

## Summary of Earnings Report for the Fiscal Year Ended December 31, 2023

February 8, 2024

Name of listed company: A.D.Works Group Co., Ltd. Listed stock exchange: Tokyo Stock Exchange  
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 Scheduled date for the Ordinary General Meeting of Shareholders: March 27, 2024 Scheduled date of dividend payment: March 13, 2024  
 Scheduled date of filing: March 27, 2024  
 Additional material of financial results: Yes  
 Results meeting: Yes (For analysts and institutional investors)

(Millions of yen, rounded down)

### 1. Consolidated Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023–December 31, 2023)

#### (1) Consolidated business results (cumulative)

(%: Year-on-year comparison)

|                                     | Net Sales   |      | EBITDA      |      | Operating Income |      | Ordinary Income |       | Net income attributable to owners of parent |       |
|-------------------------------------|-------------|------|-------------|------|------------------|------|-----------------|-------|---|-------|
|                                     | Million yen | %    | Million yen | %    | Million yen      | %    | Million yen     | %     | Million yen                                 | %     |
| Fiscal year ended December 31, 2023 | 41,342      | 48.4 | 2,790       | 84.1 | 2,441            | 77.4 | 1,978           | 107.5 | 1,419                                       | 169.3 |
| Fiscal year ended December 31, 2022 | 27,856      | 11.6 | 1,515       | 41.2 | 1,376            | 47.5 | 953             | 46.6  | 527   | 68.8  |

(Notes) Comprehensive Income: Year ended December 31, 2023 1,586 Million yen (49.4%) Year ended December 31, 2022 1,061 Million yen (57.3%)

|                                     | Net Income per Share | Diluted Net Income per Share | Net Income on Equity | Ordinary Income on Total Assets | Operating Income Margin |
|-------------------------------------|----------------------|------------------------------|----------------------|---------------------------------|-------------------------|
|                                     | Yen                  | Yen                          | %                    | %                               | %                       |
| Fiscal year ended December 31, 2023 | 29.85                | 29.55                        | 8.6                  | 3.5                             | 5.9                     |
| Fiscal year ended December 31, 2022 | 11.32                | —                            | 3.4                  | 2.0                             | 4.9                     |

(Notes) Investment gain or loss on equity method: December 31, 2023 — Million yen December 31, 2022 — Million yen

(Notes). Net income per share on a diluted basis for the fiscal year ended on December 31, 2022 is not presented because there are no dilutive potential shares.

#### (2) Consolidated financial conditions

|                                     | Total Assets | Net Assets  | Equity Ratio | Net Assets per Share |
|-------------------------------------|--------------|-------------|--------------|----------------------|
|                                     | Million yen  | Million yen | %            | Yen                  |
| Fiscal year ended December 31, 2023 | 58,854       | 17,166      | 29.1         | 356.62               |
| Fiscal year ended December 31, 2022 | 53,359       | 15,857      | 29.6         | 334.37               |

(Notes) Equity: December 31, 2023 17,106 Million yen December 31, 2022 15,787 Million yen

### 2. Dividend Information

|   | Dividend per Share |         |     |          |       | Dividends (total) | Dividend payout ratio (consolidated) | Ratio of dividends to net assets (consolidated) |
|---|--------------------|---------|-----|----------|-------|-------------------|--------------------------------------|---|
|   | 1Q                 | Interim | 3Q  | Year-end | Total |                   |                                      |   |
|   | Yen                | Yen     | Yen | Yen      | Yen   | ¥ millions        | %                                    | %   |
| Fiscal year ended December 31, 2022             | —                  | 0.00    | —   | 4.50     | 4.50  | 220               | 39.8                                 | 1.4   |
| Fiscal year ended December 31, 2023             | —                  | 3.50    | —   | 4.50     | 8.00  | 393               | 26.8                                 | 2.3   |
| Fiscal year ending December 31, 2024 (estimate) | —                  | 4.50    | —   | 4.50     | 9.00  |                   | —                                    |   |

(Notes). Correction to most recently announced dividend forecast: None

### 3. Consolidated Business Plan for Fiscal Year Ending December 31, 2024 (January 1, 2024–December 31, 2024)

A.D.Works Group announces its business targets for each consolidated fiscal year in the form of a “results plan.” A results plan consists of targets for our businesses and is different from the forecasts and predictions.

