

# Cosmos Initia Co., Ltd.

**8844**

Tokyo Stock Exchange Standard Market

22-Aug.-2022

FISCO Ltd. Analyst

**Kimiteru Miyata**



FISCO Ltd.

<https://www.fisco.co.jp>

## ■ Index

<b>■ Summary</b>	<b>01</b>
1. Expanding business domains from being a condominium developer	01
2. Renovated condominiums and investment properties are growing steadily	01
3. In the medium-term business plan 2026, is targeting operating profit of ¥10bn in FY3/27	01
4. In FY3/23, results are recovering remarkably from COVID-19	02
<b>■ Company profile</b>	<b>03</b>
1. Company profile	03
2. History	03
<b>■ The Company's businesses</b>	<b>05</b>
1. Residential business	06
2. Solutions business	07
3. Accommodation business	09
4. Construction business	09
<b>■ Medium-term business plan 2026</b>	<b>10</b>
1. Medium-term business plan 2021 review	10
2. Medium-term business plan 2026	11
3. Main measures	12
<b>■ Results trends</b>	<b>16</b>
1. FY3/22 results	16
2. FY3/23 forecasts	17
3. Results trends by business	18
<b>■ Shareholder return policy</b>	<b>21</b>
<b>■ Information security</b>	<b>21</b>

\* This is an English translation of a report issued on July 15, 2022.

## Summary

### From recovery from COVID-19 to regrowth through the medium-term business plan 2026

#### 1. Expanding business domains from being a condominium developer

Cosmos Initia <8844> (hereafter, also “the Company”) is a mid-tier developer based in the greater Tokyo area and Kinki region whose businesses include developments and sales of newly built condominiums and investment properties. The Company was founded in 1969 as a subsidiary of Japan Recruit Center (now Recruit Holdings Co., Ltd. <6098>), and it started with a business of selling newly built condominiums. It is currently progressing a growth strategy as a member of the Daiwa House Group (Daiwa House Industry <1925>). The Cosmos Initia Group conducts four businesses: the Residential business, which includes sales of newly built condominiums, single-family homes, and renovated condominiums; the Solutions business, which include sales of investment properties and real estate rentals operations and management; the Accommodation business, of sales and management of urban-type apartment hotels to meet needs for medium- to long-term stays; and the Construction business, which includes office interior work and construction. The Residential business sells condominiums in Australia as well.

#### 2. Renovated condominiums and investment properties are growing steadily

The Residential business is developing brands including INITIA, the mainstay newly built condominiums, and INITIA & Renovation, which are strongly performing renovated condominiums that connect to the theme of resource recycling. One of the Company’s strengths is its strong customer-oriented business development, including planning capabilities to create new products and services and after-sales services, which it has cultivated as a developer of newly built condominiums with a track record of supplying more than 100,000 units. The features of the Solutions business include one-stop solutions that utilize the Company’s expertise as a condominium developer and diverse management content such as the MID POINT rental offices. In sales of investment properties, sales are growing steadily of COSMOS REID and COSMOS GRACIA investment condominiums, and REID-C and cross-c bldg. The Company is also utilizing its strengths as a developer in the Accommodation business and the Construction business.

#### 3. In the medium-term business plan 2026, is targeting operating profit of ¥10bn in FY3/27

The Company has announced its new five-year medium-term business plan 2026 (FY22 to FY26). Toward a results recovery and regrowth from the previous medium-term business plan 2021 (FY19 to FY21), in which the targets were not achieved due to the novel coronavirus pandemic (hereafter, COVID-19), it plans to implement three key themes; “Strengthen the businesses and the business foundation,” “Create new businesses,” and “Implement ESG management.” It will continuously strengthen its existing businesses that support stable management, and at the same time, it will add momentum to the growth drivers, which include the sales of renovated condominiums and investment properties that it is strategically progressing. For the Accommodation business, it will start sales of projects currently under construction and progress management and steady facility sales in order to improve occupancy rates, as well as prepare for the recovery and regrowth of inbound demand. Through these strategies, it is targeting achieving operating profit of ¥10bn, an operating profit margin of 6%, and an equity ratio of 30% in FY3/27.

