



First Quarter of the Fiscal Year Ending November 30, 2023 Explanatory Material for the Financial Results

Samty Co., Ltd. (securities code: 3244)



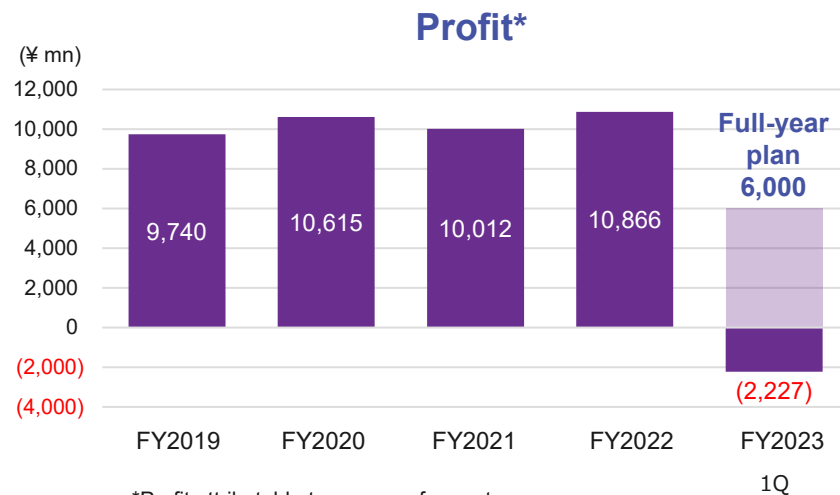
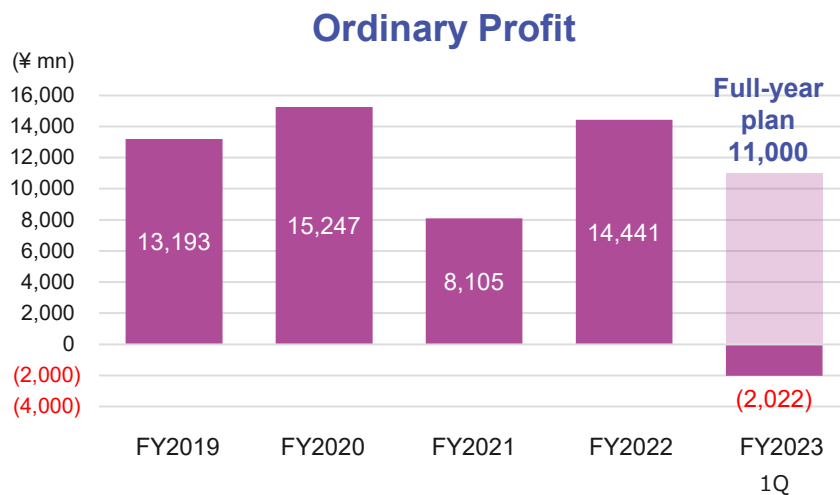
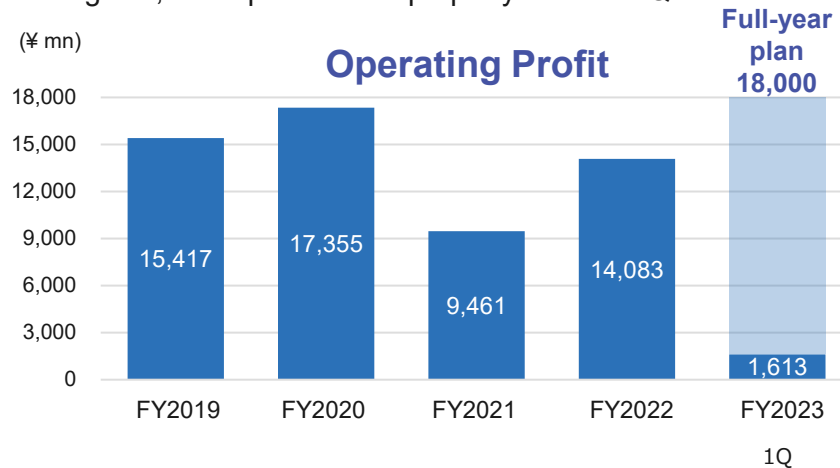
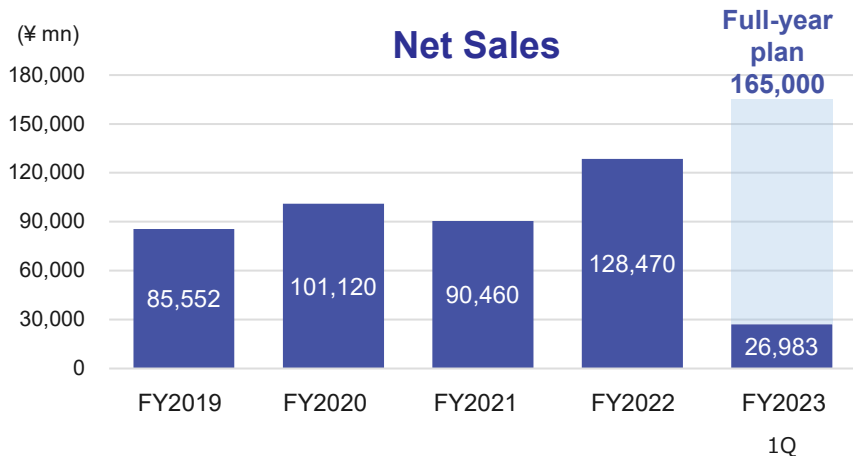
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First Quarter of the Fiscal Year Ending November 30, 2023
Overview of the Consolidated Financial Statements



Net sales in Q1 of FY2023 were 254.7% of the same period last year.

Net sales for FY2023 Q1 was approximately 27 billion yen and operating profit was approximately 1.6 billion yen. Operating profit, which was in the red in FY2022 Q1, is now in the black. Aiming to maximize income gains, we expect to start property sales in 2Q.



*Profit attributable to owners of parent

- Net sales and operating profit increased in FY2023 Q1 due to an increase in properties sold compared to the same period last year.
- Due to the impact of foreign exchange losses (approx. -1.9 billion yen) and one-time expenses (approx. -0.7 billion yen) related to the establishment of a special investigation committee (announced on January 16, 2023), ordinary income and profit were in the red.

(Unit: Millions of yen)	FY2022 Q1		FY2023 Q1		Year on Year		FY2023	
	Actual	Percent	Actual	Percent	Increase/decrease	Percent change	Full-year plan	Percentage of progress
Net sales	7,608	100%	26,983	100%	19,375	254.6%	165,000	16.4%
Cost of sales	6,088	80.0%	21,223	78.7%	15,134			
Selling, general and administrative expenses	2,135	28.1%	4,147	15.4%	2,011			
Operating profit	-615	-	1,613	-	2,228	-	18,000	8.9%
Non-operating profit	538	7.1%	93	0.3%	-445			
Non-operating expenses	1,947	25.6%	3,729	13.8%	1,782			
Ordinary profit	-2,024	-	-2,022	-	1	-	11,000	-
Extraordinary income	-	-	62	0.2%	62			
Extraordinary loss	-	-	727	2.7%	727			
Profit attributable to owners of parent	-1,581	-20.8%	-2,227	-	-645	-	6,000	-
Earnings per share (yen)	-34.04	-	-47.88	-	-13.84	-	128.97	-

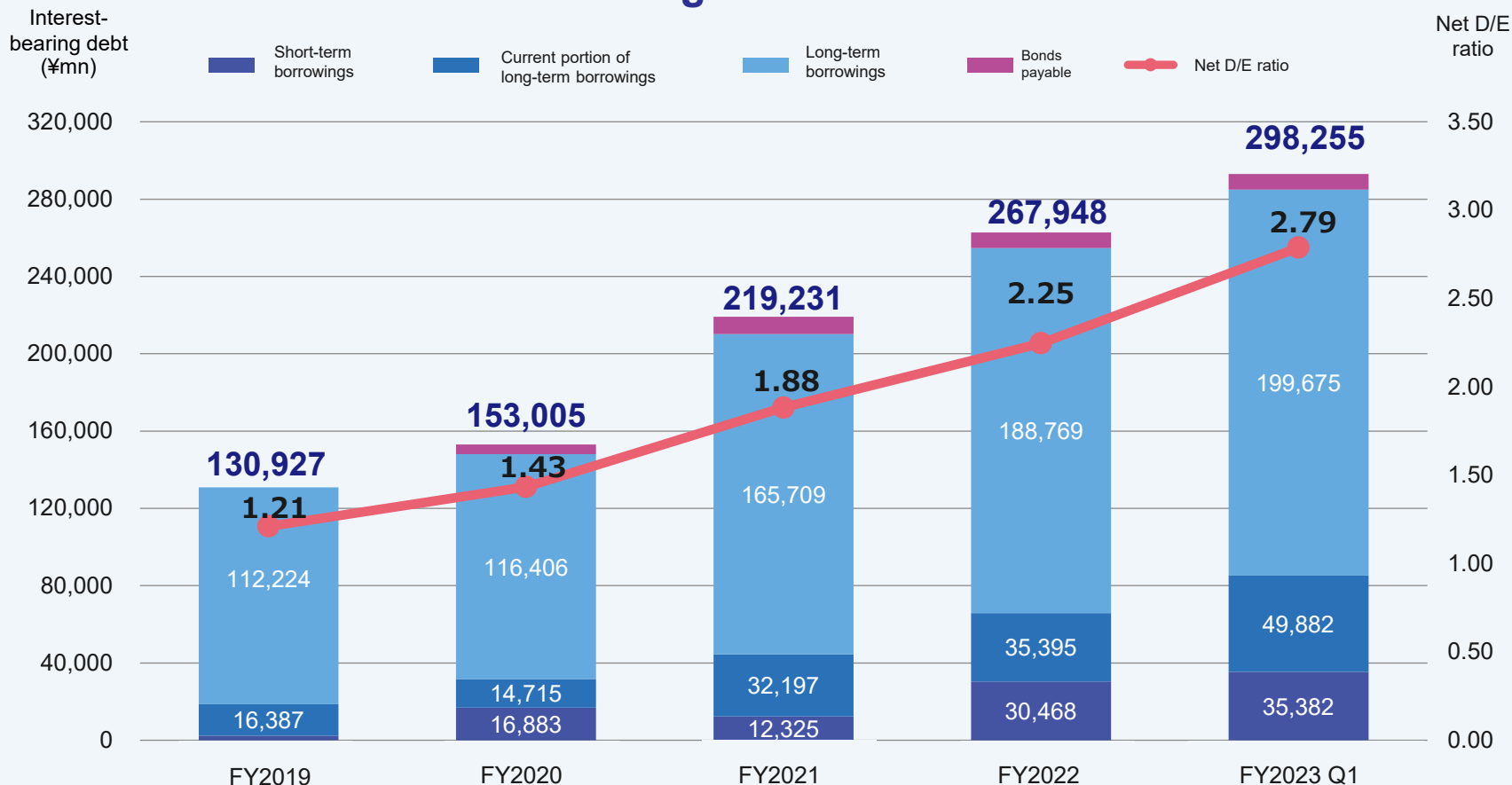


● The Group's total assets increased approximately 19.4 billion yen from the end of the previous fiscal year. We will continue to accumulate assets to achieve the Medium-term Management Plan (for the Post-COVID Version), while focusing on financial discipline, etc.

