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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

Company name: Raysum Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8890

URL: <http://www.raysum.co.jp/en/>

Representative: Tsuyoshi Komachi, President and Representative Director

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Scheduled date of Ordinary General Meeting of Shareholders: June 25, 2024

Scheduled date of commencing dividend payments: June 10, 2024

Scheduled date for filing of securities report: June 26, 2024

Availability of supplementary briefing material on financial results: Yes

Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

#### (1) Consolidated Results of Operations

(% indicates changes from the previous corresponding period)

|                                  | Net sales   |       | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      |
|----------------------------------|-------------|-------|------------------|------|-----------------|------|---|------|
|                                  | million yen | %     | million yen      | %    | million yen     | %    | million yen                             | %    |
| Fiscal year ended March 31, 2024 | 94,265      | 38.8  | 22,824           | 58.8 | 21,878          | 70.2 | 11,513                                  | 37.4 |
| Fiscal year ended March 31, 2023 | 67,906      | (0.7) | 14,371           | 26.5 | 12,851          | 23.0 | 8,376                                   | 26.3 |

(Note) Comprehensive income: Fiscal year ended March 2024: 11,647 million yen (37.6%)

Fiscal year ended March 2023: 8,463 million yen (26.3%)

|                                  | Earnings per share | Diluted Earnings per share | Return on Equity | Ordinary income to total assets | Operating income to net sales |
|----------------------------------|--------------------|----------------------------|------------------|---------------------------------|-------------------------------|
|                                  | yen                | yen                        | %                | %                               | %                             |
| Fiscal year ended March 31, 2024 | 406.28             | —                          | 20.0             | 18.4                            | 24.2                          |
| Fiscal year ended March 31, 2023 | 269.72             | —                          | 15.8             | 11.9                            | 21.2                          |

(Reference) Equity in earnings (losses) of affiliates: As of March 31, 2024: - million yen

As of March 31, 2023: - million yen

#### (2) Consolidated Financial Position

|                                  | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------------------|--------------|-------------|--------------|----------------------|
|                                  | million yen  | million yen | %            | yen                  |
| Fiscal year ended March 31, 2024 | 130,513      | 62,452      | 47.8         | 2,173.73             |
| Fiscal year ended March 31, 2023 | 106,752      | 52,718      | 49.4         | 1,842.43             |

(Reference) Equity: Fiscal year ended March 2024: 62,389 million yen

Fiscal year ended March 2023: 52,691 million yen

#### (3) Consolidated Cash Flows

|                                  | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|----------------------------------|---|---|---|--|
|                                  | million yen   | million yen   | million yen   | million yen                                |
| Fiscal year ended March 31, 2024 | 1,490   | (2,623)   | 9,227   | 35,710                                     |
| Fiscal year ended March 31, 2023 | 8,706   | 193   | (9,666)   | 27,511                                     |

### 2. Dividends

|  | Annual Dividends |        |        |          |        | Total Dividends paid (annual) | Dividend payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|--------|--------|----------|--------|-------------------------------|--------------------------------------|--|
|  | Q1 end           | Q2 end | Q3 end | Year end | Total  |                               |                                      |  |
|  | yen              | yen    | yen    | yen      | yen    | million yen                   | %                                    | %                                      |
| Fiscal year ended March 31, 2023             | —                | 0.00   | —      | 55.00    | 55.00  | 1,572                         | 20.4                                 | 3.3                                    |
| Fiscal year ended March 31, 2024             | —                | 0.00   | —      | 175.00   | 175.00 | 5,022                         | 43.1                                 | 8.7                                    |
| Fiscal year ending March 31, 2025 (Forecast) | —                | 0.00   | —      | 196.00   | 196.00 |                               | 40.1                                 |  |

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period)

|           | Net sales   |      | Operating profit |     | Ordinary profit |       | Profit attributable to owners of parent |      | Earnings per share |
|-----------|-------------|------|------------------|-----|-----------------|-------|---|------|--------------------|
|           | million yen | %    | million yen      | %   | million yen     | %     | million yen                             | %    | yen                |
| Full year | 115,000     | 22.0 | 23,000           | 0.8 | 21,500          | (1.7) | 14,000                                  | 21.6 | 487.78             |

#### \*Notes

- (1) Significant changes of subsidiaries during the year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): Not applicable
- (2) Changes in accounting policies, changes in accounting estimates and restatements
  - 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
  - 2) Any changes in accounting policies other than 1) above: Not applicable
  - 3) Changes in accounting estimates: Not applicable
  - 4) Restatements: Not applicable

- (3) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock):

|                                  |                   |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2024 | 29,081,400 shares |
| Fiscal year ended March 31, 2023 | 29,081,400 shares |

- 2) Total number of treasury shares at the end of the period:

|                                  |                |
|----------------------------------|----------------|
| Fiscal year ended March 31, 2024 | 379,744 shares |
| Fiscal year ended March 31, 2023 | 482,711 shares |

- 3) Average number of shares during the period:

|                                  |                   |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2024 | 28,337,661 shares |
| Fiscal year ended March 31, 2023 | 31,055,729 shares |

(Reference) Overview of non-consolidated financial results

#### Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

- (1) Non-Consolidated Results of Operations

(% indicates changes from the previous corresponding period)

|                                  | Net sales   |       | Operating profit |      | Ordinary profit |      | Profit      |      |
|----------------------------------|-------------|-------|------------------|------|-----------------|------|-------------|------|
|                                  | million yen | %     | million yen      | %    | million yen     | %    | million yen | %    |
| Fiscal year ended March 31, 2024 | 92,478      | 42.5  | 23,158           | 52.1 | 17,990          | 32.2 | 10,521      | 49.2 |
| Fiscal year ended March 31, 2023 | 64,918      | (3.5) | 15,230           | 22.2 | 13,612          | 24.3 | 7,050       | 1.5  |

|                                  | Profit per share | Diluted profit per share |
|----------------------------------|------------------|--------------------------|
|                                  | yen              | yen                      |
| Fiscal year ended March 31, 2024 | 371.30           | —                        |
| Fiscal year ended March 31, 2023 | 227.03           | —                        |

- (2) Non-Consolidated Financial Position

|                                  | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------------------|--------------|-------------|--------------|----------------------|
|                                  | million yen  | million yen | %            | yen                  |
| Fiscal year ended March 31, 2024 | 127,430      | 62,136      | 48.8         | 2,164.93             |
| Fiscal year ended March 31, 2023 | 105,600      | 53,442      | 50.6         | 1,868.69             |

(Reference) Equity: As of March 31, 2024: ¥62,136 million yen  
As of March 31, 2023: ¥53,442 million yen

<Reason for difference with actual profit for the previous fiscal year in non-consolidated financial results>

A difference between actual results for the previous fiscal year and actual results for the current fiscal year has occurred due to the same reasons as described in “1. Overview of Results of Operations (1) Overview of Results of Operations for the Fiscal Year under Review” on page 2 of the Appendix.

\*The financial report is not subject to audit by a certified accountant or auditing company.

\*Explanation of the proper use of performance forecast and other note

(Note on forward-looking statements, etc.)

Performance forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not to be read as guarantees of future performance by the Company. In addition, actual performance may differ substantially due to various factors. Please refer to “1. Overview of Results of Operations (4) Future Outlook” on page 4 of the Appendix for preconditions for the assumptions for the financial results forecast.

(How to access financial results briefing session materials)

The Company is planning to hold a financial results briefing session for institutional investors and analysts on May 17, 2024 (Friday). Materials provided are posted on the Company’s website from today for your reference.

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## 1. Overview of Business Performance

### (1) Summary of Current Fiscal Year's Business Performance

The consolidated financial results for this fiscal year showed a substantial increase compared to the previous year, with revenues of 94,265 million yen (year-on-year increase of 38.8%), operating profit of 22,824 million yen (year-on-year increase of 58.8%), ordinary profit of 21,878 million yen (year-on-year increase of 70.2%), and net profit attributable to the parent company's shareholders of 11,513 million yen (up 37.4%). This success was driven by robust sales and profits in our core business of Value Creation Services, resulting in significant revenue and profit growth over the previous year. As detailed in today's announcement "Revision of Full-Year Consolidated Performance Forecast and Recognition of Special Loss," we conservatively accounted for special losses related to structural reform expenses in our emergency gas generator and accommodation businesses. Despite these, we achieved the highest performance in our company's history since its establishment in May 1992, setting records in consolidated sales, operating profit, ordinary profit, and net profit attributable to the parent company's shareholders.

