

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Japanese GAAP)

February 10, 2025

Company name: Wealth Management, Inc.

Listing: Tokyo Stock Exchange

Securities code: 3772

URL: <https://www.wealth-mngt.com/en/>

Representative: Kazutoshi Senno, President and Representative Director

Inquiries: Shintaro Muramatsu, General Manager of Planning Division

Telephone: +81-3-6229-2129

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: None

Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	8,762	71.0	(816)	—	(1,916)	—	(1,118)	—
Nine months ended December 31, 2023	5,123	115.1	(916)	—	(1,707)	—	(1,226)	—

Note: Comprehensive income

Nine months ended December 31, 2024: ¥ -1,118 million (—%)

Nine months ended December 31, 2023: ¥ -1,226 million (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	(58.40)	—
Nine months ended December 31, 2023	(65.41)	—

Note: Diluted earnings per share are not shown because earnings per share were negative, although there are dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	54,428	17,177	31.6
As of March 31, 2024	55,230	18,545	33.6

Reference: Equity

As of December 31, 2024: ¥17,176 million

As of March 31, 2024: ¥18,544 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	19.00	19.00
Fiscal year ending March 31, 2025	—	0.00	—		
Fiscal year ending March 31, 2025 (Forecast)				—	—

Note: Revisions to the forecast of cash dividends most recently announced: None

Note: The forecast dividends for the fiscal year ending March 31, 2025 have not been determined at this time.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	23,200	(19.0)	3,000	(0.9)	3,100	17.5	2,000	9.6	104.38

Note: Revisions to the forecast of financial results most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New companies: 1 (Minaminijo Hotel Operations, Inc.) Exclusions: 1 (Silent Partnership Yura)

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in the Scope of Consolidation or Scope of Application of the Equity Method)” on page 8 of the Attached Materials.

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes to Changes in Accounting Policies)” on page 8 of the Attached Materials.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

(ii) Number of treasury shares at end of the period

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of December 31, 2024	19,179,800 shares	As of March 31, 2024	19,072,300 shares
As of December 31, 2024	1,278 shares	As of March 31, 2024	1,252 shares
Nine months ended December 31, 2024	19,155,087 shares	Nine months ended December 31, 2023	18,754,665 shares

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: Yes (voluntary)

* Explanations and other notes concerning the appropriate use of financial results forecasts

Forward-looking statements such as forecast financial results contained in this document are based on information available to the Company and certain assumptions considered reasonable by the Company at the time of preparation of the document. Actual results, etc. may significantly differ from projections due to a variety of factors.

○ Table of Contents of Attached Materials

1. Overview of Business Results, Etc.....	2
(1) Overview of Business Results	2
(2) Overview of Financial Position	3
(3) Explanation of Forward-looking Information Such as Consolidated Earnings Forecasts	3
2. Quarterly Consolidated Financial Statements and Notes.....	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income.....	6
Quarterly Consolidated Statement of Income	6
Quarterly Consolidated Statement of Comprehensive Income.....	7
(3) Notes to Quarterly Consolidated Financial Statements.....	8
(Notes on Going Concern Assumption)	8
(Changes in the Scope of Consolidation or Scope of Application of the Equity Method)	8
(Notes on Significant Changes in Shareholders' Equity)	8
(Notes to Changes in Accounting Policies).....	8
(Notes to Statement of Cash Flows).....	8
(Notes to Segment Information, Etc.)	9

1. Overview of Business Results, Etc.

(1) Overview of Business Results

During the nine months ended December 31, 2024, despite concerns about rising real estate prices and interest rates, as well as increased development costs and other cost increases, there were also positive signs in the Japanese economy, increased consumption by foreign visitors to Japan, and the spread of wage increases in various industries.

The Group's net sales increased year on year. This was due to increased net sales in the hotel management business, caused in part by the strong performance of the hotel industry. It was also due to increased net sales in both the asset management business and real estate business, caused by factors including the transfer of beneficial interests in trust of Six Senses Kyoto. In terms of profit, the Group saw an operating loss. While the hotel management business saw profits decrease due to the impact of the six months ended September 30, 2024, this was offset by increased profits in the asset management business due to increased sales. The primary factor was the operating loss recorded by the real estate business, which could not absorb hotel master lease rent despite an increase in sales.

As a result, during the nine months ended December 31, 2024, net sales were ¥8,762,400 thousand (up 71.0% year-on-year), operating loss was ¥816,574 thousand (compared to an operating loss of ¥916,944 thousand in the same period of the previous fiscal year), ordinary loss was ¥1,916,016 thousand (compared to an ordinary loss of ¥1,707,236 thousand in the same period of the previous fiscal year) and net loss attributable to owners of parent was ¥1,118,684 thousand (compared to net loss attributable to owners of parent of ¥1,226,664 thousand in the same period of the previous fiscal year).