(Unit: Millions of yen)	As of Nov. 30, 2022	As of Feb. 28, 2023	Increase/ decrease	Main reasons for increase/decrease
Total assets	413,594	433,037	19,442	
Current assets	289,904	323,139	33,234	◇ Real estate for sale
Cash and deposits	46,002	30,753	-15,248	Property acquisitions +15,483 mn. yen
Real estate for sale	114,623	156,541	41,917	Transfers and other +25,931 mn. yen
Real estate for sale in process	122,065	124,864	2,799	Property sales
Non-current assets	123,581	109,801	-13,780	◇ Real estate for sale in process
Property and equipment	90,435	76,103	-14,332	Acquisition of land for development, and building costs +13,800 mn. yen
Intangible assets	414	435	20	Transfers and other -10,849 mn. yen
Investments and other assets	32,731	33,262	531	
Total liabilities	303,199	325,279	22,079	◇ Property, plant and equipment
Current liabilities	89,543	100,913	11,369	Acquisition of income properties +4,364 mn. yen
Short-term borrowings	30,468	35,382	4,914	Transfers and other -19,747 mn. yen
Current portion of long-term debt	35,395	49,882	14,486	
Current portion of bonds	5,170	5,170	0	◇ Shareholders' equity
Non-current liabilities	213,656	224,366	10,710	Net profit for the quarter -2,227 mn. yen
Long-term debt	188,769	199,675	10,906	Dividend payments -2,372 mn. yen
Bonds payable	8,145	8,145	0	RS issuance
Bonds with share acquisition rights	12,000	12,000	0	Adjustment for business combinations
Net assets	110,395	107,757	-2,637	
Total liabilities and net assets	413,594	433,037	19,442	
Interest-bearing debt	262,778	298,255	35,477	
Shareholders' equity	100,101	95,500	-4,600	
Equity ratio (%)	23.9%	22.2%	-1.7%	

- Borrowings increased due to income gains and aggressive purchasing activities to expand Group assets.
- Long-term borrowings have an average maturity of 10.6 years and an average interest rate of 1.29%, and among them, our borrowings on income properties have an average maturity of 13.2 years and an average interest rate of 1.24%.

Interest-Bearing Debt and Net D/E Ratio



Note: Net debt-equity ratio = (Interest-bearing debt - Cash and deposits) / Equity

Note 2: Interest-bearing debt excluding zero-coupon bonds with stock acquisition rights

First Quarter of the Fiscal Year Ending November 30, 2023

Overview by Segment



Capital gains

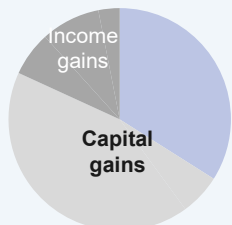
In Q1, the company aggressively sold more properties than in the same period last year. The overseas business returned to profitability as the impact of the cost of sales, which had been significant in the previous period, leveled off. The capital gains businesses had a significant increase in both sales and profit.

Income gains

In the Hotel Business, although hotel occupancy rates have been recovering steadily, ordinary profit was in the red due to the impact of hotels that have not yet recovered to pre-pandemic levels in terms of the room rates, and hotels that have been open for business for just a short period of time.

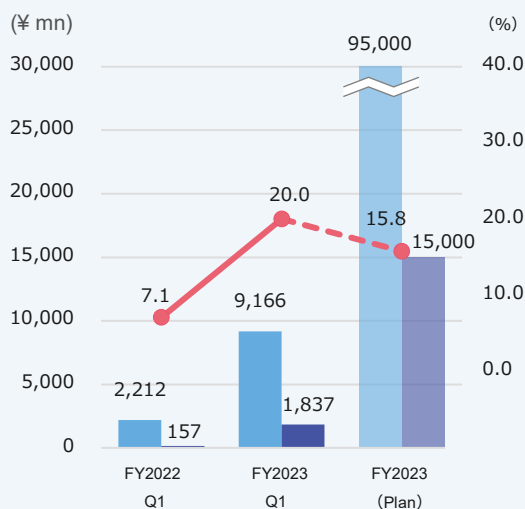
	(Unit: Millions of yen)	FY2022 Q1		FY2023 Q1		Year on Year		FY2023	
		Actual	Operating margin	Actual	Operating margin	Actual	Percent change	Full-year plan	Percentage of progress
	Net sales	7,608	-	26,983	-	19,375	+254.7%	165,000	16.3%
Capital	Real Estate Development Business	2,212	-	9,166	-	6,954	+314.4%	95,000	9.6%
	Real Estate Solution Business	2,000	-	1,615	-	-385	-19.3%	26,000	6.2%
	Overseas Business	-	-	11,302	-	11,302	-	16,500	68.5%
Income	Real Estate Leasing Business	1,908	-	1,742	-	-166	-8.7%	9,000	19.4%
	Hotel Business	709	-	2,326	-	1,616	+227.7%	15,000	15.5%
	Real Estate Management Business	1,068	-	1,323	-	255	+23.9%	6,200	21.3%
	Adjustment	-290	-	-491	-	-201	-	-2,700	-
	Operating profit	-615	-	1,613	6.0%	2,228	-	18,000	-
Capital	Real Estate Development Business	157	7.1%	1,837	20.0%	1,680	+1,070.1%	15,000	12.3%
	Real Estate Solution Business	370	18.5%	232	14.4%	-138	-37.3%	3,000	7.8%
	Overseas Business	-57	-	1,419	12.6%	1,477	-	1,600	88.7%
Income	Real Estate Leasing Business	968	50.7%	602	34.6%	-365	-37.8%	5,000	12.0%
	Hotel Business	-769	-	-788	-	-19	-	400	-
	Real Estate Management Business	210	19.7%	58	4.4%	-152	-72.4%	300	19.5%
	Adjustment	-1,496	-	-1,748	-	-252	-	-7,300	-

Real Estate Development Business

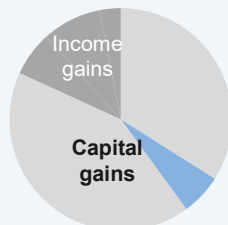


Percent of sales:
34.0%

- In Q1 we sold 7 properties (for about ¥9.1 billion).
- Because our Medium-Term Management Plan is based on the idea of retaining ownership following development, we are watching market trends so that we can run our business smoothly and flexibly.

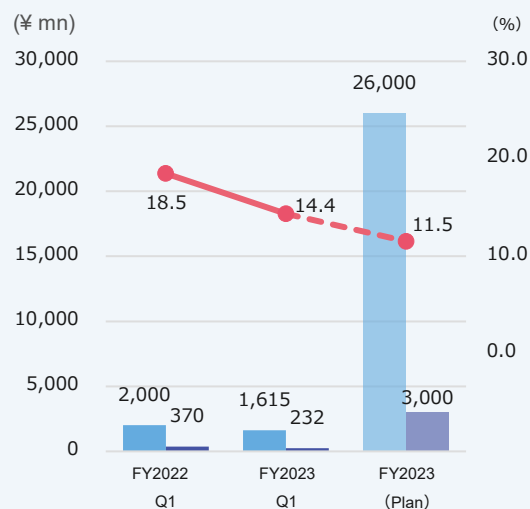


Real Estate Solution Business

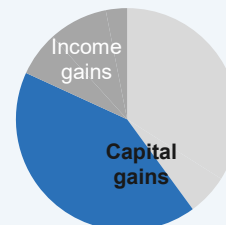


Percent of sales:
6.0%

- In Q1 we sold 5 properties (for about ¥1.6 billion).
- Going forward, we will continue sales to the REIT and to overseas investors as a way of exiting so that we can maximize our earnings.

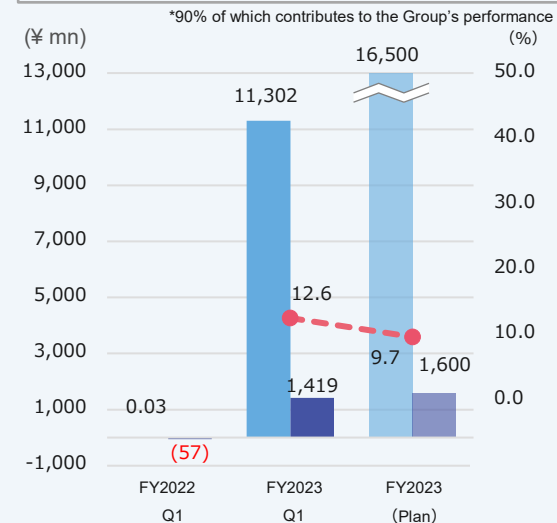


Overseas Business



Percent of sales:
41.9%

- We expect the net sales of the Sakura Project to be about ¥40.7 billion*, and profit of about ¥5.7 billion* when the project is sold out.
- Sales and deliveries of V8 and V9 have been good, resulting in a significant increase in sales and profit compared to the same period last year.



- In Q1, the company acquired 34 parcels of land (approximately ¥16 billion) for development in major cities across Japan.
At this time, plans call for the acquisition of 52 properties (approximately ¥19.7 billion) for development in the current fiscal year. Progress in purchasing has been good.
- We plan to acquire parcels of land for development of three properties (approximately 2.4 billion yen) in the next fiscal year and thereafter.

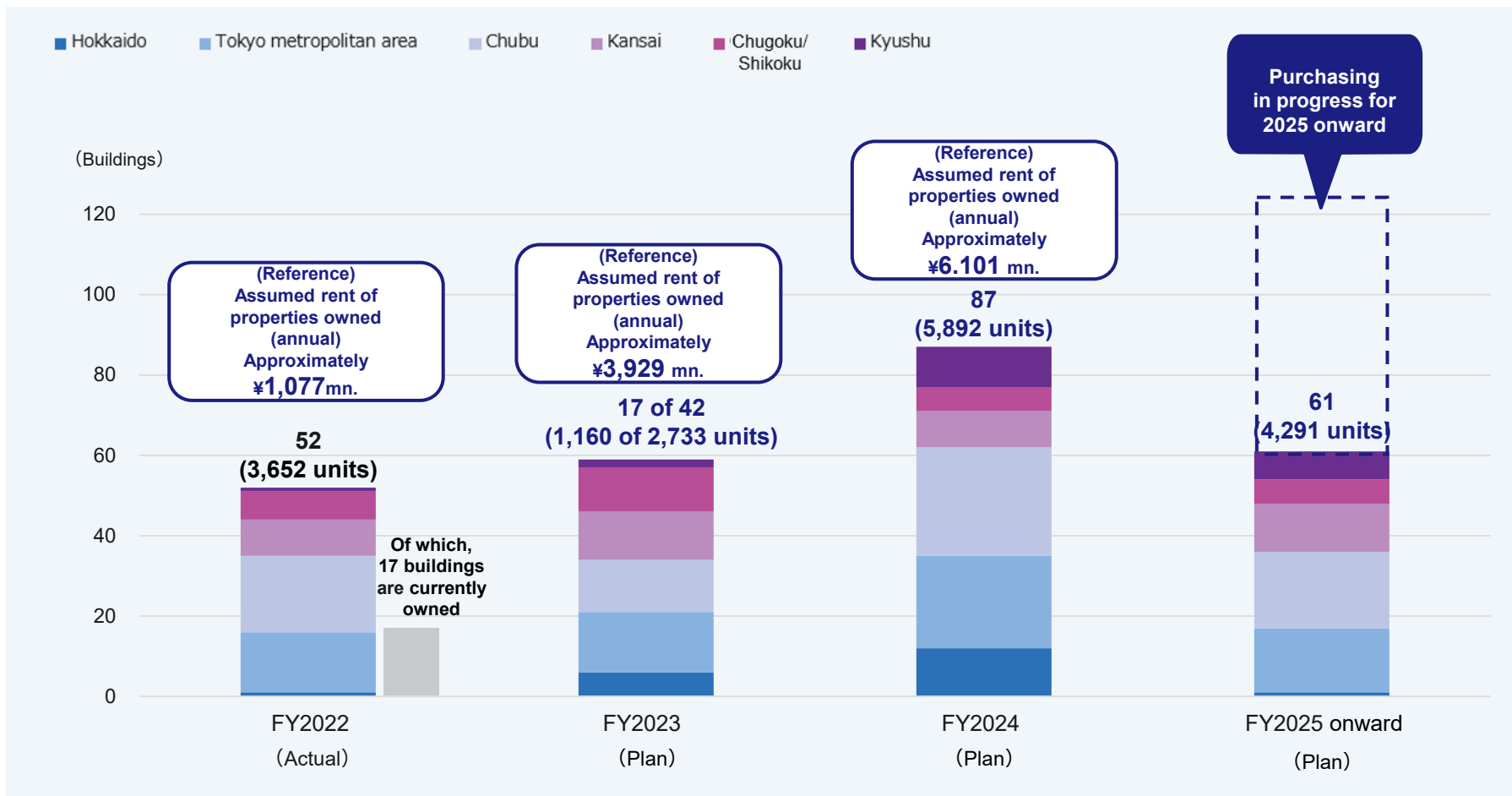
Land for development: Based on acquisition amount (percentage of progress)

