Annual Securities Report

(Report in accordance with Article 24, Paragraph 1 of
the Financial Instruments and Exchange Act)

The 15th fiscal year

(From September 1, 2025 to August 31, 2026)

Kasumigaseki Capital Co., Ltd.

3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo

(E34289)

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Company name	Kasumigaseki Capital Kabushiki Kaisha
Company name in English	Kasumigaseki Capital Co., Ltd.
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Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Part I. Company information

I. Overview of the Company

1. Trends in key financial indicators

(1) Consolidated financial indicators

Fiscal year		11th	12th	13th	14th	15th
Fiscal year ended		August 31, 2022	August 31, 2023	August 31, 2024	August 31, 2025	August 31, 2026
Net sales	(Millions of yen)	20,780	37,282	65,685	96,501	163,756
Ordinary profit	(Millions of yen)	1,732	4,119	7,860	17,134	25,896
Profit attributable to owners of parent	(Millions of yen)	1,018	2,050	5,020	10,250	16,692
Comprehensive income	(Millions of yen)	1,019	2,450	5,474	11,594	17,635
Net assets	(Millions of yen)	9,360	11,681	27,739	38,193	87,836
Total assets	(Millions of yen)	30,437	43,780	77,549	121,688	222,132
Net assets per share	(Yen)	571.35	675.71	1,364.58	1,830.18	3,531.57
Basic earnings per share	(Yen)	66.42	126.61	270.83	520.37	709.49
Diluted earnings per share	(Yen)	64.68	124.90	265.97	512.32	701.26
Equity-to-asset ratio	(%)	30.2	25.2	34.6	29.7	39.1
Return on equity	(%)	14.5	20.3	26.5	32.5	27.2
Price earnings ratio	(Times)	22.62	20.61	27.60	17.80	10.85
Cash flows from operating activities	(Millions of yen)	(11,689)	(7,733)	(8,446)	6,893	(16,765)
Cash flows from investing activities	(Millions of yen)	(436)	(1,153)	(4,809)	(18,557)	(31,478)
Cash flows from financing activities	(Millions of yen)	13,901	9,310	18,413	24,698	65,336
Cash and cash equivalents at end of period	(Millions of yen)	5,390	5,893	11,056	24,012	41,787
Number of employees	(Persons)	140	190	436	727	1,179
[Separately, average number of temporary employees]		[–]	[39]	[89]	[146]	[242]

Notes: 1. The number of employees indicates the number of working employees, and the average number of temporary employees (calculated based on eight hours) during the fiscal year is given in square brackets separately.

2. The Company conducted a 2-for-1 share split of its common shares on September 1, 2025. Net assets per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the share splits were conducted at the beginning of the 11th fiscal year.

(2) Financial indicators of reporting company

Fiscal year		11th	12th	13th	14th	15th
Fiscal year ended		August 31, 2022	August 31, 2023	August 31, 2024	August 31, 2025	August 31, 2026
Net sales	(Millions of yen)	20,289	33,130	42,049	58,474	83,082
Ordinary profit	(Millions of yen)	1,863	2,234	4,024	6,047	13,739
Profit	(Millions of yen)	1,053	1,085	3,487	3,491	7,271
Share capital	(Millions of yen)	3,514	3,549	9,287	9,523	27,158
Total number of issued shares	(Shares)	8,156,520	8,195,620	9,859,947	9,905,629	24,618,929
Net assets	(Millions of yen)	9,121	10,095	24,613	27,272	67,358
Total assets	(Millions of yen)	28,146	38,639	60,731	95,426	181,147
Net assets per share	(Yen)	561.68	609.13	1,241.72	1,357.56	2,722.56
Dividends per share [Interim dividends per share]	(Yen)	30.00 [–]	60.00 [–]	170.00 [–]	240.00 [–]	165.00 [–]
Basic earnings per share	(Yen)	68.74	67.04	188.18	177.27	309.05
Diluted earnings per share	(Yen)	66.93	66.14	184.80	174.53	305.46
Equity-to-asset ratio	(%)	32.1	25.8	40.2	28.1	36.9
Return on equity	(%)	15.4	11.4	20.3	13.6	15.5
Price earnings ratio	(Times)	21.86	38.93	39.72	52.24	24.92
Payout ratio	(%)	21.8	44.7	45.2	67.7	53.4
Number of employees [Separately, average number of temporary employees]	(Persons)	119 [–]	164 [6]	256 [15]	349 [13]	453 [17]
Total shareholder return	(%)	322.4	562.5	1,607.4	2,009.5	1,697.6
Total shareholder return Comparative index: TOPIX	(%)	[126.9]	[154.9]	[184.3]	[214.3]	[296.3]
Highest share price	(Yen)	6,490	5,540	19,620	20,000 *9,370	10,060
Lowest share price	(Yen)	1,830	2,890	5,140	9,160 *8,760	5,550

Notes: 1. The number of employees indicates the number of working employees, and the average number of temporary employees (calculated based on eight hours) during the fiscal year is given in square brackets separately.

2. The Company conducted a 2-for-1 share split of its common shares on September 1, 2025. Net assets per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the share splits were conducted at the beginning of the 11th fiscal year. Dividend per share represents the amount before each share split.

3. The highest share price and the lowest share price are those on the Mothers Section of the Tokyo Stock Exchange up to April 3, 2022, those on the Growth Market of the Tokyo Stock Exchange from April 4, 2022, up to October 5, 2023, and those on the Prime Market of the Tokyo Stock Exchange from October 6, 2023. A price marked with an asterisk (*) is each ex-rights price following the share split conducted on September 1, 2025, as described in note 2.

4. The dividend per share of 165 yen for the 15th fiscal year is expected to be resolved at the annual general meeting of shareholders scheduled for November 26, 2026.

2. History

The Company started business through the establishment of a partnership to acquire and restore the shopping center FORTE (Ogawara-machi, Shibata, Miyagi Prefecture) that was damaged in the Great East Japan Earthquake.

The following is a brief history of the Company since its establishment.

Month/Year	Overview
September 2011	Established FORTE LLC (currently the Company) in Miyagino-ku, Sendai City, Miyagi Prefecture
	Acquired a shopping center, FORTE (Ogawara-machi, Shibata-gun, Miyagi Prefecture), and started shopping center business
November 2011	Moved the head office to: 2-1 Aza Ojima, Ogawara-machi, Shibata-gun, Miyagi Prefecture
June 2013	Installed 572kW of solar power panels on the roof of the shopping center and began selling electricity, thus starting natural energy business
September 2014	Started real estate consulting business
June 2015	Reorganized from a limited liability company to a stock company
August 2015	Changed the company name to the current Kasumigaseki Capital Co., Ltd.
	Moved the head office to: 3-7-1 Kasumigaseki, Chiyoda-ku, Tokyo
July 2017	Moved the head office to the current location of: 3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo
November 2017	Obtained Real Estate Broker License
November 2018	Listed on the Mothers Section of the Tokyo Stock Exchange
September 2019	Established a local subsidiary PT. Kasumigaseki Development Indonesia in Indonesia
	Established a local subsidiary Kasumigaseki Capital (Thailand) Co., Ltd. in Thailand
	Established three subsidiaries: Kasumigaseki Partners Co., Ltd. (currently FHG hotels Co., Ltd.; hereinafter the same), Kasumigaseki Investment Advisors, Co., Ltd. and Kasumigaseki Asset Management Co., Ltd.
March 2020	Registered for Type II Financial Instruments Business and Investment Advisory and Agency Business
March 2021	Established a subsidiary KC Technologies Co., Ltd.
June 2021	KC Technologies Co., Ltd. acquired OYO Japan LLC's online real estate leasing business
October 2021	Established LOGI FLAG DEVELOPMENT Co., Ltd.
March 2022	Registered 1st Class Architect Office
April 2022	Transferred from the Mothers Section to the Growth Market due to the reorganization of market segments of the Tokyo Stock Exchange
	Established LF Solar LLC
May 2022	Established KC peaks LLC
	Established KC-Welfare Co., Ltd.
December 2022	Established a local subsidiary KASUMIGASEKI MIDDLE EAST PROJECT MANAGEMENT L.L.C (currently KASUMIGASEKI MIDDLE EAST REAL ESTATE L.L.C) in Dubai
September 2023	Kasumigaseki Partners Co., Ltd. and KC Technologies Co., Ltd. merged with Kasumigaseki Partners Co., Ltd. as the surviving company
October 2023	Transitioned to the Prime Market of the Tokyo Stock Exchange
November 2023	Acquired shares of Sendai 89ERS Co., Ltd. and made it a subsidiary of the Company
	Established X NETWORK Co., Ltd.
March 2025	Established a local subsidiary KASUMIGASEKI CAPITAL (MALAYSIA) SDN.BHD. in Malaysia
August 2025	Kasumigaseki Hotel REIT Investment Corporation listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange
November 2025	Established a local subsidiary KASUMIGASEKI US CORPORATION in the United States

3. Description of business

The Group has developed its business through “Businesses with Growth Potential & Social Significance” based on its corporate philosophy of “Turning Challenge into Value.” In the execution of business, the Company undertakes activities based on the Guidelines of “Be Bold, Reliable and Swift.” Its business specifically involves consulting and management related to real estate investment as well as businesses that combat social issues through its real estate consulting business of developing income-producing real estate.

The Group’s strengths lie in consulting and real estate development from the perspective of “real estate” × “finance” formed from the wide knowledge and deep experience of the real estate and finance industries and focused on “combating social issues.” The Group provides solutions that address the wide-ranging needs of various investors, such as the effective use and development of real estate as an important social asset as well as fund composition and asset management.

Information by segment is omitted because the Group has only one segment, namely the real estate consulting business. The characteristics of the business that the Group is engaged in are as follows.

(1) Hotel business

With the aim of making Japan a top tourism destination and contributing to regional revitalization, the Group is expanding its hotel brands, including hotels for group stays where there is a supply-demand gap such as “fav,” “FAV LUX,” “edit x seven,” “seven x seven,” and culture business hotel “BASE LAYER HOTEL,” as Group brands. We develop and operate hotels leveraging local characteristics in attractive regions throughout Japan to cater to diverse accommodation needs. Furthermore, we build proprietary operational know-how and work to enhance experience value and brand value, through the development of new hotel offerings based on cross-industry collaboration and the proactive utilization of digital transformation (DX) and AI. These hotels are characterized by a revenue structure that can generate profits even with low occupancy rates through labor-saving operations. Anticipating increases in inbound demand and diversification of needs, we will continue to promote brand diversification and develop facilities with added value. In addition, the Company-sponsored Kasumigaseki Hotel REIT Investment Corporation was listed in August 2025, and we have started the transition to the management phase aimed at maintaining and improving asset value through property management and operations. For further business growth of the Company, we will accelerate hotel development.

(2) Infrastructure business

The Group is primarily engaged in development of rental frozen & chilled warehouses. We view “the 2024 problem,” fluorocarbon regulations, and the market environment with its increasing demand for frozen goods as opportunities. By expanding our development areas and actively advancing the development of automated frozen warehouses as further added value, we are contributing not only to improvements in efficiency and profitability but also to addressing social issues in the logistics industry, such as labor shortages and improvements in working conditions. In addition, utilizing the expertise we have accumulated in the development of frozen & chilled warehouses and automated frozen warehouses, we embarked on the development of our first automated dry warehouse and data center in August 2026, thereby growing our business in multiple dimensions. We will remain committed to combatting social issues and expanding our business domain in a balanced way.

(3) Overseas business

The Group’s overseas business is centered in the United States, Malaysia, and the United Arab Emirates (Emirate of Dubai).

In the United States, we are leveraging the strengths we have developed in our domestic hotel business, such as operational expertise, high-design space planning, and added-value creation through collaboration with diverse content partners, to develop hotels and residences. In Malaysia, where economic expansion and population growth continue, we are leveraging our expertise in frozen & chilled warehouses and automated frozen warehouses gained from our domestic infrastructure business to develop automated frozen warehouses in this key hub connecting ASEAN. In Dubai, the Group participated in the real estate market. Through the acquisitions and sales of residential properties, we

have been 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. Based on the results of these initiatives, we currently make a full-scale entry into the self-driven development business, similar to the business model in Japan.

Going forward, we will aim for further growth of the Company, while also considering expansion into other countries.

(4) Healthcare business

The Group sees potential in hospice housing (Note 1), which can meet the two needs of a "sense of security provided by hospitals" and the "comfort of home" that many people in Japan, which is a super aging society, tend to desire in the final stages of life. As such, the Group is focusing on the development of hospice housing among healthcare facilities. We will provide consistent services from the management side to the operational side and will differentiate ourselves from existing services with features such as "convenient locations near a station," "spatial design that provides comfort," and "highly functional facility planning capacity" by leveraging the expertise we have cultivated through hotel development and other activities.

Note: 1. Hospice housing: A facility positioned between a hospital and home where patients can receive specialized palliative care for cancer and incurable diseases, etc. Visiting nurses, visiting therapists, and visiting caregivers are always available to help patients spend their final days in peace.

Business model and revenue opportunity

The business model of the real estate consulting business operated by the Group has four major revenue opportunities: (1) Gain on sale of land – generating added value with development plans for purchased sites, and creating profits when such sites are sold to development investors (Note 2) with such plans attached; (2) PJM fees – project management fees for real estate developments where development investors are involved as owners (Note 3); (3) Success fees – fees received when the gain on sales from the development investors to real estate investors (Note 4) exceeds the target profits of the development investors; and (4) AM fees – asset management fees paid by real estate investors (Note 5). Since development investors and real estate investors bear different risks and seek different returns, investors are divided by stage.

Real estate development under this business model changes and is succeeded by the development entity (owner) according to the development stage, and in principle, the Group holds the development site only during the development planning period of the project and bears the risk of holding the development site only during that period. The development risk (construction risk, leasing risk, etc.) of each project is borne by the development investors (including development funds) that acquire the land from the Group and take over the project, until the completion and sale of the developed property. The Group provides project management, leasing, and sales referrals on behalf of development investors, and receives a success fee if the gain on sale of the developed property exceeds the development investor's expected return. After construction is completed, the properties are sold by the development investors to real estate investors (including long-term investment funds), and the real estate investors bear the operational risk of the properties, and the Group undertakes asset management services under contract from the real estate investors.

In this way, the risks associated with the Group's real estate development are borne by the development investors or real estate investors, other than during the development planning period. However, as an exception, there are cases in which the Group makes a silent partnership investment in a development fund or long-term investment fund after the land is sold, in which case the Group also bears some development and management risks.

In addition, the Group has built a system to prevent conflicts of interest. When buying or selling land or buildings, officers and employees qualified as real estate appraisers or real estate notaries conduct due diligence to determine legal compliance, the condition and liquidity of the real estate subject to investment, and when the Group establishes a fund and sells a property developed by the Group to the fund, the Group obtains a real estate appraisal report from an outside real estate appraising operator and obtains the opinion of an outside attorney to ensure compliance with laws and regulations and the appropriateness of the property's price.

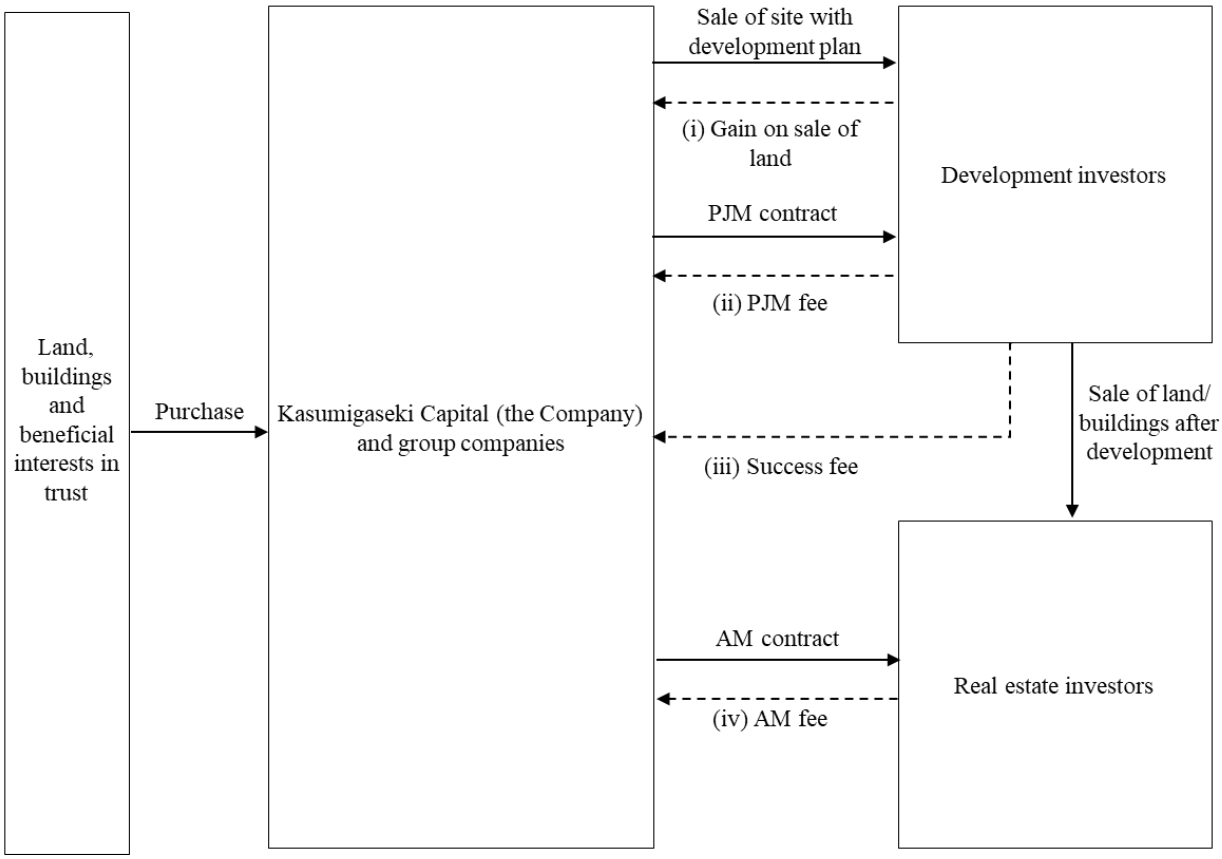
Notes: 2. Development investor: Refers to an investor who invests in the development phase, assumes the development risk (construction risk, leasing risk, etc.), and makes investment decisions for the purpose of generating profit (capital gain) at the time of sale.

3. Project management (PJM): Construction management services during the development phase. Specifically, it refers to comprehensive project management services related to development, including construction planning, design supervision, construction supervision, facility management operations, order management, and leasing. A success fee is generally set as an incentive for work, and a certain percentage of excess profit is received as a success fee if the project is completed in a manner that is better-than-planned such as in terms of time, cost, leasing, and other factors.

4. Real estate investors: Refers to investors who invest with an emphasis on rental income (income gain) during the management phase after the completion of a development property, and many investors have investment strategies oriented toward long-term and stable income.

5. Asset management (AM): Refers to investor/fund management operations during the management phase, and conducts property management on behalf of investors (actual property maintenance, cleaning, etc. are performed by building maintenance companies), and supports the management of funds, settlements, tax payments, sales, etc.

[Group business organization chart]



4. Overview of subsidiaries and associates

Name	Address	Share capital	Principal contents of business	Ratio of voting rights holding	Relationship
(Consolidated subsidiaries) fav hospitality group co., ltd. (Notes 1 and 3)	Chiyoda-ku, Tokyo	¥1,855 million	Real estate consulting	100.00%	Interlocking officers Borrowing of funds Lending of funds Guarantee of obligations
Kasumigaseki Asset Management Co., Ltd.	Chiyoda-ku, Tokyo	¥105 million	Real estate consulting	100.00%	Interlocking officers Lending of funds
LOGI FLAG DEVELOPMENT Co., Ltd.	Chiyoda-ku, Tokyo	¥101 million	Real estate consulting	66.00%	Interlocking officers
Kasumigaseki US Corporation	Delaware, U.S.A.	68 million USD	Real estate consulting	100.00%	Interlocking officers Lending of funds
KME INVESTMENT & MANAGEMENT L.L.C	Emirate of Dubai, United Arab Emirates	50 thousand AED	Real estate consulting	100.00%	–

Notes: 1. On September 1, 2026, fav hospitality group co., Ltd. changed its company name to FHG hotels Co., Ltd. In addition, the company increased its capital on January 30, 2026.

2. In addition to the above, there are 51 consolidated subsidiaries, but their information has been omitted based on comprehensive consideration of their quantitative and qualitative importance.

3. Net sales of fav hospitality group co., ltd. and Kasumigaseki US Corporation (excluding transactions among the consolidated companies) exceed 10% of consolidated net sales.

(Millions of yen)

	Key profit and loss information				
	Net sales	Ordinary profit	Profit	Net assets	Total assets
fav hospitality group co., ltd.	17,896	4,992	3,819	13,613	23,497
Kasumigaseki US Corporation	21,994	7,232	5,395	16,567	25,120

II. Overview of business

1. Management policy, management environment, issues to be addressed

The Group's management policy, management environment, and issues to be addressed are as follows. Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year under review.

■ Management policy

The Group has developed its business through "Businesses with Growth Potential & Social Significance" based on its corporate philosophy of "Turning Challenge into Value." In carrying out our business, we conduct management activities based on our Guidelines of "Be Bold, Reliable and Swift."

■ Business strategy and issues to be addressed

The Group currently has four core businesses: hotel, infrastructure, overseas and healthcare business. We will continue to make the following efforts to establish a business foundation for further business expansion, as well as to build a business management system and strengthen internal controls.

(1) Developing real estate consulting projects

In developing real estate consulting projects, organized sourcing of projects will be necessary for further business expansion in future. To improve this issue, we will continue to acquire experienced human resources and raise the level of our human resources through education and training. Together with this, we will strengthen our network by exchanging information with business partners and financial institutions.

(2) Improvement of financing capacity

The Group needs to improve its ability to raise funds to develop and expand its real estate consulting business. The real estate consulting business has strong demand for funds due to the diversification of assets handled and require flexible funds. The Group needs to create a smooth financing environment to achieve sustainable growth in future.

To this end, we will strive to collect and analyze information in the capital markets, diversify suppliers, consider advanced procurement methods, and strengthen relationships with correspondent financial institutions.

(3) Securing and developing human resources

It is important to secure and develop diverse human resources for further expansion of business by the Group, to flexibly respond to a changing business environment and to differentiate ourselves by enhancing our expertise, which is the Group's strength.

To be an attractive company for talented and highly specialized human resources, the Group will continue to work on fair performance evaluation and follow-up systems, as well as enhancement of its training system.

(4) Strengthening of internal control system

For the Group to achieve continuous growth, we believe that it is important to properly identify business risks and strengthen our internal control system to control such risks.

To be specific, the Company intends to strengthen its internal control system through measures including active collaboration between the Audit & Supervisory Committee and internal auditors, regular internal audits, Risk Management and Compliance Committee meetings held by internal management, and various compliance training programs for employees.

2. Approach to and initiatives for sustainability

The Group's approach to and initiatives for sustainability are as follows.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year under review.

With the belief that sustainability initiatives in sustainable growth in business and management are crucial and cannot be overlooked, we are addressing social issues through business from an environmental, social, and governance perspective base on our corporate philosophy, "Turning Challenge into Value," in order to help realize a sustainable society.

(1) Governance

The Company positions the Board of Directors as the highest decision-making organization to deliberate and decide on basic policies and important issues related to sustainability in general. The Board of Directors receives reports on the details of important discussions, resolutions and decision making related to management and business execution at the Executive Management Board and other committees and deliberates and oversees the response policy and action plans that address the risks and opportunities for the Group's sustainability.

Details of the Company's governance system, including the Board of Directors and the Executive Management Board, are as described in "IV. Information about reporting company, 4. Status of corporate governance."

(2) Strategy

The Group is developing its business in "Businesses with Growth Potential & Social Significance" under its corporate philosophy of "Turning Challenge into Value," and is committed to solving social issues to realize a sustainable society through business. Guided by its business policy "Kasumigaseki Capital's growth = advancing toward a better society," the Group has identified the following material (priority) issues, "materiality," as important themes for achieving both its sustainable growth and a sustainable society.

Materiality	Key Initiatives	Related SDGs
Co-creation of Environmental Value	・Development of frozen & chilled warehouses that use natural refrigerants with low environmental impact ・Installation of solar panels on the roof of logistics facilities ・Promotion of environmental certification for logistics facilities ・Water reuse and resource conservation initiatives in hotel operation ・Development utilizing green loans	
Connecting People and Communities through Buildings	・Revitalization of regional economies through real estate development ・Providing safe, comfortable spaces in healthcare facilities ・Interaction with local communities at facilities ・Supporting and promoting creative activities through the introduction of art rooms in hotels for artists with disabilities ・Engaging in sponsorship activities and charity events	

Building an Organization where Talent Shines and Grows	・Creating a work-friendly environment for employees by providing training and support programs for acquiring qualifications and enhancing employee benefits ・Respect for human rights and promotion of diversity ・Promotion of health and productivity management ・Conducting employee engagement surveys ・Holding internal competitions for new business proposals by employees	
Enhancing Governance	・Establishment of risk management and compliance systems ・Fostering compliance awareness through training and other measures ・Establishment of an internal reporting system ・Strengthening internal controls to prevent legal violations and misconduct ・Enhancement of information disclosure	

Furthermore, the Company has established strategies related to human capital as follows.

Basic policy

The foundation of the Group's businesses is to "find problems in the world, solve them, and create value." The starting point for this is the "ability to question." To feel uncomfortable with the existing system and have the sense to questioning it again leads to the discovery of issues and business conception. However, just posing questions does not create value. In materializing these questions in a feasible form, it is essential to have human resources who can act in cooperation with those around them and build relationships of trust, i.e., "trustworthy people" or "good guys." The Company's human resources policy, "Nurture the ability to question and good guys," focuses on the development of both. It is the power of people that enables value creation by combatting social issues. the Company will continuously reinforce the alignment between the human resource strategy and the management strategy.

Human resource development policy

The Company positions securing and developing diverse human resources at the foundation of our corporate growth under our philosophy of "Turning Challenge into Value." Aiming to develop human resources who not only acquire knowledge and skills but also have human appeal "sought after by all companies," we are systematically strengthening practical skills through management-level training, 360-degree evaluations, and other methods.

Furthermore, in the fiscal year under review, we introduced the "Career Challenge Program," an internal job posting system that allows employees to proactively apply for positions in their preferred departments, while expanding our "Qualification Support Program," which subsidizes a portion of examination fees, course fees, and learning material costs associated with obtaining qualifications, learning foreign languages, and the like. Through these initiatives, we will encourage employees to take ownership of their careers and achieve self-driven growth, thereby developing talent that can succeed anywhere.

Internal environment development policy

Viewing free thinking and independent action as the source of value creation, we are proceeding with the creation of an environment that encourages diverse work styles, and interactions across departments and positions, through support for employee club activities and other measures. In addition, we have positioned health as the basis of our management, and promote initiatives to support the health of employees and their families, including establishing an online medical care system, expanding health checkup items, and providing financial assistance for optional health checkups and medical treatment. In recognition of these efforts, we have been certified as a "KENKO Investment for Health Outstanding Organization." Health is fundamental for enriching life itself. We will continue to build a sustainable

organization based on soundness of mind and body so that employees and their families can lead an energetic life.

(3) Risk management

1) Structure

The Group manages risks in accordance with the Risk Management & Compliance Rules. The structure is established as follows, with these provisions as general rules.

"Risk Management & Compliance Rules" - General Rules

"Emergency Response Manual (including BCP Guidelines)"

"Complaint and Consultation Manual"

"Manual for Eliminating Anti-social Forces"

"Rules on the Whistleblower Hotlines"

"Information Management Regulations" - Basic Policy on Information Assets

2) Risk Management and Compliance Committee

Based on these provisions, the Risk Management and Compliance Committee, which reports directly to the Board of Directors, meets regularly or as needed on an ad hoc basis to identify, evaluate, and manage risks. These provisions provide that the Risk Management and Compliance Committee is comprised of full-time directors and full-time Audit & Supervisory Committee Members and is chaired by the Representative Director, President and CEO.

3) Response to emergencies

A "Crisis Management Manual" is provided that prescribes the response to emergencies such as natural disasters and incidents and for the purpose of minimizing losses to the Company and its stakeholders. The contents of the Crisis Management Manual stipulate reporting lines in the event of an emergency and the establishment of an emergency response office headed by the Representative Director, President and CEO, ensuring a system is in place for the swift implementation of crisis management measures.

4) Opportunities

Under the aforementioned business policy "Kasumigaseki Capital's growth = advancing toward a better society" and our corporate philosophy "Turning Challenge into Value," solving social issues is a business. Therefore, we are engaged in the identification, evaluation and management of opportunities in all aspects of our business activities.

(4) Metrics and targets

Targets related to climate change

Since the Group's offices are mainly leased offices, and its emissions of greenhouse gases (hereinafter "GHG") are small due to the nature of the Company's businesses, no reduction targets have been set. However, we calculate our own GHG emissions. Actual results for the fiscal year ended August 31, 2026 will be published on the webpage below once calculated.

https://kasumigaseki.co.jp/en/sustainability/environment/

In addition, the Group has formulated a Green Loan Framework and a Sustainability Linked Finance Framework, and has set obtaining CASBEE evaluation certification "A rank" or equivalent for logistics facilities as their KPI.

Targets related to human capital

The Company expects to rapidly increase its personnel in line with future business expansion and is building an agile and flexible organizational structure that can respond to change.

Therefore, we have not set specific numerical targets for human capital at this time but will consider setting appropriate targets and disclosing them in light of future business developments and the status of the organization.

3. Business risks

Matters related to the overview of the Group's business and financial information that are matters that management recognizes as having the potential to materially affect investor decisions include, but are not limited to, the following. The Group recognizes the possibility that these risks may arise and has a policy to work towards their avoidance and to respond to them if they do arise.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year under review, and do not cover all possible risks that may occur in the future.

The Group's real estate consulting business earns capital gains by acquiring land, proposing optimal plans, and selling them to development investors. Subsequently, the Company earns recurring revenue by earning project management fees during development, as well as success fees and asset management fees following completion of the facilities.

(1) Trends in the real estate market

In the event of a rapid deterioration in economic fundamentals or major changes in tax or monetary policies, the real estate investment market may also be adversely affected in the medium term, and the investment environment may deteriorate, which could result in a slump in investment sentiment among domestic and foreign investors. The total number of real estate transactions in the market may decrease due to the economic downturn, which may lead to a decrease in the number of deals handled and a decline in the profitability of properties. If we are unable to generate the initially anticipated revenue, it may have a significant impact on the Group's business, operating results, and financial position. To address such risks, we aim to strengthen the financial structure so that it can withstand changes in the economic environment.

(2) Risks related to outsourcing and subcontracting

In the Group's real estate consulting business, the content of outsourcing and subcontracting differs for each individual project. In order to provide appropriate consulting and solutions, we outsource and subcontract market trend research operations, various advisory services related to architectural plans, and property brokerage services, according to each project.

However, if we are unable to secure external partner companies in a timely and appropriate manner, or if the external partner companies are dishonest or our management of the outsources is inadequate, defects could arise in our consulting and solutions, which could have a significant impact on the Group's business, operating results, and financial position.

As a countermeasure to such risk, the Group regularly checks the credit status of outsourcers and subcontractors and makes efforts to acquire new outsourcers and subcontractors to ensure that the status of specific outsourcers and subcontractors does not significantly affect the Group's business performance.

(3) Risks related to real estate for sale

If we are unable to sell land acquired or real estate for sale developed by the Group's real estate consulting business to development investors due to deterioration in economic conditions or the real estate market, or if the value of real estate for sale falls below the book value, the Group may incur losses due to book value reduction of inventories, which could have a significant impact on the Group's business, operating results, and financial position.

As a countermeasure to such risk, the Group will continue its policy of increasing inventory turnover by increasing consulting-type business.

(4) Risks associated with overseas business development

The Group has established local subsidiaries in the United Arab Emirates (Emirate of Dubai), the Kingdom of Thailand (Bangkok), the Republic of Indonesia (Jakarta), Malaysia (Kuala Lumpur), and the

United States to identify business opportunities in foreign countries. Therefore, a decline in business earnings due to rapid inflation or exchange rate fluctuations, terrorist incidents, changes in political or economic conditions, or changes in the legal system in such countries, or the scaling down or postponement of construction projects due to changes in the economic situation could have a significant impact on the Group's business, operating results, and financial position.

As a countermeasure to such risk, we work with our local subsidiaries to collect information such as trends in each country and the region.

(5) Development process

a. Acquire development sites

In general, land may have defects or deficiencies in terms of rights, and geologic features. When the Group purchases or leases land for the development of facilities, the Group, in principle, obtains certain representations and warranties from the owner or land rights holder (hereinafter "landowner") that there are no defects or deficiencies in the subject land. However, it is possible that the matters subject to the representations and warranties were not complete and accurate, or that defects or deficiencies may be discovered after the fact due to circumstances beyond the knowledge of the landowner. As an example, there may be sediment runoff, changes in flood control, deterioration of the landscape, or discovery of soil contamination, which may result in remuneration for damages from local residents, delay or cancellation of development plans, or reputational risks may not be compensated by representations and warranties made by the landowner. Furthermore, due to the complexity of land rights and obligations, the rights acquired by the Group may be restricted by third-party rights or administrative regulations, and the Group may be forced to change its initially envisioned development plan. In addition, requests from government authorities or local residents to change development plans, may also affect such development.

In acquiring development sites, the Group may directly acquire the properties in question or acquire shares of the company that owns the properties. When acquiring such company shares, we conduct appropriate due diligence related to the target company, review the content and valuation of identifiable assets and liabilities, and assess the risks associated with the acquisition in advance before proceeding with the acquisition. However, these investigations and evaluations may not capture all risks, and if unforeseen liabilities are discovered or additional costs arise after the acquisition, it could significantly impact the Group's business, operating results, and financial position.

b. Obtain development permits and approvals

In developing each facility, it may be necessary to obtain multiple permits and approvals from government authorities, such as development permits, agricultural land conversion, and exclusive use of roads. In some cases, obtaining permits and approvals requires explanation and consent not only from land rights holders but also from nearby local residents.

The Group takes the necessary measures to obtain various permits and approvals through preliminary investigations. In addition, the Group's policy is to obtain the permits and approvals required by laws, regulations and ordinances with the utmost consideration given to the local community and local environment, and to proceed with business development while obtaining the understanding of the local community. However, if it is impossible or time-consuming to obtain the necessary permits and approvals for the development of each facility, or if it takes time to conduct additional investigations or relocate facilities due to matters such as the discovery of buried cultural assets, the Group may not be able to develop the facilities according to its anticipated development plan, which could have a significant impact on the Group's business, operating results, and financial position.

c. Construction work

For the construction of each facility, the Group enters a contract with a construction contractor that specifies the terms and conditions of material procurement and construction. In principle, such contracts are construction contracts agreed upon and concluded after detailed design plans have been prepared. However, in the event of additional construction work that was not envisioned in the initial design, delays in development plans due to natural disasters or other reasons, or a sharp rise in raw material costs, material prices and labor costs, the amount of the construction contract may increase. An inability

to pass these costs onto our sales prices could have a significant impact on the Group's business, operating results, and financial position.

d. Other

If the risk associated with the acquisition of development sites, obtaining development permits and approvals, and construction work referred to in a to c above materializes or if multiples of these risks materialize simultaneously, or if other unplanned or unexpected events occur and the Group's planned development is cancelled, it could have a significant impact on the Group's business, operating results, and financial position.

Company-wide risks

(1) Risks due to natural disasters, accidents

If there are impediments to business continuity with our group's assets damaged, destroyed, or degraded due to fire, earthquake, or other disaster, riots, or terrorist activities, our operations may be disrupted for a certain period. As a countermeasure to such risk, the Group works with the relevant departments to gather information as appropriate. However, depending on the situation, it could have a significant impact on the Group's business, operating results, and financial position.

(2) Risks related to large-scale projects

In the real estate consulting business, the amount of money handled increases depending on the size of each project, and whether there are large projects can result in large fluctuations in business performance, as well as in increased sales to specific business partners.

In addition, the timing to record sales of large projects may bias the business performance toward certain quarters. If the Group's plans are not carried out as envisioned, it could have a significant impact on the Group's business, operating results, and financial position.

(3) Risks related to laws and regulations, and rules

Of the businesses conducted by the Group, the real estate consulting business is subject to numerous regulations such as Financial Instruments and Exchange Act, Real Estate Brokerage Act, Money Lending Business Act, Act on Architects and Building Engineers, Act on Specified Joint Real Estate Ventures, Building Standards Act, City Planning Act, Act on the Securitization of Assets (Asset Securitization Act), and Act against Unjustifiable Premiums and Misleading Representations.

The Group recognizes compliance management as an important issue and has established a Risk Management and Compliance Committee and works towards raising employees' awareness of compliance. The possibility that problems in the management system could arise is not zero. In the event of violation of laws, regulations, and rules in any of the Group's businesses, or a compliance breach or an event subject to social criticism, or detection of legal violations or misconduct by our employees, the Group's social credibility could be damaged, which could have a significant impact on the Group's businesses, operating results, and financial position.

