

January 15, 2024

Flash Report (Consolidated Basis)
Results for the year ended November 30, 2023
(Based on Japanese GAAP)

Company name: **Samty Co., Ltd.**
 Stock Listings: Tokyo Stock Exchange
 Stock Code: 3244
 URL: <https://www.samty.co.jp/en/>

Representative

Title: Representative Director and President

Name: Yasuhiro Ogawa

Contact Person

Title: Head of IR Office

Name: Izumi Jozuka Telephone: +81-3-5224-3139

Date of Annual Shareholders Meeting (Scheduled): February 27, 2024

Start of dividend payments (Planned): February 28, 2024

Submission of securities report (Planned): February 28, 2024

Supplemental explanatory material prepared: Yes

Results briefing held: Yes (for institutional investors and analysts)

(Figures less than ¥1 million have been omitted.)

1. Consolidated Results for FY2023 (December 1, 2022 to November 30, 2023)

(1) Consolidated Operating Results

Years ended November 30

Percentages indicate year-on-year increase/ (decrease).

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------|-----------------|------|------------------|------|-----------------|------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2023 | 198,660 | 54.6 | 19,533 | 38.7 | 15,854 | 9.8 | 10,306 | (5.2) |
| FY2022 | 128,470 | 42.0 | 14,083 | 48.8 | 14,441 | 78.2 | 10,866 | 8.5 |

Note: Comprehensive Income: FY2023: ¥11,306 million, 27.2%,
 FY2022: ¥8,890 million, (20.1%)

| | Net income per share | Net Income per share after adjustment for residual shares | Return on equity | Ordinary profit-to-total assets ratio | Operating margin |
|--------|----------------------|---|------------------|---------------------------------------|------------------|
| | Yen | Yen | % | % | % |
| FY2023 | 221.44 | 201.78 | 10.1 | 3.8 | 9.8 |
| FY2022 | 233.68 | 213.67 | 11.3 | 3.8 | 11.0 |

(Reference) Equity in earnings (losses) of affiliated companies: FY2023: ¥278 million,
 FY2022: ¥ (406) million

(2) Consolidated Financial Condition

At November 30

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY2023 | 413,429 | 111,114 | 25.5 | 2,265.72 |
| FY2022 | 413,594 | 110,395 | 23.9 | 2,123.10 |

(Reference) Total shareholders' equity: November 30, 2023: ¥105,544 million, November 30, 2022: ¥98,771 million

(3) Consolidated Cash Flows

Years ended November 30

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financial activities | Cash and cash equivalents at end of year |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY2023 | 42,067 | (29,237) | (11,978) | 44,133 |
| FY2022 | 14,897 | (52,024) | 38,907 | 43,104 |

2. Dividends

Years ended/ending November 30

| Record date | Dividends per share | | | | | Total amount of dividends (for the entire fiscal year) Millions of yen | Payout ratio % | Dividends-to-net assets ratio % |
|-------------------|---------------------|--------|---------|----------|-------|---|-------------------|------------------------------------|
| | Feb. 28 | May 31 | Aug. 31 | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | | | |
| FY2022 | — | 39.00 | — | 51.00 | 90.00 | 4,186 | 38.5 | 4.3 |
| FY2023 | — | 39.00 | — | 51.00 | 90.00 | 4,190 | 40.6 | 4.1 |
| FY2024 (Forecast) | — | 43.00 | — | 51.00 | 94.00 | | 39.8 | |

3. Forecasts for FY2024 (December 1, 2023 to November 30, 2024)

Percentages indicate year-on-year increase/ (decrease).

| | Net sales | | Operating profit | | Ordinary profit | |
|-------------|-----------------|-------|------------------|-----|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year | 196,000 | (1.3) | 20,500 | 4.9 | 13,800 | (13.0) |

| | Profit attributable to owners of parent | | Net income per share |
|-------------|---|-----|----------------------|
| | Millions of yen | % | Yen |
| Fiscal year | 11,000 | 6.7 | 236.14 |

Notes

- (1) Significant changes in subsidiaries during the subject fiscal year: None
(Changes in specified subsidiaries related to a change in the scope of consolidation)
Additions: (—) Deletions: (—)
- (2) Changes in accounting policies, changes in accounting estimates, restatements
 - 1) Changes in accounting policies due to revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares issued and outstanding (common share)

| | | | | |
|---|--------|-------------------|--------|-------------------|
| 1) Number of shares issued and outstanding (including treasury stock) | FY2023 | 46,584,085 shares | FY2022 | 46,522,685 shares |
| 2) Number of treasury stock | FY2023 | 876 shares | FY2022 | 603 shares |
| 3) Average number of shares outstanding for each period (cumulative term) | FY2023 | 46,542,623 shares | FY2022 | 46,499,903 shares |

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Non-Consolidated Results for FY2023 (December 1, 2022 to November 30, 2023)

(1) Non-Consolidated Operating Results

Years ended November 30

Percentages indicate year-on-year increase/ (decrease).

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|--------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2023 | 166,661 | 52.7 | 16,951 | 29.3 | 13,470 | 31.6 | 8,415 | 17.9 |
| FY2022 | 109,159 | 29.7 | 13,105 | 39.2 | 10,234 | 59.8 | 7,140 | 68.5 |

| | Net income per share | Net Income per share after adjustment for residual shares |
|--------|----------------------|---|
| | Yen | Yen |
| FY2023 | 180.81 | 164.75 |
| FY2022 | 153.56 | 140.41 |

(2) Non-Consolidated Financial Condition

At November 30

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY2023 | 348,215 | 93,226 | 26.8 | 2,001.29 |
| FY2022 | 345,549 | 89,015 | 25.8 | 1,913.41 |

(Reference) Total shareholders' equity: November 30, 2023: ¥93,226 million, November 30, 2022: ¥89,015 million

* This flash report is not subject to auditing by a certified public accountant or audit firm.

* Explanation regarding the appropriate use of results forecasts, and other items of note

- Results forecasts and other forward-looking statements contained in this report are based on information available to the Company at the time of disclosure, and certain assumptions the Company considers reasonable. Actual results may vary considerably due to a variety of factors.
- The Company plans to hold an explanatory meeting for institutional investors and analysts on January 31, 2024.

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1. Summary of Business Results

(1) Summary of Business Results for the Subject Period

During the subject fiscal year in the Japanese economy, the normalization of socioeconomic activities progressed due to the recategorization of COVID-19 as a Class 5 infectious disease while the domestic economy trended toward a gradual recovery. In contrast, the outlook for the global economy remained uncertain due to such factors as the prolonged situation in Ukraine, increasing tensions in the Middle East, soaring global fuel and resource prices, the yen's ongoing depreciation, and global monetary tightening centered mainly in Europe and the United States.

In the real estate industry, of which the Samty Group is a part, with regard to rental apartments, occupancy rates, rent levels, and property sales prices have remained favorable, because they are not easily affected by economic trends or the effects of the COVID-19 pandemic. In the hotel industry, the occupancy rate and average room price reached roughly their pre-COVID-19 levels due to nationwide travel support and an increase in the number of inbound visitors to Japan following the yen's depreciation, while demand for domestic and international travel recovered steadily.