Full-year plan	FY2023 Q1		FY2023				Expected to settle next FY or later
	Actual	Percentage of progress	Expected to settle this FY	Full-year plan	Actual + planned settlement	Percentage of progress	
¥72.0 bn.	¥16.0 bn.	22.2 %	¥19.7 bn.	¥72.0 bn.	¥35.7 bn.	49.6 %	¥2.4 bn.

Land for development: Based on number of acquisitions (by region)

	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku/Shikoku	Kyushu	Total
FY2023 Q1 acquisitions	2	9	7	9	5	2	34
Expected to settle this FY	9	15	18	4	3	3	52
Total	11	24	25	13	8	5	86
Expected to settle next FY or later	1	1	-	-	1	-	3

- A total of 59 residential buildings (3,893 units) are scheduled to be completed FY2023. Of these, 17 buildings (1,160 units) were completed in Q1.
- We are planning to develop a **total of 190 buildings with about 13,000 units** in cities across Japan going forward. We will continue to promote residential development to increase income gains.



Notes: (1) The number of buildings is the total of the development plan and results for S-RESIDENCE and investment unit sales.

(2) Assumed rental revenue is calculated using the number of properties owned and the rents expected from the projects at full occupancy.

● **Mercure Hida Takayama opened in December, 2022**

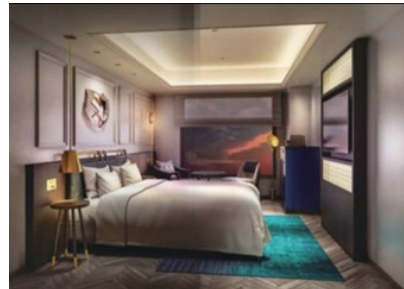
Plans for hotel and office development projects scheduled for completion and opening this fiscal year and beyond are also mostly on track.

- In line with our policy of making strategic investments in regional cities, we are promoting developments focused on cities where we have branch offices and their surrounding areas.

Type	FY	Project Name	Location	No. of Rooms	Planned Opening (completion)
Hotel	2023	Mercure Haneda	Ota-ku, Tokyo	363	Winter 2023 opening
	2024	Six Senses Kyoto	Higashiyama-ku, Kyoto	81	Spring 2024 opening
		Banyan Tree Higashiyama Kyoto	Higashiyama-ku, Kyoto	52	Spring 2024 opening
	2025	Shangri-La Hotel Kyoto Nijojo Project (tentative name)	Kamigyo-ku, Kyoto	77	Spring 2025 opening
		Sapporo-shi Hotel Project	Sapporo-shi	-	-
	TBD	Osaka-shi Kita-ku Hotel Project	Kita-ku, Osaka-shi	-	-
		Hiroshima-shi, Minami-ku Hotel Project	Minami-ku, Hiroshima-shi	-	-
Total: 7 buildings				573	-
Office	2024	Odori-Nishi 5-Chome II Office Building Project	Chuo-ku, Sapporo-shi	-	2024 completion
	2025	Nakamura-Ku Noritake 1-Chome Office Building Project	Nakamura-ku, Nagoya-shi	-	2024 completion
		Sapporo-shi Chuo-ku Office Project	Chuo-ku, Sapporo-shi	-	-
	TBD	Nagoya-shi Nakamura-ku Office Project	Nakamura-ku, Nagoya-shi	-	-
		Hiroshima-shi Naka-ku Office Project	Naka-ku, Hiroshima-shi	-	-
		Hiroshima-ken, Fukuyama-shi Office Project	Fukuyama-shi, Hiroshima-ken	-	-
		Fukuoka-shi Hakata-ku Office Project	Hakata-ku, Fukuoka-shi	-	-
Total: 7 buildings				-	-



Mercure Hida Takayama



Artist's rendering of a Mercure Haneda guest room



Artist's rendering of the Banyan Tree Higashiyama Kyoto



Artist's rendering of the Six Senses Kyoto

Notes: (1) Project names that have the word "Project" in them are tentative names.
(1) The renderings are from the consideration stage of the project and may change in the future.

- In Q1, we sold 7 properties in our Real Estate Development Business and 5 properties in our Real Estate Solution Business for a total of 12 properties.
- All properties sold in Q1 were sold to outside parties. We plan to continue property sales from Q2 on to achieve the full-year plan.

Based on number of sales (percentage of progress)

Segment	Full-year plan	FY2023 Q1	
		Actual	Percentage of progress
Real Estate Development Business	66	7	10.6%
(S-RESIDENCE)	(65)	(7)	10.8%
(Investment unit sales in lots)	-	-	-
(Hotel and other)	(1)	-	-
Real Estate Solution Business	40	5	12.5%
Total	106	12	11.3%

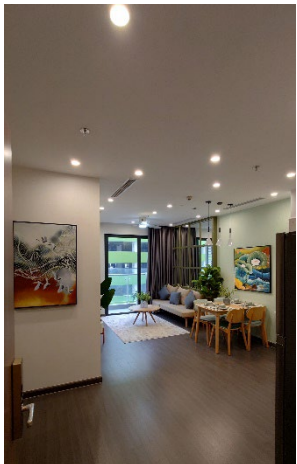
FY2023		
Full-year plan	Planned sales	Percentage of progress
20	27	40.9%
(20)	(27)	41.5%
-	-	-
-	-	-
9	14	35.0%
29	41	38.7%

Based on number of sales (by region)

Segment/Region	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku/Shikoku	Kyushu	Total
Real Estate Development Business	-	3	3	1	-	-	7
(S-RESIDENCE)	-	(3)	(3)	(1)	-	-	(7)
(Investment unit sales in lots)	-	-	-	-	-	-	-
(Hotel and other)	-	-	-	-	-	-	-
Real Estate Solution Business	-	2	-	3	-	-	5
Total	0	5	3	4	0	0	12

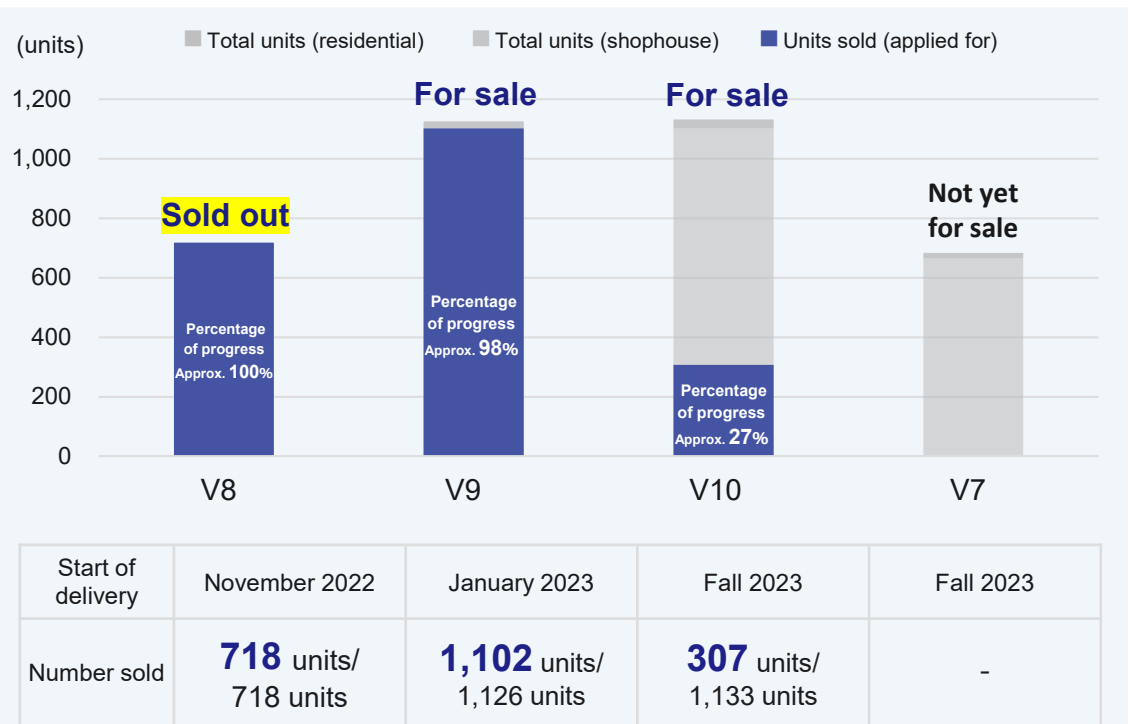


- The V8 building is completely sold on an application basis. Delivery to customers on track with a progress rate of about 96%.
- The V9 building is also progressing well, with about 98% of units sold on an application basis. Delivery has also started, and about 76% of the total number of units have been delivered.
- Sales for the V10 building started at the end of 2022 and as of April 21, was about 27% sold, so sales are proceeding well for the V10 building, too.