In addition, the Group has obtained a Real Estate Broker license pursuant to the Real Estate Brokerage Act, registration as a Financial Instruments Business pursuant to the Financial Instruments and Exchange Act, etc., which are required for continuation of the real estate consulting business. There have been no reasons for cancellation of these licenses, permits or registrations as of the filing date of this document. However, the cancellation of such licenses, permits, and registrations in the future could hinder our business activities and have a material impact on our business performance.

a. Major legal regulations related to the Group's business activities

Major laws and regulations
Financial Instruments and Exchange Act, Real Estate Brokerage Act, Money Lending Business Act, Act on Architects and Building Engineers, Act on Specified Joint Real Estate Ventures, Building Standards Act, City Planning Act, Act on the Securitization of Assets (Asset Securitization Act), and Act against Unjustifiable Premiums and Misleading Representations

b. Major licenses, registrations obtained by the Group

Type of license, authorization, or approval	Details of license, authorization, or approval	Expiration date	Regulatory law	Grounds for revocation
Financial Instruments Business registration (Type II Financial Instruments Business and Investment Advisory and Agency Business)	Director-General of the Kanto Local Finance Bureau (Financial Instruments and Exchange) No. 3178	Registered on March 16, 2020 No expiration date	Financial Instruments and Exchange Act	Articles 52 and 54 of the Act
Real Estate Broker license	Minister of Land, Infrastructure, Transport and Tourism (1) No. 10307	From December 3, 2022 to December 2, 2027	Real Estate Brokerage Act	Articles 66 and 67 of the Act
Money Lending Business registration	Governor of Tokyo (3) No. 31747	From June 28, 2025 to June 28, 2028	Money Lending Business Act	Article 24 of the Act
1st Class Architect Office registration	Governor of Tokyo No. 64817	From March 1, 2022 to February 28, 2027	Act on Architects and Building Engineers	Article 26 of the Act
Specified Joint Real Estate Venture (Permission for businesses referred to in items (iii) and (iv))	Commissioner of the Financial Services Agency, Minister of Land, Infrastructure, Transport and Tourism No. 118	Registered on October 24, 2022 No expiration date	Act on Specified Joint Real Estate Ventures	Article 53 of the Act

(4) Management of personal information

In the course of its business activities, the Group acquires and holds confidential and personal information about its customers and business partners. To prevent leakage of such information, the Group has established Information Management Regulations and Personal Information Protection Rules, complies with the Act on the Protection of Personal Information, related laws and regulations, and guidelines from supervisory authorities, establishes internal rules and management systems, while also appoints a head of protection of personal information, and ensures that all employees are thoroughly aware of the aforementioned relevant norms. While we will continue to take extreme care with the handling of personal information, there is the risk that any leak of personal information held by the Group to outside parties due to unforeseen circumstances, could result in the Group being held liable for damages and damage to the Group's credibility, which could have a significant impact on the Group's business, operating results, and financial position.

(5) Risks of competition

The Group's real estate consulting business is developing logistics facilities, data centers, hotels, and healthcare facilities, but the competitive environment may intensify as the related real estate investment market becomes more active. Although the Group strives to differentiate itself from competitors in terms of size, specifications, and location, an increasingly competitive environment could affect the Group's operating results and financial position.

(6) Risks regarding warranty against defects

In the Group's business, we may be liable for warranty against defects on properties sold to customers. If a serious defect is found, the Group may be liable for warrant against defects even if the defect was not directly caused by the Group. As a result, if there is an enormous repair cost and loss of social

credibility, it could have a significant impact on the Group's business, operating results, and financial position.

(7) Risks regarding financial matters

a. Financing

The Group may incur additional debt or increase its capital for development and capital expenditure based on its growth strategy.

In the real estate consulting business, funds for the acquisition of real estate for sale and development funds in the case of in-house development are, in principle, procured through borrowings from financial institutions secured by such properties. Therefore, in periods of rising market interest rates or if the Group is unable to borrow on the terms it desires, interest expenses may increase, which could have an impact on the Group's business performance.

The Group conducts loan consultation with financial institutions for each project with regard to funds for the acquisition of real estate for sale and development funds for each facility referred to above, and we are currently able to procure stable financing. However, if the Group's creditworthiness deteriorates and the Group is unable to obtain stable financing due to a significant deterioration of the Group's financial position or other factors, it could have a significant impact on the Group's business, operating results, and financial position.

As a countermeasure to such risk, we are striving to acquire transactions with new financial institutions in addition to continuing good relationships with existing financial institutions in order to build a solid bank formation.

b. Risks related to the impact of impairment accounting

Impairment accounting standards have been applied based on the "Accounting Standards for Impairment of Fixed Assets" (hereinafter "Impairment Accounting Standards") issued in August 2002. The Company determines whether or not to recognize an impairment loss on such assets or asset group, and if an impairment loss arises, it could have a significant impact on the Group's business, operating results, and financial position.

As a countermeasure to such risk, the Company periodically monitors price fluctuations of assets held and, if necessary, implements the corresponding accounting treatment.

(8) Dependence on certain managers

Representative Director, President and CEO Koshiro Komoto and Chairperson Hiroyuki Ogawa, who have been driving the Group's business since its inception, have extensive experience and knowledge in real estate and real estate finance. They play important roles in all of the Group's business activities, including decisions on management policies and business strategies. To avoid overreliance on them both, the Company has built an executive management structure by expanding and cultivating an executive management team and through delegation of authority. However, if for some reason it becomes difficult for them to execute the Company's operations, it could have a significant impact on the Group's business, operating results, and financial position.

(9) Securing personnel and human resources

Securing talented human resources is essential for the Group to continue providing competitive services based on advanced knowledge and experience in the Group's business. Based on this recognition, the Company has a policy to recruit talented human resources as needed. However, if we are unable to adequately secure the human resources and personnel we seek, or if there is a large exit of the human resources we currently have in place, it may affect our business promotion and also have an adverse impact on our business performance.

(10) Medium-term management plan

In October 2024, the Group formulated a five-year medium-term management plan with the goal of achieving a profit of ¥50 billion in the fiscal year ending August 31, 2029. The basic strategies of this medium-term management plan are to: a. diversify our business portfolio to meet the market environment and market challenges; b. diversify our revenue portfolio, including success fees and recurring revenue, in line with business growth; and c. further increase AUM (assets under construction/completed) by diversifying our business and expanding the scale of our business. We intend to promote various measures to realize these basic strategies.

The Group intends to continue promoting all measures to implement its medium-term management plan. However, it may not be possible to realize such plans depending on external environmental factors such as future business management, funding conditions, liquidity in the real estate market, and other economic conditions.

(11) Risks related to infectious diseases

The Group has introduced employment systems such as remote work and fully flexible work hours, and is using online meetings and interviews, as well as IT tools, so that the internal management systems and business systems allow for business continuity as before even in the event of an outbreak of infectious diseases.

However, if the economic situation deteriorates in the future due to a large-scale spread of infectious diseases, it could have an impact on the Group’s operating results and financial position.

4. Management analysis of financial position, operating results and cash flows

(1) Overview of operating results

The Group's financial position, operating results and cash flows (hereinafter "operating results") for the fiscal year under review were as follows.

(i) Financial position and operating results

During the fiscal year under review (from September 1, 2025 to August 31, 2026), 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 wage rises, with signs of moves towards passing through increases in personnel expenses and raw materials costs to prices. On the other hand, the economic outlook remains uncertain due to the impact of the situation in the Middle East and trends in domestic and international financial conditions.

In the real estate market, the primary business domain of the Group, despite concerns about further rising interest rates, market conditions remain firm against the backdrop of strong investment demand from domestic and foreign investors.

In the hotel business, the Group is engaged in developing hotels for group stays where there is a supply-demand gap, with the aim of making Japan a top tourism destination and contributing to regional revitalization. We are expanding hotel brands, including "fav," "FAV LUX," "edit x seven," "seven x seven," and culture business hotel "BASE LAYER HOTEL" nationwide. These hotels are characterized by a revenue structure that can generate profits even with low occupancy rates by minimizing services and improving the efficiency of operations. Anticipating further increases in inbound demand and diversification of needs, we are working on developing facilities with added value while promoting brand diversification. During the fiscal year under review, we have been making progress including the opening of five locations, namely "edit x seven Fuji Gotemba," "edit x seven Setouchi Shodoshima," "HOTEL FORK & KNIFE Miyajima," "BASE LAYER HOTEL FUKUOKA" and "FAV LUX Miyazaki," along with the acquisition of 16 development sites and three existing hotels, the transition of 12 projects to the development phase, the sale of three sites including plots of land for renovation projects, and the transition of one project to the management phase. In July 2026, UMITO Co., Ltd. became an equity-method associate and collaboration began. In August of the same year, we acquired shares of Wakayama Marina City Co., Ltd. and embarked on mixed-use development, including hotels, thereby growing our business in multiple dimensions.

In the infrastructure business, the Group is primarily engaged in the development of rental-type frozen & chilled warehouses. We view "the 2024 problem," fluorocarbon regulations, and the market environment with its increasing demand for frozen goods as opportunities. By expanding our development areas and actively advancing the development of automated warehouses as further added value, we are contributing not only to improvements in efficiency and profitability but also to addressing social issues in the logistics industry, such as labor shortages and improvements in working conditions. During the fiscal year under review, we undertook the acquisition of six development sites, acquired one existing logistics facility to enhance asset value through value-enhancement strategies, transitioned seven projects to the development phase, and commenced three new construction projects, as well as completed three projects, namely "LOGI FLAG TECH Nagoya Minato I," "LOGI FLAG TECH Higashi Ogishima I," and "LOGI FLAG COLD Narashino I." Additionally, we have established a value-add fund incorporating three existing logistics facilities and a value-add project incorporating one existing logistics facility. In addition, we have embarked on the development of our first automated dry warehouse and data center, making steady progress in our business operations.

In the overseas business, the Group has been expanding in the United States, Malaysia, and the United Arab Emirates (Dubai). In the United States, we are leveraging the strengths we have developed in our domestic hotel business, such as operational expertise, high-design space planning, and value creation through collaboration with diverse content partners, to develop hotels and residences. During the fiscal year under review, we acquired a development site in downtown Miami for a mixed-use development project primarily focused on hotels and residences, and during the same fiscal year, we sold it to a fund invested by domestic investors. We have also embarked on hotel development in Las Vegas and condominium development in Dallas.

In Malaysia, where economic expansion and population growth continue, we are leveraging our expertise in frozen & chilled warehouses and automated frozen warehouses gained from our domestic infrastructure business to develop automated frozen warehouses in this key hub connecting ASEAN.

During the fiscal year under review, we acquired one development site and commenced our first logistics project in Malaysia.

In Dubai, the Group is participating in the real estate market. Through the acquisitions and sales of residential properties, we have been 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. During the fiscal year under review, similar to the business model in Japan, we made a full-scale entry into the self-driven development business in September 2025, and launched a real estate development business with our joint partners. Moreover, despite the escalating tensions in the Middle East, we have proceeded with the sale of two properties.

Going forward, we will aim for further growth of the Company while considering expansion into other countries.

In the healthcare business, the Group sees potential in hospice housing, which can meet the two needs of a “sense of security provided by hospitals” and the “comfort of home” that many people in Japan, which is a super aging society, tend to desire in the final stages of life. As such, the Group is focusing on the development of hospice housing among healthcare facilities. We consistently manage operations while differentiating from existing services through “prime locations near railway stations,” “space designs that provide comfort,” and “highly functional facility planning capacity” that utilizes the know-how we have developed through hotel development. During the fiscal year under review, we have been steadily expanding our business operations, including the opening of seven locations, namely “CLASWELL Shirokanedai,” “CLASWELL Fuchu Nakagawara,” “CLASWELL Omiya,” “CLASWELL Toyonaka Kitasakurazuka,” “CLASWELL Kitaurawa,” “CLASWELL Suita,” and “CLASWELL Fukuoka Hirao.”

As a result, net sales were ¥163,756 million (up 69.7% year on year), operating profit was ¥27,866 million (up 47.2% year on year), ordinary profit was ¥25,896 million (up 51.1% year on year) and profit attributable to owners of parent was ¥16,692 million (up 62.9% year on year) for the fiscal year under review.

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

(ii) Cash flows

Cash and cash equivalents as of August 31, 2026, increased by ¥17,774 million from the end of the previous fiscal year to ¥41,787 million.

Cash flow positions for the fiscal year ended August 31, 2026, and the factors thereof are as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥16,765 million for the fiscal year ended August 31, 2026, compared with net cash provided by operating activities of ¥6,893 million in the previous fiscal year. This mainly reflected factors such as gain on investments in silent partnerships of ¥6,195 million, increases of ¥26,340 million in inventories, ¥5,728 million in advance prepayments, and income taxes paid of ¥8,710 million, despite recording profit before income taxes of ¥25,709 million.

Cash flows from investing activities

Net cash used in investing activities was ¥31,478 million for the fiscal year ended August 31, 2026, compared with net cash used in investing activities of ¥18,557 million in the previous fiscal year. This mainly reflected factors such as purchase of property, plant and equipment of ¥12,181 million and loan advances of ¥11,205 million.

Cash flows from financing activities

Net cash provided by financing activities was ¥65,336 million for the fiscal year ended August 31, 2026, compared with net cash provided by financing activities of ¥24,698 million in the previous fiscal year. This mainly reflected factors such as proceeds from long-term borrowings of ¥65,899 million.

(iii) Results of production, orders and sales

a. Production

Not applicable since the Company does not engage in production activities.

b. Orders received

Not applicable since the Company does not engage in make-to-order production.

c. Sales

Sales for the fiscal year under review are as follows. Information by segment is omitted because the Company has only one segment, namely the real estate consulting business.

Segment name	Fiscal year ended August 31, 2026	
	Amount (Millions of yen)	Year-on-year comparison (%)
Real estate consulting business	163,756	169.7
Total	163,756	169.7

Notes: 1. Sales results and the ratio of total sales by major business partner for the past two fiscal years are as follows.

Business partner	Fiscal year ended August 31, 2025		Fiscal year ended August 31, 2026	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
BCE Miami Property LLC	–	–	21,979	13.4
JA Mitsui Leasing Tatemono Co., Ltd.	–	–	18,046	11.0
Ginza 8 Hotel Project LLC	10,157	10.5	–	–

2. Sales by major business partner omits the information for business partners for which their sales account for less than 10% of total sales.

(2) Analysis of financial position, operating results and cash flows

Forward-looking statements in the text are based on the judgment of the Group as of the end of the fiscal year under review.

(i) Significant accounting estimates and assumptions used for estimates

The consolidated financial statements of the Group are prepared based on the accounting standards recognized as generally fair and appropriate in Japan. In preparing these consolidated financial statements, management uses estimates that affect the selection and application of accounting policies and the reported amounts and disclosures of assets and liabilities and income and expenses. Management has made reasonable judgments about these estimates in consideration of past performance, current conditions, and other factors. However, actual results may differ from these estimates due to the uncertainties inherent in estimates.

Significant accounting estimates and assumptions used in the preparation of the Group's consolidated financial statements are described in "Significant accounting estimates" under "V. Financial information, 1. Consolidated financial statements, (1) Consolidated financial statements, Notes."

(ii) Analysis of financial position

Assets

Total assets as of August 31, 2026, increased by ¥100,444 million from the end of the previous fiscal year to ¥222,132 million.

Current assets increased by ¥58,158 million from the end of the previous fiscal year to ¥145,498 million. This was mainly attributable to increases of ¥17,774 million in cash and deposits and ¥28,507 million in real estate for sale.

Non-current assets increased by ¥42,209 million from the end of the previous fiscal year to ¥76,450 million. This was mainly attributable to an increase of ¥33,197 million in property, plant and equipment mainly due to increases in buildings and structures.

Liabilities

Total liabilities as of August 31, 2026, increased by ¥50,801 million from the end of the previous fiscal year to ¥134,295 million.

Current liabilities increased by ¥21,572 million from the end of the previous fiscal year to ¥61,578 million. This was mainly attributable to an increase of ¥20,200 million in current portion of long-term borrowings.

Non-current liabilities increased by ¥29,228 million from the end of the previous fiscal year to ¥72,716 million. This was mainly attributable to an increase of ¥20,811 million in long-term borrowings.

Net assets

Total net assets as of August 31, 2026, increased by ¥49,642 million from the end of the previous fiscal year to ¥87,836 million. This was mainly attributable to increases of ¥17,634 million in share capital, ¥17,715 million in capital surplus, and ¥14,321 million in retained earnings.

(iii) Analysis of operating results

Analysis of operating results is as described in “(1) Overview of operating results, (i) Financial position and operating results.”

(iv) Analysis of cash flows

Analysis of cash flows is as described in “(1) Overview of operating results, (ii) Cash flows.”

(v) Capital resources and liquidity of funds

The Group’s funding needs are primarily to fund the acquisition of development sites and the development in the real estate consulting business. These are primarily financed through loans from financial institutions and own funds.

(vi) Major factors impacting operating results

The details are as described in “II. Overview of business, 3. Business risks.”

(vii) Current state of management strategy and outlook

The details are as described in “I. Overview of the Company, 3. Description of business” and “II. Overview of business, 1. Management policy, management environment, issues to be addressed.”

(viii) Issue awareness by management and future policies

The details are as described in “II. Overview of business, 1. Management policy, management environment, issues to be addressed.”

5. Material contracts

   Not applicable.

6. Research and development activities

   Not applicable.

III. Information about facilities

1. Overview of capital investments

The total capital investment for the fiscal year under review amounted to ¥14,487 million, mainly due to the acquisition of head office facilities and hotel facilities by fav hospitality group co., ltd., a consolidated subsidiary of the Company.

2. Major facilities

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

(1) Reporting company

As of August 31, 2026

Name (Location)	Details of facilities	Carrying amount (Millions of yen)								Number of employees (Persons)
		Buildings	Structures	Machinery and equipment	Vehicles	Land (thousands of m²)	Leased assets	Other	Total	
Head office (Chiyoda-ku, Tokyo)	Head office functions	1,417	–	4	124	–	33	837	2,417	425
FORTE (Ogawara-machi, Shibata-gun, Miyagi Prefecture)	Shopping center	346	1	5	0	71 (50)	31	55	512	–

Notes: 1. The amounts shown above do not include consumption taxes.
2. The carrying amount of "Other" assets relates to tools, furniture and fixtures and intangible assets.
3. In addition to the above, the details of leased facilities are as follows.

As of August 31, 2026

Name (Location)	Details of facilities	Numbers of employees (Persons)	Floor area (m²)	Annual leasing expenses or lease payments (Millions of yen)
Head office (Chiyoda-ku, Tokyo)	Head office	425	7,380.49	814

(2) Domestic subsidiaries

Company name	Name (Location)	Details of facilities	Carrying amount (Millions of yen)								Number of employees (Persons)
			Buildings	Structures	Machinery and equipment	Vehicles	Land (thousands of m²)	Leased assets	Other	Total	
fav hospitality group co., ltd.	BASE LAYER HOTEL FUKUOKA (Fukuoka City, Fukuoka Prefecture)	Hotel	1,434	4	6	–	–	–	337	1,783	–
fav hospitality group co., ltd.	BASE LAYER HOTEL NAGOYA NISHIKI (Nagoya City, Aichi Prefecture)	Hotel	56	–	–	–	–	2,658	5	2,720	–
Wakayama Marina City Co., Ltd.	Wakayama Marina City (Wakayama City, Wakayama Prefecture)	Hotel, etc.	3,713	–	126	3	5,489 (282)	–	37	9,371	–

Notes: 1. The amounts shown above do not include consumption taxes.
2. The carrying amount of "Other" assets relates to tools, furniture and fixtures and intangible assets.

(3) Foreign subsidiaries

Region	Property (Location)	Details of facilities	Carrying amount (Millions of yen)								Number of employ-ees (Persons)
			Build-ings	Struc-tures	Machin-ery and equipment	Vehicles	Land (thou-sands of m^2)	Leased assets	Other	Total	
Dubai	The S tower Unit (Al Safouh Second, Dubai, UAE)	Residence	9,454	–	–	–	–	–	–	9,454	–
Dubai	Imperial Avenue (Burj Khalifa, Dubai, UAE)	Residence	2,334	–	–	–	–	–	–	2,334	–
Dubai	One zaa BEEL (Zaabeel First, Dubai, UAE)	Residence	1,124	–	–	–	–	–	–	1,124	–

3. Planned additions, retirements of facilities

Not applicable.

IV. Information about reporting company

1. Information about shares

(1) Total number of shares

(i) Total number of shares

Class	Total number of authorized shares (Shares)
Common shares	38,400,000
Total	38,400,000

(ii) Issued shares

Class	Number of shares issued as of the end of the fiscal year (Shares) August 31 2026	Number of shares issued as of the filing date (Shares) November 25, 2026	Name of listed financial instruments exchange or registered or licensed financial instruments firms association	Description
Common shares	24,618,929	24,618,929	Prime Market of the Tokyo Stock Exchange	These are shares with full voting rights, which are standard shares of the Company with no limits on rights. The number of shares constituting one unit is 100 shares.
Total	24,618,929	24,618,929	–	–

Note: "Number of shares issued as of the filing date" does not include the number of shares issued through the exercise of share acquisition rights between November 1, 2026, and the filing date of this Annual Securities Report.

(2) Share acquisition rights

(i) Description of stock option plan

3rd share acquisition rights

Resolution date	November 28, 2017
Category and number of persons eligible for allocation (Persons)	The Company's employees: 10
Number of share acquisition rights (Units)*	60
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 9,600 (Notes 1 and 6)
Amount to be paid upon exercise of share acquisition rights (Yen)*	269 (Notes 2 and 6)
Exercise period of share acquisition rights*	From November 29, 2019 to November 28, 2027
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 269 Additional paid-in capital: 135 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

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.

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

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.

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

3. (1) Those who have been allocated share acquisition rights (hereinafter "share acquisition right holders") must serve in the position of director, corporate auditor 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.
   (2) 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 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 because 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 because of the company split
   iv. Share exchange
      The stock company that acquires all the issued shares of the stock company conducting the share exchange
   v. Share transfer
      The stock company established because of the share transfer
6. Based on the resolution of the Board of Directors meeting held on June 8, 2018, the Company conducted a 20-for-1 share split of its common shares on June 9, 2018; based on the resolution of the Board of Directors meeting held on August 13, 2019, the Company conducted a 2-for-1 share split of its common shares on September 1, 2019; based on the resolution of the Board of Directors meeting held on July 27, 2021, the Company conducted a 2-for-1 share split of its common shares on September 1, 2021; and based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

4th share acquisition rights

Resolution date	June 8, 2018
Category and number of persons eligible for allocation (Persons)	Director: 1 The Company's employees: 7
Number of share acquisition rights (Units)*	160
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 25,600 (Notes 1 and 6)
Amount to be paid upon exercise of share acquisition rights (Yen)*	313 (Notes 2 and 6)
Exercise period of share acquisition rights*	From June 9, 2020 to June 8, 2028
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 313 Additional paid-in capital: 157 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

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.

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

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.

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

3. (1) Those who have been allocated share acquisition rights (hereinafter "share acquisition right holders") must serve in the position of director, corporate auditor 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.

(2) 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 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 because 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 because of the company split

iv. Share exchange

The stock company that acquires all the issued shares of the stock company conducting the share exchange

v. Share transfer

The stock company established because of the share transfer

6. Based on the resolution of the Board of Directors meeting held on June 8, 2018, the Company conducted a 20-for-1 share split of its common shares on June 9, 2018; based on the resolution of the Board of Directors meeting held on August 13, 2019, the Company conducted a 2-for-1 share split of its common shares on September 1, 2019; based on the resolution of the Board of Directors meeting held on July 27, 2021, the Company conducted a 2-for-1 share split of its common shares on September 1, 2021; and based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

7th share acquisition rights

Resolution date	December 2, 2022
Category and number of persons eligible for allocation (Persons)	Director: 1
Number of share acquisition rights (Units)*	1,300
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 260,000 (Notes 1 and 6)
Amount to be paid in for share acquisition rights (Yen)	200 per share acquisition right
Amount to be paid upon exercise of share acquisition rights (Yen)*	2,540 (Notes 2 and 6)
Exercise period of share acquisition rights*	From December 3, 2027 to December 2, 2030
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 2,540 Additional paid-in capital: 1,270 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

Notes: 1. The number of shares to be issued per share acquisition right shall be 100 shares.

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.

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

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.

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

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 operating profit stated in the Company’s statement of income (if consolidated statement of income is prepared, the consolidated statement of income; the same applies below) for any fiscal year from the fiscal year ended August 31, 2023, to the fiscal year ended August 31, 2025, exceeds ¥5,000 million.

(2) Share acquisition right holders must serve in the position of director, corporate auditor 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 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 because 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 because of the company split

iv. Share exchange

The stock company that acquires all the issued shares of the stock company conducting the share exchange

v. Share transfer

The stock company established because of the share transfer

6. Based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

8th share acquisition rights

Resolution date	December 2, 2022
Category and number of persons eligible for allocation (Persons)	Director: 1
Number of share acquisition rights (Units)*	99
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 19,800 (Notes 1 and 6)
Amount to be paid upon exercise of share acquisition rights (Yen)*	2,546 (Notes 2 and 6)
Exercise period of share acquisition rights*	From December 3, 2024 to December 2, 2032
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 2,546 Additional paid-in capital: 1,273 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

Notes: 1. The number of shares to be issued per share acquisition right shall be 100 shares.

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.

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

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.

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

3. (1) Those who have been allocated share acquisition rights (hereinafter "share acquisition right holders") must serve in the position of director, corporate auditor 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.

(2) 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 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 because 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 because of the company split

iv. Share exchange

The stock company that acquires all the issued shares of the stock company conducting the share exchange

v. Share transfer

The stock company established because of the share transfer

6. Based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

9th share acquisition rights

Resolution date	December 2, 2022
Category and number of persons eligible for allocation (Persons)	Director: 2 The Company's employees: 2
Number of share acquisition rights (Units)*	220
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 44,000 (Notes 1 and 6)
Amount to be paid upon exercise of share acquisition rights (Yen)*	2,546 (Notes 2 and 6)
Exercise period of share acquisition rights*	From December 3, 2025 to December 2, 2030
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 2,546 Additional paid-in capital: 1,273 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

Notes: 1. The number of shares to be issued per share acquisition right shall be 100 shares.

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.

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

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.

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

3. (1) Those who have been allocated share acquisition rights (hereinafter "share acquisition right holders") must serve in the position of director, corporate auditor 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.

(2) 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 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 because 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 because of the company split
   iv. Share exchange
      The stock company that acquires all the issued shares of the stock company conducting the share exchange
   v. Share transfer
      The stock company established because of the share transfer
6. Based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

10th share acquisition rights

Resolution date	December 2, 2022
Category and number of persons eligible for allocation (Persons)	The Company's employees: 10
Number of share acquisition rights (Units)*	280
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 56,000 (Notes 1 and 6)
Amount to be paid upon exercise of share acquisition rights (Yen)*	2,546 (Notes 2 and 6)
Exercise period of share acquisition rights*	From December 3, 2025 to December 2, 2028
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 2,546 Additional paid-in capital: 1,273 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

Notes: 1. The number of shares to be issued per share acquisition right shall be 100 shares.

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.

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

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.

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

3. (1) Those who have been allocated share acquisition rights (hereinafter "share acquisition right holders") must serve in the position of director, corporate auditor 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.
   (2) 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 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 because 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 because of the company split
   iv. Share exchange
      The stock company that acquires all the issued shares of the stock company conducting the share exchange
   v. Share transfer
      The stock company established because of the share transfer
6. Based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

11th share acquisition rights

Resolution date	February 7, 2025
Category and number of persons eligible for allocation (Persons)	Director: 4
Number of share acquisition rights (Units)*	150,000
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 300,000 (Notes 1 and 6)
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)*	7,505 (Notes 2 and 6)
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: 7,505 Additional paid-in capital: 3,753 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

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.

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

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.

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

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 ended 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) Upon satisfaction of the conditions set forth in (1) above, share acquisition right holders may exercise the corresponding number of share acquisition rights at the respective percentages specified below on the date specified below (hereinafter the "exercise start date") during the period commencing on the exercise start date and ending on the date on which five years have elapsed from the exercise start date related to the respective share acquisition rights. However, any fractional part of less than one share acquisition right resulting from the calculation of the number of share acquisition rights exercisable shall be rounded down.

   a. February 1, 2027: 10% of the number of share acquisition rights allocated
   b. February 1, 2028: 10% of the number of share acquisition rights allocated
   c. February 1, 2029: 10% of the number of share acquisition rights allocated
   d. February 1, 2030: 10% of the number of share acquisition rights allocated
   e. February 1, 2031: 10% of the number of share acquisition rights allocated
   f. February 1, 2032: 10% of the number of share acquisition rights allocated
   g. February 1, 2033: 10% of the number of share acquisition rights allocated
   h. February 1, 2034: 10% of the number of share acquisition rights allocated
   i. February 1, 2035: 10% of the number of share acquisition rights allocated
   j. February 1, 2036: All the share acquisition rights for which the exercise start date has not arrived by such date

   (3) Share acquisition right holders must serve in the position of director, corporate auditor 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.

   (4) 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 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 because 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 because of the company split

   iv. Share exchange

      The stock company that acquires all the issued shares of the stock company conducting the share exchange

   v. Share transfer

      The stock company established because of the share transfer

6. Based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and

additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

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: 173,734 (Notes 1 and 6)
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)*	7,505 (Notes 2 and 6)
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: 7,505 Additional paid-in capital: 3,753 (Note 6)
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 end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

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.

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

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.

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

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 ended 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, corporate auditor 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 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 because 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 because of the company split

iv. Share exchange

The stock company that acquires all the issued shares of the stock company conducting the share exchange

v. Share transfer

The stock company established because of the share transfer

6. Based on the resolution of the Board of Directors meeting held on July 3, 2025, the Company conducted a 2-for-1 share split of its common shares on September 1, 2025. As a result, "Class, description and number of shares subject to share acquisition rights," "Amount to be paid upon exercise of share acquisition rights" and "Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights" have been adjusted.

(ii) Description of rights plan

Not applicable.

(iii) Other information about share acquisition rights

Bonds with share acquisition rights issued under the Companies Act are as follows.

Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029 (issued on November 5, 2024)

Resolution date	October 17, 2024
Number of share acquisition rights (Units)*	(Note 1)
Number of treasury share acquisition rights (Units)*	–
Class, description and number of shares subject to share acquisition rights (Shares)*	Common shares: 2,603,889 (Note 2)
Amount to be paid upon exercise of share acquisition rights (Yen)*	8,448.9 (Note 3)
Exercise period of share acquisition rights*	From November 19, 2024 to October 22, 2029 (local time at the place where the exercise request is accepted) (Note 4)
Issue price of shares and additional paid-in capital in cases where shares are issued upon exercise of share acquisition rights (Yen)*	Issue price: 8,448.9 Additional paid-in capital:4,225 (Note 5)
Exercise conditions of share acquisition rights*	(Note 6)
Matters concerning transfer of share acquisition rights*	The share acquisition rights are attached to convertible-bond-type bonds with share acquisition rights and may not be transferred separately from the bonds.
Matters concerning issuance of share acquisition rights in the event of reorganization*	(Note 7)
Description and price of assets subject to contribution upon exercise of share acquisition rights*	Upon exercise of the respective share acquisition rights, the bonds associated with such share acquisition rights shall be contributed, and the price of such bonds shall be equal to the principal amount thereof.
Balance of bonds with share acquisition rights (Millions of yen)*	22,000

* The details are as of the end of the fiscal year under review (August 31, 2026). In the period from the end of the fiscal year under review to the end of the month before the filing date (October 31, 2026), there is no change in these matters.

Notes: 1. The total number of units is the sum of 2,200 units and the number obtained by dividing the total principal amount of the bonds associated with replacement bonds with share acquisition rights (bonds with share acquisition rights issued upon receipt of satisfactory proof and compensation in the event of loss, theft, or destruction of the bonds with share acquisition rights) by ¥10 million.

2. The number of the Company's common shares issued by the Company upon exercise of share acquisition rights is calculated by dividing the total principal amount of the bonds associated with the exercise request by the conversion price as described in (Note 3), below. However, any fractional part of less than one share resulting from the exercise of share acquisition rights shall be rounded down without any cash adjustment.

3. (1) Upon exercise of the respective share acquisition rights, the bonds associated with such share acquisition rights shall be contributed, and the price of such bonds shall be equal to the principal amount thereof.
   (2) The initial conversion price shall be ¥17,710.
   (3) The conversion price shall be adjusted according to the formula below if, after the issuance of the bonds with share acquisition rights, the Company issues the Company's common shares at an amount to be paid in below the market price of the Company's common shares or disposes of the Company's common shares held by the Company. In the formula below, "No. of shares already issued" refers to the total number of the Company's common shares issued (excluding those held by the Company).

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

   Furthermore, the conversion price is also to be adjusted accordingly in the event of split or reverse split of the Company's common shares, dividends of surplus, issuance of share acquisition rights (including those attached to bonds with share acquisition rights) that entitles the holder to request issuance of the Company's common shares at a price below market price, or the occurrence of certain other events.
   The Company adjusted the conversion price to ¥8,855 on the effective date of September 1, 2025, in accordance with the conversion price adjustment clause accompanying the proposal concerning a 2-for-1 share split of its common shares resolved at the Board of Directors meeting held on July 3, 2025.
   Based on the resolution of the Board of Directors meeting held on October 24, 2025, the Company adjusted the conversion price to ¥8,610.7 in accordance with the conversion price adjustment clause, since the issue price per share of new shares issued by the Company with a payment date of November 12, 2025 is lower than the market price stipulated in the terms and conditions of the Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029.
   The Company adjusted the conversion price to ¥8,488.2 in accordance with the conversion price adjustment clause, accompanying the proposed dividends of surplus, including a year-end dividend of ¥240 per share, approved at the Annual General Meeting of Shareholders on November 27, 2025.
   Based on the resolution of the Board of Directors meeting held on October 24, 2025, the Company adjusted the conversion price to ¥8,448.9 in accordance with the conversion price adjustment clause, since the issue price per share of new shares issued by the Company with a payment date of December 10, 2025 is lower than the market price stipulated in the terms and conditions of the Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029.
4. The exercise period of share acquisition rights is from November 19, 2024, until the close of bank operations on October 22, 2029 (local time at the place where the exercise request is accepted). However, the period shall be (1) until the date three business days in Tokyo prior to the redemption date in the event of early redemption of the bonds due to cleanup clause, tax system changes, reorganization, delisting, and squeeze-out as set forth in the terms and conditions of the bonds with share acquisition rights (however, this excludes the share acquisition rights pertaining to the bonds for which the option of early redemption was not selected in the event of early redemption due to tax system changes); (2) until the time at which redemption notification has been entrusted to the fiscal agent of the bonds in the event that the option of early redemption has been selected by the holder of the bonds with share acquisition rights; (3) until cancellation of the bonds in the event that the bonds are subject to cancellation by purchase; and (4) until benefit of term forfeiture with respect to the bonds. In any of the cases referred to above, the share acquisition rights may not be exercised after the close of bank operations on October 22, 2029 (local time at the place where the exercise request is accepted). Notwithstanding the foregoing, in the event that the Company has reasonably deemed it necessary for its reorganization the share acquisition rights may not be exercised during a period designated by the Company such that is within a span of 30 days concluding within 14 days from the day following the effective date of reorganization. Furthermore, the share acquisition rights may not be exercised in the event that the date on which the exercise of the share acquisition rights takes effect (or the next business day in Tokyo if such date is not a business day in Tokyo) falls within a period from a date two business days in Tokyo prior to a record date stipulated by the Company or within a period from any other date stipulated for the purpose of determining shareholders pursuant to Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (hereinafter collectively referred to as the "Shareholder Record Date"; or the date three prior business days in Tokyo if such Shareholder Record Date is not a business day in Tokyo), until such date for determining shareholders (or the next business day in Tokyo if such Shareholder Record Date is not a business day in Tokyo). However, in the event of changes to laws, regulations or practices regarding issuance of shares pertaining to the exercise of share acquisition rights through the transfer system based on the Act on Book-Entry Transfer of Corporate Bonds and Shares, the Company may modify limitations on the period during which the share acquisition rights may be exercised pursuant to this paragraph in order to reflect such changes.
5. The amount of share capital increase when issuing shares by exercising share acquisition rights shall be the amount equal to the maximum amount of increase in share capital calculated in accordance with Article 17 of the Regulations for Corporate Accounting multiplied by 0.5, and any fractional part of less than ¥1 resulting from the calculation shall be rounded up. The amount of legal capital surplus increase shall be the amount obtained by deducting the amount of share capital increase from the maximum amount of increase in share capital.
6. The respective share acquisition rights may not be exercised in part.
7. (1) In the event of reorganization the Company shall engage in the utmost effort to ensure that a succeeding company (as defined below) assumes the position of the principal obligor of the bonds with share acquisition rights in accordance with the terms and conditions of the bonds with share acquisition rights, and shall issue new share acquisition rights that replace the share acquisition rights. However, such succession and issuance are to be subject to assumptions of (i) such succession and issuance being legally feasible under the laws applicable at that point in time; (ii) mechanisms for the succession and issuance being already established or capable of being established;

and (iii) the Company or a succeeding company, being capable of executing such succession and issuance without incurring unreasonable (in the Company's opinion) costs (including taxation) from the perspective of the entire reorganization. In such a case, the Company shall engage in the utmost effort to also ensure that the succeeding company is a listed company in Japan on the effective date of such reorganization. The Company's obligation to make an effort as described in this section (1) shall not apply if the Company delivers to the fiscal agent the certificate described in the early redemption clause for reorganization.
The term "succeeding company" refers to a company that constitutes the counterparty to the reorganization and assumes obligations of the Company relating to the bonds with share acquisition rights and/or the share acquisition rights.