Summary

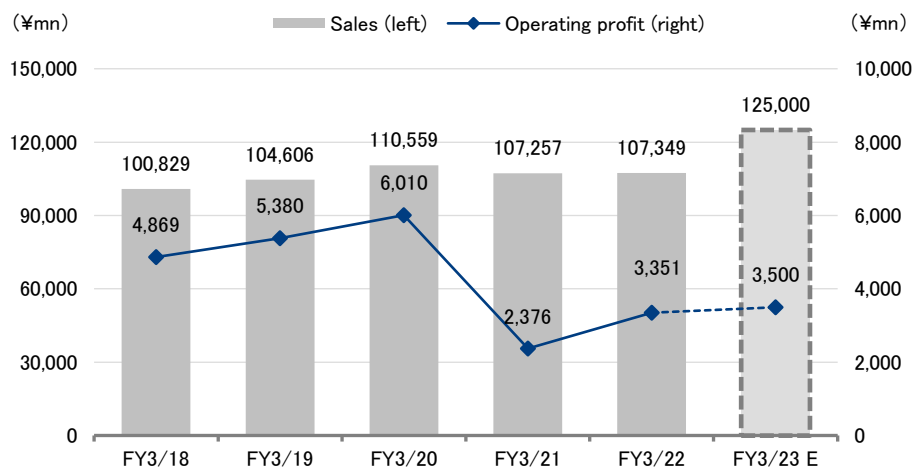
4. In FY3/23, results are recovering remarkably from COVID-19

The FY3/22 results were net sales of ¥107,349mn (up 0.1% year-on-year (YoY)) and operating profit of ¥3,351mn (up 41.1%). Profits were driven by the strong sales of renovated condominiums and investment properties. COVID-19 had a major impact on the Accommodation business and occupancy slumped, but its impact on the other businesses was limited as a whole. For the FY3/23 results, the Company is forecasting net sales of ¥125,000mn (up 16.4%) and operating profit of ¥3,500mn (up 4.4%). Each of newly built condominiums, renovated condominiums, and investment properties are expected to contribute to a certain extent to profits. Also, the Construction business and condominium residential developments in Australia are also expected to contribute to profits. In this situation, although in FY3/23 the recovery is still underway and the Company will incur upfront costs, the impression is an extremely positive one from the expected initiatives toward a recovery, including the improvement to occupancy in the Accommodation business and the launches of new businesses.

Key Points

- A mid-tier developer with strengths in product and service planning capabilities and service quality
- Has formulated the medium-term business plan 2026 and is targeting operating profit of ¥10bn in FY3/27
- Toward the end of FY3/23, the Accommodation business, which has been impacted by COVID-19, will show a recovery trend

Results trends



Source: Prepared by FISCO from the Company's financial results

## ■ Company profile

### Sells newly built condominiums, renovated condominiums, and investment properties

#### 1. Company profile

Cosmos Initia is a mid-tier developer affiliated with the Daiwa House Group, focusing mainly on condominiums and single-family homes in the greater Tokyo area and the Kinki region. The Company has developed family-type condominiums business for first-time buyers for many years and reached cumulative supply of 107,621 newly built condominiums units (As of December 31, 2021). The Company's mainstay condominiums brand is INITIA, while during the Recruit Cosmos period, COSMOS was used. As the needs of customers have grown more diverse, Cosmos Initia turns itself into a one-stop shop for a wide variety of housing products and services for the general consumer, including newly built condominiums and single-family homes, sales of renovated condominiums, renovation, retail brokerage services, as well as various after-sale services after the homeowner or tenant moves in. For owners of business-use properties, the Company currently offers a one-stop real estate solutions service, including for investment property sales, subleasing of condominiums and office properties, real estate brokerage services for business-use properties, and real estate consulting. In this way, the Company is substantially broadening the scope of its business portfolio from the existing area of mainly developing condominiums and continues to evolve toward becoming a company that produces urban environments.

### COVID-19 seems to have settled down and in this situation, has formulated the medium-term business plan 2026

#### 2. History

The roots of Cosmos Initia go back to its founding in 1969 as Japan Recruit Motion Pictures Co., Ltd., a subsidiary of Japan Recruit Center. The Company subsequently switched its business to real estate in 1974. In 1985 the Company changed its Recruit Cosmos Co., Ltd. and was listed on Japan's over-the-counter stock market (later to become JASDAQ) in 1986. Following its independence due to a management buyout from the Recruit Group in 2005, it changed its name to Cosmos Initia in 2006, the name it still holds today. Not long after that, however, the real estate market crashed as the collapse of Lehman Brothers shook the financial markets and Cosmos Initia fell victim to its heavy debt load. Having become insolvent, the Company went into Business Revitalization ADR proceedings in 2009, where an agreement was reached on business rehabilitation plan. Cosmos Initia got financial support from its creditors but had to sell off its condominium management company to Daiwa House Industry. The business rehabilitation plan was finally completed in 2013 as Cosmos Initia paid off the last of the debt covered by the Business Revitalization ADR agreement. Shortly thereafter Cosmos Initia entered into a capital and business alliance with Daiwa House Industry that made it a subsidiary.

