Summary of Consolidated Financial Results

For FY2024
(January 1, 2024 – December 31, 2024)

**This document is an English summary translation of a statement written initially in Japanese. The original Japanese should be considered the primary version.*

Disclaimer Regarding Forward-Looking Statements

The forward-looking statements, including forecasts of performance of Hulic and its Group companies, contained in these materials are based on information currently available to the Hulic management and on certain assumptions deemed to be reasonable. Actual business and other results may vary substantially due to various factors.

HULIC CO., LTD.

(TSE Code: 3003)

Outline of Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 <under Japanese GAAP>

January 30, 2025

Name of company listed: Hulic Co., Ltd. Stock exchange listing: Tokyo (Prime Market)
Code number: 3003 URL: https://www.hulic.co.jp/en/
Representative: Takaya Maeda, President, Representative Director
Contact: Mayumi Naruse, Managing Officer, General Manager of the Corporate Communications & Investor Relations Department and the Corporate Sustainability Department
E-mail: naruse.mayumi@hulic.co.jp
Annual General Meeting of Shareholders to be held on: March 26, 2025
Planned dividends payment date: March 27, 2025
Annual Securities Report to be filed on: March 18, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (For institutional investors and analysts)

1. Consolidated Financial Results for the FY2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated Financial Results (cumulative)

(Amounts indicated are displayed with amounts less than one million yen rounded off.)
(Percentages indicate the YoY increase / decrease.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2024	591,615	32.5	163,360	11.7	154,329	12.2	102,341	8.1
FY2023	446,383	(14.7)	146,178	15.8	137,437	11.5	94,625	19.5

Note: Comprehensive income:FY2024: ¥108,241 million [(4.4)%], FY2023: ¥113,323 million [40.1%]

	EPS (Net income per share)	Diluted EPS	ROE (Return on equity)	Ordinary profit on total assets	Operating profit on operating revenue
	Yen	Yen	%	%	%
FY2024	134.42	134.42	12.8	5.5	27.6
FY2023	124.36	124.32	13.0	5.7	32.7

Reference: Share of profit of entities accounted for using equity method: FY2024: ¥236 million, FY2023: (¥136 million)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
	Million yen	Million yen	%	Yen
FY2024	3,048,935	856,344	27.3	1,093.78
FY2023	2,480,472	769,300	30.8	1,006.19

Reference: Equity: FY2024: ¥832,991 million, FY2023: ¥765,656 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2024	353,388	(602,020)	300,589	134,326
FY2023	270,819	(298,330)	(28,024)	82,763

2. Dividends

	Annual dividends					Dividends paid (Total)	Dividends payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2023	–	23.00	–	27.00	50.00	38,332	40.2	5.2
FY2024	–	26.00	–	28.00	54.00	41,399	40.1	5.1
FY2025 (Forecast)	–	28.50	–	28.50	57.00		40.1	

3. Forecasts of Consolidated Financial Results for FY2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate the YoY increase / decrease.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		EPS (Net income per share)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full fiscal year	–	–	178,000	8.9	164,000	6.2	108,000	5.5	141.81

Note: The Company has a stable business structure centered on leasing operations, however, operating revenue (net sales) fluctuates substantially due to trends in the buying and selling of real estate for sale. Success or failure in this buying and selling of properties is affected significantly by economic conditions and the real estate market. As forecasting such trends is currently problematic, the Company has not provided a forecast of its operating revenue. The Company will disclose this information promptly once it becomes possible to make a forecast.

*** Notes**

(1) Significant Changes in the Scope of Consolidation during the Period: Yes

Newly included: Three: (company name) Riso Kyoiku Co., Ltd., Nishi Tokyo Asset Godo Kaisha, Raysum Co., Ltd.

Excluded: –

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements

1. Changes in accounting policies due to revisions of accounting standards, etc.: N/A
2. Changes in accounting policies due to other reasons: N/A
3. Changes in accounting estimates: N/A
4. Restatement of prior period financial statements: N/A

(3) Number of Issued Shares (common shares)

	FY2024	FY2023
1) Number of issued shares as of the end of each period (including treasury shares)	767,907,735	767,907,735
2) Number of treasury shares as of the end of each period	6,339,456	6,966,030
3) Average number of outstanding shares for each period (consolidated cumulative period)	761,308,352	760,879,930

Note: For details, please refer to page 19 “3. Consolidated Financial Statements (Unaudited), (5) Footnotes on Consolidated Financial Statements, Information per share” in the attached materials.

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for FY2024 (January 1, 2024 to December 31, 2024)

(1) Non-Consolidated Financial Results

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2024	513,479	29.5	153,358	12.5	150,617	12.8	104,560	14.1
FY2023	396,464	(18.1)	136,227	13.6	133,452	17.3	91,594	16.8

	EPS (Net income per share)	Diluted EPS
	Yen	Yen
FY2024	136.91	-
FY2023	120.00	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
	Million yen	Million yen	%	Yen
FY2024	2,834,702	813,404	28.6	1,064.73
FY2023	2,395,490	742,475	30.9	972.66

Reference: Equity: FY2024: ¥813,404 million, FY2023: ¥742,475 million

* This summary of consolidated financial results is not subject to the audit procedures.