(2) A description of the share acquisition rights of a succeeding company to be issued as stipulated in (1), above, is as follows.

(i) Number of share acquisition rights
The number of share acquisition rights shall be the same as the number of share acquisition rights pertaining to the bonds with share acquisition rights remaining immediately prior to the effective date of such reorganization.

(ii) Class of shares subject to share acquisition rights
The class of shares subject to share acquisition rights shall be common shares of a succeeding company.

(iii) Number of shares subject to share acquisition rights
The number of common shares of a succeeding company to be issued by exercising the share acquisition rights of the succeeding company shall be determined by the succeeding company in reference to the terms and conditions of the bonds with share acquisition rights taking into account conditions for such reorganization, and in accordance with either i. or ii., below. The conversion price is subject to the same adjustment as that stated in (Note 3)(3), above.

i In the event of merger, share exchange or share transfer, the conversion price shall be determined so that the holder of the number of the Company's common shares obtained by exercising the share acquisition rights immediately prior to the effective date of the reorganization may receive the number of common shares of a succeeding company received in the reorganization when the share acquisition rights of a succeeding company have been exercised immediately after the effective date of such reorganization. When securities or other assets other than the common shares of a succeeding company are issued upon such reorganization the holder shall also be entitled to receive the number of common shares of the succeeding company equal to the number obtained by dividing the value of the securities or assets by the market price of the common shares of the succeeding company.

ii In the event of reorganization other than the above, the conversion price shall be determined so that the same economic benefit received by the holder of the bonds with share acquisition rights upon exercise of the share acquisition rights immediately prior to the effective date of such reorganization may be received when the share acquisition rights of the succeeding company have been exercised immediately after the effective date of such reorganization.

(iv) Description and price of assets contributed upon exercise of share acquisition rights
Upon exercise of the share acquisition rights of a succeeding company, the bonds assumed shall be contributed and the price of such bonds shall be equal to the principal amount of the bonds assumed.

(v) Period during which share acquisition rights may be exercised
The period during which share acquisition rights may be exercised shall be from the effective date of such reorganization (in some cases, the date within 14 days after the effective date) until the expiration date of the period for exercising the share acquisition rights stipulated in (Note 4), above.

(vi) Other conditions for exercising share acquisition rights
The respective share acquisition rights of a succeeding company shall not be exercised in part.

(vii) Share capital and legal capital surplus increase when issuing shares by exercising share acquisition rights
The amount of share capital increases when issuing shares by exercising the share acquisition rights of a succeeding company shall be the amount equal to the maximum amount of increase in share capital, calculated in accordance with Article 17 of the Regulations for Corporate Accounting multiplied by 0.5, and any fractional part of less than ¥1 resulting from the calculation shall be rounded up. The amount of legal capital surplus increase shall be the amount obtained by deducting the amount of share capital increase from the maximum amount of increase in share capital.

(viii) In the event of reorganization
The bonds with share acquisition rights shall be subject to the same treatment even if reorganization occurs with respect to a succeeding company.

(ix) Other
Any fractional part of less than one share resulting from the exercise of share acquisition rights of a succeeding company shall be rounded down without any cash adjustment. The share acquisition rights of a succeeding company may not be transferred separately from the bonds assumed.

(3) In the event that a succeeding company is caused to assume or take over the Company's obligations based on the bonds pursuant to (1), above, the Company shall be subject to the terms and conditions of the bonds with share acquisition rights in addition to providing a guarantee in certain cases stipulated in the terms and conditions of the bonds with share acquisition rights.

(3) Exercise status of bonds with share acquisition rights containing a clause for exercise price adjustment

Not applicable.

(4) Changes in number of shares issued, share capital

Date	Increase (decrease) in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase (decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
September 1, 2021 (Note 1)	Common shares: 3,334,920	Common shares: 6,669,840	–	1,643	–	1,548
October 15, 2021 (Note 2)	Common shares: 61,400	Common shares: 6,731,240	62	1,705	62	1,610
December 27, 2021 (Note 3)	Common shares: 1,344,000	Common shares: 8,075,240	1,784	3,490	1,784	3,395
From September 1, 2021 to August 31, 2022 (Note 4)	Common shares: 81,280	Common shares: 8,156,520	24	3,514	24	3,419
May 31, 2023 (Note 5)	Common shares: 13,900	Common shares: 8,170,420	27	3,542	27	3,447
From September 1, 2022 to August 31, 2023 (Note 4)	Common shares: 25,200	Common shares: 8,195,620	7	3,549	7	3,454
December 25, 2023 (Note 6)	Common shares: 1,350,000	Common shares: 9,545,620	4,647	8,196	4,647	8,101
January 24, 2024 (Note 7)	Common shares: 232,500	Common shares: 9,778,120	800	8,997	800	8,902
May 15, 2024 (Note 8)	Common shares: 24,700	Common shares: 9,802,820	152	9,149	152	9,054
August 16, 2024 (Note 9)	Common shares: 9,527	Common shares: 9,812,347	71	9,220	71	9,125
From September 1, 2023 to August 31, 2024 (Note 4)	Common shares: 47,600	Common shares: 9,859,947	66	9,287	66	9,192
December 16, 2024 (Note 10)	Common shares: 1,478	Common shares: 9,861,425	9	9,296	9	9,201
April 25, 2025 (Note 11)	Common shares: 13,655	Common shares: 9,875,080	107	9,404	107	9,309
July 31, 2025 (Note 12)	Common shares: 9,249	Common shares: 9,884,329	62	9,466	62	9,371
From September 1, 2024 to August 31, 2025 (Note 4)	Common shares: 21,300	Common shares: 9,905,629	56	9,523	56	9,428
September 1, 2025 (Note 1)	Common shares: 9,905,629	Common shares: 19,811,258	–	9,523	–	9,428
November 12, 2025 (Note 13)	Common shares: 4,000,000	Common shares: 23,811,258	14,792	24,316	14,792	24,221
December 10, 2025 (Note 14)	Common shares: 691,500	Common shares: 24,502,758	2,557	26,873	2,557	26,778

Date	Increase (decrease) in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase (decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
February 2, 2026 (Note 15)	Common shares: 31,572	Common shares: 24,534,330	123	26,997	123	26,902
August 6, 2026 (Note 16)	Common shares: 20,999	Common shares: 24,555,329	60	27,058	60	26,963
From September 1, 2025 to August 31, 2026 (Note 4)	Common shares: 63,600	Common shares: 24,618,929	100	27,158	100	27,063

Notes: 1. This was due to 2-for-1 share split.

2. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	91 employees of the Company
Issue price:	¥2,033
Additional paid-in capital:	¥1,016.5

3. Due to the issuance of 1,344,000 new shares (issue price: ¥2,818, subscription price: ¥2,654.81, additional paid-in capital: ¥1,327.405) through a general public offering with a payment date of December 27, 2021, share capital and legal capital surplus respectively increased by ¥1,784 million each.

4. The increase was due to the exercise of share acquisition rights.

5. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	52 employees of the Company
Issue price:	¥4,025
Additional paid-in capital:	¥2,012.5

6. Due to the issuance of 1,350,000 new shares (issue price: ¥7,267, subscription price: ¥6,884.5, additional paid-in capital: ¥3,442.25) through a general public offering with a payment date of December 25, 2023, share capital and legal capital surplus respectively increased by ¥4,647 million each.

7. Capital increase by way of paid-in third-party allotment (capital increase by way of third-party allotment in connection with a sale by over-allotment)

Allottee:	Mizuho Securities Co., Ltd.
Issue price:	¥6,884.5
Additional paid-in capital:	¥3,442.25

8. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	68 employees of the Company
Issue price:	¥12,330
Additional paid-in capital:	¥6,165

9. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	50 employees of the Company
Issue price:	¥15,010
Additional paid-in capital:	¥7,505

10. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	5 employees of the Company
Issue price:	¥12,880
Additional paid-in capital:	¥6,440

11. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	136 employees of the Company
Issue price:	¥15,720
Additional paid-in capital:	¥7,860

12. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	49 employees of the Company
Issue price:	¥13,540
Additional paid-in capital:	¥6,770

13. Capital increase by general public offering

Issue price:	¥7,718
Underwriters' purchase price:	¥7,396.4
Additional paid-in capital:	¥3,698.2

14. Capital increase by way of paid-in third-party allotment (capital increase by way of third-party allotment in connection with a sale by over-allotment)

Allottee:	Mizuho Securities Co., Ltd.
Issue price:	¥7,396.4
Additional paid-in capital:	¥3,698.2

15. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	130 employees of the Company
Issue price:	¥7,840
Additional paid-in capital:	¥3,920

16. This was due to the issuance of new shares as restricted share-based remuneration.

Allottee:	70 employees of the Company
Issue price:	¥5,780
Additional paid-in capital:	¥2,890

(5) Shareholding by shareholder category

As of August 31, 2026

Category	Shareholding status (Number of shares per share unit: 100 shares)								Shares less than one unit (Shares)
	Government and municipality	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations		Individuals	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	–	10	29	251	172	121	14,897	15,480	–
Number of shares held (Units)	–	25,867	12,055	10,944	69,603	441	126,548	245,458	73,129
Shareholding ratio (%)	–	10.54	4.91	4.46	28.36	0.18	51.56	100	–

Note: 50,364 treasury shares are included in “Individuals” as 503 units and “Shares less than one unit” as 64 shares.

(6) Major shareholders

As of August 31, 2026

Name	Address	Number of shares held (Shares)	Ratio of shares held to total number of shares issued (excluding treasury shares) (%)
Hiroyuki Ogawa	Minato-ku, Tokyo	4,250,160	17.30
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo	2,175,328	8.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	1,843,100	7.50
Koshiro Komoto	Minato-ku, Tokyo	1,372,800	5.59
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo	700,196	2.85
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	584,700	2.38
BROWN BROTHERS HARRIMAN (LUXEMBOURG) SCA CUSTODIAN FOR ARCUS FUND SICAV - ARCUS JAPAN FUND (Standing proxy: MUFG Bank, Ltd.)	10, RUE DU CHATEAU D'EAU LEUDELANGE LUXEMBOURG L-3364 (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	449,300	1.83
Nomura Securities Co., Ltd.	1-13-1 Nihombashi, Chuo-ku, Tokyo	355,211	1.45
STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	AIB INTERNATIONAL CENTRE P.O.BOX 518 IFSC DUBLIN, IRELAND Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo	319,704	1.30
Tsutomu Kanamori	Muko City, Kyoto Prefecture	260,000	1.06
Total	–	12,310,499	50.11

Notes: 1. The number of shares held by the Company's Director Hiroyuki Ogawa includes 680,000 shares loaned out under a securities lending agreement associated with the Company's financing executed in October 2024 and 600,000 shares held by BANKCY LLC, the asset management company of the director.

2. The number of shares held by the Company's Representative Director, President and CEO Koshiro Komoto includes 720,000 shares loaned out under a securities lending agreement associated with the Company's financing executed in October 2024.

3. Ratios of shares held to total number of shares issued (excluding treasury shares) are rounded to the second decimal place.

4. According to a large-volume holding report (change report) made available for public inspection on May 12, 2026, Capital Research and Management Company, and joint holders Capital International, Inc, Capital International K.K. and Capital International Sarl owned the following shares as of April 30, 2026, but as of August 31, 2026, the Company had been unable to verify the actual number of shares owned, and they are not included in "Major shareholders" above.

The details of the large-volume holding report are as follows.

Name	Address	Number of share certificates owned (Shares)	Ownership ratio of share certificates (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	1,964,400	7.99
Capital International, Inc	333 South Hope Street, Los Angeles, California 90071, U.S.A.	96,700	0.39
Capital International K.K.	Marunouchi Nijubashi Building, 3-2-3 Marunouchi, Chiyoda-ku, Tokyo	104,800	0.43
Capital International Sarl	3 Place des Bergues, 1201 Geneva, Switzerland	52,700	0.21

5. According to a large-volume holding report (change report) made available for public inspection on June 4, 2026, Nomura Securities Co., Ltd., and joint holders NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. owned the following shares as of May 29, 2026, but as of August 31, 2026, the Company had been unable to verify the actual number of shares owned, and "Major shareholders" above is therefore displayed in accordance with the shareholder register.

The details of the large-volume holding report (change report) are as follows.

Name	Address	Number of share certificates owned (Shares)	Ownership ratio of share certificates (%)
Nomura Securities Co., Ltd.	1-13-1 Nihombashi, Chuo-ku, Tokyo	(1,100)	0.00
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	614,855	2.46
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo	638,200	2.55

Note: The above number of share certificates owned and ownership ratio of share certificates includes potential shares arising from the ownership of convertible-bond-type bonds with share acquisition rights.

6. According to a large-volume holding report (change report) made available for public inspection on July 27, 2026, Grantham, Mayo, Van Otterloo & Co. LLC owned the following shares as of July 17, 2026, but as of August 31, 2026, the Company had been unable to verify the actual number of shares owned, and it is not included in "Major shareholders" above.

The details of the large-volume holding report (change report) are as follows.

Name	Address	Number of share certificates owned (Shares)	Ownership ratio of share certificates (%)
Grantham, Mayo, Van Otterloo & Co. LLC	53 State Street, Suite 3300, Boston, Massachusetts 02109, U.S.A.	1,548,200	6.30

7. According to a large-volume holding report (change report) made available for public inspection on August 25, 2026, Mizuho Securities Co., Ltd., joint holders Asset Management One Co., Ltd., and Mizuho International plc owned the following shares as of August 18, 2026, but as of August 31, 2026, the Company had been unable to verify the actual number of shares owned, and they are not included in "Major shareholders" above.

The details of the large-volume holding report (change report) are as follows.

Name	Address	Number of share certificates owned (Shares) (Shares)	Ownership ratio of share certificates (%) (%)
Mizuho Securities Co., Ltd.	1-5-1 Otemachi, Chiyoda-ku, Tokyo	2,446,634	9.52
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	391,300	1.52
Mizuho International plc	30 Old Bailey, London, EC4M 7AU, United Kingdom	0	0.00

Note: The above number of share certificates owned and ownership ratio of share certificates includes potential shares arising from the ownership of convertible-bond-type bonds with share acquisition rights.

(7) Voting rights

(i) Issued shares

As of August 31, 2026

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares)	Common shares: 50,300	–	–
Shares with full voting rights (Other)	Common shares: 24,495,500	244,955	The number of shares constituting one unit: 100 shares
Shares less than one share unit	Common shares: 73,129	–	Shares of less than one share unit (100 shares)
Total number of issued shares	24,618,929	–	–
Total number of voting rights held by all shareholders	–	244,955	–

Note: The number of shares in the “Shares less than one share unit” includes 64 treasury shares held by the Company.

(ii) Treasury shares

As of August 31, 2026

Name of shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Ratio of shares held to total number of shares issued (%)
Kasumigaseki Capital Co., Ltd.	3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo	50,300	–	50,300	0.20
Total	–	50,300	–	50,300	0.20

2. Acquisition and disposal of treasury shares

Class of shares
Acquisition of common shares that falls under Article 155, item (vii) of the Companies Act and acquisition of common shares that falls under Article 155, item (xiii) of the Companies Act

(1) Acquisition by resolution at the General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution at the Board of Directors meeting

Not applicable.

(3) Acquisition not based on resolution at the General Meeting of Shareholders or Board of Directors meeting

Category	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the fiscal year under review	2,882	168,000
Treasury shares acquired during the period after the reporting period to the filing date of this report	192	–

Notes: 1. Treasury shares acquired during the fiscal year under review were due to the acquisition of restricted shares without consideration (2,862 shares) and the purchase of shares due to requests to purchase shares less than one unit (20 shares, total value of ¥168,000).

2. Treasury shares acquired during the period after the reporting period to the filing date of this report were due to the acquisition of restricted shares without consideration (192 shares).

3. The number of treasury shares acquired during the period after the reporting period to the filing date of this report does not include the number of shares acquired from November 1, 2026, to the filing date of this Annual Securities Report

due to requests for purchase of shares less than one unit and without consideration of retired employees under the restricted share remuneration plan.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year ended August 31, 2026		Period after the reporting period to the filing date of this report	
	Number of shares (Shares)	Total value of disposal (Yen)	Number of shares (Shares)	Total value of disposal (Yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were cancelled	–	–	–	–
Acquired treasury shares that were transferred due to a merger, share exchange, share allotment, or company split	–	–	–	–
Other (disposal of treasury shares under the restricted share-based remuneration plan)	–	–	–	–
Other (disposal of treasury shares due to exercise of share acquisition rights)	–	–	–	–
Number of treasury shares held	50,364	–	50,556	–

Note: The number of treasury shares held during the period after the reporting period to the filing date of this report does not include the number of shares acquired from November 1, 2026, to the filing date of this Annual Securities Report due to requests for purchase of shares less than one unit and without consideration of retired employees under the restricted share remuneration plan.

3. Dividend policy

The Company's basic policy on profit distribution is to maintain stable and continuous dividend payments, giving comprehensive consideration to the Company's operating results and dividend payout ratio, while securing the necessary internal reserves for future business development and reinforcement of the management base, looking at the trends in business performance.
The Company aims to return profits to shareholders based on the basic policy referred to above, but the possibility of paying dividends in each fiscal year and the timing of such dividend payments have not yet been determined. The Company plans to use internal reserves as a source of funds for business expansion.
Regarding the dividends of surplus, the Articles of Incorporation provide that the record date for the year-end dividend is August 31 and that the Company may pay an interim dividend with the record date set as the last day of February. The decision-making organizations for these dividends are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.
Based on the foregoing policy, the Company plans to pay a dividend for the fiscal year under review of ¥165 per share. This will result in a consolidated dividend payout ratio of 24.3%.
(Details of resolution for the dividends of surplus for the fiscal year ended August 31, 2026)

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Resolution of the Annual General Meeting of Shareholders to be held on November 26, 2026 (plan)	4,053	165.00

Note: The Company conducted a 2-for-1 share split of its common shares effective September 1, 2025.

4. Status of corporate governance

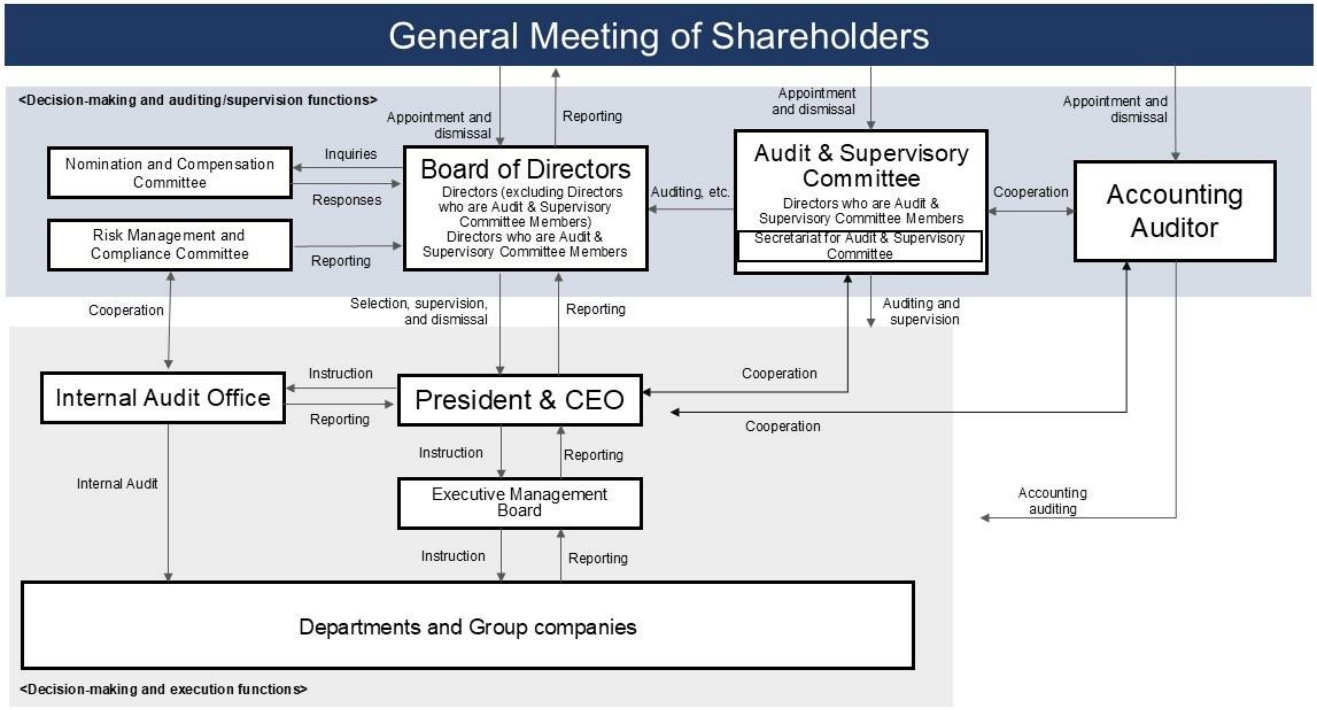
(1) Overview of corporate governance

(i) Basic policy regarding corporate governance

We believe that the establishment of corporate governance is indispensable for the lasting development of a company, based on our corporate philosophy of "Turning Challenge into Value." Therefore, we recognize the importance of the Company earning the continued trust of all our stakeholders, including shareholders, business partners, employees, and local communities. Based on this recognition, we are striving to further enhance corporate governance by thoroughly establishing and operating Company-wide internal controls.

(ii) Summary of system of corporate governance and reasons for adopting the system

A. System of corporate governance



The Company has adopted a company with an Audit & Supervisory Committee system as the organizational design under the Companies Act and has established the Board of Directors and the Audit & Supervisory Committee as corporate organizations, as well as the Executive Management Board as a consultative and decision-making organization concerning management and business execution. The description of each of the Company's organizations is as follows.

a. Board of Directors

As of the filing date of this Annual Securities Report (November 25, 2026), the Board of Directors consists of 13 Directors (excluding Directors who are Audit & Supervisory Committee Members) (of which, four are Outside Directors) and six Directors who are Audit & Supervisory Committee Members (of which, six are Outside Directors). In addition to the regular monthly meetings of the Board of Directors, extraordinary meetings of the Board of Directors are held as necessary. In addition to making important decisions in relation to management, the Company strives to ensure the efficiency and transparency of the Company's management by supervising and monitoring the directors' execution of their duties from various perspectives.

During the fiscal year under review, the Board of Directors deliberated on basic management policies and matters for resolution, including large and important individual projects that exceeded a certain monetary standard, as well as monitored the progress of individual projects.

Chairperson: Koshiro Komoto, Representative Director, President and CEO

Members:	Chairperson Hiroyuki Ogawa; Director, Deputy President and CFO Kazunari Hirose; Director, Deputy President and COO Ryo Sugimoto; Director, Deputy President and COO Hidekazu Ogata; Directors Yoshihisa Furukawa, Eisuke Suga, Hidetaka Shitara and Tatsuo Higuchi, Outside Directors Masahiko Hara, Shogo Hayakawa, Yasuto Hamanishi and Ryoko Munetsugu; Outside Director (Full-time Audit & Supervisory Committee Member) Toshio Sasaki; and Outside Directors (Audit & Supervisory Committee Members) Chifumi Toda, Ayumi Fukuhara, Yuichiro Munakata, Masayuki Kobayashi and Kanako Tajiri

The Company has proposed "Election of 12 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)" and "Election of Three Directors Who Are Audit & Supervisory Committee Members" as proposals (matters to be resolved) at the Annual General Meeting of Shareholders to be held on November 26, 2026. If these proposals are approved, the Company will have 12 Directors (excluding Directors who are Audit & Supervisory Committee Members) (Representative Director, President and CEO Koshiro Komoto; Chairperson Hiroyuki Ogawa, Director, Deputy President and CFO Kazunari Hirose; Director, Deputy President and COO Ryo Sugimoto; Director, Deputy President and COO Hidekazu Ogata; Directors Yoshihisa Furukawa, Eisuke Suga, Hidetaka Shitara and Tatsuo Higuchi; and Outside Directors Shogo Hayakawa, Yasuto Hamanishi and Ryoko Munetsugu), and six Directors who are Audit & Supervisory Committee Members (Outside Directors (Full-time Audit & Supervisory Committee Members) Toshio Sasaki and Ryoji Koketsu, and Outside Directors (Audit & Supervisory Committee Members) Ayumi Fukuhara, Yuichiro Munakata, Masayuki Kobayashi and Kanako Tajiri).
Please note that the above-mentioned titles of officers include those to be resolved at the Board of Directors meeting scheduled to be held immediately after said Annual General Meeting of Shareholders.

b. Audit & Supervisory Committee

As of the filing date of this Annual Securities Report (November 25, 2026), the Audit & Supervisory Committee consist of a total of six Directors (of which, all six are Outside Directors), with one Director who serves as a full-time Audit & Supervisory Committee Member and five Directors who are non full-time Audit & Supervisory Committee Members. In accordance with the "Rules of the Audit & Supervisory Committee" and the audit plan, the Audit & Supervisory Committee Members attend meetings of the Board of Directors, and the Full-time Audit & Supervisory Committee Member attends other important meetings, expresses opinions as necessary, and conducts interviews with Directors and each division to properly oversee management. Furthermore, the Audit & Supervisory Committee work closely with internal auditors and the Accounting Auditor to improve the effectiveness and efficiency of audits.

During the fiscal year under review, the Audit & Supervisory Committee audited the execution of duties by the Directors and prepared an audit report, decided the contents of the General Meeting of Shareholders' proposals concerning the election, dismissal and non-reappointment of the Accounting Auditor, decided the opinions concerning the election of Directors, and decided the opinions concerning Directors' remuneration.

Chairperson:	Outside Director (Full-time Audit & Supervisory Committee Member) Toshio Sasaki
Members:	Outside Directors (Audit & Supervisory Committee Members) Chifumi Toda, Ayumi Fukuhara, Yuichiro Munakata, Masayuki Kobayashi and Kanako Tajiri

The Company has proposed "Election of Three Directors Who Are Audit & Supervisory Committee Members" as a proposal (matters to be resolved) at the Annual General Meeting of Shareholders to be held on November 26, 2026. If the proposal is approved, the Audit & Supervisory Committee will consist of six Directors who are Audit & Supervisory Committee Members (Outside Directors (Full-time Audit & Supervisory Committee Members) Toshio Sasaki and Ryoji Koketsu, and Outside Directors (Audit & Supervisory Committee Members) Ayumi Fukuhara, Yuichiro Munakata, Masayuki Kobayashi and Kanako Tajiri).

c. Nomination and Compensation Committee

As of the filing date of this Annual Securities Report (November 25, 2026), the Nomination and Compensation Committee consists of five Directors (of which three are independent Outside Directors) selected by the Board of Directors. It deliberates on matters such as the election and dismissal of Directors, selection and dismissal of representative directors, and Directors' remuneration and provides advice and recommendations to the Board of Directors.

During the fiscal year under review, the Nomination and Compensation Committee deliberated proposals for the election of directors to be submitted to the General Meeting of Shareholders, the candidates for representative directors and Directors with executive positions, and individual remuneration for Directors.

Chairperson :	Outside Director (Full-time Audit & Supervisory Committee Member) Toshio Sasaki
Members:	Independent Outside Director Ryoko Munetsugu; Independent Outside Director (Audit & Supervisory Committee Member) Chifumi Toda; Representative Director, President and CEO Koshiro Komoto; and Director, Deputy President and CFO Kazunari Hirose

The Company has proposed "Election of Three Directors Who Are Audit & Supervisory Committee Members" as a proposal (matters to be resolved) at the Annual General Meeting of Shareholders to be held on November 26, 2026. If the proposal is approved, the Nomination and Compensation Committee will consist of five members: Independent Outside Directors (Full-time Audit & Supervisory Committee Members) Toshio Sasaki and Ryoji Koketsu; Independent Outside Director Ryoko Munetsugu, Representative Director, President and CEO Koshiro Komoto; and Director, Deputy President and CFO Kazunari Hirose.

Please note that the above-mentioned titles of officers include those to be resolved at the Board of Directors meeting scheduled to be held immediately after said Annual General Meeting of Shareholders.

d. Executive Management Board

In principle, the Company convenes a meeting of the Executive Management Board, comprised of full-time Directors, once a month. Important discussions, approvals, and decisions related to management and business operations as well as reporting on business execution by each division take place at the Executive Management Board, and information is shared and thoroughly discussed by attendees.

Chairperson :	Koshiro Komoto, Representative Director, President and CEO
Members:	Chairperson Hiroyuki Ogawa; Director, Deputy President and CFO Kazunari Hirose; Director, Deputy President and COO Ryo Sugimoto; Director, Deputy President and COO Hidekazu Ogata; Directors Yoshihisa Furukawa, Eisuke Suga, Hidetaka Shitara and Tatsuo Higuchi; and Outside Director (Full-time Audit & Supervisory Committee Member) Toshio Sasaki

The Company has proposed "Election of Three Directors Who Are Audit & Supervisory Committee Members" as a proposal (matters to be resolved) at the Annual General Meeting of Shareholders to be held on November 26, 2026. If the proposal is approved, the Executive Management Board will consist of 11 members: Representative Director, President and CEO Koshiro Komoto; Chairperson Hiroyuki Ogawa; Director, Deputy President and CFO Kazunari Hirose; Director, Deputy President and COO Ryo Sugimoto; Director, Deputy President and COO Hidekazu Ogata; Directors Yoshihisa Furukawa, Eisuke Suga, Hidetaka Shitara and Tatsuo Higuchi; and Outside Directors (Full-time Audit & Supervisory Committee Members) Toshio Sasaki and Ryoji Koketsu.

Please note that the above-mentioned titles of officers include those to be resolved at the Board of Directors meeting scheduled to be held immediately after said Annual General Meeting of Shareholders.

e. Internal audits

The Company has established the Internal Audit Office as an independent organization, and internal audits are conducted by the head of the Internal Audit Office, who is appointed by the Representative Director, President and CEO, based on an annual internal audit plan. The results of the audits are reported to the representative directors, the Audit & Supervisory Committee, the Risk Management and Compliance Committee, and related divisions. In addition, reports by the Risk Management and Compliance Committee are also shared with the Board of Directors through what is to do with the Board of Directors.

The Representative Director, President and CEO issues instructions for improvement to divisions subject to audit based on reports of the audit results and has them report those results to maintain and improve internal controls. In addition, we strive for efficient audits, with the internal auditors, the Audit & Supervisory Committee, and the Accounting Auditor exchanging information as appropriate to ensure that audits are conducted effectively and efficiently.

f. Attendance of each organization

Attendance of individual Directors at meetings of each organization during the fiscal year under review is as follows.

Name	Board of Directors	Audit & Supervisory Committee	Nomination and Compensation Committee
Hiroyuki Ogawa	82% (14 out of 17)	—	—
Koshiro Komoto	94% (16 out of 17)	—	100% (3 out of 3)
Kazunari Hirose	100% (17 out of 17)	—	100% (3 out of 3)
Ryo Sugimoto	100% (17 out of 17)	—	—
Hidekazu Ogata	100% (17 out of 17)	—	—
Yoshihisa Furukawa	100% (12 out of 12)	—	—
Eisuke Suga	100% (12 out of 12)	—	—
Hidetaka Shitara	83% (10 out of 12)	—	—
Tatsuo Higuchi	100% (12 out of 12)	—	—
Kazuo Mori	100% (5 out of 5)	—	100% (3 out of 3)
Masahiko Hara	100% (17 out of 17)	—	—
Shogo Hayakawa	100% (17 out of 17)	—	—
Yasuto Hamanishi	100% (12 out of 12)	—	—
Ryoko Munetsugu	100% (12 out of 12)	—	—
Toshio Sasaki	100% (17 out of 17)	100% (14 out of 14)	100% (3 out of 3)
Chifumi Toda	100% (17 out of 17)	100% (14 out of 14)	100% (3 out of 3)
Hiroki Aoyama	80% (4 out of 5)	100% (4 out of 4)	—
Ayumi Fukuhara	100% (17 out of 17)	93% (13 out of 14)	—
Yuichiro Munakata	100% (17 out of 17)	100% (14 out of 14)	—
Masayuki Kobayashi	94% (16 out of 17)	100% (14 out of 14)	—
Kanako Tajiri	92% (11 out of 12)	100% (10 out of 10)	—

Notes:
1. Figures in parentheses indicate the number of times attended/number of meetings held during the individual's term of office.
2. In addition to the number of meetings referred to above, there were ten resolutions of the Board of Directors in writing pursuant to the provisions of Article 370 of the Companies Act and Article 25 of the Articles of Incorporation.
3. Since Kazuo Mori and Hiroki Aoyama retired upon the conclusion of the Annual General Meeting of Shareholders held on November 27, 2025, their attendance at each organization's meetings held before their retirement is shown above.
4. For Yoshihisa Furukawa, Eisuke Suga, Hidetaka Shitara, Tatsuo Higuchi, Yasuto Hamanishi, Ryoko Munetsugu, and Kanako Tajiri, their attendance at each organization's meetings held after they were elected at the Annual General Meeting of Shareholders held on November 27, 2025 and took office is shown above.

B. Reasons for adopting the system of corporate governance described above
The Company has adopted a company with Audit & Supervisory Committee as the organizational design under the Companies Act in order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance through a stronger oversight system by having Audit & Supervisory Committee Members, who are responsible for auditing the execution of duties by Directors, as members of the Board of Directors.

(iii) Other matters regarding corporate governance

A. Status of the development of internal control systems
The Company has established the following basic policy regarding the development of internal control systems.

a. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
- The Company has established "Risk Management & Compliance Rules" as well as "Risk Management and Compliance Committee," and aims to promote, maintain and improve compliance.
- Directors and employees are very aware of the importance of compliance and are committed to executing business in a fair and equitable manner that meets society's expectations of the Company.
- Directors and employees shall promptly report to the designated contact point, supervisor, officer or full-time Audit & Supervisory Committee Member if they become aware of any act that violates or threatens to violate compliance.
- The Company enhances effectiveness by establishing an internal reporting system that allows anonymous consultation and reporting of compliance-related consultations or misconduct.
- For the purpose of overseeing the legal compliance system and ensuring the appropriateness of executive management, the Representative Director, President and CEO appoints the head of the Internal Audit Office and internal auditors to conduct internal audits in accordance with the "Internal Audit Rules."
- To ensure the reliability of financial reports, the Company has established a system for operating internal controls relating to financial reports in accordance with laws and regulations.

b. System for storing and managing information related to the execution of duties by Directors
- Information related to the execution of duties by Directors is properly stored and managed in accordance with laws, regulations, and the "Document Management Rules."
- Directors always have access to this information.

c. Rules and other systems for managing the risk of loss
- The Company recognizes market-related risk, credit risk, quality risk, and compliance risk as risks associated with its management activities and has a system in place to identify and respond to each of these risks.
- In the event of a serious incident, we have adopted a system that allows for the quick implementation of crisis management measures.

d. System to ensure the efficient execution of duties by Directors
- In accordance with the "Board of Directors Rules," the Board of Directors, in principle, meets once a month, and holds extraordinary meetings as necessary to make decisions on important and statutory matters.
- In accordance with the "Executive Management Board Rules," the Executive Management Board, consisting of executive managing directors and full-time Audit & Supervisory Committee Members, in principle, meets once a month and reports and deliberates on important issues related to executive management.
- In regard to execution management, the Company clarifies the division of duties and authority among officers and employees in accordance with the "Organization Rules," "Rules on Division of Duties," "Rules on Administrative Authority," and other related rules, to ensure the systematic and efficient management of business operations.

e. System to ensure the appropriateness of operations of the corporate group, consisting of the Company and its subsidiaries
   (a) System for reporting to the Company on matters pertaining to the execution of duties by directors of subsidiaries
   ・ The Company holds meetings with subsidiaries on a regular basis to properly manage and supervise the management and business activities of subsidiaries.
   (b) Regulations and other systems for managing risk of loss of subsidiaries
   ・ The Company requires its subsidiaries to establish risk management systems for credit, quality, compliance, and other risks, as necessary.
   (c) System to ensure the efficient execution of duties by directors of subsidiaries
   ・ The Company requires directors of subsidiaries to make decisions promptly and ensure that operations are conducted efficiently.
   (d) System to ensure that the execution of duties by directors and employees of subsidiaries comply with laws and regulations and the Articles of Incorporation
   ・ The Company requires its subsidiaries to establish compliance systems and inspects the status of such systems.

f. Matters concerning employees to assist with the duties of the Audit & Supervisory Committee, matters concerning the independence of such employees from Directors (excluding Directors who are Audit & Supervisory Committee Members), and matters related to ensuring the effectiveness of instructions concerning such employees.
   ・ The Audit & Supervisory Committee has established a Secretariat for Audit & Supervisory Committee to assist it in its duties.
   ・ When the Secretariat for Audit & Supervisory Committee receives an order from the Audit & Supervisory Committee necessary for audit work, it shall not accept any instructions or orders from Directors (excluding Directors who are Audit & Supervisory Committee members) or employees with respect to such order.

g. System for directors and employees of the Company and its subsidiaries to report to the Audit & Supervisory Committee, and other systems related to reporting to the Audit & Supervisory Committee
   ・ Full-time Audit & Supervisory Committee Members attend meetings of the Board of Directors, the Executive Management Committee, and various other important internal meetings to confirm the status of the execution of duties by Directors.
   ・ Directors and employees of the Company and its subsidiaries report to the Audit & Supervisory Committee in a timely and appropriate manner on the execution of major business operations and immediately report to the Audit & Supervisory Committee when they discover facts that may cause significant damage to the companies.
   ・ Directors and employees of the Company and its subsidiaries report on their business to the Audit & Supervisory Committee on a regular or ad hoc basis as requested by the Audit & Supervisory Committee.
   ・ The Company does not treat any director or employee of the Company or its subsidiaries unfavorably because of the provision of information to the Audit & Supervisory Committee.

h. Other systems to ensure effective audits by the Audit & Supervisory Committee
   ・ The Audit & Supervisory Committee exchanges opinions and information and maintains close cooperation with the Accounting Auditor and the head of the Internal Audit Office, and requests investigations and reports as necessary.
   ・ The Audit & Supervisory Committee regularly exchange opinions and information with the Representative Director, President and CEO to ensure mutual recognition and trust.
   ・ If an Audit & Supervisory Committee Member requests advance payment of expenses incurred in the performance of his/her duties (limited to those related to the performance of duties of the Audit & Supervisory Committee), the Company will pay such expenses after the prescribed procedures have been completed.

i. Basic Policy for Prevention of Transactions with Anti-Social Forces and its status
   ・ The Company recognizes that the elimination of anti-social forces that threaten the order and safety of civil society is an important social responsibility. In the event of unfair demands the Company’s basic policy is to take a resolute stance in cooperation with the

police and other outside specialized organizations and to not provide monetary or other economic benefits. The Company has established a “Manual for Eliminating Anti-social Forces” and ensures that all officers and employees are thoroughly familiar with it so as not to have any relationship with anti-social forces.