In such a business environment, supported by the strong investment appetite of domestic and overseas institutional investors, we sold 126 properties of real estate for sale, including of the Samty brand S-RESIDENCE rental apartment series. With regard to the purchase of properties, we are making progress while giving consideration, from a variety of angles, to a range of market trends, such as interest rates and transaction price and cap rates. In addition, as announced in the "Notice Concerning Postponement of Financial Results Announcement for Fiscal Year Ended November 2022 and Establishment of Special Investigation Committee," dated January 16, 2023, one-time expenses of ¥0.9 billion relating to a special investigation committee to analyze and consider the status of transactions with specific business partners that were identified in the Group have been recorded as Special investigation expenses, etc. under Extraordinary loss.

As a result, for the subject fiscal year, net sales amounted to ¥198.6 billion (up 54.6% from the previous fiscal year), with operating profit of ¥19.5 billion (up 38.7%), ordinary profit of ¥15.8 billion (up 9.8%), and profit attributable to owners of parent of ¥10.3 billion (down 5.2%).

Results by Business Segment

a. Real Estate Development Business

The Real Estate Development Business engages in the planning, development, and sales of the Samty brand S-RESIDENCE series, etc.

In the subject fiscal year, we sold 66 properties of real estate for sale.

As a result, net sales in the Real Estate Development Business segment amounted to ¥102.6 billion (up 39.7% from the previous fiscal year), with operating profit of ¥16.1 billion (up 3.6%).

b. Real Estate Solution Business

The Real Estate Solution Business engages in the acquisition, renovation, and sales of profitable real estate.

In the subject fiscal year, we sold 60 properties of real estate for sale.

As a result, net sales in the Real Estate Solution Business segment amounted to ¥53.5 billion (up 86.8% from the previous fiscal year), with operating profit of ¥6.5 billion (up 66.8%).

c. Overseas Business

The Overseas Business engages in overseas investment and for-sale housing businesses. Concerning the smart city, for-sale housing business project in Hanoi, Vietnam, which commenced sales in November 2021, steady sales progress was made.

As a result, net sales in the Overseas Business segment amounted to ¥16.6 billion (up 122.9% from the previous fiscal year), with operating profit of ¥1.2 billion (operating loss of ¥0.5 billion recorded in the previous year).

d. Real Estate Leasing Business

The Real Estate Leasing Business engages in the leasing of residential apartments, office buildings, and commercial facilities.

In the subject fiscal year, property acquisitions progressed smoothly. In addition to acquiring 53 income properties worth a total of approximately ¥32.5 billion, we completed the construction of 54 properties worth a total of approximately ¥71.8 billion.

As a result, net sales in the Real Estate Leasing Business segment amounted to ¥8.6 billion (down 0.3% from the previous fiscal year), with operating profit of ¥4 billion (down 3.5%).

e. Hotel Business

The Hotel Business engages in the leasing and operating of hotels. During the subject fiscal year, the hotels in which the Group participates numbered 21, including the Mercure Tokyo Haneda Airport (Ota Ward, Tokyo).

During the subject fiscal year, occupancy rates and average room prices at owned and operated hotels recovered steadily due to the nationwide travel support and the increase in the number of inbound visitors to Japan. Tochigi Prefecture had requested to secure the use of Hotel Sunshine Utsunomiya (Utsunomiya City, Tochigi) as an accommodation and medical facility. Accepting this request from the perspectives of its corporate social responsibility and contributions to local communities, the Group had fully rented out the building as a medical facility but terminated the lease and resumed normal operations there from April 1, 2023.

As a result, net sales in the Hotel Business segment amounted to ¥12.9 billion (up 104.6% from the previous fiscal year), and operating loss of ¥1 billion (operating loss of ¥2.7 billion in the previous fiscal year).

f. Real Estate Management Business

The Real Estate Management Business engages in the managing of residential apartments, office buildings, and commercial facilities.

As a result, net sales in the Real Estate Management Business segment amounted to ¥4.2 billion (up 10.4% from the previous fiscal year), with operating profit of ¥0.4 billion (down 38.6%).

(2) Summary of Financial Position for the Subject Period

Assets, Liabilities, and Net Assets

Assets

Total assets at the end of the subject fiscal year amounted to ¥413.4 billion, a decrease of ¥0.1 billion compared with the end of the previous fiscal year. The main factors for the change were a ¥21.3 billion decrease in real estate for sale, real estate for sale under construction and property, plant and equipment, an ¥8.8 billion increase in investments and other assets, and a ¥0.7 billion decrease in cash and deposits.

Liabilities

Total liabilities at the end of the subject fiscal year amounted to ¥302.3 billion, a decrease of ¥0.8 billion compared with the end of the previous fiscal year. The main factors contributing to the decrease were a ¥17.7 billion decrease in short-term borrowings, an increase of ¥23.6 billion in the current portion of long-term borrowings, and a decrease of ¥34.2 billion in long-term borrowings.

Net Assets

Total net assets at the end of the subject fiscal year amounted to ¥111.1 billion, an increase of ¥0.7 billion compared with the end of the previous fiscal year. The main contributory increases/decreases were: an increase in retained earnings of ¥6.1 billion; a decrease of ¥6.0 billion in non-controlling interests and an increase of ¥0.7 billion in foreign currency translation adjustment.

(3) Summary of Cash Flows for the Subject Period

As a result of an increase of ¥42.0 billion from operating activities, a decrease of ¥29.2 billion from investing activities, a decrease of ¥11.9 billion from financing activities, and other factors, cash and cash equivalents (“cash”) at the end of the subject fiscal year increased by ¥1 billion to ¥44.1 billion compared with the end of the previous fiscal year.

The main factors affecting cash flows during the subject fiscal year are as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities amounted to ¥42.0 billion (compared with ¥14.8 billion in cash provided in the previous fiscal year). This was due mainly to ¥15.5 billion in profit before income taxes; a ¥30.3 billion decrease in inventories; ¥4.8 billion in interest paid; and ¥4 billion in income taxes paid.

Cash Flow from Investing Activities

Net cash used in investing activities amounted to ¥29.2 billion (compared with ¥52 billion in cash used in the previous fiscal year). This was due mainly to inflow of ¥10.1 billion from deposits, ¥8.1 billion in purchase of property, plant and equipment; and ¥9.6 billion in purchase of investment securities.

Cash Flow from Financing Activities

Net cash used by financing activities amounted to ¥11.9 billion (compared with ¥38.9 billion in cash

provided in the previous fiscal year). This was due mainly to ¥37.5 billion in proceeds from short-term borrowings; ¥55.3 billion in repayments of short-term borrowings; ¥146.9 billion in proceeds from long-term borrowings; ¥131.8 billion in repayments of long-term borrowings; ¥5.5 billion in proceeds from issuance of bonds; and ¥4.1 billion in dividends paid.