The performance of each segment is as follows.

#### (Value Creation Services)

In this business, we pursue the potential value of each real estate asset tailored to the individual needs of our customers. By becoming owners ourselves, we undertake usage changes, major renovations, and attract new tenants to create and provide valuable real estate assets for our customers. We redefine valuable, high-quality assets for our customers as rare real estate properties that offer long-term stable profitability and high liquidity. Based on this premise, we are committed to our business.

During this fiscal year, we delivered a variety of properties to our customers, including a large commercial and office complex in Kyoto City, a logistics facility in Chiba Prefecture, a accommodation facility in Hiroshima Prefecture, a commercial facility located in one of Kyoto's prime tourist destinations, commercial buildings near Kichijoji Station and Urawa Station, a large commercial and office building in front of Musashi-Urawa Station, a new office building near Shimo-Kitazawa Station, a new commercial building in Aoyama, Minato-ku, an office building in Shibuya-ku, and a large new office building near Shin-Yokohama Station, as well as a commercial land in the bustling area near Ueno Station.

The sales of this business for the fiscal year were 86,841 million yen (year-on-year increase of 41.4% from the previous year), with segment profit of 23,938 million yen (year-on-year increase of 43.7%). We saw significant increases in revenue and profit compared to the previous year. The second installment of our real estate investment product, consisting of a portfolio of multiple large properties valued at 10 billion yen, which allows investors to invest in increments of tens of millions of yen, has sold out this term. Sales of the third installment are progressing smoothly. We are diligently advancing necessary renovations, preparations for changes of use, tenant leasing, and sales activities. Additionally, the acquisition of properties that will contribute to sales in future fiscal periods is also progressing smoothly.

#### (Value-Add Services)

In this business, we conduct the leasing and building management services as well as other services for the properties we provide to our customers, aiming to maintain and enhance their value. By taking opportunities such as tenant turnovers, we propose strategies for enhancing property value in the future, carefully listening to our customers' requests and targeting long-term asset value improvement.

The revenue for this business segment in the current fiscal year was 5,223 million yen (year-on-year increase of 18.3%), and the segment profit was 1,427 million yen (year-on-year increase of 86.6%).

#### (Future Value Creation Services)

In this business, we primarily engage in operations that address future social issues as our own projects, including community hostels, advanced medical facilities essential for an aging society, and the development of emergency power sources to prepare for frequent natural disasters. The experience and knowledge gained through these business operations are utilized in the concepts and proposals for Value Creation Services and Value-Add Services in the future.

The performance of this business segment has improved over the previous period due to the recovery of domestic human traffic, resulting in increased revenue and profit for the accommodation business. However, due to the divestment of the golf course business last year (with last period's revenue of 323 million yen), the revenue was 2,201 million yen (year-on-year increase of 6.3%), with a segment loss of 1,485 million yen (compared to that of 2,302 million yen last period).

## (2) Overview of Financial Position This Period

### (Assets)

Current assets increased by 22,325 million yen compared to the end of the previous fiscal year, totaling 118,542 million yen. This increase was primarily due to a rise in cash and deposits by 8,204 million yen to 35,728 million yen, an increase in real estate for sale by 7,047 million yen to 52,214 million yen, and an increase in real estate in progress by 12,157 million yen to 29,237 million yen.

Fixed assets increased by 1,434 million yen compared to the end of the previous fiscal year, totaling 11,970 million yen. This was attributable to a net decrease in tangible fixed assets after acquisitions, depreciation, and impairment losses amounting to a decrease of 282 million yen, a decrease in intangible fixed assets by 4 million yen, and an increase in other investments and assets by 1,721 million yen.

As a result, the total assets at the end of the current fiscal year increased by 23,760 million yen compared to the end of the previous fiscal year, totaling 130,513 million yen.

### (Liabilities)

Liabilities increased by 14,027 million yen compared to the end of the previous fiscal year, totaling 68,060 million yen. This increase was primarily due to a net increase in borrowings by 12,061 million yen, an increase in income taxes payable and other amounts by 170 million yen, an increase in security deposits held for managed properties by 1,245 million yen, and an increase in provisions for bonuses and directors' bonuses by 408 million yen.

### (Net assets)

The total net assets increased by 9,733 million yen compared to the end of the previous fiscal year, amounting to 62,452 million yen. This was primarily attributable to an increase of 11,513 million yen in retained earnings following the recording of profit attributable to owners of parent, a decrease of 1,572 million yen due to dividends of surplus, a decrease of 8,983 million yen due to the acquisition of treasury shares, an increase of 4,142 million yen in capital and capital reserves respectively due to a public offering and third-party allotment. In addition, while treasury shares decreased by 8,252 million yen due to the cancellation of treasury shares, other capital surplus and retained earnings decreased by 220 million yen and 8,031 million yen, respectively. Therefore, there was no impact on the total net assets.

The equity ratio at the end of this consolidated fiscal year was 47.8%.

## (3) Overview of Cash Flows This Period

The cash and cash equivalents (hereinafter referred to as "funds") at the end of this consolidated fiscal year increased by 8,199 million yen compared to the end of the previous fiscal year, amounting to 35,710 million yen.

The status of each cash flow during this consolidated fiscal year and the main factors of change are as follows:

### (Cash flows from operating activities)

Funds from operating activities increased by 1,490 million yen. The main increase was due to the fund increase related to the sales revenue of 86,841 million yen in Value Creation Services, and the main decrease was due to the payment of 67,059 million yen for purchases of real estate for sale, 10,942 million yen for payments related to development progress and renovation costs of real estate in progress, 6,270 million yen for income tax payments, and a decrease in funds related to sales expenses and general administrative expenses.

### (Cash flows from investing activities)

Net cash used in investing activities decreased by 2,623 million yen. The main increase was income from the paid-in reduction of affiliate company shares amounting to 259 million yen, and the main decreases were expenditures of 1,082 million yen for the acquisition of affiliate company shares, 556 million yen for the acquisition of tangible fixed assets, 601 million yen for the acquisition of subsidiary shares accompanying changes in the scope of consolidation, and 398 million yen for loans.

### (Cash flows from financing activities)

Net cash provided by financing activities amounted to 9,227 million yen. The main increases were an increase of 11,586 million yen due to the difference between new fund-raising and loan repayments, and income of 8,285 million yen from share issuance, and the main decreases were expenditures of 8,983 million yen for the acquisition of treasury shares and 1,570 million yen for dividend payments.

## (Reference) History of Cash Flow-Related Indices

|  | FY Ending March<br>2021 | FY Ending March<br>2022 | FY Ending March<br>2023 | FY Ending March<br>2024 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Equity Ratio (%)                             | 44.7                    | 48.6                    | 49.4                    | 47.8                    |
| Market-Based Equity Ratio (%)                | 39.6                    | 31.3                    | 37.2                    | 80.1                    |
| Cash Flow to Interest-Bearing Debt Ratio (%) | —                       | 2.8                     | 4.9                     | 36.8                    |
| Interest Coverage Ratio (times)              | —                       | 29.6                    | 19.0                    | 2.5                     |

Equity Ratio: Equity / Total Assets

Market-Based Equity Ratio: Market Capitalization / Total Assets

Cash Flow to Interest-Bearing Debt Ratio: Interest-Bearing Debt / Cash Flow

Interest Coverage Ratio: Cash Flow / Interest Payments

(Note) 1. All are based on consolidated financial figures.

2. Cash flow refers to operating cash flow.

3. The Cash Flow to Interest-Bearing Debt Ratio and Interest Coverage Ratio for March 2021 are not listed as the operating cash flow was negative.

