually raise the dividend payout ratio from 30% to 35% in the next three years, while considering the repurchase of our own shares by comprehensively assessing the business environment, trends of share prices, improvement of shareholders’ value, etc.

The plan will aim for the evolution and growth of the six existing business portfolios by strengthening “real estate solution capabilities,” “portfolio management capabilities,” and “global reach,” which are the sources of the Group’s corporate value, and expanding the service domains of each business and maximizing synergies within the Group.

In the Revitalization Business and the Development Business, we will establish and penetrate the Tosei brand through differentiation by providing environmentally-friendly products conscious of sustainability, encouraging the utilization of existing real estate stock, and expanding the scope of products handled, among others. Additionally, to enhance our purchasing competitiveness, we will promote studies to improve the efficiency of property appraisals and the utilization of M&A methodologies.

In stable businesses, we will work on the studies of facility specifications in line with tenant demand in the Rental Business and the reinforcement of our service functions and the improved efficiency of back-office operations in the Fund and Consulting Business and the Property Management Business, and make efforts to penetrate our brand and expand scales through appeal to customers by differentiating the Tosei Hotel COCONE from other hotels in the Hotel Business.

Furthermore, in the DX field, we will promote the improvement of business process efficiency, while also providing real estate investment opportunities to a new customer base through real estate crowd funding, a real estate tech business that combines real estate, finance, and DX, issuing security tokens, and digital matching in sales of condominium units, in order to diversify the exit

strategies for properties revitalized and developed by Tosei.

To strengthen our business base that sustains growth, we will focus our efforts on the building of a personnel system, organizational structure, and work environment that allows for human resources development and enables diverse employees to leverage their individuality and maximize their capabilities and deepen our engagement with our employees. Additionally, in terms of finances and capital allocation, we will strengthen our funding capabilities to support the expansion of our business scale and the balance of assets held, while maintaining a sound financial structure and aiming to continue our growth investment and improvement of return of profits with an awareness of capital efficiency.

(5) Status of operating results and assets

a. Trends in operating results and assets of the Group

	72nd term (Year ended November 30, 2021)	73rd term (Year ended November 30, 2022)	74th term (Year ended November 30, 2023)	75th term (Year under review) (Year ended November 30, 2024)
Revenue (Thousands of yen)	61,726,449	70,953,486	79,446,329	82,191,828
Profit before tax (Thousands of yen)	10,302,616	12,753,538	15,310,707	17,364,939
Profit attributable to owners of the parent (Thousands of yen)	6,721,305	8,607,088	10,507,095	11,985,203
Basic earnings per share (Yen)	142.56	181.66	219.74	247.43
Total assets (Thousands of yen)	195,010,899	210,955,801	245,329,690	276,815,386
Total equity (Thousands of yen)	65,958,740	72,290,677	82,319,282	90,866,736

(Note) The above table has been made under International Financial Reporting Standards (IFRS).

b. Trends in operating results and assets of the Company

	72nd term (Year ended November 30, 2021)	73rd term (Year ended November 30, 2022)	74th term (Year ended November 30, 2023)	75th term (Year under review) (Year ended November 30, 2024)
Net sales (Thousands of yen)	47,452,190	43,063,515	46,480,528	45,587,536
Ordinary income (Thousands of yen)	9,690,159	10,678,418	10,906,961	14,838,112
Net income (Thousands of yen)	7,452,678	8,687,116	8,738,581	11,746,437
Net income per share (Yen)	158.08	183.35	182.76	242.50
Total assets (Thousands of yen)	171,076,831	189,896,706	217,524,127	244,994,283
Net assets (Thousands of yen)	59,467,346	65,863,314	73,821,936	81,996,567

(Note) The above table has been made under Japanese GAAP.

(6) Status of significant subsidiaries

Name of company	Capital or investments in capital	Equity ownership [Indirect equity ownership]	Major lines of business
Tosei Community Co., Ltd.	¥99,500 thousand	100.0%	Property management business
Tosei Asset Advisors, Inc.	¥100,000 thousand	100.0	Fund and consulting business
Tosei Logistics Management Co., Ltd.	¥50,000 thousand	100.0	Real estate consulting business
Tosei Hotel Management Co., Ltd.	¥100,000 thousand	100.0	Hotel business
Tosei Hotel Service Co., Ltd.	¥10,000 thousand	100.0	Hotel business
Princess Square Co., Ltd.	¥96,000 thousand	100.0	Revitalization business
Tosei Proptech Co., Ltd.	¥100,000 thousand	100.0	Real estate consulting business
TOSEI-R, Inc.	¥50,000 thousand	100.0	Revitalization business
Tosei Chintai Hosho LLC	¥3,000 thousand	100.0	Property management business
Tosei Singapore Pte. Ltd.	S\$4,000,000	100.0	Rental business
Kishino Corporation	¥10,000 thousand	100.0	Rental business
Masuda Kenzai-ten Co., Ltd.	¥60,500 thousand	100.0	Revitalization business
Isogo Asset Management Co., Ltd.	¥15,000 thousand	100.0	Revitalization business
Shibaura Residential Co., Ltd.	¥10,000 thousand	100.0	Revitalization business
Usui Kigata Kogyo K.K.	¥32,000 thousand	100.0	Revitalization business

(Note) Sanki-shoji Co., Ltd. has been excluded from the scope of consolidation as a result of the completion of its liquidation as of December 25, 2023.

(7) Major lines of business (As of November 30, 2024)

Segment	Operations
Revitalization Business	<p>The Tosei Group acquires office buildings, commercial facilities, apartments and other properties whose asset value has declined through buying and selling real estate and M&A of companies with real estate holdings, boosts their value through “value-up plans” (“improved designs,” “enhanced security functions, etc.,” “increased eco-friendliness,” and “improved profitability”) judged to best match the characteristics of the properties’ areas and tenant requirements, and sells them as revitalized real estate to buyers including investors, real estate funds and individual business entities that acquire real estate for private use.</p> <p>The Tosei Group’s “value-up” activities go beyond just renewing properties and involve realizing comprehensive regenerations of their values. This puts a focus on not only improving the convenience and functionality of properties but also providing satisfaction to owners and giving end users a sense of pride.</p>
Development Business	<p>In the main districts of Tokyo, there is a mixture of needs for offices, commercial facilities, residences, logistics facilities, hotels and others, and the Tosei Group verifies the characteristics of land it acquires including area, shape, intended purpose, relevant needs, rent, and selling price. Based on this, the Tosei Group carries out development and new construction to maximize the value of the land.</p> <p>The Group is able to respond to diverse needs by developing office buildings, commercial buildings (T’s BRIGHTIA series) and mixed-use buildings, hotels (TOSEI HOTEL COCONE series), condominiums (the Palms series), detached houses (Palms Court series and Comodo Casa series), wooden apartments (T’s Cuore series), as well as logistics facilities (T’s Logi series). Once development is complete or tenants have been found, the properties are sold to buyers including investors, real estate funds, and end-users.</p>
Rental Business	<p>The Tosei Group has expanded the scope of its business primarily in the main districts of Tokyo by acquiring office buildings, condominiums, stores and parking lots, and renting them out to end-users and others.</p> <p>As a landlord, the Tosei Group is capable of swiftly gathering accurate information on tenant needs to further enhance “value-up plans” by reflecting these needs.</p>
Fund and Consulting Business	<p>The Tosei Group conducts business as a type II financial instruments business as well as an investment advisory and agency business and an investment management business as provided for in the Financial Instruments and Exchange Act.</p> <p>Specifically, in addition to providing Tosei Reit Investment Corporation’s asset management services, the Tosei Group also provides services such as selling and brokering trust beneficiary rights, and management of income-generating properties as asset management services for real estate funds. Also, the Tosei Group provides consulting services and real estate brokerage related to corporate real estate held by business entities.</p>
Property Management Business	<p>This business carries out building and equipment management, and security (building maintenance) for office buildings, apartments, hotels, commercial facilities, and educational facilities; owner proxy services, tenant management, tenant solicitation, and building management (property management); and management services for condominiums.</p>
Hotel Business	<p>The Tosei Group is engaged in planning and operation of its TOSEI HOTEL COCONE brand as well as hotel development and conversion of used office buildings into hotels.</p>

(8) Major business offices (As of November 30, 2024)

Name	Business office and its location
Tosei Corporation (the Company)	Head office: Minato-ku, Tokyo
Tosei Community Co., Ltd.	Head office: Minato-ku, Tokyo
Tosei Asset Advisors, Inc.	Head office: Minato-ku, Tokyo
Tosei Logistics Management Co., Ltd.	Head office: Minato-ku, Tokyo
Tosei Hotel Management Co., Ltd.	Head office: Minato-ku, Tokyo
Tosei Hotel Service Co., Ltd.	Head office: Minato-ku, Tokyo
Princess Square Co., Ltd.	Head office: Minato-ku, Tokyo
Tosei Proptech Co., Ltd.	Head office: Minato-ku, Tokyo
TOSEI-R, Inc.	Head office: Minato-ku, Tokyo
Tosei Chintai Hosho LLC	Head office: Minato-ku, Tokyo
Tosei Singapore Pte. Ltd.	Head office: Singapore
Kishino Corporation	Head office: Minato-ku, Tokyo
Masuda Kenzai-ten Co., Ltd.	Head office: Minato-ku, Tokyo
Isogo Asset Management Co., Ltd.	Head office: Minato-ku, Tokyo
Shibaura Residential Co., Ltd.	Head office: Minato-ku, Tokyo
Usui Kigata Kogyo K.K.	Head office: Minato-ku, Tokyo

(Note) Sanki-shoji Co., Ltd. has been excluded from the scope of consolidation as a result of the completion of its liquidation as of December 25, 2023.

(9) Status of employees (As of November 30, 2024)**a. Status of employees of the Group**

Segment	Number of employees	Year-on-year change
Revitalization Business	130	(1)
Development Business	77	16
Rental Business	24	(3)
Fund and Consulting Business	171	17
Property Management Business	178	19
Hotel Business	127	30
Group-wide (common)	102	4
Total	809	82

(Note) The number of employees indicates the number of employees currently on duty and the yearly average number of part-time and temporary employees was 231.

b. Status of employees of the Company

Number of employees	Year-on-year change	Average age	Average years of service
282	14	36.6 years old	5.7 years

(Note) The number of employees indicates the number of employees currently on duty.

(10) Major lenders (As of November 30, 2024)

Lender	Loan balance
Sumitomo Mitsui Banking Corporation	¥17,826 million
Mizuho Bank, Ltd.	¥15,765 million
MUFG Bank, Ltd.	¥14,472 million
Kiraboshi Bank, Ltd.	¥12,113 million
SBI Shinsei Bank, Limited	¥10,433 million

(11) Other important matters regarding the current status of the Group

On May 24, 2024, the Company entered into a capital and business alliance agreement with Nagoya Railroad Co., Ltd. On the same day, in connection with the capital and business alliance, Nagoya Railroad Co., Ltd. entered into a share transfer agreement with Mr. Seichiro Yamaguchi, a major shareholder of the Company. Under the share transfer agreement, Nagoya Railroad Co., Ltd. acquired 7,500,100 ordinary shares of the Company (the shareholding ratio as of the acquisition date: 15.50%) and became the largest shareholder of the Company.

(Note) The shareholding ratio has been calculated by deducting the treasury shares as of November 30, 2023 (306,700 shares) and rounding it down to the second decimal place.

2. Matters regarding the shares of the Company

- (1) Total number of shares authorized 150,000,000 shares
 (2) Total number of shares issued 48,683,800 shares (incl. 222,798 treasury shares)
 (3) Number of shareholders 26,910
 (4) Major shareholders (Top 10)

Name of shareholder	Number of shares held	Holding ratio
Nagoya Railroad Co., Ltd.	7,500,100 shares	15.47%
Zeus Capital Limited	6,000,000 shares	12.38%
Seiichiro Yamaguchi	5,385,400 shares	11.11%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,321,100 shares	8.91%
Custody Bank of Japan, Ltd. (Trust Account)	1,795,200 shares	3.70%
STATE STREET BANK AND TRUST COMPANY 505001	1,647,257 shares	3.39%
Hirotochi Deguchi	1,030,000 shares	2.12%
Kiraboshi Capital Tokyo Sparkle Investment Limited Partnership	1,000,000 shares	2.06%
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	931,100 shares	1.92%
SMBC Nikko Securities Inc.	904,647 shares	1.86%

(Note) The holding ratio has been calculated by deducting the treasury shares (222,798 shares) and rounding it down to the second decimal place.

(5) Status of shares delivered to officers as consideration for execution of duties during the fiscal year

Not applicable.

(6) Other important matters regarding shares

Not applicable.

3. Matters regarding stock acquisition rights, etc. of the Company

(1) Status of stock acquisition rights delivered to and held by officers as consideration for the execution of duties (As of November 30, 2024)

Stock acquisition rights by resolution of the Board of Directors held on July 5, 2024 (Seventh Series of Stock Acquisition Rights)

- Number of stock acquisition rights
1,025 units
- Class and number of shares delivered upon exercise of stock acquisition rights
102,500 ordinary shares (100 shares per stock acquisition right)
- Amount to be paid in for stock acquisition rights
¥31,400 per stock acquisition right (¥314 per share)
- Value of property to be contributed upon exercise of stock acquisition rights
¥251,600 per stock acquisition right (¥2,516 per share)
- Period during which stock acquisition rights may be exercised
From July 6, 2026 to July 5, 2029
- Terms and conditions for exercising stock acquisition rights
 - i. 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.
 - ii. Inheritance of stock acquisition rights shall not be permitted.
 - iii. Pledging of stock acquisition rights or any other disposition shall not be permitted.
- Status of stock acquisition rights held by officers of the Company

	Number of stock acquisition rights	Class and number of shares delivered upon exercise of stock acquisition rights	Number of holders
Directors (excluding Outside Directors)	965 units	96,500 ordinary shares	6
Outside Directors	60 units	6,000 ordinary shares	3

(2) Status of stock acquisition rights delivered to employees as consideration for execution of duties during the fiscal year

Stock acquisition rights by resolution of the Board of Directors held on July 5, 2024 (Seventh Series of Stock Acquisition Rights)

- Number of stock acquisition rights
9,865 units
- Class and number of shares delivered upon exercise of stock acquisition rights
986,500 ordinary shares (100 shares per stock acquisition right)
- Amount to be paid in for stock acquisition rights
Payment of money shall not be required.
- Value of property to be contributed upon exercise of stock acquisition rights

¥251,600 per stock acquisition right (¥2,516 per share)

- Period during which stock acquisition rights may be exercised
From July 6, 2026 to July 5, 2029
- Terms and conditions for exercising stock acquisition rights
 - i. 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.
 - ii. Inheritance of stock acquisition rights shall not be permitted.
 - iii. Pledging of stock acquisition rights or any other disposition shall not be permitted.
- Status of stock acquisition rights delivered to employees of the Company

	Number of stock acquisition rights	Class and number of shares delivered upon exercise of stock acquisition rights	Number of recipients
Executive Officers of the Company	480 units	48,000 ordinary shares	5
Employees of the Company	8,880 units	888,000 ordinary shares	414
Directors of subsidiaries of the Company	505 units	50,500 ordinary shares	9

(3) Other important matters regarding stock acquisition rights, etc.

Not applicable.