Note that for projections of business results, the outlook at the end of each quarter will be updated as appropriate and disclosed as a forecast based on information that is highly accurate for the Group overall and deemed reasonable at that time.

In addition, the Group has changed some items to be disclosed as a results plan from the fiscal year ending December 31, 2024. We previously disclosed net sales, EBITDA, ordinary income, net income before income taxes, and net income attributable to owners of parent, but starting from the fiscal year ending December 31, 2024, we decided to disclose net sales, operating income, net income before income taxes, and net income attributable to owners of parent. Net sales represents the size of the business, operating income is revenue from our core business, net income before income taxes is the overall business revenue including profit/loss from investments and financing, and net income attributable to owners of parent is the profit attributable to our shareholders, all of which are considered important to the Group.

(%: Year-on-year comparison)

|           | Net Sales   |      | Operating Income |      | Net income before income taxes |      | Net income attributable to owners of parent |      |
|-----------|-------------|------|------------------|------|--------------------------------|------|---|------|
|           | Million yen | %    | Million yen      | %    | Million yen                    | %    | Million yen                                 | %    |
| Full year | 47,000      | 13.7 | 3,000            | 22.9 | 2,300                          | 11.3 | 1,565                                       | 10.2 |

#### Disclaimer

This document was prepared in English for convenience purposes only. The original Japanese document shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this document.

\* Notes

(1) Important changes in subsidiaries during the term (changes in specific subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies, changes or restatement of accounting estimates

- |  |      |
|--|------|
| 1. Changes in accounting policies due to the revision of accounting standards, etc.: | Yes  |
| 2. Changes in accounting policies other than 1:                                      | None |
| 3. Changes in accounting estimates:  | None |
| 4. Restatement:  | None |

(3) Number of issued shares (common shares)

|  |  |                   |  |                   |
|--|--|-------------------|--|-------------------|
| 1. Number of outstanding shares at end of fiscal year (including treasury stock) | As of December 31, 2023                | 49,455,764 shares | As of December 31, 2022                | 49,098,364 shares |
| 2. Number of treasury stock at end of fiscal year                                | As of December 31, 2023                | 1,488,986 shares  | As of December 31, 2022                | 1,882,487 shares  |
| 3. Average number of shares during the period                                    | Fiscal year ended on December 31, 2023 | 47,559,604 shares | Fiscal year ended on December 31, 2022 | 46,570,178 shares |

(Note) The Company has a Director Stock Compensation Trust (prior to September 2022, there was also an Employee Stock Holding Exclusive Trust), and the Company shares held by the trust are included in the number of treasury stock.

\* This Summary of Earnings Report is not subject to audit by a certified public accountant or audit corporation.

\* Explanation about the proper use of results forecasts, and additional information

The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements included in these materials. Actual results may differ significantly from the forecasts in the document, depending on various factors.

## [Attached Materials]

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## 1. Overview of Business Results

### (1) Overview of business results for the fiscal year under review

Forward-looking statements in these materials are based on the Group's assessments as of the end of this consolidated fiscal year.

During the consolidated fiscal year under review, the Japanese economy saw a gradual recovery due in part to the effects of domestic policies. Signs of a breakout from deflation are emerging as socioeconomic activities returned to normal following the reclassification of the new coronavirus infection as a class 5 infectious disease under the Infectious Disease Control Law, a structural upturn in wages, and the Nikkei Stock Average reaching the 36,000 yen level for the first time since the bubble economy, among other events.

The income property market in Japan continued to be active on the back of a financing environment with low rates and investment demand from foreign investors.

In Los Angeles, where the Group has an office, the income property market showed signs of price depreciation as the financing environment changed due to the Federal Reserve Board's substantial rate hikes.

