

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended November 30, 2022	(¥) –	(¥) 0.00	(¥) –	(¥) 51.00	(¥) 51.00
Fiscal year ending November 30, 2023	–	0.00	–		
Fiscal year ending November 30, 2023 (Forecast)				60.00	60.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2023 (December 1, 2022 – November 30, 2023)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal year ending November 30, 2023	85,000	19.8	14,824	9.7	14,000	9.8	9,388	9.1	198.66

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

* Notes

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

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

(3) Number of issued shares (ordinary shares)

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

As of August 31, 2023	48,683,800 shares
As of November 30, 2022	48,683,800 shares

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

As of August 31, 2023	348,422 shares
As of November 30, 2022	1,424,122 shares

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

Nine months ended August 31, 2023	47,654,038 shares
Nine months ended August 31, 2022	47,431,318 shares

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

* Proper use of earnings forecasts and other notes

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

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

During the nine months ended August 31, 2023, the Japanese economy continued on its path of moderate recovery due partly to the effects of various government policies, as more economic activities went back to normal as a result of the lifting of movement and border restrictions that had been in place during the COVID-19 pandemic. Meanwhile, it remains necessary to continue monitoring the risk of a downturn in the overseas economies due to such factors as the global credit tightening and the slowdown of the Chinese economy, as well as the effects of rising consumer prices.

In the real estate industry where Tosei Group operates, domestic real estate investments for the six months from January to June 2023 increased 52% year on year to ¥2,147.3 billion, with Tokyo continuing to rank second in the world for real estate investments by city. Despite signs of a slowdown in the global real estate investment market reflecting the unpredictability surrounding the financial markets, in Japan, domestic real estate maintains competitive advantage backed by such factors as the low-interest rate environment and the weakening yen, and a continued influx of investment funds into domestic real estate is expected (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly built units from January to July 2023 decreased by 12.6% year on year to 13,093 units due to a decrease in supply as a result of the continuing high prices of land lots and rising construction costs. The high-priced properties in the center of Tokyo continued to drive up the average price of condominiums with the average price per unit in July 2023 soaring to ¥99.40 million (up 55.8% year on year). Meanwhile, in the Tokyo metropolitan area pre-owned condominium market, the number of units contracted from January to July 2023 was comparable to the same period of the previous fiscal year at 21,301 units (down 0.4% year on year), and the average contract price per unit as of July 2023 was ¥45.63 million (up 4.9% year on year). Additionally, in the build-for-sale detached house market, housing starts for the seven months from January to July 2023 were 34,000 units (down 0.05% year on year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the seven months from January to July 2023 were ¥1,154 thousand per tsubo (1 tsubo = 3.30 square meters) (a decrease of 23.8% year on year) for steel reinforced concrete structures and ¥654 thousand per tsubo (an increase of 13.4% year on year) for wooden structures. Construction costs are expected to remain high backed by solid construction demand and the effects of soaring personnel costs, among other factors. In terms of the prices of building materials, while steel prices remain high, the price of timber, which had skyrocketed until the previous fiscal year, continues on its downward trend, as demand levels off (according to a survey by the Ministry of Land, Infrastructure, Transport and Tourism).

In the office leasing market of Tokyo's five business wards, the average vacancy rate as of July 2023 was 6.5% (an increase of 0.1 percentage points year on year), and the average asking rent was ¥19,819 per tsubo (a decrease of 2.2% year on year). As massive supplies of office buildings are expected in 2023 and 2025, the vacancy rate is once again on the rise and rent continues on its moderate downward trend (according to a survey by a private research institute).

The condominium leasing market remained robust and the average asking rent of apartments in the Tokyo metropolitan area as of July 2023 was ¥11,633 per tsubo (an increase of 5.6% year on year) and the average occupancy rate of condominiums held by J-REIT in the Tokyo area as of April 30, 2023 was 96.9% (an increase of 0.1 percentage points year on year). Rent and occupancy rates continue to rise at a moderate pace, as the population returns to the city center and condominium prices soar (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock as of July 2023 was 9.30 million tsubo (an increase of 17.0% year on year) and the vacancy rate rose to 6.0% (an increase of 2.8 percentage points year on year), as a result of a record-breaking supply of new facilities. Additionally, while the asking rent as of July 2023 of ¥4,520 per tsubo (a decrease of 3.4% year on year) indicated the presence of downward pressure due to the increase in vacancies, it has remained high as a result of such factors as the rise in construction costs (according to a survey by a private research institute).

