

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended November 30, 2020	(¥) –	(¥) 0.00	(¥) –	(¥) 19.00	(¥) 19.00
Fiscal year ending November 30, 2021	–	0.00	–		
Fiscal year ending November 30, 2021 (Forecast)			–	38.00	38.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2021 (December 1, 2020 – November 30, 2021)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal year ending November 30, 2021	61,657	(3.6)	11,036	71.7	10,376	75.8	6,846	90.1	146.21

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

* Notes

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

- (2) Changes in accounting policies and changes in accounting estimates
(a) Changes in accounting policies required by IFRS: No
(b) Changes in accounting policies due to other reasons: No
(c) Changes in accounting estimates: No

- (3) Number of issued shares (ordinary shares)

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

As of August 31, 2021	48,683,800 shares
As of November 30, 2020	48,683,800 shares

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

As of August 31, 2021	1,956,422 shares
As of November 30, 2020	1,508,353 shares

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

Nine months ended August 31, 2021	46,958,245 shares
Nine months ended August 31, 2020	47,432,445 shares

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

* Proper use of earnings forecasts and other notes

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

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

During the nine months ended August 31, 2021, the Japanese economy continued to face a harsh environment due to the impact of COVID-19. While there are indications of an upturn in the domestic economy, as evidenced by a 1.3% year-on-year increase in the real gross domestic product (GDP) in the period from April to June 2021 on an annualized basis, it remains necessary to monitor factors such as economic downside risks due to the renewed spread of the virus in Japan since July 2021, as well as movements in global financial markets.

In the real estate industry where Tosei Group operates, domestic real estate investments for the six months from January to June 2021 amounted to ¥1.8 trillion, decreasing by 29% year on year. Although demand for investment in real estate by domestic and overseas investors continues to be strong, the decrease in investment opportunities, particularly the lack of large-scale transactions due to the shortage of properties for sale in the market, is regarded as the reason for the slump. Tokyo fell to fourth place in the world ranking by city for the six months from January to June 2021 (ranked first in the same period of the previous fiscal year); however, transactions are expected to recover in the second half of the year, and real estate investments for 2021 are estimated to remain largely unchanged from the previous fiscal year at approximately ¥4.3 trillion (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 July 2021 increased 59.1% year on year to 15,229 units as the result of a rebound after a substantial decline under the state of emergency introduced last year. As a result, the number of supplied units has increased to the level seen in 2019 (15,368 units supplied in the same period in 2019). The average contract rate for the first month has also remained at around the 70% threshold from which market conditions are viewed as favorable, thereby indicating a robust market. In addition, in the Tokyo metropolitan area pre-owned condominium market, the number of units contracted from January to July 2021 increased 23.6% year on year to 24,284 units. However, in the build-for-sale detached house market, housing starts for the seven months from January to July 2021 numbered 32,000 units (down 1.6% year on year), remaining largely unchanged from the same period of the previous fiscal year (according to a survey by a private research institute).

Regarding construction costs for the seven months from January to July 2021, average costs per tsubo for reinforced concrete structure were ¥955 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 5.0% year on year), and average costs per tsubo for wooden structure were ¥567 thousand (a decrease of 0.1% year on year). The current increase in the price of steel materials due to the global economic recovery following widespread COVID-19 vaccinations, and the upsurge in timber prices caused by the sharp increase in global demand for timber known as “wood shock” have raised fears of a future hike in construction costs (according to a survey by the Ministry of Land, Infrastructure, Transportation and Tourism).

In the office leasing market of Tokyo’s five business wards, the average vacancy rate as of July 2021 was 6.28% (an increase of 3.51 percentage points year on year), against the backdrop of tenants cutting back on office space as a result of a slowdown in expansion of office space and the spread of teleworking lifestyle in certain areas. The average asking rent was ¥21,045 per tsubo (a decrease of ¥1,969 year on year), demonstrating a downturn in the office leasing market in the Tokyo metropolitan area, and it remains necessary to monitor future trends in supply and demand (according to a survey by a private research institute).

In the Tokyo metropolitan area’s logistics facility leasing market, leasable stock in July 2021 amounted to 6.86 million tsubo (an increase of 11.7% year on year). The vacancy rate was 1.3%. Although this was an increase from the level of 0.5% observed in April 2021, rising to the 1% level, supply and demand remain tight. Leasing demand is expected to remain firm for the time being, despite an easing in the extraordinary demand stemming from COVID-19 pandemic (according to a survey by a private research institute).