4. Market capitalization is calculated based on the number of issued shares excluding treasury shares.

5. Interest-bearing debt includes all debts recorded in the consolidated balance sheet that involve interest payments.

## (4) Future Outlook

The economic environment surrounding our company is expected to improve due to the recovery of the domestic economy, which may lead to increases in prices and wages, a full recovery of inbound tourists to Japan, and continued strong interest in domestic real estate from foreign customers due to differences in domestic and international interest rates. However, we also anticipate that geopolitical risks, such as Russia's invasion of Ukraine, will contribute to global instability and that concerns about a gradual increase in domestic interest rates may persist for some time.

In such a business environment, we have consistently focused on solving individual real estate rights and issues meticulously, unleashing the inherent value of real estate, and sincerely engaging in creating value for our customers and solving social issues as a result. These efforts have steadily shown results, and this fiscal year, which is the second year of the three-year medium-term management plan announced in May 2022 (with upward revisions for the second and third years announced in May 2023), we achieved record highs in consolidated sales and profits at all stages, exceeding our targets. We will continue to deepen our engagement with domestic high-net-worth individuals and expand opportunities for transactions with domestic corporations, institutional investors, and affluent individuals abroad. Through this initiative, we aim to expedite the delivery of new investment opportunities to our clients, thereby driving performance improvement.

Forecasts for the consolidated financial results for the fiscal year ending March 31, 2024 are net sales of 115,000 million yen (year-on-year increase of 22.0%), operating income of 23,000 million yen (year-on-year increase of 0.8%), ordinary income of 21,500 million yen (year-on-year decrease of 1.7%), and profit attributable to owners of parent of 14,000 million yen (year-on-year increase of 21.6%). Business results forecast by segment are as follows.

(Unit: 100 million yen)

|                | Value Creation<br>Services | Value-Add<br>Services | Future Value<br>Creation Services | Total   | Adjustment<br>Amount | Consolidated<br>Income Statement<br>Amount |
|----------------|----------------------------|-----------------------|-----------------------------------|---------|----------------------|--|
| Net sales      | 106,600                    | 5,400                 | 3,000                             | 115,000 | (—)                  | 115,000                                    |
| Segment Profit | 23,500                     | 1,500                 | (900)                             | 24,100  | (1,100)              | 23,000                                     |

## (5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

## (Basic Policy on Profit Distribution)

We position the enhancement of corporate value through proactive business investment and the return of profits to shareholders through dividends as important management policies.

During the medium-term management plan period, we have set the minimum per-share dividend at 175 yen and aim for a consolidated dividend payout ratio of 40% as a basic policy. Additionally, our policy for distributing retained earnings is to pay annual dividends once a year as year-end dividend.

## (Current Period's Retained Earnings Distribution)

For the current period's retained earnings distribution, we plan to set the year-end dividend at 175 yen per share.

## (Next Period's Retained Earnings Distribution)

For the next period's retained earnings distribution, based on the aforementioned basic policy on profit distribution, we plan to set the year-end dividend at 196 yen per share.

## 2. Basic Approach to Accounting Standards Selection

To ensure comparability with other domestic companies in the same business, our group applies Japanese accounting standards.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

|                                     | As of March 31, 2023    | As of March 31, 2024    |
|-------------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                       |                         |                         |
| Current assets                      |                         |                         |
| Cash and deposits                   | 27,524                  | 35,728                  |
| Trade accounts receivable           | 377                     | 306                     |
| Real estate for sale                | * <sub>3</sub> 45,167   | * <sub>3</sub> 52,214   |
| Real estate for sale in process     | * <sub>3</sub> 17,079   | * <sub>3</sub> 29,237   |
| Raw materials                       | 1,426                   | 13                      |
| Advance payments to suppliers       | 1,155                   | 169                     |
| Income taxes refund receivable      | 35                      | 31                      |
| Other                               | 3,460                   | 985                     |
| Allowance for doubtful accounts     | (10)                    | (145)                   |
| Total current assets                | 96,216                  | 118,542                 |
| Non-current assets                  |                         |                         |
| Property, plant and equipment       |                         |                         |
| Buildings, net                      | * <sub>3,*4</sub> 2,710 | * <sub>3,*4</sub> 2,668 |
| Land                                | 490                     | 840                     |
| Construction in progress            | 189                     | —                       |
| Other, net                          | * <sub>4</sub> 924      | * <sub>4</sub> 523      |
| Total property, plant and equipment | * <sub>1</sub> 4,314    | * <sub>1</sub> 4,032    |
| Intangible assets                   |                         |                         |
| Other                               | 214                     | 210                     |
| Total intangible assets             | 214                     | 210                     |
| Investments and other assets        |                         |                         |
| Investment securities               | * <sub>2</sub> 1,915    | * <sub>2</sub> 2,728    |
| Deferred tax assets                 | 1,365                   | 1,583                   |
| Investments in capital              | 1,118                   | 1,119                   |
| Long-term loans receivable          | 2,094                   | 2,401                   |
| Other                               | 1,148                   | 1,623                   |
| Allowance for doubtful accounts     | (1,636)                 | (1,729)                 |
| Total investments and other assets  | 6,005                   | 7,727                   |
| Total non-current assets            | 10,535                  | 11,970                  |
| Total assets                        | 106,752                 | 130,513                 |



(Millions of yen)

|  | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| <b>Liabilities</b>   |                      |                      |
| Current liabilities  |                      |                      |
| Short-term borrowings  | —                    | 990                  |
| Current portion of long-term borrowings                          | *3,*6 1,359          | *3,*6 1,475          |
| Accounts payable - other   | 1,048                | 1,051                |
| Income taxes payable   | 4,052                | 4,222                |
| Advances received  | 652                  | 672                  |
| Provision for bonuses for directors (and other officers)         | —                    | 298                  |
| Provision for bonuses  | —                    | 109                  |
| Provision for loss on liquidation of subsidiaries and associates | 123                  | —                    |
| Other  | 993                  | 1,111                |
| Total current liabilities  | 8,230                | 9,932                |
| Non-current liabilities  |                      |                      |
| Long-term borrowings   | *3,*6 41,397         | *3,*6 52,353         |
| Deferred tax liabilities   | —                    | 238                  |
| Other  | 4,405                | 5,535                |
| Total non-current liabilities                                    | 45,803               | 58,127               |
| Total liabilities  | 54,033               | 68,060               |
| <b>Net assets</b>  |                      |                      |
| Shareholders' equity   |                      |                      |
| Share capital  | 100                  | 4,242                |
| Capital surplus  | 6,899                | 11,041               |
| Retained earnings  | 45,964               | 47,873               |
| Treasury shares  | (473)                | (1,098)              |
| Total shareholders' equity                                       | 52,490               | 62,059               |
| Accumulated other comprehensive income                           |                      |                      |
| Valuation difference on available-for-sale securities            | 130                  | 246                  |
| Foreign currency translation adjustment                          | 70                   | 82                   |
| Total accumulated other comprehensive income                     | 200                  | 329                  |
| Non-controlling interests  | 27                   | 63                   |
| Total net assets   | 52,718               | 62,452               |
| Total liabilities and net assets                                 | 106,752              | 130,513              |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated Statements of Income – Consolidated Fiscal Year)