The real estate fund market remains robust, and the market scale continues to expand. J-REIT assets under management in July 2023 totaled ¥22.3 trillion (an increase of ¥0.7 trillion year on year) and assets under management in private placement funds totaled ¥29.7 trillion (as of December 31, 2022, an increase of ¥5.6 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥52.0 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, in the five months from January to May 2023, the average guest room occupancy rate was 77.2% (an increase of 26.3 percentage points year on year) and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 36.99 million (an increase of 86.9% year on year). In addition to the increase in domestic demand associated with economic activities going back to normal, with expanding inbound demand backed by the lifting of border control measures and the weakening yen, a further increase in demand is expected going forward (according to a survey by the Japan Tourism Agency).

Amid this operating environment, in the Fund and Consulting Business, the Group increased its balance of assets under management, while in the Revitalization Business and the Development Business, the Group proceeded with property sales and the acquisition of income-generating properties and various types of land for development as future sources of income.

As a result, consolidated revenue for the nine months ended August 31, 2023 totaled ¥66,710 million (up 21.4% year on year), operating profit was ¥14,449 million (up 29.5%), profit before tax was ¥13,679 million (up 30.1%), and profit attributable to owners of the parent was ¥9,364 million (up 30.5%).

Performance by business segment is shown below.

Revitalization Business

During the nine months ended August 31, 2023, the segment sold 36 properties it had renovated and 90 pre-owned condominium units, including Otsuka Tosei Building II (Toshima-ku, Tokyo), Kashiwa Tosei Building (Kashiwa-shi, Chiba), Stellar Court Higashi-kojiya (Ota-ku, Tokyo).

During the nine months ended August 31, 2023, it also acquired a total of 39 income-generating office buildings, rental apartments, 10 land lots and 68 pre-owned condominium units .

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of Inventories valuation loss of ¥348 million .

As a result, revenue in this segment was ¥41,596 million (up 22.7% year on year) and the segment profit was ¥8,156 million (up 24.2%).

Development Business

During the nine months ended August 31, 2023, the segment sold THE PALMS Machida (Machida-shi, Tokyo) which is a rental apartment, T's Cuore Nishi-Ogikubo (Suginami-ku, Tokyo) which is a rental wooden apartment and sold 49 detached houses at such properties as THE Palms Court Tsunashima (Yokohama-shi, Kanagawa) and THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo).

During the nine months ended August 31, 2023, it also acquired six land lots for rental apartment project, three land lots for rental wooden apartment project, a land lot for condominium project and land lots for 190 detached houses.

As a result, revenue in this segment was ¥7,014 million (up 7.5% year on year) and the segment profit was ¥1,242 million (up 22.6% year on year).

Rental Business

During the nine months ended August 31, 2023, the Company focused on leasing out its rental properties.

As of August 31, 2023, the number of rental properties increased by 13 from 91 at the end of the previous fiscal year to 104, as the segment acquired 36 properties, and begin offering for rental of six properties, sold 26 properties, and terminated the leasing of three properties.

As a result, revenue in this segment was ¥4,820 million (up 7.3% year on year) and the segment profit was ¥2,397 million (up 4.9%).

Fund and Consulting Business

During the nine months ended August 31, 2023, while ¥144,390 million was subtracted due mainly to property dispositions by funds, ¥764,596 million added due to new asset management contracts, from the balance of assets under management (Note) ¥1,722,896 million for the end of the previous fiscal year. The balance of assets under management as of August 31, 2023, was ¥2,343,102 million.

As a result, revenue in this segment was ¥5,617 million (up 42.2% year on year) and the segment profit

was ¥3,644 million (up 50.9%).

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

Property Management Business

During the nine months ended August 31, 2023, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 842 as of August 31, 2023, an increase of 46 from August 31, 2022, with the total comprising 504 office buildings, hotels, logistic facilities and other such properties, and 338 condominiums and apartments.

