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April 3, 2025

Consolidated Financial Results for the Six Months Ended February 28, 2025 (Under Japanese GAAP)

Company name: Kasumigaseki Capital Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 3498
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Scheduled date to file semi-annual securities report: April 14, 2025
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended February 28, 2025 (from September 1, 2024 to February 28, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	33,750	62.1	4,805	141.3	4,154	114.1	2,453	89.8
February 29, 2024	20,817	26.2	1,991	38.5	1,940	53.0	1,292	58.2

Note: Comprehensive income For the six months ended February 28, 2025: ¥2,705 million [95.3%]
For the six months ended February 29, 2024: ¥1,385 million [70.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
February 28, 2025	249.35	245.46
February 29, 2024	148.13	145.06

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 28, 2025	103,273	28,839	27.0
August 31, 2024	77,549	27,739	34.6

Reference: Equity
As of February 28, 2025: ¥27,840 million
As of August 31, 2024: ¥26,851 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2024	–	0.00	–	170.00	170.00
Fiscal year ending August 31, 2025	–	0.00			
Fiscal year ending August 31, 2025 (Forecast)			–	240.00	240.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending August 31, 2025 (from September 1, 2024 to August 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending August 31, 2025	95,000	44.6	16,500	93.3	15,000	90.8	10,000	99.2	1,015.91

Notes: 1. Revisions to the earnings forecasts most recently announced: None

2. As the Group manages business performance on an annual basis, only full year results are disclosed.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: - companies
Excluded: - companies

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None
Note: For details, please refer to "(4) Notes to semi-annual consolidated financial statements, Notes on changes in accounting policies" under "2. Semi-annual consolidated financial statements and significant notes thereto" on page 11 of the attached material.

(4) Number of issued shares (common shares)
(i) Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2025	9,867,125 shares
As of August 31, 2024	9,859,947 shares

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

As of February 28, 2025	23,741 shares
As of August 31, 2024	21,291 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2025	9,840,132 shares
Six months ended February 29, 2024	8,724,769 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Caution concerning forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

Change in presentation unit

The amounts of account items and other information presented in the semi-annual consolidated financial statements of the Company were previously presented in a unit of thousand yen. However, commencing from the six months ended February 28, 2025, this unit has been changed to million yen. To facilitate comparison with prior periods, the amounts for the fiscal year ended August 31, 2024, and the six months ended February 29, 2024, are also presented in a unit of million yen.

Attached Material

Index

1. Overview of operating results and others 2
(1) Overview of operating results for the period under review 2
(2) Overview of financial position for the period under review 3
(3) Overview of cash flows for the period under review 3
(4) Explanation of consolidated earnings forecasts and other forward-looking statements 4
2. Semi-annual consolidated financial statements and significant notes thereto 5
(1) Semi-annual consolidated balance sheet 5
(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income 7
Semi-annual consolidated statement of income 7
Semi-annual consolidated statement of comprehensive income 8
(3) Semi-annual consolidated statement of cash flows 9
(4) Notes to semi-annual consolidated financial statements 11
Notes on premise of going concern 11
Notes when there are significant changes in amounts of equity 11
Notes on changes in accounting policies 11
Notes on segment information, etc. 11
Revenue recognition 12
Significant subsequent events 13

1. Overview of operating results and others

(1) Overview of operating results for the period under review

During the six months ended February 28, 2025, the Japanese economy has been on the path to a gradual recovery, against the backdrop of the expansion of inbound demand driven by the weaker yen and improvements in the employment and income environments due to factors including wage rises, with signs of moves towards passing through increases in personnel expenses and raw materials costs to prices. However, the economic outlook remains uncertain due to geopolitical risks and trends in domestic and international financial conditions.

In the real estate market, the primary business domain of the Group, although real estate prices have remained in high price ranges, the TSE REIT Index has been weak given concerns about rising interest rates.

In the hotel-related market, the Group is engaged in developing hotels for large numbers of people with the aim of making Japan a top tourism destination and contributing to regional revitalization. As Group brands, we are expanding “fav,” “FAV LUX,” “seven x seven,” and business hotel “BASE LAYER HOTEL” nationwide. Through this brand diversification, we are realizing the acquisition and sale of a wide range of land and existing hotels. During the period under review, we have been making steady progress on projects including the sale of one plot of land for renovation, the acquisition of six development sites, and the transition of four projects to the development phase, as well as the opening of the “FAV LUX Kagoshima Tenmonkan” in December.