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | *10 67,906                          | *10 94,265                          |
| Cost of sales  | 47,538                              | *1 64,535                           |
| Gross profit   | 20,368                              | 29,730                              |
| Selling, general and administrative expenses                                 | *2 5,996                            | *2 6,906                            |
| Operating profit   | 14,371                              | 22,824                              |
| Non-operating income   |                                     |                                     |
| Interest income  | 11                                  | 33                                  |
| Rental income from buildings   | 5                                   | 5                                   |
| Benefits income  | 38                                  | 2                                   |
| Foreign exchange gains   | 138                                 | 263                                 |
| Other  | 11                                  | 20                                  |
| Total non-operating income   | 206                                 | 325                                 |
| Non-operating expenses   |                                     |                                     |
| Interest expenses  | 456                                 | 594                                 |
| Commission for a financial loan  | 76                                  | 298                                 |
| Provision of allowance for doubtful accounts                                 | 1,158                               | 238                                 |
| Other  | 34                                  | 139                                 |
| Total non-operating expenses   | 1,726                               | 1,271                               |
| Ordinary profit  | 12,851                              | 21,878                              |
| Extraordinary income   |                                     |                                     |
| Gain on sale of non-current assets   | 0                                   | —                                   |
| Gain on sale of shares of subsidiaries and associates                        | 5                                   | —                                   |
| Gain on sale of investments in capital of subsidiaries and associates        | 9                                   | —                                   |
| Reversal of provision for loss on liquidation of subsidiaries and associates | —                                   | *3 123                              |
| Gain on capital reduction with compensation of subsidiaries and affiliates   | —                                   | *4 67                               |
| Total extraordinary income   | 14                                  | 190                                 |
| Extraordinary losses   |                                     |                                     |
| Loss on retirement of non-current assets                                     | *5 28                               | *5 0                                |
| Loss on sale of non-current assets   | 0                                   | —                                   |
| Loss on withdrawal from business   | *6 242                              | —                                   |
| Loss on valuation of shares of subsidiaries and associates                   | —                                   | *7 182                              |
| Restructuring expenses of subsidiaries and affiliates                        | —                                   | *8 3,049                            |
| Impairment losses  | —                                   | *9 1,538                            |
| Total extraordinary losses   | 271                                 | 4,771                               |
| Profit before income taxes   | 12,594                              | 17,298                              |
| Income taxes - current   | 4,433                               | 6,059                               |
| Income taxes - deferred  | (232)                               | (279)                               |
| Total income taxes   | 4,201                               | 5,780                               |
| Profit   | 8,393                               | 11,518                              |
| Profit attributable to non-controlling interests                             | 16                                  | 5                                   |
| Profit attributable to owners of parent                                      | 8,376                               | 11,513                              |

## (Consolidated Statements of Comprehensive Income – Consolidated Fiscal Year)

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit   | 8,393                               | 11,518                              |
| Other comprehensive income                                     |                                     |                                     |
| Valuation difference on available-for-sale securities          | 72                                  | 116                                 |
| Foreign currency translation adjustment                        | (2)                                 | 12                                  |
| Total other comprehensive income                               | 70                                  | 129                                 |
| Comprehensive income   | 8,463                               | 11,647                              |
| Comprehensive income attributable to                           |                                     |                                     |
| Comprehensive income attributable to owners of parent          | 8,446                               | 11,642                              |
| Comprehensive income attributable to non-controlling interests | 16                                  | 5                                   |

## (3) Consolidated Statement of Changes in Shareholders' Equity

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Unit: 100 million yen)

|  | Share Capital |                                   |                   |                |                     | Accumulated Other Comprehensive Income |  |  | Non-controlling Interests | Net Assets Total |
|--|---------------|-----------------------------------|-------------------|----------------|---------------------|--|--|--|---------------------------|------------------|
|  | Capital       | Capital Surplus Retained Earnings | Retained Earnings | Treasury Stock | Share Capital Total | Net unrealized gains on securities     | Foreign currency translation adjustments | Accumulated other comprehensive income total |                           |                  |
| Beginning Balance of the Period                        | 100           | 6,899                             | 46,942            | △649           | 53,292              | 57                                     | 72                                       | 129  | 11                        | 53,433           |
| Changes during the Period                              |               |                                   |                   |                |                     |  |  |  |                           |                  |
| Dividends from Retained Earnings                       |               |                                   | △1,354            |                | △1,354              |  |  |  |                           | △1,354           |
| Net Income Attributable to Parent Company Shareholders |               |                                   | 8,376             |                | 8,376               |  |  |  |                           | 8,376            |
| Issuance of New Shares                                 |               |                                   |                   |                |                     |  |  |  |                           |                  |
| Acquisition of Treasury Stock                          |               |                                   |                   | △7,824         | △7,824              |  |  |  |                           | △7,824           |
| Disposal of Treasury Stock                             |               |                                   |                   |                |                     |  |  |  |                           |                  |
| Cancellation of Treasury Stock                         |               |                                   | △8,000            | 8,000          | —                   |  |  |  |                           | —                |
| Changes in Items Other Than Share Capital (Net)        |               |                                   |                   |                |                     | 72                                     | △2                                       | 70   | 16                        | 87               |
| Total Changes during the Period                        | —             | —                                 | △977              | 175            | △802                | 72                                     | △2                                       | 70   | 16                        | △714             |
| Ending Balance of the Period                           | 100           | 6,899                             | 45,964            | △473           | 52,490              | 130                                    | 70                                       | 200  | 27                        | 52,718           |

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Unit: 100 million yen)

|  | Share Capital |                 |                   |                |                     | Accumulated Other Comprehensive Income |  |  | Non-controlling Interests | Net Assets Total |
|--|---------------|-----------------|-------------------|----------------|---------------------|--|--|--|---------------------------|------------------|
|  | Capital       | Capital Surplus | Retained Earnings | Treasury Stock | Share Capital Total | Net unrealized gains on securities     | Foreign currency translation adjustments | Accumulated other comprehensive income total |                           |                  |
| Beginning Balance of the Period                        | 100           | 6,899           | 45,964            | △473           | 52,490              | 130                                    | 70                                       | 200  | 27                        | 52,718           |
| Changes during the Period                              |               |                 |                   |                |                     |  |  |  |                           |                  |
| Dividends from Retained Earnings                       |               |                 | △1,572            |                | △1,572              |  |  |  |                           | △1,572           |
| Net Income Attributable to Parent Company Shareholders |               |                 | 11,513            |                | 11,513              |  |  |  |                           | 11,513           |
| Issuance of New Shares                                 | 4,142         | 4,142           |                   |                | 8,285               |  |  |  |                           | 8,285            |
| Acquisition of Treasury Stock                          |               |                 |                   | △8,983         | △8,983              |  |  |  |                           | △8,983           |
| Disposal of Treasury Stock                             |               | 220             |                   | 105            | 326                 |  |  |  |                           | 326              |
| Cancellation of Treasury Stock                         |               | △220            | △8,031            | 8,252          | —                   |  |  |  |                           | —                |
| Changes in Items Other Than Share Capital (Net)        |               |                 |                   |                |                     | 116                                    | 12                                       | 129  | 35                        | 164              |
| Total Changes during the Period                        | 4,142         | 4,142           | 1,908             | △625           | 9,569               | 116                                    | 12                                       | 129  | 35                        | 9,733            |
| Ending Balance of the Period                           | 4,242         | 11,041          | 47,873            | △1,098         | 62,059              | 246                                    | 82                                       | 329  | 63                        | 62,452           |