4. Matters regarding officers of the Company

(1) Names, etc. of Directors and Audit & Supervisory Board Members (As of November 30, 2024)

Position in the Company	Name	Areas of responsibility in the Company and important concurrent positions outside the Company
President and CEO	Seiichiro Yamaguchi	President and CEO
Director	Noboru Hirano	CFO and Senior Executive Officer of Administrative Division Director of Tosei Asset Advisors, Inc. Representative Director of Tosei Logistics Management Co., Ltd. Director of Tosei Hotel Management Co., Ltd.
Director	Hideki Nakanishi	Senior Executive Officer of Business Division In charge of Asset Solution Department 2 and Asset Solutions Business Promotion Department
Director	Shunsuke Yamaguchi	Managing Executive Officer and Deputy Chief of Administrative Division In charge of General Affairs Department and Human Resource Department Director of Tosei Community Co., Ltd. Director of Tosei Logistics Management Co., Ltd.
Director	Hiroyasu Yoneda	Managing Executive Officer and Deputy Chief of Administrative Division In charge of Finance Department and M&A • Group Strategy Department Director of Tosei Community Co., Ltd. Director of Tosei Logistics Management Co., Ltd. Director of Princess Square Co., Ltd. Representative Director of Tosei Proptech Co., Ltd. Representative Director of TOSEI-R, Inc. Managing Director of Tosei Singapore Pte. Ltd. Representative Director of Masuda Kenzai-ten Co., Ltd. Representative Director of Isogo Asset Management Co., Ltd. Representative Director of Shibaura Residential Co., Ltd. Representative Director of Usui Kigata Kogyo K.K.
Director	Hitoshi Oshima	Executive Officer In charge of Asset Solution Department 1 and Crowd Funding Department Director of Princess Square Co., Ltd. Director of TOSEI-R, Inc. Director of Tosei Singapore Pte. Ltd.
Director	Kenichi Shohtoku	Representative Director of SCS Global Consulting (S) Pte Ltd. Outside Audit & Supervisory Board Member of ROKI GROUP HOLDINGS CO., LTD.
Director	Hiroyuki Kobayashi	CEO of Social Capital Management, Inc. Vice President and Director of Precious Square, Inc. Representative Director of Kidventure Co., Ltd. Outside Auditor of Taiheiyo Kensetsu Kogyo Co., Ltd. Outside Auditor of Taiheiyo Remicon Co., Ltd.
Director	Mai Ishiwatari	Partner lawyer of Shiroyama Tower Law Office Director of cocone ONE corporation Representative Director of Cocone Business Partners corporation Outside Director of Kakao piccoma Corp.
Audit & Supervisory Board Member (full-time)	Hitoshi Yagi	Audit & Supervisory Board Member of Tosei Hotel Management Co., Ltd.
Audit & Supervisory Board Member (full-time)	Toshinori Kuroda	Audit & Supervisory Board Member of Tosei Community Co., Ltd.
Audit & Supervisory Board Member	Tatsuki Nagano	President and Representative Director of All Nippon Asset Management, Co., Ltd.
Audit & Supervisory Board Member	Osamu Doi	

- (Notes)
1. Directors Kenichi Shohtoku, Hiroyuki Kobayashi, and Mai Ishiwatari are Outside Directors.
 2. All the Audit & Supervisory Board Members above are Outside Audit & Supervisory Board Members.
 3. The Company notified the Tokyo Stock Exchange of Directors Kenichi Shohtoku, Hiroyuki Kobayashi, and Mai Ishiwatari and all members of the Audit & Supervisory Board as independent directors/auditors pursuant to the regulations of the said Exchange.
 4. Masaaki Watanabe and Masao Yamanaka retired from the position of Director due to the expiration of their terms of office at the conclusion of the 74th Ordinary General Meeting of Shareholders held on February 27, 2024.

(2) Remuneration, etc. for Directors and Audit & Supervisory Board Members

a. Matters regarding the policy for determining the content of remuneration, etc. for individual Directors

1) Determination method of the determination policy

The policy for determining the content of remuneration, etc., for individual Directors is deliberated by the Nominating and Compensation Advisory Committee, before being decided by the resolution of the Board of Directors.

2) Overview of the content of the determination policy

i) Composition

With regard to remuneration for Directors, the maximum total amount of monetary remuneration, the maximum total amount of share-based payment, and the maximum total amount of remuneration as stock options are determined by resolutions of the General Meeting of Shareholders. Remuneration for Executive Directors consists of “fixed remuneration” based on the ratio depending on the position set in accordance with job responsibilities, “performance-linked remuneration” consisting of ‘performance evaluation-based remuneration’ set in accordance with each Executive Director’s achievement level of targets of business performance, etc., ‘Directors’ bonuses’ linked to consolidated profit before tax (monetary remuneration), and ‘share-based payment’ (non-monetary remuneration) and “stock options” (non-monetary remuneration) with the aim of further incentivizing Directors to contribute to the medium- to long-term improvement in corporate value.

The ratio of fixed remuneration to performance-linked remuneration is kept at around 60:40 and for the 75th term, the ratio was 52:48.

Remuneration for Outside Directors consists of “fixed remuneration,” “share-based payment” of a fixed amount, and “stock options.”

ii) Policy for determining individual amounts of fixed remuneration

On the basis of comparisons with the results of surveys of Directors’ remuneration at listed companies, conducted by external specialist agencies, and surveys of the levels of Directors’ remuneration at the Company’s competitors, conducted by the Company, as well as comparison with the highest amounts of remuneration paid to employees of the Company, the Company has established fixed remuneration scaling guidelines, based on positions of Directors, and posts of concurrently serving Executive Officers. Remuneration for each Director is discussed by the Nominating and Compensation Advisory Committee, before being decided by the Board of Directors.

iii) Matters regarding performance-linked remuneration (‘performance evaluation-based remuneration,’ ‘Directors’ bonuses,’ and ‘share-based payment’)

(a) Performance evaluation-based remuneration

The performance evaluation-based remuneration for Executive Directors is based on their individual achievement of single-year performance targets. A standard evaluation remuneration amount equal to 33% of the fixed remuneration is paid monthly together with the fixed remuneration by resolution of the Board of Directors, and when there is

an adjustment based on the achievement of performance targets (of between +55% and -50% of the standard evaluation remuneration), this is added to and paid together with Directors' bonuses or deducted from Directors' bonuses after the conclusion of the Ordinary General Meeting of Shareholders held during the fiscal year. Remuneration for each Director is discussed by the Nominating and Compensation Advisory Committee before being decided by the Board of Directors.

(b) Directors' bonuses

As Directors' bonuses, which are linked to single-year consolidated profit before tax, an amount calculated by multiplying the fixed remuneration per annum by a coefficient, a sum of a coefficient based on the level of consolidated profit before tax predetermined by the Board of Directors, and an extra coefficient when the single-year target profit before tax has been achieved, is paid as a lump sum after the conclusion of the Ordinary General Meeting of Shareholders held during the fiscal year. As directors of a listed company, engaged in consolidated management, the Company's Directors are charged with the important tasks of maintaining and increasing the level of consolidated profit before tax and achieving the consolidated profit before tax targets each fiscal year. For these reasons, consolidated profit before tax is used to index Directors' bonuses. Remuneration for each Director is discussed by the Nominating and Compensation Advisory Committee, evaluating the level of contribution to the governance of the Company and the Group as a whole, achievement of the department in charge, and maintenance/improvement of consolidated management indicators (ROE, stock price, etc.), before being decided by the Board of Directors. The trends in consolidated profit before tax, including that of the fiscal year under review, are as stated in 1 - (5) - a. "Trends in operating results and assets of the Group."

(c) Share-based payment

- Executive Directors

As share-based payment for Executive Directors, which is linked to single-year consolidated profit before tax, a number of ordinary shares of the Company is granted after the conclusion of the Ordinary General Meeting of Shareholders held during the fiscal year, determined according to the amount calculated by multiplying the fixed remuneration per annum by a coefficient, a sum of a coefficient based on the level of consolidated profit before tax predetermined by the Board of Directors, and an extra coefficient when the single-year target profit before tax has been achieved. Share-based payment for Executive Directors is granted in order to further clarify the linkage between remuneration for Executive Directors and the Company's business performance and share value to provide incentives for Executives Directors to contribute to the sustainable enhancement of the Company's corporate value, as well as to promote further sharing of value between Executive Directors and the Company's shareholders. The number of shares to be granted is discussed by the Nominating and Compensation Advisory Committee before being decided by the Board of Directors.

- Outside Directors

In order to provide incentives for Outside Directors to contribute to the sustainable enhancement of the Company's corporate value, as well as to promote further sharing of value between Outside Directors and the Company's shareholders, share-based payment for Outside Directors is granted in the form of the Company's ordinary shares after the conclusion of the Ordinary General Meeting of Shareholders held during the fiscal year, subject to the achievement of the amount of consolidated profit before tax for a single fiscal year predetermined by the Board of Directors after discussion at the Nominating and Compensation Advisory Committee.

- Other

The ordinary shares granted to Executive Directors and Outside Directors are all subject to certain restrictions on transfer. Consolidated profit before tax is used to index share-based payment for the same reasons stated in (b) above. The trends in consolidated profit before tax, including that of the fiscal year under review, are as stated in 1 - (5) - a. “Trends in operating results and assets of the Group.”

iv) Content of stock options (non-monetary remuneration)

In order to practice corporate management with a focus on enhancing corporate value over the medium- to long-term, the President and Representative Director drafts proposals for the number of stock options to be granted to each Director, based on positions of Directors, and posts of concurrently serving Executive Officers, for each medium-term management plan. These proposals are deliberated by the Nominating and Compensation Advisory Committee, before being decided for each Director by the Board of Directors. In addition, a fixed number of stock options are granted to Outside Directors, considering the importance of their management monitoring and supervisory function aimed at enhancing corporate value. The content of these stock options and the status of granting stock options are as stated in 3 - (1) “Status of stock acquisition rights delivered to and held by officers as consideration for their execution of duties.”

3) Reasons why the Board of Directors determined that the content of remuneration, etc., for individual Directors for the fiscal year under review is in line with the determination policy

The Nominating and Compensation Advisory Committee had conducted a multi-faceted examination of the content of the amount of remuneration for individual Directors for the fiscal year under review, including from the viewpoint of consistency with the determination policy. The Board of Directors basically respected the results of the Committee’s deliberations and judged that it was in line with the determination policy.

As explained in 2) above, at the Company, the Board of Directors determines the content of remuneration, etc. for individual Directors, and does not delegate this determination to a Director or other third parties.

b. Matters regarding the resolution of the General Meeting of Shareholders on the remuneration, etc. of Directors and Audit & Supervisory Board Members

The maximum total amount of Directors’ monetary remuneration is set at ¥500 million (including a maximum of ¥80 million of Outside Directors’ remuneration; excluding employee salaries) per year as determined at the 70th Ordinary General Meeting of Shareholders held on February 26, 2020. At the conclusion of this Ordinary General Meeting of Shareholders, the number of Directors was nine (including three Outside Directors). In addition, separate from this monetary remuneration amount, Directors’ remuneration as stock options within the range of ¥100 million per year (including ¥10 million or less for Outside Directors) was approved at the 69th Ordinary General Meeting of Shareholders held on February 27, 2019. At the conclusion of this Ordinary General Meeting of Shareholders, the number of Directors was seven (including two Outside Directors). Furthermore, separate from the monetary remuneration and the remuneration as stock options, it was resolved at the 74th Ordinary General Meeting of Shareholders held on February 27, 2024 that the total number of ordinary shares of the Company to be allotted as share-based payment to Executive Directors will be no more than 100,000 per year and the total amount of the remuneration will be no more than ¥200 million per year, and the total number of ordinary shares of the Company to be allotted as share-based payment to Outside Directors will be no more than 10,000 per year and the total amount of the remuneration will be no more than ¥20 million per year. At the conclusion of this Ordinary General Meeting of Shareholders, the number of Directors was nine (including three Outside Directors).

The maximum total amount of monetary remuneration for Audit & Supervisory Board Members

is set at ¥60 million per year as determined at the 54th Ordinary General Meeting of Shareholders held on February 28, 2004. At the conclusion of this Ordinary General Meeting of Shareholders, the number of Audit & Supervisory Board Members was two.

c. Total amount of remuneration, etc. for the fiscal year under review

Category	Total amount of remuneration, etc. (thousand yen)	Total amount of remuneration, etc. by type (thousand yen)					Number of eligible Directors
		Fixed remuneration	Performance-linked remuneration			Non-monetary remuneration, etc.	
			Performance evaluation-based remuneration	Directors' bonuses	Share-based payment	Stock options	
Directors (of which Outside Directors)	323,369 (20,872)	175,017 (19,803)	51,738 (-)	48,066 (-)	42,894 (738)	5,652 (330)	11 (4)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	34,863 (34,863)	34,863 (34,863)	- (-)	- (-)	- (-)	- (-)	4 (4)

- (Notes)
1. All amounts in this report are rounded down to the nearest thousand yen, unless otherwise noted.
 2. "Share-based payment" in the table above shows the amount recognized as expenses during the fiscal year under review.
 3. One Executive Director and one Outside Director who retired at the conclusion of the 74th Ordinary General Meeting of Shareholders held on February 27, 2024 are included in the number of eligible Directors and the amount of remuneration in the table above.

(3) Matters regarding outside officers

- a. Status of important concurrent positions in other corporations, etc. and relationships between the Company and such other corporations, etc.
 - Director Kenichi Shohtoku serves concurrently as Representative Director of SCS Global Consulting (S) Pte Ltd., as well as Outside Audit & Supervisory Board Member of ROKI GROUP HOLDINGS CO., LTD. There are no special relationships between the Company and each of the above companies.
 - Director Hiroyuki Kobayashi serves concurrently as President and CEO of Social Capital Management, Inc., serving as Vice President and Director of Precious Square, Inc., Representative Director of Kidventure Co., Ltd., Outside Auditor of Taiheiyo Kensetsu Kogyo Co., Ltd., and Outside Auditor of Taiheiyo Remicon Co., Ltd. There are no special relationships between the Company and each of the above companies.
 - Director Mai Ishiwatari serves concurrently as a partner lawyer of Shiroyama Tower Law Office, as well as serving as Director of cocone ONE corporation, Representative Director of Cocone Business Partners corporation, and Outside Director of Kakao piccoma Corp. There are no special relationships between the Company and the above law office or each of the above companies.
 - Audit & Supervisory Board Member Tatsuki Nagano serves concurrently as President and Representative Director of All Nippon Asset Management, Co., Ltd. There are no special relationships between the Company and the said company.

b. Main activities during the fiscal year under review

Position and name	Attendance	Comments and other activities and duties performed with respect to the expected role
Kenichi Shohtoku, Director	Meetings of the Board of Directors: 22/22	He offered advice and proposals to help secure adequate and appropriate decision making by the Board of Directors, mainly by such means as stating opinions from his objective standpoint as an accounting expert based on his wide-ranging experience and expertise as a certified public accountant, including overseas service. He also served as the Chairperson of the Nominating and Compensation Advisory Committee, expressed opinions on the appropriateness of Directors' remuneration, and contributed to ensuring its fairness.
Hiroyuki Kobayashi, Director	Meetings of the Board of Directors: 21/22	He offered advice and proposals to help secure adequate and appropriate decision making by the Board of Directors, mainly by such means as stating opinions from his external objective perspective based on his abundant experience and specialist knowledge gained from his service at major financial institutions and in corporate management. He also attended the Nominating and Compensation Advisory Committee, expressed opinions on the appropriateness of Directors' remuneration, and contributed to ensuring its fairness.
Mai Ishiwatari, Director	Meetings of the Board of Directors: 14/15	She offered advice and proposals to help secure adequate and appropriate decision making by the Board of Directors, mainly by such means as stating opinions from her objective perspective as a legal expert based on her wide-ranging experience and a high level of specialist knowledge on corporate legal affairs as a lawyer. She also attended the Nominating and Compensation Advisory Committee, expressed opinions on the appropriateness of Directors' remuneration, and contributed to ensuring its fairness.

(Note) Director Mai Ishiwatari was appointed on February 27, 2024 and her activities thereafter are stated above.

Position and name	Attendance	Comments and other activities
Hitoshi Yagi, Audit & Supervisory Board Member	Meetings of the Board of Directors: 22/22 Meetings of the Audit & Supervisory Board: 16/16	He made necessary comments as appropriate mainly from the standpoint of risk management at meetings of the Audit & Supervisory Board, Board of Directors, and Nominating and Compensation Advisory Committee based on the abundant experience and specialist knowledge that he gained at audit divisions of major financial institutions.
Toshinori Kuroda, Audit & Supervisory Board Member	Meetings of the Board of Directors: 22/22 Meetings of the Audit & Supervisory Board: 16/16	He made necessary comments as appropriate at meetings of the Audit & Supervisory Board and Board of Directors based on his abundant experience including his overseas postings at a major financial institution and high level of insight as a holder of such qualifications as Certified Internal Auditor (CIA).
Tatsuki Nagano, Audit & Supervisory Board Member	Meetings of the Board of Directors: 20/22 Meetings of the Audit & Supervisory Board: 15/16	He made necessary comments as appropriate at meetings of the Audit & Supervisory Board and Board of Directors based on his abundant experience and specialist knowledge gained from his service at major financial institutions and in corporate management.
Osamu Doi, Audit & Supervisory Board Member	Meetings of the Board of Directors: 22/22 Meetings of the Audit & Supervisory Board: 16/16	He made necessary comments as appropriate at meetings of the Audit & Supervisory Board and Board of Directors on the basis of his abundant experience at major securities companies and at companies that conduct investment banking activities as well as his specialist knowledge.