In the logistics-related market, the Group is progressing the development of our automated frozen warehouse which adds the element of automation to refrigeration and freezing. In frozen & chilled warehouses, in addition to high demand for new frozen & chilled warehouses due to continued high demand for frozen goods, there is an expectation that there will be an increase in demand for the reconstruction of frozen & chilled warehouses using natural refrigerants. This is because many of the frozen & chilled warehouses currently operating were constructed 30 or more years ago and use controlled HCFCs and alternative HCFCs, as well as the regulations on controlled HCFCs and the magnitude of the greenhouse effects of alternative HCFCs. In addition to the favorable supply-demand environment, we are actively working on the development of our automated frozen warehouse as a solution in response to issues such as labor shortages due to “the 2024 problem” (curbing of trucker overtime in Japan) and the harsh working conditions inside frozen & chilled warehouses. In addition, we have been progressing developments in locations suitable for relay transport, which is one of the measures that the Ministry of Land, Infrastructure, Transport and Tourism expects to solve “the 2024 problem,” such as in the Nagoya region. During the period under review, we undertook the acquisition of one development site for a new HAZMAT warehouse (hazardous materials warehouse), transitioned one project to the development phase, commenced two new construction projects, and completed construction of “LOGI FLAG COLD Osaka Ibaraki I” in February, and the business is making steady progress.

In the healthcare business, the Group strongly expects an increase in demand for end-of-life care, home nursing, and home care in Japan, which is a super aging society. We believe that the hospice housing that the Company is developing will play an important role as a place for those approaching the end of life, and, by executing consistently on not only facility development but also operations, we are working diligently to differentiate our offering from existing services. During the period under review, we undertook the acquisition of one development site, and, in addition to transitioning one project to the development phase, opened “CLASWELL Kotake-mukaihara” in November 2024, followed by “CLASWELL Shinanomachi” in February 2025. We are making steady progress in each of our projects.

In the overseas business, currently, we are focused on the United Arab Emirates (Dubai). In the “Dubai 2040 Urban Master Plan,” announced by the Dubai Government in March 2021, the population of Dubai is planned to increase from 3.3 million to 5.8 million people by 2040. Due to the high rate of population increase and the stable political situation, we are expecting demand for real estate in Dubai to increase over the long term. The Group has established local subsidiaries, and is participating in the Dubai real estate market. Through the acquisition and sales of residential properties, we are creating opportunities to generate capital gains as well as cultivating our knowhow, network, and track record with the goal of creating an environment enabling Japanese investors to invest in Dubai.

As a result, net sales were ¥33,750 million (up 62.1% year on year), operating profit was ¥4,805 million (up 141.3% year on year), ordinary profit was ¥4,154 million (up 114.1% year on year), and profit attributable to owners of parent was ¥2,453 million (up 89.8% year on year) for the period under review.

Information by segment is omitted because the Group has only one segment, namely the real estate consulting business.

(2) Overview of financial position for the period under review

The positions of assets, liabilities, net assets as of February 28, 2025 are as follows.

Assets

Total assets as of February 28, 2025 increased by ¥25,724 million from the end of the previous fiscal year to ¥103,273 million.

Current assets increased by ¥19,653 million from the end of the previous fiscal year to ¥86,720 million. This was mainly attributable to an increase of ¥12,340 million in cash and deposits.

Non-current assets increased by ¥5,963 million from the end of the previous fiscal year to ¥16,438 million. This was mainly attributable to increases of ¥2,377 million in property, plant and equipment mainly due to an increase in buildings and structures, and ¥3,560 million in investments and other assets mainly due to an increase in long-term loans receivable.

Liabilities

Total liabilities as of February 28, 2025 increased by ¥24,624 million from the end of the previous fiscal year to ¥74,434 million.

Current liabilities increased by ¥14,759 million from the end of the previous fiscal year to ¥36,890 million. This was mainly attributable to an increase of ¥11,609 million in current portion of long-term borrowings.

Non-current liabilities increased by ¥9,865 million from the end of the previous fiscal year to ¥37,543 million. This was mainly attributable to an increase of ¥22,000 million in convertible-bond-type bonds with share acquisition rights, partially offset by a decrease of ¥11,941 million in long-term borrowings.

Net assets

Total net assets as of February 28, 2025 increased by ¥1,100 million from the end of the previous fiscal year to ¥28,839 million. This was mainly attributable to an increase of ¥781 million in retained earnings.