Artist's rendering of a model room, the exterior, and an entrance hall

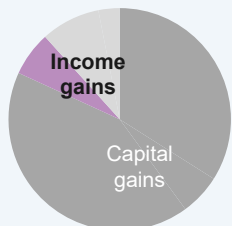
Timing of Delivery and Status of Sales (As of April 21, 2023)



Start of delivery	November 2022	January 2023	Fall 2023	Fall 2023
Number sold	718 units/ 718 units	1,102 units/ 1,126 units	307 units/ 1,133 units	-

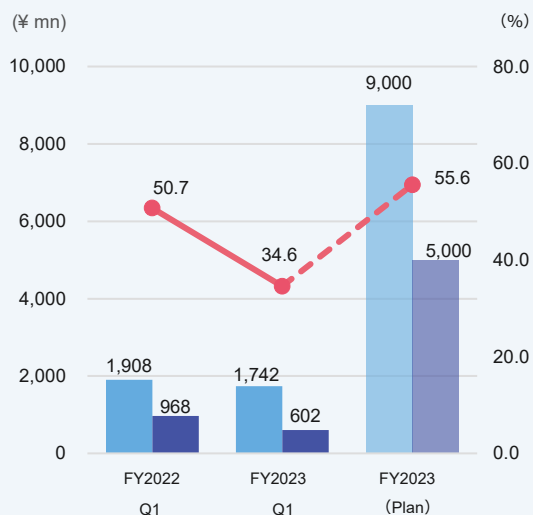
Note: In the graph above, "percentage of progress" is calculated on applications.

Real Estate Leasing Business

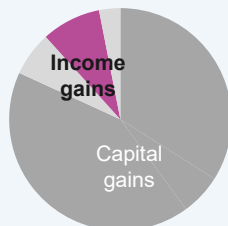


Percent of sales:
6.5%

- Sales and profit declined YoY in 1Q due to property sales in 4Q of the previous fiscal year.
- Acquisitions of property, including those scheduled for settlement, is progressing smoothly, and rental income is expected to increase going forward due to the accumulation of properties held.

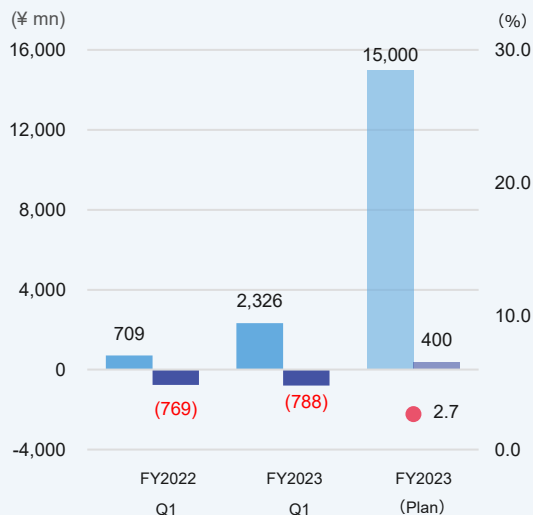


Hotel Business

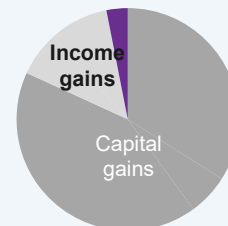


Percent of sales:
8.6%

- Despite higher net sales, operating profit was negative YoY due to higher expenses for newly opened hotels, etc.
- In addition to domestic travelers, inbound demand is recovering, and we expect occupancy rates and room rates to recover.

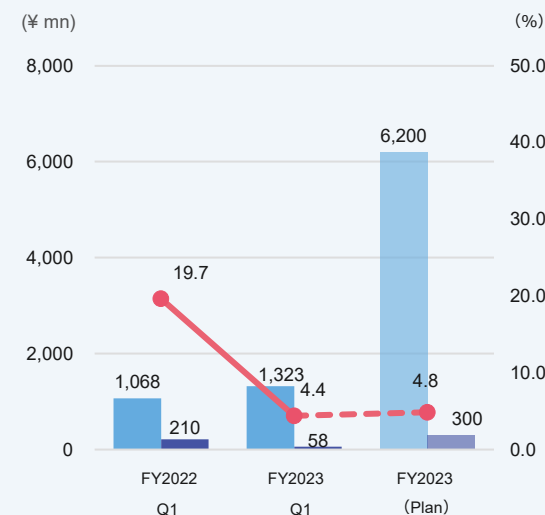


Real Estate Management Business



Percent of sales:
3.1%

- Although assets under management (AUM) and the number of units under management have been growing steadily, in Q1 sales increased but profit decreased due to the impact of increased expenses accompanying the expansion of business scale. We expect increased sales and decreased profits for the full fiscal year, too.



■ Net sales ■ Segment operating profit ● Segment operating margin

Note: Net sales for the percent of sales is calculated based on the amount of net sales to third parties

- In Q1, we acquired 24 income properties in major cities throughout Japan for about ¥17.9 billion. We plan to acquire 26 income properties for about ¥13.7 billion as scheduled for settlement this fiscal year.
- For the next fiscal year and beyond, we plan to acquire 25 income properties for about ¥26.4 billion, and progress in purchasing them has been favorable.

**Income properties: Based on acquisition amount
(percentage of progress)**

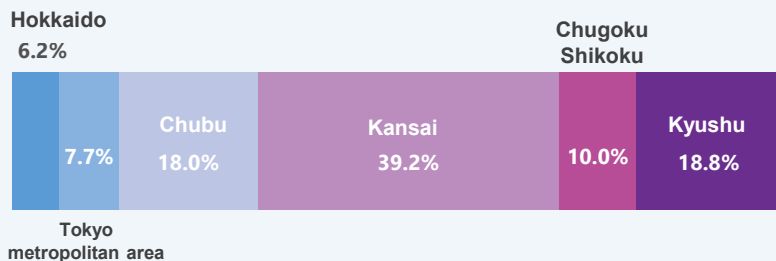
Full-year plan	FY2023 Q1		FY2023				To be settled next FY or later
	Actual	Percentage of progress	決済予定	Full-year plan	Planned settlement	Percentage of progress	
¥50.0 bn.	¥17.9 bn.	35.8%	¥13.7 bn.	¥50.0 bn.	¥31.6 bn.	63.2%	¥26.4 bn.

Income properties: Based on number of acquisitions (by region)

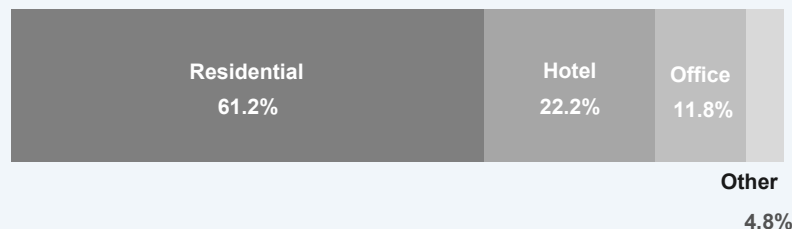
	Hokkaido	Tokyo metropolitan area	Chubu	Kansai	Chugoku /Shikoku	Kyushu	Total
FY2023 Q1 acquisitions	2	5	3	8	1	5	24
Expected to settle this FY	2	8	5	3	4	4	26
Total	4	13	8	11	5	9	50
Expected to settle next FY or later	4	7	1	9	1	3	25

- We own 192 rental properties (total book value of about ¥195.9 billion), including residences, hotels, and offices. Of these, the occupancy rate for residential properties has been steady at around 95%.
- We have created a well-balanced portfolio by holding properties throughout Japan.

Asset Holdings by Region

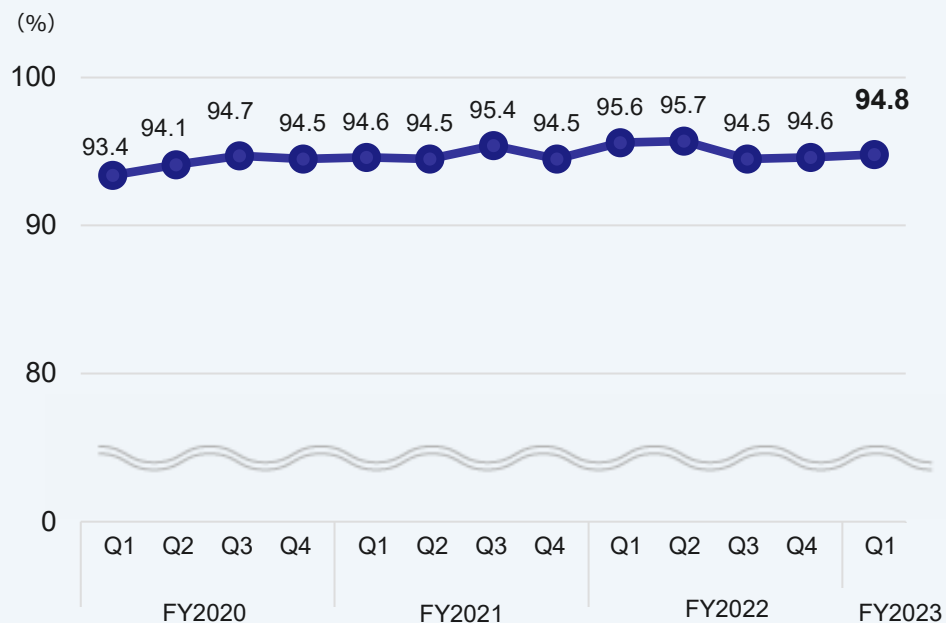


Asset Holdings by Asset Type



Note: Data is as of February 28, 2023. The total is based on the total book value of real estate for sale and non-current assets owned by the Samty Group on a consolidated basis.

Residential Occupancy Rates



Note: Average occupancy rate at end of each quarter

Total floor area basis (weighted average): Total leased area of each property/total floor area

Excluded from the total are special properties, such as newly built properties or properties that are acquired that have not passed a certain period of time.

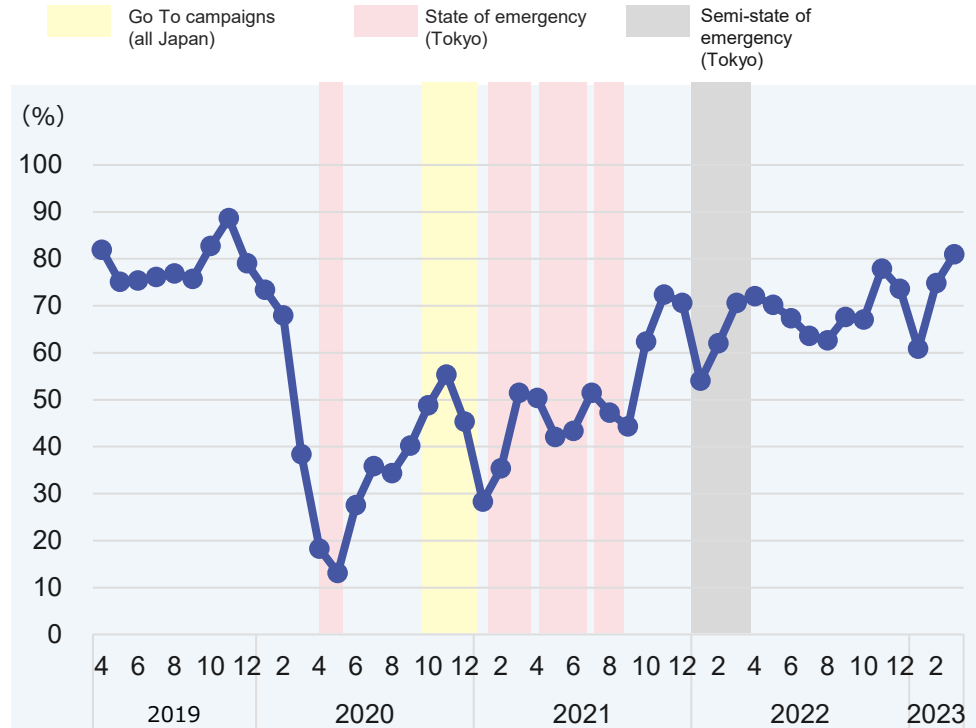


- Hotel the Pavone (Nesta Resort Kobe) and Mercure Hida Takayama were added to our participating hotels.
- The average occupancy rate recovered steadily. In addition to the number of domestic tourists, the number of foreign tourists is increasing, so we expect further increases in occupancy rates and average room rates.