As a result, revenue in this segment was ¥4,835 million (up 2.2% year on year) and segment profit was ¥675 million (down 16.7%).

Hotel Business

During the nine months ended August 31, 2023, domestic demand recovered as a result of the lifting of movement restrictions and the implementation of nationwide travel subsidies, while inbound demand also showed signs of recovery due to the easing of border control restrictions and border measures. In conjunction, guest room rates and occupancy rates improved to levels comparable to pre-COVID-19 times and both revenue and segment profit exceeded that of the same period of the previous fiscal year.

As a result, revenue in this segment was ¥2,826 million (up 111.2% year on year) and segment profit was ¥565 million (in comparison with segment loss of ¥316 million in the same period of the previous fiscal year).

2) Analysis and contents for discussion of Operating Results

In the domestic real estate investment market, which is the Group's mainstay market, transactions remained solid, thanks to the continuing favorable fund-raising environment as low interest rate policies remained in place. In addition, the number of overseas visitors to Japan is steadily rising due to the lifting of COVID-19-related border control measures and the weakening yen, and accordingly, the hotel market is quickly recovering.

Under such an operating environment, for the nine months ended August 31, 2023, the Group reported consolidated revenue of ¥66.7 billion (up 21.4% year on year), operating profit of ¥14.4 billion (up 29.5% year on year), and profit before tax of ¥13.6 billion (up 30.1% year on year), achieving 78.5% of the full-year forecast based on revenue and 97.7% based on profit before tax.

As for the operating segments, the transaction business drove the Group's overall profit, including the strong sales of whole buildings and condominium units in the Revitalization Business and the Development Business. In the transaction business, we are focusing on purchasing activities which will become future sources of income. Our strengths lie in our ability to leverage our proprietary revitalization expertise to commercialize projects that other companies would find difficult to undertake and to utilize M&As for the bulk acquisition of corporate real estate holdings, and during the period under review, we engaged in purchases that utilized absorption-type company splits.

Additionally, in the Stock and Fee Business, the Company's stable source of income, each business progressed strongly, resulting in initial plans being exceeded in the Fund and Consulting Business that had achieved a balance of assets under management of ¥2.3 trillion and the Hotel Business backed by the ongoing recovery in demand, among others. In the Hotel Business, the Tosei Hotel COCONE Tsukiji Ginza Premier, the first premier hotel in the COCONE series, opened in September, bringing the number of hotels operated by the Group to eight. We are aiming to grow the business as a hotel brand that can accommodate not only business clientele but also a wide range of accommodation demand such as inbound visitors, domestic tourism, and usage as training venues.

(2) Qualitative Information Regarding Consolidated Financial Positions

1) Analysis of Financial Positions

As of August 31, 2023, total assets were ¥230,601 million, an increase of ¥19,645 million compared with November 30, 2022, while total liabilities were ¥149,240 million, an increase of ¥10,575 million.

Increase in total assets were due to an increase in Cash and cash equivalents and inventories despite a decrease in Trade and other receivables. Increase in total liabilities were due to an increase in trade and other payables and interest-bearing liabilities.

Total equity increased by ¥9,070 million to ¥81,361 million, mainly due to an increase in retained earnings, payment of cash dividends.

2) Analysis of Cash Flows

Cash and cash equivalents (hereinafter “cash”) as of August 31, 2023 totaled ¥41,878 million, up ¥10,111 million compared with November 30, 2022.

The cash flows for the nine months ended August 31, 2023 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥10,492 million (up 475.4% year on year). This is mainly due to profit before tax of ¥13,679 million, a decrease in Trade and other receivables of ¥5,122 million and income taxes paid of ¥4,574 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥4,939 million (down 41.7 % year on year). This is primarily due to payments for acquisition of subsidiaries of ¥2,453 million etc.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥4,553 million (up 15.4% year on year). This mainly reflects ¥37,823 million in proceeds from non-current borrowings, despite ¥29,497 million in the repayments of non-current borrowings and ¥2,408 million in cash dividends paid.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

The business results during the nine months ended August 31, 2023 basically remained stable as planned and there is no change on the full-year consolidated earnings forecasts, announced on January 12, 2023.