(3) Overview of cash flows for the period under review

Cash and cash equivalents as of February 28, 2025 increased by ¥12,343 million from the end of the previous fiscal year to ¥23,400 million.

Cash flow positions for the six months ended February 28, 2025 and the factors thereof are as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥1,659 million for the six months ended February 28, 2025, compared with net cash used in operating activities of ¥8,259 million in the same period of the previous fiscal year. This mainly reflected factors such as an increase in advance payments of ¥4,007 million.

Cash flows from investing activities

Net cash used in investing activities was ¥7,046 million for the six months ended February 28, 2025, compared with net cash used in investing activities of ¥687 million in the same period of the previous fiscal year. This mainly reflected factors such as purchase of property, plant and equipment of ¥2,859 million and loan advances of ¥2,792 million.

Cash flows from financing activities

Net cash provided by financing activities was ¥21,079 million for the six months ended February 28, 2025, compared with net cash provided by financing activities of ¥9,971 million in the same period of the previous fiscal year. This mainly reflected factors such as proceeds from issuance of convertible-bond-type bonds with share acquisition rights of ¥21,888 million.

(4) Explanation of consolidated earnings forecasts and other forward-looking statements

As for the consolidated earnings forecasts for the full year, there is no change to the forecasts announced on October 2, 2024 based on recent performance trends.

If it becomes necessary to revise the forecasts, the revision will be disclosed promptly.

2. Semi-annual consolidated financial statements and significant notes thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of August 31, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	11,064	23,404
Accounts receivable - trade	1,203	1,738
Contract assets	506	726
Costs on development business and other	15,630	15,685
Real estate for sale	33,040	37,071
Advance payments	2,408	4,969
Other	3,230	3,124
Allowance for doubtful accounts	(16)	(2)
Total current assets	67,066	86,720
Non-current assets		
Property, plant and equipment	4,488	6,866
Intangible assets	778	803
Investments and other assets	5,207	8,768
Total non-current assets	10,474	16,438
Deferred assets	7	115
Total assets	77,549	103,273
Liabilities		
Current liabilities		
Short-term borrowings	10,780	12,179
Current portion of bonds payable	145	246
Current portion of long-term borrowings	5,256	16,866
Income taxes payable	2,167	2,737
Provision for bonuses	379	344
Provision for shareholder benefit program	106	22
Provision for contingent loss	115	40
Other	3,180	4,452
Total current liabilities	22,130	36,890
Non-current liabilities		
Bonds payable	136	262
Convertible-bond-type bonds with share acquisition rights	–	22,000
Long-term borrowings	25,458	13,517
Deferred tax liabilities	1,177	648
Asset retirement obligations	242	242
Other	664	872
Total non-current liabilities	27,678	37,543
Total liabilities	49,809	74,434

(Millions of yen)

	As of August 31, 2024	As of February 28, 2025
Net assets		
Shareholders' equity		
Share capital	9,287	9,310
Capital surplus	9,206	9,230
Retained earnings	8,673	9,454
Treasury shares	(42)	(42)
Total shareholders' equity	27,125	27,952
Accumulated other comprehensive income		
Foreign currency translation adjustment	(274)	(112)
Total accumulated other comprehensive income	(274)	(112)
Share acquisition rights	180	392
Non-controlling interests	708	606
Total net assets	27,739	28,839
Total liabilities and net assets	77,549	103,273

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Net sales	20,817	33,750
Cost of sales	14,521	21,256
Gross profit	6,296	12,493
Selling, general and administrative expenses	4,304	7,687
Operating profit	1,991	4,805
Non-operating income		
Interest income	2	51
Foreign exchange gains	328	76
Other	9	24
Total non-operating income	340	152
Non-operating expenses		
Interest expenses	260	542
Arrangement fees	30	17
Commission expenses	98	188
Other	1	55
Total non-operating expenses	392	803
Ordinary profit	1,940	4,154
Extraordinary income		
Gain on sale of non-current assets	19	0
Gain on reversal of provision for contingent loss	–	16
Gain on bargain purchase	–	72
Proceeds from guarantee deposits of cancellation	236	–
Total extraordinary income	256	88
Extraordinary losses		
Loss on retirement of non-current assets	–	3
Total extraordinary losses	–	3
Profit before income taxes	2,196	4,239
Income taxes - current	1,164	2,583
Income taxes - deferred	(354)	(887)
Total income taxes	810	1,696
Profit	1,386	2,543
Profit attributable to non-controlling interests	93	89
Profit attributable to owners of parent	1,292	2,453