B. Status of risk management system
The Company has established “Risk Management & Compliance Rules” for various risks related to business operation such as market, information security, environment, and labor, and is building a system for appropriate operation of risk management by clarifying basic policies and management methods for risks. In the event of a serious incident in the course of business activities, a report of such incident is made to the Risk Management and Compliance Committee, which discusses countermeasures as necessary.

In addition, the Company has a system in place to receive advice from outside specialists such as lawyers, certified public accountants, certified tax accountants, and labor and social security attorneys as necessary, in an effort to prevent and detect risks as early as possible.

C. Status of system for ensuring the appropriateness of business operations at subsidiaries of the reporting company
The Company checks and provides guidance on the status of business execution by its subsidiaries from time to time and strives to maintain a system to ensure the appropriateness of business execution such as by establishing regulations so that the Company’s prior approval is obtained on important matters and the appointment of officers of subsidiaries by the Company. In addition, the Internal Audit Division conducts internal audits of the Company and its subsidiaries.

D. Overview of limited liability agreements
The Company has entered into agreements with Outside Director Masahiko Hara, Outside Director Shogo Hayakawa, Outside Director Yasuto Hamanishi, Outside Director Ryoko Munetsugu, Outside Director Chifumi Toda, Outside Director Ayumi Fukuhara, Outside Director Yuichiro Munakata, Outside Director Masayuki Kobayashi and Outside Director Kanako Tajiri, pursuant to Article 427, Paragraph 1 of the Companies Act, to limit their liability for damages under Article 423, Paragraph 1, of said Act.
The maximum amount of liability for damages stipulated in these agreements is the minimum amount prescribed in Article 425, Paragraph 1 of said Act.
The Company has proposed “Election of Three Directors Who Are Audit & Supervisory Committee Members” as a proposal (matters to be resolved) at the Annual General Meeting of Shareholders to be held on November 26, 2026. If the proposal is approved, the Company plans to enter into a similar limited liability agreement with Outside Director Ryoji Koketsu.

E. Overview of directors and officers’ liability insurance agreement
The Company has concluded directors and officers’ liability insurance agreement with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the directors, executive officers and employees in managerial or supervisory positions of the Company and its subsidiaries as the insured. The insurance agreement covers losses, such as the amount of indemnification and litigation expenses incurred by the insured in cases where claims arose out of the insured’s actions (or omissions) based on their position such as a corporate director or officer are brought forward. The Company bears the entire costs of all insurance premiums for the insured.

F. Resolutions of the General Meeting of Shareholders that can be resolved by the Board of Directors
a. Interim dividends
The Company provides in its Articles of Incorporation that, pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act, the Company may, by resolution of the Board of Directors, pay interim dividends with a record date of the last day of February each year. This is to enable flexible return of profits to shareholders.
b. Exemption of Directors from liability
The Company provides in its Articles of Incorporation that, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, it may exempt Directors (including former

Directors) from liability as set forth in Article 423, Paragraph 1 of the said Act within the limits stipulated by laws and regulations based on a resolution of the Board of Directors. This is for the purpose of creating an environment in which Directors can fully demonstrate their abilities and fulfill their expected roles in the performance of their duties.

c. Acquisition of treasury shares
The Company provides in its Articles of Incorporation that, pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, the Company may, by resolution of the Board of Directors, acquire its own shares through market transactions. This is in order to promptly respond to changes in the business environment and to implement a flexible capital policy.

G. Number of Directors
The Company provides in its Articles of Incorporation that the Company shall have no more than 15 Directors (excluding Directors who are Audit & Supervisory Committee Members) and no more than six Directors who are Audit & Supervisory Committee Members.

H. Resolution requirements for election of Directors
The Articles of Incorporation provides that the election of directors shall be made by a majority of the voting rights of shareholders present at a general meeting of shareholders where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that no cumulative voting shall be used.

I. Requirements for special resolution of General Meeting of Shareholders
The Company provides in its Articles of Incorporation that, pursuant to Article 309, Paragraph 2 of the Companies Act, the requirements for special resolutions of the General Meeting of Shareholders shall be met by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. This is for the purpose of facilitating the smooth operation of the General Meetings of Shareholders by easing the quorum for special resolutions at the General Meetings of Shareholders.

(2) Information about officers

(i) Officers

The status of the Company's officers as of November 25, 2026 (the filing date of this Annual Securities Report) is as follows.

Men: 16, Women: 3 (Ratio of female officers: 15.79%)

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Chairperson	Hiroyuki Ogawa	August 9, 1977	Nov. 2001	Joined Mitsui Real Estate Sales Co., Ltd. (currently Mitsui Fudosan Realty Co., Ltd.)	(Note 4)	4,250,160
			Mar. 2005	Joined Growvance, Incorporated		
			Oct. 2006	Joined Credit Suisse Principal Investments Limited		
			May 2007	Representative Director of Fund Direction Co., Ltd.		
			Oct. 2012	Joined FORTE LLC (currently the Company)		
			Aug. 2015	Chief Financial Officer of the Company		
			Apr. 2016	Director and Chief Financial Officer		
			Apr. 2018	Director and Chief Operating Officer		
			Apr. 2019	Chairperson (current position)		
Representative Director, President and CEO	Koshiro Komoto	November 24, 1973	Apr. 1999	Joined Meiho Facility Works Limited	(Note 4)	1,372,800
			Apr. 2001	Joined Real Works Co., Ltd.		
			June 2003	Joined Growvance, Incorporated		
			Nov. 2006	Joined Grosvenor Fund Management Japan Ltd.		
			Dec. 2014	Joined FORTE LLC (currently the Company)		
			Aug. 2015	Representative Director, President of the Company		
			Dec. 2023	General Manager of Corporate Culture Division (currently Human Resource Strategy Division)		
			Nov. 2025	Representative Director, President and CEO (current position)		
Director, Deputy President and CFO (in charge of Administration Division, Finance Division and PR Division)	Kazunari Hirose	August 24, 1974	Apr. 1997	Joined Wako Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)	(Note 4)	172,000
			Oct. 2005	Joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.)		
			Jan. 2008	Joined Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)		
			July 2009	Joined SMBC Friend Securities Co. Ltd (currently SMBC Nikko Securities Inc.)		
			Mar. 2016	Joined the Company, General Manager of Corporate Planning Office		
			Apr. 2016	Director and Chief Administrative Officer		
			Apr. 2018	Director and Chief Financial Officer		
			Apr. 2019	Director and General Manager of Administration Division		
			May 2024	Director of Kasumigaseki Reit Advisors Co., Ltd. (current position)		
			May 2025	Director of Kasumigaseki Asset Management Co., Ltd. (current position)		
			Oct. 2025	Director of the Company		
			Nov. 2025	Director, Deputy President and CFO (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director, Deputy President and COO General Manager of Infrastructure Innovation Business Division (in charge of Infrastructure Innovation Advancement Division)	Ryo Sugimoto	December 6, 1978	Apr. 2002	Joined Sony Marketing Inc.	(Note 4)	5,000
			Oct. 2007	Joined Mitsubishi Jisho Investment Advisors, Inc.		
			Sept. 2017	Joined Cushman & Wakefield Asset Management K.K.		
			June 2020	Joined the Company, Executive Director and General Manager of Logistics Business Department		
			Aug. 2020	Executive Director and General Manager of Logistics Business Division		
			Nov. 2020	Director, Executive Director and General Manager of Logistics Business Division		
			Oct. 2021	Representative Director and President of LOGI FLAG DEVELOPMENT Co., Ltd.		
			Dec. 2022	Deputy President and General Manager of Logistics Business Division (currently Infrastructure Innovation Business Division) of the Company		
			Nov. 2023	Representative Director and President of X NETWORK Co., Ltd. (current position)		
			Dec. 2023	Director of LOGI FLAG DEVELOPMENT Co., Ltd. (current position)		
			Nov. 2025	Director, Deputy President and COO and General Manager of Infrastructure Innovation Business Division (current position)		
Director, Deputy President and COO General Manager of Hospitality and Culture Division (in charge of Real Estate and Development Division)	Hidekazu Ogata	August 28, 1980	Apr. 2003	Joined ZEPHYR Inc.	(Note 4)	30,000
			Aug. 2005	Joined Growvance, Incorporated		
			Dec. 2006	Joined PAG Investment Management Co., Ltd.		
			Sept. 2017	Joined the Company, Executive Director and General Manager of Investment Marketing Department		
			Apr. 2018	Director, Executive Director and Chief Investment Officer		
			Apr. 2019	Director, Executive Director, and General Manager of Investment Marketing Division		
			Sept. 2019	Representative Director of Kasumigaseki Partners Co., Ltd. (currently FHG hotels Co., Ltd.) (current position)		
			Nov. 2021	Director and General Manager of Investment Management Division (currently Hospitality and Culture Division)		
			Nov. 2025	Director, Deputy President and COO and General Manager of Hospitality and Culture Division (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director Senior Executive Director General Manager of Lifestyle Asset Business Division General Manager of Human Resource Strategy Division	Yoshihisa Furukawa	July 12, 1982	Apr. 2005 Nov. 2008 Apr. 2015 July 2017 May 2018 Mar. 2019 Oct. 2020 Aug. 2021 Nov. 2025 May 2026	Joined Funai Consulting Incorporated Joined Japan Real Estate Institute Joined Nippon Building Fund Management Ltd. Joined First Brothers Co., Ltd. Joined the Company General Manager of Investment Marketing Department Executive Director and General Manager of Asset Consulting Business Division (currently Lifestyle Asset Business Division) Representative Director of Kasumigaseki Asset Management Co., Ltd. Director, Senior Executive Director and General Manager of Lifestyle Asset Business Division of the Company (current position) General Manager of Human Resource Strategy Division (current position)	(Note 4)	30,790
Director Senior Executive Director General Manager of Alternative Investment Division	Eisuke Suga	March 5, 1980	Apr. 2003 Apr. 2005 Apr. 2009 Jan. 2016 Sept. 2018 June 2020 Mar. 2021 Apr. 2022 Aug. 2024 Sept. 2024 Nov. 2025	Joined Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.) Joined ZECS Co., Ltd. Joined Mitsui Fudosan Frontier REIT Management Inc. (currently Mitsui Fudosan Retail Fund Management Inc.) Joined Sumitomo Mitsui Finance and Leasing Company, Limited Joined the Company General Manager of Strategic Investment Department Executive Director General Manager of Fund Arrangement Division (currently Alternative Investment Division) (current position) Director of Kasumigaseki Capital (Thailand) Co., Ltd. (current position) Director of PT. Kasumigaseki Development Indonesia (current position) Director of Kasumigaseki US Corporation (current position) Director and Senior Executive Director of the Company (current position)	(Note 4)	7,182
Director Senior Executive Director General Manager of Finance Division	Hidetaka Shitara	May 18, 1980	Apr. 2003 Apr. 2018 Oct. 2019 June 2020 Oct. 2020 Sept. 2023 July 2024 Nov. 2025	Joined Aozora Bank, Ltd. Seconded to AZ-Star Co., Ltd. Joined the Company General Manager of Finance Department Executive Director General Manager of Finance Division (current position) Representative Director of Camion Asset Management Co., Ltd. (current position) Director and Senior Executive Director of the Company (current position)	(Note 4)	29,126

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director Senior Executive Director Senior Advisor of Real Estate and Development Division	Tatsuo Higuchi	July 10, 1984	Apr. 2008 Mar. 2020 Mar. 2021 Mar. 2022 Sept. 2024 Nov. 2025 Nov. 2026	Joined Mitsui Fudosan Co., Ltd. Joined the Company General Manager of Project Management Department Executive Director General Manager of Real Estate and Development Division Director and Senior Executive Director (current position) Senior Advisor of Real Estate and Development Division (current position)	(Note 4)	23,450
Director	Masahiko Hara	June 16, 1956	Apr. 1979 July 1984 July 1995 July 1996 July 1997 July 1998 July 1999 July 2001 July 2002 July 2005 Aug. 2006 July 2008 July 2010 June 2011 Apr. 2012 Sept. 2013 Oct. 2013 June 2021 Nov. 2021 Dec. 2021 Mar. 2022	Research Division, Banking Bureau, Ministry of Finance District Director of Nishio Tax Office Director for Minister's Secretariat, Ministry of Finance Director of Public Relations Office, Overall Co-ordination Division, Minister's Secretariat Director of Budget Planning, Budget Bureau Director of Payroll Division, Budget Bureau Budget Examiner of Budget Bureau Director of Operations Division, Customs and Tariff Bureau, Ministry of Finance Director of Tariff Policy and Legal Division, Customs and Tariff Bureau Director of General Affairs Division, Customs and Tariff Bureau Deputy Director General of Office for Administrative Reform, Cabinet Secretariat, and Deputy Director General of Administrative Reform Division Secretariat Deputy Director-General of Minister's Secretariat, Ministry of Finance Director General of Osaka Customs Managing Director of Japan Finance Corporation Executive Officer of Japan Bank for International Cooperation Advisor of ORIX Bank Corporation Director, Executive Officer and Vice President Advisor Outside Director of the Company (current position) Advisor of Robot Home Inc. (currently robot home Inc.) Outside Director (Audit and Supervisory Committee Member) (current position)	(Note 4)	–
Director	Shogo Hayakawa	April 26, 2001	Nov. 2020 Dec. 2023 Nov. 2024	Established Yellston Co., Ltd. (currently CoeFont Co., Ltd.), CEO/Representative Director (current position) Advisor of the Company Outside Director of the Company (current position)	(Note 4)	3,000

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Yasuto Hamanishi	October 11, 1959	Apr. 1984	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	(Note 4)	–
			Apr. 2012	Operating Officer, Head of Global Capital Markets Group and Head of Global Capital Markets of Mizuho Securities Co., Ltd.		
			Apr. 2015	Managing Executive Officer and General Manager of Domestic Sales Division, IB Operations Senior Managing Executive Officer of Mizuho Financial Group, Inc.		
			Apr. 2017	Senior Managing Executive Officer, Head of Global Investment Banking, Head of Investment Banking Business Division and Head of Products Business Division of Mizuho Securities Co., Ltd.		
			May 2018	Outside Director of Mizuho Securities USA LLC		
			Apr. 2019	Senior Managing Executive Officer and Head of Global Investment Banking Division of Mizuho Securities Co., Ltd. Senior Managing Executive Officer of Mizuho Financial Group, Inc.		
			Apr. 2021	Deputy President & Executive Officer (Head of Business Promotion) of Mizuho Securities Co., Ltd.		
			Apr. 2022	Director		
			July 2022	Outside Director (Audit and Supervisory Committee Member) of Simplex Holdings, Inc. (current position)		
			Nov. 2025	Outside Director of the Company (current position)		
Director	Ryoko Munetsugu	January 18, 1978	Apr. 2000	Joined Noevir Co., Ltd.	(Note 4)	–
			Feb. 2005	Joined Recruit Co., Ltd.		
			Mar. 2015	Established NewGene Co., Ltd, Representative Director and President (current position)		
			Apr. 2015	Seconded to Recruit Holdings Co., Ltd. Director of Recruit Staffing Co., Ltd. Director of STAFF SERVICE HOLDINGS CO., LTD.		
			Apr. 2016	Director of Recruit Sumai Company Ltd. Director of Recruit Communications Co., Ltd. Director of Recruit Management Solutions Co., Ltd.		
			Jan. 2017	Director of NIJIBOX Co., Ltd.		
			Apr. 2017	Executive Officer of STAFF SERVICE HOLDINGS CO., LTD. Representative Director and President of Staff Service Office Management Co., Ltd.		
			June 2017	Outside Director of CDG Co., Ltd.		
			Jan. 2018	Director and Executive Officer of STAFF SERVICE HOLDINGS CO., LTD.		
			Nov. 2018	Director of KAMIX Corporation (current position)		
			May 2025	Outside Director of Neo Career Co., Ltd. (current position)		
			Nov. 2025	Outside Director of the Company (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Full-time Audit & Supervisory Committee Member)	Toshio Sasaki	April 19, 1948	Apr. 1972	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	(Note 5)	–
			Mar. 1983	Seconded to Japan National Oil Corporation		
			June 1987	Examiner of Sapporo Branch, The Industrial Bank of Japan, Limited		
			Mar. 1995	Counselor of Operations Department		
			Mar. 1996	Counselor of Credit Department 2		
			May 1998	Dispatched to Mycal Hokkaido Co., Ltd. (currently AEON Hokkaido Corporation), Corporate Planning Office		
			June 2000	Joined Mycal Hokkaido Co., Ltd., Director and General Manager of Corporate Planning Division		
			Mar. 2007	Joined AKTIO Corporation		
			July 2009	Joined EMARCHE Co., Ltd., Director and General Manager of President's Office		
			Apr. 2010	Representative Director and President		
			Apr. 2016	Outside Full-time Corporate Auditor of the Company		
			Nov. 2021	Outside Director (Full-time Audit & Supervisory Committee Member) (current position)		
Director (Audit & Supervisory Committee Member)	Chifumi Toda	May 26, 1950	Apr. 1974	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	(Note 5)	–
			June 1996	Deputy General Manager of Securities Sales Department		
			Feb. 1998	General Manager of Namba Branch		
			Sept. 2000	General Manager of Retail Banking Department of Mizuho Holdings, Inc. (currently Mizuho Financial Group, Inc.)		
			June 2002	General Manager of Affiliated Companies Office, General Affairs Division, Kowa Real Estate Co., Ltd. (currently Nippon Steel Kowa Real Estate Co., Ltd.)		
			July 2004	Executive Officer and General Manager of Sales Management Department, Building Business Division		
			Mar. 2009	President & CEO of Japan Excellent Asset Management Co., Ltd.		
			Mar. 2014	Representative Director and President of Shinagawa Intercity Management Co., Ltd.		
			Nov. 2021	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)		
Director (Audit & Supervisory Committee Member)	Ayumi Fukuhara	January 4, 1984	Sept. 2007	Appointed as public prosecutor	(Note 5)	–
			Apr. 2013	Registered as attorney at law (Daini Tokyo Bar Association)		
			Apr. 2013	Joined Ito Mitomi Law Office (currently Morrison & Foerster LLP)		
			May 2014	Joined Oh-Ebashi LPC & Partners		
			Feb. 2016	Joined Nagashima Ohno & Tsunematsu		
			Nov. 2021	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)		
			Jan. 2022	Partner of Nagashima Ohno & Tsunematsu (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Yuichiro Munakata	January 5, 1960	Mar. 1993	Registered as certified public accountant	(Note 6)	–
			June 1993	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)		
			July 1998	Stationed at New York Office, Ernst & Young LLP		
			May 2000	Partner of Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)		
			July 2014	Account Leader of EY Japan Area and Member of Management Council of Ernst & Young ShinNihon LLC		
			Sept. 2016	Assurance Deputy Leader of EY Japan Area		
			Apr. 2018	General Manager of FAAS Business Department		
			May 2018	Representative Director of Ernst & Young Solutions Co., Ltd.		
			Nov. 2022	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)		
			June 2023	Outside Director and Audit/Supervisory Committee Member of SINANEN HOLDINGS CO., LTD.		
			June 2024	Outside Auditor of Santen Pharmaceutical Co., Ltd. (current position)		
				Outside Director and Audit/Supervisory Committee Member (Full time) of SINANEN HOLDINGS CO., LTD. (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Masayuki Kobayashi	August 13, 1959	Apr. 1984	Joined TOKYU CONSTRUCTION CO., LTD.	(Note 6)	–
			Aug. 2001	Joined Lumenis Japan Co., Ltd. (currently Lumenis Be Japan Co., Ltd.)		
			June 2002	Joined Pacific Management KK, General Manager of Finance Department		
			Sept. 2003	Representative Director of Business and Asset Solution Corporation		
			June 2005	Executive Officer of Pacific Management KK		
			Mar. 2008	Director and General Manager of Administration Division		
			June 2010	Joined Kenedix, Inc., General Manager of Compliance Department		
			Dec. 2013	General Manager of General Administration & Human Resources Department		
			Mar. 2017	Auditor		
				Corporate Auditor of Kenedix Real Estate Fund Management, Inc.		
			Apr. 2018	Corporate Auditor of Kenedix Investment Partners, Inc.		
			June 2021	Outside Audit & Supervisory Board Member of Kintetsu World Express, Inc.		
			June 2022	Outside Audit & Supervisory Board Member of IWASAKI ELECTRIC CO., LTD.		
			Sept. 2024	Advisor of Kenedix, Inc.		
			Nov. 2024	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)		
			Dec. 2024	Outside Director (Full-time Audit and Supervisory Committee Member) of NET JAPAN Co., Ltd. (current position)		
Director (Audit & Supervisory Committee Member)	Kanako Tajiri	April 10, 1981	Dec. 2008	Registered with the Daini Tokyo Bar Association Joined Mori Hamada & Matsumoto	(Note 5)	–
			July 2014	Seconded to Deposit Insurance Corporation of Japan		
			Jan. 2020	Counsel of Mori Hamada & Matsumoto		
			Nov. 2021	Outside Corporate Auditor of DIGITAL DATA SOLUTION INC.		
			Sept. 2022	Outside Director (Audit and Supervisory Committee Member)		
			Apr. 2023	Outside Corporate Auditor of Nadia Corporation		
			Jan. 2024	Partner of Mori Hamada & Matsumoto (current position)		
			Apr. 2025	Outside Director of GENDA Inc.		
			June 2025	Outside Director (Audit and Supervisory Committee Member) of Hakudo Co., Ltd. (current position)		
			Nov. 2025	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)		
			Apr. 2026	Outside Director (Audit and Supervisory Committee Member) of GENDA Inc. (current position)		
Total						5,923,508

Notes:
1. The name of Director who is an Audit & Supervisory Committee Member Kanako Tajiri is Kanako Hayashi in the family register.
2. Directors (excluding Directors who are Audit & Supervisory Committee Members) Masahiko Hara, Shogo Hayakawa, Yasuto Hamanishi and Ryoko Munetsugu are Outside Directors.
3. Directors who are Audit & Supervisory Committee Members Toshio Sasaki, Chifumi Toda, Ayumi Fukuhara, Yuichiro Munakata, Masayuki Kobayashi and Kanako Tajiri are Outside Directors.
4. The term of office will expire at the conclusion of the Annual General Meeting of Shareholders for the last business year ending within one year after the conclusion of the Annual General Meeting of Shareholders held on November 27, 2025.
5. The term of office will expire at the conclusion of the Annual General Meeting of Shareholders for the last business year ending within two years after the conclusion of the Annual General Meeting of Shareholders held on November 27, 2025.
6. The term of office will expire at the conclusion of the Annual General Meeting of Shareholders for the last business year ending within two years after the conclusion of the Annual General Meeting of Shareholders held on November 28, 2024.
7. The number of shares held by the Company's Director Hiroyuki Ogawa includes 680,000 shares loaned out under a securities lending agreement associated with the Company's financing executed in October 2024 and 600,000 shares held by BANKCY LLC, the asset management company of the director.
8. The number of shares held by the Company's Representative Director, President and CEO Koshiro Komoto includes 720,000 shares loaned out under a securities lending agreement associated with the Company's financing executed in October 2024 and 250,000 shares held by Komoto Office Co., Ltd., the asset management company of the director.

The Company has proposed "Election of 12 Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)" and "Election of Three Directors Who Are Audit & Supervisory Committee Members" as proposals (matters to be resolved) at the Annual General Meeting of Shareholders to be held on November 26, 2026. If the proposals are approved, the status of the Company's officers and terms of office thereof are to be as follows.
Details presented on officers such as their titles and positions include matters to be resolved at a meeting of the Board of Directors (title and position) to be held immediately after the Annual General Meeting of Shareholders.

Men: 15, Women: 3 (Ratio of female officers: 16.67%)

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Chairperson	Hiroyuki Ogawa	August 9, 1977	Nov. 2001 Joined Mitsui Real Estate Sales Co., Ltd. (currently Mitsui Fudosan Realty Co., Ltd.) Mar. 2005 Joined Growvance, Incorporated Oct. 2006 Joined Credit Suisse Principal Investments Limited May 2007 Representative Director of Fund Direction Co., Ltd. Oct. 2012 Joined FORTE LLC (currently the Company) Aug. 2015 Chief Financial Officer of the Company Apr. 2016 Director and Chief Financial Officer Apr. 2018 Director and Chief Operating Officer Apr. 2019 Chairperson (current position)	(Note 4)	4,250,160
Representative Director, President and CEO	Koshiro Komoto	November 24, 1973	Apr. 1999 Joined Meiho Facility Works Limited Apr. 2001 Joined Real Works Co., Ltd. June 2003 Joined Growvance, Incorporated Nov. 2006 Joined Grosvenor Fund Management Japan Ltd. Dec. 2014 Joined FORTE LLC (currently the Company) Aug. 2015 Representative Director, President of the Company Dec. 2023 General Manager of Corporate Culture Division (currently Human Resource Strategy Division)	(Note 4)	1,372,800

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
			Nov. 2025	Representative Director, President and CEO (current position)		
Director, Deputy President and CFO (in charge of Administration Division, Finance Division and PR Division)	Kazunari Hirose	August 24, 1974	Apr. 1997	Joined Wako Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)	(Note 4)	172,000
			Oct. 2005	Joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.)		
			Jan. 2008	Joined Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)		
			July 2009	Joined SMBC Friend Securities Co. Ltd (currently SMBC Nikko Securities Inc.)		
			Mar. 2016	Joined the Company, General Manager of Corporate Planning Office		
			Apr. 2016	Director and Chief Administrative Officer		
			Apr. 2018	Director and Chief Financial Officer		
			Apr. 2019	Director and General Manager of Administration Division		
			May 2024	Director of Kasumigaseki Reit Advisors Co., Ltd. (current position)		
			May 2025	Director of Kasumigaseki Asset Management Co., Ltd. (current position)		
			Oct. 2025	Director of the Company		
			Nov. 2025	Director, Deputy President and CFO (current position)		
Director, Deputy President and COO General Manager of Infrastructure Innovation Business Division (in charge of Infrastructure Innovation Advancement Division)	Ryo Sugimoto	December 6, 1978	Apr. 2002	Joined Sony Marketing Inc.	(Note 4)	5,000
			Oct. 2007	Joined Mitsubishi Jisho Investment Advisors, Inc.		
			Sept. 2017	Joined Cushman & Wakefield Asset Management K.K.		
			June 2020	Joined the Company, Executive Director and General Manager of Logistics Business Department		
			Aug. 2020	Executive Director and General Manager of Logistics Business Division		
			Nov. 2020	Director, Executive Director and General Manager of Logistics Business Division		
			Oct. 2021	Representative Director and President of LOGI FLAG DEVELOPMENT Co., Ltd.		
			Dec. 2022	Deputy President and General Manager of Logistics Business Division (currently Infrastructure Innovation Business Division) of the Company		
			Nov. 2023	Representative Director and President of X NETWORK Co., Ltd. (current position)		
			Dec. 2023	Director of LOGI FLAG DEVELOPMENT Co., Ltd. (current position)		
			Nov. 2025	Director, Deputy President and COO and General Manager of Infrastructure Innovation Business Division (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director, Deputy President and COO General Manager of Hospitality and Culture Division (in charge of Real Estate and Development Division)	Hidekazu Ogata	August 28, 1980	Apr. 2003 Aug. 2005 Dec. 2006 Sept. 2017 Apr. 2018 Apr. 2019 Sept. 2019 Nov. 2021 Nov. 2025	Joined ZEPHYR Inc. Joined Growvance, Incorporated Joined PAG Investment Management Co., Ltd. Joined the Company, Executive Director and General Manager of Investment Marketing Department Director, Executive Director and Chief Investment Officer Director, Executive Director, and General Manager of Investment Marketing Division Representative Director of Kasumigaseki Partners Co., Ltd. (currently FHG hotels Co., Ltd.) (current position) Director and General Manager of Investment Management Division (currently Hospitality and Culture Division) of the Company Director, Deputy President and COO and General Manager of Hospitality and Culture Division (current position)	(Note 4)	30,000
Director Senior Executive Director General Manager of Lifestyle Asset Business Division General Manager of Human Resource Strategy Division	Yoshihisa Furukawa	July 12, 1982	Apr. 2005 Nov. 2008 Apr. 2015 July 2017 May 2018 Mar. 2019 Oct. 2020 Aug. 2021 Nov. 2025 May 2026	Joined Funai Consulting Incorporated Joined Japan Real Estate Institute Joined Nippon Building Fund Management Ltd. Joined First Brothers Co., Ltd. Joined the Company General Manager of Investment Marketing Department Executive Director and General Manager of Asset Consulting Business Division (currently Lifestyle Asset Business Division) Representative Director of Kasumigaseki Asset Management Co., Ltd. Director, Senior Executive Director and General Manager of Lifestyle Asset Business Division of the Company (current position) General Manager of Human Resource Strategy Division (current position)	(Note 4)	30,790

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director Senior Executive Director General Manager of Alternative Investment Division	Eisuke Suga	March 5, 1980	Apr. 2003 Joined Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.) Apr. 2005 Joined ZECS Co., Ltd. Apr. 2009 Joined Mitsui Fudosan Frontier REIT Management Inc. (currently Mitsui Fudosan Retail Fund Management Inc.) Jan. 2016 Joined Sumitomo Mitsui Finance and Leasing Company, Limited Sept. 2018 Joined the Company June 2020 General Manager of Strategic Investment Department Mar. 2021 Executive Director Apr. 2022 General Manager of Fund Arrangement Division (currently Alternative Investment Division) (current position) Aug. 2024 Director of Kasumigaseki Capital (Thailand) Co., Ltd. (current position) Sept. 2024 Director of PT. Kasumigaseki Development Indonesia (current position) Nov. 2025 Director of Kasumigaseki US Corporation (current position) Director and Senior Executive Director of the Company (current position)	(Note 4)	7,182
Director Senior Executive Director General Manager of Finance Division	Hidetaka Shitara	May 18, 1980	Apr. 2003 Joined Aozora Bank, Ltd. Apr. 2018 Seconded to AZ-Star Co., Ltd. Oct. 2019 Joined the Company June 2020 General Manager of Finance Department Oct. 2020 Executive Director Sept. 2023 General Manager of Finance Division (current position) July 2024 Representative Director of Camion Asset Management Co., Ltd. (current position) Nov. 2025 Director and Senior Executive Director of the Company (current position)	(Note 4)	29,126
Director Senior Executive Director Senior Advisor of Real Estate and Development Division	Tatsuo Higuchi	July 10, 1984	Apr. 2008 Joined Mitsui Fudosan Co., Ltd. Mar. 2020 Joined the Company Mar. 2021 General Manager of Project Management Department Mar. 2022 Executive Director Sept. 2024 General Manager of Real Estate and Development Division Nov. 2025 Director and Senior Executive Director (current position) Nov. 2026 Senior Advisor of Real Estate and Development Division (current position)	(Note 4)	23,450
Director	Shogo Hayakawa	April 26, 2001	Nov. 2020 Established Yellston Co., Ltd. (currently CoeFont Co., Ltd.), CEO/Representative Director (current position) Dec. 2023 Advisor of the Company Nov. 2024 Outside Director of the Company (current position)	(Note 4)	3,000

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Yasuto Hamanishi	October 11, 1959	Apr. 1984	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	(Note 4)	–
			Apr. 2012	Operating Officer, Head of Global Capital Markets Group and Head of Global Capital Markets of Mizuho Securities Co., Ltd.		
			Apr. 2015	Managing Executive Officer and General Manager of Domestic Sales Division, IB Operations Senior Managing Executive Officer of Mizuho Financial Group, Inc.		
			Apr. 2017	Senior Managing Executive Officer, Head of Global Investment Banking, Head of Investment Banking Business Division and Head of Products Business Division of Mizuho Securities Co., Ltd.		
			May 2018	Outside Director of Mizuho Securities USA LLC		
			Apr. 2019	Senior Managing Executive Officer and Head of Global Investment Banking Division of Mizuho Securities Co., Ltd. Senior Managing Executive Officer of Mizuho Financial Group, Inc.		
			Apr. 2021	Deputy President & Executive Officer (Head of Business Promotion) of Mizuho Securities Co., Ltd.		
			Apr. 2022	Director		
			July 2022	Outside Director (Audit and Supervisory Committee Member) of Simplex Holdings, Inc. (current position)		
			Nov. 2025	Outside Director of the Company (current position)		
Director	Ryoko Munetsugu	January 18, 1978	Apr. 2000	Joined Noevir Co., Ltd.	(Note 4)	–
			Feb. 2005	Joined Recruit Co., Ltd.		
			Mar. 2015	Established NewGene Co., Ltd, Representative Director and President (current position)		
			Apr. 2015	Seconded to Recruit Holdings Co., Ltd. Director of Recruit Staffing Co., Ltd. Director of STAFF SERVICE HOLDINGS CO., LTD.		
			Apr. 2016	Director of Recruit Sumai Company Ltd. Director of Recruit Communications Co., Ltd. Director of Recruit Management Solutions Co., Ltd.		
			Jan. 2017	Director of NIJIBOX Co., Ltd.		
			Apr. 2017	Executive Officer of STAFF SERVICE HOLDINGS CO., LTD. Representative Director and President of Staff Service Office Management Co., Ltd.		
			June 2017	Outside Director of CDG Co., Ltd.		
			Jan. 2018	Director and Executive Officer of STAFF SERVICE HOLDINGS CO., LTD.		
			Nov. 2018	Director of KAMIX Corporation (current position)		
			May 2025	Outside Director of Neo Career Co., Ltd. (current position)		
			Nov. 2025	Outside Director of the Company (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Full-time Audit & Supervisory Committee Member)	Toshio Sasaki	April 19, 1948	Apr. 1972	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	(Note 5)	–
			Mar. 1983	Seconded to Japan National Oil Corporation		
			June 1987	Examiner of Sapporo Branch, The Industrial Bank of Japan, Limited		
			Mar. 1995	Counselor of Operations Department		
			Mar. 1996	Counselor of Credit Department 2		
			May 1998	Dispatched to Mycal Hokkaido Co., Ltd. (currently AEON Hokkaido Corporation), Corporate Planning Office		
			June 2000	Joined Mycal Hokkaido Co., Ltd., Director and General Manager of Corporate Planning Division		
			Mar. 2007	Joined AKTIO Corporation		
			July 2009	Joined EMARCHE Co., Ltd., Director and General Manager of President's Office		
			Apr. 2010	Representative Director and President		
			Apr. 2016	Outside Full-time Corporate Auditor of the Company		
			Nov. 2021	Outside Director (Full-time Audit & Supervisory Committee Member) (current position)		
Director (Full-time Audit & Supervisory Committee Member)	Ryoji Koketsu	January 18, 1962	Apr. 1984	Joined Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)	(Note 6)	–
			Jan. 2007	Deputy General Manager of Trust Asset Planning Department of Mitsubishi UFJ Trust and Banking Corporation		
			Apr. 2009	General Manager of Product Management Department of The Master Trust Bank of Japan, Ltd.		
			June 2010	General Manager of Foreign Asset Management Department		
			June 2011	Chairman and President of Mitsubishi UFJ Trust and Banking Corporation (U.S.A.)		
			Oct. 2013	General Manager of Audit Department of Mitsubishi UFJ Trust and Banking Corporation		
			June 2014	Executive Officer and General Manager of Audit Department		
			June 2016	Full-time Corporate Auditor of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.		
			June 2020	Operation Advisor of Audit Department of Mitsubishi UFJ Trust and Banking Corporation		
			Apr. 2021	Full-time Audit & Supervisory Board Member of M・U・TRUST・APPLE PLANNING COMPANY, LTD.		
			June 2021	Part-time Audit & Supervisory Board Member of Kyogoku unyu shoji Co., Ltd.		
			Apr. 2023	Representative Director and President of Ryoshin Data Co.,Ltd.		
			Apr. 2025	Part-time Advisor (scheduled to retire in Nov. 2026)		
			Nov. 2026	Outside Director (Full-time Audit & Supervisory Committee Member) of the Company (planned)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Ayumi Fukuhara	January 4, 1984	Sept. 2007 Apr. 2013 Apr. 2013 May 2014 Feb. 2016 Nov. 2021 Jan. 2022	Appointed as public prosecutor Registered as attorney at law (Daini Tokyo Bar Association) Joined Ito Mitomi Law Office (currently Morrison & Foerster LLP) Joined Oh-Ebashi LPC & Partners Joined Nagashima Ohno & Tsunematsu Outside Director (Audit & Supervisory Committee Member) of the Company (current position) Partner of Nagashima Ohno & Tsunematsu (current position)	(Note 5)	–
Director (Audit & Supervisory Committee Member)	Yuichiro Munakata	January 5, 1960	Mar. 1993 June 1993 July 1998 May 2000 July 2014 Sept. 2016 Apr. 2018 May 2018 Nov. 2022 June 2023 June 2024 	Registered as certified public accountant Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Stationed at New York Office, Ernst & Young LLP Partner of Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC) Account Leader of EY Japan Area and Member of Management Council of Ernst & Young ShinNihon LLC Assurance Deputy Leader of EY Japan Area General Manager of FAAS Business Department Representative Director of Ernst & Young Solutions Co., Ltd. Outside Director (Audit & Supervisory Committee Member) of the Company (current position) Outside Director and Audit/Supervisory Committee Member of SINANEN HOLDINGS CO., LTD. Outside Auditor of Santen Pharmaceutical Co., Ltd. (current position) Outside Director and Audit/Supervisory Committee Member (Full time) of SINANEN HOLDINGS CO., LTD. (current position)	(Note 6)	–