Looking at the global scale, there remain risks that could put downward pressure on the economy, such as volatility in financial capital markets attributable to monetary tightening, surging raw material prices due to higher commodity prices, and sharp exchange rate fluctuations.

In this economic environment, the Group has entered the final year of its First Medium-Term Management Plan. The plan sets forth the following three basic policies, and the Group's activities in each policy during the fiscal year under review are described below.

#### I. Excess profits

Leveraging our ability to assess real estate, which is an existing strength of the Group, we accelerated the acquisition of quality real estate. At the same time, we took an integrated approach to product planning beyond traditional frameworks and expanding sales channels in response to rising unit sales prices. In product design, we introduced co-working spaces in residential apartments to accommodate changing work styles, developed flexible office spaces to meet diversifying office needs, and made efforts to acquire environmental certifications, including BELS and LEED.

#### II. External resources

We formed capital alliances with H.I.F. Co., Ltd., which has its own AI credit screening technology, through Angel Torch Co., Ltd., a subsidiary engaged in the corporate venture capital business, and Hash DasH Holdings Co., Ltd., which has a securities company specializing in security tokens under its umbrella. In addition, joint research on new business planning for the end of March 2024 is currently ongoing in collaboration with Group employees and students from the Keio University Faculty of Business and Commerce and the Graduate School of Information Science and Technology of the University of Tokyo, under the supervision of Associate Professor Shumpei Iwao of Keio University Faculty of Business and Commerce.

#### III. Expanding customer base

We strategically increased unit sales prices, which led to an increase in transactions not only with wealthy individuals and general corporations, but also with so-called "ultra-high-net-worth individuals" and institutional investors. In the small-lot real estate product sales business, we actively developed and offered products primarily targeting individual investors. This resulted in a steady increase in the number of investors, as well as expanded and strengthened alliances with financial institutions, tax accountants, and other sales alliance partners.

As a result, in the fiscal year under review, the Group's consolidated sales totaled 41,342 million yen (3.4% over the full-year business plan), EBITDA came to 2,790 million yen (2.2% over plan), ordinary income amounted to 1,978 million yen (5.8% over plan), net income before taxes was 2,066 million yen (3.3% over plan), and net income attributable to owners of parent totaled 1,419 million yen (18.3% over plan). In addition, the return on invested capital (ROIC) and the weighted average capital cost (WACC) were 4.0% and 3.1%, respectively, and ROIC exceeded WACC as declared in the First Medium-Term Management Plan.

Note: ROIC and WACC are calculated using the following methods.

ROIC:  $(\text{Net income attributable to owners of parent} + \text{interest expenses}) / (\text{balance of average shareholders' equity} + \text{balance of average interest-bearing liabilities})$

WACC: Calculated with shareholders' equity cost of 8%, interest-bearing liability cost of 1.5% and tax rate of 35%.

Earnings results for the consolidated fiscal year under review are shown in the table below.

(Unit: million yen)

|                            | Fiscal year ended<br>December 31, 2023<br>(Full-year plan) |                    | Fiscal year ended<br>December 31, 2022<br>(Results) |                    | Fiscal year ended December 31, 2023 (Results) |                    |          |   |
|----------------------------|--|--------------------|---|--------------------|---|--------------------|----------|---|
|                            | Amount   | Net sales<br>ratio | Amount  | Net sales<br>ratio | Amount  | Net sales<br>ratio | YoY      | Percentage<br>of full-<br>year plan<br>achieved |
| Net sales                  | 40,000   | 100.0%             | 27,856  | 100.0%             | 41,342  | 100.0%             | 148.4%   | 103.4%  |
| (Property sales)           | —  | —                  | (22,314)  | (80.1%)            | (35,660)                                      | (86.3%)            | (159.8%) | —   |
| (Stock)                    | —  | —                  | (5,868)   | (21.1%)            | (6,122)                                       | (14.8%)            | (104.3%) | —   |
| (Internal sales)           | —  | —                  | (-326)  | (-1.2%)            | (-440)  | (-1.1%)            | —        | —   |
| EBITDA                     | 2,730  | 6.8%               | 1,515   | 5.4%               | 2,790   | 6.7%               | 184.1%   | 102.2%  |
| Ordinary income            | 1,870  | 4.7%               | 953   | 3.4%               | 1,978   | 4.8%               | 207.5%   | 105.8%  |
| Net income before<br>taxes | 2,000  | 5.0%               | 910   | 3.3%               | 2,066   | 5.0%               | 226.9%   | 103.3%  |
| Net income                 | 1,200  | 3.0%               | 527   | 1.9%               | 1,419   | 3.4%               | 269.3%   | 118.3%  |

