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July 3, 2025

Consolidated Financial Results for the Nine Months Ended May 31, 2025 (Under Japanese GAAP)

Company name: Kasumigaseki Capital Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 3498
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

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

1. Consolidated financial results for the nine months ended May 31, 2025 (from September 1, 2024 to May 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	50,549	50.5	9,370	157.2	7,898	104.5	4,053	54.3
May 31, 2024	33,595	82.0	3,643	249.2	3,861	324.7	2,627	381.3

Note: Comprehensive income For the nine months ended May 31, 2025: ¥5,126 million [68.8%]
For the nine months ended May 31, 2024: ¥3,037 million [465.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
May 31, 2025	411.77	405.50
May 31, 2024	289.29	282.78

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2025	122,536	31,527	24.1
August 31, 2024	77,549	27,739	34.6

Reference: Equity
As of May 31, 2025: ¥29,503 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	1,014.11

Note: Revisions to the earnings forecasts most recently announced: None

*** 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 quarterly 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 "(3) Notes to quarterly consolidated financial statements, Notes on changes in accounting policies" under "2. Quarterly consolidated financial statements and significant notes thereto" on page 8 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 May 31, 2025	9,884,580 shares
As of August 31, 2024	9,859,947 shares

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

As of May 31, 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)

Nine months ended May 31, 2025	9,843,205 shares
Nine months ended May 31, 2024	9,081,167 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 consolidated financial statements of the Company were previously presented in a unit of thousand yen. However, commencing from the three months ended November 30, 2024, 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 nine months ended May 31, 2024, are also presented in a unit of million yen.

Attached Material

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1. Overview of operating results and others

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

During the nine months ended May 31, 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 business, 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,” “edit x seven,” “seven x seven,” and culture 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 nine months ended May 31, 2025, we have been making steady progress on projects including the acquisition of one plot of land for renovation, and the transition of one project to the development phase.

In the logistics business, 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 nine months ended May 31, 2025, we commenced construction on two new projects, transitioned “LOGI FLAG TECH Hachinohe I” to the operational phase, and successfully established a long-term operational fund specializing in frozen & chilled warehouses, which incorporated a total of eight properties in May, thereby steadily advancing our business.

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 have been making steady progress on projects including the opening of “CLASWELL Shimo-Shakujii” in March.

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 acquisitions 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 ¥50,549 million (up 50.5% year on year), operating profit was ¥9,370 million (up 157.2% year on year), ordinary profit was ¥7,898 million (up 104.5% year on year), and

profit attributable to owners of parent was ¥4,053 million (up 54.3% 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 May 31, 2025 are as follows.

Assets

Total assets as of May 31, 2025 increased by ¥44,987 million from the end of the previous fiscal year to ¥122,536 million.

Current assets increased by ¥25,115 million from the end of the previous fiscal year to ¥92,182 million. This was mainly attributable to increases of ¥6,598 million in cash and deposits and ¥18,637 million in real estate for sale.

Non-current assets increased by ¥19,770 million from the end of the previous fiscal year to ¥30,245 million. This was mainly attributable to increases of ¥7,799 million in property, plant and equipment mainly due to an increase in leased assets, and ¥11,942 million in investments and other assets mainly due to an increase in investment securities.

Liabilities

Total liabilities as of May 31, 2025 increased by ¥41,199 million from the end of the previous fiscal year to ¥91,008 million.

Current liabilities increased by ¥27,602 million from the end of the previous fiscal year to ¥49,732 million. This was mainly attributable to increases of ¥8,759 million in short-term borrowings and ¥16,255 million in current portion of long-term borrowings.

Non-current liabilities increased by ¥13,597 million from the end of the previous fiscal year to ¥41,275 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 ¥11,272 million in long-term borrowings.

Net assets

Total net assets as of May 31, 2025 increased by ¥3,788 million from the end of the previous fiscal year to ¥31,527 million. This was mainly attributable to an increase of ¥2,380 million in retained earnings.