<Reference> Independence standards for Outside Officers

Standards for independence for Outside Directors and Outside Audit & Supervisory Board Members provided by the Company are as follows:

- (i) He/she has not been an officer/employee of the Group in the past 10 years;
- (ii) He/she is not or was not an employee of any business partner whose value of transaction with the

Group accounts for 2% or more of the Company's consolidated revenue (except for a former employee with respect to whom one year or more has passed since he/she ceased to belong to such business partner);

- (iii) He/she is not a major shareholder of the Company (holding 10% or more of the total voting rights) or a person who executes its business;
- (iv) He/she is not a person with respect to whom the Group holds 10% or more of the total voting rights or a person who executes its business;
- (v) He/she is not an attorney, accountant, etc. who receives remuneration of ¥10 million or more per annum from the Group other than remuneration for officers; and
- (vi) There are otherwise no circumstances with respect to him/her that may cause doubt as to the independence in executing duties as Independent Outside Director or Independent Outside Audit & Supervisory Board Member.

(4) Outline of content of limited liability agreement

The Company has concluded contracts for limitation of liability with Outside Directors and Outside Audit & Supervisory Board Members pursuant to the provisions of Article 427, paragraph 1 of the Companies Act for the liability for damages provided for in Article 423, paragraph 1 of the same, and limits their liability to the amount provided by relevant laws and regulations.

(5) Outline of the directors and officers liability insurance agreement

The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company, with the Directors, Audit & Supervisory Board Members and Executive Officers of the Company, and the Directors and Audit & Supervisory Board Members of the subsidiaries as the insured. The insurance premiums are fully borne by the Company. The insurance covers any damages that may result from the insured being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. The said insurance agreement is renewed each year.

However, to ensure the appropriateness of the performance of duties by the insured, there are certain exclusions of liability, such as the non-payment of compensation for losses when the insured unlawfully gain benefits or conveniences or when the insured engage in acts while they were aware that such acts were criminal acts, wrongful acts, fraud or violations of laws or regulations.

5. Status of Accounting Auditor

(1) Name Shinsoh Audit Corporation

(2) Amount of remuneration, etc.

Category	Amount paid
Amount of remuneration, etc. to be paid during the fiscal year under review	¥47,000 thousand
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥65,000 thousand

- (Notes)
1. Because amounts of audit fees and others for audits under the Companies Act and for audits under the Financial Instruments and Exchange Act are not clearly segmented in an auditing agreement between the Company and the Accounting Auditor, and cannot be distinguished practically, the total amount of these fees and others is shown in the amount of remuneration, etc. for the fiscal year under review.
 2. Pursuant to Article 399, paragraph 1 of the Companies Act, the Audit & Supervisory Board gives its consent on the amount of remuneration, etc. to be paid for the Accounting Auditor based on the assessment of the audit plans prepared by the Accounting Auditor, the status of its execution of duties, the trend of audit fees, and the basis for estimating remuneration, etc. in accordance with the “Practical Guidelines on Coordination with Accounting Auditors” issued by Japan Audit & Supervisory Board Members Association, a Public Interest Incorporated Association.

(3) Policy for determining dismissal or non-reappointment of Accounting Auditor

If any of the matters set forth in items of Article 340, paragraph 1 of the Companies Act is deemed to apply to the Accounting Auditor, the Audit & Supervisory Board shall dismiss the Accounting Auditor based on the agreement of all Audit & Supervisory Board Members. If this occurs, an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and provide the reasons for the dismissal at the first General Meeting of Shareholders convened after the said dismissal.

In addition, if something interferes with the Accounting Auditor’s execution of duties or if otherwise judged necessary, the Audit & Supervisory Board determines a proposal for the dismissal or non-reappointment of the Accounting Auditor to be resolved at the General Meeting of Shareholders, and based on the determination, the Board of Directors submits such proposal as a matter for resolution at the General Meeting of Shareholders.

6. Systems to ensure properness of operations

Regarding systems to ensure that directors’ execution of their duties is in compliance with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the properness of a company’s operations (internal control system), the Company has established the following basic policies.

(1) Basic policies for compliance with laws and regulations

- a. Ensure awareness among all officers and employees regarding compliance with laws and regulations.
- b. Strengthen the checking function for breaches of laws and regulations.
- c. Promptly react to any breach of laws and regulations, and make timely and appropriate information disclosure concerning such breaches.
- d. Eliminate any association with anti-social forces.

(2) Basic policies for storing and managing information

- a. Ensure awareness among all officers and employees regarding the importance of storing and managing information.
- b. Enhance the measures for preventing the leakage of material information.
- c. Ensure thorough familiarity with material information and information requiring timely disclosure and prevention of misstatements or material omissions.

(3) Basic policies for management of risk of loss

- a. Ensure thorough understanding, analysis and assessment of risks that may hinder the continuation of the Company's corporate activities.
- b. Enhance monitoring of risk management.
- c. Establish a proper internal reporting system for any occurrences and/or signs that contingencies may occur.
- d. Promptly react to any occurrence of contingencies and/or accidents, and make timely and appropriate disclosure of information regarding such occurrences.

(4) Basic policies for efficient execution of duties by Directors

- a. Carry out deliberation and decision-making on the important management matters of the Company, in an efficient, timely and appropriate manner.
- b. Eliminate excessive pursuit of efficiencies in management plans and/or business targets and make balanced decisions considering the soundness of the Company.
- c. Establish a system to allow appropriate and efficient execution of business in accordance with the rules on delegation of operational authority.

(5) Basic policies for properness of the operations of the entire Group

- a. Strive for a full penetration of the understanding of the Company's corporate philosophy and awareness for the compliance among the officers and the employees of each of the Group companies and ensure that each of the Group companies complies with laws and regulations.
- b. Strive for full awareness, analysis and evaluation of risks that impede the sustenance and continuation of the businesses of each of the Group companies, prepare for contingencies, and establish a system to compel prompt reporting if contingencies occur.
- c. Formulate a medium-term management plan, business plan for single fiscal year and budgets for the same relating to the entire Group, periodically check the progress of these plans, and compel timely reporting on newly occurring problems and appropriately handle such problems.
- d. For matters that are important and those for which timely disclosure is required at each of the Group companies, and other matters relating to execution of duties by officers and employees at each of the Group companies, establish a system to compel prompt reporting from each of the Group companies to the Company.
- e. Enhance the system for ensuring the appropriateness of financial reporting relating to the entire Group.
- f. Eliminate wrongful acts and/or irregular transactions using the Group.

(6) Basic policies for systems to ensure effective audits by Audit & Supervisory Board Members

- a. Designate members of staff to assist Audit & Supervisory Board Members in their duties, and have them carry out assistance duties under the command of the Audit & Supervisory Board Members.
- b. Ensure the independence of the aforementioned members of staff from Directors and obtain concurrence from the Audit & Supervisory Board for personnel matters for the said members of staff such as transfers and performance evaluations.
- c. In addition to deliberations on proposals and reports on important matters at the Board of Directors, have Audit & Supervisory Board Members attend important meetings for business execution, and carry out periodic interviews with Directors and important employees. Furthermore, ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees who have identified any material loss and signs of the same or any breach of regulations or misconduct, and prompt reporting to the same in response to demands from Audit & Supervisory Board Members.

- d. Establish a system to compel prompt reporting to Audit & Supervisory Board Members from all officers and employees at each of the Group companies who have identified any material loss caused by management at each of the Group companies and signs of the same or any breach of laws and regulations or misconduct, or from officers and employees of the Company who have received reports from such persons, and strive for its full implementation, and also compel prompt reporting if reporting is demanded by Audit & Supervisory Board Members.
- e. Ensure full notification of policy not to mete out disadvantageous treatment for the reason of a report described in the preceding two paragraphs made by officers and employees of the Company and each of the Group companies to Audit & Supervisory Board Members.
- f. Develop a whistle-blowing system across the entire Group and promptly report to Audit & Supervisory Board Members if whistle-blowing occurs.
- g. When Audit & Supervisory Board Members request advance payments, etc. of expenses, promptly handle the said expenses or debt obligations, except in cases where they are deemed unnecessary for the execution of duties.
- h. Directors are to make efforts to understand and support audits by Audit & Supervisory Board Members and proactively work to improve issues raised by Audit & Supervisory Board Members.
- i. In order to accomplish adequate audits of the entire Group performed by Audit & Supervisory Board Members, Directors are to cooperate with Audit & Supervisory Board Members as necessary.

Under the basic policies above, in a continuous effort to develop the internal control system, the Company establishes plans for implementation and operation of the internal control system annually taking into consideration of revisions of relevant laws and regulations, changes in the business environment of the Group, expansion of the businesses, etc.

The internal control system of the Group implemented and operated as of the end of the fiscal year (November 30, 2024) is as follows.

*Major meetings cited in the text

Meeting name	Frequency of meeting	Attendees
Board of Directors' meeting	Monthly + Extraordinary	Directors and Audit & Supervisory Board Members
Pre-Board meeting discussion	Monthly + As necessary	Executive Directors, full-time Audit & Supervisory Board Members, and Executive Officer in charge of administrative department
Corporate governance meeting	Monthly	Executive Directors and full-time Audit & Supervisory Board Member
Management meeting	Twice a month + Extraordinary	Executive Officers designated by the President and CEO, and Audit & Supervisory Board Members (observers)
Risk Management and Compliance Committee's meeting	Monthly	Executive Officers (excluding President and CEO), heads of each department, officers responsible for risk management and compliance at each Group company, and full-time Audit & Supervisory Board Members (observers)
Information Disclosure Committee's meeting	Monthly + Extraordinary	Officers responsible for information disclosure, Senior Executive Officers, and

		Executive Officers designated by chairman of the Committee
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(1) Compliance with laws and regulations, etc.

a. Ensure awareness regarding compliance with laws and regulations

At the beginning of each fiscal year the Risk Management and Compliance Program is drawn up, and trainings in the relevant laws and regulations, measures to cultivate awareness of legal issues have been implemented, in addition to which a compliance and corporate philosophy questionnaire is circulated every fiscal year to all officers and employees of the Group in order to identify issues and consider responses to such issues, and reflect them to each measure for the next fiscal year's Program.

During the fiscal year under review, we had legal advisors offer a training course to help deepen our understanding of laws and regulations relevant to our business and prevent harassment, and had an external specialist offer a training course in a workshop format attended by all officers and employees to cultivate a sense of moral based on the Management Principles and Ethics Code. In addition, we distributed video lectures by full-time Directors on the Group's philosophy and the whistle-blowing system to focus on promoting legitimate and appropriate business activity.

In addition, the Risk Management and Compliance Committee's meeting and a business law liaison meeting are held every month, during which participants are duly made familiar with trends in amendments to laws and regulations, etc. and notices from ministries with jurisdiction etc., while the results of deliberations by committees are reported to the monthly meetings of the Board of Directors.

b. Strengthen the checking function for breaches of laws and regulations

As well as the monitoring and supervising system by three Outside Directors and four Audit & Supervisory Board Members (all Outside Audit & Supervisory Board Members) at the Board of Directors' meeting, periodic meetings are held to exchange opinions between Audit & Supervisory Board Members and Outside Directors, and between Audit & Supervisory Board Members and legal advisors, so as to check for any signs of breaches of laws and regulations by the Directors responsible for executing business.

Moreover, full-time Audit & Supervisory Board Members conduct business audits on the Company's businesses, while the Internal Audit Department conducts internal audits on the Company and the Group companies and self-inspections at the departmental level are implemented. Meanwhile, the Company continues to operate the whistle-blowing system providing three points of contact, internal, external and through Audit & Supervisory Board Members, and to conduct training sessions to promote an understanding of the system including protection of whistle-blowers.

c. Promptly react to any breach of laws and regulations, and make information disclosure

At important meetings and committees attended by Executive Directors, including those of the Board of Directors, checks are made for signs, or actual occurrences, of breaches of laws and regulations, instructions are given regarding responses, and status reports are made. Also, the Company has established a system to establish a crisis management office headed by the President and CEO and disclose information in a timely and appropriate manner based on the Crisis PR Manual in the event that material breaches and/or incidents occur.

d. Eliminate any association with anti-social forces

The Company thoroughly conducts screening of counterparties prior to the inception of transactions. For continued transactions, as well, we conduct a periodic screening to confirm whether the Company should or should not continue transactions. In addition, the Company carries out trainings on action against anti-social forces for all officers and employees of the

Group in order to raise their awareness of the importance of elimination of transactions with anti-social forces.

(2) Storing and managing information

a. Ensure awareness regarding the importance of storing and managing information

Every fiscal year we implement training for the information asset management, including personal information (this includes training for the prevention of insider trading) for all employees of the Company, and by doing so, we have continued to educate and inculcate rules for the handling of important information. In addition, through the trainings, we make employees well aware of measures to be taken by the Company, etc. in the event of infringement of the rules, and make efforts to enhance awareness of information management.

During the fiscal year under review, the Group continued conducting mock drills related to targeted e-mail attacks and vulnerability assessments of our internal network by an external third party to reduce the risk of information leaks and information isolation triggered by network crimes with increasing complexity and sophistication, and made efforts to reduce the risk of information leaks.

b. Enhance the initiatives for preventing the leakage of important information

With regard to the state of compliance with rules for the handling of information assets (printed and electronic information), in addition to self-inspections implemented at all departments and audits conducted by the Internal Audit Department, we have strengthened the penalties for breaches and continued targeted guidance for those who infringe the rules.

During the fiscal year under review, we made efforts to strengthen automated information management by, for example, promoting further replacement of paper-based internal request procedures with electronic procedures and adding a user authentication function to all multifunction printers for internal use to prevent inappropriate use.

c. Ensure thorough familiarity with material information and information for timely disclosure and prevention of misstatements

The Information Disclosure Committee meets on a monthly and a temporary basis to understand which information is subject to timely disclosure, and to confirm information disclosure methods, etc. In addition, any changes in the rules regarding timely disclosure in connection with amendments of listing rules, etc. are reviewed on a monthly basis by the Committee and reported to the monthly meetings of the Board of Directors.

During the fiscal year under review, we made disclosures regarding the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” based on requirements from laws and regulations and stock exchanges, and made efforts to enhance disclosure of information related to human capital and sustainability.

(3) Management of risk of loss

a. Ensure thorough understanding, analysis and assessment of risks

In accordance with the Risk Management and Compliance Program formulated at the beginning of each fiscal year, we implement a survey to identify about 30 significant risks that have material impacts on the Group’s business (once a year). In addition, with regard to the external environment, we conduct interviews with major business partners on specified themes in order to monitor real estate market conditions and transaction conditions, and conduct stress tests (twice a year), taking account of the financing status of financial institutions. The results are reported at the Board of Directors’ meetings.

We have also instructed each Group company to formulate plans for managing risks and promoting compliance in light of each company’s business operations, focusing on ensuring that the parent company organization appropriately supports these plans.

b. Enhance monitoring of risk management

At monthly Risk Management and Compliance Committee's meeting, the states of our responses to emerging risks are checked, information gathering efforts on latent risks are continued, and the details are reported at the Board of Directors' meeting held each month, in addition to which the outcomes of the responses are monitored by the Internal Audit Department.

- c. Establish a proper internal reporting system for any occurrences and/or signs that contingencies may occur

All employees are encouraged, at morning briefings, training sessions and meetings, to report promptly to the heads of each department, and the heads of each department are kept informed of their duty to report to Executive Directors and Audit & Supervisory Board Members.

In addition, the results of internal audits conducted by the Internal Audit Department are periodically reported to the Board of Directors, in order to share issues identified through audits and utilize them for improvement of operation quality.

- d. Promptly react to any occurrence of contingencies and disclose information

In case of occurrence of a contingency, a natural disaster, etc., a crisis management office directed by the President and CEO as the head will be established to collect information, confirm facts and circumstance, develop and implement countermeasures, and properly disclose information in a timely manner. In addition, mock drills on contingencies such as large-scale earthquake and fire are held periodically at each location, to prepare ourselves to be able to act calmly and appropriately in the event of any contingency.