* Disclaimer regarding forward-looking statements
This document contains forward-looking statements about the performance of Hulic and its Group companies, based on management's assumptions in light of currently available information. In no way do these statements provide any assurance by Hulic of achieving such results. Actual results may differ substantially from these statements due to various factors. For preconditions for forecasts of business results and cautions to take when using the forecasts of business results, please refer to page 5 "1. Consolidated Business Results and Financial Position, (4) Outlook for FY2025" in the attached materials. In addition, for preconditions for planned dividends and cautions to take when using the planned dividends, please also refer to page 6 "1. Consolidated Business Results and Financial Position, (5) Basic Policy for Dividend Distribution and Dividends for FY2024 and FY2025" in the attached materials.

Table of Contents

1. Consolidated Business Results and Financial Position ····· 2
   (1) Overview of Consolidated Business Results ····· 2
   (2) Overview of Consolidated Financial Position ····· 3
   (3) Consolidated Cash Flows ····· 4
   (4) Outlook for FY2025 ····· 5
   (5) Basic Policy for Dividend Distribution and Dividends for FY2024 and FY2025 ····· 6
2. Basic Perspective on Selection of Accounting Standards ····· 6
3. Consolidated Financial Statements (Unaudited) ····· 7
   (1) Consolidated Balance Sheets (Unaudited) ····· 7
   (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Unaudited) ·· 9
   (3) Consolidated Statement of Changes in Equity (Unaudited) ····· 11
   (4) Consolidated Statements of Cash Flows (Unaudited) ····· 13
   (5) Footnotes on Consolidated Financial Statements ····· 15
   Footnotes on the Assumption of Going Concern ····· 15
   Leasing Properties and Investment ····· 15
   Segment Information ····· 16
   Information per share ····· 19
   Significant Subsequent Events ····· 19

1. Consolidated Business Results and Financial Position

(1) Overview of Consolidated Business Results

1) Overview of FY2024

In FY2024, the Japanese economy showed signs of recovery, driven by robust corporate capital investment, revitalized personal consumption, and strong inbound demand, while also signaling a shift back to an inflationary economy.

The real estate investment market remained stable due to continued strong investment sentiment among real estate investors even after the Bank of Japan lifted negative interest rates and raised its policy rate.

Under that environment, the Group based its measures on the slogan of "Driving Innovation and Accelerating Progress" as outlined in the Medium- to Long-term Management Plan, for which FY2020 was the first year, and worked to move ahead with a flexible approach to environmental changes in order to achieve sustainable improvement in corporate value. As a result, ordinary profit recorded ¥ 154.3 billion, an increase of ¥10.3 billion compared with the forecasts announced at the beginning of FY2024, and an increase of ¥16.8 billion compared with the previous fiscal year (hereinafter "YoY").

2) Analysis of Business Results

<Operating revenue>

Operating revenue for FY2024 amounted to ¥591,615 million, increased ¥145,232 million YoY. This was due to a stable leasing income from properties completed and acquired in the previous fiscal year and in the current fiscal year, as well as stable sales from real estate for sale.

<Operating profit>

Operating profit for FY2024 amounted to ¥163,360 million, increased ¥17,182 million YoY. This was due to a stable leasing income from properties completed and acquired, as well as higher gross sales margin from real estate for sale.

<Ordinary profit>

Ordinary profit for FY2024 amounted to ¥154,329 million, increased ¥16,892 million YoY. This was due to the above-mentioned increase in operating profit, while non-operating expenses increased as a result of higher interest expenses.

< Profit attributable to owners of parent >

Profit attributable to owners of parent for FY2024 was ¥102,341 million, increased ¥7,715 million YoY. This was due to the above-mentioned increase in ordinary profit, an increase in extraordinary income resulting from an increase in gain on sale of investment securities, an increase in extraordinary losses resulting from an increase in loss on step acquisitions, as well as an increase in taxes.

The business results for each segment were as follows.

(Operating revenue for each segment includes inter-segment operating revenue and the balance of book-entry transfers.)

<Real Estate>

The Group's core business is a leasing business that utilizes approximately 250 buildings and properties (excluding real estate for sale), amounting to approximately 1,270,000 square meters of floor space, located mainly in Tokyo's 23 wards. From the perspective of constructing a competitive leasing portfolio that addresses the changing environment, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly. In addition, we work to acquire stable and continuous capital gains and asset management fees through expanding pipelines for development / reconstruction and value-added projects as well as diversifying exit strategies of properties.

New acquisitions (non-current assets) in FY2024 included ALBORE GINZA (partial) (Chuo-ku, Tokyo), KIOXIA Yokkaichi Plant (Land) (Yokkaichi-shi, Mie), Rokumaru Gate Ikebukuro (partial) (Toshima-ku, Tokyo), and others.

In development and reconstruction business (non-current assets), Hulic Logistics Hashimoto (Chuo-ku, Sagamihara-shi) was completed in July 2024.

In addition, (tentative name) Misato Logistics Development Project (Misato-shi, Saitama), (tentative name) Ginza Building Reconstruction Project (Chuo-ku, Tokyo), (tentative name) Sapporo Reconstruction Project II (Chuo-ku, Sapporo-shi), (tentative name) Shinsaibashi Project (Chuo-ku, Osaka), (tentative name) Jiyugaoka 1-29 Redevelopment Project (Meguro-ku, Tokyo), (tentative name) Ginza 8-chome 9-11, 12 Development Project (Chuo-ku, Tokyo), (tentative name) Aoyama Building Reconstruction Project (Minato-ku, Tokyo), (tentative name) Ginza 5-chome Development Project (Chuo-ku, Tokyo), (tentative name) Shinjuku 318 Development Project (Shinjuku-ku, Tokyo), etc. were proceeded as planned.