(Reference) Cash flow-related indicators

Years ended November 30

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|--------|--------|
| Capital ratio (%) | 32.5 | 30.7 | 27.0 | 23.9 | 25.5 |
| Capital ratio at market value (%) | 39.1 | 26.6 | 30.4 | 25.6 | 26.4 |
| Ratio of interest-bearing debt to cash flow (years) | 29.6 | 12.8 | — | 18.0 | 6.3 |
| Interest coverage ratio (times) | 3.1 | 6.0 | — | 4.0 | 10.0 |

Notes

- All indices are on a consolidated basis, calculated according to the following formulas:
 Capital ratio: Owned capital / Total assets
 Capital ratio at market value: Total market value of stocks / Total assets
 Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Operating cash flow
 Interest coverage ratio: Operating cash flow / Interest payments
- The total market value of stocks is calculated by multiplying the market value at end of term by the number of issued shares at end of term (after deduction of treasury stock).
- “Operating cash flow” and “interest payments” are the figures for “Net cash provided by (used in) operating activities” and “Interest payable” in the Consolidated Statements of Cash Flows. “Interest-bearing debt” refers to all debts listed in the Consolidated Balance Sheets on which interest is paid.
- As the operating cash flow for the fiscal year ended November 2021 was negative, the cash flow to interest-bearing debt ratio and interest coverage ratio are not stated.

(4) Future Outlook

A more pronounced recovery in economic activity is expected due to the recovery in domestic consumption associated with the recategorization of COVID-19 as Class 5 infectious disease and the resulting increase in the number of inbound tourists to Japan. In contrast, in the global economy, the business environment is expected to remain as uncertain as ever due to factors that include the tense situations in Ukraine and the Middle East, soaring resource prices, concerns about inflation due to the yen’s depreciation, and interest rate trends in Europe and the United States.

The real estate industry requires the paying of close attention to the real estate market prospects associated with interest rate fluctuations and to the prices of construction materials. However, it is expected that investment sentiment toward real estate will remain strong and that the real estate investment market will remain robust.

Under such an external environment, the Real Estate Development Business and Real Estate Solution Business will verify in a multifaceted manner factors that will include interest rates and sales prices as well as capitalization rates.

In the Overseas Business, we will promote business while paying close attention to factors that will include the political and economic trends of the countries in which we are investing.

In the Real Estate Leasing Business, we will continue to hold completed properties for a certain period of time in accordance with the Samty Toughening Plan (Post-COVID Version) Medium-Term

Management Plan with the aim of maximizing income gain.

While giving due consideration to the external environment, the Hotel Business will proceed with preparations for listing Samty Japan Hotel REIT, Inc. on the Tokyo Stock Exchange.

In the case of the Real Estate Management Business, we aim to increase fee income by increasing the balance of assets under management and the number of managed units.

As a result, for the fiscal year ending November 2024 we plan to achieve sales of ¥196.0 billion, operating profit of ¥20.5 billion, ordinary profit of ¥13.8 billion, and profit attributable to owners of parent of ¥11 billion.

Based on the future outlook, we will pay an interim dividend of ¥43.00 per share and a year-end dividend of ¥51.00.

2. Basic Stance on Selection of Accounting Standards

The Samty Group, in consideration of comparability between financial periods and companies, for the present will prepare consolidated financial statements in accordance with Japanese accounting standards.

Regarding the application of International Financial Reporting Standards (IFRS), our policy is to consider of the situation in Japan and overseas and take appropriate measures.

3. Consolidated Financial Statements and Main Explanatory Notes

(1) Consolidated Balance Sheets

November 30

| | Millions of yen | |
|---------------------------------------|-----------------|----------------|
| | FY2022 | FY2023 |
| ASSETS | | |
| Current assets: | | |
| Cash and deposits | 46,002 | 45,285 |
| Accounts receivable – trade | 2,476 | 2,808 |
| Real estate for sale | 114,623 | 122,117 |
| Real estate for sale in process | 122,065 | 130,096 |
| Merchandise | 25 | 29 |
| Supplies | 47 | 67 |
| Deposits paid | 22 | 11,144 |
| Other | 4,649 | 6,228 |
| Allowance for doubtful accounts | (7) | (5) |
| Total current assets | 289,904 | 317,771 |
| Non-current assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures | 32,497 | 14,767 |
| Accumulated depreciation | (3,185) | (2,889) |
| Buildings and structures net | 29,312 | 11,878 |
| Buildings in trust | 3,594 | — |
| Accumulated depreciation | (140) | — |
| Buildings in trust net | 3,454 | — |
| Land | 52,382 | 40,879 |
| Land in trust | 1,571 | — |
| Construction in progress | 3,100 | 153 |
| Other | 1,169 | 1,442 |
| Accumulated depreciation | (554) | (776) |
| Other net | 614 | 665 |
| Total property, plant and equipment | 90,435 | 53,577 |
| Intangible assets: | | |
| Goodwill | 8 | 7 |
| Other | 406 | 452 |
| Total intangible assets | 414 | 459 |
| Investments and other assets: | | |
| Investment securities | 26,764 | 36,161 |
| Long-term loans | — | 699 |
| Deferred tax assets | 830 | 662 |
| Other | 5,189 | 4,017 |
| Allowance for doubtful accounts | (53) | — |
| Total Investments and other assets | 32,731 | 41,541 |
| Total non-current assets | 123,581 | 95,578 |
| Deferred assets: | | |
| Share issuance costs | 26 | 11 |
| Bond issuance costs | 81 | 68 |
| Total deferred assets | 108 | 79 |
| Total assets | 413,594 | 413,429 |

| | Millions of yen | |
|---|-----------------|----------------|
| | FY2022 | FY2023 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable – trade | 1,800 | 2,439 |
| Short-term borrowings | 30,468 | 12,689 |
| Current portion of long-term debt | 35,395 | 59,018 |
| Current portion of non-recourse long-term debt | — | 14,844 |
| Current portion of bonds payable | 5,170 | 9,270 |
| Income taxes payable | 3,651 | 4,366 |
| Provision for shareholder benefit program | 520 | 747 |
| Other | 12,536 | 11,879 |
| Total current liabilities | 89,543 | 115,255 |
| Non-current liabilities: | | |
| Bonds payable | 8,145 | 4,375 |
| Bonds with share acquisition rights | 12,000 | 12,000 |
| Long-term borrowings | 162,999 | 154,503 |
| Non-recourse long-term debt | 25,770 | 10,750 |
| Deferred tax liabilities | 2,922 | 2,838 |
| Retirement benefit liability | 318 | 355 |
| Leasehold and guarantee deposits received | 908 | 1,112 |
| Construction assistance fund | 317 | 262 |
| Other | 275 | 863 |
| Total non-current liabilities | 213,656 | 187,060 |
| Total liabilities | 303,199 | 302,315 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Share capital | 20,657 | 20,725 |
| Capital surplus | 22,533 | 22,560 |
| Retained earnings | 56,911 | 63,030 |
| Treasury shares | (1) | (2) |
| Total shareholders' equity | 100,101 | 106,314 |
| Accumulated other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 1,099 | 945 |
| Foreign currency translation adjustment | (2,429) | (1,715) |
| Total accumulated other comprehensive income | (1,330) | (770) |
| Non-controlling interests | 11,624 | 5,569 |
| Total net assets | 110,395 | 111,114 |
| Total liabilities and net assets | 413,594 | 413,429 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