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Masayuki Kobayashi	August 13, 1959	Apr. 1984	Joined TOKYU CONSTRUCTION CO., LTD.	(Note 6)	–
			Aug. 2001	Joined Lumenis Japan Co., Ltd. (currently Lumenis Be Japan Co., Ltd.)		
			June 2002	Joined Pacific Management KK, General Manager of Finance Department		
			Sept. 2003	Representative Director of Business and Asset Solution Corporation		
			June 2005	Executive Officer of Pacific Management KK		
			Mar. 2008	Director and General Manager of Administration Division		
			June 2010	Joined Kenedix, Inc., General Manager of Compliance Department		
			Dec. 2013	General Manager of General Administration & Human Resources Department		
			Mar. 2017	Auditor		
				Corporate Auditor of Kenedix Real Estate Fund Management, Inc.		
			Apr. 2018	Corporate Auditor of Kenedix Investment Partners, Inc.		
			June 2021	Outside Audit & Supervisory Board Member of Kintetsu World Express, Inc.		
			June 2022	Outside Audit & Supervisory Board Member of IWASAKI ELECTRIC CO., LTD.		
			Sept. 2024	Advisor of Kenedix, Inc.		
			Nov. 2024	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)		
			Dec. 2024	Outside Director (Full-time Audit and Supervisory Committee Member) of NET JAPAN Co., Ltd. (current position)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Kanako Tajiri	April 10, 1981	Dec. 2008	Registered with the Daini Tokyo Bar Association Joined Mori Hamada & Matsumoto	(Note 5)	–
			July 2014	Seconded to Deposit Insurance Corporation of Japan		
			Jan. 2020	Counsel of Mori Hamada & Matsumoto		
			Nov. 2021	Outside Corporate Auditor of DIGITAL DATA SOLUTION INC.		
			Sept. 2022	Outside Director (Audit and Supervisory Committee Member)		
			Apr. 2023	Outside Corporate Auditor of Nadia Corporation		
			Jan. 2024	Partner of Mori Hamada & Matsumoto (current position)		
			Apr. 2025	Outside Director of GENDA Inc.		
			June 2025	Outside Director (Audit and Supervisory Committee Member) of Hakudo Co., Ltd. (current position)		
			Nov. 2025	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)		
			Apr. 2026	Outside Director (Audit and Supervisory Committee Member) of GENDA Inc. (current position)		
Total						5,923,508

Notes:
1. The name of Director who is an Audit & Supervisory Committee Member Kanako Tajiri is Kanako Hayashi in the family register.
2. Directors (excluding Directors who are Audit & Supervisory Committee Members) Shogo Hayakawa, Yasuto Hamanishi and Ryoko Munetsugu are Outside Directors.
3. Directors who are Audit & Supervisory Committee Members Toshio Sasaki, Ryoji Koketsu, Ayumi Fukuhara, Yuichiro Munakata, Masayuki Kobayashi and Kanako Tajiri are Outside Directors.
4. The term of office will expire at the conclusion of the Annual General Meeting of Shareholders for the last business year ending within one year after the conclusion of the Annual General Meeting of Shareholders held on November 26, 2026.
5. The term of office will expire at the conclusion of the Annual General Meeting of Shareholders for the last business year ending within two years after the conclusion of the Annual General Meeting of Shareholders held on November 27, 2025.
6. The term of office will expire at the conclusion of the Annual General Meeting of Shareholders for the last business year ending within two years after the conclusion of the Annual General Meeting of Shareholders held on November 26, 2026.
7. The number of shares held by the Company's Director Hiroyuki Ogawa includes 680,000 shares loaned out under a securities lending agreement associated with the Company's financing executed in October 2024 and 600,000 shares held by BANKCY LLC, the asset management company of the director.
8. The number of shares held by the Company's Representative Director, President and CEO Koshiro Komoto includes 720,000 shares loaned out under a securities lending agreement associated with the Company's financing executed in October 2024 and 250,000 shares held by Komoto Office Co., Ltd., the asset management company of the director.

(ii) Information about outside officers

The Company has ten Outside Directors.

Outside Director Masahiko Hara possesses professional knowledge and extensive experience in the fields of fiscal and finance affairs, as well as experience in assuming responsibility for corporate management. Based on this knowledge and experience, we have elected him as an Outside Director in the expectation that he will contribute to strengthening corporate governance by providing advice and recommendations to ensure the adequacy and appropriateness of the decisions of the Board of Directors from an objective and neutral standpoint, independent of management.

He has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence. He is an outside director (member of the Audit and Supervisory Committee) of robot home Inc., but there are no personal, capital, business, or other conflicts of interest between that company and the Company, and he has no special conflict of interest.

Outside Director Shogo Hayakawa founded Yellston Co., Ltd. (currently CoeFont Co., Ltd.), which is developing an AI platform “CoeFont” that uses voices like fonts, when he was at university. He is highly respected as an innovative manager such as being selected one of Forbes Japan 30 Under 30 in 2023. Based on his pioneering business knowledge and broad insight in the fields of AI and technology as a person with such experience, we have elected him as an Outside Director in the expectation that he will provide appropriate advice on the Company’s business expansion and management.

He and the Company had entered into an outsourcing agreement for business support in the AI and IT fields, which included information provision, advice, and supervision, but this contract was terminated in August 2025.

In addition, he concurrently serves as CEO/Representative Director of CoeFont Co., Ltd. While the Company utilizes services provided by that company, the scale of transactions is minimal, and there are no significant business or other special conflicts of interest.

We have elected Yasuto Hamanishi as an Outside Director in the expectation that he will contribute to strengthening corporate governance by providing advice and recommendations to ensure the adequacy and appropriateness of the decisions of the Board of Directors from an objective and neutral standpoint, independent of management, drawing on extensive experience mainly in the financial sector, expertise from both domestic and global perspectives, and insights into corporate management.

He has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence. He is an outside director (member of the Audit and Supervisory Committee) of Simplex Holdings, Inc., but there are no personal, capital, business, or other conflicts of interest between that company and the Company, and he has no special conflict of interest.

Based on her extensive experience and knowledge in the fields of corporate management, support for women’s active engagement, and promotion of diversity in companies, we have elected Ryoko Munetsugu as an Outside Director in the expectation that she will contribute to strengthening corporate governance by providing advice and recommendations to ensure the adequacy and appropriateness of the decisions of the Board of Directors.

She has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence. She is Representative Director and President of NewGene Co., Ltd., a director of KAMIX Corporation and an outside director of Neo Career Co., Ltd., but there are no personal, capital, business, or other conflicts of interest between the companies and the Company, and she has no special conflict of interest.

Outside Director Toshio Sasaki possesses professional knowledge and extensive experience gained through his many years of service in financial institutions, as well as experience in assuming responsibility for corporate management. Based on this experience, we have elected him as an Outside Director in the expectation that he will contribute to the strengthening of corporate governance by providing advice and recommendations from his expert perspective in areas of corporate management, such as the establishment of an organization in the process of the Company’s growth and the appropriate management of the Company from an objective and neutral standpoint, independent of management.

He has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence.

Outside Director Chifumi Toda possesses wide-ranging knowledge and extensive experience in the financial and real estate industries, as well as extensive experience in assuming responsibility for corporate management. Based on this knowledge and experience, we have elected him as an Outside Director in the expectation that he will supervise the Company's management from an objective and neutral standpoint independent of management and contribute to strengthening corporate governance by providing advice and recommendations on the Company's overall management.

He has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence.

Outside Director Ayumi Fukuhara, possesses professional knowledge and extensive experience pertaining to crisis management, with a background in the Ministry of Justice and the Public Prosecutor's Office, and corporate crisis management and disputes as her primary practice areas. Based on this knowledge and experience, we have elected her as an Outside Director in the expectation that she will contribute to strengthening corporate governance by providing meaningful advice and recommendations, including not only from an auditing and supervisory perspective but also from a diverse perspective, from an objective and neutral standpoint independent of management.

She has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence. She is also a partner in the law firm of Nagashima Ohno & Tsunematsu, but there is no personal, capital, business, or other interest relationship between the firm and the Company, and she has no special conflict of interest.

Outside Director Yuichiro Munakata possesses advanced knowledge and extensive experience in finance and accounting through his auditing experience as a certified public accountant. Based on this knowledge and experience, we have elected him as an Outside Director in the expectation that he will contribute to strengthening corporate governance by providing advice and recommendations on deliberations of proposals from an objective and neutral standpoint, independent of management.

He has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence. He is also an outside director (full-time Audit/Supervisory Committee Member) of SINANEN HOLDINGS CO., LTD. and an outside auditor of Santen Pharmaceutical Co., Ltd., but there are no personal, capital, business, or other conflicts of interest between the companies where he holds concurrent positions and the Company, and he has no special conflict of interest.

Outside Director Masayuki Kobayashi has extensive finance-related experience and broad insight concerning compliance. We have elected him as an Outside Director in the expectation that he will contribute to strengthening corporate governance by providing advice on the Company's overall management while also supervising the Company's management.

He has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence. He is also an Outside Director (Full-time Audit and Supervisory Committee Member) of NET JAPAN Co., Ltd., but there are no personal, capital, business, or other conflicts of interest between the company where he holds concurrent position and the Company, and he has no special conflict of interest.

Based on her extensive experience gained as an attorney, and broad insight in compliance, we have elected Kanako Tajiri as an Outside Director in the expectation that she will contribute to strengthening corporate governance by providing meaningful advice and recommendations, including not only from an auditing and supervisory perspective but also from a diverse perspective, from an objective and neutral standpoint independent of management.

She has no personal, capital, business, or other conflict of interest in the Company and maintains a high degree of independence. She is a Partner of Mori Hamada & Matsumoto. The Company has entered into a legal advisory agreement with Mori Hamada & Matsumoto, but she has never been responsible for the Company's legal advisory agreement. Additionally, she is an Outside Director (Audit and Supervisory Committee Member) of GENDA Inc. and an Outside Director (member of Audit and Supervisory Committee) of Hakudo Co., Ltd., but there are no personal, capital,

business, or other conflicts of interest between the companies where she holds concurrent positions and the Company, and she has no special conflict of interest.

The Company has submitted notification to the Tokyo Stock Exchange that Outside Director Masahiko Hara, Outside Director Yasuto Hamanishi, Outside Director Ryoko Munetsugu, Outside Director Toshio Sasaki, Outside Director Chifumi Toda, Outside Director Yuichiro Munakata and Outside Director Masayuki Kobayashi have been designated as independent officers as provided for by that exchange.

The Company elects Outside Directors who become independent officers according to the independence standards prescribed by the Tokyo Stock Exchange, as well as the requirements of the Companies Act as its independence criteria and policy for the Company to elect Outside Directors. In addition, when electing Outside Directors, the Company makes a judgment based on the premise that the appointee has sufficient independence from the Company's management to perform his/her duties as an outside director based on his/her career history and relationship with the Company.

(iii) Mutual collaboration of the supervision or audit and internal audits by Outside Directors with the audit and accounting audit by the Audit & Supervisory Committee and the relationship with the internal control division

Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) and Outside Directors who are Audit & Supervisory Committee Member regularly exchange opinions. In addition, the Audit & Supervisory Committee, the Internal Audit Office and the Accounting Auditor mutually collaborate, exchanging opinions about audit operations on a regular basis or as needed. In addition, advice and guidance on operations are provided from the standpoint of supervision and auditing to divisions conducting internal controls, as well as the exchange of opinions as necessary.

(3) Information about audit

(i) Information about audits by the Audit & Supervisory Committee

As of the filing date of this Annual Securities Report (November 25, 2026), the organization for the Audit & Supervisory Committee audit in the Company is the Audit & Supervisory Committee consisting of six Outside Directors (one full-time Audit & Supervisory Committee Member and five non-full-time Audit & Supervisory Committee Members).

The full-time Audit & Supervisory Committee Member gathers information on a daily basis and attends important internal meetings to enable information sharing and sufficient cooperation between the Internal Audit Division and the Audit & Supervisory Committee. In addition, the Audit & Supervisory Committee also oversees the status of business execution by Directors from an objective standpoint by hearing the status of business execution from Directors and by inspecting approval documents. In addition, the Audit & Supervisory Committee members share information with each other and conduct effective oversight of management based on the audit plan formulated by the Audit & Supervisory Committee, with the full-time Audit & Supervisory Committee member not only listening to reports but also conducting his/her own on-site audits to monitor the business operations of Directors and employees in general.

Full-time Audit & Supervisory Committee Member Toshio Sasaki and Audit & Supervisory Committee Member Chifumi Toda have many years of business experience at financial institutions, and Audit & Supervisory Committee Member Yuichiro Munakata is a licensed certified public accountant and possesses considerable knowledge of finance and accounting matters. Audit & Supervisory Committee Members Ayumi Fukuhara and Kanako Tajiri have extensive experience as attorneys at law and possess considerable knowledge of corporate law. Audit & Supervisory Committee Member Masayuki Kobayashi possesses extensive experience in finance and broad insight concerning compliance.

The activities of the Audit & Supervisory Committee during the fiscal year under review are as described in "(1) Overview of corporate governance, (ii) Summary of system of corporate governance and reasons for adopting the system."

Audit & Supervisory Committee Members and the Accounting Auditor work closely together to improve the effectiveness and efficiency of audits by exchanging information and opinions on their respective audit plans and audit status on a regular basis or as necessary.

The Company has proposed "Election of Three Directors Who Are Audit & Supervisory Committee Members" as a proposal (matters to be resolved) at the Annual General Meeting of Shareholders to be held on November 26, 2026. If the proposal is approved, the Audit & Supervisory Committee will consist of six Directors who are Audit & Supervisory Committee Members (Outside Directors (Full-time Audit & Supervisory Committee Members) Toshio Sasaki and Ryoji Koketsu, and Outside Directors (Audit & Supervisory Committee Members) Ayumi Fukuhara, Yuichiro Munakata, Masayuki Kobayashi and Kanako Tajiri).

(ii) Information about internal audit

The Company has established the Internal Audit Office, which sits directly under the Representative Director, President and CEO, and is working to strengthen internal control functions through its audit activities. The Internal Audit Office has three staff members, but depending on the nature of the audit, employees who are familiar with the work are appointed as assistants to conduct on-site audits of each division of the Company to ensure that business operations and property preservation are conducted properly in accordance with laws and regulations, internal rules, management policies, and management plans, and to make recommendations for correction as necessary. The audit results are reported to the Representative Director, the Audit & Supervisory Committee, the Risk Management and Compliance Committee, and related divisions, and are also shared with the Board of Directors through the report of the Risk Management and Compliance Committee to the Board of Directors.

The Internal Audit Office exchanges opinions with the Audit & Supervisory Committee on a regular basis, with mutual confirmation that each auditing task is being performed efficiently and effectively.

(iii) Information about accounting audit

a. Name and other details of the audit firm
Grant Thornton Taiyo LLC

b. Length of continuous tenure
11 years

c. Names of the certified public accountants who executed audit duties
Takeshi Iwasaki, Designated Engagement Partner, Certified Public Accountant
Hiroyuki Imai, Designated Engagement Partner, Certified Public Accountant

d. Assistants who participated in audits
Certified public accountant: 7
Other: 14

e. Policy and reason for selecting the audit firm
The Company's selection policy is that the Accounting Auditor must possess the expertise, independence, appropriateness, and audit quality required of an accounting auditor, conduct efficient and effective audit operations appropriate to the size of the Company's business, and have a system for auditing based on an understanding of the Company's business activities. Grant Thornton Taiyo LLC is considered suitable because it has a system that conforms to the selection policy.

f. Evaluation of the audit firm conducted by the Audit & Supervisory Committee Members and the Audit & Supervisory Committee
The Company's Audit & Supervisory Committee has evaluated the accounting auditor with respect to its independence and expertise, audit quality, the status of audit activities, the level of audit fees, and appropriateness of audit reports, and has determined that Grant Thornton Taiyo LLC is appropriate and adequate as the Accounting Auditor.

(iv) Details of audit fee

a. Remuneration for certified public accountants for audits

(Millions of yen)

Category	Fiscal year ended August 31, 2025		Fiscal year ended August 31, 2026	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	50	2	55	2
Consolidated subsidiaries	–	–	–	–
Total	50	2	55	2

Notes: 1. In addition to the above, an amount of ¥4 million was paid in the previous fiscal year as additional fees pertaining to the fiscal year before the previous fiscal year. Moreover, amounts paid in the previous year for audit fees associated with English financial statements for the fiscal year ended August 31, 2022, and fiscal year ended August 31, 2023, came to ¥17 million.

2. Non-audit services in the previous fiscal year consisted of consideration for comfort letter preparation services associated with the issuance of new shares.

3. Non-audit services in the fiscal year under review consisted of consideration for comfort letter preparation services associated with the issuance of bonds.

b. Remuneration for organizations that belong to the same network (Grant Thornton Group) of certified public accountants for audits (excluding a.)

(Millions of yen)

Category	Fiscal year ended August 31, 2025		Fiscal year ended August 31, 2026	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	–	–	–
Consolidated subsidiaries	16	2	–	–
Total	16	2	–	–

Note: 1. Non-audit services at consolidated subsidiaries for the fiscal year ended August 31, 2025, consisted of short-term research services.

c. Details of other major fees for audit certification services
Not applicable.

d. Policy on determining audit fees
Audit fees are determined by taking into account the audit plan, audit content, and number of audit days in relation to the size and characteristics of the Company's business, with the consent of the Audit & Supervisory Committee.

e. Reasons for approval of the remuneration for the Accounting Auditor by the Audit & Supervisory Committee
The reason why the Audit & Supervisory Committee of the Company gave its consent under Article 399, Paragraph 1 of the Companies Act to the remuneration to the Accounting Auditor proposed by the Board of Directors is that it has conducted the necessary verification as to whether the content of the Accounting Auditor's audit plan, the performance of duties by the Accounting Auditor and the amount calculated for the remuneration estimate are appropriate, and has determined that they are reasonable.

(4) Compensation for officers

(i) Policy concerning the compensation for officers and the calculation method thereof

A. At a meeting of the Board of Directors held on November 28, 2024, the Company adopted the following "Basic Policy on Determination of Officer Compensation" (hereinafter "Determination Policy") with the aim of ensuring a fair and transparent process.

An overview of such Determination Policy is as follows.

1. Officer compensation follows a separate scale for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and Outside Directors (excluding Directors who are Audit & Supervisory Committee Members).
2. Officer compensation is a fixed amount of monetary remuneration (fixed remuneration) paid monthly according to the person's role and responsibilities and determined by scale.
3. Non-monetary remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) consists of restricted share-based remuneration (pre-delivery type), stock options and company housing.

Fixed remuneration

The fixed remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) is up to ¥1,000 million per year (including up to ¥100 million for Outside Directors), as approved at the General Meeting of Shareholders, and shall be determined by resolution of the Board of Directors, giving comprehensive consideration to the Company's business performance and economic conditions, and individual responsibilities, career history and performance, among other factors.

Share-based remuneration

Share-based remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) has been introduced for the purpose of providing incentives to improve business performance and sustainably enhance the Company's corporate value, while also promoting further sharing of value with shareholders. The allocation is separate from the allocation for fixed remuneration and shall be determined by resolution of the Board of Directors, giving comprehensive consideration to the Company's business performance and economic conditions, and individual responsibilities, career history and performance, among other factors.

Company housing

The Company believes that securing the human resources necessary for the Company's growth and providing them with a living environment in which they can fully demonstrate their abilities and preparing a living environment that enables them to respond quickly in an emergency such as a major disaster will lead to the smooth business execution by Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors). The Company shall provide company housing to such Directors in the event that this is needed for the execution of their duties, and the difference between the total rent paid by the Company as company housing and the total amount collected by the Company from such Directors as company housing fees shall be an amount up to ¥100 million per year, as approved by the General Meeting of Shareholders, and determined by a resolution of the Board of Directors.

4. Policy concerning the determination of the ratio of monetary remuneration or non-monetary remuneration to the remuneration for individual directors

If the remuneration ratio by type of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) is determined by the Board of Directors to be necessary to provide incentive to improve business performance and sustainably enhance the Company's corporate value, with fixed remuneration as the base remuneration, the Board of Directors shall determine the amount of restricted share-based remuneration of up to ¥200 million per year and the amount of stock option remuneration of up to ¥1,000 million per year.

B. When there is a resolution of the General Meeting of Shareholders concerning compensation for officers, the date and details of such resolution of the General Meeting of Shareholders

Remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) was decided at the Company's General Meeting of Shareholders for the 12th period held on November 29, 2023, to be up to ¥1,000 million per year (including up to ¥100 million for Outside Directors). The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) eligible for payment as of the conclusion of such General Meeting of Shareholders was seven (including two Outside Directors).

In addition, separate from the aforementioned remuneration allocation of up to ¥1,000 million per year (including up to ¥100 million for Outside Directors), that same General Meeting of Shareholders also approved a resolution for a remuneration allocation under the restricted share-based remuneration plan of up to ¥200 million per year for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors). The number of Directors eligible for such plan as the close of said General Meetings of Shareholders was five.

Apart from this, separate from the aforementioned remuneration allocation of up to ¥1,000 million per year for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) (including up to ¥100 million for Outside Directors) and remuneration allocation under the restricted share-based remuneration plan of up to ¥200 million per year, that same General Meeting of Shareholders also approved a resolution for the Company to grant share acquisition rights as stock options of no more than ¥1,000 million per year. The number of Directors eligible to be granted stock options as of the close of said General Meetings of Shareholders was five.

Furthermore, a resolution on the officer company housing program for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) was approved at the General Meeting of Shareholders for the 13th period held on November 28, 2024, under which the total difference between the total rent paid by the Company for company housing leased as executive residences and the total amount collected by the Company from such Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as company housing fees is to be an amount up to ¥100 million per year. The number of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as of the close of said General Meetings of Shareholders was five.

The General Meeting of Shareholders for the 12th period held on November 29, 2023 resolved that the remuneration of Directors who are Audit & Supervisory Committee Members shall be up to ¥100 million per year. The number of Directors who are Audit & Supervisory Committee Members as of the close of said General Meetings of Shareholders was five.

C. Persons with the authority to determine the policies concerning the decision on the amount of compensation for officers and the calculation method thereof, the details of such authority and the scope of such discretion

The Company has established a voluntary Nomination and Compensation Committee, comprising a majority of independent Outside Directors, as an advisory body to the Board of Directors. Policies concerning the decision on the amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) and the calculation method thereof are proposed by the Representative Director, President and CEO at the Board of Directors meeting, taking account of advice and recommendations from the Nomination and Compensation Committee, and within the limit on remuneration determined at the General Meeting of Shareholders, and resolved after deliberation.

The amount of remuneration of Directors who are Audit & Supervisory Committee Members is determined through discussion among Directors who are Audit & Supervisory Committee Members, and within the limit on remuneration determined at the General Meeting of Shareholders.

D. Overview of procedures of committees that contribute to determining the policy concerning the compensation for officers and the calculation method thereof

The Company has established a voluntary Nomination and Compensation Committee, comprising a majority of independent Outside Directors, as an advisory body to the Board of Directors. The Nomination and Compensation Committee deliberates on policies concerning the determination of the amount of remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) and the calculation method and provides advice and recommendations to the Board of Directors prior to resolutions of the Board of Directors.

E. Activities of the Board of Directors and committees in the process of determining the amount of compensation for officers during the fiscal year under review

In the fiscal year under review, the amount of fixed remuneration for each Director (excluding Directors who are Audit & Supervisory Committee Members) that was determined by resolution of the Board of Directors on November 27, 2025, was determined according to the individual duties and performance, following deliberation by the Nomination and Compensation Committee.

F. Details of policy on determining the ratio of performance-linked remuneration to other compensation for officers

Not applicable, as the Company's compensation for officers does not include performance-linked remuneration.

G. Indicators related to performance-linked remuneration, reasons for selecting such indicators, and method of determining the amount of such performance-linked remuneration

Not applicable, as the Company's compensation for officers does not include performance-linked remuneration.

H. Targets and results of indicators related to performance-linked remuneration for the fiscal year under review

Not applicable, as the Company's remuneration for officers does not include performance-linked remuneration.

(ii) Total amount of remuneration, total amount of remuneration by type and number of eligible officers by category of officers

Category of officer	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of eligible officers (Persons)
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	653	628	–	24	9
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	–	–	–	–	–
Outside officers	150	150	–	–	12

Notes: 1. The above table includes one Outside Director (excluding Directors who are Audit & Supervisory Committee Members) and one Outside Director (Audit & Supervisory Committee Member) who both retired upon the conclusion of the Annual General Meeting of Shareholders held on November 27, 2025.

2. The total amount of non-monetary remuneration referred to above constitutes the amount of expenses recorded during the fiscal year under review for share acquisition rights allocated to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as stock option remuneration, as well as the difference

between the total rent associated with company housing and the total amount collected from Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors). There was no payment of restricted shared-based remuneration to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) pertaining to the fiscal year under review.

3. Total amount of remuneration of directors does not include employee salaries of directors who concurrently serve as employees.

(iii) Total amount of remuneration of persons whose total amount of remuneration is ¥100 million or more

Name	Total amount of remuneration (Millions of yen)	Category of officer	Category of company	Total amount of remuneration by type (Millions of yen)		
				Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration
Koshiro Komoto	160	Director	Reporting company	148	–	11
Hidekazu Ogata	145	Director	Reporting company	140	–	5
Ryo Sugimoto	118	Director	Reporting company	115		2

(iv) Significant employee salaries of officers who concurrently serve as employees
Not applicable.

(5) Share ownership

A. Policy and concept of the classification of investment shares

For the classification of investment shares whose purpose of holding is pure investment and investment shares whose purpose of holding is other than pure investment, the Company believes that holdings for pure investment are exclusively for the purpose of generating profits from the fluctuations in the share values and share-related dividends. On the other hand, the Company believes that holdings for purposes other than pure investment maintain and strengthen the stable and long-term business relationships with the Company's customers and business partners as well contribute to the Company's medium- to long-term corporate value.

B. Investment shares whose purpose of holding is other than pure investment

a. Method for inspecting the holding policy and the rationality of ownership, and the details of inspections by the Board of Directors and the like concerning the propriety of the ownership of individual issues

Regarding the rationality of ownership, we conduct a thorough examination of the purpose of holding, the nature of transactions, and the future business significance and risks. In addition to these strategic evaluations, we also compare the benefits of holding with the cost of capital to assess the propriety of holding and conduct inspections. If it is determined that the continuation of holding is not appropriate, we consider options including the sale of the shares.

b. Number of issues and balance sheet amount

Category	Number of issues (Issues)	Total amount of balance sheet amount (Millions of yen)
Unlisted shares	6	7,696
Shares other than unlisted shares	1	154

Note: In addition to the above, there is one issue in the investment securities account that is an investment in limited investment partnership but it is not a shareholding.

(Issues whose number of shares increased in the fiscal year under review)

Category	Number of issues (Issues)	Total acquisition costs associated with increase in number of shares (Millions of yen)	Reason for increase in number of shares
Unlisted shares	4	6,816	To generate synergies with existing businesses
Shares other than unlisted shares	–	–	–

(Issues whose number of shares decreased in the fiscal year under review)

There are no applicable issues.

c. Information about the numbers of specified investment shares and shares deemed to be held by issue, balance sheet amounts

There are no applicable issues.

C. Investment shares whose purpose of holding is pure investment

Category	Fiscal year ended August 31, 2026		Fiscal year ended August 31, 2025	
	Number of issues (Issues)	Total amount of balance sheet amount (Millions of yen)	Number of issues (Issues)	Total amount of balance sheet amount (Millions of yen)
Unlisted shares	6	7,120	3	130
Shares other than unlisted shares	1	3	1	10

Category	Fiscal year ended August 31, 2026		
	Total dividend income (Millions of yen)	Total gain (loss) on sale (Millions of yen)	Total gain (loss) on valuation (Millions of yen)
Unlisted shares	–	–	–
Shares other than unlisted shares	–	–	6

Note: In addition to the above, there are 33 issues in the investment securities account that are investments in limited investment partnerships, but they are not share holdings.

D. Investment shares whose holding purpose changed from pure investment to a purpose other than pure investment during the fiscal year under review

There are no applicable issues.

E. Investment shares whose holding purpose changed from a purpose other than pure investment to pure investment during the four fiscal years preceding the fiscal year under review and the fiscal year under review

There are no applicable issues.

5. Information about employees

(1) [Basic policy regarding the human resource strategy]

(i) Human resource strategy

Under the corporate philosophy of "Turning Challenge into Value" of the Company, which is responsible for the management strategy as the Group's core company, the Group positions value creation by combatting social issues at the heart of the management strategy, and believes that it is "people" that make this possible.

Therefore, the Company positions the human resource strategy as an integral part of the management strategy, and is committed to fostering human resources that have both the ability to identify challenges that lurk in society and existing systems and the character to earn trust of and cooperate with those around them.

Details of initiatives related to human capital including the human resource development policy and the internal environment development policy are as described in "II. Overview of business, 2. Approach to and initiatives for sustainability."

Due to differences in business activities and scale of Group companies, our basic approach is that each company should formulate and promote its own human resource strategy in accordance with the characteristics of its business.

(ii) Policy concerning the determination of the amount and details of employees' salaries and other benefits

As the foundation to support the human resource strategy, the Group's basic approach to salaries and other benefits is that the results generated through business activities should be returned to employees in a timely manner. Placing importance on promptly rewarding employees who have achieved results, regardless of age or length of service, the Company determines salaries and other benefits based on "overall evaluation" that comprehensively takes into account achievements, level of contribution, and other factors. Each Group company determines salaries and other benefits based on its own personnel system that suits the nature of its business, taking into consideration achievements, level of contribution to business performance, and other factors.

(2) Information about employees

(i) Consolidated companies

As of August 31, 2026

	Number of employees (Persons)	
Total	1,179	[242]

Notes: 1. The number of employees indicates the number of working employees. The average number of temporary employees during the fiscal year is given in square brackets separately.

2. The increase in the number of employees by 452 persons during the fiscal year is mainly due to an increase in the number of consolidated subsidiaries and hiring associated with business expansion.

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

(ii) Reporting company

As of August 31, 2026

Number of employees (Persons)	Average age (Years)	Average length of service (Years)	Average annual salary (Thousands of yen)	Year-on-year change in average annual salary (%)
453 [17]	37.9	2.3	17,296	2.6

Notes: 1. The number of employees indicates the number of working employees. The average number of temporary employees during the fiscal year is given in square brackets separately.

2. The increase in the number of employees by 104 persons during the fiscal year is mainly due to hiring associated with business expansion.

3. Average annual salary includes bonuses and extra wages.

4. Year-on-year change in average annual salary is calculated by comparing the average annual salary for the previous fiscal year, calculated in accordance with the standards of the current fiscal year, with the average annual salary for the fiscal year under review.

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

(iii) Status of labor union

Although a labor union has not been formed, the labor-management relations have been smooth.

(iv) Ratio of female employees among employees in managerial positions, rate of male employees taking childcare leave, and wage gap between male and female employees

A. Reporting company

Fiscal year ended August 31, 2026					Supplementary explanation
Ratio of female employees among employees in managerial positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Wage gap between male and female employees (%)			
		All workers	Permanent, full-time workers	Part-time and fixed-term workers	
10.5	50.0	57.7	56.8	108.2	–

Notes: 1. Calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015; hereinafter the "Women's Active Engagement Promotion Act").

2. Childcare leave uptake calculated as in Article 71-6, item (i) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991; hereinafter the "Child and Family Care Leave Act").

B. Consolidated subsidiaries

Name	Fiscal year ended August 31, 2026						Supplementary explanation
	Ratio of female employees among employees in managerial positions (%) (Note 1)	Rate of male employees taking childcare leave (%)		Wage gap between male and female employees (%) (Note 1)			
				All workers	Permanent, full-time workers	Part-time and fixed-term workers	
KC-Welfare Co., Ltd.	18.2	–	(Note 4)	91.9	92.0	110.3	–
REQREA Inc.	0.0	–	(Note 3)	68.9	84.4	76.6	–
Wakayama Marina City Co., Ltd.	0.0	–	(Note 4)	52.3	72.5	101.5	–

Notes: 1. Calculated in accordance with the provisions of the "Women's Active Engagement Promotion Act."

2. As KC-Welfare Co., Ltd. and REQREA Inc. have a fiscal year beginning on August 1 and ending on July 31, and Wakayama Marina City Co., Ltd. has a fiscal year beginning on June 1 and ending on May 31, the results presented correspond to the periods from August 1, 2025 to July 31, 2026, and from June 1, 2025 to May 31, 2026, respectively. Wakayama Marina City Co., Ltd. became a consolidated subsidiary due to the acquisition of its shares by a consolidated subsidiary of the Company in August 2026.

3. Rate of male employees taking childcare leave of REQREA Inc. is omitted because the information is not required to be disclosed pursuant to the provisions of "Women's Active Engagement Promotion Act" and "Child and Family Care Leave Act."

4. The rate of male employees taking childcare leave for KC-Welfare Co., Ltd. and Wakayama Marina City Co., Ltd. is indicated as "-," because no male employees had a spouse who gave birth during the fiscal year under review.

(v) Details of the share acquisition rights granted to only employees, etc.

The Company grants share acquisition rights to only employees, etc. The details of these share acquisition rights are as described in "(2) Share acquisition rights, (i) Description of stock option plan" in "1. Information about shares."

V. Financial information

1. Method of preparation of the consolidated financial statements and the non-consolidated financial statements

   (1) The Company has prepared the consolidated financial statements in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28, 1976).

   (2) The Company has prepared the non-consolidated financial statements in accordance with the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59, 1963; hereinafter the "Regulation on Non-consolidated Financial Statements").

   In addition, the Company falls under the category of a special company submitting financial statements and has prepared the non-consolidated financial statements in accordance with Article 127 of the Regulation on Non-consolidated Financial Statements.