## Company profile

Cosmos Initia has enjoyed the textbook synergies one might expect from its acquisition by Daiwa House Industry. As a subsidiary of Daiwa House Industry, Cosmos Initia has been able to more easily secure the financing needed to pursue its real estate development business, receiving strong backing from Daiwa House Industry in the form of credit guarantees as well as overall support. And, because Daiwa House Industry makes it a practice to respect the management, Cosmos Initia has also enjoyed a great deal of autonomy since being acquired, making its own decision about personnel, operations, and even maintaining its stock exchange listing. As this has allowed Cosmos Initia to maintain the continuity in its management team as well as in its branding, which in turn has helped drive the subsequent recovery in sales and earnings. From the perspective of Daiwa House Industry, the acquisition of Cosmos Initia has helped it fill a gap, for even though Daiwa House Industry was already operating in many areas—from single-family homes to rental housing, to commercial buildings and construction—prior to the acquisition of Cosmos Initia it did not have much of the presence in the Tokyo area condominium market, Japan's largest condominium market. With strengths as a condominium developer mainly in the Tokyo metropolitan area, Cosmos Initia was a welcome addition to the Daiwa House Group that is helping to expand and add momentum to its condominium business.

After joining the Daiwa House Group, the Company steadily progressed a growth strategy. However, in 2020 when the entire world was affected by the COVID-19 pandemic, it was also affected. These effects were limited, including on the mainstay Residential business and Solutions business, but the impact was particularly strong on the Accommodation business, in which inbound demand had been expected to strengthen. As a result, the Company withdrew the financial targets that were underway in the medium-term business plan 2021. When it saw that COVID-19 was settling down, it formulated the new medium-term business plan 2026 and developed strategies tailored to the new normal, targeting regrowth. There have been no major changes to the medium- to long-term management policies and as COVID-19 regulations are being eased and lifted and the prospect is that inbound demand will recover in the not-too-distant future, it is thought that the Company is steadily progressing along a path to recovery and regrowth in the medium term.

## Company profile

**History**

Date	
June 1969	Japan Recruit Motion Pictures Co., Ltd. is founded in Chiyoda-ku, Tokyo
February 1974	Business objective is changed to the real estate business, and the company name changed to Environment Development Co., Ltd.
May 1974	Sales operations for mid- to high-rise housing begin
June 1977	Osaka Branch (now West Japan Branch) is established and begins sales operations for mid- to high-rise housing in the Kinki region
January 1985	Brokerage Department is established
March 1985	Company name is changed to Recruit Cosmos Co., Ltd. Head office is moved to Chuo-ku, Tokyo
July 1986	Real Estate Rental Business begins in earnest
October 1986	Company stock is listed on the over-the-counter market (now the Tokyo Stock Exchange JASDAQ)
March 1987	All stock for Cosmos Life Co., Ltd. (now DAIWA LIFENEXT Co., Ltd.) is acquired, and entry is made to the real estate management business
January 1990	Cosmos More Co., Ltd., (now a consolidated subsidiary) is established to undertake building and repair work
September 1990	Cosmos Australia Pty. Ltd. is established in Australia Overseas hotels and resorts operations begin
April 1996	Sales operations of single-family homes begins in earnest
October 1998	Cosmos Hotline is established as a point of contact for customers
June 2005	The Company is spun off from the Recruit Group through a management buyout
September 2006	Company name is changed to Cosmos Initia Co., Ltd. Head office is moved to Chiyoda-ku, Tokyo
April 2009	After becoming insolvent amid real estate market downturn, used Business Revitalization ADR (alternative dispute resolution) proceedings to create business rehabilitation plan
July 2009	Three branches in the Tokyo metropolitan area (Chiba Branch/Yokohama Branch/Northern Kanto Branch) are integrated into the head office
September 2009	All stock from Cosmos Life Co., Ltd. is transferred to Daiwa House Industry Co., Ltd.
January 2011	Number of condominiums sold tops 100,000
July 2011	The head office is moved to Minato-ku, Tokyo.
June 2013	Daiwa House Industry Corp. became the largest stockholder of company and joined the Daiwa House Group
October 2014	Cosmos Life Support Co., Ltd. (now a consolidated subsidiary) is established
December 2016	Cosmos Australia Holdings Pty Ltd (now a consolidated subsidiary) is established
October 2017	Cosmos Hotel Management Co., Ltd. (now a consolidated subsidiary) is established
December 2017	Entered into capital and business alliance with WOOC Co., Ltd. to develop business to revitalize vacant space in rental office buildings and other properties
March 2018	All stock from KBRV Resort Operations Pty. Ltd. held by Cosmos Australia Pty. is transferred. Withdraw from overseas hotels and resorts operations
May 2019	Establishment of medium-term business plan 2021
April 2022	Listing was transferred to the Tokyo Stock Exchange (TSE) Standard market following the TSE's reorganization of market categories
May 2022	Establishment of medium-term business plan 2026