(4) Efficient execution of duties by Directors

- a. Carry out deliberation and decision-making on the important management matters, in an efficient, timely and appropriate manner

In order to further enrich and to make more efficient the deliberations of the Board of Directors (held on a regular and a temporary basis), we have implemented management meetings and pre-Board meeting discussions to confer beforehand on matters to be resolved by the Board of Directors.

- b. Eliminate excessive pursuit of efficiencies in the management plans, etc. and pursue the balance with the soundness

Annual business plans and budgets are prepared toward the achievement of the three-year medium-term management plan.

When drawing up the business plans and budgets for each fiscal year, we analyze the economic environment in Japan and overseas and the operating environment in the real estate market, conduct separate discussions with each department and Group company without setting goals that are over-ambitious, and make our final decisions as consolidated budgets at the Board of Directors' meeting.

In addition, during the term, variance from the annual plan is checked through the reporting of monthly closing at the monthly management meeting. Furthermore, in the growth strategy meeting held on a half-yearly basis, each department's progress toward the annual plan is checked and is given appropriate instructions and advice from management and related departments, to make it possible to correct the course toward achieving the initial plan.

- c. Establish a system to allow appropriate and efficient execution of business

We have been implementing organizational changes and other modifications in order to execute business appropriately and efficiently. This is in response to changes in the content of the businesses, the increase in the number of employees associated with the expansion of business including new businesses, and the increase in the number of Group companies, etc.

(5) Properness of operations of entire Group

- a. Ensure compliance with laws and regulations by officers and employees of each Group company

Through various trainings, etc. conducted by the Company and each Group company, we are striving for a full penetration of the understanding of the Group's philosophy and improvement of compliance awareness. In addition, we share information on compliance through implementation of the Risk Management and Compliance Program, established by the Company and each Group company, and attendance of responsible personnel of each Group company to meetings of the Company's Risk Management and Compliance Committee. Furthermore, the Company's in-house booklets about compliance with laws and regulations, called the Compliance Mind, are distributed to the Group companies to keep them informed of the importance of compliance. Also, we conduct the compliance and corporate philosophy questionnaire every fiscal year for all officers and employees in the Group, identify issues of each Group company, and consider responses to such issues.

During the fiscal year under review, we checked how each company has developed its own whistle-blowing system and focused on ensuring consistency with the group-wide reporting system.

- b. Ensure thorough understanding, analysis and assessment of operational risks related to each Group company, and responses to contingencies

Regarding the management of each Group company and significant risks (about 30 items) related to their business, risk evaluations are conducted each fiscal year. At the same time, the Company's Executive Directors, Executive Officers in the Administrative Division, etc. are concurrently appointed as Director or Audit & Supervisory Board Member for each Group company with the remit of monitoring and supervising each Group company's responses to risks. Every month, each Group company reports management conditions and their responses to risks at the meeting of the Board of Directors or pre-Board meeting discussions of the Company, and the Risk Management and Compliance Committee's meeting. Moreover, the response of these Group companies and the results thereof are continuously audited or monitored by the Company's Internal Audit Department, which may also conduct checks using external agencies as necessary, and then we have the Internal Audit Department report the results at the Board of Directors' meeting.

In addition, we have a communication system in place where employees are required to promptly report any risk materializing or any sign thereof upon identifying it to the chairman of the Risk Management and Compliance Committee, so that such information is communicated smoothly and simultaneously with full-time Audit & Supervisory Board Members of each Group company and full-time Audit & Supervisory Board Members of the Company.

- c. Formulate a medium-term management plan, annual business plans and budgets relating to the entire Group, manage the progress of these plans, and respond to new issues appropriately

Annual business plans and budgets are prepared for each Group company, aimed toward the achievement of the Group's three-year medium-term management plan. When drawing up these plans and budgets, we analyze the economic environment in Japan and overseas as well as the environment for the business of each Group company, then make final decisions as consolidated budgets at the Board of Directors' meeting of the Company following separate discussions with each Group company so as to avoid setting goals that are over-ambitious.

The progress of the annual business plans and budgets is reported by representative directors of each Group company at the Board of Directors' meeting or the pre-Board meeting discussions of the Company on a monthly basis, and also, responses to new issues are deliberated and areas to be focused during the next half-year period are specified at the

growth strategy meeting held with each Group company on a half-yearly basis.

- d. Establish a system for prompt reporting of significant matters of each Group company to the Company

With regard to important matters in the management and latent risks of each Group company, reports are made each month at meetings of the pre-Board meeting discussion and the Risk Management and Compliance Committee of the Company. Any contingencies, if occurred, are immediately reported to the chairman of the Risk Management and Compliance Committee of the Company, and a contingency management meeting composed of members including officers of the Company and each Group company is established to deliberate and implement countermeasures as a Group and to disclose information in a timely and appropriate manner.

- e. Enhance the system for ensuring the appropriateness of the financial reporting relating to the entire Group

In order to ensure the appropriateness of the financial reporting and the expeditious consolidated financial closing, the Corporate Management Department of the Company holds a meeting with the accounting department of each Group company for every quarterly closing to share information and provide instructions.

Furthermore, annual plans for internal control (J-SOX) are prepared to ensure the appropriateness of the financial reporting, and the Internal Audit Department of the Company conducts assessments and the audit corporation conducts audits.

In addition, the Company strengthens the system to ensure the appropriateness of financial reporting for the entire Group by leveraging a shared service in which the Company undertakes the accounting operations of some of the Group companies.

- f. Eliminate wrongful acts and/or irregular transactions using the Group

Wrongful acts and/or irregular transactions are monitored by Directors and Audit & Supervisory Board Members of the Company through management reports of each Group company at the pre-Board meeting discussions each month, opinion-exchanging meetings (once a year) attended by Outside Directors and the audit corporation, opinion-exchanging meetings (once a year for each) attended by full-time Audit & Supervisory Board Members of the Company with representative directors of major Group companies, and the investigation of subsidiaries by full-time Audit & Supervisory Board Members (once a year). Also, internal rules have been established requiring any significant transactions by a Group company with the Company or other Group companies to be reported in advance to the Board of Directors of the Company.

(6) System to ensure effective auditing by Audit & Supervisory Board Members

- a. Designate members of staff to assist Audit & Supervisory Board Members in their duties

The Internal Audit Department has been assigned as the department in charge, and the personnel of the Internal Audit Department provide assistant duties under the command of Audit & Supervisory Board Members and carry out administrative duties for the Audit & Supervisory Board.

- b. Ensure the independence of the aforementioned members of staff from Directors

Evaluations, rewards and punishments, and transfers of personnel of the Internal Audit Department are carried out after the concurrence from the Audit & Supervisory Board is obtained in advance.

- c. Ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees who have identified occurrence or signs of any material losses, any breach of laws and regulations or misconduct, and prompt responses to the inquiry from Audit & Supervisory Board Members

Reports are made in a timely and appropriate manner at corporate governance meetings,

comprising Executive Directors and full-time Audit & Supervisory Board Members (held monthly), as well as in the interviews held by full-time Audit & Supervisory Board Members with the President and CEO (bimonthly) and with other Executive Directors and the heads of each department (regularly).

In addition, opinion-exchanging meetings concerning threefold auditing are held regularly (once a half year), between the Company's full-time Audit & Supervisory Board Members, the Internal Audit Department, and the audit corporation.

Regarding the whistle-blowing system, besides informing the employees of the Company that full-time Audit & Supervisory Board Members of the Company will act as regular contact points, reports made to the internal contact point (the chairman of the Risk Management and Compliance Committee) or to the external contact point (an external agency) will all be promptly reported to full-time Audit & Supervisory Board Members. Therefore, the system is designed so that reported facts are swiftly transmitted to full-time Audit & Supervisory Board Members.

- d. Ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees of each Group companies who have identified occurrence and signs of any material losses attributable to the management of each Group company, any breach of laws and regulations or misconduct, and prompt responses to the inquiry from Audit & Supervisory Board Members

At the pre-Board meeting discussions of the Company, where each Group company makes the monthly management reporting, and at interviews by full-time Audit & Supervisory Board Members of the Company with representative directors of each Group company held on a regular basis, each Group company is required to report occurrence and signs of any material losses and significant risks associated with management of the Group company. In addition, all officers and employees of the Group are continuously informed at morning briefings and training sessions that those who identify any breach of laws and regulations or misconduct have a duty to report Audit & Supervisory Board Members of the Company promptly.

- e. Ensure full notification of prohibition of disadvantageous treatments for the reason of a report by officers and employees of the Company and the Group companies to Audit & Supervisory Board Members

Regulations of the Company explicitly state that those who report Audit & Supervisory Board Members or whistle-blowers are protected from any disadvantageous treatments. Such policy is continuously informed at training sessions, etc., and is also stated in the explanation of systems on the Company's intranet and in leaflets, etc. distributed to employees.

In the compliance training sessions regularly held, video recording of a lecture on the whistle-blowing system by the Company's Director was widely distributed, in an effort to explain in detail the Company's emphasis on protection of whistle-blowers when a whistle-blowing has been made.

- f. Develop a whistle-blowing system across the entire Group and promptly report to Audit & Supervisory Board Members if whistle-blowing occurs

The Company continues to operate a whistle-blowing system that provides three contact points, internal, external, and through Audit & Supervisory Board Members of the Company. Reports to the internal and external contact points, if any, are promptly reported to Audit & Supervisory Board Members, and when no whistle-blowing has occurred, this fact is reported on a monthly basis.

In addition, all officers and employees of the Group are provided with a leaflet on which the contact points of the whistle-blowing system are listed, and are continuously informed of the system through various training sessions relating to compliance, morning briefings, and the publication of notice, etc.

- g. Provision of expenses associated with execution of duties of Audit & Supervisory Board Members

Expenses required for audit activities by and the studies of Audit & Supervisory Board Members are appropriated in the budget, and expenditures are reimbursed in a timely manner. Also, any unbudgeted expenditures required for audit activities are properly handled.

- h. Directors' understanding of and support for the audits by Audit & Supervisory Board Members and proactive improvement of the issues raised by Audit & Supervisory Board Members

At the Board of Directors' meeting held subsequently to the Ordinary General Meeting of Shareholders, the Directors receive explanations of Audit & Supervisory Board Members' annual audit plans and make efforts to understand such plans and cooperate in their implementation. Also, Directors receive reports on audit activities by full-time Audit & Supervisory Board Members on a monthly basis, and report at the Board of Directors' meeting once every three months the status of their responses to the issues raised by Audit & Supervisory Board Members through meetings, etc.

- i. Cooperation by Directors aiming to enhance audits by Audit & Supervisory Board Members across the entire Group

At the Board of Directors' meetings, the pre-Board meeting discussions, management meetings, and the Risk Management and Compliance Committee's meetings, Directors report the management conditions of the entire Group, risk information, etc. to Audit & Supervisory Board Members and share information. Furthermore, the periodic interviews by full-time Audit & Supervisory Board Members with Executive Directors including the President and CEO, heads of each department, and representative directors of major Group companies, as well as the liaison meetings of Audit & Supervisory Board Members of the Group companies (on a half-yearly basis) are held where Executive Directors offer cooperation as full-time Audit & Supervisory Board Members require.

7. Basic policy regarding the control of the Company

(1) Details of the basic policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a change of control of the Company. Also, the Company will not reject a large-scale acquisition of the shares in the Company if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders including those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition, or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

It is particularly necessary and essential for the persons who make decisions on the Company's financial and business policies to (i) maintain the system under which the Company group covers

with its comprehensive capability the diverse business fields and peripheral fields that allow the “integration of real estate and finance,” which leads to maximization of the potential of the Company group, (ii) maintain employees who support those businesses with knowledge and experience specializing in real estate and finance, etc., (iii) maintain the Company’s trust in the real estate industry that has been built up over a long period of time based on the establishment of the ability and information networks supporting various value creation technologies, and (iv) master knowhow that enables comprehensive business. Unless the acquirer of a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value of the Company as well as the details of financial and business affairs of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

The Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate as persons that control decisions on the Company’s financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against a large-scale acquisition by such persons.

(2) Measures to realize the basic policy

a. Special measures to realize the basic policy

In recent years, the business environment surrounding the Group has become increasingly uncertain amid revolutionary changes, including the escalation of climate change issues, the emergence of geopolitical risks, the declining birthrate and the aging of society in Japan, the acceleration of behavioral changes triggered by the COVID-19 pandemic, and rapid advances in digital technology. In order to adapt to such changes in the business environment, ensure the Group’s continued growth over the future, and enhance corporate value by contributing to the realization of a sustainable society, the Company formulated “Tosei Group Long-Term Vision 2032,” in addition to the existing three-year medium-term management plan, believing that it would be effective to clarify the Company’s direction (what the Company envisions to be) based on the Company’s core competencies that are the source of the Group’s competitive advantage and to make Group-wide efforts to realize its vision, and is working to implement the initiatives.

1) Tosei Group Long-Term Vision 2032

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

The Group, through its six real estate-related businesses, has provided various solutions to realize the potential value of real estate. The Company is also expanding the business domain while mitigating risks by combining multiple businesses with different business attributes and is continuing to improve its decision-making capabilities for real estate investments as a portfolio manager capable of handling a wide variety of assets. Furthermore, in the asset management domain, the Company offers world-class services trusted by real estate investors around the world and will work toward growing its business and realizing the Long-Term Vision 2032 by further expanding the Group’s core competencies, i.e., the Group’s “Real Estate Solution Capabilities,” “Portfolio Management Capabilities,” and “Global Reach Capabilities”.

2) Medium-term Management Plan

The Group has formulated the medium-term management plan “Further Evolution 2026” (from December 2023 to November 2026) beginning in the fiscal year ended November 30, 2024. This plan is viewed as the first phase in realizing “Tosei Group Long-Term Vision 2032.” By executing various measures under the policies of this plan, the Company will enhance the competitive edge of the Tosei Group and also contribute to the realization of a

sustainable society.

The summary of the new plan is stated in “1. Matters regarding current status of the Group (4) Issues to be addressed” of the Business Report. During the fiscal year under review, aiming for the “evolution and growth of the six existing business portfolios,” we continued and strengthened activities leveraging the wide variety of real estate solution capabilities that are the Company’s strength, in our mainstay Revitalization Business. As a result, we achieved property sales with high-profit margins for both whole buildings and condominium units. In addition, in the Development Business, we expanded the offering of properties made from wooden structures in response to the hikes in construction costs, while promoting new construction and sales of high-priced detached houses and rental wood-frame apartments. Furthermore, in the Hotel Business, we actively captured inbound demand mainly at Tosei Hotel COCONE Tsukiji Ginza Premier, which opened in September 2023, and achieved a significant increase in both revenue and profit.

As for the initiatives to “create new income-generating models that combine real estate and DX,” we established two new funds within the framework of the Tosei Real Estate Crowd (TREC) Funding scheme, achieving a total amount under management of ¥3.1 billion with 11 funds, issued a real estate security token “Tosei Property Fund (Series 3) Ichigaya,” and started services in “START,” a proprietary trading system operated by Osaka Digital Exchange Co., Ltd., in September 2024. In addition, we offer TRESQ, a real estate digital matching service that efficiently finds investment properties suitable for purchasers by utilizing a cutting-edge digital platform, to individual investors.

To realize Tosei Group Long-Term Vision 2032, we will make efforts to ensure and enhance the common interests of shareholders by improving the Group’s corporate value through steady achievement of the targets set in the medium-term management plan and realization of proper corporate governance.

- b. Measures to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate under the basic policy

The Company renewed the “Plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense plan)” with the approval at the 74th Ordinary General Meeting of Shareholders held on February 27, 2024 (the renewed takeover defense plan is to be referred to as the “Plan”).

1) Purpose of the Plan

The purpose of the Plan is, on the occasion that a proposal of large-scale acquisition of the shares in the Company is made, to ensure necessary and sufficient time and information for the shareholders to make appropriate decisions and to ensure opportunities to negotiate with the acquirer and the like, and thereby to deter takeovers that are against the corporate value of the Company and the common interests of its shareholders, and to ensure and enhance the corporate value of the Company and the common interests of its shareholders.

2) Targeted acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under any of (A) to (C) below or any similar action (including a proposal for such action) (except for such action as the Board of Directors separately determines not to be subject to the Plan; the “Acquisition”) takes place.