Note 1: “Property sales,” “stock,” “net income before taxes,” and “net income” are the respective abbreviations of “income property sales business,” “stock-type fee business,” “net income before income taxes,” and “net income attributable to owners of parent.”

2: We have revised our EBITDA calculation method from the current fiscal year as we anticipate future sales and purchases of shares held in the CVC business. The EBITDA for the previous fiscal year, calculated using the revised method, was 1,582 million yen, and the EBITDA for the current fiscal year, calculated using the method before the revision, was 2,596 million yen.

Before the revision

EBITDA: Operating income + depreciation and amortization

“Depreciation and amortization” includes depreciation, software amortization, amortization of goodwill, and any other non-cash expenses.

After the revision

EBITDA: net income before income taxes + extraordinary income + financing expenses related to loans + depreciation and amortization

“Depreciation and amortization” includes depreciation, software amortization, amortization of goodwill, and any other non-cash expenses.

3: In the current fiscal year, a 49 million yen gain on sales of investment securities and a 38 million yen gain on sales of investment share acquisition rights were recorded as extraordinary income.

A summary of the segment results is as follows. Please note that the Group considers operating income to be segment income.

(Income property sales business)

Net sales were 35,660 million yen, EBITDA was 2,955 million yen, and operating income was 2,766 million yen.

Amid the brisk business conditions surrounding income property, the Group’s competitive strengths were heightened by a positive cycle from acquisition to sales built on accurate product planning aligned with demand. In addition, we expanded our sales network in affiliation with financial institutions, tax accountants, and others in the small-lot real estate product sales business and succeeded in entering into the Tenjin/Daimyo area for the first time. These factors resulted in strong performance in the income property sales business.

The acquisition amount was 29,374 million yen. We succeeded in reinforcing organizational strengths and strategically increasing the acquisition unit price, which had long been a focus, and as a result of proactive acquisition activities, we were able to acquire prime properties.

The balance of income properties (i.e. the total balance of properties held for sale or rental revenue), which is the source of future revenue, totaled 44,798 million yen, up 3,321 million yen from the end of the previous fiscal year due to acquisition activities in the current fiscal year.

The income property business, which was a strong performer, drove the Group's earnings. As a result, the Group achieved its

initial target of 2 billion yen in net income before taxes in the current fiscal year, the final year of the First Medium-Term Management Plan, and ROIC exceeded WACC. In addition to quantitative results, qualitative results were also achieved, such as improved organizational capacity through increased collaboration between acquisition, product planning and sales, as well as an expanded product lineup.

(Stock-type fee business)

Net sales were 6,122 million yen, EBITDA was 1,424 million yen, and operating income was 1,289 million yen.

The stock-type fee business's revenue consists of rental revenue from income properties held by the Group, which accounts for the majority of its revenue, as well as property management income from A.D. Partners Co., Ltd. and ADW Management USA, Inc. and construction and repair income from Sumikawa ADD Co., Ltd.

The aggressive acquisition of properties in the 1–2-billion-yen class contributed to higher property unit prices, and the average balance of income properties in the current fiscal year rose to 44,894 million yen compared to 34,876 million yen in the previous fiscal year.

The stock-type fee business plays an important role for the Group as it ensures the stability of the Group's earnings. Increasing product value from a sales perspective will also lead to securing rental revenue from properties when held by the Group. A.D. Partners Co., Ltd.'s property management must also further increase their efficiency and ability to address changes in the customer base due to the rise in property unit prices.