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>   |                                     |                                     |
| Profit before income taxes  | 12,594                              | 17,298                              |
| Depreciation  | 568                                 | 491                                 |
| Impairment losses   | —                                   | 1,538                               |
| Loss on valuation of shares of subsidiaries and associates                              | —                                   | 182                                 |
| Increase (decrease) in provision for bonuses  | —                                   | 109                                 |
| Increase (decrease) in provision for bonuses for directors (and other officers)         | —                                   | 298                                 |
| Increase (decrease) in allowance for doubtful accounts                                  | 1,156                               | 228                                 |
| Increase (decrease) in provision for loss on liquidation of subsidiaries and associates | —                                   | (123)                               |
| Gain on sale of non-current assets  | (0)                                 | —                                   |
| Loss on retirement of non-current assets  | 28                                  | 0                                   |
| Loss on sale of non-current assets  | 0                                   | —                                   |
| Loss on withdrawal from business  | 242                                 | —                                   |
| Restructuring of affiliate company business   | —                                   | 3,049                               |
| Loss (gain) on sale of shares of subsidiaries and associates                            | (5)                                 | —                                   |
| Loss (gain) on sale of investments in capital of subsidiaries and associates            | (9)                                 | —                                   |
| Gain on capital reduction with compensation of subsidiaries and affiliates              | —                                   | (67)                                |
| Interest and dividend income  | (11)                                | (33)                                |
| Interest expenses   | 456                                 | 594                                 |
| Decrease (increase) in trade receivables  | (100)                               | 70                                  |
| Decrease (increase) in real estate for sale   | (20,512)                            | (6,760)                             |
| Decrease (increase) in real estate for sale in process                                  | 21,481                              | (12,157)                            |
| Decrease (increase) in advance payments to suppliers                                    | (242)                               | 986                                 |
| Decrease (increase) in deposits paid  | (126)                               | 115                                 |
| Increase (decrease) in advances received  | 129                                 | 20                                  |
| Increase (decrease) in accounts payable - other   | (117)                               | 253                                 |
| Increase/decrease in consumption taxes payable/consumption taxes refund receivable      | (855)                               | 628                                 |
| Increase (decrease) in lease deposits received  | 389                                 | 1,202                               |
| Other, net  | (39)                                | 389                                 |
| Subtotal  | 15,026                              | 8,316                               |
| Interest and dividends received   | 10                                  | 31                                  |
| Interest paid   | (457)                               | (587)                               |
| Income taxes refund (paid)  | (5,872)                             | (6,270)                             |
| Net cash provided by (used in) operating activities                                     | 8,706                               | 1,490                               |
| <b>Cash flows from investing activities</b>   |                                     |                                     |
| Purchase of property, plant and equipment   | (599)                               | (556)                               |
| Proceeds from sale of property, plant and equipment                                     | 0                                   | —                                   |
| Purchase of intangible assets   | (193)                               | (30)                                |
| Proceeds from sale of investment securities   | 100                                 | —                                   |
| Purchase of shares of subsidiaries and associates                                       | —                                   | (1,082)                             |
| Proceeds from sale of shares of subsidiaries and associates                             | 33                                  | —                                   |
| Proceeds from capital reduction of affiliated company stock                             | —                                   | 259                                 |
| Payments for investments in capital   | (573)                               | (1)                                 |

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2022 | Fiscal year ended<br>March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Proceeds from withdrawal from golf course business   | *2 2,050                            | —                                   |
| Expenditures for the acquisition of subsidiary shares due to changes in the scope of consolidation | —                                   | (601)                               |
| Loan advances  | (575)                               | (398)                               |
| Proceeds from collection of loans receivable   | 19                                  | 11                                  |
| Other, net   | (69)                                | (225)                               |
| Net cash provided by (used in) investing activities  | 193                                 | (2,623)                             |
| Cash flows from financing activities   |                                     |                                     |
| Net increase (decrease) in short-term borrowings   | —                                   | 990                                 |
| Proceeds from long-term borrowings   | 37,335                              | 53,186                              |
| Repayments of long-term borrowings   | (37,735)                            | (42,589)                            |
| Proceeds from issuance of shares   | —                                   | 8,285                               |
| Purchase of treasury shares  | (7,824)                             | (8,983)                             |
| Dividends paid   | (1,352)                             | (1,570)                             |
| Repayments of finance lease liabilities  | (89)                                | (90)                                |
| Net cash provided by (used in) financing activities  | (9,666)                             | 9,227                               |
| Effect of exchange rate change on cash and cash equivalents  | 56                                  | 104                                 |
| Net increase (decrease) in cash and cash equivalents   | (710)                               | 8,199                               |
| Cash and cash equivalents at beginning of period   | 28,222                              | 27,511                              |
| Cash and cash equivalents at end of period   | *1 27,511                           | *1 35,710                           |

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Significant Accounting Policies for Preparing Consolidated Financial Statements)

1. Matters on the scope of consolidation

(1) The number of consolidated subsidiary companies

15 companies

The names of major consolidated subsidiary companies

WeBase Co., Ltd.

RayPower Co., Ltd.

LIBERTE JAPON Co., Ltd.

Best Medical Co., Ltd.

Raysum Fukuoka Inc.

SOKNA PARTNERS CO.,LTD.

Raysum Philippines, Inc.

And 8 others

In the current fiscal year, the consolidation scope has expanded to include Nature Inn Osekan Co., Ltd. and Karuizawa Oiwake Resort Co., Ltd. following their establishment. Additionally, another company has been incorporated due to the acquisition of its shares.

(2) The names of major non-consolidated subsidiary companies

Platinum Investment Kona Inc.

(Reasons for Exclusion from Consolidation):

Due to their small scale, the company's total assets, net sales, net income for the period (amount equivalent to the shareholding), and retained earnings (amount equivalent to the shareholding) do not significantly impact the consolidated financial statements.

2. Matters related to the application of equity method

(1) Number of equity method-applicable unconsolidated subsidiaries and related companies: None

(2) Names of major unconsolidated subsidiaries and related companies where equity method is not applied:

The names of major non-consolidated subsidiary companies

Platinum Investment Kona Inc.

(Reasons for not applying the equity method):

Due to their small scale, the company's net income, and retained earnings do not significantly impact the consolidated financial statements.

3. Matters related to the fiscal year of consolidated subsidiaries

For the consolidated subsidiaries, SOKNA PARTNERS CO., LTD. and Raysum Philippines, Inc., their fiscal year ends on December 31. To consolidate their financials, we use their interim closing statements as of the end of March.

4. Matters related to accounting policies

(1) Standards and methods for valuation of major assets

1) Marketable securities

Other marketable securities

Other marketable securities excluding stocks without market prices

Valuation is based on the fair value method (valuation differences are treated directly in net assets, and acquisition costs are calculated using the moving average method).

Stocks without market prices

Valuation is based on the cost method using the moving average.

We utilize the most recent financial statements, available at the closing date specified in the partnership agreement, as the basis for investment in limited liability partnerships and similar investments, which are recognized as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act. The equity method is then applied by incorporating the equity amount on a net basis.

2) Inventory

Real estate for sale and real estate for sale in process

Valuation is based on the individual cost method, which involves adjusting book value based on decreases in profitability.

- (2) Methods of depreciation for significant depreciable assets
- 1) Tangible Fixed Assets
    - (a) Acquired before March 31, 2007  
Depreciation is performed using the traditional declining balance method.
    - (b) Acquired after April 1, 2007  
Depreciation is performed using the declining balance method. However, for buildings and attached facilities acquired after April 1, 2016, the straight line method is applied.
  - 2) Intangible fixed assets  
Depreciation is performed using the straight-line method. For software used internally, depreciation is based on the estimated useful life (5 years).
- (3) Criteria for significant allowances
- 1) Allowance for doubtful accounts  
To cover losses from unpaid debts, a provision is made based on the actual bad debt ratio for general receivables. Additionally, for specific receivables with doubts about recoverability, individual assessments are conducted to estimate the expected uncollectible amount.
  - 2) Bonus allowance  
An allowance is recognized for anticipated employee bonus payments within the current fiscal period.
  - 3) Director's bonus allowance  
An allowance is recognized for anticipated director's bonus payments within the current fiscal period.
  - 4) Loss allowance for restructuring of affiliated companies  
To cover losses from the restructuring of affiliated companies, an estimated loss amount is recorded.
- (4) Criteria for recognition of significant revenues and expenses
- The main obligations arising from contracts with customers, which generate revenue for our company and consolidated subsidiaries, and the typical points at which these obligations are fulfilled, are as follows:
- 1) Value Creation Services  
In our Value Creation Services, we primarily engage in acquiring office buildings, commercial facilities, and similar properties. Subsequently, we conduct necessary renovations and tenant attraction to enhance the properties, which are then sold to investors, corporate entities for self-use, and other businesses. Additionally, we evaluate the area, rent, and sale price of acquired land to facilitate development and construction aimed at maximizing its value. These developed properties are then marketed for sale as part of our business operations. This business involves an obligation to deliver properties based on real estate sales contracts with customers. This obligation is fulfilled at the moment the properties are transferred, at which point revenue is recognized. The transaction prices are determined by real estate sales contracts, and we receive payment upon the transfer of properties. We sometimes receive a portion of the sales price as a down payment at the time of contract signing and receive the remaining payment upon property transfer.
  - 2) Value-add Services  
In our Value-Added Services, our core operations involve leasing office buildings, retail spaces, and other properties to end-users. We offer comprehensive services including property management and building management, all governed by lease contracts and management outsourcing agreements. The obligations under these contracts are fulfilled over a certain period, with revenue recognized monthly based on contractually agreed amounts. Transaction prices are determined by contracts, with payments mainly received at the end of each month. Transaction prices are determined by contracts, with payments mainly received at the end of each month.
- (5) Standards for conversion of significant foreign currency-denominated assets or liabilities into Japanese yen
- Assets, liabilities, revenues, and expenses of overseas subsidiaries are converted into Japanese yen at the spot exchange rates on the consolidation date, with the difference in conversion recorded under "Foreign Currency Translation Adjustment" in the net assets section.
- Foreign currency-denominated monetary assets and liabilities are converted into Japanese yen at the spot exchange rates on the consolidation date, with the difference treated as gains or losses in the income statement.
- (6) Scope of cash in the consolidated cash flow statement
- We target short-term investments that consist of cash on hand, demand deposits, and highly liquid instruments maturing within three months from the acquisition date, which are easily convertible into cash and entail minimal risk of value fluctuation.
- (7) Significant accounting policies for preparing consolidated financial statements
- 1) Accounting treatment of non-deductible consumption taxes, etc.  
Non-deductible consumption taxes are fully expensed in the current fiscal year.
  - 2) Application of group income and loss sharing scheme  
Our company and certain domestic consolidated subsidiaries apply the group income and loss sharing scheme.