- (A) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. of a holder totaling at least 20% of the share certificates, etc. issued by the Company
- (B) A tender offer that would result in the ownership ratio of share certificates, etc. of the party making the tender offer and the ownership ratio of share certificates, etc. of a person having a special relationship with the party totaling at least 20% of the share certificates, etc. issued by the Company

- (C) Regardless of whether or not any of the acts provided for in items (A) and (B) above is conducted, an act (i) conducted between a person who intends to acquire share certificates, etc. of the Company, or a joint holder or a person having a special relationship with respect to that person (the “Acquirers of share certificates, etc.” in this item (C)) and one or more other shareholders of the Company and that constitutes an agreement or other act as a result of which the other shareholder(s) become(s) a joint holder of the Acquirers of share certificates, etc. or any act that establishes a relationship whereby the Acquirers of share certificates, etc. or the other shareholder(s) substantially control(s) the other or they act jointly or in concert with each other, and (ii) that would result in the total holding ratio of share certificates, etc. issued by the Company of that Acquirers of share certificates, etc. and the other shareholder(s) accounting for 20% or more

3) Submission of Acquirer’s Statement

The Company will request the party intending to make the Acquisition alone or jointly or in concert with other parties (the “Acquirer”) to submit to the Company in the form separately prescribed by the Company a document that includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by or affixed with the name and seal of the representative of the Acquirer) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, “Acquirer’s Statement”) before commencing or effecting the Acquisition. The Acquirer’s Statement must include the name, address or location of headquarters, location of offices, governing law for establishment, name of the representative, contact information in Japan for the Acquirer and the outline of the intended Acquisition.

4) Request to the Acquirer for the provision of information

The Company will provide the Acquirer the format for the Acquisition Document no later than 10 business days after receiving the Acquirer’s Statement. The Acquirer must provide the Board of Directors with the document in the form provided by the Company, which includes the information described in each item of the list below.

The Company defines 60 days from the day following the day when the Company’s Board of Directors first provides the Acquirer with the format for the Acquisition Document as the maximum period when the Company’s Board of Directors and the Independent Committee request the Acquirer to provide information and the Acquirer replies to the request (“Period for Providing Information”). Even if sufficient Essential Information is not provided, the Independent Committee Consideration Period (to be described later in 5)) starts immediately when the maximum Period for Providing Information ends. The consideration shall be based on the information that has been provided up to that point of time. (If the Acquirer requests an extension of the period for a reasonable ground, the Company’s Board of Directors and the Independent Committee may extend the period as necessary.)

- i) Details (including name, capital structure, financial position, operation results, status of compliance with laws or ordinances, terms of previous transactions by the Acquirer similar to the Acquisition and effects on the corporate value of the target companies as a result of the transactions) of the Acquirer and its group (including Joint Holders, persons having a special relationship, members (in the case of a fund) and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation)
- ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the scheme of any related transactions, the legality of the Acquisition method, terms and conditions and the probability of the Acquisition)
- iii) The amount and basis for the calculation of the purchase price of the Acquisition (including assumptions and the like)
- iv) Financial support for the Acquisition (including the names of providers of funds)

(including all indirect providers of funds), financing methods and the terms of any related transactions and the like)

- v) Details of communications regarding the Acquisition with a third party (if any)
- vi) Post-Acquisition management policy, administrative organization, business plan, capital, dividend and asset management policies for the Company and the Company group
- vii) Post-Acquisition policies for the Company's shareholders (other than the Acquirer), employees, business partners, customers, and any other parties such as stakeholders in the Company
- viii) Specific measures to prevent conflicts of interests between the Acquirer and other shareholders in the Company
- ix) Any other information that the Independent Committee reasonably considers necessary

5) Independent Committee Consideration

The Independent Committee will conduct its consideration of the Acquisition terms, collection of information on the materials such as the management plans and business plans of the Acquirer and the Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Board of Directors, and the like for a period of time that does not, as a general rule, exceed 60 days after the date on which the Independent Committee receives the information (including the information additionally requested) from the Acquirer and (if the Independent Committee requests the Board of Directors to provide information) the Board of Directors or the date on which the Period for Providing Information ends, whichever is earlier. (The time required for such collection and consideration of information by the Independent Committee is referred to as the Independent Committee Consideration Period.) Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer.

If the Independent Committee determines that the Acquisition by the Acquirer falls under any of the requirements described in 9) below, the Independent Committee will recommend the implementation of the gratis allotment of stock acquisition rights to the Board of Directors except in any specific case where further disclosure of information by the Acquirer or discussion or negotiation with the Acquirer is necessary.

6) Resolutions by the Board of Directors

The Board of Directors will pass a resolution relating to the implementation or non-implementation of a gratis allotment of stock acquisition rights respecting the recommendation of the Independent Committee described above to the maximum extent. If a meeting of shareholders is convened in accordance with 7) below, the Board of Directors will pass a resolution in accordance with the resolution at the meeting of shareholders.

7) Convocation of the Shareholders Meeting

Upon the implementation of the gratis allotment of the stock acquisition rights pursuant to the Plan, the Board of Directors may convene a meeting of shareholders (the "Shareholders Meeting") and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the stock acquisition rights, if (i) the Independent Committee recommends implementation of the gratis allotment of stock acquisition rights subject to confirming the shareholders' intent in advance, or (ii) the applicability of Trigger Event (2) becomes an issue in respect of the Acquisition and the Board of Directors determines it appropriate to confirm the shareholders' intent taking into consideration the time required to convene the Shareholders Meeting or other matters pursuant to the duty of care of a director.

8) Information disclosure

The Company will disclose, in a timely manner, information on matters that the Board of Directors considers appropriate including the progress of each procedure set out in the Plan, an outline of recommendations made by the Independent Committee, an outline of resolutions by the Board of Directors and an outline of resolutions at the Shareholders Meeting.

9) Requirements for the gratis allotment of stock acquisition rights

The requirements to trigger the Plan to implement a gratis allotment of stock acquisition rights are as follows. The Board of Directors will make a determination as to whether any of the following requirements applies to an Acquisition for which the recommendation by the Independent Committee has been obtained.

Trigger Event (1)

The Acquisition is not in compliance with the procedures prescribed in the Plan (including cases that time and information reasonably necessary to consider the details of the Acquisition is not offered) and it is reasonable to implement the gratis allotment of stock acquisition rights.

Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of stock acquisition rights.

- i) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions
 - A buyout of share certificates, etc. to require such share certificates, etc. to be compulsorily purchased by the Company or the Company's affiliates at a high price
 - Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets
 - Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company
 - Temporary control of the Company's management to bring about the disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends
- ii) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear)
- iii) Acquisitions to which the terms (including the amount and type of consideration, timeframe, legality of the Acquisition method, probability of the Acquisition being effected, and post-Acquisition management policies or business plans and policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value
- iv) Acquisitions that materially threaten to oppose the corporate value of the Company and, in turn, the common interests of shareholders, by destroying relationships with the Company's employees, customers, business partners and the like and the brand strength or the corporate culture of the Company, which are indispensable to the generation of the Company's corporate value

- v) An Acquisition to be effected by an Acquirer who is extremely inappropriate to acquire the control of the Company in terms of public order and morals in cases such as where a person related to an anti-social force is included in the management of or the major shareholders in the Acquirer

10) Outline of the stock acquisition rights

The stock acquisition rights which will be allotted gratis in accordance with the Plan can be exercised by paying the amount determined by the Board of Directors within the range between the lower limit of one yen and the upper limit of 50% of the market price of one share of the stock of the Company. As a general rule, one ordinary share can be acquired by the exercise. Further, a term of exercise that an exercise of rights by non-qualified parties including the Acquirer is not permitted and a term of acquisition that the Company can acquire one stock acquisition right in exchange for one share of the stock of the Company as a general rule from parties other than non-qualified parties are attached.

11) Effective period of the Plan

The effective period of the Plan expires at the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within five years after the conclusion of the 74th Ordinary General Meeting of Shareholders. However, if, before the expiration of the Effective Period, the Board of Directors resolves to abolish the Plan, the Plan will be abolished at that time.

12) Impact on shareholders

Even after introducing the Plan, assuming gratis allotment of stock acquisition rights has not been implemented, there is no direct or specific impact on shareholders. If the gratis allotment of stock acquisition rights has been implemented in accordance with the Plan, and the shareholders do not follow the procedures for exercising stock acquisition rights, the value of shares held may be diluted (However, if the Company acquires stock acquisition rights in exchange for shares in the Company, no dilution of share value will take place.).

(3) Decisions and reasoning by the Board of Directors regarding above specific measures

Tosei Group Long-Term Vision 2032, the medium-term management plan, and various measures such as the enhancement of corporate government of the Company are developed as specific measures to continuously and sustainably improve the corporate value of the Company and the common interests of its shareholders, and are consistent with the Company's basic policy.

The Plan is a mechanism to ensure and enhance the corporate value of the Company and the common interests of its shareholders and thus is consistent with the basic policy. In particular, fairness and objectivity are ensured under the Plan because: the Plan satisfies all of the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 and is in line with the Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholders' Interests—issued by the Ministry of Economy, Trade and Industry on August 31, 2023; approval of the General Meeting of Shareholders has been obtained regarding the renewal of the Plan, the effective period is to be a maximum of approximately five years and the Plan may be abolished at any time by a resolution by the Board of Directors; the Independent Committee composed of highly independent members including Outside Directors has been established and the Plan must never be triggered without a decision of the Independent Committee; reasonable and objective requirements regarding the triggering are established; the Independent Committee may at the cost of the Company obtain advice from independent third party specialists; the Board of Directors shall, under certain circumstances, confirm the intent of the shareholders at the Shareholders Meeting regarding the need to trigger the Plan; and the Plan is not a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped (dead-hand type), or a takeover defense measure in which it takes long time to replace a majority of the members of the

Board of Directors due to a staggered board of directors system (slow-hand type) since the term of office of Directors of the Company is one year. Accordingly, the purpose of the Plan is not to maintain the position of the Company's Directors and Audit & Supervisory Board Members, but to contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

<Consolidated Financial Statements>

Consolidated Statement of Financial Position

(As of November 30, 2024)

(¥ thousand)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	190,330,290	Current liabilities	34,648,333
Cash and cash equivalents	34,874,164	Trade and other payables	8,610,460
Trade and other receivables	8,606,489	Interest-bearing liabilities	20,786,314
Inventories	146,817,328	Current income tax liabilities	3,723,178
Other current assets	32,307	Provisions	1,528,380
Non-current assets	86,485,095	Non-current liabilities	151,300,315
Property, plant and equipment	32,094,169	Trade and other payables	4,762,512
Investment properties	40,945,876	Interest-bearing liabilities	145,114,493
Goodwill	1,401,740	Retirement benefits obligations	791,045
Intangible assets	117,737	Provisions	85,948
Trade and other receivables	1,595,084	Deferred tax liabilities	546,316
Other financial assets	9,034,356	Total liabilities	185,948,649
Deferred tax assets	1,268,119	Equity	
Other non-current assets	28,010	Equity attributable to owners of the parent	90,500,287
		Share capital	6,624,890
		Capital reserves	7,288,479
		Retained earnings	76,914,414
		Treasury shares	(243,716)
		Other components of equity	(83,780)
		Non-controlling interests	366,448
		Total equity	90,866,736
Total assets	276,815,386	Total liabilities and equity	276,815,386

Consolidated Statement of Comprehensive Income

(From December 1, 2023 to November 30, 2024)

(¥ thousand)

Item	Amount
Revenue	82,191,828
Cost of revenue	46,995,418
Gross profit	35,196,410
Selling, general and administrative expenses	16,182,236
Other income	133,298
Other expenses	658,892
Operating profit	18,488,579
Finance income	620,957
Finance costs	1,744,597
Profit before tax	17,364,939
Income tax expense	5,364,723
Profit for the year	12,000,215
Other comprehensive income	
Items that will not be reclassified to net profit or loss	
Net change in financial assets measured at fair values through other comprehensive income	(517,852)
Remeasurements of defined benefit pension plans	(17,573)
Total items that will not be reclassified to net profit or loss	(535,426)
Items that may be reclassified to net profit or loss	
Exchange differences on translation of foreign operations	3,788
Net change in fair values of cash flow hedges	13,349
Total items that may be reclassified to net profit or loss	17,137
Other comprehensive income for the year, net of tax	(518,289)
Total comprehensive income for the year	11,481,926
Profit attributable to:	
Owners of the parent	11,985,203
Non-controlling interests	15,012
Profit for the year	12,000,215
Total comprehensive income attributable to:	
Owners of the parent	11,466,914
Non-controlling interests	15,012
Total comprehensive income for the year	11,481,926

Consolidated Statement of Changes in Equity

(From December 1, 2023 to November 30, 2024)

(¥ thousand)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity			
Balance as of December 1, 2023	6,624,890	7,200,518	68,139,668	(335,327)	416,935	82,046,685	272,596	82,319,282
Comprehensive income for the year								
Profit for the year			11,985,203			11,985,203	15,012	12,000,215
Other comprehensive income					(518,289)	(518,289)		(518,289)
Total comprehensive income for the year	—	—	11,985,203	—	(518,289)	11,466,914	15,012	11,481,926
Amount of transactions with owners								
Purchase of treasury shares				(310)		(310)		(310)
Disposal of treasury shares		(5,844)		91,921		86,076		86,076
Dividends from surplus			(3,192,884)			(3,192,884)		(3,192,884)
Dividends to non-controlling interests							(9,763)	(9,763)
Change from newly consolidated subsidiary							126,500	126,500
Changes in ownership interest in subsidiaries							(37,897)	(37,897)
Transfer from other components of equity to retained earnings			(17,573)		17,573	—		—
Share-based payment transactions		93,806				93,806		93,806
Total amount of transactions with owners	—	87,961	(3,210,458)	91,610	17,573	(3,013,311)	78,839	(2,934,471)
Balance as of November 30, 2024	6,624,890	7,288,479	76,914,414	(243,716)	(83,780)	90,500,287	366,448	90,866,736

Notes to Consolidated Financial Statements

1. Significant matters in preparing consolidated financial statements

(1) Basis of preparation of consolidated financial statements

Pursuant to the provisions of Article 120, paragraph 1 of the Regulations on Corporate Accounting, consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRS). In accordance with the provision of the latter part of the same paragraph, some disclosure items required under IFRS are omitted in the consolidated financial statements.

(2) Scope of consolidation

1) Number and names of consolidated subsidiaries

- Number of consolidated subsidiaries: 18
- Names of major consolidated subsidiaries: Tosei Community Co., Ltd.
Tosei Asset Advisors, Inc.
Tosei Logistics Management Co., Ltd.
Tosei Hotel Management Co., Ltd.
Tosei Hotel Service Co., Ltd.
Princess Square Co., Ltd.
Tosei Proptech Co., Ltd.
TOSEI-R, Inc.
Tosei Chintai Hosho LLC
Tosei Singapore Pte. Ltd.
Kishino Corporation
Masuda Kenzai-ten Co., Ltd.
Isogo Asset Management Co., Ltd.
Shibaura Residential Co., Ltd.
Usui Kigata Kogyo K.K.

2) Change in scope of consolidation

During the fiscal year under review, the Company acquired equity in the silent partnership of TREC URANUS LLC, and accordingly, has included them in the scope of consolidation.

In addition, Sanki-shoji Co., Ltd. has been excluded from the scope of consolidation as a result of the completion of its liquidation.

(3) Application of equity method

There are no subsidiaries and affiliates to be accounted for by the equity method.

(4) Accounting policies

1) Financial instruments

(i) Valuation basis and methods for financial assets

The Group classifies investments in financial assets in three categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. This classification is made according to the nature of assets and for what purpose the assets were acquired. The classification of investments is determined on initial recognition, and whether the classification is appropriate is reassessed at each reporting date.

(A) Classification of financial assets

(a) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost, if both of the following conditions are met:

- The asset is held based on a business model whose objective is to hold assets in order to

collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(b) Financial assets measured at fair value through other comprehensive income (debt financial assets)

Financial assets are classified as financial assets measured at fair value through other comprehensive income, if both of the following conditions are met:

- The asset is held based on a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the assets are measured at fair value and subsequent changes are recognized in other comprehensive income. As of the end of the fiscal year under review, no financial assets measured at fair value through other comprehensive income (debt financial assets) were held by the Group.

(c) Financial assets measured at fair value through other comprehensive income (equity financial assets)

Equity financial assets are classified as financial assets measured at fair value through other comprehensive income, with the exception of some assets.