Source: Prepared by FISCO from the Company's securities report, etc.

## The Company's businesses

The Company develops and sells real estate, while mainly its businesses are comprised of the Residential business, in which it sells home-related products and services to general consumers; the Solutions business, in which it provides products and services including the sale, rental management and effective utilization of investment properties, and design and construction consulting for businesses and investors; the Accommodation business, in which it develops and manages urban-type hotels to meet the needs of families and groups for medium- to long-term stays; and the Construction business, in which it conducts design and construction work, including office interiors refurbishments. In FY3/22, the percentages of total net sales by business were 38.7% from the Residential business, 46.7% from the Solutions business, 5.9% from the Accommodation business, and 8.7% from the Construction business. The Company mainly conducts the mainstay businesses of the Residential business and the Solutions business, while Cosmos Hotel Management Co., Ltd., conducts the Accommodation business and Cosmos More Co., Ltd., conducts the Construction business.

We encourage readers to review our complete legal statement on "Disclaimer" page.

The Company's businesses

## Not only newly built, but renovated condominiums are popular as well

### 1. Residential business

Cosmos Initia's Residential business does not follow the traditional split between new houses and pre-owned houses, but rather holds itself out as a one-stop shop for housing-related products and services for the general consumer. Its menu of products and services include INITIA newly-built condominiums, INITIA FORUM newly-built single-family homes, INITIA TERRACE newly built townhouses, INITIA GRAN condominiums for active seniors, INITIA & Renovation renovated condominiums, retail real estate brokerage and condominium residential developments in Australia. New condominiums and single-family homes sales\* accounted for 60% of segment sales ratio, renovated condominiums sales\* 38%, and others (retail real estate brokerage services and overseas business)\* 2% (FY3/22). Features of the Company include that it is strongly customer-orientated and the high quality of its services, such as for its planning capabilities to create new products and services. It has integrated the brands of the products and services in the Residential business into INITIA, and it has changed the brand name and the logo to INITIA since 2020 sales of newly built condominium residential developments (newly built condominiums, new town houses, new single-family homes, and newly built condominiums for active seniors) and in the Renovation business.

\* Sales of newly built condominiums and single-family homes include newly-built town houses and residential land subdivisions in addition to newly built condominiums and newly-built single-family homes. Renovated condominium sales include rental income during the period a property is owned. Others (real estate brokerage services, overseas business, etc.) includes the condominium residential development business in Australia.

#### Residential business examples



New condominium building  
"INITIA Aoto Residence"



New single-family homes  
"INITIA FORUM Hikarigaoka Park"



Renovated condominium building  
"Shonan Towers"

Source: The Company's results briefing materials

For newly built condominiums that play a central role in the Company's business, the target customers are a wide range of first-time buyers, includes singles, DINKS, and families aged in their thirties and forties. In terms of planning capabilities for products and services, the Company aims to provide value that exceeds customers' expectations such as the joy of living, ease of living and ease of use through its "home decoration service" in which customers can select refined spaces from plans coordinated by interior decorators, and thorough focus on quality from "QIT," its proprietary quality management system from the construction structure through to various support services. The Company has built a strong reputation for condominium buildings over many years, surpassing 100,000 cumulative units, including condominiums, in 2011, its 37th year in property sales, and reaching a total of 107,000 units supplied up to the present time, and it has received the Good Design Award for 20 consecutive years (FY02 to FY21).