In PPP (Public Private Partnership) business, projects including "Urban Renewal Step-Up Project (Shibuya Area) Shibuya 1-

chome Area Joint Development Project" conducted by the Tokyo Metropolitan Government and the Shibuya City Government, etc. were proceeded as planned.

As for real estate for sale, new acquisitions including UNIMO Chiharadai (Ichihara-shi, Chiba), etc. were made, and properties including THE HUB GINZA OCT (Chuo-ku, Tokyo), Tajimi Logistics Center (Tajimi-shi, Gifu), UNIMO Chiharadai (Ichihara-shi, Chiba), Grand Nikko Tokyo Daiba (Minato-ku, Tokyo), Grand Nikko Tokyo Bay Maihama (Urayasu-shi, Chiba), etc. were sold.

As described above, the segment business progressed as planned because leasing income from real estate was firm and stable due to completion of properties as well as acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate progressed steadily during FY2024. As a result, operating revenue in this business segment totaled ¥527,204 million (increased ¥118,605 million or 29.0% YoY) and operating profit was ¥170,428 million (increased ¥15,996 million or 10.3% YoY).

<Insurance Agency>

Hulic Insurance Service Co., Ltd., one of the Company's consolidated subsidiaries, serves as an insurance agency for both Japanese and foreign insurance companies operating in Japan and sells various insurance products to both corporate and individual customers. Although a difficult business environment continues to surround the insurance business industry, Hulic Insurance Service Co., Ltd. is pursuing expansion of this business, concentrating on corporate transactions, with a strategy of acquiring the business rights of existing non-life insurance agents.

As a result, operating revenue in this business segment was ¥3,699 million (increased ¥53 million or 1.4% YoY) and the operating profit was ¥997 million (decreased ¥90 million or 8.3% YoY).

<Hotels / Ryokans>

In Hotels / Ryokans business, as the Company's consolidated subsidiaries, Hulic Hotel Management Co., Ltd. manages "THE GATE HOTEL" brand hotel series and "View Hotel" brand hotel series, while HULIC FUFU Co., Ltd. manages "FUFU" ryokan series. In FY2024, both occupancy rates and ADR (Average Daily Rates) landed at high levels reflecting favorable tourism demand from both domestic and overseas customers.

As a result, operating revenue was ¥49,092 million (increased ¥11,740 million or 31.4% YoY) and operating profit was ¥1,675 million (increased ¥649 million or 63.2% YoY).

<Others>

Hulic Build Co., Ltd., one of the Company's consolidated subsidiaries, regularly takes orders of repair constructions, constructions of refurbishment at the end of lease contracts and interior fit-outs at the beginning of lease contracts from the Company's existing properties. In addition, Riso Kyoiku Co., Ltd., one of the Company's consolidated subsidiaries, operates and manages children education services, etc.

As a result, operating revenue was ¥25,814 million (increased ¥19,263 million or 294.0 % YoY) and operating profit was ¥2,233 million (increased ¥1,722 million or 336.9% YoY).

(2) Overview of Consolidated Financial Position

1) Changes in Consolidated Financial Position

<Assets>

Total assets at the end of FY2024 was ¥3,048,935 million, increased ¥568,463 million from the end of FY2023. From the perspective of constructing a competitive leasing portfolio that addresses the changing environment, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly.

In addition, the Group strives to provide support and backup as a sponsor to maintain and improve the long-term earnings of Hulic Reit, Inc. & Hulic Private Reit, Inc. and realize steady growth of their assets under management.

Changes in amount of major items were as follows.

- Cash and deposits: Increased ¥51,584 million
- Real estate for sale: Increased ¥91,872 million (Transfer from non-current assets, acquisition and sale of properties, etc.)
- Land: Increased ¥88,558 million (Acquisition of properties, transfer to real estate for sale, etc.)
- Goodwill: Increased ¥112,996 million (Acquisition of shares of subsidiaries, amortization of goodwill, etc.)
- Investment securities: Increased ¥92,023 million (Acquisition and sales of investment securities, and an increase in valuation difference on marketable securities, etc.)

<Liabilities>

Total liabilities at the end of FY2024 was ¥2,192,591 million, increased ¥481,418 million from the end of FY2023. This was mainly attributable to financing carried out for capital investment and the like.

The balance of borrowings was ¥1,397,089 million, which included ¥30,000 million non-recourse borrowings owed by a consolidated SPC. Financing from financial institutions was operated stably at low cost thanks to the credit strength on the back of the Group's high earnings level.

<Net Assets>

Total net assets at the end of FY2024 was ¥856,344 million, increased ¥87,044 million from the end of FY2023. Total shareholders' equity was ¥769,176 million, increased ¥62,382 million from the end of FY2023, due mainly to an increase of retained earnings in profit attributable to owners of parent and a decrease of retained earnings in the cash dividend payment.

Total accumulated other comprehensive income was ¥63,814 million, increased ¥4,952 million from the end of FY2023, due mainly to an increase in valuation difference on available-for-sale securities as a result of an increase of ¥9,753 million in unrealized gains on marketable securities.

(3) Consolidated Cash Flows

In FY2024, cash and cash equivalents (hereinafter "cash") amounted to ¥134,326 million at the end of FY2024 as a result of an increase of ¥353,388 million through operating activities, a decrease of ¥602,020 million through investing activities and an increase of ¥300,589 million through financing activities.