Business results by segment were as follows.

Segment		Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)	Percentage change
		Amount (Thousands of yen)	Amount (Thousands of yen)	(%)
Hotel management business	Net sales	4,700,239	5,805,653	23.5
	Operating profit	1,229,409	693,422	(43.6)
Asset management business	Net sales	377,336	1,828,412	384.6
	Operating profit	(178,576)	1,130,637	—
Real estate business	Net sales	143,839	1,201,841	735.5
	Operating profit	(1,457,525)	(1,914,961)	—

(Notes) 1. Transactions between segments have not been eliminated.

2. “-” indicates that the figure for either the current period or the same period of the previous fiscal year was negative, or the percentage change is 1,000% or more.

(Hotel management business)

In the hotel industry, in which our hotel management business operates, the number of hotel guests has increased due to a significant increase in inbound travel. The number of foreign visitors to Japan announced by the Japan National Tourism Organization (JNTO) has continued its upward trend. In December 2024, the number exceeded 3.4 million in a single month for the first time since statistics have been kept.

Consequently, despite Ibis Styles Osaka Namba terminating operations in March 2024, the Group's net sales in the hotel management business increased year on year due to the grand opening of Six Senses Kyoto on April 23, 2024 and Banyan Tree Higashiyama Kyoto on August 20, 2024, as well as a sharp increase in accommodations sales at our flagship Kyoto hotels following the start of the fall foliage season. In terms of profit, profits declined due to the absence of profits from Ibis Styles Osaka Namba, the fact that the two hotels that have opened are still in the process of increasing their recognition and attracting customers, the occurrence of associated opening-related expenses, and an increase in personnel expenses and other headquarter costs. With the subsiding of operating-related expenses, however, profits increased year on year in the nine months ended December 31, 2024.

Trend in sales for operated hotels

(Thousands of yen)

		Operated hotels sales	Percentage change from the same period of the previous fiscal year
Previous first quarter	(April 1, 2023 to June 30, 2023)	1,499,800	193.9%
Previous second quarter	(July 1, 2023 to September 30, 2023)	1,396,944	166.3%
Previous third quarter	(October 1, 2023 to December 31, 2023)	1,798,723	60.4%
Previous fourth quarter	(January 1, 2024 to March 31, 2024)	1,464,995	27.0%
Current first quarter	(April 1, 2024 to June 30, 2024)	1,688,233	12.6%
Current second quarter	(July 1, 2024 to September 30, 2024)	1,486,391	6.4%
Current third quarter	(October 1, 2024 to December 31, 2024)	2,612,180	45.2%

(Notes) 1. Operated hotels net sales is the total amount of management accounting revenue from hotels operated by the Group, and they do not match the hotel management business net sales.

2. Transactions between segments have not been eliminated.

(Asset management business and real estate business)

In the real estate market, to which the asset management business and real estate business belong, although there are concerns about increased costs due to rising prices and interest rates, as well as delays in construction due to a shortage of labor, the rapid performance growth in the hotel industry has caused hotel asset investors and financial institutions to continue their aggressive stance towards investment and financing of the hotel development business.

In the asset management business, net sales and operating profit increased significantly year on year due to the recording of compensation for the transfer of beneficial interests in trust of Six Senses Kyoto, as well as compensation for the formation of Real Estate Security Token Offering No. 2, in addition to the compensation that is continuously recorded each month.

In the real estate business, although net sales increased due to a gain on distribution from silent partnerships as a result of the transfer of beneficial interests in trust of Six Senses Kyoto, an operating loss was recorded as this was not enough to absorb hotel master lease rent. During the fourth quarter of the fiscal year under review, we are planning to make large property sales, and will sell large-scale properties, and will strive towards a recovery of performance. For details, please refer to the “Notice Concerning Transfer of Beneficial Interests in Real Estate Trust for the Banyan Tree Hakone Ashinoko Development Project” and the “Notice Concerning Transfer of Beneficial Interests in Real Estate Trust for the Yamanashi Prefecture Minamitsuru District (Yamanakako) Hotel Development Project” released today.

(2) Overview of Financial Position

With regard to the financial position as of December 31, 2024, total assets were ¥54,428,000 thousand, liabilities were ¥37,250,502 thousand and net assets were ¥17,177,497 thousand.

Total assets decreased by ¥802,247 thousand compared to the end of the previous fiscal year. This is mainly due to a decrease in cash and deposits, despite an increase in investment securities and real estate for sale.

Liabilities increased by ¥566,048 thousand compared to the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings, which offset a decrease in short-term borrowings and income taxes payable.