Note 1: The operating income for each segment is an amount before deduction of expenses not allocated to any segment, such as corporate expenses and operating expenses from intersegment sales or transfers. Therefore, the total operating income for the segments does not match consolidated operating income.

2: In the "stock-type fee business," we position items such as rent from income properties held for the medium to long term or for short-term sales, and fee income from after-sales property management contracts for income properties as "stock-type," while fees for interior decoration work and repair work, and brokerage income derived from customer relations are classified as "flow-type."

(2) Financial position in the fiscal year under review

In the current consolidated fiscal year, we continued our vigorous efforts to acquire income properties aiming at expanding the scale of business, and also aggressively took out loans for acquisitions. This resulted in an increase in the balance of income properties (i.e. the total balance of properties held for sale or rental revenue) by 3,321 million yen to 44,798 million yen from the end of the previous fiscal year. Interest-bearing liabilities increased by 2,295 million yen to 34,810 million yen from the end of the previous fiscal year. Accordingly, total assets increased by 5,495 million yen from the end of the previous fiscal year to 58,854 million yen. At the same time, equity also increased by 1,318 million yen from the previous fiscal year to 17,106 million yen, due to the recording of 1,419 million yen of net income attributable to owners of parent in the current fiscal year, resulting in an equity ratio of 29.1%, the same level as in the previous fiscal year.

The details of the consolidated balance sheet for this fiscal year are as follows.

The "ratio" indicates the percentage relative to total assets (total liabilities and net assets).

(Assets)

Total assets at the end of the current fiscal year were 58,854 million yen. Of this, real estate for sale and real estate for sale in process accounted for 38,414 million yen (65.3% ratio), cash and deposits for 9,810 million yen (16.7%), and properties held for rental revenue (included in property, plant and equipment) for 6,383 million yen (10.8%).

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year were 41,688 million yen. Of this, interest-bearing liabilities accounted for 34,810 million yen (59.1% ratio).

(Net assets)

Total net assets amounted to 17,166 million yen. Of this, capital stock and capital surplus accounted for 11,609 million yen (19.7% ratio).

### (3) Outlook

In the fiscal year ended December 31, 2023, which marked the final year of the First Medium-term Management Plan, we achieved 2.0 billion yen in net income before income taxes as planned.

As stated in the Second Medium-term Management Plan announced on February 8, 2024, we position the next three years as the phase of “Sustainable Business, Sustainable Growth to keep our business growth on track while contributing to a sustainable society.”

Looking at the business environment, we can expect funds to continue to flow into real estate, especially in major urban areas, but we must also anticipate the possibility that the Bank of Japan will lift its negative interest rate policy.

In the Group's view, our share price at the end of January 2024 is less than 1x P/B, which we see as a challenge. In order to increase the P/B ratio, i.e. market value of our stock, two key factors are essential: profit growth rate outlined in our results plan and certainty of achieving that plan.

As shown in Table 1, the former “profit growth rate outlined in our results plan” aims to achieve a “net income before income taxes of 3.0 billion yen” in the fiscal year ending December 31, 2026, which is about 1.5 times that of the fiscal year ended three years prior on December 31, 2023, and to be evaluated as a company worthy of being listed on the prime market as a result of business growth. While enhancing “human resource productivity,” which is the key to achieving our results plan, and also giving due attention to maintaining “financial soundness,” we are committed to increasing earnings per share (EPS), the ultimate performance indicator, by 10% or more each fiscal year to meet the expectations of our shareholders and investors.

Regarding the latter “certainty of achieving that plan,” as indicated in Table 2, the Group has achieved nearly 100% of its results plan announced at the beginning of each fiscal year. The results plan shown in Table 1 was developed with minimal uncertainty to the extent possible. We will proactively provide information on high probability of A.D.Works Group's results plan in its future announcements and other materials.