(3) 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. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of August 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	11,064	17,662
Accounts receivable - trade	1,203	2,736
Contract assets	506	885
Costs on development business and other	15,630	12,500
Real estate for sale	33,040	51,677
Advance payments	2,408	3,023
Other	3,230	3,698
Allowance for doubtful accounts	(16)	(1)
Total current assets	67,066	92,182
Non-current assets		
Property, plant and equipment	4,488	12,288
Intangible assets	778	806
Investments and other assets	5,207	17,150
Total non-current assets	10,474	30,245
Deferred assets	7	108
Total assets	77,549	122,536
Liabilities		
Current liabilities		
Short-term borrowings	10,780	19,539
Current portion of bonds payable	145	246
Current portion of long-term borrowings	5,256	21,512
Income taxes payable	2,167	3,393
Provision for bonuses	379	238
Provision for shareholder benefit program	106	5
Provision for contingent loss	115	–
Other	3,180	4,796
Total current liabilities	22,130	49,732
Non-current liabilities		
Bonds payable	136	262
Convertible-bond-type bonds with share acquisition rights	–	22,000
Long-term borrowings	25,458	14,186
Deferred tax liabilities	1,177	602
Asset retirement obligations	242	243
Other	664	3,981
Total non-current liabilities	27,678	41,275
Total liabilities	49,809	91,008

(Millions of yen)

	As of August 31, 2024	As of May 31, 2025
Net assets		
Shareholders' equity		
Share capital	9,287	9,424
Capital surplus	9,206	9,343
Retained earnings	8,673	11,054
Treasury shares	(42)	(42)
Total shareholders' equity	27,125	29,779
Accumulated other comprehensive income		
Foreign currency translation adjustment	(274)	(276)
Total accumulated other comprehensive income	(274)	(276)
Share acquisition rights	180	432
Non-controlling interests	708	1,592
Total net assets	27,739	31,527
Total liabilities and net assets	77,549	122,536

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Net sales	33,595	50,549
Cost of sales	23,232	29,350
Gross profit	10,362	21,199
Selling, general and administrative expenses	6,719	11,828
Operating profit	3,643	9,370
Non-operating income		
Interest income	3	93
Foreign exchange gains	876	–
Other	14	51
Total non-operating income	894	144
Non-operating expenses		
Interest expenses	431	846
Arrangement fee	45	27
Foreign exchange losses	–	421
Commission expenses	195	278
Other	3	41
Total non-operating expenses	675	1,616
Ordinary profit	3,861	7,898
Extraordinary income		
Gain on sale of non-current assets	23	0
Gain on reversal of provision for contingent loss	–	16
Gain on bargain purchase	–	72
Proceeds from guarantee deposits of cancellation	236	–
Gain on liquidation of subsidiaries	4	–
Total extraordinary income	264	88
Extraordinary losses		
Loss on retirement of non-current assets	–	3
Loss on subsidy repayment	–	20
Total extraordinary losses	–	23
Profit before income taxes	4,125	7,963
Income taxes - current	1,641	3,728
Income taxes - deferred	(360)	(893)
Total income taxes	1,280	2,835
Profit	2,845	5,128
Profit attributable to non-controlling interests	218	1,075
Profit attributable to owners of parent	2,627	4,053

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Profit	2,845	5,128
Other comprehensive income		
Foreign currency translation adjustment	191	(2)
Total other comprehensive income	191	(2)
Comprehensive income	3,037	5,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,818	4,051
Comprehensive income attributable to non-controlling interests	218	1,075

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes when there are significant changes in amounts of equity

Due to the issuance of 1,478 new shares as restricted share-based remuneration for employees with the payment date set on December 16, 2024, share capital and capital surplus each increased by ¥9 million. Furthermore, due to the issuance of 13,655 new shares as restricted share-based remuneration for employees with the payment date set on April 25, 2025, share capital and capital surplus each increased by ¥107 million.

In addition, due to the exercise of share acquisition rights as stock options, share capital and capital surplus each increased by ¥20 million.

As a result, as of May 31, 2025, share capital amounted to ¥9,424 million, and capital surplus amounted to ¥9,343 million.

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 first quarter ended November 30, 2024.

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 quarterly 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 first quarter ended November 30, 2024. This change in accounting policies has been applied retrospectively, and is reflected in the quarterly 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 quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Additional information

Change in the purpose of holding assets

Following the decision in the third quarter of the current fiscal year to change the purpose of holding for BASE LAYER HOTEL NAGOYA NISHIKI held by the Group, the ¥2,578 million for said real estate for sale has been transferred to property, plant and equipment (buildings and structures (net), etc.). Furthermore, a sale-and-leaseback transaction for this asset has been conducted and recorded in property, plant and equipment (leased assets) during the third quarter of the current fiscal year.