#### The Company's businesses

The Company is developing newly built condominiums that target active seniors amid the arrival of an “era of 100-year lives.” INITIA GRAN (formerly GRAN COSMOS) is the brand for active senior condominiums. While the term “senior” is often associated with care and other services, many seniors actually enjoy active lives (and this number is rising). Since few property designs envision active seniors, despite this environment, the INITIA GRAN series is popular. In contrast to “serviced senior homes” and “paid nursing homes with care,” these properties let residents live freely and retain value as an asset. Furthermore, they provide a variety of services and support that contribute to active and healthy living, including a public bath, café dining, and other common facilities where residents interact and implementation of events and living assistance that contributes to health and reassurance by subsidiary Cosmos Life Support Co., Ltd. and others. Seniors have temporarily become less active due to the COVID-19 pandemic, but in government-designated cities and cities with populations of at least 400,000 people and above 500,000 people, the Company is mainly developing locations like sites of urban redevelopment projects that are highly convenient for living, like for shopping, hobbies, travel, and medical services.

The Company has a strong image of being a condominium developer, but for its “INITIA & Renovation” renovated condominiums, it is utilizing the expertise it has cultivated for newly built condominiums, such as design and functionality, to revitalize pre-owned condominiums in terms of their “livability.” As the Company provides a one-stop service, from selecting the property through to space design, quality management, and after-sales services, there is a strong level of trust in “INITIA & Renovation” properties, and it can also be considered a growth field from the perspective of resource recycling. In addition, in the brokerage and purchasing of residential properties, the Company supports smoother moves through collaborations with new construction and renovated condominium projects. In renovation and reform projects for residential properties, it proposes renovations to valuable living spaces via an optimized plan. Also, the “INITIA FORUM” developments of newly built single-family homes have already exceeded 4,000 subdivisions and have been highly evaluated for their product features, including for introducing the Company’s QIT proprietary quality management system into newly built, single-family homes. The “INITIA Terrace” newly built town houses combine the best features of single-family homes and condominiums and propose new ways living as low-rise residences.

## Provides one-stop solutions for utilizing properties

### 2. Solutions business

In the Solutions business, the Company draws on its expertise and track record as a real estate developer to provide one-stop solution services for owners of investment real estate to utilize their real estate, through an alliance between the Company’s Group and the Daiwa House Group. The products and services menu includes property leasing management and operation for leasing condominiums, office buildings, and other properties, including investment properties, such as COSMOS REID and COSMOS GRACIA rental condominiums and REID-C and real estate investment property sales such as sales of cross-c bldg. and land and building brokerage services for investment condominium buildings and business land, property-related consulting, and others (property brokerage and other services). In the percentages of total sales in the Solutions business (FY3/22), real estate brokerage services for investors provided 68%, real estate rentals operation and management 31%, and others (real estate brokerage and other services) 1%.

Cosmos Initia Co., Ltd. | 22-Aug.-2022  
8844 Tokyo Stock Exchange Standard Market | <https://www.cigr.co.jp/english/message.html>

The Company's businesses

**Solutions business examples**



Investment property  
"COSMOS GRACIA Kawasaki"



Investment property  
"cross-c Toyosu Building"



Property rental management  
"MID POINT Omori"

Source: The Company's results briefing materials

In investment property sales, the Company sells to investors or investment funds from within and outside of Japan rental condominiums, rental buildings, and newly built commercial facilities with attractive designs, and also older rental condominiums and rental buildings that it completely renovates into properties with high-level design features in areas with strong demand, such as central Tokyo. This business, which utilizes the full range of expertise possessed by the Company as a condominium developer to develop, revitalize, and sell investment properties with high value, has become a driver of the Company's growth. In particular, joint investment properties SELESAGE is an investment product that divides ownership rights in properties with attractive locations in central Tokyo worth several billions of yen, which would be difficult to acquire by individuals alone, into investment-product investments that they can invest in from ¥10mn (1 unit ¥5mn). The Company is wholly responsible for their operations and management, so they are popular as an investment product that are easy to acquire and secure.