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

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

No item to report.

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

No item to report.

(3) Additional information

Effect of the Spread of COVID-19 on Accounting Estimates

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

The Group considers that real estate markets other than commercial facilities are already recovering as of August 31, 2023. It predicts that the impact of COVID-19 on commercial facilities will persist for the time being, and that it will gradually recover toward November 30, 2023.

3. Condensed Quarterly Consolidated Financial Statements and notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

	As of November 30, 2022	As of August 31, 2023
Assets		
Current assets		
Cash and cash equivalents	31,767,008	41,878,394
Trade and other receivables	10,038,132	5,215,557
Inventories	95,303,762	107,653,800
Other current assets	22,640	28,704
Total current assets	137,131,544	154,776,457
Non-current assets		
Property, plant and equipment	22,963,356	24,277,528
Investment properties	39,864,258	40,160,167
Goodwill	1,401,740	1,401,740
Intangible assets	205,354	158,791
Trade and other receivables	1,457,809	1,191,421
Other financial assets	7,219,963	8,081,609
Deferred tax assets	698,518	525,582
Other non-current assets	13,254	28,010
Total non-current assets	73,824,257	75,824,853
Total assets	210,955,801	230,601,310
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,681,615	7,792,719
Interest-bearing liabilities	13,739,325	16,959,716
Current income tax liabilities	1,935,664	2,333,985
Provisions	1,079,970	596,624
Total current liabilities	22,436,575	27,683,045
Non-current liabilities		
Trade and other payables	3,612,629	3,748,212
Interest-bearing liabilities	111,108,220	115,845,339
Retirement benefits obligations	704,268	744,777
Provisions	15,449	84,918
Deferred tax liabilities	787,980	1,133,841
Total non-current liabilities	116,228,549	121,557,089
Total Liabilities	138,665,124	149,240,134
Equity		
Share capital	6,624,890	6,624,890
Capital reserves	6,775,532	7,204,266
Retained earnings	60,029,994	66,984,370
Treasury shares	(1,533,670)	(380,782)
Other components of equity	393,929	656,747
Total equity attributable to owners of parent	72,290,677	81,089,493
Non-controlling interests	—	271,683
Total equity	72,290,677	81,361,176
Total liabilities and equity	210,955,801	230,601,310

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Revenue	54,933,123	66,710,147
Cost of revenue	35,567,135	42,197,580
Gross profit	19,365,988	24,512,567
Selling, general and administrative expenses	8,553,861	10,201,051
Other income	349,233	216,896
Other expenses	5,415	78,770
Operating profit	11,155,944	14,449,641
Finance income	190,762	197,851
Finance costs	830,684	968,486
Profit before tax	10,516,022	13,679,006
Income tax expense	3,340,595	4,314,203
Profit for the period	7,175,426	9,364,802
Other comprehensive income		
Other comprehensive income items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair values through other comprehensive income	319,371	273,418
Remeasurements of defined benefit pension plans	(8,544)	—
Subtotal	310,826	273,418
Other comprehensive income items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	36,076	14,490
Net change in fair values of cash flow hedges	15,361	(25,090)
Subtotal	51,437	(10,600)
Other comprehensive income for the period, net of tax	362,264	262,818
Total comprehensive income for the period	7,537,690	9,627,620
Profit attributable to:		
Owners of the parent	7,175,426	9,364,618
Non-controlling interests	—	183
Profit for the period	7,175,426	9,364,802
Total comprehensive income attributable to:		
Owners of the parent	7,537,690	9,627,437
Non-controlling interests	—	183
Total comprehensive income for the period	7,537,690	9,627,620
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	151.28	196.51
Diluted earnings per share (¥)	151.07	196.12

(3) Condensed Quarterly Consolidated Statement of Changes in Equity**Nine months ended August 31, 2022 (December 1, 2021 – August 31, 2022)**