Of the financial assets measured at fair value through other comprehensive income (equity financial assets) held by the Group, the fair value of listed securities is measured at quoted market prices. For financial assets for which there is no active market and unlisted securities, the Group calculates fair value using certain valuation techniques, in particular, which include recent cases of arm's length transactions, references to prices of other financial instruments that are substantially equivalent, the discounted cash flow method, and others.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

(B) Recognition and subsequent measurement

Purchase and sale of a financial asset are recognized at the transaction date, which is the date on which the Group commits itself to purchase or sell the asset. A financial asset is derecognized when the rights to receive cash flows from the asset are extinguished or transferred, and the Group has substantially transferred all the risks and economic value incidental to ownership of the asset. A financial asset is initially recognized at the fair value plus directly attributable transaction costs, and subsequently measured at the fair value.

(C) Impairment

The Group assesses financial assets or financial asset groups on a quarterly basis on whether there is any objective evidence that the asset or asset group is impaired. When there is objective evidence, impairment losses are recognized. Of financial assets measured at amortized cost, objective evidences for impairment of trade and other receivables are debtors' financial difficulties, possibility of bankruptcy, or impossibility or significant delays of payments. Book values of such assets are written down using allowance based on the amount of impairment loss calculated as the difference between the present value of estimated future cash flows discounted at the initial effective interest rate and the book value. If the asset

becomes unrecoverable, the amount of impairment loss is directly reduced from the book value of the financial asset.

Reversal of an amount previously amortized is recognized in the profit or loss item in which impairment loss is accounted for. If such amount can be objectively measured because the amount of impairment loss has decreased resulting from an increase in the present value of estimated future cash flows discounted at the initial effective interest rate, the amount of decrease in the allowance is recognized in profit or loss in subsequent accounting periods. The book value of assets previously impaired are increased within the scope of amount not exceeding the amortized cost that are assumed in case of non-impairment.

For equity financial assets, the possibility that the cost of investment is not recoverable and whether there is a significant or long-term decrease of fair value, which are included in information on significant changes that have adverse effects arising in the business environment where an issuer runs its business, are also taken into account in assessing whether there is any objective evidence for impairment. When there is objective evidence of impairment for equity financial assets, accumulated other comprehensive income are immediately transferred to retained earnings.

(ii) Valuation basis and methods for financial liabilities

The Group recognizes a financial liability at the transaction date on which the Group becomes a party to the contract of the financial instrument.

The Group derecognizes a financial liability when it is extinguished, that is, when the contractual obligation is either discharged, cancelled, or expires.

Furthermore, the Group initially recognizes a financial liability at fair value and subsequently measures at amortized cost based on the effective interest method.

2) Valuation basis and methods for inventories

Inventories are assessed at cost or, if lower, at net realizable value. Net realizable value is calculated by deducting costs to sell from the estimated selling price.

The cost of inventories is comprised of purchase prices, development expenses, borrowing costs and separately identified expenditure including other related expenditure.

Borrowing costs for borrowings for developed real estate are capitalized as part of cost of the developed real estate over the period up to the end of the development, based on the specific identification method.

3) Depreciation method for significant depreciable assets

(i) Property, plant and equipment

The Group applies the cost model in measurement of property, plant and equipment.

Property, plant and equipment are measured at the carrying amount, which is calculated as cost less any accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes cost directly incidental to the acquisition of assets, and costs of dismantling and removing the assets and restoring the site on which they are located, and borrowing costs directly attributable to acquisition, construction or production of qualifying assets.

Subsequent expenditures on property, plant and equipment that have already been recognized are included in the carrying amount of the assets only if it is highly probable to generate future economic benefits related to the items for the Group and the expenditures can be measured reliably. Costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss when incurred.

Depreciation of assets except for land and construction in progress is principally computed under the straight-line method over the following estimated useful lives. The declining balance method is applied, if depreciation based on the declining balance method better reflects the

pattern in which the future economic benefits embodied in the asset are expected to be consumed by the entity.

Buildings and structures 3 to 50 years

Tools, furniture and fixtures 3 to 20 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each year, and changed if necessary.

(ii) Investment properties

Investment properties are properties held to earn rentals or for capital gain or both, and do not include properties for sale in the ordinary course of business or used for administrative purposes.

The Group applies the cost model in measurement of investment properties.

Investment properties are initially recognized at cost, and subsequently presented at the carrying amount, which is calculated as cost less any accumulated depreciation and accumulated impairment losses. Depreciation of investment properties is principally computed under the straight-line method over the following estimated useful lives. The declining balance method is applied, if depreciation based on the declining balance method better reflects the pattern in which the future economic benefits embodied in the asset are expected to be consumed by the entity.

Buildings and structures 3 to 50 years

Tools, fixtures and fittings 3 to 10 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each year, and changed if necessary.

(iii) Goodwill and intangible assets

(A) Goodwill

Goodwill is presented at the carrying amount, which is calculated as cost less any accumulated impairment losses. Goodwill is not amortized, and is tested for impairment at the end of each year or whenever there is an indication of impairment. Impairment losses on goodwill are recognized in the consolidated statement of comprehensive income and are not subsequently reversed.

(B) Intangible assets

The Group applies the cost model in measurement of intangible assets. An intangible asset is carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. The estimated useful lives and amortization methods are reviewed in each fiscal year, and if there are any changes made, those changes are applied prospectively as a change in accounting estimate.

The estimated useful lives of major asset items are as follows:

- Software 5 years

Subsequent expenditures on intangible assets that have already been recognized are included in the carrying amount of the assets only if it is highly probable to generate future economic benefits related to the items for the Group and the expenditures can be measured reliably. Other expenditures are recognized in profit or loss when incurred.

Acquired software is initially recognized at cost including purchase consideration (net of discounts and rebates) and expenditures directly attributable to the preparation for the asset for the intended use.

Intangible assets with indefinite useful lives are not amortized, and are tested for impairment at

the end of each year or whenever there is an indication of impairment.

(iv) Leases

The Group assesses whether a contract is or contains a lease at inception of a contract. A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. When the Group assesses that a contract is or contains a lease, at the commencement of the lease, the Group recognizes right-of-use assets and lease liabilities.

Lease liabilities are measured at the present value of the total accrued lease payments. Right-of-use assets are measured at acquisition costs that are calculated using the amount of the initial measurement of the lease liabilities, adjusted by any initial direct costs incurred by the lessee, such as lease payments made at or before the commencement date.

Subsequent to the initial recognition, the right-of-use assets are depreciated using the straight-line method over their estimated useful life or lease term, whichever is shorter. The lease payments are apportioned between the finance costs and the reduction in the lease liabilities based on the effective interest method. The finance costs are recognized in the consolidated statement of comprehensive income.

Provided, however, for lease payments for short-term leases within 12 months and leases of low-value assets, right-of-use assets and lease liabilities are not recognized, and the lease payments are recognized as an expense over the lease term on a straight-line basis.

4) Impairment of non-financial assets

The Group assesses whether there is any indication of impairment on a quarterly basis for the carrying amount of non-financial assets except inventories and deferred tax assets. If any such indication exists, the Group estimates the recoverable amount of the asset or each cash-generating unit to which the asset belongs for impairment testing. Goodwill and intangible assets with indefinite useful lives are tested for impairment at the same time annually, or whenever there is an indication of impairment, by estimating the recoverable amount of the asset.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. When the recoverable amount of an asset or cash-generating unit falls below the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount.

The difference between the carrying amount and the recoverable amount is recognized in profit or loss as an impairment loss.

Impairment losses related to goodwill are not reversed.

With regard to other assets other than goodwill for which an impairment loss has been recognized in prior years, the Group assesses whether there is any indication that the loss has decreased or been extinguished. If any such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit.

If the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, the impairment loss is reversed up to the carrying amount that would have been determined had no impairment loss been recognized, net of necessary depreciation and amortization, and is recognized as profit or loss.

5) Recognition of significant provisions

Provisions are recognized when there are present legal or constructive obligations as a result of past events; it is probable that outflows of economic benefits will be required to settle the obligations; and reliable estimates can be made of the amount of obligations.

6) Employment benefits

(i) Defined benefit pension plans

Liabilities associated with defined benefit pension plans are calculated by discounting the estimated amount of future benefits obtained in return for services that employees rendered in prior years or the fiscal year under review to the present value. The yield of gilt-edged corporate bonds of which the maturity largely matches that of the Group's debts is used as the discount rate. These liabilities are calculated by actuaries using the projected unit credit method. Remeasurement amounts arising from defined benefit pension plans are recognized as other comprehensive income and the amounts are transferred to retained earnings.

(ii) Defined contribution pension plans

Defined contribution pension plans are post-employment benefit plans in which an employer pays fixed contributions to a separate entity and will have no obligation to pay further contributions. Contributions associated with defined-contribution pension plans are recognized in profit or loss in the period during which employees render services.

(iii) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized as profit or loss when the related service is rendered.

Bonus accrual and paid absences are recognized as liabilities, when the Group has present legal or constructive obligations to pay, and when a reliable estimate of the amount of obligations can be made.

7) Revenue

(i) Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on the following five-step approach, except for interest and dividend income, etc. under IFRS 9 *Financial Instruments* and rental income, etc. under IFRS 16 *Leases*.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group's major businesses are 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. Information related to performance obligations, the method of determining transaction price, and the timing of revenue recognition in each business are outlined below.

(Revitalization Business)

This business acquires office buildings, commercial facilities, apartments and other properties whose asset value has declined, boosts their value through "value-up plans" judged to best match the characteristics of the properties' areas and tenant requirements, and sells them as revitalized real estate to buyers including investors, real estate funds and individual business entities that acquire real estate for private use. With regard to sale of properties, the Group is obliged to transfer a property to a customer based on a property sale and purchase contract with the customer, etc. Such performance obligation is satisfied at a point in time when the property is transferred, and revenue is recognized at the time of property transfer. The transaction price is determined based on the property sale and purchase contract, etc. A portion of the selling price is received as a deposit at the time the contract is concluded, and the remaining amount is received at the time the property is transferred.

(Development Business)

In this business, the Group verifies the characteristics of land it acquires including area, shape, intended purpose, relevant needs, rent, and selling price. Based on this, the Group carries out development and new construction to maximize the value of the land, and sells whole buildings or individual units. The performance obligations of the business and the timing of fulfillment thereof, the method of determining transaction price, the timing of revenue recognition, etc. are the same as those of the Revitalization Business.

(Rental Business)

In this business, the Group rents its own office buildings, condominiums, stores and parking lots to end-users and others primarily in the main districts of Tokyo. With regard to leasehold properties, the Group is obliged to make available electricity, gas, water, and other services based on a lease contract with a customer. The performance obligation is satisfied over a certain period of time during which the service is provided. Based on the measured amount of electricity, gas, water, and other services used by the customer, the Group recognizes as revenue the amount obtained by multiplying the measured amount of usage by the billing unit price. The Group receives payment for the previous month's usage at the end of the month.

(Fund and Consulting Business)

The Group provides asset management services for real estate funds, including the acquisition and disposal of trust beneficiary rights, etc., and management thereof during the holding period.

Based on an asset management contract, the Group is obligated to provide services related to the acquisition and disposal of trust beneficiary rights, etc., and management thereof during the holding period.

The obligation to provide services related to the acquisition and disposal of trust beneficiary rights, etc. is satisfied at a point in time when the services are completed, and revenue is recognized upon completion of services. The transaction price is determined based on the relevant contract and payment is received at the time of acquisition or disposal.

On the other hand, the performance obligation for management services during the holding period is satisfied over a certain period of time during which the services are provided. Revenue in each fee calculation period is recognized in the amount obtained by multiplying the book value of trust beneficiary rights, etc. by a certain interest rate for the period. The transaction price is determined based on the relevant contract and payments are received on a quarterly basis.

(Property Management Business)

This business includes equipment management, cleaning, and security for real estate properties, tenant management, and tenant solicitation.

Based on a property management contract, the Group is obligated to provide services such as equipment management and cleaning. This performance obligation is satisfied over a certain period of time. Property management reports are obtained by a specified date each month, and the amount based on the contract is recognized as revenue. The transaction price is determined based on the contract and payment for the month is received at the end of the following month.

(Hotel Business)

The Group is engaged in planning, operation, etc. of its own hotels mainly in the Tokyo metropolitan area.

The Group is obligated to provide hotel accommodation services based on accommodation terms and conditions. The performance obligation is satisfied at a point in time when the service is completed, and revenue is recognized upon completion of service. The transaction price is determined based on the accommodation terms and conditions, hotel rates in the neighboring area, and other factors, and payment is received at the time of departure of the guest or upon requested by the hotel.

With regard to performance obligations to be satisfied over a certain period of time in the Rental

Business, the Fund and Consulting Business, and the Property Management Business, revenue is recognized using the output method according to the stage of provision of services or when provision of services is finished, and the point at which a performance obligation is satisfied is determined in accordance with the content of a contract with a customer.

(ii) Operating lease of rental properties

Revenue associated with operating lease is recognized on a straight-line basis over the lease period.

(iii) Interest income

Interest income is recognized using the effective interest method.

(iv) Dividend income

Dividend income is recognized when the right to receive dividend is vested.

8) Significant hedge accounting method

Derivatives are initially recognized at fair value on the day when the derivative contract is entered into, and subsequently remeasured at fair value at each reporting date.

The Group has concluded interest rate swap contracts in order to hedge changes in future cash flows associated with floating-rate borrowings. At the inception of the hedge, concluded derivatives are designated as cash flow hedge and documented.

The Group also assesses whether a derivative used in the hedge transaction is highly effective in offsetting fair value of the hedged item or changes in cash flows, at the inception of the hedge or on an ongoing basis.

Changes in fair value of derivative transactions that are designated as cash flow hedge and qualify for cash flow hedge are recognized in equity through other comprehensive income. Of changes in fair value of derivative transactions, ineffective portion is immediately recognized in profit or loss.

9) Foreign currency translation methods

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of each entity in the Group using the exchange rates at the date of the transactions. Assets and liabilities denominated in foreign currencies to be remeasured at the end of each reporting period are retranslated into the functional currencies using the exchange rates at that date. Non-monetary assets and liabilities measured at fair value in foreign currencies are retranslated into the functional currencies using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement of such transactions, and exchange differences arising on translating foreign currency-denominated monetary assets and liabilities using the exchange rates at the end of the reporting period, are recognized in profit or loss. However, when a gain or loss on a non-monetary item is recognized in other comprehensive income, the foregoing exchange differences are also recognized in other comprehensive income.

(ii) Foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the reporting date. Income and expenses are translated into Japanese yen using the average exchange rate for the period. However, if such an average exchange rate is not considered as a reasonable approximation of the cumulative effect of the exchange rates at the transaction dates, the exchange rates at the transaction dates are used.

Exchange differences arising on translating financial statements of foreign operations are recognized in other comprehensive income. On the disposal of the interest in a foreign operation involving loss of control or significant influence, the cumulative amount of the exchange differences in connection with the foreign operation is recognized in profit or loss in the period during which the interest is disposed of.

(5) Notes on accounting estimates

Valuation of inventories

1) Amount recorded in the consolidated financial statements for the fiscal year under review

Real estate for sale	¥126,621,838 thousand
Real estate for sale in process	¥20,195,490 thousand
Loss on valuation of inventories (reversal of loss)	¥(400,749) thousand

2) Information on the nature of significant accounting estimates for identified items

(i) Calculation method

Real estate for sale and real estate for sale in progress are assessed at the lower of cost or net realizable value. Net realizable value is calculated for each individual property by deducting costs to sell from the estimated selling price. If the net realizable value is less than the cost, the cost is reduced to the net realizable value and the difference is recognized as a loss on valuation of inventories in the cost of revenue. In addition, when it is evident that the net realizable value has recovered due to changes in economic conditions and other factors, the loss on valuation of inventories is reversed accordingly, up to the acquisition cost.

(ii) Key assumptions

In calculating the net realizable value of properties for investors, assumptions such as rent, vacancy rate, and rental expenses are determined by comprehensively taking into account market trends, transaction cases of similar properties, past performance, and other factors. The discount rate is determined based on similar transactions, interest rate trends, etc. In addition, real estate appraisals are obtained as necessary.

For build-for-sale detached houses, assumptions are determined based on the most recent sales results, market trends, and other factors.