Net assets decreased by ¥1,368,296 thousand compared to the end of the previous fiscal year. This was mainly due to a decrease in retained earnings due to the recording of a net loss attributable to owners of parent and dividends paid.

(3) Explanation of Forward-looking Information Such as Consolidated Earnings Forecasts

There is no change in the forecast of consolidated financial result for the fiscal year ending March 31, 2025 from the forecast of consolidated financial result (full year) for the fiscal year ending March 31, 2025 announced on August 14, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	16,391,447	6,484,293
Accounts receivable - trade	728,927	1,004,517
Real estate for sale	17,096,462	19,950,735
Real estate for sale in process	14,872,226	15,935,822
Income taxes refund receivable	848,577	197,490
Other	1,720,862	3,491,778
Total current assets	51,658,504	47,064,638
Non-current assets		
Property, plant and equipment		
Buildings	275,866	374,719
Accumulated depreciation	(26,151)	(53,766)
Buildings, net	249,715	320,952
Tools, furniture and fixtures	302,236	343,913
Accumulated depreciation	(72,478)	(112,528)
Tools, furniture and fixtures, net	229,758	231,384
Land	—	275,237
Construction in progress	6,179	109,482
Total property, plant and equipment	485,653	937,056
Intangible assets		
Goodwill	376,942	282,706
Other	37,642	61,746
Total intangible assets	414,584	344,453
Investments and other assets		
Investment securities	836,011	3,790,954
Deferred tax assets	398,629	856,707
Other	1,436,865	1,434,189
Total investments and other assets	2,671,505	6,081,851
Total non-current assets	3,571,743	7,363,362
Total assets	55,230,248	54,428,000

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	61,273	182,952
Short-term borrowings	4,700,000	2,774,998
Current portion of long-term borrowings	2,069,747	1,307,713
Current portion of non-recourse long-term borrowings	376,000	—
Income taxes payable	799,654	3,917
Provision for bonuses	98,005	156,815
Provision for share-based payments	181,500	—
Provision for shareholder benefit program	40,000	88,000
Other	2,328,294	2,662,997
Total current liabilities	10,654,474	7,177,394
Non-current liabilities		
Long-term borrowings	19,648,188	23,606,094
Non-recourse long-term borrowings	3,000,000	3,000,000
Provision for share-based payments	90,647	145,977
Other	3,291,143	3,321,036
Total non-current liabilities	26,029,979	30,073,108
Total liabilities	36,684,453	37,250,502
Net assets		
Shareholders' equity		
Share capital	2,295,873	2,356,395
Capital surplus	1,727,783	1,780,027
Retained earnings	14,521,724	13,040,690
Treasury shares	(1,006)	(1,035)
Total shareholders' equity	18,544,374	17,176,077
Share acquisition rights	1,420	1,420
Total net assets	18,545,794	17,177,497
Total liabilities and net assets	55,230,248	54,428,000

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Nine months ended December 31)

(Thousands of yen)

	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Net sales	5,123,839	8,762,400
Cost of sales	4,647,808	7,190,638
Gross profit	476,030	1,571,761
Selling, general and administrative expenses	1,392,975	2,388,335
Operating profit (loss)	(916,944)	(816,574)
Non-operating income		
Interest income	118	826
Dividend income	40	89
Share of profit of entities accounted for using equity method	2,452	—
Subsidized interest payments	7,720	4,726
Other	3,247	2,204
Total non-operating income	13,580	7,847
Non-operating expenses		
Interest expenses	527,202	878,174
Commission expenses	257,381	175,563
Share of loss of entities accounted for using equity method	—	387
Other	19,288	53,163
Total non-operating expenses	803,872	1,107,289
Ordinary profit (loss)	(1,707,236)	(1,916,016)
Extraordinary income		
Gain on cancellation of rental contracts	—	419,398
Total extraordinary income	—	419,398
Extraordinary losses		
Loss on retirement of non-current assets	—	274
Office relocation expenses	21,308	—
Total extraordinary losses	21,308	274
Profit (loss) before income taxes	(1,728,545)	(1,496,892)
Income taxes - current	8,360	79,866
Income taxes - deferred	(510,240)	(458,074)
Total income taxes	(501,880)	(378,208)
Profit (loss)	(1,226,664)	(1,118,684)
Profit (loss) attributable to owners of parent	(1,226,664)	(1,118,684)

(Quarterly Consolidated Statement of Comprehensive Income)
(Nine months ended December 31)

(Thousands of yen)

	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Profit (loss)	(1,226,664)	(1,118,684)
Comprehensive income	(1,226,664)	(1,118,684)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,226,664)	(1,118,684)
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in the Scope of Consolidation or Scope of Application of the Equity Method)

(1) Significant changes in scope of consolidation

Because the investment in Silent Partnership Yura was redeemed in the second quarter of the current fiscal year, it was excluded from the scope of consolidation.