Years ended November 30

| | Millions of yen | |
|---|-----------------|----------------|
| | FY2022 | FY2023 |
| Net sales | 128,470 | 198,660 |
| Cost of sales | 101,304 | 162,567 |
| Gross profit | 27,165 | 36,092 |
| Selling, general and administrative expenses | 13,081 | 16,558 |
| Operating profit | 14,083 | 19,533 |
| Non-operating income: | | |
| Interest income | 7 | 207 |
| Dividend income | 16 | 13 |
| Share of profit of entities accounted for using equity method | — | 278 |
| Foreign exchange gains | 5,700 | 896 |
| Gain on valuation of interest rate swaps | 36 | 12 |
| Penalty income | 175 | 203 |
| Other | 75 | 80 |
| Total non-operating income | 6,012 | 1,691 |
| Non-operating expenses: | | |
| Interest expenses | 3,554 | 3,978 |
| Interest on bonds | 208 | 223 |
| Share of loss of entities accounted for using equity method | 406 | — |
| Commission expenses | 1,377 | 1,039 |
| Other | 107 | 129 |
| Total non-operating expenses | 5,654 | 5,371 |
| Ordinary profit | 14,441 | 15,854 |
| Extraordinary income: | | |
| Gain on sales of non-current assets | 28 | 13 |
| Compensation income | — | 551 |
| Gain on change in equity | 51 | 184 |
| Total extraordinary income | 80 | 750 |
| Extraordinary loss: | | |
| Loss on sale of non-current assets | — | 9 |
| Loss on retirement of non-current assets | 12 | 97 |
| Special investigation expenses, etc. | — | 938 |
| Total extraordinary losses | 12 | 1,045 |
| Profit before income taxes | 14,509 | 15,558 |
| Income taxes-current | 4,057 | 4,792 |
| Income taxes-deferred | (471) | 178 |
| Total income taxes | 3,586 | 4,970 |
| Profit | 10,922 | 10,588 |
| Profit attributable to non-controlling interests | 56 | 282 |
| Profit attributable to owners of parent | 10,866 | 10,306 |

Consolidated Statements of Comprehensive Income

Years ended November 30

| | Millions of yen | |
|--|-----------------|---------------|
| | FY2022 | FY2023 |
| Profit | 10,922 | 10,588 |
| Other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 134 | (154) |
| Foreign currency translation adjustment | (2,166) | 872 |
| Total other comprehensive income | (2,032) | 718 |
| Comprehensive income | 8,890 | 11,306 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of the parent | 8,576 | 10,866 |
| Comprehensive income attributable to non-controlling interests | 314 | 440 |

(3) Consolidated Statements of Changes in Equity

FY2022 (December 1, 2021 to November 30, 2022)

| | Millions of yen | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Shareholders' equity | | | | |
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 20,595 | 22,471 | 50,269 | (0) | 93,336 |
| Changes during period | | | | | |
| Issuance of new shares | 61 | 61 | | | 123 |
| Dividends of surplus | | | (4,184) | | (4,184) |
| Profit attributable to owners of parent | | | 10,866 | | 10,866 |
| Purchase of treasury shares | | | | (0) | (0) |
| Increase (decrease) due to increase in consolidated subsidiaries | | | (40) | | (40) |
| Purchase of shares of consolidated subsidiaries | | | | | — |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | 61 | 61 | 6,641 | (0) | 6,764 |
| Balance at end of period | 20,657 | 22,533 | 56,911 | (1) | 100,101 |

| | Millions of yen | | | | |
|--|---|---|--|---------------------------|------------------|
| | Accumulated other comprehensive income | | | Non-controlling interests | Total net assets |
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 965 | (5) | 959 | 8,731 | 103,028 |
| Changes during period | | | | | |
| Issuance of new shares | | | | | 123 |
| Dividends of surplus | | | | | (4,184) |
| Profit attributable to owners of parent | | | | | 10,866 |
| Purchase of treasury shares | | | | | (0) |
| Increase (decrease) due to increase in consolidated subsidiaries | | | | | (40) |
| Purchase of shares of consolidated subsidiaries | | | | | — |
| Net changes in items other than shareholders' equity | 134 | (2,424) | (2,289) | 2,892 | 602 |
| Total changes during period | 134 | (2,424) | (2,289) | 2,892 | 7,367 |
| Balance at end of period | 1,099 | (2,429) | (1,330) | 11,624 | 110,395 |

FY2023 (December 1, 2022 to November 30, 2023)

| | Millions of yen | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Shareholders' equity | | | | |
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 20,657 | 22,533 | 56,911 | (1) | 100,101 |
| Changes during period | | | | | |
| Issuance of new shares | 67 | 67 | | | 135 |
| Dividends of surplus | | | (4,186) | | (4,186) |
| Profit attributable to owners of parent | | | 10,306 | | 10,306 |
| Purchase of treasury shares | | | | (0) | (0) |
| Increase (decrease) due to increase in consolidated subsidiaries | | | | | — |
| Purchase of shares of consolidated subsidiaries | | (40) | | | (40) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | 67 | 26 | 6,119 | (0) | 6,213 |
| Balance at end of period | 20,725 | 22,560 | 63,030 | (2) | 106,314 |

| | Millions of yen | | | | |
|--|---|---|--|---------------------------|------------------|
| | Accumulated other comprehensive income | | | Non-controlling interests | Total net assets |
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,099 | (2,429) | (1,330) | 11,624 | 110,395 |
| Changes during period | | | | | |
| Issuance of new shares | | | | | 135 |
| Dividends of surplus | | | | | (4,186) |
| Profit attributable to owners of parent | | | | | 10,306 |
| Purchase of treasury shares | | | | | (0) |
| Increase (decrease) due to increase in consolidated subsidiaries | | | | | — |
| Purchase of shares of consolidated subsidiaries | | | | | (40) |
| Net changes in items other than shareholders' equity | (154) | 714 | 559 | (6,054) | (5,494) |
| Total changes during period | (154) | 714 | 559 | (6,054) | 718 |
| Balance at end of period | 945 | (1,715) | (770) | 5,569 | 111,114 |