Hotels in Which Samty Is Involved (In Order of Acquisition/Development)

Region	Hotel name	Rooms	Remark
Tokyo metropolitan area	Center Hotel Tokyo	108	Owned and operated
	HOTEL SUNSHINE UTSUNOMIYA	160	-
	S-PERIA INN Nihombashi Hakozaki	114	Developed and operated
Chubu	Mercure Hida Takayama	161	Developed
	Ibis Styles Nagoya	284	Developed and Owned
Kansai	Amano Hashidate Hotel (including Auberge)	86	Owned
	GOZAN	21	Owned
	S-PERIA INN Osaka Hommachi	125	Developed and operated
	S-PERIA HOTEL Kyoto	165	Developed and Owned
	Mercure Kyoto Station	225	Developed
	Agora Kyoto Karasuma	140	Developed
	Agora Kyoto Shijo	80	Developed
	Aloft Osaka Dojima	305	Owned
	Oakwood Hotel Kyoto Oike	120	Developed and Owned
	Hotel the Pavone (Nesta Resort Kobe)	109	Operated
	Chugoku	NEST HOTEL HIROSHIMA HATCHOBORI	126
NEST HOTEL HIROSHIMA STATION		84	Owned
Kyushu	S-PERIA HOTEL Nagasaki	155	-
	S-PERIA HOTEL Hakata	287	Developed
	S-PERIA HOTEL Fukuoka Nakasu	87	Developed and operated
Total	20 hotels	2,942 rooms	

Average Occupancy Rates



Note: Calculated based on a weighted average of the average occupancy rate of each hotel as of the end of each month.

Excluded from the total are properties that have been open less than one year.

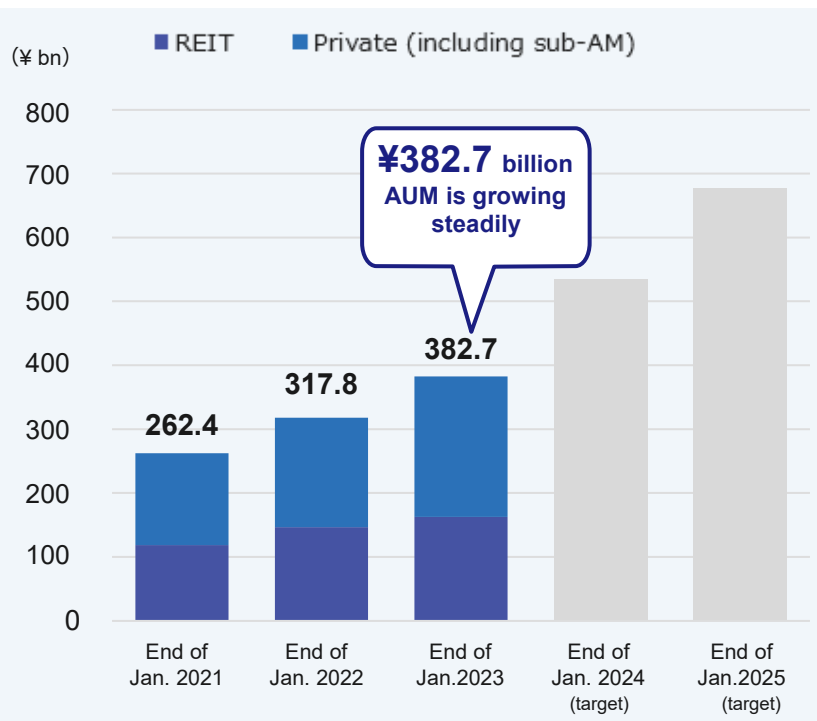


- AUM reached the ¥380 billion level at the end of January 2023. We will continue to share properties and support growth.
- AUM is expected to expand due to an increase in assets under management and the formation of a hotel REIT.

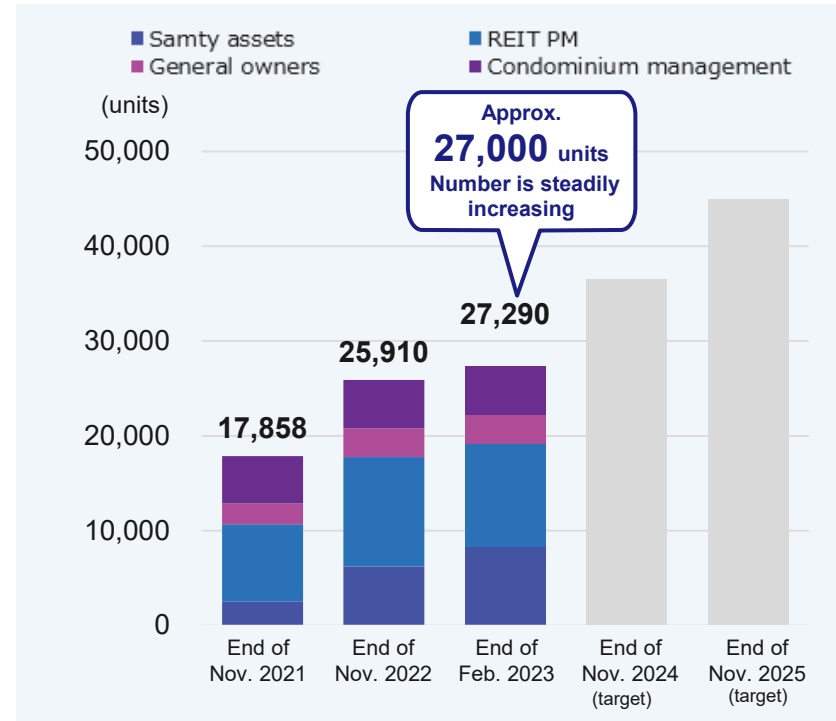


- The number of units under management is expanding steadily.
- Steady expansion is expected in the future based on an increase in properties owned by Samty Residential Investment Corp. and the planned completion of at least 10,000 units developed by Samty by 2023 or thereafter.

AUM



Number of Units Under Management



Medium-Term Management Plan
Samty Toughening Plan (Post-COVID Version)
Review and State of Progress



- The retooled Medium-Term Management Plan of January 2021 takes a look at social trends and has a plan to transform our structure to expand stable earnings.
- The goal is to maintain an equity ratio of 30% and aim for approximately double the net sales and operating profit at the time the plan was formulated, by the end of FY2025.
- The assumptions of the plan were reviewed and the target figures for FY11/2023 were changed in light of the current business environment.

Note: Numerical targets before revision: Net sales: ¥170 billion, rental income: ¥35 billion, operating income: ¥20 billion

Basic Policies

1 Switch to a “develop and own” business

3 Strategically invest in regional metropolitan areas

2 Establish a hotel REIT

4 Build a profit base overseas

KPI Targets

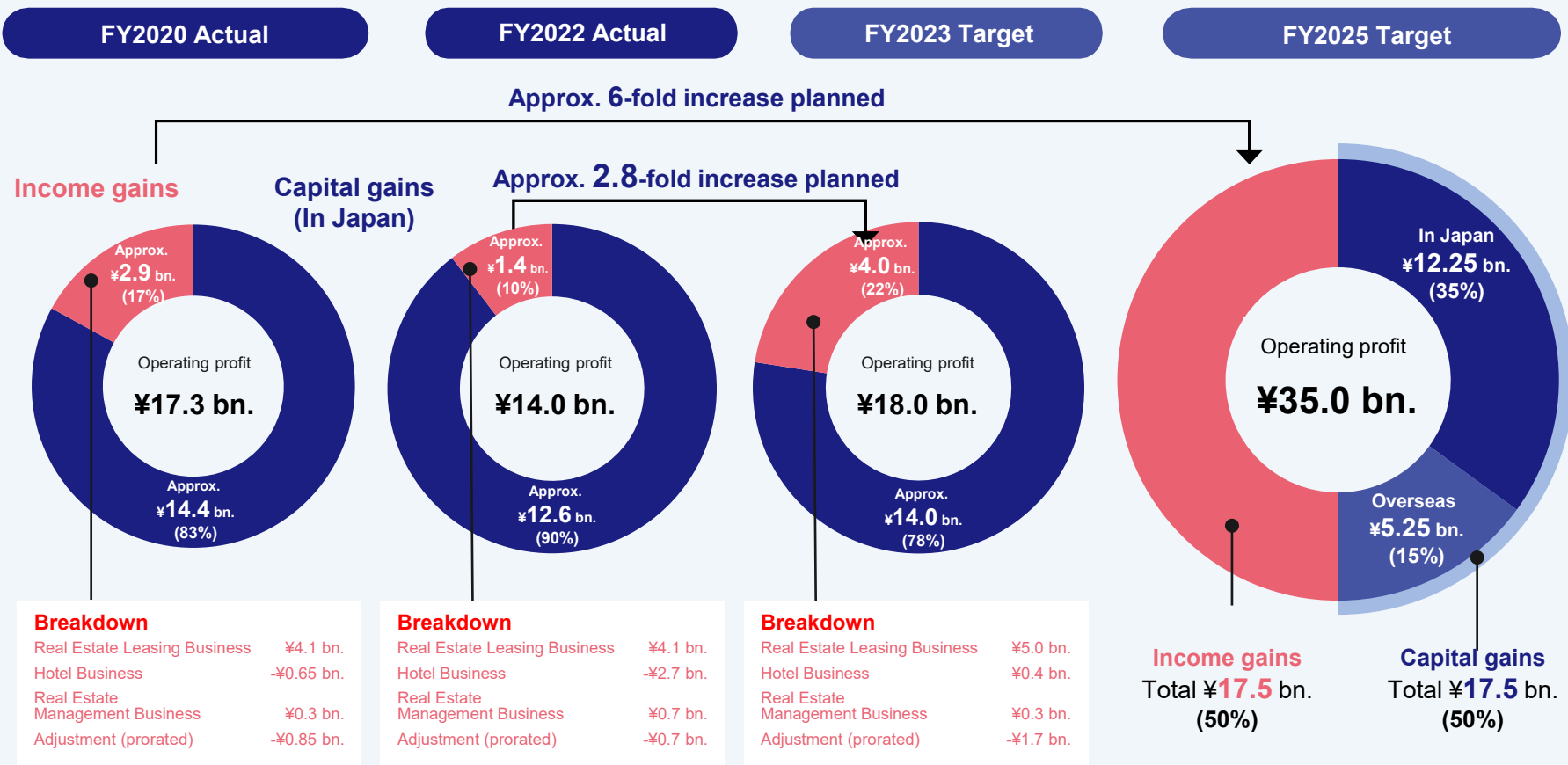
	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Numerical Target	FY2025 Numerical Target
Net sales (rental income, etc.)	¥101.1 bn. (¥12.1 bn.)	¥90.4 bn. (¥13.8 bn.)	¥128.4 bn. (¥18.8 bn.)	¥165.0 bn. (¥27.5 bn.)	About ¥220.0 bn. (¥45.0 bn.)
Operating profit	¥17.3 bn.	¥9.4 bn.	¥14.0 bn.	¥18.0 bn.	More than ¥35.0 bn.
ROE	14.3%	11.6%	11.1%	-	About 15.0%
ROA	7.4%	3.2%	3.7%	-	About 7.0%
Equity ratio	30.7%	27.0%	23.9%	-	More than 30.0%

Notes : (1) ROA = Operating profit / Total assets (average of FY start and end)

(2) Net sales for the rental income, etc. portion of net sales is calculated based on the amount of net sales to third parties.