From the third quarter of the current fiscal year, the newly established Minaminijo Hotel Operations, Inc. has been included in the scope of consolidation.

(2) Significant changes in the scope of application of the equity method

The liquidation of the equity method affiliate NISEKO INVESTMENT SINGAPORE PTE. LTD. was completed and it was excluded from the scope of application of the equity method in the second quarter of the current fiscal year.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes to Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes, Etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, hereinafter "2022 Revised Accounting Standard") is applied from the beginning of the first quarter under review.

With respect to the revision regarding the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment stipulated in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter "2022 Revised Guidance") were applied. This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, the Company has adopted the 2022 Revised Guidance related to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses on sales of investments in subsidiaries among consolidated companies, effective from the beginning of the first quarter under review. These changes in accounting policies shall be applied retroactively, and consolidated financial statements for the same quarter of the previous year and prior consolidated fiscal year shall be presented with retroactive application. This change in accounting policies has no impact on the consolidated financial statements for the same quarter of the previous year and prior consolidated fiscal year.

(Notes to Statement of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the first nine months under review. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first nine months under review are as follows.

	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Depreciation	60,533 thousand yen	90,315 thousand yen
Amortization of goodwill	94,235 thousand yen	94,235 thousand yen

(Notes to Segment Information, Etc.)

Segment Information

I. Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

1. Information on the amounts of net sales, profit or loss, and revenue breakdown for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustments (Notes) 1	Amount in quarterly consolidated statement of income (Notes) 2
	Asset management business	Real estate business	Hotel management business	Total			
Net sales							
Goods and services transferred at a point in time	—	—	4,695,469	4,695,469	4,695,469	—	4,695,469
Goods and services transferred over a fixed period of time	281,765	—	—	281,765	281,765	—	281,765
Revenue from contracts with customers	281,765	—	4,695,469	4,977,234	4,977,234	—	4,977,234
Other revenue (Notes) 3	695	143,839	2,070	146,604	146,604	—	146,604
Net sales to external clients	282,461	143,839	4,697,539	5,123,839	5,123,839	—	5,123,839
Internal net sales and transfers between segments	94,875	—	2,700	97,575	97,575	(97,575)	—
Total	377,336	143,839	4,700,239	5,221,414	5,221,414	(97,575)	5,123,839
Segment profit (loss)	(178,576)	(1,457,525)	1,229,409	(406,692)	(406,692)	(510,251)	(916,944)

(Notes) 1. The negative ¥510,251 thousand of segment profit (loss) includes the net amount of negative ¥465,251 thousand in corporate revenues and expenses not allocated to each reportable segment, and negative ¥45,000 thousand in eliminations of transactions between segments.

2. Adjustments have been made to the operating loss shown on the Quarterly Consolidated Statement of Income for segment profit (loss).

3. Other revenue includes lease income in accordance with the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the transfer of real estate (including beneficial interests in real estate trust) subject to the “Practical Guidelines on Accounting for Transfers Related to Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15).

II. Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

1. Information on the amounts of net sales, profit or loss, and revenue breakdown for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustments (Notes) 1	Amount in quarterly consolidated statement of income (Notes) 2
	Asset management business	Real estate business	Hotel management business	Total			
Net sales							
Goods and services transferred at a point in time	1,467,639	5,016	5,783,340	7,255,996	7,255,996	—	7,255,996
Goods and services transferred over a fixed period of time	291,865	—	13,750	305,615	305,615	—	305,615
Revenue from contracts with customers	1,759,504	5,016	5,797,090	7,561,612	7,561,612	—	7,561,612
Other revenue (Notes) 3	—	1,196,824	3,963	1,200,788	1,200,788	—	1,200,788
Net sales to external clients	1,759,504	1,201,841	5,801,054	8,762,400	8,762,400	—	8,762,400
Internal net sales and transfers between segments	68,907	—	4,599	73,506	73,506	(73,506)	—
Total	1,828,412	1,201,841	5,805,653	8,835,907	8,835,907	(73,506)	8,762,400
Segment profit (loss)	1,130,637	(1,914,961)	693,422	(90,901)	(90,901)	(725,672)	(816,574)

(Notes) 1. The negative ¥725,672 thousand of segment profit (loss) adjustments is the net amount of corporate revenues and expenses not allocated to each reportable segment.

2. Adjustments have been made to the operating loss shown on the Quarterly Consolidated Statement of Income for segment profit (loss).

3. Other revenue includes lease income in accordance with the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the transfer of real estate (including beneficial interests in real estate trust) subject to the “Practical Guidelines on Accounting for Transfers Related to Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15).