(4) Consolidated Statements of Cash Flows

Years ended November 30

| | Millions of yen | |
|--|-----------------|-----------------|
| | FY2022 | FY2023 |
| Cash flows from operating activities: | | |
| Profit before income taxes | 14,509 | 15,558 |
| Depreciation | 1,332 | 1,242 |
| Amortization of goodwill | 0 | 0 |
| Increase (decrease) in allowance for doubtful accounts | 4 | (2) |
| Increase (decrease) in retirement benefit liability | 66 | 36 |
| Interest and dividends income | (23) | (220) |
| Interest expenses | 3,762 | 4,201 |
| Commission expenses | 1,377 | 1,039 |
| Foreign exchange losses (gains) | (5,700) | (896) |
| Gain on valuation of interest rate swaps | (36) | (12) |
| Special investigation expenses, etc. | — | 938 |
| Compensation income | — | (551) |
| Penalty income | (175) | (203) |
| Loss (gain) on sales of property, plant and equipment | (28) | (4) |
| Share of loss (profit) of entities accounted for using equity method | 406 | (278) |
| Loss (gain) on change in equity | (51) | (184) |
| Decrease (increase) in trade receivables | (598) | (274) |
| Decrease (Increase) in inventories | (1,108) | 30,328 |
| Increase (decrease) in advances received | 5,306 | 118 |
| Increase (decrease) in trade payables | (1,775) | 633 |
| Increase (decrease) in accrued consumption taxes | 1,832 | (748) |
| Increase (decrease) in leasehold and guarantee deposits received | (401) | 203 |
| Other-net | 1,686 | (71) |
| Subtotal | 20,383 | 50,854 |
| Interest and dividends received | 29 | 166 |
| Dividends received from entities accounted for using equity method | 81 | 92 |
| Interest paid | (3,629) | (4,816) |
| Income taxes refund (paid) | (2,144) | (4,044) |
| Payment of special investigation expenses | — | (938) |
| Proceeds from compensation | — | 551 |
| Penalty income received | 175 | 203 |
| Net cash provided by (used in) operating activities | 14,897 | 42,067 |
| Cash flows from investing activities: | | |
| Payments into time deposits | (2,249) | (40) |
| Proceeds from withdrawal of time deposits | 2,234 | 4 |
| Payments for deposits | — | (10,172) |
| Purchase of property, plant and equipment | (41,101) | (8,155) |
| Payments for retirement of property, plant and equipment | (0) | (0) |
| Proceeds from sales of property, plant and equipment | 247 | 10 |
| Purchase of intangible assets | (40) | (32) |
| Purchase of investment securities | (4,167) | (9,694) |
| Proceeds from redemption of investment securities | 164 | 154 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (6,941) | — |
| Long-term loan advances | — | (678) |
| Payments for investments in capital | (0) | (49) |
| Payments of construction assistance fund receivables | (55) | (55) |
| Other-net | (113) | (527) |
| Net cash provided by (used in) investing activities | (52,024) | (29,237) |

(continued on page 14)

| | Millions of yen | |
|--|-----------------|-----------------|
| | FY2022 | FY2023 |
| Cash flows from financing activities: | | |
| Proceeds from short-term borrowings | 48,389 | 37,520 |
| Repayments of short-term borrowings | (30,153) | (55,308) |
| Proceeds from long-term borrowings | 112,232 | 146,952 |
| Repayments of long-term borrowings | (97,844) | (131,826) |
| Proceeds from non-recourse long-term borrowings | 9,370 | 1,380 |
| Repayments of non-recourse long-term borrowings | — | (1,555) |
| Proceeds from issuance of bonds | 4,400 | 5,500 |
| Redemption of bonds | (85) | (5,170) |
| Proceeds from increase in long-term accounts payable-other | — | 722 |
| Repayments of long-term accounts payable-other | — | (175) |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (4,183) | (4,185) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | — | (6,629) |
| Other-net | (3,216) | 798 |
| Net cash provided by (used in) financing activities | 38,907 | (11,978) |
| Effect of exchange rate change on cash and cash equivalents | 734 | 162 |
| Net increase (decrease) in cash and cash equivalents | 2,515 | 1,014 |
| Cash and cash equivalents at beginning of period | 40,589 | 43,104 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | — | 14 |
| Cash and cash equivalents at end of period | 43,104 | 44,133 |

**(5) Notes Relating to the Consolidated Financial Statements
(Notes Relating to the Assumption of a Going Concern)**

No applicable items

(Material Items Fundamental to the Preparation of Consolidated Financial Statements)

1. Items relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 26

Names of consolidated subsidiaries

Hikone SC Ltd.

Samty Hotel Management Co., Ltd.

Samty Property Management Co., Ltd.

Samty Asset Management Co., Ltd.

S Hotel Operations Nagasaki LLC

S Hotel Operations Nagasaki General Incorporated Association

S Hotel Operations Utsunomiya LLC

S Hotel Operations Utsunomiya General Incorporated Association

S Hotel Operations Hakata LLC

S Hotel Operations Kyoto Tambaguchi LLC

SAMTY ASIA INVESTMENTS PTE. LTD.

S-VIN VIETNAM REAL ESTATE TRADING JOINT STOCK COMPANY

SAMTY VIETNAM CO., LTD.

S Hotel Operations Nagoya LLC

S Hotel Operations Kyoto Horikawa LLC

R&K LLC

S Hotel Operations Kyoto Shijo LLC

S Hotel Operations Kyoto Oike LLC

Shangri-La Kyoto Nijojo SPC

Ryozen Development LLC

Samty Bridge One LLC

Hotel Century 21 Hiroshima LLC

Nesta Resort Kobe Co., Ltd.

Propertie Co., Ltd.

S Hotel Operations Hida Takayama LLC

S Hotel Operations Haneda LLC

S Hotel Operations Hida Takayama LLC, which was a non-consolidated affiliated company in the previous fiscal year, is included in the scope of consolidation from the subject consolidated fiscal year due to its increased significance.

Due to its having been newly established, S Hotel Operations Haneda LLC is included in the scope of consolidation from the subject fiscal year.

SI Kaihatsu LLC and S Hotel Operations General Incorporated Association, which were consolidated subsidiaries in the previous fiscal year, have been excluded from the scope of consolidation following the completion of their liquidation.

(2) Name of material non-consolidated subsidiary

Samty Japan Hotel REIT, Inc.

Reason for exclusion from the scope of consolidation

This is because, in the subject fiscal year, the total assets, net sales, profit, retained earnings and other figures of one non-consolidated subsidiary were small amounts that did not have any material effect on the consolidated financial statements.

2. Items relating to the application of the equity method

(1) Number of affiliated companies accounted for by the equity method 1

Name of affiliated company accounted for by the equity method:

Wealth Management, Inc.

(2) Name of major non-consolidated subsidiary to which the equity method is not applied

Samty Japan Hotel REIT, Inc.

Reasons for exclusion from scope of application of equity method

This is because, in the subject fiscal year, the net income, retained earnings and other figures of the non-consolidated subsidiaries to which the equity method is not applied were small amounts that did not have any material effect on the consolidated financial statements.

(3) Matters that should be noted in particular regard to procedures for application of equity method

Because the balance sheet date of equity method affiliate Wealth Management, Inc. differs from the consolidated balance sheet date, use is made of financial statements prepared for the provisional settlement of accounts based on the most recent quarterly settlement of accounts.

3. Items relating to the fiscal year of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet dates differs from the consolidated balance sheet date are as follows.

| Company Name | Balance Sheet Date | |
|---|--------------------|--------|
| SAMTY ASIA INVESTMENTS PTE. LTD. | September 30 | Note 1 |
| S-VIN VIETNAM REAL ESTATE TRADING JOINT STOCK COMPANY | September 30 | Note 2 |
| SAMTY VIETNAM CO., LTD. | September 30 | Note 1 |
| R&K Limited | December 31 | Note 2 |
| Shangri-La Kyoto Nijojo SPC | December 31 | Note 2 |
| Ryozen Development LLC | March 31 | Note 2 |

Note 1: The financial statements of consolidated subsidiaries as of the balance sheet date are used. However, the necessary adjustments for consolidation are made for important transactions that occurred in the period to the consolidated balance sheet date.