- Operating profit for FY2025 is targeted at ¥35.0 billion, and the strategy to transform the business portfolio aims for operating profit-based income gains of ¥17.5 billion, about a sixfold increase from the date of formulation.

Income Gains as a Percentage of Operating Profit



Note: Calculated as a percentage after deducting general and administrative expenses not attributable to a reporting segment. Those for prior fiscal years have been revised to reflect the reclassification into new segments.

The Investment Plan Is Proceeding Favorably toward Early Achievement of Targets

- Implementing a plan to invest about ¥750 billion over the five-year period of 2021-2025. The numerical targets and percentages of progress for each theme are given below. Cumulative investments as of Q1 FY2023 **about ¥550.5 billion (+¥46.8 billion from the previous fiscal year-end), and the percentage of progress was 73.4%**, so we have achieved 70% of our targeted investment amount in the second year of the plan. We will continue working on early achievement of our targets.

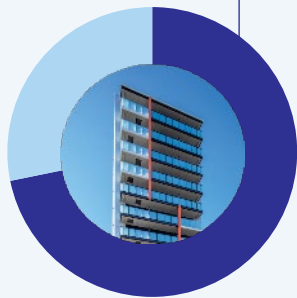
Percentage of Progress toward Targets by Theme

100% Achieved

Development of Residential Properties

State of progress

¥**243.7** bn.
81.2%

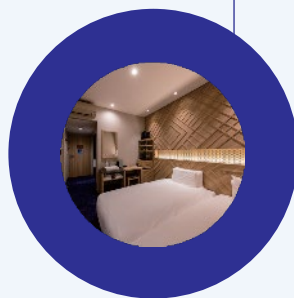


Target amount
¥**300.0** bn.

Development of Hotels and Office Buildings

State of progress

¥**122.0** bn.
101.7%



Target amount
¥**120.0** bn.

Acquisition of Income Properties

State of progress

進捗状況
¥**149.4** bn.
59.8%



Target amount
¥**250.0** bn.

Overseas Business

State of progress

¥**35.4** bn.
44.3%

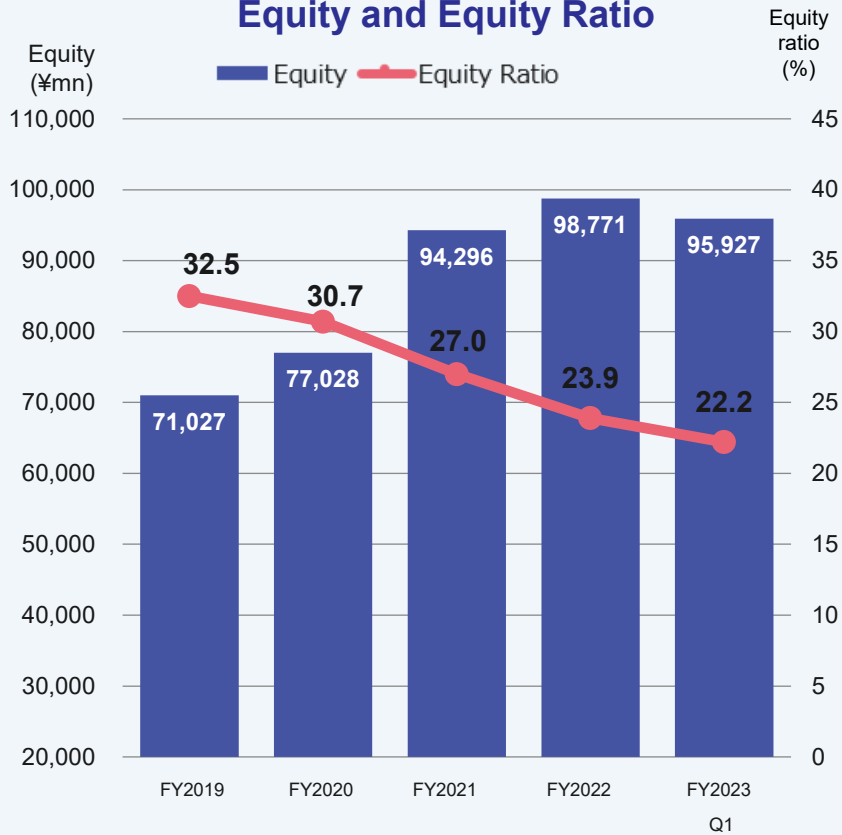


Target amount
¥**80.0** bn.

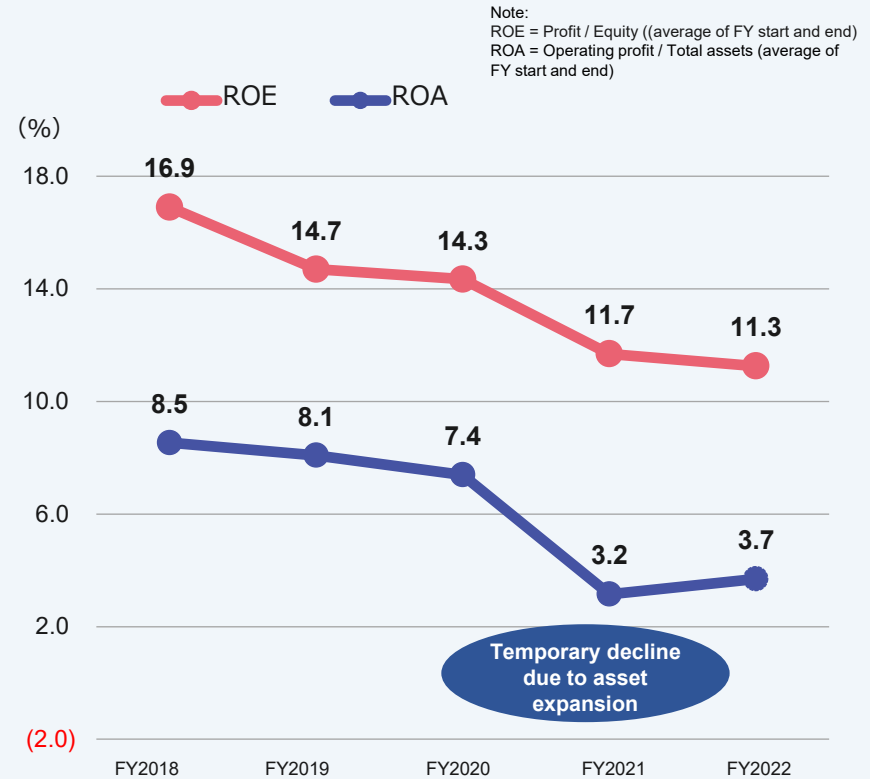
Note: For projects contracted and settled or planned to be settled from December 2020 onward. The progress figures are total cost values for the projects.

- Our equity ratio is declining due to an increase in assets held in conjunction with property acquisitions designed to increase income gains.
- We are striving to improve ROA and ROE, as we remain mindful of the targets for FY2025 set forth in our Medium-Term Management Plan.