Million yen

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
Cash flows from operating activities	353,388	270,819
Cash flows from investing activities	(602,020)	(298,330)
Cash flows from financing activities	300,589	(28,024)
Cash and cash equivalents at end of period	134,326	82,763

Cash flows in each activities and the major contributing factors in FY2024 were as follows.

<Cash flows from operating activities>

Cash flows from operating activities was ¥353,388 million (increased ¥82,569 million YoY). This was mainly attributable to ¥151,136 million in profit before income taxes with the main factors of leasing income from real estate and sales of real estate for sale as well as ¥17,881 million of depreciation and a decrease of ¥212,081 million in real estate for sale.

<Cash flows from investing activities>

Cash flows from investing activities was negative ¥602,020 million (decreased ¥303,690 million YoY). This was mainly attributable to portfolio reshuffling, development and reconstruction, from the perspective of constructing a competitive leasing portfolio that addresses the changing environment.

<Cash flows from financing activities>

Cash flows from financing activities was ¥300,589 million (increased ¥328,614 million YoY). This was mainly attributable to financing for above-mentioned development and reconstruction projects and acquisitions of new properties, as well as cash dividend paid.

(Reference) Trends in cash flow indicators

	FY2024	FY2023	FY2022
a. Equity ratio (%)	27.3	30.8	29.5
b. Equity ratio in terms of market capitalization (%)	34.2	45.2	34.0
c. Interest bearing debts to cash flows from operating activities (times)	5.3	5.3	5.4
d. Interest coverage ratio (times)	27.4	23.3	26.0

Definitions:

a. Equity ratio = Equity / Total assets
b. Equity ratio in terms of market capitalization = Market capitalization / Total assets
c. Interest bearing debts to cash flows from operating activities = Interest bearing debts / Cash flows from operating activities
d. Interest coverage ratio = Cash flows from operating activities / Interest expenses paid

Notes:
1. The criteria for each indicator was calculated based on consolidated financial statements.
2. Market capitalization was calculated based on the number of issued shares excluding treasury shares.
3. The figure used for cash flows is cash flows from operating activities on the consolidated statements of cash flows.
4. Interest-bearing debts cover all debts reported in the consolidated financial statements for which interests were paid. Interest expenses paid was equal to interest expenses paid as stated in the consolidated statements of cash flows.

(4) Outlook for FY2025

For FY2025, although personal consumption is expected to increase on the back of rising wages and corporate capital investment is also expected to remain solid, the outlook will still be unclear due to uncertainties in the global economy and international affairs, domestic inflation, and a worsening labor shortage, etc.

In the real estate business environment, while there is an upward trend in domestic interest rates following the Bank of Japan's monetary policy shift and a narrowing of the yield gap, we believe the investment market for income-yielding properties will remain robust, underpinned by stable leasing market conditions and high liquidity.

In these circumstances, the Group started the new Medium-term Management Plan (2025-2027) which represented the third phase of the Long-term Management Plan (2020-2029). The plan is pursuing five priority challenges; (1) Restructure the portfolio to achieve “high profit growth” and “stable core profit increase”, (2) Maximize profits from completed projects and promote carefully selected development projects in response to the changing external environment, (3) Build a foundation for new profit pillars by looking ahead to the next 10 years and expand profits on a consolidated basis, (4) Ensure the financial soundness maintaining the credit rating and build a risk management system aligned with the growth strategies, and (5) Further enhance the sustainable management through environmental measures, human capital value maximization and strengthened corporate governance, and aims the Company to grow further as a result.

For FY2025 (the fiscal year ending December 31, 2025), the Group forecasts the following consolidated business results and financial position.

・The forecasts of consolidated business results for FY2025

Forecasts of Consolidated Business Results (Million yen)

	Forecasts for FY2025
Operating profit	178,000
Ordinary profit	164,000
Profit attributable to owners of parent	108,000

・The forecasts of financial situation for FY2025

In FY2025, the Company will continue strategically promoting reconstruction and property acquisition, and will also focus on new development. Expenditure of cash flows of capital investments will be financed primarily by borrowings from financial institutions and corporate bonds, etc.

The forecasts of business results contained in these materials reflect analysis and judgments based on the information available as of the date of announcement of these materials. In no way do these statements provide any assurance by the Company of achieving such results. Actual business results may vary due to changes in the operating environment, among other factors.

(5) Basic Policy for Dividend Distribution and Dividends for FY2024 and FY2025

The Company's basic policy for dividend distribution is to continue a stable dividend as a return of profits to shareholders while replenishing internal reserves required to strengthen long-term and stable business platform from the principal business standpoint of a real estate leasing operator. Equally important for the Company is to pay dividends reflective of business performance trends.

The Company's basic policy for dividend is to provide dividends from surplus once a year by payment of a year-end dividend. However, as the Company is adopting an interim dividend system as presented below, the Company may pay dividends from surplus twice a year by paying an interim dividend after considering business performance in the respective fiscal year. The organizations that determine these dividends from surplus shall be the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

Under this basic policy, the Company plans to put forward a proposal to be approved at the Company's Annual General Meeting of Shareholders to be held on March 26, 2025, of a year-end dividend per share of ¥28.0 (interim dividend was ¥26.0).

Dividends for FY2024 is as follows.