Table 1

(million yen)

| Consolidated  | FY2021<br>(Fiscal year<br>ended December<br>31, 2021) | FY2022<br>(Fiscal year<br>ended December<br>31, 2022) | FY2023<br>(Fiscal year<br>ended December<br>31, 2023) | FY2024<br>(Fiscal year<br>ending December<br>31, 2024) | FY2025<br>(Fiscal year<br>ending December<br>31, 2025) | FY2026<br>(Fiscal year<br>ending December<br>31, 2026) |
|---|---|---|---|--|--|--|
|   | Results   | Results   | Results   | Plan   | Plan   | Plan   |
| Net sales   | 24,961  | 27,856  | 41,342  | 47,000   | 52,000   | 58,000   |
| Operating Income                                    | 933   | 1,376   | 2,441   | 3,000  | 3,300  | 3,700  |
| Net income before<br>income taxes                   | 650   | 910   | 2,066   | 2,300  | 2,600  | 3,000  |
| Income property<br>balance                          | 28,914  | 41,476  | 44,798  | 45,000   | 46,000   | 50,000   |
| Shareholders' equity                                | 14,724  | 15,217  | 16,369  | 17,500   | 18,500   | 20,000   |
| ROE   | 2.2%  | 3.5%  | 9.0%  | 9.2%   | 9.6%   | 10.4%  |
| ROIC  | 1.8%  | 2.2%  | 4.0%  | 4.3%   | 4.6%   | 4.8%   |
| Human resource<br>productivity<br>“PH gross profit” | 24/person   | 25/person   | 31/person   | 33/person  | 34/person  | 35/person  |
| Financial soundness<br>“Equity ratio”               | 35.1%   | 29.6%   | 29.1%   | Approx. 30%  | Approx. 30%  | Approx. 30%  |
| Shareholder value<br>“EPS”                          | 7.22 yen  | 11.32 yen   | 29.85 yen   | 32.95 yen  | 36.35 yen  | 41.76 yen  |

Notes 1: Balance of income properties: Total balance of properties held for sale or rental revenue

2: ROE: Net income attributable to owners of parent / average shareholders' equity (Figures may differ from net income on equity.)

3: ROIC: (Net income attributable to owners of parent + interest expenses + borrowing fee) / (balance of average shareholders' equity + balance of average interest-bearing liabilities)

4: PH gross profit (gross profit per head): Gross profit / average number of employees

5: EPS (earnings per share): Net income attributable to owners of parent / average number of shares during the period

Note that figures in “Plan” in Table 1 are targets for our businesses, which differ from the forecasts and predictions.

Table 2

(million yen)

| Net income before income taxes or ordinary income | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Plan  | 450    | 500    | 600    | 800    | 900    | 1,000  | 890    | 400    | 600    | 800    | 2,000  |
| Results   | 450    | 540    | 650    | (835)  | 924    | 1,043  | 933    | 432    | 650    | 910    | 2,066  |
| Achievement rate                                  | 100%   | 108%   | 108%   | (104%) | 103%   | 104%   | 105%   | 108%   | 108%   | 114%   | 103%   |

Note 1: The ordinary income for the period between the fiscal years ended March 31, 2014, and March 31, 2017, and the net income before taxes for the period between the fiscal years ended March 31, 2018, and December 31, 2023.

2: In the fiscal year ended March 31, 2017, an extraordinary gain of 86 million yen was recorded from the sale of properties classified as property, plant and equipment. Ordinary income amounted to 748 million yen, but we recognized 835 million yen of net income before income taxes as actual ordinary income and presented it as actual results in the ordinary income plan of 800 million yen (net income before income taxes plan not announced in fiscal year 2016).

## 2. Basic Thoughts on Selecting Accounting Standards

The Group currently prepares its consolidated financial statements using Japan's standards in light of the comparability between periods as well as that between companies in the consolidated financial statements.