The Company also has a long history of rental management exceeding 30 years, and properties consigned to it totaled 9,951 units in residential sub-leases (end of March 2022). In residential sub-leases, the Company rents a condominium from its owner and then re-rents it to a tenant. For the owner, this eliminates troublesome work, such as finding a tenant, the contract, the transfer, renewal procedures and dealing with problems during the rental period, while the rental income is also stable, and it can be said to be service that is highly convenient for owners. For the Company as well, it is a stable source of earnings without the risk from owning properties. Also, to make investment properties and rental office properties more appealing, the Company is developing various management content. One example of this is the "MID POINT" rental offices, in which the Company appoints a community manager to form a community among the tenants, while it also provides new value to offices, such as installing kitchens. Awareness of "MID POINT" has increased during the COVID-19 pandemic, so the Company is currently conducting its fully fledged development. In addition, it provides "nears," which are a new form of shared residences with the concept of "a new way of living with 'gentle neighbors'."

The Company's businesses

## Apartment hotel business “MIMARU” showing signs of a turnaround

### 3. Accommodation business

In the Accommodation business, which is a new business launched following the division of business segments in FY3/20, the Company is utilizing its expertise in developing and constructing newly built condominiums to develop and operate MIMARU urban-type apartment hotels as “places to stay that are just like home,” while it also plans and operates “ETOWA” outdoor resorts. MIMARU, which operate in Tokyo, Osaka, and Kyoto, are in locations with easy access to tourist sites in areas around the cities and to other sites, and they feature expansive guest rooms, including being equipped with kitchens and dining spaces, and are accommodation facilities that can support a comfortable long-term stay similar to a home for families and groups of four people or more. The Company was developing them to capture inbound demand and was progressing openings of multi-store properties, but due to the impact of COVID-19, from February 2020, demand for accommodation dramatically decreased and occupancy rates declined. Therefore, operations of some facilities have been suspended and the Company is developing a menu for domestic demand and continues to work hard on this business. However, the world is now shifting to the ‘with-corona’ era and COVID-19 regulations are tending to be eased or lifted, and moreover Japan was selected as the No.1 country that tourists want to visit\* when the COVID-19 pandemic has ended, which indicates that in the not-too-distant future, inbound demand may recover and start to grow again. Therefore, toward a recovery in the future, the Company is restarting operations and progressing new openings, while observing the recovery of demand.

\* According to the “Survey on Tourist Travel to Japan from Asia, Europe, the United States, and Australia (Second Special Survey on the Level of the Effects of COVID-19)” conducted from December 1 to 12, 2020, jointly by DEVELOPMENT BANK OF JAPAN INC., and Japan Travel Bureau Foundation.

#### “MIMARU” apartment hotels in the Accommodation business



“MIMARU Tokyo Asakusa STATION”



“MIMARU Osaka Shinsaibashi WEST”



“MIMARU SUITES Kyoto Shijo”

Source: The Company's results briefing materials

## Undertakes work including office interior refurbishments and construction and renovations.

### 4. Construction business

The Construction business handles office move reforms, interior work and construction, renovations, condominium gallery set-up, and other activities. It also addresses needs of client companies for brand penetration, productivity enhancement, and workstyle reforms by designing and building order-made office spaces suited to the business environment and culture and employee lifestyles. Additionally, it designs and builds commercial facilities that help stimulate communities while considering economic and environmental requirements. In addition, it is steadily expanding the business scope, including by participating in design and construct work for a variety of facilities, including sports facilities and amusement facilities. Furthermore, it has acquired an excellent reputation for its design work, including that its design works had won overseas awards.

We encourage readers to review our complete legal statement on “Disclaimer” page.

The Company's businesses

Construction business project examples



Design and construction example "head office of Nikkei Media Marketing Inc."



Design and construction example "Mitsubishi Real Estate Services Co., Ltd. (provisional name) Tamagawa 3-chome new-build construction project"



Design and construction example "DAIWA LIFENEXT Co., Ltd. Toranomon Office"

Source: The Company's results briefing materials

## Medium-term business plan 2026

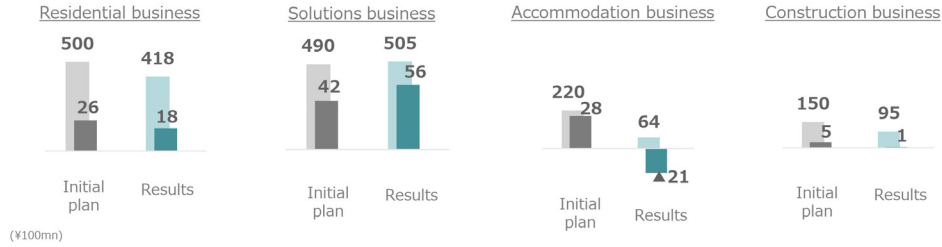
### Did not achieve the targets in the medium-term business plan 2021 due to the impact of COVID-19