In the real estate fund market, the market scale continues to expand. J-REIT assets under management in July 2021 totaled ¥20.9 trillion (an increase of ¥1.1 trillion year on year) and assets under management in private placement funds totaled ¥22.5 trillion (as of December 2020, an increase of ¥2.3 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥43.4 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, the average guest room occupancy rate in the five months from

January to May 2021 was 34.5% (84.2% in the same period of the fiscal year ended November 30, 2019), due to the continuing impact of COVID-19. The total number of hotel guests in Tokyo encompassing all types of accommodation in the five months from January to May 2021 amounted to 12.05 million overnight stays (31.74 million overnight stays in the same period of the fiscal year ended November 30, 2019). The environment is forecasted to remain harsh for the hotel market, despite the daily progress of vaccinations in Japan (according to a survey by the Japan Tourism Agency).

Amid this operating environment, in the Revitalization Business, the Group made steady progress in selling assets such as income-generating office buildings and apartments, while in the Development Business, the Group pushed ahead with sales of detached houses and logistics facilities. In addition, the Group also proceeded with the acquisition of income-generating properties and various types of land for development as future sources of income.

As a result, consolidated revenue for the nine months ended August 31, 2021 totaled ¥52,311 million (down 7.1% year on year), operating profit was ¥10,965 million (up 136.1%), profit before tax was ¥10,489 million (up 152.3%), and profit attributable to owners of the parent was ¥7,076 million (up 186.7%).

Performance by business segment is shown below.

Revitalization Business

During the nine months ended August 31, 2021, the segment sold 41 properties which had been renovated, including Kannai Tosei Building III (Yokohama-shi, Kanagawa), T's garden Kiyose (Kiyose-shi, Tokyo), Ichikawashimamura Building (Ichikawa-shi, Chiba). In addition, the segment sold three unit in the Restyling Business from Isarakoplace Residence (Minato-ku, Tokyo), Rune Kamakura Ueki Residence (Kamakura-shi, Kanagawa).

It also acquired a total of 25 properties including, income-generating office buildings, apartments and a logistic facility for renovation and sales purposes and two land lots.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of inventories valuation loss of ¥563 million.

As a result, revenue in this segment was ¥30,060 million (down 0.9% year on year) and the segment profit was ¥7,239 million (up 25.4%).

Development Business

During the nine months ended August 31, 2021, the segment sold a new logistic facility, T's Logi Hasuda (Hasuda-shi, Saitama) and a new commercial facility, THE Palms Sagamihara Park Brighter (Store section) (Sagamihara-shi, Kanagawa). In addition, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 66 detached houses at such properties as THE Palms Court Kamakura Shiromeguri (Kamakura-shi, Kanagawa) and THE Palms Court Hibarigaoka (Nishitokyo-shi, Tokyo).

During the nine months ended August 31, 2021, it also acquired two land lots for logistic facility projects, one land lot for apartment project, one land lot for commercial facility project, three land lots for income-generating office buildings and land lots for 58 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of inventories valuation loss of ¥268 million.

As a result, revenue in this segment was ¥10,487 million (down 26.6% year on year) and the segment profit was ¥1,280 million (in comparison with segment loss of ¥3,855 million in the same period of the previous fiscal year).

Rental Business

During the nine months ended August 31, 2021, while the segment sold 22 buildings of its inventory assets held for leasing purposes, it newly acquired 17 properties including income-generating office buildings and apartments. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its holding non-current assets and inventory assets.

As a result, revenue in this segment was ¥3,992 million (down 6.0% year on year) and the segment profit was ¥2,016 million (up 20.2%).

Fund and Consulting Business

During the nine months ended August 31, 2021, while ¥257,891 million was added due to new asset management contracts, ¥66,561 million was subtracted due mainly to property dispositions by funds, from the balance of assets under management (Note) ¥1,123,406 million for the end of the previous fiscal year. The balance of assets under management as of August 31, 2021, was ¥1,314,736 million.

As a result, revenue in this segment was ¥3,624 million (down 2.0% year on year) and the segment profit was ¥2,456 million (down 8.2%).

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

Property Management Business

During the nine months ended August 31, 2021, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 708 as of August 31, 2021, an increase of 16 from August 31, 2020, with the total comprising 456 office buildings, hotels, logistic facilities and other such properties, and 252 condominiums and apartments.