In making accounting estimates, the Group estimates selling prices of real estate for sale and real estate for sale in progress as well as development costs, such as value-up activities and construction costs, which are the basis for calculating their net realizable value, for each individual property. In the course of long-term real estate development and sales activities, these components of estimates have been affected by fluctuations in the economic environment and interest rates, competitive conditions in the real estate market, external factors in real estate development, and other factors.

(iii) Effect on the consolidated financial statements for the fiscal year ending November 30, 2025

Key assumptions are determined based on the best estimates available at the time of preparation of the consolidated financial statements. However, in the event of unexpected events such as deterioration in the economic environment and any subsequent changes in key assumptions, such changes may have a significant impact on the calculation of net realizable value.

2. Notes to consolidated statement of financial position

(1) Assets pledged as security

	(¥ thousand)
Details of pledged assets and the amounts	
Inventories	136,890,463
Property, plant and equipment	29,200,287
Investment properties	35,164,858
Total	201,255,609
Amount of securitized obligation	
Interest-bearing liabilities	160,085,006
Total	160,085,006

(2) Allowance for credit losses deducted directly from assets ¥13,319 thousand

(3) Accumulated depreciation on assets

	(¥ thousand)
Property, plant and equipment	4,677,736
Investment properties	3,595,848

(4) Change in holding purpose of assets

The following asset transfers were made due to changes in holding purpose of assets.
From inventory to investment properties ¥1,122,622 thousand

3. Notes to consolidated statement of changes in equity

(1) Class and total number of shares issued

				(shares)
Class of shares	Number of shares at beginning of the fiscal year under review	Increase	Decrease	Number of shares at end of the fiscal year under review
Ordinary shares	48,683,800	—	—	48,683,800

(2) Class and total number of treasury shares

				(shares)
Class of shares	Number of shares at beginning of the fiscal year under review	Increase	Decrease	Number of shares at end of the fiscal year under review
Ordinary shares	306,765	133	84,100	222,798

(Notes) 1. The increase in the number of treasury shares is mainly due to the acquisition pursuant to the Articles of Incorporation of the Company in accordance with the provision of Article 165, paragraph 2, of the Companies Act.

2. The decrease in the number of treasury shares is mainly due to the exercising of stock options.

(3) Dividends from surplus

1) Cash dividends paid, etc.

Matters regarding dividends based on the resolution of the 74th Ordinary General Meeting of Shareholders held on February 27, 2024

• Total dividends	¥3,192,884 thousand
• Dividends per share	¥66
• Record date	November 30, 2023
• Effective date	February 28, 2024

- 2) Dividends whose record date is in the fiscal year under review and effective date is after the end of the fiscal year under review

A proposal will be submitted as follows at the 75th Ordinary General Meeting of Shareholders to be held on February 26, 2025

• Total dividends	¥3,828,419 thousand
• Dividends per share	¥79
• Dividend resources	Retained earnings
• Record date	November 30, 2024
• Effective date	February 27, 2025

- (4) Number of shares delivered upon exercise of stock acquisition rights as of the fiscal year-end
1,068,000 ordinary shares (21,000 shares) of the Company

(Note) The number of treasury share acquisition rights is stated in parentheses.

4. Notes on financial instruments

(1) Status of financial instruments

The Group procures necessary funds for purchasing properties that are products for sale mainly in the Revitalization Business and the Development Business through bank loans. Funds are invested in highly secure financial assets (such as deposits). The Group hedges interest rate fluctuation risk on some of borrowings by using interest rate swap transactions. The Group uses derivative transactions not for speculative purposes, but for hedging risks of fluctuations in interest rates on borrowings.

Trade and other receivables are exposed to credit risks of customers. With respect to these risks, the due dates and outstanding balances are managed for each business partner. Past due receivables are periodically reported to the management meeting and individually monitored and responded to.

Other financial assets are exposed to market fluctuation risk. For this risk, the market values are periodically monitored and reported to the management meeting.

With respect to trade and other payables, the majority of them are due within a year.

Corporate bonds and borrowings are to finance the purchase of properties that are products for sale mainly in the Revitalization Business and the Development Business. Most of them are with floating interest rates and are exposed to interest rate fluctuation risk. For this risk, the Group periodically makes a list of interest rates for each financial institution and monitors the fluctuations of interest rates.

For some of borrowings, the Group uses derivative transactions (interest rate swaps) in order to hedge the interest rate fluctuation risk and fix interest expenses. The effectiveness of hedges is assessed based on fluctuations in interest rates and others of hedged items and hedging instruments by comparing cumulative changes in fair value of hedged items and hedging instruments.

Corporate bonds and borrowings, which are extended by financial institutions, are exposed to the liquidity risks stemming from changes in attitudes of such financial institutions toward transactions with the Group. For these risks, the Group appropriately monitors information on fund demand of the Group and cash flow situation, strengthens relations with financial institutions with which we do business, and also makes efforts to diversify financing methods.

(2) Fair values of financial instruments

The carrying amounts in consolidated statement of financial position and the fair values, and differences thereof as of November 30, 2024 are shown below.

(¥ thousand)

	Carrying amount in consolidated statement of financial position	Fair value	Differences
Financial assets			
Financial assets measured at amortized cost			
(1) Cash and cash equivalents	34,874,164	34,874,164	—
(2) Trade and other receivables	7,459,879	7,459,879	—
Financial assets measured at fair value through other comprehensive income			
(3) Other financial assets	9,034,356	9,034,356	—
Financial liabilities			
Financial liabilities measured at amortized cost			
(4) Trade and other payables	9,430,202	9,430,202	—
(5) Interest-bearing liabilities	165,900,807	65,793,899	(106,908)

Method for measuring fair value of financial instruments

1) 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.

2) 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 determines fair values using certain valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially the same, and the discounted cash flow method.

3) Non-current interest-bearing liabilities

The fair values of non-current interest-bearing liabilities with floating interest rates approximate the book values, as interest rates reflect market interest rates in short-term intervals. The fair values of those with fixed interest rates 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.

(3) 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, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	8,394,155	—	640,201	9,034,356
Financial assets measured at fair values through other comprehensive income (derivative) (Note)	—	42,476	—	42,476

(Note) These are interest rate swap contracts hedging changes in future cash flows associated with floating-rate borrowings. The estimated period of cash flows arising in association with designated cash flow hedges and the period in which they are expected to have impact on profit or loss is three years or less after the end of the fiscal year under review.

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)

	Fiscal year ended November 30, 2024
Balance at beginning of period	322,913
Acquisition	715,310
Profit or loss	
Other comprehensive income (Note)	5,584
Disposal	(403,606)
Transfer	—
Balance at end of period	640,201

(Note) Gains or losses recognized in other comprehensive income are shown in “Net changes in financial assets measured at fair values through other comprehensive income” in the consolidated statement of comprehensive income.

(4) 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 nature, characteristics, and risk of financial instruments are employed.

5. Notes on investment properties

(1) Status of investment properties

The Company and certain consolidated subsidiaries own rental office buildings mainly in Tokyo to earn rental revenue.

(2) Fair value of investment properties

The following table shows the carrying amount in the consolidated statement of financial position and the fair value of investment properties as of the end of the fiscal year under review.

(¥ thousand)

	Carrying amount in consolidated statement of financial position			Fair value at end of the fiscal year
	Balance at beginning of the fiscal year	Increase/decrease during the fiscal year	Balance at end of the fiscal year	
Investment properties	37,805,499	3,140,377	40,945,876	78,452,351

- (Notes) 1. The carrying amount in the consolidated statement of financial position shown above indicates cost less any accumulated depreciation.
2. For the increase/decrease during the fiscal year, main increases were new acquisition (¥2,375,385 thousand) and transfer to investment properties (¥1,122,622 thousand) due to the change in business policy.
3. The fair value as of November 30, 2024 was internally calculated in accordance with the Real Estate Appraisal Standards.

6. Recognition of revenue

(1) Disaggregation of revenue recognized from contracts with customers

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 disaggregated according to type is shown below.

Fiscal year ended November 30, 2024 (December 1, 2023 – November 30, 2024)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business	Total
Sales of real estate	37,221,768	16,659,657	—	—	—	—	53,881,426
Revenue from services	—	165	566,089	6,759,697	7,104,472	6,237,197	20,667,694
Revenue recognized from other sources	—	—	7,522,609	60,219	—	59,950	7,642,708
Revenue from external customers	37,221,768	16,659,822	8,088,698	6,819,917	7,104,472	6,297,148	82,191,828

- (Note) Revenue recognized from other sources is revenue recognized under IFRS 16 *Leases* and IFRS 9 *Financial Instruments*.

(2) Useful information in understanding revenue

This information is as stated in “1. Significant matters in preparing consolidated financial statements, (4) Accounting policies, 7) Revenue.”

(3) Useful information in understanding the amount of revenue for the fiscal year under review and subsequent fiscal years

1) Contract balance

	(¥ thousand)	
	As of December 1, 2023	As of November 30, 2024
Receivables arising from contracts with customers	2,362,757	2,892,027
Contract liabilities	1,591,619	2,732,028

- (Notes) 1. Receivables arising from contracts with customers are included in “trade and other receivables” on the consolidated statement of financial position, while contract liabilities are included in “trade and other payables.”
2. Contract liabilities are mainly related to advances received from customers. Said advances mainly consist of deposits received from customers at the time the contract is concluded in the sale of real estate, and rents of the following months received from customers in the rental of real estate properties. Of the income recognized in the fiscal year under review, ¥1,581,465 thousand was included in the balance of contract liabilities as of December 1, 2023.

2) Amount of the transaction price allocated to remaining performance obligations

The Group has no significant transactions where the expected duration of any individual contract exceeds one year and accordingly, description on information related to remaining performance obligations is omitted by applying the practical expedient. In addition, there is no significant amount of the consideration that arises from contracts with customers that is not included in the transaction price.

7. Per share information

- | | |
|---|-----------|
| (1) Equity attributable to owners of the parent per share | ¥1,867.49 |
| (2) Basic earnings per share | ¥247.43 |

8. Significant subsequent events

Not applicable.

9. Other

All amounts in this report are rounded down to the nearest thousand yen, unless otherwise noted.

<Non-consolidated Financial Statements>

Non-Consolidated Balance Sheet

(As of November 30, 2024)

(¥ thousand)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	148,443,733	Current liabilities	20,798,553
Cash and deposits	20,753,937	Accounts payable-trade	1,230,104
Accounts receivable-trade	1,653,583	Short-term loans payable	2,134,560
Real estate for sale	100,673,475	Current portion of long-term loans payable	10,886,748
Real estate for sale in process	20,069,416	Lease obligations	12,665
Supplies	18,168	Accounts payable-other	1,012,753
Short-term loans receivable from subsidiaries and affiliates	399,320	Accrued expenses	155,232
Accounts receivable-other	1,760,474	Income taxes payable	2,272,919
Advance payments-trade	346,248	Accrued consumption taxes	338,686
Prepaid expenses	384,051	Advances received	1,634,992
Other	2,390,926	Unearned revenue	2,312
Allowance for credit losses	(5,869)	Deposits received	427,371
Non-current assets	96,550,549	Provision for bonuses	587,936
Property, plant and equipment	67,050,418	Provision for bonuses for directors (and other officers)	47,081
Buildings	19,842,867	Provision for share awards for directors (and other officers)	42,894
Structures	136,751	Provision for loss on rental business	12,293
Machinery and equipment	50,385	Non-current liabilities	142,199,162
Vehicles	13,080	Long-term loans payable	137,343,566
Tools, furniture and fixtures	97,148	Guarantee deposits	3,932,392
Land	46,868,512	Lease obligations	33,443
Lease assets	41,672	Asset retirement obligations	7,797
Intangible assets	29,064	Provision for retirement benefits	566,950
Software	27,175	Long-term accounts payable-other for directors	302,679
Telephone subscription right	1,889	Long-term unearned revenue	12,332
Investments and other assets	29,471,066	Total liabilities	162,997,715
Investment securities	8,610,046	Net assets	
Stocks of subsidiaries and affiliates	10,231,339	Shareholders' equity	82,109,780
Investments in capital	4,231	Capital stock	6,624,890
Long-term loans receivable	25,677	Capital surplus	7,339,891
Long-term loans receivable from subsidiaries and affiliates	8,652,192	Legal capital surplus	6,708,366
Long-term prepaid expenses	289,623	Other capital surplus	631,524
Deferred tax assets	407,557	Retained earnings	68,388,715
Derivative assets	40,476	Legal retained earnings	7,250
Long-term accounts receivable-other	125,812	Other retained earnings	68,381,465
Claims provable in bankruptcy, claims provable in rehabilitation and other	463	General reserve	15,000
Lease and guarantee deposits	1,068,492	Reserve for tax purpose reduction entry of non-current assets	1,539,134
Other	15,770	Retained earnings brought forward	66,827,331
Allowance for credit losses	(617)	Treasury shares	(243,716)
Total assets	244,994,283	Valuation and translation adjustments	(164,124)
		Valuation difference on available-for-sale securities	(192,206)
		Deferred gains (losses) on hedges	28,082
		Stock acquisition rights	50,911
		Total net assets	81,996,567
		Total liabilities and net assets	244,994,283

Non-Consolidated Statement of Operations

(From December 1, 2023 to November 30, 2024)

(¥ thousand)

Item	Amount	
Net sales		45,587,536
Cost of sales		28,520,911
Gross profit		17,066,624
Selling, general and administrative expenses		6,707,809
Operating income		10,358,814
Non-operating income		
Interest income	181,366	
Dividends income	5,752,489	
Foreign exchange gains	2,204	
Miscellaneous income	127,079	6,063,140
Non-operating expenses		
Interest expenses	1,552,318	
Share issuance cost	631	
Miscellaneous loss	30,892	1,583,842
Ordinary income		14,838,112
Extraordinary income		
Gain on sales of non-current assets	422	422
Extraordinary losses		
Loss on sales of non-current assets	114	
Loss on retirement of inventories	559,936	560,051
Income before income taxes		14,278,483
Income taxes-current	2,997,845	
Income taxes-deferred	(465,799)	2,532,045
Net income		11,746,437

Non-Consolidated Statement of Changes in Net Assets

(From December 1, 2023 to November 30, 2024)

(¥ thousand)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings			Total retained earnings
						General reserve	Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at the beginning of the year	6,624,890	6,708,366	629,254	7,337,620	7,250	15,000	1,539,134	58,273,777	59,835,162
Changes of items during the year									
Dividends from surplus								(3,192,884)	(3,192,884)
Net income								11,746,437	11,746,437
Purchase of treasury shares									
Disposal of treasury shares			2,270	2,270					
Net changes of items other than shareholders' equity									
Total changes of items during the year	—	—	2,270	2,270	—	—	—	8,553,553	8,553,553
Balance at the end of the year	6,624,890	6,708,366	631,524	7,339,891	7,250	15,000	1,539,134	66,827,331	68,388,715

	Shareholders' equity		Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
Balance at the beginning of the year	(335,327)	73,462,345	333,872	18,041	351,913	7,677	73,821,936
Changes of items during the year							
Dividends from surplus		(3,192,884)					(3,192,884)
Net income		11,746,437					11,746,437
Purchase of treasury shares	(310)	(310)					(310)
Disposal of treasury shares	91,921	94,192				(9,587)	84,604
Net changes of items other than shareholders' equity			(526,079)	10,040	(516,038)	52,821	(463,216)
Total changes of items during the year	91,610	8,647,434	(526,079)	10,040	(516,038)	43,234	8,174,630
Balance at the end of the year	(243,716)	82,109,780	(192,206)	28,082	(164,124)	50,911	81,996,567

Notes to Non-consolidated Financial Statements

1. Notes on significant accounting policies

(1) Valuation basis and methods for assets

1) Valuation basis and methods for securities

Stocks of subsidiaries	Stated at cost determined by the moving-average method
Available-for-sale securities	
• Securities other than shares, etc. that do not have a market value	Stated at fair value (unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets, and costs of securities sold are determined by the moving-average method).
• Shares, etc. that do not have a market value	Stated at cost determined by the moving-average method

2) Valuation basis and method for derivatives

Derivatives	Stated at fair value
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3) Valuation basis and methods for inventories

The cost method (the carrying amounts in the non-consolidated balance sheet are written down due to a decline in profitability of assets) is used as the valuation basis.