#### 1. Medium-term business plan 2021 review

The Company positioned the medium-term business plan 2021, which started in FY3/20, as the first step to a new stage based on its medium- to long-term management policies, and for the plan's final fiscal year of FY3/22 is set financial targets that included net sales of ¥135bn and operating profit of ¥8.1bn, aiming for higher sales and operating profit. However, although it made steady progress in FY3/20, results were expected to become severe from FY3/21 onwards due to the impact of COVID-19, so it decided to withdraw the initial financial targets. The details for each business are provided below, but the Residential business, performed steadily as a whole in the newly built condominium and renovated condominium businesses, etc., although it was still impacted by COVID-19, including delays in the expected sales of condominiums for active seniors as movements of seniors became sluggish due to COVID-19. Also, some construction projects in Australia were stopped so there occurred delays in deliveries. Therefore, net sales and segment profit were slightly below the targets initially set for FY3/22, the plan's final fiscal year. The Solutions business also performed well as a whole, as needs for investment properties were strong and there were sales of excellent properties, so both net sales and segment profit were higher than forecast. In the Accommodation business, the targeted inbound demand decreased dramatically, and although the Company focused on acquiring domestic demand, both net sales and segment profit were significantly less than forecast due to factors such as the reduction of operations at some facilities because of the declarations of a state of emergency. In the Construction business as well, sales opportunities were limited by the impact of COVID-19, so net sales and segment profit were below their targets. However, the reason why the results were less than the targets was the occurrence of an external risk of COVID-19, and internally, newly built condominiums, renovated condominiums, and investment properties all performed well, and moreover there were developments of new products and services such as "MID POINT" that will lead to growth in the future, so it seems that there are many points for which the Company can be highly evaluated.

Medium-term business plan 2026

Comparison of results vs. targets by business for the final year of the medium-term business plan 2021



Note: the FY3/22 targets and results in the medium-term business plan 2021 are a comparison of net sales (light bar) and segment profit by business.

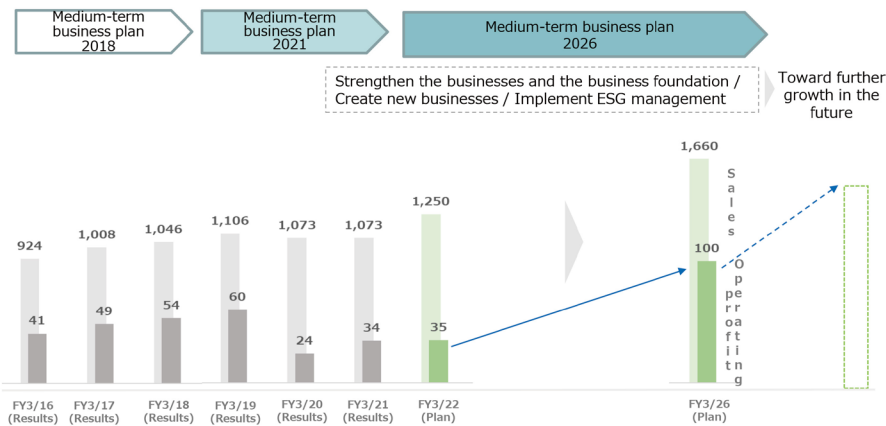
Source: The Company's medium-term business plan 2026

## Is progressing three key themes and targeting operating profit of ¥10bn in FY3/27

### 2. Medium-term business plan 2026

Toward realizing “Next GOOD” that the Company has set as its mission, in the medium-term business plan 2026, its policy is to work on three key themes toward the future; “Strengthen the businesses and the business foundation,” “Create new businesses,” and “Implement ESG management.” By correctly understanding the external environment, such as the acceleration of the diversification of the international political situation and urban living needs, the expectation that inbound demand will grow in the medium- to long-term, and the rising interest in ESG and related, and by precisely using the Company’s strengths, of a track record of supplying more than 100,000 condominiums, its real estate assets processing capabilities, and its proprietary workstyle reforms, it aims to progress the key themes and aim to realize growth and further improve enterprise value in the medium- to long-term. Therefore, the Company announced its new five-year medium-term business plan 2026, in which it is targeting operating profit of ¥10bn, an operating profit margin of 6%, and an equity ratio of 30% in FY3/27, the plan’s final fiscal year. Toward improving shareholder value, it will supplement investment in order to “Strengthen the business foundation” and accelerate business growth by taking on the challenge of “Creating new businesses.” It will also supplement internal reserves with the aim of “Strengthening the financial structure,” and at the same time it is aiming to continuously increase the dividend per share, which fell temporarily during the period of the previous medium-term business plan because of the impact of COVID-19.