Date and venue of decision	Total amount of dividends (Million yen)	Dividends per share (Yen)
Board of Directors meeting held on July 26, 2024	19,933	26.0
Annual General Meeting of Shareholders to be held on March 26, 2025	21,466	28.0

Based on the above-mentioned policy, with regard to the dividend for FY2025, the dividend of ¥57.0 (¥28.5 for interim dividend, ¥28.5 for year-end dividend) is anticipated for the full year.

2. Basic Perspective on Selection of Accounting Standards

The Group currently employs Japanese accounting standards. At present, the Group is undecided on whether to employ International Financial Reporting Standards in the future.

3. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (Unaudited)

(Million yen)

Item	At the end of FY2024 (December 31, 2024)	At the end of FY2023 (December 31, 2023)
ASSETS		
Current assets		
Cash and deposits	134,462	82,878
Trade accounts receivable and contract assets	14,194	8,992
Merchandise	225	24
Real estate for sale	354,961	263,089
Real estate for sale in process	49,425	2,871
Costs on construction contracts in progress	26	39
Supplies	472	373
Other	30,114	14,707
Allowance for doubtful accounts	(19)	(4)
Total current assets	583,864	372,973
Non-current assets		
Property, plant and equipment		
Buildings and structures	317,407	305,967
Accumulated depreciation	(73,917)	(70,638)
Buildings and structures, net	243,489	235,329
Machinery, equipment and vehicles	21,936	14,894
Accumulated depreciation	(4,088)	(2,902)
Machinery, equipment and vehicles, net	17,848	11,991
Land	1,405,359	1,316,801
Construction in progress	45,782	42,755
Other	20,672	16,228
Accumulated depreciation	(9,327)	(5,701)
Other, net	11,344	10,527
Total property, plant and equipment	1,723,825	1,617,405
Intangible assets		
Goodwill	117,160	4,164
Leasehold interests in land	70,843	70,695
Other	28,881	3,079
Total intangible assets	216,886	77,938
Investments and other assets		
Investment securities	420,487	328,463
Guarantee deposits	53,986	47,384
Deferred tax assets	3,867	947
Net defined benefit asset	197	752
Other	44,436	32,838
Allowance for doubtful accounts	(7)	(0)
Total investments and other assets	522,967	410,387
Total non-current assets	2,463,680	2,105,731
Deferred assets		
Business commencement expenses	6	15
Share issuance costs	15	210
Bond issuance costs	1,369	1,542
Total deferred assets	1,391	1,768
Total assets	3,048,935	2,480,472

(Million yen)

Item	At the end of FY2024 (December 31, 2024)	At the end of FY2023 (December 31, 2023)
LIABILITIES		
Current liabilities		
Short-term borrowings	166,957	1,774
Current portion of long-term borrowings	192,762	103,109
Short-term bonds payable	29,909	-
Current portion of bonds payable	-	30,000
Accrued expenses	5,867	4,523
Income taxes payable	27,725	18,760
Advances received	10,464	6,510
Provision for bonuses	962	532
Provision for bonuses for directors (and other officers)	382	382
Other	27,721	19,715
Total current liabilities	462,754	185,306
Non-current liabilities		
Bonds payable	444,000	381,000
Long-term borrowings	1,037,369	929,145
Deferred tax liabilities	89,978	73,210
Provision for share awards	3,151	3,238
Net defined benefit liability	4,652	1,706
Long-term guarantee deposits	104,947	93,307
Other	45,737	44,257
Total non-current liabilities	1,729,837	1,525,865
Total liabilities	2,192,591	1,711,172
NET ASSETS		
Shareholders' equity		
Share capital	111,609	111,609
Capital surplus	137,738	137,731
Retained earnings	522,922	461,214
Treasury shares	(3,094)	(3,760)
Total shareholders' equity	769,176	706,794
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,506	58,943
Deferred gains or losses on hedges	(517)	(436)
Foreign currency translation adjustment	(1,063)	-
Remeasurements of defined benefit plans	(111)	355
Total accumulated other comprehensive income	63,814	58,862
New share acquisition rights	75	-
Non-controlling interests	23,278	3,643
Total net assets	856,344	769,300
Total liabilities and net assets	3,048,935	2,480,472

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

Consolidated Statements of Income (Unaudited)

(Million yen)

Item	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
Operating revenue	591,615	446,383
Operating costs	360,681	249,875
Operating gross profit	230,934	196,508
Selling, general and administrative expenses	67,573	50,329
Operating profit	163,360	146,178
Non-operating income		
Interest income	74	72
Dividend income	4,025	3,511
Share of profit of entities accounted for using equity method	236	-
Termination of lease contracts	1,357	446
Subsidies for employment adjustment, etc.	-	12
Other	1,096	815
Total non-operating income	6,791	4,858
Non-operating expenses		
Interest expenses	13,172	11,576
Share of loss of entities accounted for using equity method	-	136
Other	2,649	1,887
Total non-operating expenses	15,822	13,599
Ordinary profit	154,329	137,437
Extraordinary income		
Gain on sale of investment securities	6,097	21
Gain on investments in silent partnership, etc.	99	58
Compensation income	-	3,351
Other	136	295
Total extraordinary income	6,333	3,727
Extraordinary losses		
Loss on retirement of non-current assets	2,566	1,880
Loss on reconstructions of buildings	2,221	803
Impairment losses	1,876	1,693
Loss on step acquisitions	2,792	-
Other	69	88
Total extraordinary losses	9,527	4,466
Profit before income taxes	151,136	136,698
Income taxes - current	41,423	30,753
Income taxes - deferred	6,422	11,224
Total income taxes	47,845	41,978
Net income before non-controlling interests	103,290	94,719
Profit attributable to non-controlling interests	949	94
Profit attributable to owners of parent	102,341	94,625

Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
Net income before non-controlling interests	103,290	94,719
Other comprehensive income		
Valuation difference on available-for-sale securities	6,810	18,510
Deferred gains or losses on hedges	(81)	(175)
Foreign currency translation adjustment	(1,063)	-
Remeasurements of defined benefit plans, net of tax	(479)	120
Share of other comprehensive income of entities accounted for using equity method	(236)	147
Total other comprehensive income	4,950	18,603
Comprehensive income	108,241	113,323
Comprehensive income attributable to		
Owners of parent	107,293	113,228
Non-controlling interests	948	94

(3) Consolidated Statement of Changes in Equity (Unaudited)

I. FY2024 (from January 1, 2024 to December 31, 2024) (Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	111,609	137,731	461,214	(3,760)	706,794
Changes during period					
Dividends of surplus			(40,632)		(40,632)
Profit attributable to owners of parent			102,341		102,341
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		7		667	674
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	7	61,708	666	62,382
Balance at end of period	111,609	137,738	522,922	(3,094)	769,176

	Accumulated other comprehensive income					New share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	58,943	(436)	-	355	58,862	-	3,643	769,300
Changes during period								
Dividends of surplus								(40,632)
Profit attributable to owners of parent								102,341
Purchase of treasury shares								(0)
Disposal of treasury shares								674
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Net changes in items other than shareholders' equity	6,563	(81)	(1,063)	(466)	4,952	75	19,634	24,661
Total changes during period	6,563	(81)	(1,063)	(466)	4,952	75	19,634	87,044
Balance at end of period	65,506	(517)	(1,063)	(111)	63,814	75	23,278	856,344

II. FY2023 (from January 1, 2023 to December 31, 2023) (Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	111,609	137,741	401,090	(3,971)	646,469
Changes during period					
Dividends of surplus			(34,499)		(34,499)
Profit attributable to owners of parent			94,625		94,625
Change in scope of consolidation in entities accounted for using equity method			(1)		(1)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				211	211
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(9)			(9)
Net changes in items other than shareholders' equity					
Total changes during period	-	(9)	60,123	210	60,324
Balance at end of period	111,609	137,731	461,214	(3,760)	706,794

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	40,267	(261)	0	252	40,258	424	687,153
Changes during period							
Dividends of surplus							(34,499)
Profit attributable to owners of parent							94,625
Change in scope of consolidation in entities accounted for using equity method							(1)
Purchase of treasury shares							(0)
Disposal of treasury shares							211
Change in treasury shares arising from change in equity in entities accounted for using equity method							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							(9)
Net changes in items other than shareholders' equity	18,675	(175)	(0)	102	18,603	3,218	21,822
Total changes during period	18,675	(175)	(0)	102	18,603	3,218	82,146
Balance at end of period	58,943	(436)	―	355	58,862	3,643	769,300

(4) Consolidated Statements of Cash Flows (Unaudited)

(Million yen)

Item	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	151,136	136,698
Depreciation	17,881	16,307
Increase (decrease) in allowance for doubtful accounts	9	(33)
Increase (decrease) in provision for bonuses	(59)	154
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	41
Increase (decrease) in provision for share awards	557	603
Increase (decrease) in net defined benefit asset and liability	159	11
Interest and dividend income	(4,100)	(3,583)
Interest expenses	13,172	11,576
Share of loss (profit) of entities accounted for using equity method	(236)	136
Loss on retirement of non-current assets	2,566	1,880
Loss (gain) on sale of non-current assets	(82)	(127)
Loss (gain) on sale of investment securities	(6,097)	(21)
Loss (gain) on investments in silent partnership, etc.	(99)	(58)
Loss (gain) on step acquisitions	2,792	-
Decrease (increase) in trade receivables	(3,979)	(1,869)
Decrease (increase) in real estate for sale	212,081	145,984
Decrease (increase) in guarantee deposits	(2,605)	(8,585)
Increase (decrease) in guarantee deposits received	5,220	4,662
Decrease (increase) in other assets	(656)	(4,929)
Increase (decrease) in other liabilities	6,749	2,045
Subtotal	394,407	300,893
Interest and dividends received	6,237	5,323
Interest paid	(12,880)	(11,613)
Income taxes paid	(34,376)	(23,864)
Income taxes refund	-	80
Cash flows from operating activities	353,388	270,819
Cash flows from investing activities		
Payments into time deposits	(2,337)	(115)
Proceeds from withdrawal of time deposits	115	100
Purchase of property, plant and equipment	(364,708)	(257,237)
Proceeds from sale of non-current assets	166	1,034
Purchase of intangible assets	(10,059)	(7,397)
Purchase of investment securities	(118,553)	(17,025)
Proceeds from sale of investment securities	7,578	169
Proceeds from redemption of investment securities	26,312	602
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	168	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(131,847)	(1,228)
Loan advances	(3,739)	(104)
Proceeds from collection of loans receivable	0	4
Other, net	(5,115)	(17,133)
Cash flows from investing activities	(602,020)	(298,330)

(Million yen)