## (Consolidated Balance Sheet Related Notes)

## \*1 Accumulated Depreciation on Tangible Fixed Assets

|   | Previous Consolidated Fiscal Year<br>(March 31, 2023) | Current Consolidated Fiscal Year<br>(March 31, 2024) |
|---|---|--|
| Accumulated Depreciation on Tangible Fixed Assets | 3,121 million yen                                     | 3,557 million yen                                    |

## \*2 Investments in Non-consolidated Subsidiaries and Associates

|   | Previous Consolidated Fiscal Year<br>(March 31, 2023) | Current Consolidated Fiscal Year<br>(March 31, 2024) |
|---|---|--|
| Investment Securities (Shares, Contributions) | 1,504 million yen                                     | 2,213 million yen                                    |
| (Investments in jointly controlled entities)  | (191 million yen)                                     | (0 million yen)                                      |

## \*3 Assets Pledged as Security and Corresponding Liabilities

## (1) Assets Pledged as Security

|                                 | Previous Consolidated Fiscal Year<br>(March 31, 2023) | Current Consolidated Fiscal Year<br>(March 31, 2024) |
|---------------------------------|---|--|
| Real estate for sale            | 42,132 million yen                                    | 45,800 million yen                                   |
| Real estate for sale in process | 16,874 million yen                                    | 23,605 million yen                                   |
| Buildings                       | 1,136 million yen                                     | 1,088 million yen                                    |
| Total                           | 60,143 million yen                                    | 70,494 million yen                                   |

## (2) Corresponding Liabilities

|   | Previous Consolidated Fiscal Year<br>(March 31, 2023) | Current Consolidated Fiscal Year<br>(March 31, 2024) |
|---|---|--|
| Current portion of long-term borrowings | 1,294 million yen                                     | 1,376 million yen                                    |
| Long-term borrowings                    | 41,057 million yen                                    | 51,631 million yen                                   |
| Total                                   | 42,351 million yen                                    | 53,008 million yen                                   |

## \*4 The Amounts Deducted from the Acquisition Costs of Tangible Fixed Assets are as follows:

|                               | Previous Consolidated Fiscal Year<br>(March 31, 2023) | Current Consolidated Fiscal Year<br>(March 31, 2024) |
|-------------------------------|---|--|
| Buildings                     | 466 million yen                                       | 466 million yen                                      |
| Other (Tangible Fixed Assets) | 33 million yen  | 33 million yen                                       |
| Total                         | 500 million yen                                       | 500 million yen                                      |

## 5 Guarantees Provided for Loans of Non-consolidated Subsidiaries from Financial Institutions

|                     | Previous Consolidated Fiscal Year<br>(March 31, 2023) | Current Consolidated Fiscal Year<br>(March 31, 2024) |
|---------------------|---|--|
| (LLC) Yokatoko Goto | 600 million yen                                       | 581 million yen                                      |
| Total               | 600 million yen                                       | 581 million yen                                      |

## \*6 Commitment Line Contracts

To ensure flexible and stable funding for the acquisition of real estate for sale, we have established commitment line contracts with trading banks.

|                       | Previous Consolidated Fiscal Year<br>(March 31, 2023) | Current Consolidated Fiscal Year<br>(March 31, 2024) |
|-----------------------|---|--|
| Credit Limit          | 11,500 million yen                                    | 12,400 million yen                                   |
| Borrowing Outstanding | 5,127 million yen                                     | 2,380 million yen                                    |
| Net Amount            | 6,373 million yen                                     | 10,019 million yen                                   |

(Consolidated Income Statement Related Notes)

- \*1 The amounts by which the book values of inventory assets have been reduced, as a result of decreased profitability is as follows:

|  | Previous Consolidated Fiscal Year<br>(From April 1, 2022<br>To March 31, 2023) | Current Consolidated Fiscal Year<br>(From April 1, 2023<br>To March 31, 2024) |
|--|--|---|
|  | - million yen  | 27 million yen  |

- \*2 Major Expenses within Selling, General and Administrative Expenses

|  | Previous Consolidated Fiscal Year<br>(From April 1, 2022<br>To March 31, 2023) | Current Consolidated Fiscal Year<br>(From April 1, 2023<br>To March 31, 2024) |
|--|--|---|
| Advertising Expenses                         | 46 million yen   | 50 million yen  |
| Promotional Expenses                         | 399 million yen  | 608 million yen   |
| Director's Compensation                      | 415 million yen  | 581 million yen   |
| Salaries                                     | 1,322 million yen  | 1,433 million yen   |
| Bonuses                                      | 117 million yen  | 232 million yen   |
| Allowance for Employee's Bonuses             | 4 million yen  | 109 million yen   |
| Allowance for Bonuses for Directors          | - million yen  | 298 million yen   |
| Legal Welfare Expenses                       | 220 million yen  | 254 million yen   |
| Rent Expenses                                | 269 million yen  | 319 million yen   |
| Taxes and Dues                               | 305 million yen  | 797 million yen   |
| Transaction Fees                             | 739 million yen  | 985 million yen   |
| Provision of Allowance for Doubtful Accounts | 0 million yen  | 0 million yen   |
| Provision of Reserve for Repairs             | 967 million yen  | - million yen   |

- \*3 Reversal of Provision for Losses on Liquidation of Acquainted Companies

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

This amount represents the reversal of provisions set aside for losses associated with the liquidation of our non-consolidated subsidiaries.

- \*4 Gain on Reduction of Paid-in Capital of Related Companies

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

This amount represents the gain recognized from the repayment of contributions following the paid-in capital reduction of our non-consolidated subsidiaries.

- \*5 Loss on Disposal of Fixed Assets is as follows:

|                                  | Previous Consolidated Fiscal Year<br>(From April 1, 2022<br>To March 31, 2023) | Current Consolidated Fiscal Year<br>(From April 1, 2023<br>To March 31, 2024) |
|----------------------------------|--|---|
| Buildings                        | 14 million yen   | - million yen   |
| Facilities Attached to Buildings | 5 million yen  | - million yen   |
| Structures                       | 0 million yen  | - million yen   |
| Tools, Fixtures and Equipment    | 8 million yen  | 0 million yen   |
| Total                            | 28 million yen   | 0 million yen   |

\*6 Business Withdrawal Loss

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

This amount represents the loss incurred from the divestiture of all shares in Asset Holdings Co., Ltd., a former consolidated subsidiary.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

Not applicable.

\*7 Associated Company Stock Valuation Loss

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

This amount represents the valuation loss associated with the shares of our non-consolidated subsidiaries.

\*8 Associated Company Business Restructuring Loss

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

This loss was recorded due to the need for a fundamental overhaul and restructuring of the existing systems, along with the introduction of new production and sales systems at RayPower Co., Ltd., a subsidiary of our company.