As a result, revenue in this segment was ¥3,831 million (up 11.9% year on year) and segment profit was ¥616 million (up 10.3%).

Hotel Business

During the nine months ended August 31, 2021, the Group opened TOSEI HOTEL COCONE Asakusa in July 2021. Despite endeavors including the improvement of occupancy rates at existing hotels, conditions remained harsh due to the renewed spread of COVID-19, with the temporary closure of some hotels.

As a result, revenue in this segment was ¥314 million (down 2.9% year on year) and segment loss was ¥622 million (in comparison with segment loss of ¥733 million in the same period of the previous fiscal year).

2) Analysis and contents for discussion of Operating Results

On July 5, 2021, the Group announced an upward profit revision in its full-year earnings forecast for the fiscal year ending November 30, 2021.

In the third quarter, business continued to perform well. In particular, as a result of a focus during the nine months ended August 31, 2021 primarily on purchasing activities that will provide a source of income in the next fiscal year and beyond, real estate renovation, and new asset management contracts, consolidated revenue for the nine months ended August 31, 2021 totaled ¥52,311 million (down 7.1% year on year, 84.8% of the revised full-year revenue plan), operating profit amounted to ¥10,965 million (up 136.1% year on year, 99.4% of the revised full-year operating profit plan), and profit before tax was ¥10,489 million (up 152.3% year on year, 101.1% of the revised full-year profit plan). In the Hotel Business, although there was no recovery in accommodation sales due to the impact of the COVID-19 crisis, sales of properties in the Revitalization Business and the Development Business progressed according to plan, while other businesses performed favorably, as evidenced by the balance of assets under management exceeding ¥1.3 trillion.

On August 25, 2021, the Group resolved to acquire all shares in ICOMPANY, Inc. and its four subsidiaries (hereinafter collectively the “Princess Group”), whose core business is the purchase and resale after renovation of pre-owned condominiums by units, and made the Princess Group a subsidiary as of September 30, 2021. Although the Company has a track record in the “Restyling Business,” in which we acquire, add value, and sell entire income-generating apartment blocks, the “purchase and resale after renovation of pre-owned condominiums by units” that is handled by the Princess Group is a new business domain for the Group, and we anticipate the expansion of our business domains and the enhancement of our existing businesses. In addition, since the “revitalization and effective utilization of existing housing stock” is also a business that will lead to the resolution of social issues relating to real estate due to various structural factors such as the advance of the declining birthrate and aging population, the vacant house issue, and aging condominiums, we aim to further strengthen the Group’s real estate revitalization capabilities.

(2) Qualitative Information Regarding Consolidated Financial Positions

1) Analysis of Financial Positions

As of August 31, 2021, total assets were ¥174,984 million, an increase of ¥13,299 million compared with November 30, 2020, while total liabilities were ¥109,593 million, an increase of ¥6,878 million.

Increase in total assets were due to an increase in inventories and investment properties despite a decrease in cash and cash equivalents. Increase in total liabilities were due to an increase in borrowings and current income tax liabilities and a decrease in trade and other payables.

Total equity increased by ¥6,421 million to ¥65,391 million, mainly due to an increase in retained earnings, payment of cash dividends and purchase of treasury shares.

2) Analysis of Cash Flows

Cash and cash equivalents (hereinafter “cash”) as of August 31, 2021 totaled ¥32,372 million, down ¥4,666 million compared with November 30, 2020.

The cash flows for the nine months ended August 31, 2021 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥4,177 million (down 61.5% year on year). This is mainly due to profit before tax of ¥10,489 million, an increase in inventories of ¥4,802 million, a decrease in income taxes paid of ¥2,499 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥13,074 million (up 207.0% year on year). This is primarily due to purchase of investment properties of ¥12,176 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥4,229 million (in comparison with segment net cash used in financing activities of ¥2,771 million in the same period of the previous fiscal year). This mainly reflects ¥37,248 million in proceeds from non-current borrowings, despite ¥32,107 million in the repayments of non-current borrowings and ¥896 million in cash dividends paid.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

The business results during the nine months ended August 31, 2021 basically remained stable as planned and there is no change on the full-year consolidated earnings forecasts, announced on July 5, 2021.

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

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

No item to report.

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

No item to report.