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent	Total equity
Balance at December 1, 2021	6,624,890	6,790,172	53,250,370	(911,662)	204,969	65,958,740	65,958,740
Profit for the period			7,175,426			7,175,426	7,175,426
Other comprehensive income					362,264	362,264	362,264
Total comprehensive income for the period	—	—	7,175,426	—	362,264	7,537,690	7,537,690
Amount of transactions with owners							
Purchase of treasury shares		(1,730)		(731,388)		(733,118)	(733,118)
Disposal of treasury shares		(3,347)		105,380		102,032	102,032
Dividends of surplus			(1,815,783)			(1,815,783)	(1,815,783)
Transfer from other components of equity to retained earnings			(8,544)		8,544	—	—
Balance at August 31, 2022	6,624,890	6,785,094	58,601,468	(1,537,669)	575,778	71,049,562	71,049,562

Nine months ended August 31, 2023 (December 1, 2022 – August 31, 2023)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at December 1, 2022	6,624,890	6,775,532	60,029,994	(1,533,670)	393,929	72,290,677	—	72,290,677
Profit for the period			9,364,618			9,364,618	183	9,364,802
Other comprehensive income					262,818	262,818		262,818
Total comprehensive income for the period	—	—	9,364,618	—	262,818	9,627,437	183	9,627,620
Amount of transactions with owners								
Purchase of treasury shares		(2,619)		(113,831)		(116,451)		(116,451)
Disposal of treasury shares		431,354		1,266,720		1,698,074		1,698,074
Dividends of surplus			(2,410,243)			(2,410,243)		(2,410,243)
Change from newly consolidated subsidiary						—	271,500	271,500
Balance at August 31, 2023	6,624,890	7,204,266	66,984,370	(380,782)	656,747	81,089,493	271,683	81,361,176

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Cash flows from operating activities		
Profit before tax	10,516,022	13,679,006
Depreciation expense	1,180,538	1,222,647
Increase (decrease) in provisions and retirement benefits obligations	(332,505)	(440,714)
Interest and dividend income	(190,762)	(197,851)
Interest expenses	830,684	968,486
Decrease (increase) in trade and other receivables	(578,508)	5,122,941
Decrease (increase) in inventories	(4,728,096)	(7,781,687)
Increase (decrease) in trade and other payables	175,495	2,063,073
Other, net	(251,287)	(106,497)
Subtotal	6,621,580	14,529,404
Interest and dividend income received	301,138	384,523
Income taxes paid	(5,099,283)	(4,574,665)
Income taxes refund	—	153,087
Net cash from (used in) operating activities	1,823,434	10,492,350
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,107)	(251,605)
Purchase of investment properties	(3,095,073)	(509,597)
Purchase of intangible assets	(65,022)	(32,261)
Payments of loans receivable	(434,300)	(1,219,000)
Collection of loans receivable	4,733	6,189
Purchase of other financial assets	(2,910,715)	(487,635)
Collection of other financial assets	363,622	6,385
Payments for acquisition of subsidiaries	(2,308,474)	(2,453,851)
Other, net	31,406	2,072
Net cash from (used in) investing activities	(8,476,931)	(4,939,303)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	1,516,150	(1,786,703)
Proceeds from non-current borrowings	30,115,348	37,823,515
Repayments of non-current borrowings	(23,908,744)	(29,497,324)
Redemption of bonds	(55,678)	(30,678)
Repayments of lease obligations	(318,453)	(331,506)
Capital contribution from non-controlling interests	—	271,500
Cash dividends paid	(1,814,234)	(2,408,348)
Purchase of treasury shares	(731,388)	(113,831)
Proceeds from disposal of treasury shares	102,410	1,698,960
Interest expenses paid	(960,676)	(1,071,647)
Net cash from (used in) financing activities	3,944,733	4,553,934
Net increase (decrease) in cash and cash equivalents	(2,708,762)	10,106,982
Cash and cash equivalents at beginning of period	33,560,679	31,767,008
Effect of exchange rate change on cash and cash equivalents	7,524	4,403
Cash and cash equivalents at end of period	30,859,441	41,878,394

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes on Condensed Quarterly Consolidated Financial Statements