\*9 Impairment Losses

Our company group has recorded impairment losses for the following asset groups:

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

| Location         | Purpose                       | Type  | Impairment Losses |
|------------------|-------------------------------|---|-------------------|
| Kagawa           | Accommodation Business        | Buildings and Other Tangible Fixed Assets                       | 479 million yen   |
| Kanagawa         | Accommodation Business        | Buildings and Other Tangible Fixed Assets                       | 317 million yen   |
| Kyoto            | Accommodation Business        | Buildings and Other Tangible Fixed Assets                       | 79 million yen    |
| Fukuoka          | Accommodation Business        | Buildings and Other Tangible Fixed Assets                       | 38 million yen    |
| Tokyo            | Sauna Business                | Buildings, Other Tangible Fixed Assets, Intangible Fixed Assets | 415 million yen   |
| Tokyo and Others | Gas Engine Generator Business | Buildings, Other Tangible Fixed Assets, Intangible Fixed Assets | 209 million yen   |

Our company group systematically groups assets into the smallest units that generate cash flows largely independent of the cash flows from other assets or groups of assets. For those asset groups where the aggregate undiscounted future cash flows are less than the carrying amount of the fixed assets, the carrying values are reduced to their recoverable amounts. These reductions are recorded as impairment losses and recognized as special losses. The breakdown is as follows: buildings 1,142 million yen, other tangible fixed assets 333 million yen, and intangible fixed assets 62 million yen. The recoverable amount is measured based on the net realizable value or value in use, where the net realizable value is estimated based on reasonably expected disposal amounts, and the value in use is calculated from future cash flows. However, since the undiscounted future cash flows are expected to be negative, the recoverable amount is assessed as zero.

\*10 Revenue from Contracts with Customers

Revenues are not differentiated between those arising from contracts with customers and other types of revenues in the sales figures. The amounts of revenue from contracts with customers are detailed in “(5) Notes to the Consolidated Financial Statements, (Segment Information, etc.), Segment Information 3. Information on Revenues, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment, and Breakdown of Revenues.

(Consolidated Statement of Changes in Shareholders' Equity Related Notes)

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

1. Types and Total Number of Issued Shares and Types and Number of Treasury Shares

|  | Number of Shares at the Beginning of the Current Consolidated Fiscal Year | Number of Shares increased During the Current Consolidated Fiscal Year | Number of Shares decreased During the Current Consolidated Fiscal Year | Number of Shares at the End of the Current Consolidated Fiscal Year |
|--|---|--|--|---|
| Issued Shares Ordinary Shares (Note)1      | 37,081,400 shares   | - shares   | 8,000,000 shares   | 29,081,400 shares   |
| Treasury Shares Ordinary Shares (Note)2, 3 | 479,586 shares  | 8,003,125 shares   | 8,000,000 shares   | 482,711 shares  |

(Note) 1. The decrease of 8,000,000 ordinary issued shares is attributed to the cancellation of treasury shares.

2. The increase in ordinary treasury shares consists of 8,000,000 shares acquired following a resolution by the Board of Directors on June 1, 2022, the gratuitous acquisition of 3,000 restricted shares, and the purchase of 125 fractional shares.

3. The decrease of 8,000,000 ordinary treasury shares results from their cancellation.

2. Matters Related to Stock Acquisition Rights

Not applicable.

3. Matters Related to Dividends

(1) Dividend Payment Amounts

| (Resolution)                         | Type of Shares  | Total Dividend Amount | Dividend per Share | Record Date    | Effective Date |
|--------------------------------------|-----------------|-----------------------|--------------------|----------------|----------------|
| June 23, 2022 Annual General Meeting | Ordinary shares | 1,354 million yen     | 37 yen             | March 31, 2022 | June 24, 2022  |

(2) Dividends for which the Record Date falls within the current fiscal year, but the Effective Date is in the following fiscal year

| (Resolution)                    | Type of Shares  | Total Dividend Amount | Dividend Resource | Dividend per Share | Record Date    | Effective Date |
|---------------------------------|-----------------|-----------------------|-------------------|--------------------|----------------|----------------|
| May 12, 2023 Board of Directors | Ordinary shares | 1,572 million yen     | Retained Earnings | 55 yen             | March 31, 2023 | June 7, 2023   |

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

1. Types and Total Number of Issued Shares and Types and Number of Treasury Shares

|   | Number of Shares at the Beginning of the Current Consolidated Fiscal | Number of Shares increased During the Current Consolidated Fiscal Year | Number of Shares decreased During the Current Consolidated Fiscal Year | Number of Shares at the End of the Current Consolidated Fiscal Year |
|---|--|--|--|---|
| Issued Shares Ordinary Shares (Note) 1, 2   | 29,081,400 shares  | 2,841,700 shares   | 2,841,700 shares   | 29,081,400 shares   |
| Treasury Shares Ordinary Shares (Note) 3, 4 | 482,711 shares   | 2,847,433 shares   | 2,950,400 shares   | 379,744 shares  |

(Note) 1. The increase of 2,841,700 issued ordinary shares consists of 2,471,100 shares from a paid public offering and 370,600 shares from a paid third-party allotment.

2. The decrease of 2,841,700 ordinary shares is attributed to the cancellation of treasury shares.

3. The increase in ordinary treasury shares consists of 2,841,768 shares acquired following a resolution by the Board of Directors on September 19 and October 27, 2023, the gratuitous acquisition of 5,500 restricted shares, and the purchase of 165 fractional shares.

4. The decrease in ordinary treasury shares comprises 2,841,700 shares cancelled and 108,700 shares disposed of as restricted stock awards to directors and employees, as authorized by board resolutions.

2. Matters Related to Stock Acquisition Rights

Not applicable.

### 3. Matters Related to Dividends

#### (1) Dividend Payment Amounts

| (Resolution)                       | Type of Shares  | Total Dividend Amount | Dividend per Share | Record Date    | Effective Date |
|------------------------------------|-----------------|-----------------------|--------------------|----------------|----------------|
| May 12, 2023<br>Board of Directors | Ordinary shares | 1,572 million yen     | 55 yen             | March 31, 2023 | June 7, 2023   |

(2) Dividends for which the Record Date falls within the current fiscal year, but the Effective Date is in the following fiscal year

| (Resolution)                       | Type of Shares  | Total Dividend Amount | Dividend Resource | Dividend per Share | Record Date    | Effective Date |
|------------------------------------|-----------------|-----------------------|-------------------|--------------------|----------------|----------------|
| May 10, 2024<br>Board of Directors | Ordinary shares | 5,022 million yen     | Retained Earnings | 175 yen            | March 31, 2024 | June 10, 2024  |

#### (Consolidated Statement of Cash Flows Related Notes)

\*1 Relationship between the Ending Balance of Cash and Cash Equivalents and the Amounts Listed in the Consolidated Balance Sheet

|  | Previous Consolidated Fiscal Year<br>(From April 1, 2022<br>To March 31, 2023) | Current Consolidated Fiscal Year<br>(From April 1, 2023<br>To March 31, 2024) |
|--|--|---|
| Cash and deposit Accounts                        | 27,524 million yen   | 35,728 million yen  |
| Time Deposits with a Term Exceeding Three Months | △12 million yen  | △18 million yen   |
| Cash and Cash Equivalents                        | 27,511 million yen   | 35,710 million yen  |

\*2 Major Breakdown of Assets and Liabilities Related to the Transfer of a Business in Exchange for Cash and Cash Equivalents

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Assets and liabilities associated with the withdrawal from the golf course business and the transfer value of the business are as follows:

|  |                    |
|--|--------------------|
| Current assets   | 262 million yen    |
| Non-current assets   | 3,783 million yen  |
| Current Liabilities  | △1,527 million yen |
| Non-current Liabilities  | △4,508 million yen |
| Receivables from Transfer  | 4,415 million yen  |
| Business Withdrawal Loss   | △242 million yen   |
| Others   | △0 million yen     |
| Sale Amount of Shares and Receivables<br>(Business Transfer Price) | 2,181 million yen  |
| Cash and Cash Equivalents of the<br>Transferred Company            | △131 million yen   |
| Income from Golf Course Business<br>Withdrawal                     | 2,050 million yen  |

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

Not applicable.