(3) Additional information

Effect of the Spread of COVID-19 on Accounting Estimates

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

The Group considers that real estate markets other than hotels and commercial facilities are already recovering as of August 31, 2021. It predicts that the impact of COVID-19 on hotels and commercial

facilities will persist for the time being, and that it will be next fiscal year or later before a recovery takes place.

In view of this situation, during the nine months ended August 31, 2021, the Group has altered some assumptions, etc. underlying accounting estimates concerning items such as the valuation of some inventory assets and non-current assets.

3. Condensed Quarterly Consolidated Financial Statements and notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

	As of November 30, 2020	As of August 31, 2021
Assets		
Current assets		
Cash and cash equivalents	37,039,600	32,372,677
Trade and other receivables	3,192,248	2,959,502
Inventories	65,416,925	69,772,284
Other current assets	15,298	16,315
Total current assets	105,664,073	105,120,779
Non-current assets		
Property, plant and equipment	23,495,129	21,792,760
Investment properties	26,987,387	41,440,199
Intangible assets	209,663	189,840
Trade and other receivables	779,470	1,072,964
Other financial assets	3,972,309	4,955,556
Deferred tax assets	572,454	408,251
Other non-current assets	4,014	4,014
Total non-current assets	56,020,429	69,863,587
Total assets	161,684,503	174,984,367
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,466,127	4,817,067
Borrowings	11,794,730	12,249,440
Current income tax liabilities	925,671	1,897,320
Provisions	600,264	336,858
Total current liabilities	18,786,795	19,300,687
Non-current liabilities		
Trade and other payables	3,649,593	3,593,030
Borrowings	79,192,778	85,327,369
Retirement benefits obligations	546,421	566,106
Provisions	7,129	7,250
Deferred tax liabilities	532,260	798,710
Total non-current liabilities	83,928,183	90,292,468
Total Liabilities	102,714,978	109,593,156
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	6,627,004	6,633,797
Retained earnings	47,442,372	53,622,513
Treasury shares	(1,500,055)	(1,981,795)
Other components of equity	(224,688)	491,805
Total equity attributable to owners of parent	58,969,524	65,391,211
Total equity	58,969,524	65,391,211
Total liabilities and equity	161,684,503	174,984,367

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Nine months ended August 31, 2020	Nine months ended August 31, 2021
Revenue	56,309,557	52,311,732
Cost of revenue	45,066,936	34,634,605
Gross profit	11,242,620	17,677,127
Selling, general and administrative expenses	6,574,576	6,781,521
Other income	48,772	137,135
Other expenses	72,057	67,319
Operating profit	4,644,758	10,965,422
Finance income	107,903	139,928
Finance costs	595,656	616,031
Profit before tax	4,157,004	10,489,319
Income tax expense	1,688,270	3,409,986
Profit for the period	2,468,734	7,079,332
Other comprehensive income		
Other comprehensive income items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair values through other comprehensive income	(567,898)	709,231
Subtotal	(567,898)	709,231
Other comprehensive income items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(7,105)	10,314
Net change in fair values of cash flow hedges	(7,828)	(3,139)
Subtotal	(14,934)	7,175
Other comprehensive income for the period, net of tax	(582,833)	716,406
Total comprehensive income for the period	1,885,900	7,795,738
Profit attributable to:		
Owners of the parent	2,468,734	7,076,939
Non-controlling interests	—	2,393
Profit for the period	2,468,734	7,079,332
Total comprehensive income attributable to:		
Owners of the parent	1,885,900	7,793,345
Non-controlling interests	—	2,393
Total comprehensive income for the period	1,885,900	7,795,738
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	52.05	150.71
Diluted earnings per share (¥)	51.93	150.50

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended August 31, 2020 (December 1, 2019 – August 31, 2020)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at December 1, 2019	6,579,844	6,575,240	45,839,423	(1,000,037)	312,028	58,306,499	58,306,499
Profit for the period			2,468,734			2,468,734	2,468,734
Other comprehensive income					(582,833)	(582,833)	(582,833)
Total comprehensive income for the period	—	—	2,468,734	—	(582,833)	1,885,900	1,885,900
Amount of transactions with owners							
Issuance of new shares	23,923	13,513				37,436	37,436
Purchase of treasury shares		(7,232)		(499,965)		(507,197)	(507,197)
Dividends of surplus			(1,998,632)			(1,998,632)	(1,998,632)
Share-based payment		25,882				25,882	25,882
Balance at August 31, 2020	6,603,767	6,607,403	46,309,525	(1,500,002)	(270,805)	57,749,888	57,749,888