• Real estate for sale	Specific identification method
• Real estate for sale in process	Specific identification method
• Supplies	Last purchase price method

(2) Depreciation methods for non-current assets

1) Property, plant and equipment (excluding lease assets)	The straight-line method is applied. For certain assets, the declining balance method is applied.
2) Intangible assets (excluding lease assets)	
• Internal use software	Amortized by the straight-line method over the estimated useful life.
3) Lease assets	Lease assets are depreciated by the straight-line method over the lease term with no residual value.

(3) Recognition of allowances

1) Allowance for credit losses	To cover losses from bad debts, allowance for credit losses is provided in the amount expected to be uncollectible based on historical experience of bad debts for general receivables and individual collectability for specific receivables such as doubtful receivables.
2) Provision for bonuses	To cover bonus payments to employees, provision for bonuses is provided in the amount for the fiscal year based on the estimated amount of payment.
3) Provision for bonuses for directors (and other officers)	To cover bonus payments to officers, provision for bonuses is provided in the amount for the fiscal year based on the estimated amount of payment.

4) Provision for share awards for directors (and other officers)	To cover awarding of the Company's shares to officers, provision for share awards is provided based on the estimated amount of share award obligations as of the fiscal year-end.
5) Provision for retirement benefits	<p>To cover retirement benefits to employees, the amount that would be required to pay if all eligible employees retired at the fiscal year-end is provided based on the estimated amount of retirement benefit obligations as of the fiscal year-end. In calculating retirement benefit obligations, the portion of expected benefits attributed to the periods up to the fiscal year-end is determined using the benefit formula basis.</p> <p>Actuarial differences are amortized on a straight-line basis over a period equal to or less than the average remaining service period of eligible employees at the time of occurrence.</p>
6) Provision for loss on rental business	To cover losses from subleasing contracts, etc., the amount of total rental expenses with payment obligations, etc., minus total expected rental revenues, etc., arising from subleasing is recorded.
(4) Recognition of income and expenses	
<p>The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:</p>	
(Revitalization Business)	
<p>This business acquires office buildings, commercial facilities, apartments and other properties whose asset value has declined, boosts their value through "value-up plans" judged to best match the characteristics of the properties' areas and tenant requirements, and sells them as revitalized real estate to buyers including investors, real estate funds and individual business entities that acquire real estate for private use. With regard to sale of properties, the Group is obliged to transfer a property to a customer based on a property sale and purchase contract with the customer, etc. Such performance obligation is satisfied at a point in time when the property is transferred, and revenue is recognized at the time of property transfer. The transaction price is determined based on the property sale and purchase contract, etc. A portion of the selling price is received as a deposit at the time the contract is concluded, and the remaining amount is received at the time the property is transferred.</p>	
(Development Business)	
<p>In this business, the Group verifies the characteristics of land it acquires including area, shape, intended purpose, relevant needs, rent, and selling price. Based on this, the Group carries out development and new construction to maximize the value of the land, and sells whole buildings or individual units. The performance obligations of the business and the timing of fulfillment thereof, the method of determining transaction price, the timing of revenue recognition, etc. are the same as those of the Revitalization Business.</p>	
(Rental Business)	
<p>In this business, the Group rents its own office buildings, condominiums, stores and parking lots to end-users and others primarily in the main districts of Tokyo. With regard to leasehold properties, the Group is obliged to make available electricity, gas, water, and other services based on a lease contract with a customer. The performance obligation is satisfied over a certain period</p>	

of time during which the service is provided. Based on the measured amount of electricity, gas, water, and other services used by the customer, the Group recognizes as revenue the amount obtained by multiplying the measured amount of usage by the billing unit price. The Group receives payment for the previous month's usage at the end of the month.

(5) Other significant matters for preparing financial statements

- | | |
|---|--|
| 1) Translation of assets and liabilities denominated in foreign currencies into Japanese currency | Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date, and differences arising from such translation are recognized in the non-consolidated statement of operations. |
| 2) Accounting for hedges | Deferral hedge accounting is applied. |

2. Notes on accounting estimates

Valuation of inventories

1) Amount recorded in the financial statements for the fiscal year under review

Real estate for sale	¥100,673,475 thousand
Real estate for sale in process	¥20,069,416 thousand
Loss on valuation of inventories (reversal of loss)	¥(382,821) thousand

2) Information on the nature of significant accounting estimates for identified items

(i) Calculation method

Real estate for sale and real estate for sale in progress are assessed at the lower of cost or net selling value. Net selling value is calculated for each individual property by deducting costs to sell from the estimated selling price. If the net selling value is less than the cost, the cost is reduced to the net selling value and the difference is recognized as a loss on valuation of inventories in the cost of sales. In addition, when it is evident that the net selling value has recovered due to changes in economic conditions and other factors, the loss on valuation of inventories is reversed accordingly, up to the acquisition cost.

(ii) Key assumptions

In calculating the net selling value of properties for investors, assumptions such as rent, vacancy rate, and rental expenses are determined by comprehensively taking into account market trends, transaction cases of similar properties, past performance, and other factors. The discount rate is determined based on similar transactions, interest rate trends, etc. In addition, real estate appraisals are obtained as necessary.

For build-for-sale detached houses, assumptions are determined based on the most recent sales results, market trends, and other factors.

In making accounting estimates, the Company estimates selling prices of real estate for sale and real estate for sale in progress as well as development costs, such as value-up activities and construction costs, which are the basis for calculating their net selling value, for each individual property. In the course of long-term real estate development and sales activities, these components of estimates have been affected by fluctuations in the economic environment and interest rates, competitive conditions in the real estate market, external factors in real estate development, and other factors.

(iii) Effect on the financial statements for the fiscal year ending November 30, 2025

Key assumptions are determined based on the best estimates available at the time of preparation of the financial statements. However, in the event of unexpected events such as deterioration in the economic environment and any subsequent changes in key assumptions, such changes may have a

significant impact on the calculation of net selling value.

3. Notes to non-consolidated balance sheet

(1) Assets and liabilities accounted for as financial transactions

Assets and liabilities accounted for as financial transactions pursuant to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are as follows:

Real estate for sale	¥233,480 thousand
Long-term loans payable	¥236,616 thousand

(2) Assets pledged as security

	(¥ thousand)
Details of pledged assets and the amounts	
Real estate for sale	93,915,500
Real estate for sale in process	17,661,577
Buildings	19,018,989
Land	42,323,431
Total	172,919,498
Amounts of securitized obligation	
Short-term loans payable	1,244,000
Current portion of long-term loans payable	10,746,748
Long-term loans payable	134,467,681
Total	146,458,429

(3) Accumulated depreciation on property, plant and equipment

¥(6,658,022) thousand

(4) Contingent liabilities

The Company guarantees the borrowings of the following associated companies from financial institutions as follows:

Tosei Logistics Management Co., Ltd.	¥190,160 thousand
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(5) Monetary receivables from and payables to subsidiaries and affiliates

	(¥ thousand)
1) Short-term monetary receivables	1,373,556
2) Long-term monetary receivables	125,812
3) Short-term monetary payables	200,844
4) Long-term monetary payables	300,782

(6) Change in holding purpose of assets

Not applicable.

4. Notes to non-consolidated statement of operations**(1) Volume of transactions with subsidiaries and affiliates**

	(¥ thousand)
1) Sales	2,686,075
2) Purchase amount	1,266,079
3) Other business turnover	147,126
4) Transaction volume other than business turnover	5,516,574

- (2) The inventory balance at the end of the fiscal year is presented after book values were written down due to a decline in profitability of assets and the following loss on valuation of inventories (reversal of loss) are included in cost of sales.

¥(382,821) thousand

5. Notes to non-consolidated statement of changes in net assets**Class and total number of treasury shares**

(shares)				
Class of shares	Number of shares at beginning of the fiscal year under review	Increase	Decrease	Number of shares at end of the fiscal year under review
Ordinary shares	306,765	133	84,100	222,798

- (Notes) 1. The increase in the number of treasury shares is mainly due to the acquisition pursuant to the Articles of Incorporation of the Company in accordance with the provision of Article 165, paragraph 2, of the Companies Act.
2. The decrease in the number of treasury shares is mainly due to the exercising of stock options.

6. Notes on tax effect accounting

Significant components of deferred tax assets and liabilities

	(¥ thousand)
Deferred tax assets	
Accrued enterprise taxes	108,832
Provision for bonuses	180,026
Loss on valuation of inventories	146,357
Provision for retirement benefits	135,076
Long-term accounts payable-other for directors	92,680
Dividends income as withdrawal of investments	2,059,911
Valuation difference on available-for-sale securities	84,828
Other	351,428
Subtotal	<u>3,159,140</u>
Valuation reserves	<u>(2,059,911)</u>
Total deferred tax assets	1,099,228
Deferred tax liabilities	
Reserve for tax purpose reduction entry of non-current assets	(679,277)
Deferred gains (losses) on hedges	<u>(12,393)</u>
Total deferred tax liabilities	<u>(691,671)</u>
Net deferred tax assets	<u>407,557</u>

7. Notes on transactions with related parties

Subsidiaries and affiliates

Attribute	Name	Percentage of voting rights (%)	Business relationship	Transaction	Transaction amount (¥ thousand)	Account title	Balance at the end of the fiscal year (¥ thousand)
Subsidiary	Tosei Asset Advisors, Inc.	100% direct ownership	Concurrent positions held by officers	Receipt of dividends (Note 1)	2,701,000	—	—
	Princess Square Co., Ltd.	100% direct ownership	Concurrent positions held by officers	Receipt of dividends (Note 1)	1,298,200	—	—
	Shibaura Residential Co., Ltd.	100% direct ownership	Concurrent positions held by officers	Repayment of investments (Note 2)	1,513,201	—	—
	Tosei Logistics Management Co., Ltd.		Concurrent positions held by officers	Lending of funds (Note 3)	6,877,000	—	—
				Collection of funds	6,877,000		
	TOSEI-R, Inc.	100% direct ownership	Concurrent positions held by officers	Collection of funds	3,666,808	Long-term loans receivable from subsidiaries and affiliates	6,623,192

(Notes) 1. Receipt of dividends is reasonably determined in consideration of performance trends.
 2. Investments in the subsidiary were repaid.
 3. Interest on lending of funds is reasonably determined in consideration of market interest rates.

8. Per share information

(1) Net assets per share	¥1,690.96
(2) Net income per share	¥242.50

9. Recognition of revenue

Useful information in understanding revenue from contracts with customers is stated in “1. Notes on significant accounting policies (4) Recognition of income and expenses” in the Notes to Non-consolidated Financial Statements.

10. Significant subsequent events

Not applicable.

11. Other

All amounts in this report are rounded down to the nearest thousand yen, unless otherwise noted.

Accounting Audit Report on Consolidated Financial Statements

Independent Auditors' Audit Report

January 16, 2025

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation
Chuo-ku, Tokyo

Designated and Engagement Partner,
Certified Public Accountant:

Takashi Aikawa

Designated and Engagement Partner,
Certified Public Accountant:

Hiroshi Matsubara

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, of Tosei Corporation for the fiscal year from December 1, 2023 to November 30, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Tosei Corporation and consolidated subsidiaries for the period covered by these consolidated financial statements in accordance with the accounting standards which have omitted some disclosure items required under International Financial Reporting Standards (IFRS), as set forth in the provisions of the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in *Auditor's Responsibility for the Audit of the Consolidated Financial Statements*. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the information included in the business report and the supplementary schedules. Management is responsible for the preparation and the disclosure of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the accounting standards which have omitted some disclosure items required under IFRS as set forth in the provisions of the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the provisions of the accounting standards which have omitted some disclosure items required under IFRS as set forth in the provisions of the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the

premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provisions of the accounting standards which have omitted some disclosure items required under IFRS as set forth in the provisions of the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

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

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Note: The English version of the consolidated financial statements consists of an English translation of the audited Japanese consolidated financial statements and is not covered by our audit. Consequently, the auditor's report attached to the English consolidated financial statements is a translation of the Japanese original.

Accounting Audit Report on Non-consolidated Financial Statements and Supplementary Schedules

Independent Auditors' Audit Report

January 16, 2025

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation
Chuo-ku, Tokyo

Designated and Engagement Partner,
Certified Public Accountant:
Takashi Aikawa

Designated and Engagement Partner,
Certified Public Accountant:
Hiroshi Matsubara

Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the non-consolidated financial statements, namely, the balance sheet, the related statements of operations and changes in net assets, the notes to the non-consolidated financial statements, and the supplementary schedules of Tosei Corporation for the 75th term from December 1, 2023 to November 30, 2024.

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations for the period covered by these non-consolidated financial statements and the supplementary schedules in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in *Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules*. We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the information included in the business report and the supplementary schedules. Management is responsible for the preparation and the disclosure of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process of the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules

in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

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

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Note: The English version of the non-consolidated financial statements consists of an English translation of the audited Japanese non-consolidated financial statements and is not covered by our audit. Consequently, the auditor's report attached to the English non-consolidated financial statements is a translation of the Japanese original.

Audit Report by Audit & Supervisory Board

Audit Report

With respect to the Directors' performance of their duties during the 75th term (from December 1, 2023 to November 30, 2024), the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policies, audit plan, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the directors, etc. and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Member Auditing Regulations established by the Audit & Supervisory Board, and in accordance with the audit policies and audit plan, etc., each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the Internal Auditing Department and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted the audit by the following methods.
 - i) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors, management meetings and other important meetings, received reports on the status of performance of duties from the Directors and employees, etc. and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at each department in the head office. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - ii) Also, each Audit & Supervisory Board Member regularly received reports from the Directors and employees, etc. requested explanations as necessary, and expressed an opinion on the status of establishment and operation regarding (i) the contents of the Board of Directors' resolutions regarding the improvement and maintenance of the systems to ensure that directors' execution of their duties is in compliance with laws and regulations and the Articles of Incorporation of the Company as is described in the business report as well as other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as systems necessary for ensuring the properness of operations of a stock company (*kabushiki kaisha*) and consolidated subsidiaries, and (ii) the systems (internal control systems) improved and maintained based on such resolutions.
 - iii) The contents of the basic policies set forth in Article 118, item 3-(a) of the Ordinance for Enforcement of the Companies Act and measures set forth in item 3-(b) of said article, as described in the business report, were also considered in light of the status, etc. of deliberations by the Board of Directors and other bodies.
 - iv) Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Accounting Auditor

that it had established a “system to ensure that the performance of duties was properly conducted” (the matters listed in the items of Article 131 of the Regulations on Corporate Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and the supplementary schedules, the non-consolidated financial statements (balance sheet, statement of operations, statement of changes in net assets, and the notes to the non-consolidated financial statements), and the supplementary schedules, as well as the consolidated financial statements (the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, which were prepared with some disclosure items required under IFRS omitted pursuant to the provisions of the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting), for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- i) We acknowledge that the business report and the supplementary schedules fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- ii) We acknowledge that no dishonest act or material fact constituting a breach of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors’ performance of their duties.
- iii) We acknowledge that the Board of Directors’ resolutions with respect to the internal control systems are appropriate. We did not find any matter to be indicated with respect to the contents of the business report and the Directors’ performance of their duties concerning the internal control systems.
- iv) We did not find any matter to be indicated with respect to the basic policies, described in the business report, regarding those who control decisions on the Company’s financial and business policies. Measures, described in the business report, set forth in Article 118, item 3-(b) of the Ordinance for Enforcement of the Companies Act of Japan are in line with the basic policies, do not impair the common interests of the Company’s shareholders, and are not directed to the purpose of maintaining the status of the Company’s officers.

(2) Results of Audit of Non-consolidated Financial Statements and the Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Shinsoh Audit Corporation, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Shinsoh Audit Corporation, are appropriate.

January 20, 2025

Audit & Supervisory Board of Tosei Corporation

Audit & Supervisory Board Member (full-time)
(Outside Audit & Supervisory Board Member):

Hitoshi Yagi (Seal)

Audit & Supervisory Board Member (full-time)
(Outside Audit & Supervisory Board Member):

Toshinori Kuroda (Seal)

Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member):

Tatsuki Nagano (Seal)

Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member):

Osamu Doi (Seal)

Note: The English version of the consolidated and non-consolidated financial statements consists of an English translation of the audited Japanese consolidated and non-consolidated financial statements and is not covered by our audit. Consequently, the auditor's report attached to the English consolidated and non-consolidated financial statements is a translation of the Japanese original.