Note 2: Based on financial statements that have been provisionally settled in accordance with this settlement method as of the consolidated balance sheet date.

4. Items related to accounting standards

(1) Valuation standards and valuation methods for material assets

(A) Securities

Securities held for ownership until maturity

Amortized cost method

Available-for-sale securities

Securities other than those without current market value, etc.

Current market value method applied. (Valuation difference is fully and directly recognized within net assets. Cost of sale is calculated using a moving average.)

Securities without current market value, etc.

The Company applies a cost method using a moving average.

(B) Derivatives

Market value method applied

(C) Inventory

Real estate for sale and real estate for sale in process

The Company applies the cost method based on actual cost. (The balance sheet value is calculated by the book value devaluation method based on decline in profitability.)

Merchandise and supplies

The Company applies the price-of-last-purchase method.

(2) Method of depreciating material depreciable assets

(A) Tangible fixed assets (excluding lease assets)

The Company and its consolidated subsidiaries apply the declining-balance method. However, with regard to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), as well as buildings with accompanying facilities and structures acquired on or after April 1, 2016, the straight-line method is applied.

Main lifetime durations are as follows.

Buildings and structures 2 – 71 years

Trust building 33 – 45 years

(B) Intangible fixed assets (excluding lease assets)

The Company applies the straight-line method.

Software for use by the Company is depreciated over a useful-lifetime period of five years.

(C) Lease assets

Assets related to finance lease transactions without ownership-transfer

The lease period is deemed the useful lifetime period, and assets are depreciated using the straight-line method to a residual value of zero.

(D) Long-term prepaid expenses

The Company applies the straight-line method

(3) Treatment of significant deferred assets

Share issuance costs Amortized using the straight-line method over a period of three years.

Bond issuance costs Amortized using the straight-line method until bond redeemed

(4) Standards for recognizing material allowances

Allowance for doubtful accounts

As provision for losses stemming from doubtful accounts, in the case of general claims the Company recognizes an allowance based on the historical doubtful account ratio. In the case of specific doubtful claims, etc., the Company considers recoverability and recognizes the estimated non-recoverable amount.

Provision for shareholder benefits

To prepare for expenses arising from the use of the shareholder benefit plan, an estimated amount for future use of the plan is recorded based on its actual use.

(5) Method of accounting for employee retirement benefits

The Company applies a simplified method to calculate retirement benefit liabilities and retirement benefit expenses. Under this method, the Company recognizes as retirement benefit obligation the amount the Company would pay if employees took voluntary retirement at end of period after deducting the amount receivable through the Smaller Enterprise Retirement Allowance Mutual Aid System.

(6) Criteria for recording significant income and expenses

The details of the main performance obligations in the Group's main businesses related to revenues arising from contracts with our customers and the normal point in time for satisfying such performance obligations (normal point in time for recognizing revenue) are as follows.

In the Real Estate Development Business, we plan, develop, and sell the Samty brand S-RESIDENCE series, etc. and are obligated to deliver real estate based on contracts with our customers.

In the Real Estate Solution business, we acquire, renovate, and sell profitable real estate, etc., and are obligated to deliver real estate based on contracts with our customers.

In our Overseas Business, we engage in for-sale housing businesses overseas and are obligated to deliver real estate based on contracts with our customers.

In the Real Estate Leasing Business, we engage in the leasing of residential apartments, office buildings, and commercial facilities, and are obligated to provide the services stipulated in contracts with our customers.

The Hotel Business engages in the leasing and managing of hotels and is obligated to provide the services stipulated in its contracts with customers.

In the Real Estate Management Business, we engage in the management of residential apartments, office buildings, and commercial facilities and are obligated to provide the services stipulated in the contracts with our customers.

Of these performance obligations, revenue is recognized at the time of delivery specified in the contract for the obligation to deliver the real estate to the customer. In contrast, service provision obligations are performance obligations that are satisfied over a certain period of time, and revenue is recognized as services are provided. However, in some contracts, since the performance obligation is satisfied at the point in time when the provision of the service is completed under the terms of the transaction, revenue is recognized at that time.

With regard to the sale of real estate to special purpose companies in the real estate development business, revenue is recognized in accordance with "Practical Guidelines for Accounting Treatment of Real Estate Securitization Using Special Purpose Entities by Transferors" (Accounting System Committee Report No. 15, November 4, 2014). In addition, with regard to performance obligations relating to real estate rental, revenue is recognized in accordance with "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

(7) Criteria for converting significant foreign currency-denominated assets or liabilities into Japanese currency

Foreign currency-denominated monetary receivables and payables are converted into yen at the spot exchange rate on the consolidated settlement date, and the conversion difference is treated as profit or loss. The assets and liabilities of overseas subsidiaries, etc. are converted into yen at the spot exchange rate on the consolidated settlement date, revenues and expenses are converted into yen at the average market price during the period, and translation differences are included in the foreign currency translation adjustment account and non-controlling interests in the net assets section.

(8) Method for amortization of goodwill and amortization period

Amortized using the straight-line method over a 20-year period. The goodwill is amortized in a lump sum when incurred in cases where the amount is immaterial.

(9) Scope of funds presented in the Consolidated Statements of Cash Flows

Funds presented comprise cash on hand, deposits that can be withdrawn at any time and are easily convertible, and short-term investments, the maturities of which are three months or less from the acquisition date and thus involve only a slight risk of price fluctuation.

(10) Other material items relating to the preparation of the consolidated financial statements

Accounting treatment of consumption tax

Non-deductible consumption tax, etc., relating to real estate for sale is included in the acquisition cost. Non-deductible consumption tax, etc., relating to fixed assets is recognized as a long-term prepaid expense (under Other under Assets, Investments and other assets) and amortized using the straight-line method over a five-year period.

(Change in Accounting Policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Application Guidance No. 31, June 17, 2021; hereinafter referred to as the Fair Value Accounting Standard Implementation Guidance) has been applied from the beginning of the subject fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Accounting Standard Implementation Guidance, the new accounting policies prescribed by the Fair Value Accounting Standard Implementation Guidance will be applied in the future. The effect of the application of the Fair Value Accounting Standard, etc., on the consolidated financial statements is immaterial.

(Change in Presentation Methods)

(Consolidated Balance Sheets)

In the previous fiscal year, "Deposits" were included in "Other" under Current assets and "Non-recourse long-term debt" was included in "Long-term borrowings" under Non-current liabilities. Due to their increased monetary significance during the current fiscal year, it was decided to list these separately from the fiscal year under review.

As a result, in the consolidated balance sheet for the previous fiscal year, the ¥4,672 million that was shown in "Other" under Current assets has been changed to "Deposits" ¥22 million and "Other" ¥4,649 million. The ¥188,769 million shown in "Long-term borrowings" under Non-current liabilities has been reclassified as "Long-term borrowings" of ¥162,999 million and "Non-recourse long-term debt" of ¥25,770 million.