Nine months ended August 31, 2021 (December 1, 2020 – August 31, 2021)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at December 1, 2020	6,624,890	6,627,004	47,442,372	(1,500,055)	(224,688)	58,969,524	—	58,969,524
Profit for the period			7,076,939			7,076,939	2,393	7,079,332
Other comprehensive income					716,406	716,406		716,406
Total comprehensive income for the period	—	—	7,076,939	—	716,406	7,793,345	2,393	7,795,738
Amount of transactions with owners								
Purchase of treasury shares		(5,295)		(500,049)		(505,345)		(505,345)
Disposal of treasury shares		(101)		18,310		18,208		18,208
Dividends of surplus			(896,333)			(896,333)		(896,333)
Dividends to non-controlling interests						—	(2,771)	(2,771)
Change from newly consolidated subsidiary						—	117,600	117,600
Change in scope of consolidation			(378)			(378)	(117,221)	(117,600)
Transfer from other components of equity to retained earnings			(86)		86	—		—
Share-based payment		12,189				12,189		12,189
Balance at August 31, 2021	6,624,890	6,633,797	53,622,513	(1,981,795)	491,805	65,391,211	—	65,391,211

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Nine months ended August 31, 2020	Nine months ended August 31, 2021
Cash flows from operating activities		
Profit before tax	4,157,004	10,489,319
Depreciation expense	892,182	1,114,930
Increase (decrease) in provisions and retirement benefits obligations	(326,605)	(245,896)
Interest and dividend income	(107,903)	(139,928)
Interest expenses	595,656	616,031
Decrease (increase) in trade and other receivables	1,341,562	(232,537)
Decrease (increase) in inventories	8,723,213	(4,802,588)
Increase (decrease) in trade and other payables	(1,545,563)	(736,606)
Other, net	27,456	7,811
Subtotal	13,757,003	6,070,534
Interest and dividend income received	152,796	249,685
Income taxes paid	(3,050,909)	(2,499,952)
Income taxes refund	—	356,873
Net cash from (used in) operating activities	10,858,890	4,177,140
Cash flows from investing activities		
Purchase of property, plant and equipment	(157,034)	(924,658)
Purchase of investment properties	(3,239,248)	(12,176,366)
Purchase of intangible assets	(144,673)	(19,585)
Collection of loans receivable	109,836	63
Purchase of other financial assets	(939,300)	(62,053)
Collection of other financial assets	111,266	104,224
Other, net	300	4,330
Net cash from (used in) investing activities	(4,258,853)	(13,074,046)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(1,450,000)	1,519,800
Proceeds from non-current borrowings	31,988,865	37,248,700
Repayments of non-current borrowings	(29,991,915)	(32,107,429)
Repayments of lease obligations	(191,586)	(172,998)
Proceeds from issuance of new shares	37,302	—
Repayments to non-controlling shareholders	—	(117,600)
Capital contribution from non-controlling interests	—	117,600
Cash dividends paid	(1,996,678)	(896,180)
Dividends paid to non-controlling interests	—	(2,771)
Purchase of treasury shares	(499,965)	(500,049)
Proceeds from disposal of treasury shares	—	18,208
Interest expenses paid	(667,862)	(878,116)
Net cash from (used in) financing activities	(2,771,840)	4,229,163
Net increase (decrease) in cash and cash equivalents	3,828,197	(4,667,741)
Cash and cash equivalents at beginning of period	31,998,929	37,039,600
Effect of exchange rate change on cash and cash equivalents	(685)	850
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(31)
Cash and cash equivalents at end of period	35,826,440	32,372,677

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes on Condensed Quarterly Consolidated Financial Statements

1. Segment Information

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

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

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

Nine months ended August 31, 2020

(December 1, 2019 – August 31, 2020)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	30,329,071	14,286,932	4,247,115	3,697,981	3,424,307	324,148	—	56,309,557
Intersegment revenue	—	—	37,142	77,930	845,800	1,480	(962,352)	—
Total	30,329,071	14,286,932	4,284,258	3,775,911	4,270,107	325,628	(962,352)	56,309,557
Segment profit or loss	5,772,364	(3,855,834)	1,678,239	2,676,685	558,626	(733,629)	(1,451,694)	4,644,758
Finance income/costs, net								(487,753)
Profit before tax								4,157,004