Item	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	160,461	1,114
Net increase (decrease) in short-term bonds payable	29,510	(63)
Proceeds from long-term borrowings	223,000	174,500
Repayments of long-term borrowings	(103,484)	(161,570)
Proceeds from issuance of bonds	62,604	39,855
Redemption of bonds	(30,000)	(50,000)
Purchase of treasury shares	(0)	(0)
Dividends paid	(40,632)	(34,499)
Proceeds from share issuance to non-controlling interests	0	3,125
Dividends paid to non-controlling interests	(335)	-
Other, net	(532)	(484)
Cash flows from financing activities	300,589	(28,024)
Foreign currency translation differences on cash and cash equivalents	(395)	-
Net increase (decrease) in cash and cash equivalents	51,562	(55,535)
Cash and cash equivalents at beginning of period	82,763	138,300
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(1)
Cash and cash equivalents at end of period	134,326	82,763

(5) Footnotes on the Consolidated Financial Statements

< Footnotes on the Assumption of Going Concern >

N/A

< Leasing Properties and Investment >

The Company and some of its consolidated subsidiaries own office buildings, rental condominiums and retail commercial facilities in Tokyo and other major cities in Japan with the aim of obtaining leasing revenue. A portion of these leased office buildings are used by the Company and some of its consolidated subsidiaries and therefore have been classified as real estate that includes portions used as leasing properties and investment.

The amount on the consolidated balance sheets, the increase / decrease during period, and the fair value of such leasing properties and investment and real estate that includes portions used as leasing properties and investment are shown below.

(Million yen)

		FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
Leasing properties and investment			
Amount on consolidated balance sheets			
	Balance at beginning of period	1,390,455	1,448,145
	Increase / decrease during period	57,925	(57,689)
	Balance at end of period	1,448,381	1,390,455
Fair value at end of period		1,762,248	1,705,239
Real estate including portions used as leasing properties and investment			
Amount on consolidated balance sheets			
	Balance at beginning of period	149,583	134,571
	Increase / decrease during period	29,425	15,012
	Balance at end of period	179,009	149,583
Fair value at end of period		268,056	219,746

Notes: 1. The amount on the consolidated balance sheets represents the acquisition cost less the accumulated depreciation and impairment loss.

2. Of the increase / decrease during period, the key increase / decrease during FY2023 was the increase due to real estate acquisitions (¥284,909 million) and the decrease due to transfer to real estate for sale (¥313,494 million). The key increase / decrease during FY2024 was the increase due to real estate acquisitions (¥351,566 million) and the decrease due to transfer to real estate for sale (¥224,213 million)

3. For major properties, the fair value at the end of each period was the amount calculated by the Company based on the "Real Estate Appraisal Standards". For other major properties, the fair value at the end of the year was the amount calculated by the Company using indicators and others believed to appropriately reflect market prices, while for certain properties, the fair value at the end of each period was the amount determined by an outside real estate appraiser based on a real estate appraisal report. If there have been no critical changes to certain assessment values or indicators believed to appropriately reflect market prices since the time that a property was acquired from a third party or since the most recent assessment, the fair value at the end of each period was the amount determined after making an adjustment using said assessment value or indicators. For properties newly acquired during FY2024, the fair value was the amount on the consolidated balance sheets due to the fact that the change in the fair value was believed to be immaterial.

The profit / loss for leasing properties and investment as well as real estate including portions used as leasing properties and investment is shown below.

(Million yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
Leasing properties and investment		
Leasing revenue	64,423	66,414
Leasing cost	31,698	29,475
Difference	32,724	36,939
Other profit or (loss)	(3,064)	2,150
Real estate including portions used as leasing properties and investment		
Leasing revenue	3,899	4,609
Leasing cost	5,724	5,058
Difference	(1,825)	(448)
Other profit or (loss)	(1,938)	(2,148)

Notes: 1. Real estate including portions used as leasing properties and investment includes portions used by the Company and / or some of its consolidated subsidiaries as services provided and management. Therefore, leasing revenue for these portions was not posted. In addition, such real estate related costs (depreciation, repair expenses, insurance expenses, taxes and dues, etc.) were included in the leasing cost.

2. Other profit or (loss) for FY2023 mainly included compensation income posted under “Extraordinary income”, impairment losses and loss on retirement of non-current assets posted under “Extraordinary losses”. For FY2024, other profit or (loss) included loss on reconstructions of buildings and loss on retirement of non-current assets posted under “Extraordinary losses”.

<Segment Information>

1. Description of reportable segments

The Group’s reportable segments are those business units for which separate financial information can be obtained and regarding which the Board of Directors regularly holds deliberations in order to decide the allocation of management resources as well as evaluate business performance.

The Group comprises segments for each industry based on the Company and the Company’s consolidated subsidiaries. The three reportable segments are “Real Estate” , “Insurance Agency” and “Hotels / Ryokans”.

The major businesses included in of each reportable segment are noted below.

(1) Real Estate — Leasing, development and asset management, etc.
(2) Insurance Agency (subsidiary) — Insurance agency
(3) Hotels / Ryokans (subsidiaries) — Management of Hotels / Ryokans

2. Explanation of measurements of operating revenue, profit / loss, assets, liabilities, and other items for each reportable segment

The accounting methods of reportable segments are generally the same as those described in “Significant matters forming the basis of preparing the consolidated financial statements”, which have been omitted from these materials.