(Consolidated cash flow statement)

In the previous fiscal year, "Proceeds from non-recourse long-term borrowings" were included in "Proceeds from long-term borrowings" under Cash flows from financing activities and "Repayments of non-recourse long-term borrowings" included in "Repayments of long-term borrowings". As it was determined in the current fiscal year that their financial significance would increase in the future, it was decided to list these separately from the fiscal year under review.

As a result, the ¥121,602 million shown in "Proceeds from long-term borrowings" under Cash flows from financing activities in the previous fiscal year has been reclassified as "Proceeds from long-term borrowings" of ¥112,232 million and "Proceeds from non-recourse long-term borrowings" of ¥9,370 million.

(Additional Information)

(Change of Holding Objective)

Owing to changes in holding objective, ¥41,895 million was transferred from tangible fixed assets to inventory.

(Notes Relating to Consolidated Income Statements)

Special investigation expenses, etc.

As announced in the "Notice Concerning Postponement of Financial Results Announcement for Fiscal Year Ended November 2022 and Establishment of Special Investigation Committee," dated January 16, 2023, one-time expenses relating to a special investigation committee to analyze and consider the status of transactions with specific business partners that were identified in the Group have been recorded as Special investigation expenses, etc. under Extraordinary loss.

(Notes Relating to the Consolidated Statements of Cash Flows)

Reconciliation of end-of-period balance of cash and cash equivalents with items presented on the Consolidated Balance Sheets

At November 30

| | Millions of yen | |
|--|-----------------|--------|
| | FY2022 | FY2023 |
| Cash and deposits | 46,002 | 45,285 |
| Time deposits with maturities exceeding three months | (373) | (408) |
| Trust deposits with use restrictions | (573) | (720) |
| Deposits with withdrawal restrictions | (1,951) | (22) |
| Cash and cash equivalents | 43,104 | 44,133 |

(Segment Information)

1. Outline of reportable segments

The Samty Group's reportable segments are those for which separate financial information is available within the Company's units of classification. To facilitate decisions on the allocation of management resources by the Board of Directors and evaluation of operating performance, the reportable segments are subject to regular review. Comprised of business-based segments, the Group's reportable segments are: Real Estate Development Business, Real Estate Solution Business, Overseas Business, Real Estate Leasing Business, Hotel Business, and Real Estate Management Business.

The Real Estate Development Business engages in the planning, development, and sales of the Samty brand S-RESIDENCE series. The Real Estate Solution Business engages in the acquisition, renovation, and sales of profitable real estate. The Overseas Business engages in investments and housing development business overseas. The Real Estate Leasing Business engages in the leasing of residential apartments, office buildings, and commercial facilities. The Hotel Business engages in the leasing and operating of hotels. The Real Estate Management Business manages residential apartments, office buildings, and commercial facilities.

2. Method of calculating reportable segment sales, profit, assets and other items

The accounting method for reportable segments is largely the same as that specified in "Material items fundamental to the preparation of consolidated financial statements."

Reportable segment profit (loss) is based on operating profit. Intersegment sales and transfers are recorded based on market prices.

3. Sales, profit, assets and other items relating to each reportable segment

Fiscal year under review (December 1, 2021–November 30, 2022)

Years ended November 30

| | Millions of yen | | | | | | |
|---|----------------------------------|-------------------------------|-------------------|------------------------------|----------------|---------------------------------|---------|
| | Reportable Segment | | | | | | |
| | Real Estate Development Business | Real Estate Solution Business | Overseas Business | Real Estate Leasing Business | Hotel Business | Real Estate Management Business | Total |
| Net sales: | | | | | | | |
| Net sales from third parties | 73,488 | 28,656 | 7,463 | 8,704 | 6,348 | 3,808 | 128,470 |
| Inter-segment net sales and transfers | — | — | — | — | (55) | 1,385 | 1,330 |
| Total | 73,488 | 28,656 | 7,463 | 8,704 | 6,293 | 5,193 | 129,801 |
| Operating profit (loss) | 15,637 | 3,928 | (593) | 4,168 | (2,742) | 775 | 21,174 |
| Segment assets | 95,999 | 59,447 | 13,193 | 94,144 | 59,051 | 4,168 | 326,004 |
| Other Items | | | | | | | |
| Depreciation expense | — | 15 | 36 | 883 | 168 | 67 | 1,172 |
| Increase in tangible fixed assets and intangible fixed assets | — | — | 2 | 25,707 | 13,838 | 245 | 39,794 |

| | Millions of yen | | |
|---|-----------------|-----------------------------|--|
| | Total | Adjustment Notes 1, 2, 3 | Amount Recorded on Consolidated Income Statement |
| Net sales: | | | |
| Net sales from third parties | 128,470 | — | 128,470 |
| Inter-segment net sales and transfers | 1,330 | (1,330) | — |
| Total | 129,801 | (1,330) | 128,470 |
| Operating profit (loss) | 21,174 | (7,090) | 14,083 |
| Segment assets | 326,004 | 87,589 | 413,594 |
| Other Items | | | |
| Depreciation expense | 1,172 | 160 | 1,332 |
| Increase in tangible fixed assets and intangible fixed assets | 39,794 | 514 | 40,308 |

Notes

1. Adjustment to segment profit (loss) of (¥7,090 million) mainly comprises intersegment eliminations of (¥251 million), and unallocated corporate expenses of (¥6,838 million). Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Adjustment to segment assets of ¥87,589 million is unallocated corporate assets. Those assets mainly comprise investment of idle funds (cash and deposits), long-term investment funds (investment securities), and assets related to corporate management.
3. Segment operating profit (loss) and segment assets are both adjusted to the operating profit and total assets on the consolidated income statement.

Fiscal year under review (December 1, 2022–November 30, 2023)

Years ended November 30

| | Millions of yen | | | | | | |
|---|----------------------------------|-------------------------------|-------------------|------------------------------|----------------|---------------------------------|---------|
| | Reportable Segment | | | | | | |
| | Real Estate Development Business | Real Estate Solution Business | Overseas Business | Real Estate Leasing Business | Hotel Business | Real Estate Management Business | Total |
| Net sales: | | | | | | | |
| Net sales from third parties | 102,627 | 53,523 | 16,640 | 8,679 | 12,987 | 4,202 | 198,660 |
| Inter-segment net sales and transfers | — | — | — | — | 33 | 2,498 | 2,532 |
| Total | 102,627 | 53,523 | 16,640 | 8,679 | 13,020 | 6,700 | 201,192 |
| Operating profit (loss) | 16,193 | 6,554 | 1,237 | 4,020 | (1,086) | 476 | 27,395 |
| Segment assets | 108,119 | 69,031 | 15,986 | 55,031 | 63,396 | 4,697 | 316,264 |
| Other Items | | | | | | | |
| Depreciation expense | — | — | 49 | 607 | 295 | 97 | 1,049 |
| Increase in tangible fixed assets and intangible fixed assets | — | — | 20 | 7,231 | 335 | 185 | 7,774 |

| | Millions of yen | | |
|---|-----------------|------------------------------------|--|
| | Total | Adjustment <u>Notes</u> 1, 2, 3 | Amount Recorded on Consolidated Income Statement |
| Net sales: | | | |
| Net sales from third parties | 198,660 | — | 198,660 |
| Inter-segment net sales and transfers | 2,532 | (2,532) | — |
| Total | 201,192 | (2,532) | 198,660 |
| Operating profit (loss) | 27,395 | (7,861) | 19,533 |
| Segment assets | 316,264 | 97,165 | 413,429 |
| Other Items | | | |
| Depreciation expense | 1,049 | 192 | 1,242 |
| Increase in tangible fixed assets and intangible fixed assets | 7,774 | 401 | 8,175 |