Nine months ended August 31, 2021

(December 1, 2020 – August 31, 2021)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	30,060,354	10,487,389	3,992,484	3,624,737	3,831,874	314,892	—	52,311,732
Intersegment revenue	—	—	62,853	11,657	1,005,368	50	(1,079,929)	—
Total	30,060,354	10,487,389	4,055,337	3,636,395	4,837,243	314,942	(1,079,929)	52,311,732
Segment profit or loss	7,239,344	1,280,888	2,016,707	2,456,841	616,062	(622,704)	(2,021,717)	10,965,422
Finance income/costs, net								(476,103)
Profit before tax								10,489,319

2. Dividends

Dividends paid in the nine months ended August 31, 2020 and August 31, 2021 are as follows:

Nine months ended August 31, 2020				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 26, 2020	42	1,998,632	November 30, 2019	February 27, 2020

Nine months ended August 31, 2021				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2021	19	896,333	November 30, 2020	February 26, 2021

3. Earnings per Share

	Nine months ended August 31, 2020	Nine months ended August 31, 2021
Profit attributable to owners of the parent (¥ thousand)	2,468,734	7,076,939
Net income used to figure diluted net income per share (¥ thousand)	2,468,734	7,076,939
Weighted average number of outstanding ordinary shares (shares)	47,432,445	46,958,245
The number of increased ordinary shares used to figure diluted earnings per share (shares)	107,737	63,523
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,540,182	47,021,768
Basic earnings per share (¥)	52.05	150.71
Diluted net income per share (¥)	51.93	150.50

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

(7) Notes on Significant Subsequent Events

(Business combination by acquisition)

At the Board of Directors' meeting held on August 25, 2021, the Company resolved to acquire all of the shares in ICOMPANY, Inc. and all shares issued by its subsidiary, Princess Holdings Co., Ltd. that are not held by ICOMPANY, Inc., thereby making ICOMPANY, Inc. and its four subsidiaries (hereinafter collectively the "Princess Group") into subsidiaries of the Company. The Company also resolved to dispose of treasury shares as consideration for the acquisition of shares in ICOMPANY, Inc., and acquired these shares on September 30, 2021.

Although the provisions of IFRS 3 have been applied, detailed information on the accounting treatment is not provided for the reason that the accounting treatment for the business combination has not been completed at this time.

1. Outline of the business combination

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

- | | |
|---------------------------------|--|
| 1) Name of the acquired company | ICOMPANY, Inc. |
| Fields of business | Securities ownership and investment
Real estate rental and management |
| 2) Name of the acquired company | Princess Holdings Co., Ltd. |
| Fields of business | Securities management and investment
Real estate rental and management |
| 3) Name of the acquired company | Princess Square Co., Ltd. |
| Fields of business | Real estate rental, management, trading, and brokerage
Remodeling business and consulting business |
| 4) Name of the acquired company | G.P. Asset Co., Ltd. |
| Fields of business | Real estate trading, rental, management, brokerage,
and agency business
Consulting business for remodeling of houses, stores, etc. |
| 5) Name of the acquired company | Let's Creation Co., Ltd. |
| Fields of business | Real estate trading, rental, management, brokerage,
and agency business
Contracting and mediation for remodeling of houses,
stores, offices, etc. |

(2) Date of acquisition September 30, 2021

(3) Ratio of acquired capital equity with voting rights

100% (including indirect holdings)

(4) Reason for conducting business combination

The Share Acquisition is expected to expand the Tosei Group's business fields. In the used condominium unit purchase and resale after renovation business, which is a new business field, Tosei will be able to generate synergy, including further improving asset values by sharing the Group's know-how on real estate revitalization, improving efficiency by supplementing management resources such as development capabilities and financial resources, and expanding the range of products handled. In addition, given that the Princess Group's existing businesses are expected to be enhanced as a result of

economic efficiency and rationalization of scale and area in the Rental Business, Property Management Business, and peripheral businesses operated by the Group, Tosei believes that the medium- to long-term corporate value of the Group will improve as a result, and has decided to go ahead with the Share Acquisition.

(5) Method for gaining control of the acquired company

Acquisition of shares with cash and treasury shares as consideration.

(6) Payment of consideration on the date of acquisition

Treasury shares: ¥1,199,950,000 (Ordinary shares 1,030,000 shares)

Cash: This information is not disclosed due to confidentiality obligations assumed by the Company.