2. Audit certification

   In accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year (from September 1, 2025, to August 31, 2026) and the non-consolidated financial statements for the fiscal year (from September 1, 2025, to August 31, 2026) were audited by Grant Thornton Taiyo LLC.

3. Special efforts to ensure the appropriateness of consolidated financial statements

   The Company is making special efforts to ensure the appropriateness of consolidated financial statements. Specifically, in order to properly comprehend accounting standards and develop a system to appropriately respond to the change of accounting standards the Company participates in training hosted by audit firms and various organizations and subscribes to specialist magazines.

1. Consolidated financial statements

(1) Consolidated financial statements

(i) Consolidated balance sheet

(Millions of yen)

		As of August 31, 2025		As of August 31, 2026
Assets				
Current assets				
Cash and deposits	*1	24,016	*1	41,791
Accounts receivable - trade		1,417		4,095
Contract assets		844		674
Costs on development business and other	*1	16,940	*1	6,325
Real estate for sale	*1	36,381	*1	64,888
Advance payments	*1	3,199	*1	5,189
Other		4,566		22,574
Allowance for doubtful accounts		(26)		(41)
Total current assets		87,339		145,498
Non-current assets				
Property, plant and equipment				
Buildings and structures		7,111		31,224
Accumulated depreciation		(745)		(2,952)
Buildings and structures, net	*1	6,365	*1	28,271
Machinery, equipment and vehicles		2,451		3,151
Accumulated depreciation		(760)		(1,298)
Machinery, equipment and vehicles, net	*1	1,690	*1	1,852
Tools, furniture and fixtures		1,287		2,303
Accumulated depreciation		(304)		(739)
Tools, furniture and fixtures, net		983		1,564
Land	*1	607	*1	6,630
Leased assets		3,328		3,325
Accumulated depreciation		(425)		(524)
Leased assets, net		2,902		2,801
Construction in progress		363	*1	4,992
Total property, plant and equipment		12,914		46,112
Intangible assets	*1	798	*1	1,925
Investments and other assets				
Investment securities		10,658	*1	16,151
Deferred tax assets		1,430		1,618
Other		8,439		10,642
Total investments and other assets		20,528		28,412
Total non-current assets		34,241		76,450
Deferred assets				
Bond issuance costs		106		182
Total deferred assets		106		182
Total assets		121,688		222,132

(Millions of yen)

		As of August 31, 2025		As of August 31, 2026
Liabilities				
Current liabilities				
Short-term borrowings	*1, *2	13,612	*1, *2	8,059
Current portion of bonds payable		292		1,823
Current portion of long-term borrowings	*1, *2	13,594	*1, *2	33,795
Lease liabilities		132		97
Accounts payable - other		3,159		5,850
Income taxes payable		5,663		6,521
Provision for bonuses		518		900
Provision for shareholder benefit program		145		260
Other	*3	2,885	*3	4,270
Total current liabilities		40,005		61,578
Non-current liabilities				
Bonds payable		392		2,554
Convertible-bond-type bonds with share acquisition rights		22,000		22,000
Long-term borrowings	*1, *2	16,193	*1, *2	37,005
Lease liabilities		2,653		2,627
Deferred tax liabilities		436		4,065
Asset retirement obligations		450		707
Other		1,361		3,756
Total non-current liabilities		43,488		72,716
Total liabilities		83,494		134,295
Net assets				
Shareholders' equity				
Share capital		9,523		27,158
Capital surplus		9,478		27,193
Retained earnings		17,251		31,572
Treasury shares		(42)		(43)
Total shareholders' equity		36,210		85,881
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		106		(3)
Foreign currency translation adjustment		(145)		888
Total accumulated other comprehensive income		(39)		884
Share acquisition rights		442		468
Non-controlling interests		1,580		602
Total net assets		38,193		87,836
Total liabilities and net assets		121,688		222,132

(ii) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

		Fiscal year ended August 31, 2025		Fiscal year ended August 31, 2026
Net sales	*1	96,501	*1	163,756
Cost of sales	*2	60,065		109,572
Gross profit		36,436		54,183
Selling, general and administrative expenses	*3	17,502	*3	26,317
Operating profit		18,933		27,866
Non-operating income				
Interest income		150		417
Dividend income		0		10
Foreign exchange gains		–		1,061
Other		87		203
Total non-operating income		237		1,693
Non-operating expenses				
Interest expenses		1,314		2,722
Arrangement fees		40		18
Foreign exchange losses		167		–
Commission expenses		433		825
Other		81		96
Total non-operating expenses		2,036		3,663
Ordinary profit		17,134		25,896
Extraordinary income				
Gain on sale of non-current assets	*6	6	*6	15
Gain on bargain purchase		72	*4	1,478
Gain on reversal of provision for contingent loss		16		–
Total extraordinary income		94		1,494
Extraordinary losses				
Loss on sale and retirement of non-current assets	*7	33	*7	138
Loss on subsidy repayment		20		–
Loss on disaster		15		–
Impairment losses		–	*5	811
Loss on sale of investment securities		–		44
Loss on valuation of investment securities		–		19
Bad debts expenses		–		668
Total extraordinary losses		69		1,682
Profit before income taxes		17,159		25,709
Income taxes - current		7,503		8,917
Income taxes - deferred		(1,702)		79
Total income taxes		5,800		8,997
Profit		11,359		16,712
Profit attributable to non-controlling interests		1,109		19
Profit attributable to owners of parent		10,250		16,692

Consolidated statement of comprehensive income

(Millions of yen)

		Fiscal year ended August 31, 2025		Fiscal year ended August 31, 2026
Profit		11,359		16,712
Other comprehensive income				
Valuation difference on available-for-sale securities		106		(109)
Foreign currency translation adjustment		128		1,033
Total other comprehensive income	*1	234	*1	923
Comprehensive income		11,594		17,635
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		10,484		17,616
Comprehensive income attributable to non-controlling interests		1,109		19

(iii) Consolidated statement of changes in equity

Fiscal year ended August 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,287	9,206	8,673	(42)	27,125
Changes during period					
Issuance of new shares	236	236			472
Dividends of surplus			(1,672)		(1,672)
Profit attributable to owners of parent			10,250		10,250
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		36			36
Net changes in items other than shareholders' equity					
Total changes during period	236	272	8,577	(0)	9,085
Balance at end of period	9,523	9,478	17,251	(42)	36,210

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	–	(274)	(274)	180	708	27,739
Changes during period						
Issuance of new shares						472
Dividends of surplus						(1,672)
Profit attributable to owners of parent						10,250
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						36
Net changes in items other than shareholders' equity	106	128	234	262	872	1,369
Total changes during period	106	128	234	262	872	10,454
Balance at end of period	106	(145)	(39)	442	1,580	38,193

Fiscal year ended August 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,523	9,478	17,251	(42)	36,210
Changes during period					
Issuance of new shares	17,634	17,634			35,269
Dividends of surplus			(2,371)		(2,371)
Profit attributable to owners of parent			16,692		16,692
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		80			80
Net changes in items other than shareholders' equity					
Total changes during period	17,634	17,715	14,321	(0)	49,670
Balance at end of period	27,158	27,193	31,572	(43)	85,881

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	106	(145)	(39)	442	1,580	38,193
Changes during period						
Issuance of new shares						35,269
Dividends of surplus						(2,371)
Profit attributable to owners of parent						16,692
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						80
Net changes in items other than shareholders' equity	(109)	1,033	924	26	(977)	(27)
Total changes during period	(109)	1,033	924	26	(977)	49,642
Balance at end of period	(3)	888	884	468	602	87,836

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Cash flows from operating activities		
Profit before income taxes	17,159	25,709
Depreciation	979	1,960
Amortization of goodwill	58	152
Share-based payment expenses	557	455
Increase (decrease) in allowance for doubtful accounts	9	13
Increase (decrease) in provision for bonuses	139	382
Increase (decrease) in provision for shareholder benefit program	38	115
Increase (decrease) in provision for contingent loss	(115)	–
Loss (gain) on investments in silent partnerships	(8,243)	(6,195)
Interest income	(150)	(417)
Interest expenses	1,314	2,722
Arrangement fees	40	18
Commission expenses	433	825
Foreign exchange losses (gains)	167	(1,061)
Loss (gain) on sale and retirement of non-current assets	27	122
Gain on bargain purchase	(72)	(1,478)
Loss (gain) on sale of investment securities	–	44
Loss (gain) on valuation of investment securities	–	19
Impairment losses	–	811
Bad debt expenses	–	668
Amortization of bond issuance costs	23	45
Decrease (increase) in trade receivables	(196)	(2,512)
Decrease (increase) in contract assets	(337)	170
Decrease (increase) in inventories	(2,641)	(26,340)
Decrease (increase) in advance prepayments	(5,266)	(5,728)
Decrease (increase) in deposits paid	7	2
Decrease (increase) in advances paid	429	(4,826)
Increase (decrease) in deposits received	486	103
Increase (decrease) in accounts payable - other	1,301	1,386
Increase (decrease) in long-term accounts payable - other	669	1,699
Distributions of profit or loss on silent partnerships	6,113	5,637
Other, net	(784)	445
Subtotal	12,149	(5,049)
Interest received	26	117
Interest paid	(1,151)	(3,123)
Income taxes paid	(4,131)	(8,710)
Net cash provided by (used in) operating activities	6,893	(16,765)

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,497)	(12,181)
Proceeds from sale of property, plant and equipment	511	967
Purchase of intangible assets	(151)	(343)
Purchase of investment securities	(5,526)	(3,780)
Proceeds from sale of investment securities	9	1,724
Proceeds from withdrawal of investments in silent partnerships	307	1,971
Purchase of shares of subsidiaries and associates	–	(5,699)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(644)	(5,934)
Payments of leasehold and guarantee deposits	(1,299)	(1,288)
Proceeds from refund of leasehold and guarantee deposits	125	233
Loan advances	(5,457)	(11,205)
Proceeds from collection of loans receivable	84	4,089
Other, net	(17)	(29)
Net cash provided by (used in) investing activities	(18,557)	(31,478)
Cash flows from financing activities		
Proceeds from issuance of bonds	589	3,784
Redemption of bonds	(196)	(292)
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	21,888	–
Net increase (decrease) in short-term borrowings	2,832	(5,553)
Proceeds from long-term borrowings	23,787	65,899
Repayments of long-term borrowings	(24,713)	(29,058)
Proceeds from exercise of employee share options	71	127
Repayments of lease liabilities	(88)	(61)
Proceeds from sale and leaseback transactions	2,763	–
Proceeds from issuance of shares	–	34,700
Dividends paid	(1,671)	(2,372)
Dividends paid to non-controlling interests	(170)	(1,020)
Payments of arrangement fees	(5)	(4)
Payments of commission expenses	(389)	(790)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(21)
Net cash provided by (used in) financing activities	24,698	65,336
Effect of exchange rate change on cash and cash equivalents	(78)	682
Net increase (decrease) in cash and cash equivalents	12,955	17,774
Cash and cash equivalents at beginning of period	11,056	24,012
Cash and cash equivalents at end of period	*1 24,012	*1 41,787

Notes

Significant matters forming the basis of preparing the consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 56 companies

Names of major consolidated subsidiaries:
fav hospitality group co., ltd.
Kasumigaseki Asset Management Co., Ltd.
LOGI FLAG DEVELOPMENT Co., Ltd.
KME INVESTMENT & MANAGEMENT L.L.C
Kasumigaseki US Corporation

From the fiscal year under review, the Company established Kasumigaseki US Corporation and 13 other new companies, and acquired the shares of Wakayama Marina City Co., Ltd. and two other companies, which are included in the scope of consolidation.

In addition, three companies were excluded from the scope of consolidation due to their liquidation.

2. Application of equity method

(1) Number of associates accounted for using the equity method: 1 company
Name of associates:
UMITO Co., Ltd.

UMITO Co., Ltd. has been included in the associates accounted for using the equity method starting with the fiscal year under review following the acquisition of new shares. For associates accounted for using the equity method whose fiscal years differ from the fiscal year under review, the financial statements corresponding to those companies' fiscal years are used.

3. Fiscal years of consolidated subsidiaries

(1) The balance sheet dates of the consolidated subsidiaries are as follows:

End of December:	28 companies
End of February:	1 company
End of March:	2 companies
End of May:	1 company
End of June:	3 companies
End of July:	8 companies
End of August:	13 companies

(2) For consolidated subsidiaries with balance sheet dates of the end of December, financial statements based on interim financial results as of the end of August are used; for those with balance sheet dates of the end of February or the end of March, financial statements based on interim financial results as of the end of June are used; and for all other consolidated subsidiaries, financial statements as of their respective balance sheet dates are used to prepare the consolidated financial statements.

Necessary adjustments have been made for significant transactions that occurred between the consolidated balance sheet date and the aforementioned balance sheet dates, etc.

4. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Securities

Available-for-sale securities

Securities other than stocks without market prices

Stated at fair value (unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based on the moving-average method).

Stocks without market prices

Stated at cost using the moving-average method.
However, details of investments in investment partnerships are described in "(9) Other significant matters for preparing consolidated financial statements, (ii) Accounting for investment partnerships." In addition, for equity interest in investment partnerships other than for operational investment purposes, the most recent fiscal year-end date forms the basis for the financial statements, with the Company adopting the method of incorporating the amount equivalent to the equity interest as the net amount.

(ii) Inventories

Costs on development business and other, and real estate for sale

Stated at cost using the specific identification method. (Consolidated balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets.)

(2) Depreciation and amortization methods for significant depreciable and amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Depreciated using the declining-balance method. However, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.
The useful lives of major depreciable assets are as follows.

Buildings and structures:	2 years to 64 years
Machinery, equipment and vehicles:	2 years to 17 years
Tools, furniture and fixtures:	2 years to 15 years

The straight-line method is mainly used by the consolidated subsidiaries outside Japan.

(ii) Intangible assets (excluding leased assets)

Software for internal use is amortized using the straight-line method over the estimated useful life as internally determined (five years).

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership
The straight-line method is used, where the lease period is deemed to be the useful life of the asset and the residual value is set as zero.

(3) Accounting treatment for significant deferred assets

Bond issuance costs are amortized using the straight-line method over the term of the bonds.

(4) Accounting policy for significant provisions

(i) Allowance for doubtful accounts

To prepare for losses on trade receivables and accounts receivable – other, an estimated uncollectable amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables or based on individual consideration of collectability in the case of specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount based on the expected amount of bonuses to be paid is provided.

(iii) Provision for shareholder benefit program

To prepare for the cost burden associated with the shareholder benefit program, the amount expected to be incurred from the following fiscal year and beyond is recorded.

(5) Accounting methods for retirement benefits

The Company has adopted defined contribution pension plans. The cost of retirement benefits for defined contribution pension plans is recognized as an expense when contributions are made.

Some consolidated subsidiaries have adopted lump-sum retirement plans. For lump-sum retirement plans, the simplified method is applied to the calculation of retirement benefit liability and retirement benefit expenses, using the method of the amount to be paid in retirement benefits for voluntary resignations at the end of the period as the retirement benefit obligation.

(6) Accounting policy for significant revenue and expenses

The main performance obligations and the usual timing of revenue recognition in the main businesses of the Company and its consolidated subsidiaries are as follows.

As for revenues related to domestic real estate sales, the performance obligation is identified as the delivery of properties to customers based on real estate sales contracts with customers. Such performance obligation is satisfied when the property is delivered, and revenue is recognized at the time of such delivery. Revenue is recognized for sale of real estate to special-purpose companies in accordance with the "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies" (Transferred Guidance No. 10).

As for revenue pertaining to real estate sales in the United Arab Emirates, the performance obligation for the transfer of property is identified as the submission of an application to obtain a sales permit from the developer, who is the developer and operator, and revenue is recognized when the performance obligation is met on submitting such application. Unlike real estate sales transactions in Japan, it is common practice to conduct the transfer registration procedure and settlement at the same time. Therefore, the transfer registration and settlement are scheduled when concluding a contract, and the customer is required to deposit a check for the settlement amount with the transaction agent.

As for revenue related to real estate consulting, the performance obligation is identified as the services that the Group provides in relation to the operation and management of real estate owned by customers, based on consulting contracts with customers. For these services, revenue is recognized when the services are rendered to the customer.

Profit from investments in investment partnerships is recognized in accordance with "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

Revenue related to real estate leasing is recognized in accordance with "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

(7) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment under net assets.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

The cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(9) Other significant matters for preparing consolidated financial statements

(i) Accounting for consumption taxes

Non-deductible consumption taxes on assets related to inventories are included in the acquisition cost of individual inventories, and those on non-current assets are included in "Other" under investments and other assets and evenly amortized over five years.

(ii) Accounting for investment partnerships

When accounting for investment partnerships and similar entities, the Group records its capital contributions to such entities as either "operational investment securities" or "investment securities" (hereinafter collectively referred to as "investment securities, etc."). The Group recognizes profits or losses distributed by such entities in net sales and increases or decreases the carrying amount of investment securities, etc. by the same amount. Returns of capital contributions from such entities reduce the carrying amount of investment securities, etc

Although the Company's ownership of shares and other securities may satisfy the requirements of controlling the decision-making organization of an operational investee and having a significant influence on the operational investee, the purpose of such ownership is for an operational investment and not for putting the investee under the Group's umbrella, so such operational investees are not considered subsidiaries or affiliates.

Significant accounting estimates

Valuation of real estate for sale and costs on development business and other

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Real estate for sale	36,381	64,888
Costs on development business and other	16,940	6,325
Loss on valuation of inventories (cost of sales)	502	–

(2) Information on the contents of significant accounting estimates related to identified items

(i) Calculation method

Investments in real estate for sale and development business and other are stated at cost using the specific identification method (the consolidated balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets). If the net selling price at the end of the fiscal year is below the book value due to decreased profitability, such net selling price is used as the consolidated balance sheet amount. Any difference is recorded as a loss on revaluation of inventories.

(ii) Key Assumptions

The key assumption used in the valuation of real estate for sale and costs on development business and other is the planned sales price, which is evaluated by an outside real estate appraiser.

The key assumption used in the valuation of the real estate for sale and costs on development business and other in the United Arab Emirates is the planned sales price, for which we use actual transaction data for similar properties around such property's location.

(iii) Impact on consolidated financial statements for the following fiscal year

Planned sales prices may affect the consolidated financial statements for the following fiscal year due to risks that business plans may not progress as anticipated due to changes in market conditions, interest rate trends, and other events.

New accounting standards not yet applied

Accounting Standard for Leases, etc.

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024, ASBJ)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024, ASBJ), Etc.

(1) Overview

As part of an initiative to ensure Japanese accounting standards are consistent with international standards, the Accounting Standards Board of Japan (ASBJ) conducted an evaluation of international accounting standards to develop accounting standards related to leases that recognize assets and liabilities for all leases of a lessee. As the basic policy, the IFRS 16 single accounting model has been used as the foundation, and although not incorporating every provision of IFRS 16, ASBJ has decided to incorporate the main provisions in the interest of greater simplicity and convenience. Even where the provisions of IFRS 16 are used in non-consolidated financial statements, the lease accounting standards released by ASBJ aim to eliminate the need for revisions in principle.

In terms of the lessee's accounting, for the method used to allocate costs in leases of the lessee, like IFRS 16, a single accounting model is applied to all leases in which depreciation on right-of-use assets and the amount of interest on lease liabilities is recorded, regardless of whether the lease is a finance lease or an operating lease.

(2) Effective date

To be applied effective from the beginning of the fiscal year ending August 31, 2028.

(3) Impact of adopting such accounting standards

The Company is currently evaluating the impact of the application of the "Accounting Standard for Leases" and related accounting standards on its consolidated financial statements.

Accounting Standard for Subsequent Events, etc.

- "Accounting Standard for Subsequent Events" (ASBJ Statement No. 41, January 9, 2026, ASBJ)
- "Implementation Guidance on Accounting Standard for Subsequent Events" (ASBJ Implementation Guidance No. 35, January 9, 2026, ASBJ)

(1) Overview

The "Accounting Standard for Subsequent Events," etc. were developed with the priority objective of establishing comprehensive accounting standards addressing the definition, accounting treatment, and disclosure of subsequent events. As a basic policy, the content related to accounting presented in Auditing Standards Report 560, Practical Guideline No. 1 "Audit Treatment of Subsequent Events" issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants has principally been carried over and transferred to the ASBJ, and revisions to the wording and a reorganization of the evaluation period for subsequent events were conducted, while also introducing new requirements such as notes regarding the approval for disclosure of financial statements. Accordingly, the "Accounting Standard for Subsequent Events," etc. prescribe the accounting treatment and disclosure related to subsequent events.

(2) Effective date

To be applied effective from the beginning of the fiscal year ending August 31, 2028.

Changes in presentation

Consolidated statement of cash flows

"Decrease (increase) in advances paid" and "Increase (decrease) in long-term accounts payable - other," which were included in "Other, net" under "Cash flows from operating activities" in the previous fiscal year, have been separately presented from the fiscal year under review because they became significant in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥315 million presented in "Other, net" under "Cash flows from operating activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as "Decrease (increase) in advances paid" of ¥429 million, "Increase (decrease) in long-term accounts payable - other" of ¥669 million, and "Other, net" of ¥(784) million.

Additional information

Change in the purpose of holding assets

Following the decision in the fiscal year under review to change the purpose of holding for the real estate in Dubai held by the Group, the ¥12,961 million for said costs on development business and other has been transferred to property, plant and equipment.

Consolidated balance sheet

*1 Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows:

Pledged assets

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Cash and deposits	35	35
Costs on development business and other	172	5,296
Real estate for sale	25,394	41,179
Advance payments	1,156	844
Buildings and structures	122	16,886
Machinery, equipment and vehicles	44	38
Land	76	3,073
Construction in progress	–	3,587
Intangible assets	51	51
Investment securities	–	5,710
Total	27,052	76,703

Secured liabilities

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Short-term borrowings	9,390	3,025
Current portion of long-term borrowings	9,088	15,756
Long-term borrowings	7,121	30,393
Total	25,600	49,175

*2 Financial covenants

The following is a summary of the major details of financial covenants included in loan agreements entered into by the Group. In the event of a breach of such covenants, there is a risk of forfeiture of the benefit of time with respect to such borrowings.

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Short-term borrowings	2,068	3,200
Current portion of long-term borrowings	4,069	193
Long-term borrowings	9,918	5,029
Total	16,055	8,422

*3 Contract liabilities included in current liabilities "Other"

The amount of contract liabilities included in "Other" under current liabilities is as described in "(1) Contract assets and contract liabilities" of "Notes, Revenue recognition, 3. Relation between the fulfillment of performance obligations based on contracts with customers and cash flows arising from such contracts, as well as information on the amount and timing of revenue expected to be recognized in the following fiscal year and onwards based on contracts with customers existing as of the end of the fiscal year under review."

Consolidated statement of income

*1 Revenue from contracts with customers

Net sales are not broken down into revenues arising from contracts with customers and other revenues. The amounts of revenue from contracts with customers are as described in "Notes, Revenue recognition" in the consolidated financial statements.

*2 The ending inventory is the amount after devaluation of book value due to decline in profitability, and the following loss on valuation of inventories is included in cost of sales.

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
	502	–

*3 Main items and amounts of selling, general and administrative expenses are as follows.

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Salaries and allowances	3,657	5,694
Provision for bonuses	746	1,221
Provision for shareholder benefit program	143	260
Provision of allowance for doubtful accounts	26	14
Retirement benefit expenses	21	26

*4 Gain on bargain purchase

Fiscal year ended August 31, 2025

There are no matters to be noted.

Fiscal year ended August 31, 2026

This arose as a result of making Wakayama Marina City Co., Ltd. a consolidated subsidiary.

*5 Impairment losses

Fiscal year ended August 31, 2025

Not applicable.

Fiscal year ended August 31, 2026

In the fiscal year, the Group recorded impairment losses on the following asset groups.

Location	Use	Type	Impairment losses
Tokyo	Business assets	Buildings and structures Machinery, equipment and vehicles Tools, furniture and fixtures Leased assets Intangible assets	¥209 million
Saitama Prefecture	Business assets	Buildings and structures Machinery, equipment and vehicles Tools, furniture and fixtures Leased assets Intangible assets	¥108 million
Osaka Prefecture	Business assets	Buildings and structures Tools, furniture and fixtures Leased assets	¥111 million
Emirate of Dubai	Business assets	Buildings and structures Tools, furniture and fixtures Software	¥381 million

The Group groups its business assets by management accounting categories. In the fiscal year, the book value of business assets was reduced to a recoverable amount because it is expected to be difficult to recover the investment amount due to decreased profitability. The amount of the reduction was recorded as impairment losses of ¥811 million under extraordinary losses.

The recoverable amount was calculated based on the value in use, not the net selling price because it is difficult to convert the business assets to other uses or sell them.

Additionally, the discount rate is omitted because the undiscounted future cash flow is negative.

*6 Details of gain on sale of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Machinery, equipment and vehicles	0	15
Tools, furniture and fixtures	6	–
Total	6	15

*7 Details of loss on sale and retirement of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Machinery, equipment and vehicles	–	91
Tools, furniture and fixtures	0	1
Buildings and structures	3	44
Construction in progress	30	–
Software	–	0
Total	33	138

Consolidated statement of comprehensive income

*1 Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Valuation difference on available-for-sale securities:		
Amount arising during the year	152	(209)
Reclassification adjustments	–	51
Income taxes and before tax effects adjustments	152	(158)
Income taxes and tax effects	(46)	48
Valuation difference on available-for-sale securities	106	(109)
Foreign currency translation adjustment:		
Amount arising during the year	128	1,033
Total other comprehensive income	234	923

Consolidated statement of changes in equity

Fiscal year ended August 31, 2025

1. Class and total number of issued shares, and class and number of treasury shares

	As of September 1, 2024 (Shares)	Increase (Shares)	Decrease (Shares)	As of August 31, 2025 (Shares)
Issued shares				
Common shares (Note 1)	9,859,947	45,682	–	9,905,629
Total	9,859,947	45,682	–	9,905,629
Treasury shares				
Common shares (Note 2)	21,291	2,450	–	23,741
Total	21,291	2,450	–	23,741

Notes: 1. The increase of 45,682 shares in the total number of common shares issued was due to the issuance of 24,382 new shares as restricted share-based remuneration to employees and an increase of 21,300 shares resulting from the exercise of stock options.

2. The increase of 2,450 shares in the number of common shares that are treasury shares was due to an increase of 2,400 shares from the acquisition of restricted shares without consideration and an increase of 50 shares from the purchase of shares of less than one unit.

2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be issued subject to share acquisition rights	Number of shares to be issued subject to share acquisition rights (Shares)				Balance as of August 31, 2025 (Millions of yen)
			As of September 1, 2024	Increase	Decrease	As of August 31, 2025	
Reporting company (Parent company)	Share acquisition rights as stock options	–	–	–	–	–	442
Total		–	–	–	–	–	442

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
November 28, 2024 Annual General Meeting of Shareholders	Common shares	1,672	170	August 31, 2024	November 29, 2024

Note: The Company conducted a 2-for-1 share split of its common shares on September 1, 2025. The year-end dividend for the fiscal year ended August 31, 2024, was paid based on the number of shares before such share split, since the record date for dividends was August 31, 2024.

(2) Dividends for which record date is in the fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
November 27, 2025 Annual General Meeting of Shareholders	Common shares	2,371	Retained earnings	240	August 31, 2025	November 28, 2025

Note: The Company conducted a 2-for-1 share split of its common shares on September 1, 2025. The year-end dividend for the fiscal year ended August 31, 2025, was based on the number of shares before such share split, since the record date for dividends is August 31, 2025.

Fiscal year ended August 31, 2026

1. Class and total number of issued shares, and class and number of treasury shares

	As of September 1, 2025 (Shares)	Increase (Shares)	Decrease (Shares)	As of August 31, 2026 (Shares)
Issued shares				
Common shares (Notes 1 and 2)	9,905,629	14,713,300	–	24,618,929
Total	9,905,629	14,713,300	–	24,618,929
Treasury shares				
Common shares (Notes 1 and 3)	23,741	26,623	–	50,364
Total	23,741	26,623	–	50,364

Notes: 1. The Company conducted a 2-for-1 share split of its common shares on September 1, 2025.

2. The increase of 14,713,300 shares in the total number of common shares issued was due to an increase of 9,905,629 shares resulting from a share split, the issuance of 4,691,500 new shares, an increase of 63,600 shares resulting from the exercise of stock options, and the issuance of 52,571 new shares as restricted share-based remuneration to employees.

3. The increase of 26,623 shares in the number of common shares that are treasury shares was due to an increase of 23,741 shares resulting from a share split, an increase of 2,862 shares from the acquisition of restricted shares without consideration, and an increase of 20 shares from the purchase of shares of less than one unit.

2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be issued subject to share acquisition rights	Number of shares to be issued subject to share acquisition rights (Shares)				Balance as of August 31, 2026 (Millions of yen)
			As of September 1, 2025	Increase	Decrease	As of August 31, 2026	
Reporting company (Parent company)	Share acquisition rights as stock options	–	–	–	–	–	468
Total		–	–	–	–	–	468

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
November 27, 2025 Annual General Meeting of Shareholders	Common shares	2,371	240	August 31, 2025	November 28, 2025

Note: The Company conducted a 2-for-1 share split of its common shares on September 1, 2025. The year-end dividend for the fiscal year ended August 31, 2025, was paid based on the number of shares before such share split, since the record date for dividends was August 31, 2025.

(2) Dividends for which record date is in the fiscal year with effective date in the following fiscal year

The following is to be proposed at the Annual General Meeting of Shareholders to be held on November 26, 2026.

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
November 26, 2026 Annual General Meeting of Shareholders	Common shares	4,053	Retained earnings	165	August 31, 2026	November 27, 2026

Consolidated statement of cash flows

*1 Reconciliation of cash and cash equivalents at end of period and the amount recorded in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Cash and deposits	24,016	41,791
Time deposits with maturity over 3 months	(3)	(3)
Cash and cash equivalents	24,012	41,787

2. Detail of significant non-cash transactions

(1) Amount of assets and liabilities related to finance lease transactions

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Amount of assets and liabilities related to finance lease transactions	2,771	16

(2) Amount of newly recorded asset retirement obligations

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Amount of asset retirement obligations	206	252

Leases

As lessee:

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(i) Components of leased assets

(A) Property, plant and equipment
This mainly consists of assets of BASE LAYER HOTEL NAGOYA NISHIKI.

(B) Intangible assets
This refers to software.

(ii) Depreciation method for leased assets

The details are as described in "4. Accounting policies, (2) Depreciation and amortization methods for significant depreciable and amortizable assets" of "Significant matters forming the basis of preparing the consolidated financial statements."

2. Operating lease transactions

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Due within 1 year	5,294	10,857
Due after 1 year	45,021	78,958
Total	50,315	89,816

As lessor:

Operating lease transactions

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Due within 1 year	3,551	7,164
Due after 1 year	34,956	75,560
Total	38,508	82,724

Financial instruments

1. Status of financial instruments

(1) Policy for financial instruments

The Group raises necessary funds (mainly through bank loans) considering its investment plans. In addition, the Company procures short-term working capital through bank loans.

(2) Content and risks of financial instruments

Accounts receivable - trade and accounts receivable - other, which are trade receivables, are exposed to customer credit risk. Investment securities primarily consist of unlisted shares and investments in limited investment partnerships.

Accounts payable - other, which are trade payables, fall due within one year. Loans payable with floating interest rates are exposed to interest rate fluctuation risk. The main purpose is for raising funds necessary to promote specific projects and operations, and the repayment dates are up to 18 years after the balance sheet date.

(3) Risk management framework for financial instruments

• Management of credit risk (the risk of contractual counterparty default)

With respect to accounts receivable - trade and accounts receivable - other, sales representatives in each business segment regularly monitor the status of major business partners and manage due dates and outstanding balances by counterparty in order for the Group to early identify and mitigate concerns about collection due to deterioration of financial conditions and other factors.

• Management of market risk

The Group manages the risk of interest rate fluctuations by reviewing interest rate terms and refinancing them as necessary.

Investment securities are managed by regularly monitoring the financial conditions, operating results, and operational status of investees.

• Management of liquidity risk associated with financing (the risk that the Group will be unable to pay by the due date)

The Group manages liquidity risk by having the person in charge of finance prepare and update cash management plans in a timely manner based on reports from each division.

(4) Supplementary remarks on fair values of financial instruments

Because the calculation of fair values of financial instruments incorporates variable factors, the values may vary in case where different assumptions are used.

2. Fair value of financial instruments

Carrying amounts, fair values and their differences are as follows.

As of August 31, 2025

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Investment securities	1,581	1,581	–
Total assets	1,581	1,581	–
(1) Bonds payable (including current portion of bonds payable)	685	675	(9)
(2) Convertible-bond-type bonds with share acquisition rights	22,000	21,458	(541)
(3) Long-term borrowings (including current portion of long-term borrowings)	29,788	29,441	(347)
(4) Lease liabilities (including lease liabilities under current liabilities)	2,786	2,098	(688)
Total liabilities	55,260	53,673	(1,587)

(*1) "Cash and deposits," "Accounts receivable - trade," "Accounts receivable - other," "Short-term borrowings," "Accounts payable - other," and "Income taxes payable" have been omitted, as these are cash-based and settled in a short period of time, and the carrying amounts therefore approximate fair value.

(*2) Investments in stocks without market prices and investments in partnerships recorded as the net amount equivalent to the equity interest are not included in the table above. The carrying amounts of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Category	Fiscal year ended August 31, 2025
Stocks without market prices	1,291
Investments in limited investment partnerships (Note)	7,788

Note: Investments in limited investment partnerships apply the treatment in Paragraph 24-16 of the ASBJ Guidance No. 31 "Implementation Guidance on Accounting Standard for Fair Value Measurement" and are not subject to fair value disclosure.

As of August 31, 2026

(Millions of yen)

		Carrying amount	Fair value	Difference
(1)	Investment securities	178	178	–
Total assets		178	178	–
(1)	Bonds payable (including current portion of bonds payable)	4,378	3,892	(485)
(2)	Convertible-bond-type bonds with share acquisition rights	22,000	20,846	(1,153)
(3)	Long-term borrowings (including current portion of long-term borrowings)	70,800	69,572	(1,228)
(4)	Lease liabilities (including lease liabilities under current liabilities)	2,725	2,001	(723)
Total liabilities		99,904	96,313	(3,590)

(*1) "Cash and deposits," "Accounts receivable - trade," "Accounts receivable - other," "Short-term borrowings," "Accounts payable - other," and "Income taxes payable" have been omitted, as these are cash-based and settled in a short period of time, and the carrying amounts therefore approximate fair value.

(*2) Investments in stocks without market prices and investments in partnerships recorded as the net amount equivalent to the equity interest are not included in the table above. The carrying amounts of these financial instruments on the consolidated balance sheet are as follows.

(Millions of yen)

Category	Fiscal year ended August 31, 2026
Stocks without market prices	15,078
Investments in limited investment partnerships (Note)	7,702

Note: Investments in limited investment partnerships apply the treatment in Paragraph 24-16 of the ASBJ Guidance No. 31 "Implementation Guidance on Accounting Standard for Fair Value Measurement" and are not subject to fair value disclosure.

Note 1. Scheduled redemption amount of monetary claims and securities with maturity after the consolidated balance sheet date

As of August 31, 2025

(Millions of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	24,016	–	–	–
Accounts receivable - trade	1,417	–	–	–
Accounts receivable - other	262	–	–	–
Total	25,696	–	–	–

As of August 31, 2026

(Millions of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	41,791	–	–	–
Accounts receivable - trade	4,095	–	–	–
Accounts receivable - other	522	–	–	–
Total	46,409	–	–	–

Note 2. Repayment schedule for bonds payable, convertible-bond-type bonds with share acquisition rights, long-term borrowings, lease liabilities and other interest-bearing liabilities after the consolidated balance sheet date.

As of August 31, 2025

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	After 5 years
Bonds payable	292	223	169	–	–	–
Convertible-bond-type bonds with share acquisition rights	–	–	–	–	22,000	–
Long-term borrowings	13,594	14,948	696	199	73	275
Lease liabilities	132	134	119	122	125	2,151
Total	14,020	15,306	985	321	22,199	2,427

As of August 31, 2026

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	After 5 years
Bonds payable	1,823	224	2,316	13	–	–
Convertible-bond-type bonds with share acquisition rights	–	–	–	22,000	–	–
Long-term borrowings	33,795	29,042	2,496	433	2,134	2,898
Lease liabilities	97	84	78	81	84	2,299
Total	35,715	29,351	4,892	22,529	2,218	5,197

3. Matters regarding the breakdown of financial instruments by each fair value level

The fair value of financial instruments is categorized into the following three levels, in accordance with the observability and importance of the inputs used to measure fair value.

Level 1 fair value: Fair value measured based on the market price of assets or liabilities subjects to the measurement of such fair values formed in the active market, among the inputs concerning the measurement of observable fair value.

Level 2 fair value: Fair value measured using inputs related to the measurement of fair values other than the Level 1 inputs, among the inputs concerning the measurement of observable fair value.

Level 3 fair value: Fair value measured using inputs related to the measurement of unobservable fair value.