Notes

1. Adjustment to segment profit (loss) of (¥7,861 million) mainly comprises intersegment eliminations of (¥62 million), and unallocated corporate expenses of (¥7,799 million). Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Adjustment to segment assets of ¥97,165 million is unallocated corporate assets. Those assets mainly comprise investment of idle funds (cash and deposits), long-term investment funds (investment securities), and assets related to corporate management.
3. Segment operating profit (loss) and segment assets are both adjusted to the operating profit and total assets on the consolidated income statement.

(Per Share Information)

| | FY2022 | FY2023 |
|------------------------------------|----------|----------|
| Net assets per share (Yen) | 2,123.10 | 2,265.72 |
| Net income per share (Yen) | 233.68 | 221.44 |
| Diluted net income per share (Yen) | 213.67 | 201.78 |

(Note) 1. Bases for calculation of net assets per share

| | | FY2022 | FY2023 |
|--|-------------------|------------|------------|
| Total net assets | (Millions of yen) | 110,395 | 111,114 |
| Amount subtracted from total net assets | (Millions of yen) | 11,624 | 5,569 |
| Non-controlling interests | (Millions of yen) | 11,624 | 5,569 |
| Net assets attributable to common stock at end of period | (Millions of yen) | 98,771 | 105,544 |
| Number of shares of common stock at end of period | (Shares) | 46,522,082 | 46,583,209 |

2. Bases for calculation of net income per share and diluted net income per share

| | | FY2022 | FY2023 |
|--|-------------------|------------|------------|
| Net income per share | | | |
| Profit attributable to owners of parent | (Millions of yen) | 10,866 | 10,306 |
| Amount not attributable to common stock shareholders | (Millions of yen) | — | — |
| Profit attributable to owners of parent related to ordinary shares | (Millions of yen) | 10,866 | 10,306 |
| Average number of outstanding shares of common stock during the year | (Shares) | 46,499,903 | 46,542,623 |
| Diluted net income per share | | | |
| Adjustment to profit attributable to owners of parent | (Millions of yen) | — | — |
| Additional shares of common stock | (Shares) | 4,354,452 | 4,535,319 |
| Convertible bonds | (Shares) | 4,354,452 | 4,535,319 |
| Outline of residual shares not included in the calculation of diluted net income per share owing to no dilutive effect | | — | — |

(Significant Events after the Reporting Period)

(Business combination by acquisition of equity interest in silent partnership business)

At the Board of Directors' meeting held on December 13, 2023, the Company resolved to make an additional silent partnership investment in Tozankaku LLC ("the company"), which holds trust beneficiary rights in the "Six Senses Kyoto" development project—a brand being developed by IHG Japan Management LLC (InterContinental Hotels Group), a global hotel chain—and to make the company a consolidated subsidiary.

(1) Outline of business combination

(A) Name of acquired company and details of its business

Name of acquired business: Tozankaku LLC

Business details: 1. Acquisition, development, ownership, rental and management of real estate
2. Acquisition, holdings and disposal of real estate trust beneficiary rights and other securities
3. Loaning of money to companies that issue shares acquired by the company
4. Any other operations incidental or relating to the businesses listed in 1. to 3.

(B) Main reason for implementing business combination

Adopted as a key strategy in the Samty Toughening Plan (Post-COVID Version), the New Medium-Term Management Plan the Company formulated in January 2021, was continuing to make carefully selected investments with an eye on the market after hotel demand has recovered.

"Six Senses Kyoto" is a brand developed by IHG Japan Management LLC (InterContinental Hotels Group), a global hotel chain. The Company will make an additional silent partnership investment in the company, which holds trust beneficiary rights to the Six Senses Kyoto development project as trust property. The Company believes that enjoying the attributable profits will contribute to strengthening the stability and profitability of the Samty Group and assist in improving its corporate value.

(C) Date of business combination

December 14, 2023

(D) Legal method of business combination

Acquisition of equity interest in silent partnership business

(E) Name after business combination

No change

(F) Ratio of voting rights acquired

Voting right ratio before acquisition 38.5%

Voting right ratio after acquisition 51.4%

(G) Main grounds for deciding on the acquiring company

Acquiring equity interest in silent partnership equity for which the Company pays cash

(2) Acquisition cost of acquired company and its breakdown

Due to confidentiality obligations, this information will not be disclosed.

(3) Details and amounts of major acquisition-related costs

Not applicable

(4) Amount and cause of goodwill generated, amortization method and amortization period

Not yet decided at this time

(5) Amount of assets accepted and liabilities assumed on date of business combination and their principal breakdown

Not yet decided at this time

(Business combination through stock acquisition)

At the Board of Directors' meeting held on December 20, 2023, the Company resolved to acquire the shares of S-VIN2 VIETNAM REAL ESTATE TRADING JOINT STOCK COMPANY (S-VIN2)—through S-VIN VIETNAM REAL ESTATE TRADING JOINT STOCK COMPANY (S-VIN), a subsidiary of our subsidiary SAMTY ASIA INVESTMENTS PTE.LTD—and to make S-VIN2 a subsidiary (making it a sub-subsidiary of the Company). The Company concluded a stock transfer agreement on December 25, 2023, and acquired the shares on December 28, 2023.

(1) Outline of business combination

(A) Name of acquired company and details of its business

Name of acquired business: S-VIN2 VIETNAM REAL ESTATE TRADING JOINT STOCK COMPANY

Business details: Real estate development

(B) Main reasons for implementing business combination

In undertaking a condominium project ("the Project") with VINHOMES JOINT STOCK COMPANY, Vietnam's largest real estate developer, in Ho Chi Minh City, the Company intends to lead the Project by acquiring 99.74% of the total number of S-VIN2 shares through its subsidiary S-VIN.

(C) Date of business combination

December 28, 2023

(D) Legal method of business combination

Stock acquisition

(E) Name after business combination

No change

(F) Percentage of voting rights acquired

Voting right ratio after acquisition 99.74%

However, the Company's (indirectly held) voting rights in S-VIN, the acquiring company, are 90.0%.

(G) Main grounds for deciding on the acquiring company

Due to S-VIN acquiring shares in exchange for cash

(2) Acquisition cost of acquired company and its breakdown

Cash consideration for acquisition 3,891,976VND

Acquisition cost 3,891,976VND

(3) Details and amounts of major acquisition-related costs

Not applicable

(4) Amount and cause of goodwill generated, amortization method and amortization period

Not yet decided at this time

(5) Amount of assets accepted and liabilities assumed on date of business combination and their principal breakdown

Not yet decided at this time

END