Notes to quarterly consolidated statement of cash flows

The Company has not prepared quarterly consolidated statement of cash flows for the nine months ended May 31, 2025. In addition, the amounts of depreciation (including amortization related to

intangible assets excluding goodwill) and amortization of goodwill for the nine months ended May 31, 2024 and 2025 are as stated below.

(Millions of yen)

	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Depreciation	404	688
Amortization of goodwill	32	43

Notes on segment information, etc.

Segment information

I Nine months ended May 31, 2024

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

II Nine months ended May 31, 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)

	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Sale of real estate (Note 1)	19,510	28,284
Real estate consulting (Note 2)	2,039	3,517
Other (Note 3)	862	2,449
Revenue from contracts with customers (Note 3)	22,412	34,251
Other revenue (Notes 3, 4)	11,182	16,298
Sales to external customers	33,595	50,549

(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 nine months ended May 31, 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 nine months ended May 31, 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

Share split and amendment to the Articles of Incorporation in conjunction with the share split

In a Board of Directors meeting held on July 3, 2025, the Company resolved to implement a share split and to amend its Articles of Incorporation.

1. Purpose of share split

The purpose of the share split is to create a more accessible investment environment for investors, including individual investors, improve the liquidity of the Company's stock, and to expand the investor base by reducing the price per unit of investment for the Company's common shares.

2. Overview of the share split

(1) Method of the share split

A 2-for-1 share split of common shares held by the shareholders entered or recorded in the final shareholder register as of the record date of Sunday, August 31, 2025 (effectively Friday, August 29, 2025 because the record date is a non-business day for the shareholder register administrator).

(2) Increase in the number of shares due to the share split

(i) Total number of issued shares before the share split	9,884,580 shares
(ii) Number of the shares to be increased due to this split	9,884,580 shares
(iii) Total number of issued shares following the share split	19,769,160 shares
(iv) Total number of authorized shares after the share split	38,400,000 shares

(Note) The above total number of issued shares and number of shares to be increased is based on the total number of issued shares as of July 3, 2025 and may increase due to the exercise of share acquisition rights in the period from the day of this resolution by the Board of Directors to the record date of the share split.

(3) Schedule of the share split

(i) Public notice of record date	Friday, August 15, 2025
(ii) Record date	Sunday, August 31, 2025 *Effectively Friday, August 29, 2025
(iii) Effective date	Monday, September 1, 2025

(4) Impact for per share information

Per share information based on the assumption that the share split was conducted at the beginning of the previous fiscal year is as follows.

(Yen)

	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Basic earnings per share	144.64	205.88
Diluted earnings per share	141.38	202.75

3. Adjustment of exercise price for share acquisition rights

In accordance with this share split, the exercise price per share for share acquisition rights exercised on or after September 1, 2025 will be adjusted as follows.

(Yen)

	Exercise price before adjustment	Exercise price after adjustment
3rd share acquisition rights	538	269
4th share acquisition rights	625	313
6th share acquisition rights	2,144	1,072
7th share acquisition rights	5,080	2,540
8th share acquisition rights	5,092	2,546
9th share acquisition rights	5,092	2,546
10th share acquisition rights	5,092	2,546
11th share acquisition rights	15,010	7,505
12th share acquisition rights	15,010	7,505

4. Adjustment of conversion price of the convertible-bond-type bonds with share acquisition rights

In accordance with this share split, the conversion price on or after September 1, 2025 will be adjusted as follows.

(Yen)

Issues	Conversion price before adjustment	Conversion price after adjustment
Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029	17,710	8,855

5. Amendment to the Articles of Incorporation

(1) Reason for amendment

In accordance with this share split, Article 6 of the Company's Articles of Incorporation (total number of authorized shares) will be amended as of Monday, September 1, 2025, pursuant to Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendment

Details of the amendment are as follows. (Underlined parts are amended.)

Before amendment	After amendment
Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be 19,200,000.	Article 6. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be 38,400,000.

(3) Schedule

Effective date of the Articles of Incorporation amendment: Monday, September 1, 2025