In cases where multiple inputs which have a material effect on the measurement of the fair value are used, the fair value is categorized at the level with the lowest priority in the fair value measurement, among the levels to which the respective input belongs.

(1) Financial instruments with the carrying amount recorded using fair value

As of August 31, 2025

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	1,581	–	–	1,581
Total assets	1,581	–	–	1,581

As of August 31, 2026

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	178	–	–	178
Total assets	178	–	–	178

(2) Financial instruments other than those with the carrying amount recorded using fair value

As of August 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds payable (including current portion of bonds payable)	–	675	–	675
Convertible-bond-type bonds with share acquisition rights	–	21,458	–	21,458
Long-term borrowings (including current portion of long-term borrowings)	–	29,441	–	29,441
Lease liabilities (including lease liabilities under current liabilities)	–	2,098	–	2,098
Total liabilities	–	53,673	–	53,673

As of August 31, 2026

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds payable (including current portion of bonds payable)	–	3,892	–	3,892
Convertible-bond-type bonds with share acquisition rights	–	20,846	–	20,846
Long-term borrowings (including current portion of long-term borrowings)	–	69,572	–	69,572
Lease liabilities (including lease liabilities under current liabilities)	–	2,001	–	2,001
Total liabilities	–	96,313	–	96,313

Note: Explanation of the valuation methods and inputs used for the fair value measurement

Bonds payable (including current portion of bonds payable), convertible-bond-type bonds with share acquisition rights, long-term borrowings (including current portion of long-term borrowings), and lease liabilities (including lease liabilities under current liabilities)

Since long-term borrowings with floating interest rates reflect market interest rates in a short period of time and the Group's credit standing has not changed significantly since the loans were executed, the fair value is deemed nearly equal to the book value and classified as Level 2 fair value.

In addition, the fair value of those with fixed interest rates is calculated as the present value of the total principal and interest discounted at the interest rate assumed for similar bond issues, borrowings or lease transactions, and classified as Level 2 fair value.

Securities

Available-for-sale securities

As of August 31, 2025

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Stocks	1,581	1,428	152
	(2) Bonds	–	–	–
	(3) Other	5,092	2,307	2,785
	Subtotal	6,673	3,735	2,938
Items whose carrying amount does not exceed acquisition cost	(1) Stocks	1,239	1,239	–
	(2) Bonds	–	–	–
	(3) Other	2,747	2,754	(7)
	Subtotal	3,987	3,994	(7)
Total		10,660	7,730	2,930

As of August 31, 2026

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Stocks	–	–	–
	(2) Bonds	–	–	–
	(3) Other	4,157	622	3,534
	Subtotal	4,157	622	3,534
Items whose carrying amount does not exceed acquisition cost	(1) Stocks	9,339	9,359	(19)
	(2) Bonds	–	–	–
	(3) Other	3,752	3,817	(65)
	Subtotal	13,091	13,176	(84)
Total		17,249	13,799	3,449

Retirement benefits

1. Overview of retirement benefit plans adopted

   The Company has adopted defined contribution pension plans.
   Some consolidated subsidiaries have adopted lump-sum retirement plans as their defined benefit plans and the retirement benefit liability and retirement benefit expenses are calculated by the simplified method.

2. Defined contribution plans

   The amounts of required contributions to defined contribution plans were ¥16 million for the fiscal year ended August 31, 2025, and ¥21 million for the fiscal year ended August 31, 2026.

3. Defined benefit plans using the simplified method

   (1) Reconciliation between the beginning and ending balances of retirement benefit liability for plans that applied the simplified method

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Balance of retirement benefit liability at beginning of period	3	25
Increase due to acquisition of new consolidated subsidiaries	25	193
Retirement benefit expenses	5	4
Retirement benefits paid	(8)	(17)
Balance of retirement benefit liability at end of period	25	206

(2) Reconciliation between ending balance of retirement benefit obligation and retirement benefit liability recorded in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Retirement benefit obligation for non-funded plans	25	206
Net amount of liabilities and assets recorded in the consolidated balance sheet	25	206
Retirement benefit liability	25	206
Net amount of liabilities and assets recorded in the consolidated balance sheet	25	206

(3) Retirement benefit expenses

Retirement benefit expenses calculated by the simplified method
Fiscal year ended August 31, 2025: ¥5 million
Fiscal year ended August 31, 2026: ¥4 million

Stock options

1. Account title and amount of stock options charged as expenses

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Selling, general and administrative expenses	303	99

2. Amount recognized as profit due to forfeited unexercised rights

Not applicable.

3. Details, size and changes in the number of stock options

Stock options that existed during the fiscal year under review (ended August 31, 2026) are included, and the number of stock options is converted into the number of shares.
The figures reflect the June 9, 2018 share split (20-for-1 share split of its common shares), the September 1, 2019 share split (2-for-1 share split of its common shares), the September 1, 2021 share split (2-for-1 share split of its common shares), and the September 1, 2025 share split (2-for-1 share split of its common shares).

(1) Details of stock options

Company name	Reporting company	Reporting company
Class	3rd share acquisition rights (Stock options)	6th share acquisition rights (Stock options)
Resolution date	November 28, 2017	February 26, 2021
Category and number of persons eligible for allocation	10 employees of the Company	79 employees of the Company
Number of stock options by class of shares	232,000 common shares	165,200 common shares
Date of grant	November 29, 2017	March 15, 2021
Vesting conditions	Share acquisition right holders must serve in the position of director, corporate auditor 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.)	Share acquisition right holders must serve in the position of director, corporate auditor 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.)
Requisite service period	No specified service period.	No specified service period.
Exercise period	From November 29, 2019 to November 28, 2027	From March 16, 2023 to March 15, 2026

Company name	Reporting company	Reporting company
Class	7th share acquisition rights with consideration (Stock options)	8th share acquisition rights (Stock options)
Resolution date	December 2, 2022	December 2, 2022
Category and number of persons eligible for allocation	1 Director of the Company	1 Director of the Company
Number of stock options by class of shares	260,000 common shares	38,400 common shares
Date of grant	December 19, 2022	December 19, 2022
Vesting conditions	Share acquisition right holders must serve in the position of director, corporate auditor 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.) If operating profit stated in the Company's statement of income (if consolidated statement of income is prepared, the consolidated statement of income) for any fiscal year from the fiscal year ended August 31, 2023, to the fiscal year ended August 31, 2025, exceeds ¥5,000 million.	Share acquisition right holders must serve in the position of director, corporate auditor 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.)
Requisite service period	No specified service period.	No specified service period.
Exercise period	From December 3, 2027 to December 2, 2030	From December 3, 2024 to December 2, 2032

Company name	Reporting company	Reporting company
Class	9th share acquisition rights (Stock options)	10th share acquisition rights (Stock options)
Resolution date	December 2, 2022	December 2, 2022
Category and number of persons eligible for allocation	2 Directors of the Company 2 employees of the Company	10 employees of the Company
Number of stock options by class of shares	80,000 common shares	60,000 common shares
Date of grant	December 19, 2022	December 19, 2022
Vesting conditions	Share acquisition right holders must serve in the position of director, corporate auditor 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.)	Share acquisition right holders must serve in the position of director, corporate auditor 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.)
Requisite service period	No specified service period.	No specified service period.
Exercise period	From December 3, 2025 to December 2, 2030	From December 3, 2025 to December 2, 2028

Company name	Reporting company	Reporting company
Class	11th share acquisition rights (Stock options)	12th share acquisition rights (Stock options)
Resolution date	February 7, 2025	February 7, 2025
Category and number of persons eligible for allocation	4 Directors of the Company	50 employees of the Company
Number of stock options by class of shares	300,000 common shares	173,734 common shares
Date of grant	March 7, 2025	March 7, 2025
Vesting conditions	Share acquisition right holders must serve in the position of director, corporate auditor 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.) If profit is stated in the Company's statement of income (if consolidated statement of income is prepared, the consolidated statement of income) for the fiscal year ended August 31, 2026, exceeds ¥15,000 million.	Share acquisition right holders must serve in the position of director, corporate auditor 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.) If profit is stated in the Company's statement of income (if consolidated statement of income is prepared, the consolidated statement of income) for the fiscal year ended August 31, 2026, exceeds ¥15,000 million.
Requisite service period	No specified service period.	No specified service period.
Exercise period	From February 1, 2027 to January 31, 2041	From February 1, 2030 to January 31, 2035

Company name	X NETWORK Co., Ltd. (Consolidated subsidiary)
Class	1st share acquisition rights (Stock options)
Resolution date	July 17, 2024
Category and number of persons eligible for allocation	3 Directors of X NETWORK Co., Ltd. 5 employees of X NETWORK Co., Ltd.
Number of stock options by class of shares	1,055 common shares
Date of grant	July 26, 2024
Vesting conditions	Share acquisition right holders must serve in the position of director, corporate auditor or employee of the Company or its subsidiaries or associates at the time of exercising their rights. (However, this does not apply to the expiration of term of office or mandatory retirement.)
Requisite service period	No specified service period.
Exercise period	From July 18, 2026 to July 17, 2041

(2) Volume and changes of stock options

(i) Number of stock options

Company name	Reporting company	Reporting company
Class	3rd share acquisition rights (Stock options)	6th share acquisition rights (Stock options)
Resolution date	November 28, 2017	February 26, 2021
Before vested (Shares)		
As of August 31, 2025	–	–
Granted	–	–
Forfeited	–	–
Vested	–	–
Unvested	–	–
After vested (Shares)		
As of August 31, 2025	1,600	23,600
Vested	–	–
Exercised	–	23,600
Forfeited	–	–
Exercisable	1,600	–

Company name	Reporting company	Reporting company
Class	7th share acquisition rights with consideration (Stock options)	8th share acquisition rights (Stock options)
Resolution date	December 2, 2022	December 2, 2022
Before vested (Shares)		
As of August 31, 2025	260,000	–
Granted	–	–
Forfeited	–	–
Vested	–	–
Unvested	260,000	–
After vested (Shares)		
As of August 31, 2025	–	19,800
Vested	–	–
Exercised	–	–
Forfeited	–	–
Exercisable	–	19,800

Company name	Reporting company	Reporting company
Class	9th share acquisition rights (Stock options)	10th share acquisition rights (Stock options)
Resolution date	December 2, 2022	December 2, 2022
Before vested (Shares)		
As of August 31, 2025	80,000	50,000
Granted	–	–
Forfeited	–	–
Vested	80,000	50,000
Unvested	–	–
After vested (Shares)		
As of August 31, 2025	–	–
Vested	80,000	50,000
Exercised	36,000	4,000
Forfeited	–	–
Exercisable	44,000	46,000

Company name	Reporting company	Reporting company
Class	11th share acquisition rights (Stock options)	12th share acquisition rights (Stock options)
Resolution date	February 7, 2025	February 7, 2025
Before vested (Shares)		
As of August 31, 2025	300,000	173,734
Granted	–	–
Forfeited	–	484
Vested	–	–
Unvested	300,000	173,250
After vested (Shares)		
As of August 31, 2025	–	–
Vested	–	–
Exercised	–	–
Forfeited	–	–
Exercisable	–	–

Company name	X NETWORK Co., Ltd. (Consolidated subsidiary)
Class	1st share acquisition rights (Stock options)
Resolution date	July 17, 2024
Before vested (Shares)	
As of August 31, 2025	1,055
Granted	–
Forfeited	–
Vested	–
Unvested	1,055
After vested (Shares)	
As of August 31, 2025	–
Vested	–
Exercised	–
Forfeited	–
Exercisable	–

(ii) Unit price information

Company name	Reporting company	Reporting company
Class	3rd share acquisition rights (Stock options)	6th share acquisition rights (Stock options)
Resolution date	November 28, 2017	February 26, 2021
Exercise price (Yen)	269	1,072
Average price per share upon exercise (Yen)	–	7,369
Fair value per share at grant date(Yen)	–	1,154

Company name	Reporting company	Reporting company
Class	7th share acquisition rights with consideration (Stock options)	8th share acquisition rights (Stock options)
Resolution date	December 2, 2022	December 2, 2022
Exercise price (Yen)	2,540	2,546
Average price per share upon exercise (Yen)	–	–
Fair value per share at grant date(Yen)	1,587	1,544

Company name	Reporting company	Reporting company
Class	9th share acquisition rights (Stock options)	10th share acquisition rights (Stock options)
Resolution date	December 2, 2022	December 2, 2022
Exercise price (Yen)	2,546	2,546
Average price per share upon exercise (Yen)	7,557	6,940
Fair value per share at grant date(Yen)	1,497	1,388

Company name	Reporting company	Reporting company
Class	11th share acquisition rights (Stock options)	12th share acquisition rights (Stock options)
Resolution date	February 7, 2025	February 7, 2025
Exercise price (Yen)	7,505	7,505
Average price per share upon exercise (Yen)	–	–
Fair value per share at grant date(Yen)	(Note)	3,888

Company name	X NETWORK Co., Ltd. (Consolidated subsidiary)
Class	1st share acquisition rights (Stock options)
Resolution date	July 17, 2024
Exercise price (Yen)	5,000
Average price per share upon exercise (Yen)	–
Fair value per share at grant date(Yen)	–

Note: Fair value per share for 11th share acquisition rights (Yen)

Exercise start date	February 1, 2027	February 1, 2028	February 1, 2029	February 1, 2030	February 1, 2031	February 1, 2032	February 1, 2033	February 1, 2034	February 1, 2035	February 1, 2036
Fair value per share at grant date	2,871	3,383	3,711	3,888	4,034	4,154	4,252	4,330	4,390	4,437

4. Method for estimating the fair value per share of stock options

   The stock options for X NETWORK Co., Ltd., a consolidated subsidiary, are valued by the method of estimating the intrinsic value per share of stock options because it is a private company. In addition, the valuation method for the company's shares, which are the basis for calculating the intrinsic value per share of stock options, uses the price calculated by the DCF method. Since the intrinsic value per share of stock options was zero at the time stock options were granted, the fair value per share is not stated.

5. Method for estimating the number of stock options vested

   As it is difficult, in principle, to reasonably estimate the number of stock options that will be forfeited in the future, the number here reflects only stock options that have actually been forfeited.

6. The total intrinsic value at the end of the fiscal year under review and the total intrinsic value on the day that the rights to stock options were exercised during the fiscal year under review, if the calculation is based on the intrinsic value per share of stock options

   (1) The total intrinsic value at the end of the fiscal year under review ¥– million

   (2) The total intrinsic value on the day that the rights to stock options were exercised during the fiscal year under review ¥– million

Tax effect accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Deferred tax assets		
Enterprise tax payable	357	413
Provision for bonuses	158	282
Loss on extinguishment of tie-in shares	35	35
Excess of depreciation	102	241
Allowance for doubtful accounts	280	1,141
Loss on valuation of inventories	154	117
Asset retirement obligations	141	222
Share-based payment expenses	107	103
Tax loss carryforwards (Note 3)	916	2,425
Other	76	97
Subtotal deferred tax assets	2,329	5,081
Valuation allowance for tax loss carryforwards (Note 3)	(301)	(1,714)
Valuation allowance for total of deductible temporary differences and others	(440)	(1,481)
Subtotal valuation allowance (Note 2)	(742)	(3,196)
Total deferred tax assets	1,586	1,884
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(46)	(2)
Asset retirement expenses for asset retirement obligations	(110)	(159)
Valuation difference on capital consolidation	(436)	(2,967)
Deferred gain on land transfer	–	(1,201)
Total deferred tax liabilities	(593)	(4,331)
Net deferred tax assets (liabilities)	993	(2,446)

Notes: 1. Net deferred tax assets for the fiscal years ended August 31, 2025, and 2026 are included in the following items on the consolidated balance sheet.

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Non-current assets - Deferred tax assets	1,430	1,618
Non-current liabilities - Deferred tax liabilities	436	4,065

2. The main change in the valuation allowance was an increase in the valuation allowance for tax loss carryforwards at consolidated subsidiaries.

3. The amounts of tax loss carried forward and corresponding deferred tax assets by year of expiration
As of August 31, 2025

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	After 5 years	Total
Tax loss carryforwards (*1)	19	7	4	9	8	866	916
Valuation allowance	(19)	(7)	(4)	(9)	(8)	(251)	(301)
Deferred tax assets (*2)	–	–	–	–	–	614	614

(*1) Tax loss carryforwards represent the amounts multiplied by the effective statutory tax rate.

(*2) Deferred tax assets related to tax loss carryforwards are judged to be recoverable because of considering projected taxable income based on the future earning capacity of such consolidated subsidiaries.

As of August 31, 2026

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	After 5 years	Total
Tax loss carryforwards (*1)	7	4	9	8	9	2,385	2,425
Valuation allowance	(7)	(4)	(9)	(8)	(9)	(1,674)	(1,714)
Deferred tax assets (*2)	–	–	–	–	–	710	710

(*1) Tax loss carryforwards represent the amounts multiplied by the effective statutory tax rate.

(*2) Deferred tax assets related to tax loss carryforwards are judged to be recoverable because of considering projected taxable income based on the future earning capacity of such consolidated subsidiaries.

2. The reconciliation of significant differences between the effective statutory tax rate and the effective tax rate after application of tax effect accounting is summarized as follows:

(%)

	As of August 31, 2025	As of August 31, 2026
Effective statutory tax rate	30.6	30.6
(Adjustments)		
Items permanently not includable as loss such as entertainment expenses	1.2	1.8
Per capita levy of inhabitant tax	0.1	0.1
Share-based payment expenses	0.5	0.2
Tax credits under the Wage Increase Promotion Tax System	–	(1.5)
Differences in tax rates of foreign subsidiaries	2.1	(1.6)
Differences in tax rates of domestic subsidiaries	0.8	0.4
Increase/decrease in valuation allowance	1.8	9.6
Consolidation adjustment of allowance for doubtful accounts	(0.8)	(3.3)
Adjustment due to negative goodwill	(0.1)	(1.8)
Adjustment due to recording of stock and investment acquisition costs	0.0	0.4
Deductible amount of tax loss carryforwards assumed through acquisition	(1.8)	(0.1)
Other	(0.8)	0.4
Effective income tax rate after application of tax effect accounting	33.8	35.0

Business combinations

Business combinations that are not individually material but are collectively material are aggregated and disclosed in the notes.

1. Outline of business combinations

Shares in the following three companies were acquired to obtain the real estate held by said companies as well as associated business opportunities with the aim of expanding the Group’s real estate development and investment businesses.

Name of acquired company and name of company after combination	Nisshin Building Co., Ltd.	Hanayashiki Ukifune-en Co., Ltd.	Wakayama Marina City Co., Ltd.
Description of business	Real estate leasing business	Hotel management business	Theme park business, etc.
Date of business combination	September 30, 2025	February 27, 2026	August 21, 2026
Legal form of business combination	Share acquisition in consideration for cash		
Ratio of voting rights acquired	100%	100%	100%

The primary basis for determining the acquired company was that the Company acquired the shares in exchange for cash.

2. Acquisition cost of acquired company and breakdown by type of consideration

Consideration for acquisition	Cash and deposits	¥6,254 million
Acquisition cost		¥6,254 million

3. Details and amount of major acquisition-related expenses

Advisory fees, etc. ¥302 million

4. Amount of goodwill recognized and the reason for recognition

(1) Amount of goodwill recognized

¥1,029 million

(2) Reason for recognition

This arose as a result of the future excess earning capacity expected from future business development.

5. Amount of negative goodwill recognized and the reason for recognition

(1) Amount of negative goodwill recognized

¥1,478 million

(2) Reason for recognition

This arose as a result of the amount allocated to the assets received and liabilities assumed exceeding the acquisition cost.

6. Amounts of assets received and liabilities assumed on the date of the business combination and the major components thereof

Current assets	¥5,638 million
Non-current assets	¥11,062 million
Total assets	¥16,701 million
Current liabilities	¥1,831 million
Non-current liabilities	¥8,182 million
Total liabilities	¥10,013 million

Asset retirement obligations

Asset retirement obligations recorded on the consolidated balance sheet

A. Overview of such asset retirement obligations

These asset retirement obligations refer to the obligations for restoration to original conditions in connection with real estate rental agreements for the building of the head office owned by the Group.

B. Calculation method for such asset retirement obligations

The estimated period of use is mainly estimated to be ten years from acquisition, and the amount of asset retirement obligations is calculated using the risk-free rate at the time of acquisition as the discount rate, which is commensurate with such forecast period.

C. Changes in the total amount of asset retirement obligations

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Balance at beginning of period	242	450
Increase due to acquisition of property, plant and equipment	206	252
Adjustments due to passage of time	1	4
Balance at end of period	450	707

Real estate for rent

The Group is involved in multiple renovation projects for existing hotels, and real estate for rent on the consolidated balance sheet for the fiscal year under review consists primarily of real estate held in relation to these renovation projects.
Rental profit related to such real estate for rent for the fiscal year ended August 31, 2025 was ¥81 million (rental income was recorded as net sales). Rental profit related to such real estate for rent for the fiscal year under review was ¥215 million (rental income was recorded as net sales). These consist mainly of rental profits from a shopping center owned in Miyagi Prefecture.

Carrying amounts in the consolidated balance sheet, increase or decrease and fair values of the real estate for rent are as follows:

(Millions of yen)

		Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Carrying amount			
	Balance at beginning of period	1,644	8,499
	Increase (decrease) during period	6,855	23,041
	Balance at end of period	8,499	31,540
Fair value at end of period		8,947	33,527

Note: The fair value at the end of the fiscal year under review is based on a real estate appraisal report, etc. by an outside real estate appraiser.

Revenue recognition

1. Information on disaggregation of revenue from contracts with customers

The Group operates in only one segment, namely the real estate consulting business, and a breakdown of the revenue from contracts with main customers is as below.

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Sale of real estate (Note 1)	50,798	86,903
Real estate consulting (Note 2)	6,959	4,977
Other	3,652	10,185
Revenue from contracts with customers	61,410	102,066
Other revenue (Note 3)	35,091	61,689
Sales to external customers	96,501	163,756

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. Other revenue includes transactions 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). The transfer revenue for real estate (including beneficial interests in real estate trusts) subject to the "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies" (Transferred Guidance No. 10), which are included in other revenue was ¥23,523 million for the fiscal year ended August 31, 2025 and ¥48,351 million for the fiscal year ended August 31, 2026.

2. Information that provides a basis for understanding revenue from contracts with customers

The information that provides a basis for understanding revenue from contracts with customers is as described in "Notes, Significant matters forming the basis of preparing the consolidated financial statements, 4. Accounting policies, (6) Accounting policy for significant revenue and expenses."

3. Relation between the fulfillment of performance obligations based on contracts with customers and cash flows arising from such contracts, as well as information on the amount and timing of revenue expected to be recognized in the following fiscal year and onwards based on contracts with customers existing as of the end of the fiscal year under review

(1) Contract assets and contract liabilities

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Receivables from contracts with customers (as of August 31, 2025)	1,203	1,417
Receivables from contracts with customers (as of August 31, 2026)	1,417	4,095
Contract assets (as of August 31, 2025)	506	844
Contract assets (as of August 31, 2026)	844	674
Contract liabilities (as of August 31, 2025)	265	666
Contract liabilities (as of August 31, 2026)	666	880

Note: Contract liabilities are included in "Other" under current liabilities in the consolidated balance sheet.

(2) Transaction price allocated to remaining performance obligations

This information is omitted because the Group does not have any material contracts with an initially anticipated term of more than one year.

Segment information

Segment information

I Fiscal year ended August 31, 2025

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

II Fiscal year ended August 31, 2026

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

Information associated with reportable segments

Fiscal year ended August 31, 2025

1. Information by product and service

This information is omitted since the same information is presented in "Notes, Revenue recognition, 1. Information on disaggregation of revenue from contracts with customers" in the consolidated financial statements.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	United States	United Arab Emirates	Other	Total
89,635	–	6,865	–	96,501

Note: Net sales are classified by region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	United States	United Arab Emirates	Other	Total
11,731	–	1,161	22	12,914

3. Information by main customer

(Millions of yen)

Name of customer	Net sales	Related segment
Godo Kaisha Ginza 8 Hotel Project	10,157	–

Note: Related segment names are omitted because the Company has only one segment, the real estate consulting business.

Fiscal year ended August 31, 2026

1. Information by product and service

This information is omitted since the same information is presented in "Notes, Revenue recognition, 1. Information on disaggregation of revenue from contracts with customers" in the consolidated financial statements.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	United States	United Arab Emirates	Other	Total
131,226	21,994	10,535	–	163,756

Note: Net sales are classified by region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	United States	United Arab Emirates	Other	Total
32,268	–	13,824	19	46,112

3. Information by main customer

(Millions of yen)

Name of customer	Net sales	Related segment
BCE Miami Property LLC	21,979	–
JA Mitsui Leasing Tatemono Co., Ltd.	18,046	–

Note: Related segment names are omitted because the Company has only one segment, the real estate consulting business.

Information on impairment loss of non-current assets by reportable segment

Fiscal year ended August 31, 2025

The information is omitted because the Group operates in a single segment.

Fiscal year ended August 31, 2026

The information is omitted because the Group operates in a single segment.

Information on amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended August 31, 2025

The information is omitted because the Group operates in a single segment.

Fiscal year ended August 31, 2026

The information is omitted because the Group operates in a single segment.

Information on gain on bargain purchase by reportable segment

Fiscal year ended August 31, 2025

The information is omitted because the Group operates in a single segment.

Fiscal year ended August 31, 2026

The information is omitted because the Group operates in a single segment.

Related parties

Fiscal year ended August 31, 2025

Transactions with related parties

Transactions between the company submitting consolidated financial statements and related parties

Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements

Type	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Percentage of voting rights held (%)	Relationship with related parties	Content of transactions	Transaction amount (Millions of yen)	Account	Balance at end of period (Millions of yen)
Officer	Ryo Sugimoto	–	–	Director of the Company	(Held) Directly 0.07%	Director of the Company	Exercise of stock options*	47	–	–

* This represents stock options exercised during the fiscal year ended August 31, 2025, which were granted by resolution of the Board of Directors meeting held on December 2, 2022. The “Transaction amount” column shows the amount obtained by multiplying the number of shares granted through the exercise of stock options during the fiscal year ended August 31, 2025 by the paid-in amount.

Fiscal year ended August 31, 2026

Transactions with related parties

Transactions between the company submitting consolidated financial statements and related parties

Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements

Type	Name	Location	Share capital or investments in capital (Millions of yen)	Business or occupation	Percentage of voting rights held (%)	Relationship with related parties	Content of transactions	Transaction amount (Millions of yen)	Account	Balance at end of period (Millions of yen)
Officer	Kazunari Hirose	–	–	Director of the Company	(Held) Directly 0.7%	Director of the Company	Exercise of stock options*	30	–	–

* This represents stock options exercised during the fiscal year under review, which were granted by resolution of the Board of Directors meeting held on December 2, 2022. The “Transaction amount” column shows the amount obtained by multiplying the number of shares granted through the exercise of stock options during the fiscal year under review by the paid-in amount. The exercise price of share acquisition rights and other exercise conditions are determined based on a resolution of the Board of Directors at the time of grant.

Per share information

(Yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Net assets per share	1,830.18	3,531.57
Basic earnings per share	520.37	709.49
Diluted earnings per share	512.32	701.26

Notes: 1. The Company conducted a 2-for-1 share split of its common shares on September 1, 2025. "Net assets per share," "Basic earnings per share" and "Diluted earnings per share" are calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended August 31, 2025.

2. The basis for calculation of net assets per share is as follows:

	As of August 31, 2025	As of August 31, 2026
Total net assets (Million yen)	38,193	87,836
Amounts deducted from total net assets (Million yen)	2,022	1,071
[Of which, share acquisition rights]	[442]	[468]
[Of which, non-controlling interests]	[1,580]	[602]
Net assets related to common shares at the end of the period (Million yen)	36,171	86,765
Number of common shares at the end of the period used to calculate net assets per share (Shares)	19,763,776	24,568,565

3. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	10,250	16,692
Amounts not attributable to common shareholders (Million yen)	–	–
Profit attributable to owners of parent related to common shares (Million yen)	10,250	16,692
Average number of common shares outstanding during the period (Shares)	19,697,880	23,527,786
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Million yen)	–	–
Increase in the number of common shares (Shares)	309,340	276,288
[Of which, share acquisition rights] (Shares)	[309,340]	[276,288]
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	Two types of share acquisition rights Number of share acquisition rights: 236,867 units (473,734 common shares)	Two types of share acquisition rights Number of share acquisition rights: 236,625 units (473,250 common shares)

Significant subsequent events

Not applicable.

(v) Annexed consolidated detailed schedules

Detailed schedule of corporate bonds

Company name	Issues	Date of issuance	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Pledge	Date of redemption
Kasumigaseki Capital Co., Ltd.	2nd unsecured bonds	December 30, 2020	66 [25]	41 [25]	0.070	None	December 30, 2027
Kasumigaseki Capital Co., Ltd.	3rd unsecured bonds	June 30, 2021	20 [20]	– [–]	0.260	None	June 30, 2026
Kasumigaseki Capital Co., Ltd.	4th unsecured bonds	January 30, 2023	49 [49]	– [–]	0.550	None	January 30, 2026
Kasumigaseki Capital Co., Ltd.	5th unsecured bonds	February 20, 2025	249 [102]	147 [102]	0.700	None	February 18, 2028
Kasumigaseki Capital Co., Ltd.	6th unsecured bonds	June 25, 2025	300 [96]	204 [96]	0.830	None	June 23, 2028
Kasumigaseki Capital Co., Ltd.	Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029	November 5, 2024	22,000 [–]	22,000 [–]	–	None	November 5, 2029
Kasumigaseki Capital Co., Ltd.	1st unsecured bonds	March 19, 2026	– [–]	1,600 [1,600]	2.668	None	March 19, 2027
Kasumigaseki Capital Co., Ltd.	7th unsecured bonds	May 29, 2026	– [–]	1,560 [–]	7.000	None	May 31, 2029
Kasumigaseki Capital Co., Ltd.	1st unsecured U.S. dollar-denominated straight bonds	June 30, 2026	– [–]	704 [–]	9.000	None	June 30, 2029
*1	Unsecured bonds	From September 2019 to October 2022	– [–]	121 [–]	0.300 to 0.585	None	From September 25, 2026 to October 25, 2029
Total	–	–	22,685 [292]	26,378 [1,823]	–	–	–

Notes: 1. *1 collectively refers to corporate bonds issued by consolidated subsidiaries Wakayama Marina City Co., Ltd. and Catalyx Inc.

2. The figures shown in square brackets represent the amount to be redeemed within one year.

3. The scheduled amount of redemption of bonds during the five years after the consolidated balance sheet date is as follows:

(Millions of yen)

Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
1,823	224	2,316	22,013	–

4. The description of convertible-bond-type bonds with share acquisition rights is as follows:

Issue	Euro-Yen denominated convertible-bond-type bonds with share acquisition rights maturing in 2029
Shares to be issued	Common shares
Issue price of share acquisition rights (Yen)	Free of charge
Issue price of shares (Yen)	8,855
Total amount of issue (Millions of yen)	22,000
Total amount of shares issued upon exercise of share acquisition rights (Millions of yen)	–
Percentage of share acquisition rights granted (%)	100
Exercise period of share acquisition rights	From November 19, 2024 to October 22, 2029

Detailed schedule of borrowings

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	13,612	8,059	3.8	–
Current portion of long-term borrowings	13,594	33,795	3.5	–
Current portion of lease liabilities	132	97	3.1	–
Long-term borrowings (excluding current portion)	16,193	37,005	3.7	From 2027 to 2044
Lease liabilities (excluding current portion)	2,653	2,627	0.3	–
Total	46,188	81,585	–	–

Notes: 1. The “average interest rate” shows weighted average interest rate with respect to the ending balance of borrowings.

2. Repayment schedule for long-term borrowings and lease liabilities (excluding current portion) during the five years after the consolidated balance sheet date is as follows:

(Millions of yen)

	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term borrowings	29,042	2,496	433	2,134
Lease liabilities	84	78	81	84

Detailed schedule of asset retirement obligations

The detailed schedule of asset retirement obligations is omitted because the items to be stated in this schedule are presented as notes prescribed in Article 15-23 of the Regulations on Consolidated Financial Statements.

(2) Other

Interim information for the fiscal year under review

	Six months ended February 28, 2026	Fiscal year ended August 31, 2026
Net sales (Millions of yen)	61,116	163,756
Profit before income taxes (Millions of yen)	7,387	25,709
Profit attributable to owners of parent (Millions of yen)	4,951	16,692
Basic earnings per share (Yen)	220.08	709.49

2. Non-consolidated financial statements and other information

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheet

(Millions of yen)

		As of August 31, 2025		As of August 31, 2026
Assets				
Current assets				
Cash and deposits	*1	9,815	*1	16,137
Accounts receivable - trade	*4	246	*4	1,000
Contract assets		468		501
Operational investment securities		–		6,805
Costs on development business and other	*1	135	*1	135
Real estate for sale	*1	20,233	*1	48,354
Advance payments	*1	2,774	*1	2,699
Prepaid expenses		1,655		1,727
Short-term loans receivable		82		2,331
Current portion of long-term loans receivable		8		3,333
Short-term loans receivable from subsidiaries and associates	*4	770	*4	3,714
Current portion of long-term loans receivable from subsidiaries and associates	*4	2,059	*4	2,207
Advances paid	*4	630	*4	5,112
Deposits paid		6		5
Other	*4	1,038	*4	2,336
Total current assets		39,924		96,403
Non-current assets				
Property, plant and equipment				
Buildings	*1	2,015	*1	2,916
Structures		2		15
Machinery and equipment	*1	56	*1	48
Vehicles		269		135
Tools, furniture and fixtures		496		867
Land	*1	592	*1	592
Leased assets		148		114
Construction in progress		106		233
Total property, plant and equipment		3,686		4,924
Intangible assets				
Leasehold interests in land	*1	51	*1	51
Software		43		108
Other		1		62
Total intangible assets		96		222
Investments and other assets				
Investment securities		9,334		14,499
Investments in capital		1		2
Shares of subsidiaries and associates		16,091		33,807
Bonds of subsidiaries and associates		70		70
Investments in capital of subsidiaries and associates		2,823		2,472
Long-term loans receivable		5,361		5,898
Long-term loans receivable from subsidiaries and associates	*4	15,949	*4	22,271
Long-term prepaid expenses		498		587
Deferred tax assets		581		806
Other		1,762		2,577
Allowance for doubtful accounts		(861)		(3,579)
Total investments and other assets		51,612		79,413

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Total non-current assets	55,395	84,561
Deferred assets		
Bond issuance costs	106	182
Total deferred assets	106	182
Total assets	95,426	181,147

(Millions of yen)

		As of August 31, 2025		As of August 31, 2026
Liabilities				
Current liabilities				
Short-term borrowings	*1, *3	12,276	*1, *3	6,804
Short-term borrowings from subsidiaries and associates	*4	1,000		–
Current portion of bonds payable		292		1,823
Current portion of long-term borrowings	*1, *3	10,259	*1, *3	28,035
Current portion of long-term borrowings from subsidiaries and associates	*4	4,109	*4	3,672
Lease liabilities		18		17
Accounts payable - other	*4	2,198	*4	7,044
Accrued expenses	*4	216	*4	386
Income taxes payable		2,206		1,723
Contract liabilities		31		16
Deposits received		166	*4	370
Leasehold deposits received		100		442
Unearned revenue		60		98
Provision for bonuses		460		797
Provision for shareholder benefit program		145		260
Other		69		169
Total current liabilities		33,611		51,661
Non-current liabilities				
Bonds payable		392		2,433
Convertible-bond-type bonds with share acquisition rights		22,000		22,000
Long-term borrowings	*1, *3	9,330	*1, *3	28,090
Long-term borrowings from subsidiaries and associates	*4	1,469	*4	7,275
Lease liabilities		17		–
Asset retirement obligations		448		707
Long-term leasehold deposits received		323	*4	547
Other		560		1,073
Total non-current liabilities		34,541		62,127
Total liabilities		68,153		113,789
Net assets				
Shareholders' equity				
Share capital		9,523		27,158
Capital surplus				
Legal capital surplus		9,428		27,063
Total capital surplus		9,428		27,063
Retained earnings				
Other retained earnings				
Retained earnings brought forward		7,815		12,714
Total retained earnings		7,815		12,714
Treasury shares		(42)		(43)
Total shareholders' equity		26,724		66,893
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		106		(3)
Total valuation and translation adjustments		106		(3)
Share acquisition rights		442		468
Total net assets		27,272		67,358
Total liabilities and net assets		95,426		181,147

(ii) Non-consolidated statement of income

(Millions of yen)

		Fiscal year ended August 31, 2025		Fiscal year ended August 31, 2026
Net sales	*2	58,474	*2	83,082
Cost of sales	*2	37,764	*2	49,485
Gross profit		20,710		33,597
Selling, general and administrative expenses	*1, *2	13,873	*1, *2	20,844
Operating profit		6,837		12,752
Non-operating income				
Interest income	*2	593	*2	790
Dividend income	*2	330	*2	1,990
Foreign exchange gains		–		1,001
Miscellaneous income		24		72
Total non-operating income		948		3,855
Non-operating expenses				
Interest expenses	*2	1,175	*2	2,015
Interest expenses on bonds		2		62
Amortization of bond issuance costs		23		45
Foreign exchange losses		96		–
Commission expenses		411		726
Arrangement fees		19		13
Other		8		4
Total non-operating expenses		1,737		2,868
Ordinary profit		6,047		13,739
Extraordinary income				
Gain on sale of non-current assets	*2, *3	27	*2, *3	43
Gain on liquidation of subsidiaries		0		–
Total extraordinary income		28		43
Extraordinary losses				
Loss on sale and retirement of non-current assets	*4	0	*4	32
Loss on valuation of investment securities		88		36
Loss on sale of investment securities		–		44
Provision of allowance for doubtful accounts		427		2,784
Total extraordinary losses		515		2,898
Profit before income taxes		5,560		10,884
Income taxes - current		2,412		3,789
Income taxes - deferred		(343)		(175)
Total income taxes		2,068		3,613
Profit		3,491		7,271

Detailed schedule of cost of sales

	Fiscal year ended August 31, 2025		Fiscal year ended August 31, 2026	
Category	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Cost of real estate	35,218	93.3	42,788	86.5
Cost of lease revenue	926	2.5	5,361	10.8
Cost of outsourcing service	1,110	2.9	1,329	2.7
Cost of electricity sale	7	0.0	6	0.0
Loss on valuation of inventories	502	1.3	–	–
Total	37,764	100.0	49,485	100.0

(iii) Non-consolidated statement of changes in equity

Fiscal year ended August 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings
Balance at beginning of period	9,287	9,192	9,192	5,996	5,996
Changes during period					
Issuance of new shares	236	236	236		
Dividends of surplus				(1,672)	(1,672)
Profit				3,491	3,491
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	236	236	236	1,819	1,819
Balance at end of period	9,523	9,428	9,428	7,815	7,815

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(42)	24,433	–	–	180	24,613
Changes during period						
Issuance of new shares		472				472
Dividends of surplus		(1,672)				(1,672)
Profit		3,491				3,491
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			106	106	262	368
Total changes during period	(0)	2,290	106	106	262	2,659
Balance at end of period	(42)	26,724	106	106	442	27,272

Fiscal year ended August 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	9,523	9,428	9,428	7,815	7,815
Changes during period					
Issuance of new shares	17,634	17,634	17,634		
Dividends of surplus				(2,371)	(2,371)
Profit				7,271	7,271
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	17,634	17,634	17,634	4,899	4,899
Balance at end of period	27,158	27,063	27,063	12,714	12,714

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(42)	26,724	106	106	442	27,272
Changes during period						
Issuance of new shares		35,269				35,269
Dividends of surplus		(2,371)				(2,371)
Profit		7,271				7,271
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			(109)	(109)	26	(83)
Total changes during period	(0)	40,168	(109)	(109)	26	40,085
Balance at end of period	(43)	66,893	(3)	(3)	468	67,358

Notes

Significant accounting policies

1. Standards and methods for valuation of assets

   (1) Shares and investments in capital of subsidiaries and associates

   Stated at cost using the moving-average method.