1. Segment Information

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

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

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

Nine months ended August 31, 2022

(December 1, 2021 – August 31, 2022)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	33,897,185	6,524,440	4,490,810	3,949,920	4,732,203	1,338,563	—	54,933,123
Intersegment revenue	—	—	112,757	9,642	1,024,955	6,017	(1,153,372)	—
Total	33,897,185	6,524,440	4,603,568	3,959,563	5,757,158	1,344,580	(1,153,372)	54,933,123
Segment profit or loss	6,569,951	1,013,589	2,286,109	2,415,634	811,386	(316,374)	(1,624,352)	11,155,944
Finance income/costs, net								(639,922)
Profit before tax								10,516,022

Nine months ended August 31, 2023

(December 1, 2022 – August 31, 2023)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue to external customers	41,596,412	7,014,138	4,820,307	5,617,798	4,835,064	2,826,425	—	66,710,147
Intersegment revenue	—	—	133,418	6,493	888,683	15,527	(1,044,122)	—
Total	41,596,412	7,014,138	4,953,725	5,624,291	5,723,748	2,841,952	(1,044,122)	66,710,147
Segment profit	8,156,667	1,242,958	2,397,996	3,644,755	675,940	565,562	(2,234,239)	14,449,641
Finance income/costs, net								(770,635)
Profit before tax								13,679,006

2. Dividends

Dividends paid in the nine months ended August 31, 2022 and August 31, 2023 are as follows:

Nine months ended August 31, 2022				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2022	38	1,815,783	November 30, 2021	February 28, 2022

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

3. Earnings per Share

	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Profit attributable to owners of the parent (¥ thousand)	7,175,426	9,364,618
Net income used to figure diluted net income per share (¥ thousand)	7,175,426	9,364,618
Weighted average number of outstanding ordinary shares (shares)	47,431,318	47,654,038
The number of increased ordinary shares used to figure diluted earnings per share (shares)	64,904	95,254
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,496,222	47,749,292
Basic earnings per share (¥)	151.28	196.51
Diluted net income per share (¥)	151.07	196.12

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

(7) Notes on Significant Subsequent Events

(Absorption-type company split by a consolidated subsidiary)

Tosei Corporation resolved that a meeting of its Board of Directors held on June 26, 2023, to conclude a basic agreement with LIXIL REALTY Corporation. under which TOSEI-R, Inc., a subsidiary to be newly established by the Company, will succeed to assets, liabilities, contracts and other rights and obligations related to the LIXIL REALTY Corporation's Asset Securitization Business in an absorption-type company split. And the company concluded the agreement on the same date.

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

1. Outline of the business combination

- (1) Name of the company to be established by the absorption-type company split
TOSEI-R, Inc.

(2) Name of the party involved and details of the succeeded business

Name of the party involved	LIXIL REALTY Corporation.
Contents of the business to be succeeded to	Real Estate Transaction Business, Real Estate Rental Business, Property Management Business

(3) Purpose of the absorption-type company split

The Tosei Group positions the Tokyo metropolitan area as a major investment area and operates a wide range of business as a comprehensive real estate company with six business segments: Revitalization Business, Development Business, Fund and Consulting Business, Rental Business, Property Management Business, and Hotel Business. In the Revitalization Business, which is one of its core businesses, the Group acquires properties whose asset value has declined, improves their environmental performance, convenience and design based on "value-up plans" to increase their asset value and then resells these renovated properties to a wide range of clients including REITs, general corporations and end users. Through implementation of the absorption-type company split in which the Group will succeed to LIXIL REALTY Corporation's Asset Securitization Business, the Group aims to strengthen human resources in the Revitalization Business and also to acquire, as part of the purchase, 6 income-generating properties, 3 sections of income-generating commercial building with compartmentalized ownership, 1 section of income-generating building with compartmentalized ownership and 109 condominium units.

(4) Effective date

September 1, 2023

(5) Items of assets and liabilities to be succeeded to and their book values

The successor company will succeed to the assets, liabilities, contracts and other rights and obligations related to the business being succeeded to, within the scope provided for in the absorption-type company split agreement. The assets and liabilities to be succeeded are ¥11,329 million and ¥230 million, respectively.

(6) Amount of consideration and the breakdown thereof

As consideration for the absorption-type company split, TOSEI-R, Inc. is scheduled to pay cash to LIXIL REALTY Corporation. The actual amount is not disclosed in accordance with a non-disclosure agreement.