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Profit	1,386	2,543
Other comprehensive income		
Foreign currency translation adjustment	(1)	162
Total other comprehensive income	(1)	162
Comprehensive income	1,385	2,705
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,291	2,615
Comprehensive income attributable to non-controlling interests	93	89

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	2,196	4,239
Depreciation	234	445
Amortization of goodwill	18	29
Share-based payment expenses	104	330
Increase (decrease) in allowance for doubtful accounts	2	(14)
Increase (decrease) in provision for bonuses	(62)	(34)
Increase (decrease) in provision for loss on disaster	(19)	–
Increase (decrease) in provision for shareholder benefit program	(52)	(84)
Increase (decrease) in provision for contingent loss	–	(75)
Loss (gain) on investments in silent partnerships	–	7
Interest income	(2)	(51)
Interest expenses	260	542
Arrangement fees	30	17
Commission expenses	98	188
Foreign exchange losses (gains)	(328)	(76)
Loss (gain) on sale and retirement of non-current assets	(19)	3
Proceeds from guarantee deposits of cancellation	(236)	–
Gain on bargain purchase	–	(72)
Amortization of bond issuance costs	1	9
Decrease (increase) in trade receivables	(1,105)	(517)
Decrease (increase) in contract assets	(69)	(220)
Decrease (increase) in inventories	(6,473)	(1,878)
Decrease (increase) in advance payments	(2,389)	(4,007)
Decrease (increase) in deposits paid	(80)	7
Increase (decrease) in deposits received	239	798
Increase (decrease) in accounts payable - other	50	33
Distributions of profit or loss on silent partnerships	1,132	523
Other, net	197	710
Subtotal	(6,271)	853
Interest received	1	11
Interest paid	(267)	(490)
Guarantee deposits of cancellation received	236	–
Income taxes paid	(1,958)	(2,034)
Net cash provided by (used in) operating activities	(8,259)	(1,659)

(Millions of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(735)	(2,859)
Proceeds from sale of property, plant and equipment	30	455
Purchase of intangible assets	(9)	(82)
Purchase of investment securities	(92)	(1,138)
Proceeds from sale of investment securities	–	9
Proceeds from withdrawal of investments in silent partnerships	–	255
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	93	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3)	(644)
Payments of leasehold and guarantee deposits	(60)	(349)
Proceeds from refund of leasehold and guarantee deposits	0	49
Loan advances	(20)	(2,792)
Proceeds from collection of loans receivable	32	47
Other, net	77	4
Net cash provided by (used in) investing activities	(687)	(7,046)
Cash flows from financing activities		
Proceeds from issuance of bonds	–	294
Redemption of bonds	(82)	(72)
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	–	21,888
Net increase (decrease) in short-term borrowings	(2,640)	1,399
Proceeds from long-term borrowings	6,527	8,540
Repayments of long-term borrowings	(3,970)	(8,871)
Proceeds from exercise of employee share options	33	17
Repayments of lease liabilities	(36)	(35)
Proceeds from issuance of shares	10,894	–
Dividends paid	(488)	(1,670)
Dividends paid to non-controlling interests	(187)	(170)
Payments of arrangement fees	(19)	–
Payments of commission expenses	(58)	(241)
Net cash provided by (used in) financing activities	9,971	21,079
Effect of exchange rate change on cash and cash equivalents	33	(28)
Net increase (decrease) in cash and cash equivalents	1,058	12,343
Cash and cash equivalents at beginning of period	5,893	11,056
Cash and cash equivalents at end of period	6,952	23,400

(4) Notes to semi-annual consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes when there are significant changes in amounts of equity

Not applicable.

Notes on changes in accounting policies

Application of the "Accounting Standard for Current Income Taxes," Etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the six months ended February 28, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022"). There is no impact on the semi-annual consolidated financial statements as a result of this change in accounting policies.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the six months ended February 28, 2025. This change in accounting policies has been applied retrospectively, and is reflected in the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Notes on segment information, etc.

Segment information

I Six months ended February 29, 2024 (from September 1, 2023 to February 29, 2024)

Segment information is omitted because the Group has only one segment, real estate consulting business.

II Six months ended February 28, 2025 (from September 1, 2024 to February 28, 2025)

Segment information is omitted because the Group has only one segment, real estate consulting business.

Revenue recognition

Information on disaggregation of revenue from contracts with customers

The Group operates in only one segment, and a breakdown of the revenue from contracts with customers is as below.