   (2) Available-for-sale securities

   - Securities other than stocks without market prices
     Stated at fair value (unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based on the moving-average method).
   - Stocks without market prices
     Stated at cost using the moving average method.

     However, details of investments in investment partnerships are stated in "5. Other significant matters forming the basis for preparation of non-consolidated financial statements (2) Accounting for investment partnerships."

   (3) Inventories

   - Costs on development business and other, and real estate for sale
     Stated at cost using the specific identification method. (Carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability)

2. Depreciation or amortization method for non-current assets

   (1) Property, plant and equipment (excluding leased assets)

   Depreciated using the declining-balance method.

   However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016.

   The useful lives of major depreciable assets are as follows.

Buildings	2 years to 47 years
Structures	5 years to 15 years
Machinery and equipment	8 years to 17 years
Vehicles	2 years to 6 years
Tools, furniture and fixtures	2 years to 15 years

   (2) Intangible assets (excluding leased assets)

   Software for internal use is amortized using the straight-line method over the estimated useful life as internally determined (five years).

   (3) Leased assets

   - Leased assets related to finance lease transactions that do not transfer ownership
     The straight-line method is used, where the lease period is deemed to be the useful life of the asset and the residual value is set as zero.

3. Standards for recording provisions and allowances

   (1) Allowance for doubtful accounts

   To prepare for losses on trade receivables and accounts receivable – other, an estimated uncollectable amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables or based on individual consideration of collectability in the case of specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To prepare for payment of bonuses for employees, a provision is recorded based on the estimated amount of bonuses to be paid.

(3) Provision for shareholder benefit program

To prepare for the cost burden associated with the shareholder benefit program, the amount expected to be incurred from the following fiscal year and beyond is recorded.

4. Basis for recognizing revenue and expenses

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) (hereinafter "Accounting Standard for Revenue Recognition"). The amount anticipated to be received in exchange for promised goods or services is recognized as revenue when the control of such goods or services is transferred to the customer.

The main performance obligations in the main businesses and the normal time to recognize revenue are as described in stated in "4, Accounting policies (6) Accounting policy for significant revenue and expenses" of "V. Financial information, 1. Consolidated financial statements and other information, (1) Consolidated financial statements, Notes to consolidated financial statements, Significant matters forming the basis of preparing the consolidated financial statements."

5. Other significant matters forming the basis for preparation of non-consolidated financial statements

(1) Accounting for consumption taxes

Non-deductible consumption taxes on assets related to inventories are included in the acquisition cost of individual inventories, and those on non-current assets are included in "Long-term prepaid expenses" under investments and other assets and evenly amortized over five years.

(2) Accounting for investment partnerships

When accounting for investment partnerships and similar entities, the Company records its proportionate share of the assets of such entities as "operational investment securities," "investment securities," or "shares in affiliated companies (capital contributions)" (hereinafter collectively referred to as "investments in partnerships and similar entities"). The Company records these investments at the time of investment in such entities. For profits and losses distributed by such entities, the Company records its share of the net profit or loss as net sales while also adding the same amount to or deducting it from the carrying amount of these investments. Refunds of capital contributions from such entities are deducted from the carrying amount of these investments.

Although the Company's ownership of shares and other securities may satisfy the requirements of controlling the decision-making organization of an operational investee and having a significant influence on the operational investee, the purpose of such ownership is for an operational investment and not for putting the investee under the Group's umbrella, so such operational investees are not considered subsidiaries or affiliates.

(3) Accounting treatment for significant deferred assets

Bond issuance costs are amortized using the straight-line method over the term of the bonds.

(4) Accounting policy for translation of foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the fiscal year-end date, and translation differences are accounted for as profit or loss.

Significant accounting estimates

Valuation of real estate for sale and costs on development business and other

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Real estate for sale	20,233	48,354
Costs on development business and other	135	135
Loss on valuation of inventories (cost of sales)	502	–

(2) Information on the contents of significant accounting estimates related to identified items

The same information is presented in "Notes to consolidated financial statements, Significant accounting estimates, Valuation of real estate for sale and costs on development business and other, (2) Information on the contents of significant accounting estimates related to identified items."

Non-consolidated balance sheet

*1 Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows:

Pledged assets

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Cash and deposits	35	35
Costs on development business and other	123	123
Real estate for sale	18,407	34,332
Advance payments	995	780
Buildings	122	116
Machinery and equipment	44	38
Land	76	76
Leasehold interests in land	51	51
Total	19,856	35,554

Secured liabilities

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Short-term borrowings	8,122	1,900
Current portion of long-term borrowings	7,826	15,756
Long-term borrowings	7,121	22,890
Total	23,070	40,546

*2 Guarantee obligations

The Company guarantees the debts of subsidiaries and associates from financial institutions.

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
fav hospitality group co., ltd.	–	913
KC peaks LLC	116	61
Sapporo Minami 6 Nishi 7 Hotel Project LLC	2,530	–
KASUMIGASEKI MIDDLE EAST REAL ESTATE L.L.C	4,961	4,879
Camion Asset Management Co., Ltd.	–	130
Total	7,607	5,984

*3 Financial covenants

The main details of loan agreements entered into by the Company that have financial covenants are as follows. In the event of a breach of such covenants, there is a risk of forfeiture of the benefit of time with respect to such borrowings.

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Short-term borrowings	800	3,200
Current portion of long-term borrowings	823	193
Long-term borrowings	3,487	3,599
Total	5,110	6,992

*4 Monetary claims and obligations with subsidiaries and associates

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Short-term monetary claims	3,954	9,862
Long-term monetary claims	15,949	22,271
Short-term monetary obligations	5,413	8,222
Long-term monetary obligations	1,469	7,473

Non-consolidated statement of income

*1 Main items, amounts and approximate ratio of selling, general and administrative expenses are as follows.

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Salaries and allowances	2,400	3,681
Provision for bonuses	700	1,040
Provision for shareholder benefit program	143	278
Depreciation	385	638
Outsourcing expenses	1,509	2,678
Advertising expenses	2,058	2,949
Approximate ratio		
Selling expenses	65.1%	66.4%
General and administrative expenses	34.9	33.6

*2 Transactions with subsidiaries and associates

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Amount of operating transactions		
Net sales	3,967	2,782
Operating expenses	5,629	3,622
Transactions from non-operating transactions	887	2,586

*3 Details of gain on sale of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Machinery, equipment and vehicles	27	43
Total	27	43

*4 Details of loss on sale and retirement of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Tools, furniture and fixtures	0	1
Construction in progress	–	31
Machinery, equipment and vehicles	–	0
Total	0	32

Securities

Shares, investments in capital and bonds of subsidiaries and associates

As of August 31, 2025

Amount of stocks without market prices recorded on the non-consolidated balance sheet

(Millions of yen)

Category	As of August 31, 2025
Shares of subsidiaries and associates	16,091
Investments in capital of subsidiaries and associates	2,823
Bonds of subsidiaries and associates	70

As of August 31, 2026

Amount of stocks without market prices recorded on the non-consolidated balance sheet

(Millions of yen)

Category	As of August 31, 2026
Shares of subsidiaries and associates	33,807
Shares of associates	5,710
Investments in capital of subsidiaries and associates	2,472
Bonds of subsidiaries and associates	70

Tax effect accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Deferred tax assets		
Enterprise tax payable	139	239
Provision for bonuses	129	216
Loss on extinguishment of tie-in shares	28	28
Excess of depreciation	45	40
Asset retirement obligations	141	222
Allowance for doubtful accounts	271	1,128
Loss on valuation of inventories	154	117
Share-based payment expenses	107	103
Loss on valuation of investment securities	41	46
Other	20	24
Subtotal deferred tax assets	1,079	2,168
Valuation allowance	(341)	(1,203)
Total deferred tax assets	738	965
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(46)	–
Asset retirement expenses for asset retirement obligations	(110)	(159)
Total deferred tax liabilities	(156)	(159)
Net deferred tax assets (liabilities)	581	806

2. The reconciliation of significant differences between the effective statutory tax rate and the effective tax rate after application of tax effect accounting is summarized as follows:

(%)

	As of August 31, 2025	As of August 31, 2026
Effective statutory tax rate	30.6	30.6
(Adjustments)		
Items permanently not includable as loss such as entertainment expenses	3.6	4.0
Per capita levy of inhabitant tax	0.2	0.1
Share-based payment expenses	1.7	0.4
Income not taxable permanently, such as dividend income	(1.7)	(5.4)
Tax credits under the Wage Increase Promotion Tax System	–	(3.6)
Increase/decrease in valuation allowance	3.0	7.9
Non-deductable donations	–	0.4
Tax credits under the Corporate Hometown Tax Program	–	(0.7)
Other	(0.1)	(0.3)
Effective income tax rate after application of tax effect accounting	37.2	33.2

Business combinations

The notes are omitted since the same information is presented in the “Notes to consolidated financial statements, Business combinations.”

Revenue recognition

The information that provides a basis for understanding revenue from contracts with customers is omitted since the same information is presented in “Notes to consolidated financial statements, Significant matters

forming the basis of preparing the consolidated financial statements, 4. Accounting policies, (6) Accounting policy for significant revenue and expenses."

Significant subsequent events

Not applicable.

(iv) Annexed detailed schedules

Detailed schedule of property, plant and equipment

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Amortization during period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	2,015	1,127	–	226	2,916	713
	Structures	2	15	–	1	15	5
	Machinery and equipment	56	–	–	7	48	52
	Vehicles	269	113	99	147	135	261
	Tools, furniture and fixtures	496	651	2	278	867	450
	Land	592	–	–	–	592	–
	Leased assets	148	–	–	33	114	405
	Construction in progress	106	2,358	2,231	–	233	–
	Total	3,686	4,267	2,333	695	4,924	1,889
Intangible assets	Leasehold interests in land	51	–	–	–	51	–
	Software	43	84	–	20	108	–
	Other	1	154	93	–	62	–
	Total	96	239	93	20	222	–

Note: The increase in buildings during the fiscal year was mainly attributable to the expansion of office space.

Detailed schedule of provisions

(Millions of yen)

Category	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts (non-current)	861	2,822	105	3,579
Provision for bonuses	460	797	460	797
Provision for shareholder benefit program	145	260	145	260

(2) Details of major assets and liabilities

This information is omitted because the Company prepares the consolidated financial statements.

(3) Other

Not applicable.

VI. Overview of share-related administration of the reporting company

<table>
<tr><td>Fiscal year</td><td>From September 1 to August 31</td></tr>
<tr><td>Annual General Meeting of Shareholders</td><td>In November</td></tr>
<tr><td>Record date</td><td>August 31</td></tr>
<tr><td>Record date for dividends of surplus</td><td>August 31 and last day of February</td></tr>
<tr><td>Number of shares constituting a standard unit</td><td>100 shares</td></tr>
<tr><td>Repurchase of shares less than one unit

Business handling office

Shareholder registry administrator

Offices available for repurchase

Charges for repurchase</td><td>

(Special account)
Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited
1-4-1 Marunouchi, Chiyoda-ku, Tokyo
(Special account)
Sumitomo Mitsui Trust Bank, Limited
1-4-1 Marunouchi, Chiyoda-ku, Tokyo
_
Free</td></tr>
<tr><td>Method of public notice</td><td>The method of public notices of the Company shall be electronic public notices; provided, however, that in the event that electronic public notice is unavailable due to an accident or any other unavoidable reason, the public notice shall be given in the manner of the publication in the Nikkei (Nihon Keizai Shimbun) newspaper.
The Company’s URL for posting public notices is as follows
https://kasumigaseki.co.jp/ (in Japanese)</td></tr>
<tr><td>Special benefits to shareholders</td><td>(1) Eligible shareholders
Shareholders holding one unit (100 shares) or more of the Company’s shares listed or recorded in the shareholder register as of August 31, 2026, are eligible.

(2) Method and details of using the shareholder benefit program
Shareholders who hold one unit (100 shares) or more of the Company’s shares listed or recorded in the shareholder register as of August 31, 2026, will receive hotel discount vouchers that can be used at hotels designated by the Company, according to the number of shares held and the holding period, as shown in the table below.

Hotel discount vouchers awarded
<table>
<tr><th>Number of shares held</th><th>First year</th><th>Second year*1</th><th>Third year*1</th><th>Fourth year*1</th><th>Fifth year and thereafter*1</th></tr>
<tr><td>100 shares to 199 shares</td><td>Hotel discount voucher worth ¥10,000</td><td>Hotel discount voucher worth ¥11,000</td><td>Hotel discount voucher worth ¥12,000</td><td>Hotel discount voucher worth ¥13,000</td><td>Hotel discount voucher worth ¥20,000</td></tr>
<tr><td>200 shares to 3,999 shares</td><td>An additional hotel discount voucher worth ¥10,000 will be awarded for every 100 shares thereafter.*2</td><td>Hotel discount voucher worth 110% of the first-year value</td><td>Hotel discount voucher worth 120% of the first-year value</td><td>Hotel discount voucher worth 130% of the first-year value</td><td>Hotel discount voucher worth 200% of the first-year value</td></tr>
<tr><td>4,000 shares or more</td><td>Hotel discount voucher worth ¥400,000</td><td>Hotel discount voucher worth ¥440,000</td><td>Hotel discount voucher worth ¥480,000</td><td>Hotel discount voucher worth ¥520,000</td><td>Hotel discount voucher worth ¥800,000</td></tr>
</table>
*1. Shareholders who continuously hold 100 or more shares of the Company’s shares by the last day of August each year and have the same shareholder number will be eligible for long-term shareholding. Due to changes in the benefit program in the fiscal year ended</td></tr>
</table>

	August 31, 2025, the first year of the holding period is deemed to have ended on August 31, 2025. *2. Specifically, if the number of shares held for the first year is 500 shares, a hotel discount voucher worth ¥50,000 is awarded.

Note: Pursuant to the Company's Articles of Incorporation, shareholders holding shares less than one unit may not exercise any rights other than the following with respect to the shares less than one unit they hold.

(1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act

(2) Right to make a request pursuant to Article 166, Paragraph 1 of the Companies Act

(3) Right to receive allotment of offered shares and share acquisition rights in proportion to the number of shares held by the shareholder

VII. Reference information on the reporting company

1. Information on the parent company or equivalent of the reporting company

   The Company has no parent company or equivalent as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

   The Company filed the following documents in the period from the beginning of the fiscal year under review to the date of submission of the Annual Securities Report.

   (1) Annual Securities Report and its attachments and Confirmation Letter

   Those for the 14th fiscal year (from September 1, 2024, to August 31, 2025) were filed to Director-General of the Kanto Local Finance Bureau on November 26, 2025.

   (2) Internal Control Report and its attachments

   Filed to Director-General of the Kanto Local Finance Bureau on November 26, 2025.

   (3) Amended Annual Securities Report and its attachments and Confirmation Letter

   Those for the 14th fiscal year (from September 1, 2024, to August 31, 2025) were filed to Director-General of the Kanto Local Finance Bureau on January 30, 2026.

   (4) Semi-annual Securities Report and Confirmation Letter

   During the 15th fiscal year (from September 1, 2025, to February 28, 2026) were filed to Director-General of the Kanto Local Finance Bureau on April 13, 2026.

   (5) Extraordinary Reports

   Filed to Director-General of the Kanto Local Finance Bureau on November 28, 2025.

   This is an extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

   Filed to Director-General of the Kanto Local Finance Bureau on December 12, 2025.

   This is an extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item (ii)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

   Filed to Director-General of the Kanto Local Finance Bureau on June 15, 2026.

   This is an extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item (ii)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

   (6) Securities Registration Statement and its attachments

   Filed to Director-General of the Kanto Local Finance Bureau on October 24, 2025 (general subscription and secondary distribution of shares)

   Filed to Director-General of the Kanto Local Finance Bureau on October 24, 2025 (allotment to other parties)

(7) Amended statement for the Securities Registration Statement

Filed to Director-General of the Kanto Local Finance Bureau on November 5, 2025, November 26, 2025 and November 28, 2025

This is an amended statement for the Securities Registration Statement filed on October 24, 2025.

(8) Shelf Registration Statement (share certificates, bond certificates, etc.) and its attachments

Filed to Director-General of the Kanto Local Finance Bureau on February 24, 2026.

(9) Amendment to Shelf Registration Statement

Filed to Director-General of the Kanto Local Finance Bureau on March 5, 2026 and October 1, 2026.

This is an amendment report related to the Shelf Registration Statement filed on February 24, 2026.

(10) Shelf Registration Supplements and its attachments

Filed to Director-General of the Kanto Local Finance Bureau on March 13, 2026.

These are Shelf Registration supplements and their attachments related to the Shelf Registration Statement (share certificates, bond certificates, etc.) filed on February 24, 2026.

Part II. Information on guarantors for the reporting company

Not applicable.

Independent Auditors' Report and Internal Control Audit Report (Translation)

November 25, 2026

To the Board of Directors of
Kasumigaseki Capital Co., Ltd.:

Grant Thornton Taiyo LLC
Tokyo Office

Takeshi Iwasaki, Designated Engagement Partner,
Certified Public Accountant

Hiroyuki Imai, Designated Engagement Partner,
Certified Public Accountant

<Audit of Consolidated Financial Statements>

Audit Opinion

For the purpose of audit certification pursuant to the provisions in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, significant matters forming the basis of preparing the consolidated financial statements, other notes and annexed consolidated detailed schedules of Kasumigaseki Capital Co., Ltd. (the "Company") for the fiscal year from September 1, 2025 through August 31, 2026, as listed in "Financial information."

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of Kasumigaseki Capital Co., Ltd. and its consolidated subsidiaries as of August 31, 2026, and their operating results and cash flow status for the fiscal year ended on such date in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year under review. These matters were addressed in the process of the audit of the consolidated financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition pertaining to real estate transfer transactions in real estate funds	
Description of key audit matters and reasons for determination	Auditor's responses
The Company conducted real estate transfer transactions to real estate funds in the fiscal year under review. As described in the "Notes to consolidated financial statements, Revenue recognition," transfer revenue from real estate transfers to real estate funds amounted to ¥48,351 million in the fiscal year under review. Real estate transfer transactions are highly individualized and the transfer price per transaction tends to be large. Furthermore, when recognizing revenue from a real estate transfer transaction, almost all the risks and economic value associated with real estate must have been transferred to the customer (i.e., the customer has acquired control over real estate). In real estate transfer transactions to real estate funds conducted by the Company, even after the transaction, there are cases where the Company continues to be involved, such as being entrusted with the management of such real estate by the real estate fund that is the customer, or holding a portion of the equity interest in the real estate fund. In addition, the terms and conditions of the transaction and transaction schemes are diverse and can be complex. The more complex the transaction scheme, the more difficult it becomes to determine whether the transfer of risk and economic value associated with such property can be clearly identified. As referred to above, judgement is involved in relation to the revenue recognition pertaining to real estate transfer transactions in real estate funds, and if such judgment is incorrect, the impact on the consolidated financial statements would be significant. Accordingly, we have determined that revenue recognition pertaining to real estate transfer transactions in real estate funds constitutes a key audit matter.	We mainly performed the following audit procedures to verify that the revenue recognition pertaining to real estate transfer transactions in real estate funds was conducted properly. ・ To understand the overall transaction scheme, including the transferee, we examined the relevant evidence, including the approval documents and the real estate purchase and sale contract, and questioned the division in charge of the transaction, including management. ・ To verify that the real estate subject to transfer was legally transferred and that funds were flowing into the Company, we examined the real estate purchase and sale contract, the certified copy of the registry, and the evidence of deposits. ・ To examine whether the transfer transaction was conducted at a fair value, we questioned the division in charge of the transaction to understand the process of determining the transfer price at the Company, and compared the basic information used to determine the transfer price with available external data to ensure that it was reasonable. ・ To examine whether the Company will continue to be involved in the real estate subject to transfer after the transfer transaction, we examined the real estate purchase and sale contract, the asset management agreement, the project management agreement, and silent partnership agreement and confirmed that (1) the property management services provided under the asset management agreement and the project management agreement are under normal contractual conditions, (2) the real estate purchase and sale agreement does not impose a repurchase obligation, (3) the real estate subject to transfer is not a special type of real estate, (4) the transfer transaction is not a sale and leaseback transaction, and (5) the transferee is not a subsidiary of the Company. ・ In cases where there is continuous involvement in the real estate subject to transfer, the risk burden ratio calculated by the Company was recalculated to confirm the appropriateness of the calculation logic and to confirm that the risk burden is limited.

Appropriateness of measurement of identifiable assets and liabilities of Wakayama Marina City Co., Ltd. upon acquisition	
Description of key audit matters and reasons for determination	Auditor's responses
In acquiring development properties, the Company may directly acquire the properties in question or acquire shares of the company that owns the properties. As stated in the "Business combinations" of the "Notes to consolidated financial statements," the Company has made three companies into consolidated subsidiaries during the current fiscal year through share acquisitions paid in cash. Additionally, as noted in the notes for the consolidated statement of income, acquisition costs in the acquisition of Wakayama Marina City Co., Ltd., were less than the net amount allocated to the assets acquired and liabilities assumed. Therefore, the shortfall of ¥1,478 million was recorded as a gain on bargain purchase in extraordinary income. When a gain on bargain purchase arises, it is necessary to examine whether all identifiable assets and liabilities have been identified and whether the acquisition cost has been appropriately allocated to them. In this case, significant judgment by management is involved in identification and measurement in relation to the following matters: (1) Examination of the economic rationale of the acquisition transaction: The reasonableness of the negotiation process that led to the acquisition consideration being below the fair value of net assets. (2) Appropriateness of the measurement of identifiable assets and liabilities: Particularly, the appropriateness of the fair value assessment of the accepted real estate (land and buildings) and the comprehensiveness of the identifiable liabilities. In particular, if the identifiable assets and liabilities are not appropriately measured, the acquisition cost may not be properly allocated, which could have a material impact on the consolidated financial statements as a whole. Therefore, we have determined that the appropriateness of the measurement of identifiable assets and liabilities at the time of the acquisition of Wakayama Marina City Co., Ltd. constitutes a key audit matter.	To assess the appropriateness of the measurement of identifiable assets and liabilities in this business combination, we primarily conducted the following procedures: (1) Examination of the overview and economic rationale of the acquisition transaction: We questioned the Directors and others to understand the overview of the acquisition transaction and the process of determining the transaction price, identified the factors leading to the occurrence of the gain on bargain purchase, and examined the economic rationale of the transaction. Additionally, we reviewed related materials from the negotiation process of the transaction price and assessed the third-party nature of the counterparty. (2) Examination of the identification and fair value assessment of assets and liabilities: For the assets acquired and liabilities assumed, with particular attention to the valuation of assets and the comprehensiveness of liabilities, we primarily conducted the following procedures: ・ Examination of the fair value assessment of real estate: We evaluated the suitability, competence, and objectivity of the external experts (real estate appraisers) used by management for the fair value assessment of land and buildings. Furthermore, we involved external valuation experts to examine the reasonableness of the valuation methods, key assumptions, and underlying data adopted in the real estate investigation report ・ Examination of the comprehensiveness of asset and liability identification: We reviewed the financial investigation results and other materials provided by external experts used by management and reconciled them with related evidential documents to ensure that all identifiable assets and liabilities were comprehensively recognized and appropriately measured. Additionally, we conducted a comparative analysis with the financial figures at the end of the month following the deemed acquisition date to examine whether there were any unrecorded liabilities.

Other Information

Other information consists of information contained in the Annual Securities Report other than the consolidated financial statements and non-consolidated financial statements and the auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for other information.

The scope of our audit opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion on the other information.

Our responsibility in the audit of the consolidated financial statements is to read the other information and, in the course of reading, to consider whether there are material inconsistencies between the other information and the consolidated financial statements or our knowledge obtained in the course of the audit, and to pay attention to whether there are any indications of material misstatements in the other information other than such material inconsistencies.

If, based on the work we have done, we conclude that a material mistake exists in other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the entity's ability to continue as a going concern and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken based on the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty on the entity's ability to continue as a going concern exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis for our opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the provisions related to professional ethics in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, convey details of any measures taken in order to eliminate obstruction factors or any safeguards applied in order to reduce obstruction factors to an acceptable level.

Of the matters discussed with the Audit & Supervisory Committee, we determine the matters that are particularly important for the audit of the consolidated financial statements for the fiscal year under review as key audit matters, and shall include them in the auditor's report. However, we do not include such matters in the auditor's report if the disclosure of such matters is prohibited by laws and regulations or if, although in extremely rare circumstances, we determine that such matters should not be reported because the disadvantages of reporting such matters in the auditor's report are reasonably expected to outweigh the public interest.

<Internal Control Audit>

Audit Opinion

We have audited the Internal Control Report of Kasumigaseki Capital Co., Ltd. as of August 31, 2026, for the purpose of providing audit certification in accordance with Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the Internal Control Report referred to above, in which Kasumigaseki Capital Co., Ltd. indicated that its internal control over financial reporting as of August 31, 2026 was effective, presents fairly, in all material respects, the results of its assessment of internal control over financial reporting, in conformity with the assessment criteria for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards on internal control over financial reporting generally accepted in Japan. Our responsibilities under auditing standards on internal control over financial reporting are further described in the "Auditor's Responsibilities for the Audit of Internal Control" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the Internal Control Report in conformity with the assessment criteria for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing and verifying the maintenance and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Audit of Internal Control

Our responsibilities are to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement and to issue an internal control audit report that includes our opinion on the Internal Control Report based on our internal control audit from an independent point of view.

In accordance with auditing standards on internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence relating to the result of the assessment of internal control over financial reporting in the Internal Control Report. Audit procedures for internal control audits are selected and applied based on our judgment in consideration of the materiality of the effect on the reliability of financial reporting.

- Consider the overall presentation of the Internal Control Report with regards to the scope, procedures, and result of the assessment of internal control over financial reporting including descriptions by management.
- Plan and perform audit of internal control to obtain sufficient and appropriate audit evidence regarding the result of the assessment of internal control over financial reporting in the Internal Control Report. We are responsible for the direction, supervision and inspection of the audit of the Internal Control Report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding the planned scope and timing of the internal control audit, the results of the internal control audit, significant deficiencies identified in internal control that should be disclosed, the results of their correction, and other matters required by the auditing standards on internal control.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the provisions related to professional ethics in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, convey details of any measures taken in order to eliminate obstruction factors or any safeguards applied in order to reduce obstruction factors to an acceptable level.

<Fee-related Information>

The amounts of fees paid or payable to our firm and to others belonging to the same network as our firm for audit certification services and non-audit services provided to the Company and its subsidiaries are disclosed in "(3) Information about audit" of "Status of corporate governance" under "Information about reporting company" of the Annual Securities Report.

Interest

Our firm and the designated and engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

Notes: 1. The original report of the document presented above is kept separately by the Company (the filing company of the Annual Securities Report).

2. The XBRL data is not included in the scope of audit.

Independent Auditors' Report (Translation)

November 25, 2026

To the Board of Directors of
Kasumigaseki Capital Co., Ltd.:

Grant Thornton Taiyo LLC
Tokyo Office

Takeshi Iwasaki, Designated Engagement Partner,
Certified Public Accountant

Hiroyuki Imai, Designated Engagement Partner,
Certified Public Accountant

<Audit of Non-consolidated Financial Statements>

Audit Opinion

For the purpose of audit certification pursuant to the provisions in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, significant accounting policies, other notes and annexed detailed schedules of Kasumigaseki Capital Co., Ltd. (the "Company") for the 15th fiscal year from September 1, 2025 through August 31, 2026, as listed in "Financial information."

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kasumigaseki Capital Co., Ltd. as of August 31, 2026, and its operating results for the fiscal year ended on such date in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the provisions related to professional ethics in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements for the fiscal year under review. These matters were addressed in the process of the audit of the non-consolidated financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition pertaining to real estate transfer transactions in real estate funds
Information is omitted because the details are the same as the Key Audit Matters (Revenue recognition pertaining to real estate transfer transactions in real estate funds) described in the auditor's report for the consolidated financial statements.

Other Information

Other information consists of information contained in the Annual Securities Report other than the consolidated financial statements and non-consolidated financial statements and the auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for other information.

The scope of our audit opinion on the non-consolidated financial statements does not cover any other information, and we do not express an opinion on the other information.

Our responsibility in the audit of the non-consolidated financial statements is to read the other information and, in the course of reading, to consider whether there are material inconsistencies between the other information and the non-consolidated financial statements or our knowledge obtained in the course of the audit, and to pay attention to whether there are any indications of material misstatements in the other information other than such material inconsistencies.

If, based on the work we have done, we conclude that a material mistake exists in other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the entity's ability to continue as a going concern and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken based on the non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty on the entity's ability to continue as a going concern exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the related notes thereto, and

whether the non-consolidated financial statements fairly represent the underlying transactions and accounting events.

We communicate with the Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the provisions related to professional ethics in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, convey details of any measures taken in order to eliminate obstruction factors or any safeguards applied in order to reduce obstruction factors to an acceptable level.

Of the matters discussed with the Audit & Supervisory Committee, we determine the matters that are particularly important for the audit of the non-consolidated financial statements for the fiscal year under review as key audit matters and shall include them in the auditor's report. However, we do not include such matters in the auditor's report if the disclosure of such matters is prohibited by laws and regulations or if, although in extremely rare circumstances, we determine that such matters should not be reported because the disadvantages of reporting such matters in the auditor's report are reasonably expected to outweigh the public interest.

<Fee-related Information>

Fee-related information is stated in the auditor's report for the consolidated financial statements.

Interest

Our firm and the designated and engagement partners have no interest in the Company, which should be disclosed in accordance with the Certified Public Accountants Act.

Notes: 1. The original report of the document presented above is kept separately by the Company (the filing company of the Annual Securities Report).

2. The XBRL data is not included in the scope of audit.

Cover

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	November 25, 2026
Company name	Kasumigaseki Capital Kabushiki Kaisha
Company name in English	Kasumigaseki Capital Co., Ltd.
Title and name of representative	Koshiro Komoto, Representative Director, President and CEO
Title and name of chief financial officer	Kazunari Hirose, Director, Deputy President and CFO
Address of registered headquarters	3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Basic framework for internal controls regarding financial reporting

   Representative Director, President and CEO Koshiro Komoto and Director, Deputy President and CFO Kazunari Hirose are responsible for the design and operation of internal control over financial reporting, and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" released by the Business Accounting Council.

   Internal control is aimed at achieving its goal to a reasonable extent through basic elements of internal control organically intertwining and functioning in an integrated manner. Accordingly, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Scope of assessment, record date, and assessment procedures

   The assessment of internal control over financial reporting was made with August 31, 2026, as the record date, which is the last day of the fiscal year under review, and in the assessment, we comply with assessment standards for internal control over financial reporting generally accepted in Japan.

   In this assessment, we assessed internal control that significantly affects the entire financial reporting on a consolidated basis (company-level controls), and then, based on the result of such assessment, selected business processes as subjects for assessment. In the assessment of the business processes, we assessed effectiveness of internal control by analyzing the selected business processes, and then identifying key controls that have significant impact on credibility of financial reporting and assessing the design and operation for the key controls.

   As for the scope of the assessment of internal control over financial reporting, a necessary scope was determined from the viewpoint of significance of impact on credibility of financial reporting for the Company and its consolidated subsidiaries. Significance of impact on credibility of financial reporting was determined considering significance in terms of the amount and quality and likelihood of occurrence, and the scope of assessment of internal control over the business processes was reasonably determined based on the results of assessment of company-level controls targeting the Company and three consolidated subsidiaries. We judged that 53 consolidated subsidiaries were insignificant from the perspective of significance in terms of the amount and quality, so that they were not included in the scope of the assessment of company-level controls.

   As for the scope of the assessment of internal control over the business processes, the Group is involved in multiple businesses related to real estate and deems net sales to be the indicator that reflects the scale of the various businesses.

   In addition, due to the diversity in the nature and revenue structure of the business of the Group, the level of net sales is considered an element that appropriately reflects the actual state of the business and the degree of its impact on financial reporting.

   Accordingly, net sales were adopted as the indicator for selecting significant business locations.

   Given the favorable evaluation of company-wide internal controls, we added up net sales (after elimination of transactions between consolidated companies) for the previous fiscal year of each business location whose amount of net sales is higher, and deemed two business locations whose total amount roughly reached two-thirds of consolidated net sales for the previous fiscal year as "significant business locations."

   In the selected significant business locations, as account items that are closely associated with the Company's business objectives, we selected business processes concerning net sales, cost of sales and inventories as subjects for assessment. Furthermore, not limited to the selected significant business locations, but also including other business locations, business processes related to account items for which the possibility of material misstatements is high, and which involve estimates and forecasts, as well as business processes involving high-risk transactions, were added as subjects for assessment in view of their impact on financial reporting. Specifically, we focused on processing, estimates, valuation operations, and non-routine or irregular transactions associated with the settlement of accounts, and added valuation of inventories, impairment losses for non-current assets, tax-effect accounting, various provisions, and others, to items to be assessed.

3. Results of the assessment

   As a result of the above assessment, we judged that the Company's internal control over financial reporting was effective as of the end of the fiscal year under review.

4. Supplementary notes

   Not applicable.

5. Special notes

   Not applicable.

Cover

Document title	Confirmation Letter
Clause of stipulation	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	November 25, 2026
Company name	Kasumigaseki Capital Kabushiki Kaisha
Company name in English	Kasumigaseki Capital Co., Ltd.
Title and name of representative	Koshiro Komoto, Representative Director, President and CEO
Title and name of chief financial officer	Kazunari Hirose, Director, Deputy President and CFO
Address of registered headquarters	3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Appropriateness of the descriptions in this Annual Securities Report

   The Company's Representative Director, President and CEO Koshiro Komoto and Director, Deputy President and CFO Kazunari Hirose confirmed that information contained in the Company's Annual Securities Report for the 15th fiscal year (from September 1, 2025, to August 31, 2026) was described appropriately in accordance with the Financial Instruments and Exchange Act and related regulations.

2. Special notes

   There are no matters to be noted.