### 3. Consolidated Financial Statements

#### (1) Consolidated balance sheets

(Unit: Thousands of yen)

|  | As of December 31, 2022 | As of December 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Assets</b>                              |                         |                         |
| Current assets                             |                         |                         |
| Cash and deposits                          | 7,425,165               | 9,810,667               |
| Accounts receivable – trade                | 148,602                 | 116,163                 |
| Real estate for sale                       | 37,351,103              | 35,102,713              |
| Real estate for sale in process            | 4,137,456               | 3,311,774               |
| Other                                      | 2,675,168               | 1,952,800               |
| Allowance for doubtful accounts            | (2,049)                 | (949)                   |
| <b>Total current assets</b>                | <b>51,735,446</b>       | <b>50,293,170</b>       |
| Non-current assets                         |                         |                         |
| Property, plant and equipment              |                         |                         |
| Buildings and structures                   | 137,720                 | 2,556,207               |
| Accumulated depreciation                   | (39,165)                | (57,237)                |
| Buildings and structures, net              | 98,555                  | 2,498,970               |
| Tools, furniture and fixtures              | 110,646                 | 158,458                 |
| Accumulated depreciation                   | (80,751)                | (90,858)                |
| Tools, furniture and fixtures, net         | 29,895                  | 67,600                  |
| Machinery, equipment and vehicles          | 12,750                  | 16,192                  |
| Accumulated depreciation                   | (9,228)                 | (10,668)                |
| Machinery, equipment and vehicles, net     | 3,521                   | 5,523                   |
| Land                                       | 24,908                  | 2,927,032               |
| Construction in progress                   | –                       | 1,059,641               |
| <b>Total property, plant and equipment</b> | <b>156,881</b>          | <b>6,558,768</b>        |
| Intangible assets                          |                         |                         |
| Goodwill                                   | –                       | 327,320                 |
| Other                                      | 84,960                  | 102,356                 |
| <b>Total intangible fixed assets</b>       | <b>84,960</b>           | <b>429,677</b>          |
| Investments and other assets               |                         |                         |
| Investment securities                      | 778,957                 | 661,138                 |
| Deferred tax assets                        | 320,219                 | 477,449                 |
| Other                                      | 252,450                 | 411,682                 |
| <b>Total investments and other assets</b>  | <b>1,351,627</b>        | <b>1,550,270</b>        |
| <b>Total non-current assets</b>            | <b>1,593,469</b>        | <b>8,538,716</b>        |
| Deferred assets                            |                         |                         |
| Establishment costs                        | 17,540                  | 9,766                   |
| Bonds issuance cost                        | 12,859                  | 13,254                  |
| <b>Total deferred assets</b>               | <b>30,400</b>           | <b>23,021</b>           |
| <b>Total assets</b>                        | <b>53,359,316</b>       | <b>58,854,908</b>       |

(Unit: Thousands of yen)

|   | As of December 31, 2022 | As of December 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Liabilities</b>                                    |                         |                         |
| Current liabilities                                   |                         |                         |
| Accounts payable – trade                              | 640,045                 | 1,258,379               |
| Short-term loans payable                              | 71,000                  | 779,400                 |
| Current portion of bonds                              | 319,200                 | 390,200                 |
| Current portion of long-term loans payable            | 3,774,842               | 7,014,001               |
| Income taxes payable                                  | 60,271                  | 661,507                 |
| Crowd funding and other deposits received             | 1,063,286               | 2,257,357               |
| Provision for bonuses                                 | –                       | 254,518                 |
| Other   | 3,171,181               | 2,433,065               |
| Total current liabilities                             | 9,099,826               | 15,048,430              |
| Non-current liabilities                               |                         |                         |
| Bonds payable   | 719,100                 | 675,900                 |
| Long-term loans payable                               | 27,631,454              | 25,951,316              |
| Other   | 51,100                  | 12,535                  |
| Total non-current liabilities                         | 28,401,654              | 26,639,752              |
| Total liabilities                                     | 37,501,481              | 41,688,182              |
| Net assets  |                         |                         |
| Shareholders' equity                                  |                         |                         |
| Capital stock   | 6,232,142               | 6,262,735               |
| Capital surplus                                       | 5,328,968               | 5,346,478               |
| Retained earnings                                     | 3,952,281               | 4,996,007               |
| Treasury shares                                       | (295,680)               | (235,687)               |
| Total shareholders' equity                            | 15,217,712              | 16,369,534              |
| Accumulated other comprehensive income                |                         |                         |
| Foreign currency translation adjustments              | 581,748                 | 710,668                 |
| Valuation difference on available-for-sale securities | (11,676)                | 26,017                  |
| Total accumulated other comprehensive income          | 570,072                 | 736,686                 |
| Subscription rights to shares                         | 21,334                  | 29,206                  |
| Non-controlling interests                             | 48,716                  | 31,298                  |
| Total net assets                                      | 15,857,835              | 17,166,725              |
| Total liabilities and net assets                      | 53,359,316              | 58,854,908              |