(Millions of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Sale of real estate (Note 1)	9,059	22,133
Real estate consulting (Note 2)	1,088	1,438
Other (Note 3)	444	1,374
Revenue from contracts with customers (Note 3)	10,592	24,946
Other revenue (Notes 3, 4)	10,225	8,803
Sales to external customers	20,817	33,750

(Notes) 1. Sale of real estate does not include the transfer of real estate (including beneficial interests in real estate trust) subject to the "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies" (Transferred Guidance No. 10).

2. Real estate consulting is mainly asset management (AM) and project management (PJM) fee revenue.

3. From the six months ended February 28, 2025, the method of presentation of "Revenue from contracts with customers (breakdown in "Other")" has changed to exclude transactions related to financial instruments based on the "Accounting Standard for Financial Instruments (ASBJ Statement No. 10)." To reflect the change in the presentation method, the notes have been reclassified for "Revenue from contracts with customers (breakdown in "Other")" and "Other revenue" for the six months ended February 29, 2024.

4. Other revenue includes translations related to financial instruments based on the "Accounting Standard for Financial Instruments (ASBJ Statement No. 10)," lease income based on the "Accounting Standard for Lease Transactions (ASBJ Statement No. 13)," and the transfer of real estate (including beneficial interests in real estate trust) that are subject to the "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies" (Transferred Guidance No. 10).

Significant subsequent events

Issuance of share acquisition rights as stock options

At a meeting of the Board of Directors held on February 7, 2025, the Company resolved to issue share acquisition rights as stock options to the Company's Directors and employees as follows in accordance with Articles 236, 238 and 240 of the Companies Act, and the allocation was completed on March 7, 2025.

1. Reason to issue share acquisition rights as stock options

   The Company aims to achieve profit of ¥50 billion in the fiscal year ending August 31, 2029 as its medium-term management plan.

   In order to achieve this goal, the Company has decided to issue share acquisition rights as performance-linked paid stock options to its Directors and employees with the aim to further enhance contribution motivation and morale towards enhancing performance and the corporate value of the Company and to further increase commitment to achieve the target of the medium-term management plan.

2. Overview of the issuance

   The 11th share acquisition rights

Resolution date	February 7, 2025
Category and number of persons eligible for allocation (Persons)	The Company's Directors; 4
Number of share acquisition rights (Units)*	150,000
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares; 150,000 (Note 1)
Amount to be paid in for share acquisition rights (Yen)	1 per share acquisition right
Amount to be paid upon exercise of share acquisition rights (Yen)*	15,010 (Note 2)
Exercise period of share acquisition rights*	From February 1, 2027 to January 31, 2041
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 15,010 Additional paid-in capital: 7,505
Exercise conditions of share acquisition rights*	(Note 3)
Matters concerning transfer of share acquisition rights*	(Note 4)
Matters concerning issuance of share acquisition rights in the event of reorganization*	(Note 5)

* The details are as of the date of issuance of the share acquisition rights certificates (March 7, 2025).

(Notes) 1. The number of shares to be issued per share acquisition right shall be one share.
However, if the Company conducts a share split or reverse share split after the allocation date of the share acquisition rights, the number of shares to be granted shall be adjusted in accordance with the following formula, and any fractional part of less than one share resulting from the adjustment shall be rounded down.

$$\text{No. of shares to be granted after adjustment} = \text{No. of shares to be granted before adjustment} \times \text{Ratio of share split/ reverse share split}$$

2. If the Company conducts a share split or reverse share split after the allocation date of the share acquisition rights, the amount to be paid in shall be adjusted in accordance with the following formula, and any fractional part of less than ¥1 resulting from the adjustment shall be rounded up.

$$\text{Amount to be paid in after adjustment} = \text{Amount to be paid in before adjustment} \times \frac{1}{\text{Ratio of share split/ reverse share split}}$$

In addition, if new shares are issued or treasury shares are disposed of at a price below the market price after the allocation date of the share acquisition rights, the amount to be paid in shall be adjusted in accordance with the following formula, and any fractional part of less than ¥1 resulting from the adjustment shall be rounded up.

$$\text{Amount to be paid in after adjustment} = \text{Amount to be paid in before adjustment} \times \frac{\text{No. of shares already issued} + \dfrac{\text{No. of new shares issued (disposed of)} \times \text{Amount to be paid in per share}}{\text{Market price per share}}}{\text{No. of shares already issued} + \text{No. of new shares issued (disposed of)}}$$