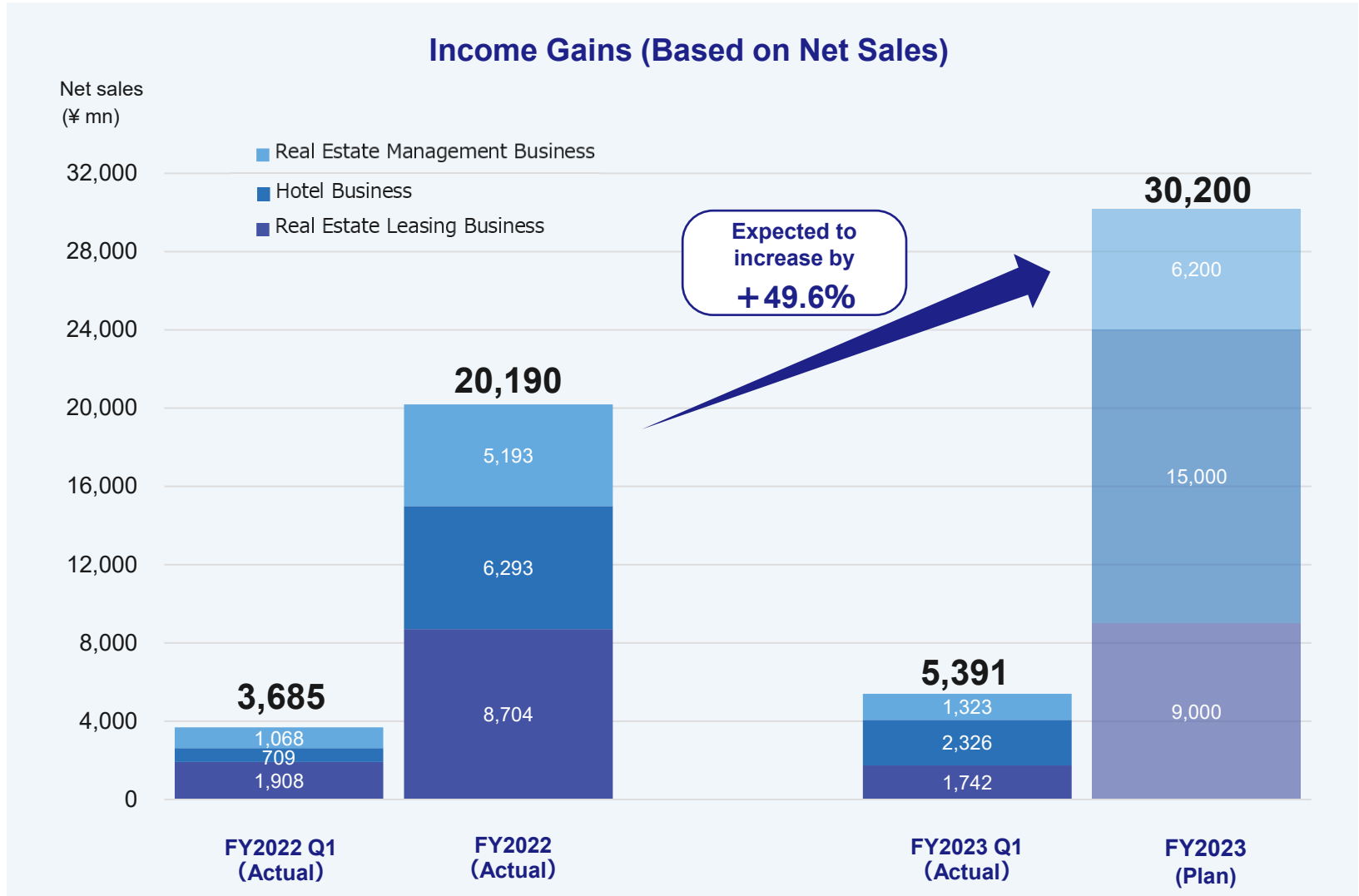
Equity and Equity Ratio



ROE and ROA

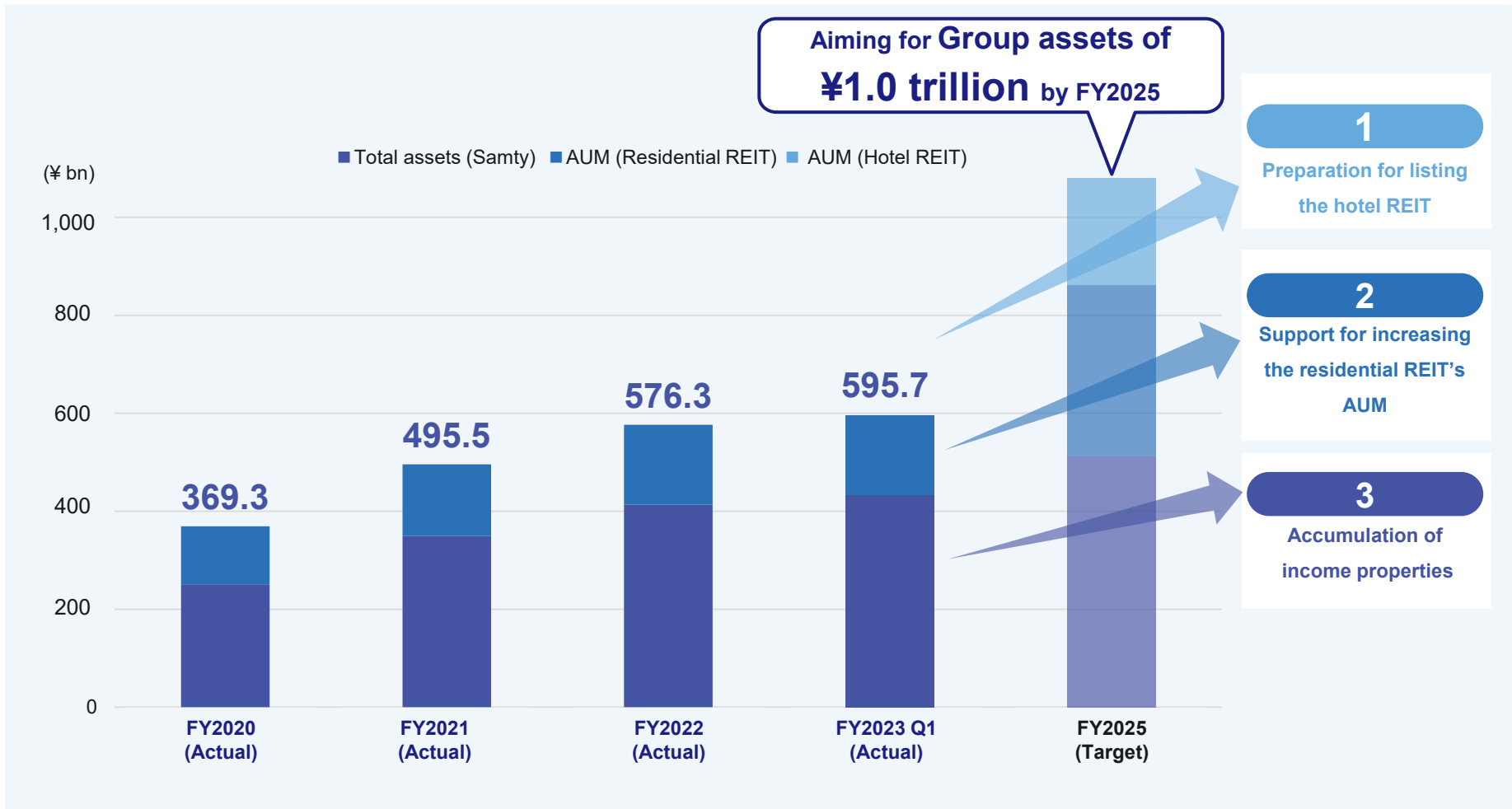


- Income gains based on net sales rose compared to the previous year in all three segments. We expect them to expand further going forward.



Note: Calculated as total net sales, including internal sales

- Group assets rose by about ¥19.4 billion year on year (+3.3%) due to asset growth.
- We are implementing strategic initiatives 1-3 below so that our assets will grow steadily until the end of FY2025.



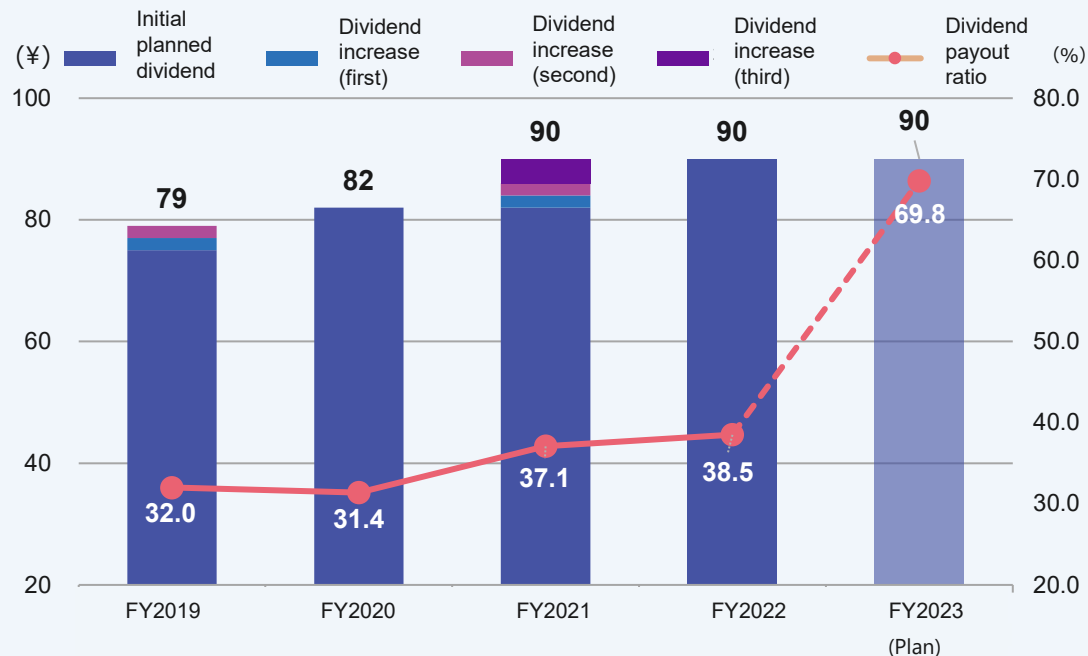
Note: Group assets are calculated by adding Samty's total assets + the balance of the REIT AUM (assets under management).

Dividends

In FY2022 we kept dividends the same level as FY2021, with an annual dividend of 90 yen. (¥39 at mid-year and ¥51 at year-end).

The Company recognizes that returning profits to shareholders is one of its most important management tasks, and will maintain its dividend forecast for FY2023 at the previous year's level of ¥90 (¥39 at mid-year and ¥51 at year-end).

We plan to temporarily have a dividend payout ratio of about 70%.



Shareholder Returns

1. Shareholder benefits

We provide benefits to shareholders of record as of November 30 allowing them to stay for free at the hotels in Japan in which we are involved.

2. Presentation of QUO Cards

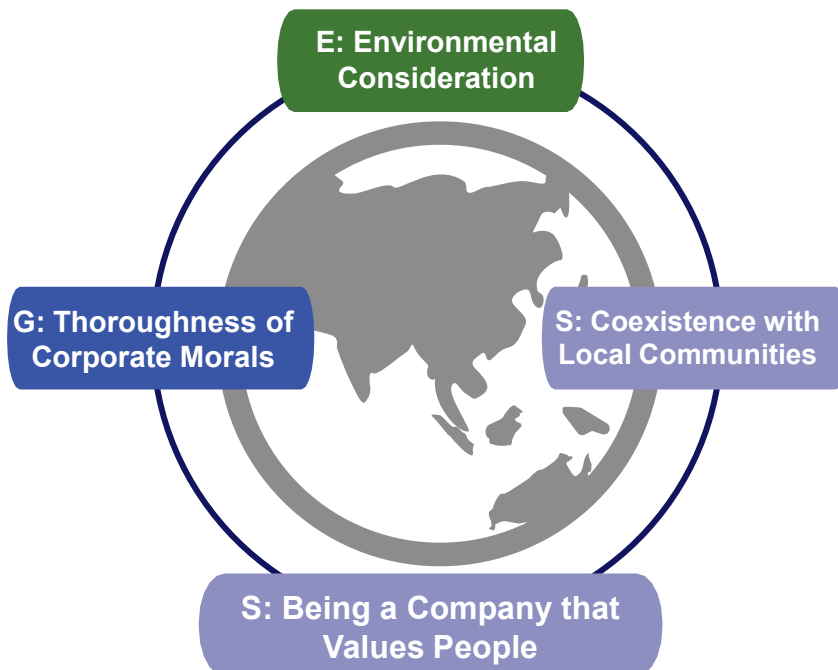
We give a QUO prepaid card worth ¥1,000 to those shareholders who have exercised their voting rights.

First Quarter of the Fiscal Year Ending November 30, 2023
Topics and Sustainability Initiatives

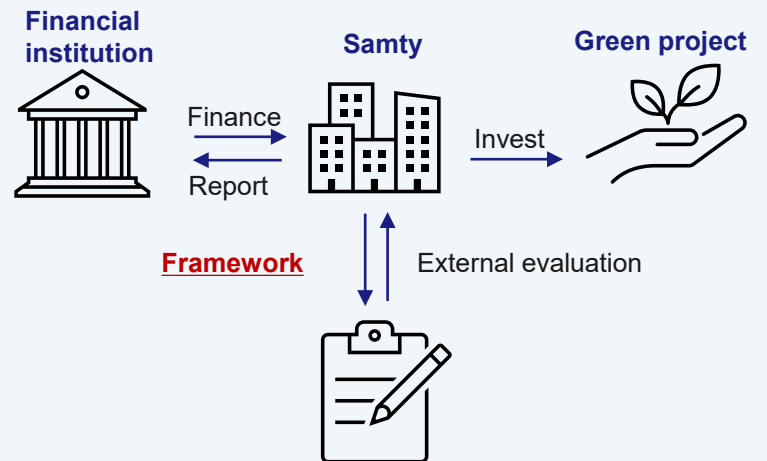


- In January 2023 we developed a Green Finance Framework and obtained a third-party evaluation.
- We will contribute to the environment and society by improving energy efficiency in the real estate we develop and own, and diversify financing through the use of green finance.

Our Basic Sustainability Policy



Overview of Green Finance



The purpose of formulating a green finance framework

- Contribute to the realization of a sustainable environment and society
- Enlarge the base of investors interested in ESG investment
- Strengthen the foundation for stable financing

Promote the enhancement of the sustainability of our business by contributing to the environment, society, and the diversification of finance.