(Segment Information, etc.)

[Segment Information]

### 1. Overview of Reportable Segments

The reportable segments of our group are identified where financial data is available and routinely assessed by management for performance evaluation and resource allocation decisions.

The primary activities of each reportable segment include:

Value Creation Services: Engages in the acquisition of real estate and the formulation, development, and sale of operational products utilizing these assets.

Value-Add Services: Focuses on rental management, building management, and enhancement of real estate revenue streams.

Future Value Creation Services: Manages the operation of accommodation facilities, the manufacture and sale of bread and confectionery, the development, manufacture, and sale of gas engine generators, and support services for advanced medical care.

### 2. Methods for Calculating Revenues, Profits or Losses, Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting policies for the reported business segments align with those utilized in the preparation of the consolidated financial statements. The segment profits or losses are determined based on operating income. Inter-segment transactions are priced in accordance with prevailing market rates.

### 3. Information on Revenues, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment, and Breakdown of Revenues

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Unit: million yen)

|                                       | Segment Information     |                    |                                | Total  | Adjustment Amount (Note) 1 | Amounts Recognized in the Consolidated Financial Statements (Note) 1 |
|---------------------------------------|-------------------------|--------------------|--------------------------------|--------|----------------------------|--|
|                                       | Value Creation Services | Value-Add Services | Future Value Creation Services |        |                            |  |
| Net sales                             |                         |                    |                                |        |                            |  |
| Revenue from Contracts with Customers | 61,419                  | 661                | 1,875                          | 63,956 | —                          | 63,956   |
| Other Revenues                        | —                       | 3,754              | 195                            | 3,950  | —                          | 3,950  |
| Sales to External Customers           | 61,419                  | 4,416              | 2,071                          | 67,906 | —                          | 67,906   |
| Inter-segment Sales or Transfers      | —                       | 89                 | 16                             | 105    | (105)                      | —  |
| Total                                 | 61,419                  | 4,505              | 2,087                          | 68,012 | (105)                      | 67,906   |
| Segment Profit or Loss ( $\Delta$ )   | 16,653                  | 765                | (2,302)                        | 15,116 | (745)                      | 14,371   |

(Note) 1. The adjustment of 745 million yen for segment profit or loss includes unallocated corporate administrative expenses of 745 million yen and elimination of inter-segment transactions of 0 million yen. This adjustment aligns the segment profit with the operating profit of 14,371 million yen reported in the Consolidated Income Statement.

2. Other Revenues predominantly comprise rental income, recognized in accordance with the accounting standard for lease transactions.

3. We do not allocate total asset and liability figures from the Consolidated Balance Sheet to any segment, therefore, 'Amounts of Assets and Liabilities by Reportable Segment' are not disclosed.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Unit: million yen)

|                                       | Segment Information     |                    |                                | Total  | Adjustment Amount (Note) 1 | Amounts Recognized in the Consolidated Financial Statements (Note) 1 |
|---------------------------------------|-------------------------|--------------------|--------------------------------|--------|----------------------------|--|
|                                       | Value Creation Services | Value-Add Services | Future Value Creation Services |        |                            |  |
| Net sales                             |                         |                    |                                |        |                            |  |
| Revenue from Contracts with Customers | 86,841                  | 833                | 2,005                          | 89,680 | —                          | 89,680   |
| Other Revenues                        |                         | 4,389              | 195                            | 4,585  | —                          | 4,585  |
| Sales to External Customers           | 86,841                  | 5,223              | 2,201                          | 94,265 | —                          | 94,265   |
| Inter-segment Sales or Transfers      | —                       | 88                 | 7                              | 95     | (95)                       | —  |
| Total                                 | 86,841                  | 5,311              | 2,208                          | 94,361 | (95)                       | 94,265   |
| Segment Profit or Loss (△)            | 23,938                  | 1,427              | (1,485)                        | 23,880 | (1,056)                    | 22,824   |

(Note) 1. The adjustment of 1,056 million yen for segment profit or loss comprises unallocated corporate administrative expenses of 1,056 million yen. This adjustment aligns segment profit with the operating profit of 22,824 million yen reported in the Consolidated Income Statement.

2. Other Revenues predominantly comprise rental income, recognized in accordance with the accounting standard for lease transactions.

3. We do not allocate total asset and liability figures from the Consolidated Balance Sheet to any segment, therefore, 'Amounts of Assets and Liabilities by Reportable Segment' are not disclosed.

(Related Information)

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

1. Information by Product and Service

Information by product and service is not provided as it is comprehensively covered in "Segment Information 3. Information on Revenues, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment, and Breakdown of Revenues."

2. Information by Region

(1) Net sales

Disclosure is not required as sales to external customers in Japan constitute over 90% of the revenues in the Consolidated Income Statement.

(2) Tangible Fixed Assets

As there are no tangible fixed assets located overseas, there are no applicable items.

3. Information by Major Customer

Disclosure by major customer is omitted as the Group's counterparties consist of unspecified corporations and individuals.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

1. Information by Product and Service

Information by product and service is not provided as it is comprehensively covered in "Segment Information 3. Information on Revenues, Profits or Losses, Assets, Liabilities, and Other Items by Reportable Segment, and Breakdown of Revenues."

2. Information by Region

(1) Net sales

Disclosure is not required as sales to external customers in Japan constitute over 90% of the revenues in the Consolidated Income Statement.

(2) Tangible Fixed Assets

As there are no tangible fixed assets located overseas, there are no applicable items.

3. Information by Major Customer

Disclosure by major customer is omitted as the Group's counterparties consist of unspecified corporations and individuals.

**[Information on Impairment Losses of Fixed Assets by Reportable Segment]**

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Unit: million yen)

|                   | Value Creation Services | Value-Add Services | Future Value Creation Services | Total |
|-------------------|-------------------------|--------------------|--------------------------------|-------|
| Impairment Losses | —                       | —                  | 1,538                          | 1,538 |

**[Information on depreciation of goodwill and unamortized balance by reporting segment]**

Not applicable.

**[Information on Negative Goodwill by Reportable Segment]**

Not applicable.

**(Per Share Information)**

| Item                      | Previous Consolidated Fiscal Year<br>(From April 1, 2022<br>To March 31, 2023) | Current Consolidated Fiscal Year<br>(From April 1, 2023<br>To March 31, 2024) |
|---------------------------|--|---|
| Net Asset Value per Share | 1,842.43 yen   | 2,173.73 yen  |
| Net Earnings per Share    | 269.72 yen   | 406.28 yen  |

(Note)1. Disclosure of net earnings per share adjusted for potential shares is not provided, as there are no potential shares outstanding.

2. The basis for calculating the net asset value per share is as follows:

|   | End of the Previous Consolidated Fiscal Year<br>(March 31, 2023) | End of the Current Consolidated Fiscal Year<br>(March 31, 2024) |
|---|--|---|
| Total Amount of Net Assets (million yen)  | 52,718   | 62,452  |
| Amount Deducted from Total Amount of Net Assets (million yen)                                       | 27   | 63  |
| Main Components of Difference (million yen)   |  |   |
| Non-controlling Interests   | 27   | 63  |
| Net assets related to common share at period-end (million yen)                                      | 52,691   | 62,389  |
| Number of Ordinary Shares at Fiscal Year End Used in Calculating Per Share Net Asset Value (shares) | 28,598,689   | 28,701,656  |

3. The basis for calculating the net income per share is as follows:

|  | Previous Consolidated Fiscal Year<br>(From April 1, 2022<br>To March 31, 2023) | Current Consolidated Fiscal Year<br>(From April 1, 2023<br>To March 31, 2024) |
|--|--|---|
| Net Income Attributable to owners of parent (million yen)                          | 8,376  | 11,513  |
| Amount Not Attributable to Ordinary Shareholders (million yen)                     | —  | —   |
| Net Income Attributable to Ordinary Shareholders of owners of parent (million yen) | 8,376  | 11,513  |
| Average Number of Ordinary Shares During the Fiscal Period                         | 31,055,729   | 28,337,661  |

**(Important Subsequent Events)**

Not applicable.