3. (1) Those who have been allocated share acquisition rights (hereinafter "share acquisition right holders") may exercise their share acquisition rights during the exercise period stated above only if profit for the fiscal year ending August 31, 2026 stated in the Company's statement of income (if consolidated statement of income is prepared, the consolidated statement of income; the same applies below) exceeds ¥15,000 million.
   (2) Share acquisition right holders must serve in the position of Director, Audit & Supervisory Board Member or employee of the Company or its subsidiaries at the time of exercising their rights. However, this does not apply to the expiration of term of office or mandatory retirement.
   (3) In the event of the death of a share acquisition right holder, inheritance of share acquisition rights shall not be permissible.

4. The acquisition of share acquisition rights by transfer shall require the approval of the Company's Board of Directors.

5. If it is stipulated that share acquisition rights of a reorganized stock company as stipulated below will be issued in accordance with the terms of the contract or plan, etc. established at the time of reorganization, share acquisition rights of the reorganized stock company as stipulated below shall be issued in accordance with the ratio of said reorganization.
   i Merger (limited to cases where the Company is dissolved)
   The stock company that survives the merger or the stock company incorporated as a result of the merger
   ii Absorption-type company split
   The stock company that is the successor to all or part of the rights and obligations of the stock company conducting the absorption-type company split with regard to its business
   iii Incorporation-type company split
   The stock company newly established as a result of the company split
   iv Share exchange
   The stock company that acquires all of the issued shares of the stock company conducting the share exchange
   v Share transfer
   The stock company established as a result of the share transfer

The 12th share acquisition rights

Resolution date	February 7, 2025
Category and number of persons eligible for allocation (Persons)	The Company's employees; 50
Number of share acquisition rights (Units)*	86,867
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares; 86,867 (Note 1)
Amount to be paid in for share acquisition rights (Yen)	1 per share acquisition right
Amount to be paid upon exercise of share acquisition rights (Yen)*	15,010 (Note 2)
Exercise period of share acquisition rights*	From February 1, 2030 to January 31, 2035
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 15,010 Additional paid-in capital: 7,505
Exercise conditions of share acquisition rights*	(Note 3)
Matters concerning transfer of share acquisition rights*	(Note 4)
Matters concerning issuance of share acquisition rights in the event of reorganization*	(Note 5)

* The details are as of the date of issuance of the share acquisition rights certificates (March 7, 2025).

(Notes) 1. The number of shares to be issued per share acquisition right shall be one share.
However, if the Company conducts a share split or reverse share split after the allocation date of the share acquisition rights, the number of shares to be granted shall be adjusted in accordance with the following formula, and any fractional part of less than one share resulting from the adjustment shall be rounded down.

$$\text{No. of shares to be granted after adjustment} = \text{No. of shares to be granted before adjustment} \times \text{Ratio of share split/ reverse share split}$$

2. If the Company conducts a share split or reverse share split after the allocation date of the share acquisition rights, the amount to be paid in shall be adjusted in accordance with the following formula, and any fractional part of less than ¥1 resulting from the adjustment shall be rounded up.

$$\text{Amount to be paid in after adjustment} = \text{Amount to be paid in before adjustment} \times \frac{1}{\text{Ratio of share split/ reverse share split}}$$

In addition, if new shares are issued or treasury shares are disposed of at a price below the market price after the allocation date of the share acquisition rights, the amount to be paid in shall be adjusted in accordance with the following formula, and any fractional part of less than ¥1 resulting from the adjustment shall be rounded up.

$$\text{Amount to be paid in after adjustment} = \text{Amount to be paid in before adjustment} \times \frac{\text{No. of shares already issued} + \dfrac{\text{No. of new shares issued (disposed of)} \times \text{Amount to be paid in per share}}{\text{Market price per share}}}{\text{No. of shares already issued} + \text{No. of new shares issued (disposed of)}}$$

3. (1) Those who have been allocated share acquisition rights (hereinafter "share acquisition right holders") may exercise their share acquisition rights during the exercise period stated above only if profit for the fiscal year ending August 31, 2026 stated in the Company's statement of income (if consolidated statement of income is prepared, the consolidated statement of income; the same applies below) exceeds ¥15,000 million.
(2) Share acquisition right holders must serve in the position of Director, Audit & Supervisory Board Member or employee of the Company or its subsidiaries at the time of exercising their rights. However, this does not apply to the expiration of term of office or mandatory retirement.
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