## (2) Consolidated profit and loss statement and consolidated comprehensive income statement

## Consolidated Profit and Loss Statement

(Unit: Thousands of yen)

|   | Previous consolidated fiscal year<br>(Jan. 1, 2022 – Dec. 31, 2022) | Current consolidated fiscal year<br>(Jan. 1, 2023 – Dec. 31, 2023) |
|---|---|--|
| Net sales   | 27,856,128  | 41,342,561   |
| Cost of sales                                       | 22,470,748  | 34,322,905   |
| Gross profit  | 5,385,380   | 7,019,655  |
| Selling, general and administrative expenses        | 4,008,787   | 4,577,825  |
| Operating income                                    | 1,376,592   | 2,441,830  |
| Non-operating income                                |   |  |
| Interest and dividend income                        | 12,036  | 51,046   |
| Insurance income                                    | 13,053  | 1,479  |
| Foreign exchange gains                              | —   | 103,066  |
| Other   | 8,985   | 8,055  |
| Total non-operating income                          | 34,076  | 163,647  |
| Non-operating expenses                              |   |  |
| Interest expenses                                   | 359,913   | 514,874  |
| Borrowing fee                                       | 47,866  | 55,735   |
| Amortization of establishment costs                 | 7,774   | 7,774  |
| Other   | 41,386  | 48,398   |
| Total non-operating expenses                        | 456,941   | 626,782  |
| Ordinary income                                     | 953,727   | 1,978,695  |
| Extraordinary income                                |   |  |
| Gain on sale of investment share acquisition rights | —   | 38,381   |
| Gain on sale of investment securities               | —   | 49,335   |
| Total extraordinary income                          | —   | 87,716   |
| Extraordinary loss                                  |   |  |
| Impairment  | 43,205  | —  |
| Total extraordinary loss                            | 43,205  | —  |
| Net income before income taxes                      | 910,522   | 2,066,412  |
| Income taxes – current                              | 300,999   | 817,313  |
| Income taxes adjustment                             | 65,573  | (171,003)  |
| Total income taxes                                  | 366,573   | 646,310  |
| Net income  | 543,948   | 1,420,102  |
| Income attributable to non-controlling interests    | 16,755  | 267  |
| Net income attributable to owners of parent         | 527,193   | 1,419,835  |

Consolidated Comprehensive Income Statement

(Unit: Thousands of yen)

|  | Previous consolidated fiscal year<br>(Jan. 1, 2022 – Dec. 31, 2022) | Current consolidated fiscal year<br>(Jan. 1, 2023 – Dec. 31, 2023) |
|--|---|--|
| Net income   | 543,948   | 1,420,102  |
| Other comprehensive income                                     |   |  |
| Valuation difference on available-for-sale securities          | (6,405)   | 37,694   |
| Foreign currency translation adjustments                       | 524,200   | 128,919  |
| Total other comprehensive income                               | 517,794   | 166,613  |
| Comprehensive income   | 1,061,742   | 1,586,716  |
| (Breakdown)  |   |  |
| Comprehensive income attributable to owners of parent          | 1,044,987   | 1,586,449  |
| Comprehensive income attributable to non-controlling interests | 16,755  | 267  |

(3) Notes regarding the consolidated financial statement

(Important subsequent events)

None.