- Procured green building development financing in the form of a syndicated loan with Shiga Bank, Ltd. and two other banks in January 2023 and with The Hokkaido Bank, Ltd. as the lender in March 2023.
- **Aim to contribute to the realization of a sustainable environment and society, and also strengthen the foundation for stable financing.**

Overview of green financing: 1. Shiga Bank, Ltd. and two other banks

Date of contract	January 27, 2023
Lender(s)	Shiga Bank, Ltd. (arranger), The Ehime Bank, Ltd., Shikoku Bank, Ltd.
Loan amount	¥2,700 million
Date of borrowing	January 31, 2023
Use of funds	Green building development
Third party certification	Obtained a second opinion from R&I on the Green Loan Framework



Overview of green financing: 2. The Hokkaido Bank, Ltd.

Date of contract	March 31, 2023
Lender(s)	The Hokkaido Bank, Ltd.
Loan amount	¥380 million
Date of borrowing	March 31, 2023
Use of funds	Green building development
Third party certification	Japan Credit Rating Agency, Ltd. Green Loan Evaluation: Green 1

- **Ibis Styles Nagoya**, a hotel developed and owned by the Company, **received a five-star rating, the highest rating**, in the BELS certification system, which is a building energy efficiency and conservation performance indication system. Also, the Xymax Sapporo Odori Building (formerly the S-Building, Sapporo-Odori), an office building developed and sold by the Company, and S-RESIDENCE Kotoni ekimae, a rental apartment building, **received 4-star BELS certification**.
- Going forward, too, we will develop and supply **properties that are energy- and resource-conscious**, based on our basic sustainability policy.

Hotel overview (BELS 5-star)



この建物のエネルギー消費量 **34%**削減
2022年8月30日交付 国土交通省告示に基づく第三者認証

- Name: Ibis Styles Nagoya
- Location: Nagoya, Nakamura-ku
- Access: 8-minute walk from Nagoya Station

Rental apartment building overview (BELS 4-star)



この住棟のエネルギー消費量 **19%**削減
2022年12月26日交付 国土交通省告示に基づく第三者認証

- Name: S-RESIDENCE Kotoni ekimae
- Location: Sapporo, Nishi-ku
- Access: 1-minute walk from the Kotoni subway station

Office building overview (BELS 4-star)



この建物のエネルギー消費量 **32%**削減
2022年8月31日交付 国土交通省告示に基づく第三者認証

- Name: Xymax Sapporo Odori Building (formerly: S-Building Sapporo-Odori)
- Location: Sapporo, Chuo-ku
- Access: 1-minute walk from the Odori subway station

- We acquired 2021 DBJ Green Building Certification from the Development Bank of Japan for 11 S-RESIDENCE properties (some of which have been sold) that we developed.
- We aim to develop properties that are not only profitable, but also have been designed with diversified social demands and energy-saving taken into consideration to sustainably increase corporate value.

Overview of residential building ①



Name: S-RESIDENCE Nihonbashi Qualier
 Location: Osaka, Naniwa-ku
 Access: 3-minute walk from the Ebisu subway station

Overview of residential building ②

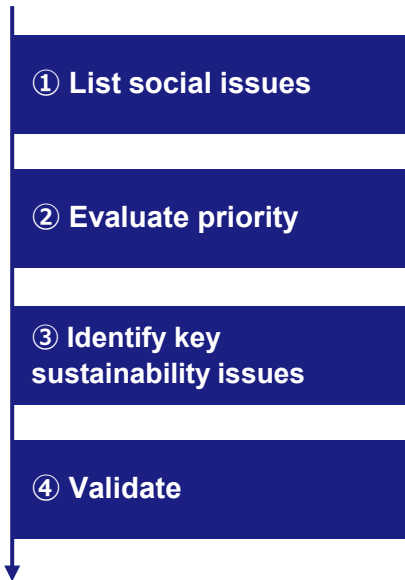


Name: S-RESIDENCE Kawaramachi
 Location: Hiroshima, Naka-ku
 Access: 2-minute walk from Funairi-machi stop on the Hiroshima Electric Railway

Acquired DBJ Green Building Certification on 11 buildings (two with 3 stars, nine with 2 stars), including the 2 buildings above.

- We opened our sustainability web pages in October 2022.
- We established an environmental data collection system in the Company and disclosed our CO₂ emissions. In addition, we have expanded the information disclosed on this website by identifying material issues and risks and opportunities associated with climate change, and post the results and processes of these efforts.

Steps in Identification of Material Issues



Periodically review our material issues and ensure their appropriateness

Our Material Issues



Bring about a society where people and nature coexist in harmony

- Prevent the worsening of climate change and promote a decarbonized society
- Take countermeasures to natural disasters (including earthquakes)



Develop and acquire talented personnel who are passionate about what they do

- Promote employee growth and personnel development
- Acquire talented employees to enhance business competitiveness
- Diversify lifestyles and work styles, improve job satisfaction of employees, and improve work-life balance



Providing innovative and creative new products and services

- Meet the diverse needs of customers and society
- Invigorate regions
- Contribute to a safe and secure society



Have ethical corporate activities

- Enhance governance
- Improve efforts regarding human rights

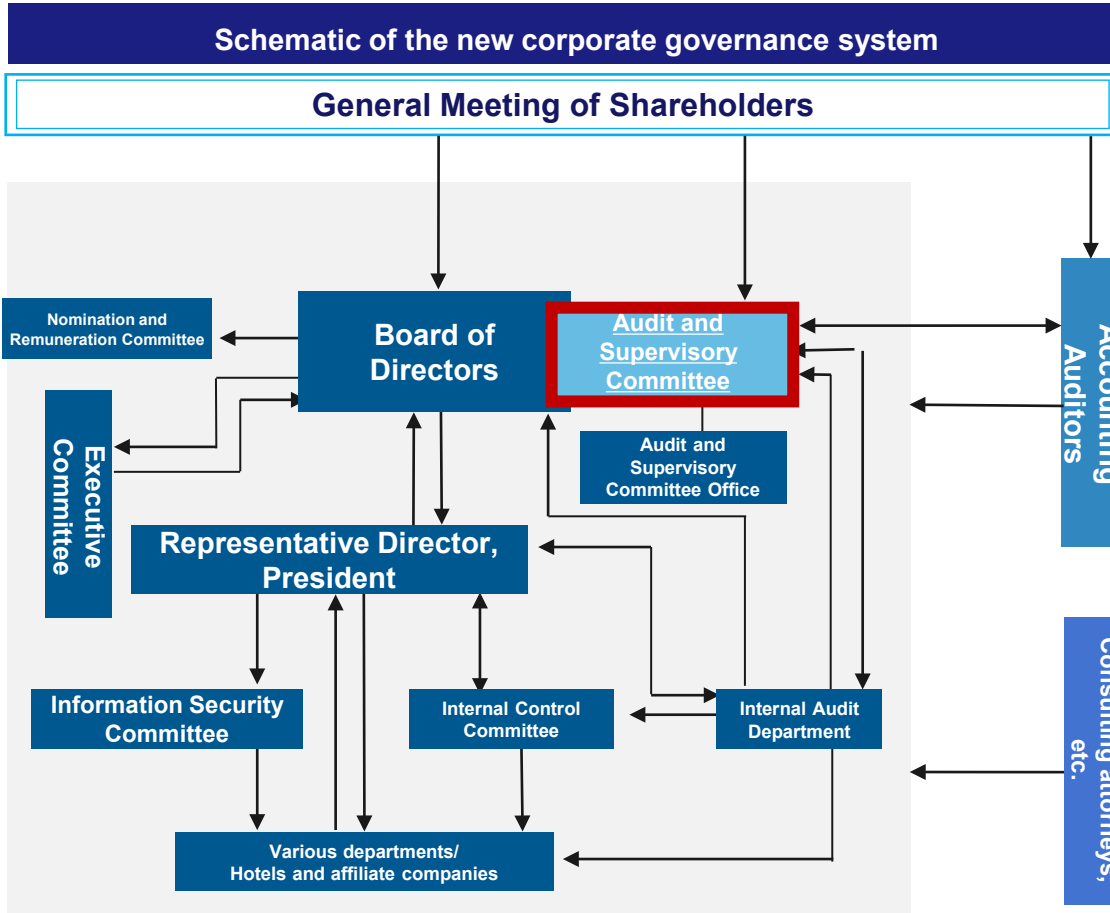


As a member of society, we will strive to realize a sustainable society and enhance our corporate value from a medium- to long-term perspective to put our corporate philosophy of **Morals, Passion, Challenges, and the Realization of Dreams** into practice.

Sustainability website,
Information on addressing
climate change and other
details⇒



- In February 2023 we transitioned from a company with a board of company auditors to a company with an audit and supervisory committee.



Purpose of the transition

- ① Enhance corporate governance
- ② Improve the transparency of management
- ③ Accelerate decision-making

Achieve high supervisory capability

By transitioning to a company with an audit and supervisory committee we will achieve a high supervisory capability and enhance corporate governance. We will improve the transparency of management and also accelerate decision-making.

- Nest Resort Kobe (Miki City, Hyogo Prefecture) reached the fifth anniversary of its rebirth as a great outdoors adventure theme park and held a 5th Anniversary Festival.
- Having reached its fifth anniversary, it further strengthened its offerings of exciting experiences that stir your instincts in the great outdoors. Special experiences that make your body and mind move instinctively have been unrolled one after another.

Overview of the 5th Anniversary Festival

On the occasion of its 5th anniversary, exciting experiences that stir your instincts were further enhanced and, unlike entertainment that uses the latest technology, provide experiences that stir your instincts in the great outdoors.

Instincts, celebrate! 5th Anniversary event (opened March 18)

- Nesta 5th Anniversary's Hi Five! Party
- Eating experiences that will stir your instincts
 - Jumbo Campfire Field
- The popular buggies have evolved into an impactful experience
 - Buggy Explosion
- Be one with nature at the hotel, too. Hotel the Pavone's new concept rooms: Nature Rooms



By taking various measures, such as having limited time events and renovating the Hotel the Pavone, we have strengthened the brand as a great outdoors adventure theme park and will connect it to invigorating the local economy.

- The Hotel the Pavone, which is in Nesta Resort Kobe (Miki City, Hyogo Prefecture) has been partially renovated.

Overview and concept of the renovation

The newly opened “**nature rooms**” are **experiential concept rooms** that allow you to be immersed in nature, even in your room.

A major feature is the large opening window overlooking the great outdoors. The whole family can sit back and relax on the window sill and enjoy the great outdoors.

The rooms have been redesigned to make you feel like you are staying in a lush green wilderness, and even after the sun goes down, when you return to your room from dinner, the ceiling is filled with a star-filled sky.

Further measures are under consideration to make it an adventure base where visitors can experience a luxurious day in the great outdoors that will keep them excited.



Nature rooms that allow you to be immersed in nature



Concept rooms that don't let you forget that you are in the great outdoors and are a space where you can fully enjoy the great outdoors even on rainy days or with small children.

By leveraging Samty's knowhow in hotel development and management, continuing to invest in Hotel the Pavone to make it a hotel that attracts both domestic and international visitors, we will contribute to inbound demand and the tourism industry.

- While due diligence is exercised for the information provided in this document, no guarantee is made as to the accuracy or safety of the information. In addition, please note in advance that the contents may be changed or deleted without prior notice.
- This document contains forward-looking statements on our current plans and business performance based on information available as of the date of announcement. These statements involve risks and uncertainties that could affect our business performance in the future, and actual results may differ from these statements due to various factors.
- This document is merely intended to foster understanding of the Company and not necessarily intended as a solicitation for investment.

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SAMTY