Profits of reportable segments are figures based on operating profit. Inter-segment operating revenue and the balance of book-entry transfers are based on prices to market realities.

3. Information on operating revenue, operating profit, assets, liabilities, and other items for each reportable segment

I. FY2024 (from January 1, 2024 to December 31, 2024)

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels / Ryokans (subsidiaries)	Total				
Operating revenue								
Outside customers	517,262	3,699	48,770	569,732	21,883	591,615	-	591,615
Inter-segment	9,942	-	322	10,264	3,930	14,195	(14,195)	-
Total	527,204	3,699	49,092	579,996	25,814	605,810	(14,195)	591,615
Segment profit	170,428	997	1,675	173,101	2,233	175,335	(11,974)	163,360
Segment assets	2,701,006	7,409	30,632	2,739,049	64,713	2,803,762	245,173	3,048,935
Other items								
Depreciation	14,555	20	1,307	15,883	592	16,476	1,405	17,881
Investment in entities accounted for using equity methods	193,513	-	-	193,513	4,646	198,159	-	198,159
Increase in tangible non-current assets and intangible assets	374,795	7	1,690	376,493	34,419	410,913	6,219	417,132

Notes:

1. The category of “Others” included business segments that were not included in the reportable segments, such as general construction, design, construction management, and child education business, etc.
2. The details of adjustment amounts were as follows:
   (1) The adjustment of negative ¥11,974 million in segment profit included ¥868 million in inter-segment transaction eliminations and negative ¥12,842 million in corporate expenses not allocated to any reportable segment. Corporate expenses mainly consisted of expenses related to general and administrative divisions not attributable to any reportable segment.
   (2) The adjustment of ¥245,173 million in segment assets included negative ¥115,240 million in inter-segment transaction eliminations and ¥360,414 million in corporate assets not allocated to any reportable segment. Corporate assets mainly consisted of surplus operating funds (cash and deposits), investment securities and assets related to general and administrative divisions.
3. Segment profit was adjusted with operating profit reported in the Consolidated Statements of Income.

II. FY2023 (from January 1, 2023 to December 31, 2023)

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels / Ryokans (subsidiaries)	Total				
Operating revenue								
Outside customers	401,428	3,646	37,127	442,201	4,182	446,383	-	446,383
Inter-segment	7,171	-	224	7,396	2,368	9,765	(9,765)	—
Total	408,599	3,646	37,351	449,597	6,550	456,148	(9,765)	446,383
Segment profit	154,432	1,087	1,026	156,546	511	157,057	(10,878)	146,178
Segment assets	2,201,031	7,041	29,977	2,238,050	19,856	2,257,907	222,565	2,480,472
Other items								
Depreciation	13,904	30	1,209	15,144	0	15,145	1,162	16,307
Investment in entities accounted for using equity methods	124,567	-	-	124,567	16,129	140,696	-	140,696
Increase in tangible non-current assets and intangible assets	291,566	1	724	292,292	0	292,292	9,322	301,615

Notes:

1. The category of "Others" included business segments that were not included in the reportable segments, such as general construction, design, construction management, etc.
2. The details of adjustment amounts were as follows:
   (1) The adjustment of negative ¥10,878 million in segment profit included ¥891 million in inter-segment transaction eliminations and negative ¥11,769 million in corporate expenses not allocated to any reportable segment. Corporate expenses mainly consisted of expenses related to general and administrative divisions not attributable to any reportable segment.
   (2) The adjustment of ¥222,565 million in segment assets included negative ¥6,155 million in inter-segment transaction eliminations and ¥228,720 million in corporate assets not allocated to any reportable segment. Corporate assets mainly consisted of surplus operating funds (cash and deposits), investment securities and assets related to general and administrative divisions.
3. Segment profit was adjusted with operating profit reported in the Consolidated Statements of Income.

<**Information per Share**>

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
BPS	1,093.78 yen	1,006.19 yen
EPS	134.42 yen	124.36 yen
Diluted EPS	134.42 yen	124.32 yen

Notes: 1. The Company's own shares remaining in the Board Benefit Trust (BBT), which have been recorded as treasury shares in shareholders' equity, were included in treasury shares to be deducted in the calculation of the average number of outstanding shares for each period for the purpose of calculating EPS, and included in the number of treasury shares to be deducted from the number of issued shares as of the end of each period for the purpose of calculating BPS.

The average number of treasury shares deducted for each period for the purpose of calculating EPS was 3,378 thousand shares for FY2023 and 2,962 thousand shares for FY2024 whereas the number of treasury shares deducted as of the end of each period for the purpose of calculating BPS was 3,316 thousand shares for FY2023 and 2,710 thousand shares for FY2024.

2. The basis for the calculation of EPS and Diluted EPS is as follows:

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2023 (From January 1, 2023 to December 31, 2023)
EPS		
Profit attributable to owners of parent (million yen)	102,341	94,625
Amount not attributable to holders of common shares (million yen)	-	-
Profit attributable to owners of parent related to common shares (million yen)	102,341	94,625
Average number of outstanding common shares for each period (thousand shares)	761,308	760,879
Diluted EPS		
Adjustment to profit attributable to owners of parent (million yen)	(1)	(26)
(Adjustment related to dilutive shares of affiliates (million yen))	(1)	(26)
Increase in common shares (thousand shares)	0	0
Description of antidilutive securities which were not included in the calculation of diluted EPS	-	-

<Significant Subsequent Events>

N/A