### Profit targets of the medium-term business plan 2026



(¥100mn)

Source: The Company's medium-term business plan 2026

We encourage readers to review our complete legal statement on “Disclaimer” page.

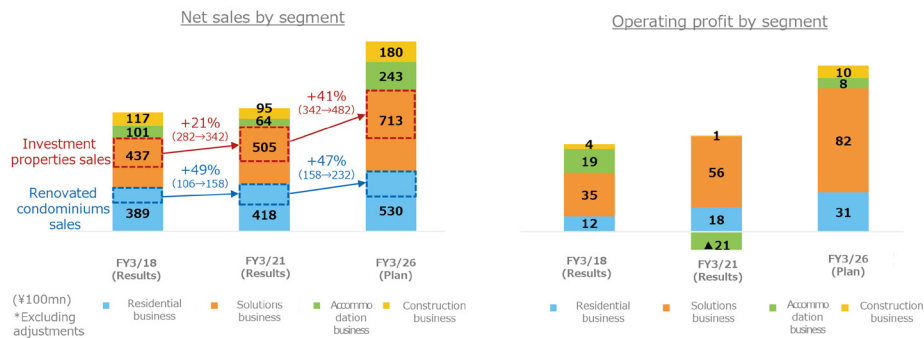
## Toward regrowth, to be driven by sales of renovated condominiums, investment properties, etc.

### 3. Main measures

#### (1) Constructing a business portfolio that achieves both growth and stability

The Company plans to recover results, which were less than targeted in the previous medium-term business plan, and to implement segment strategies for improvement. But in order to steadily implement the medium-term business plan 2026 and to achieve the targets, first it will rebuild the business portfolio so that it achieves both growth and stability. It will continue to strengthen the current business lineup that supports stable management, and at the same time it will add momentum to business growth being driven by sales of renovated condominiums and investment properties, which it has strategically expanded. For the Accommodation business, it will open facilities currently being constructed, conduct management toward improving occupancy rates, and steadily progress facility sales. It will also respond to the recovery and regrowth of inbound demand and investigate restarting investments in new proposals that have not been incorporated into the medium-term business plan 2026. It is also thought that the recovery of the Accommodation business will become a strong growth driver. Moreover, the Company is aiming to improve profitability through a value-added strategy that is aware of the diversification of needs for real estate and, to realize this strategy, by strengthening the value chain and progressing digitalization.

Medium-term results trends by segment



Source: The Company's medium-term business plan 2026



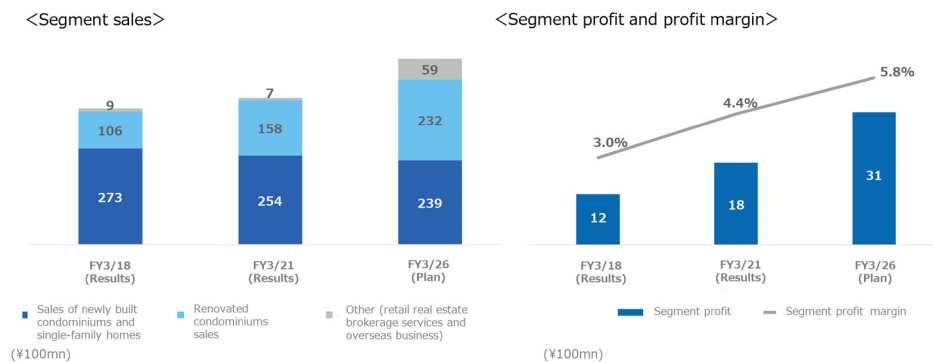
Medium-term business plan 2026

**(2) Strategy by segment (Residential business)**

In terms of the Residential business as a whole, the Company is utilizing the opportunity provided by the brand integration into the "INITIA" brand to pursue further improvements to brand value, while it is aiming for business growth driven by renovated condominiums sales and to utilize its developer expertise and integrated manufacturing and sales structure to plan products with high added-value. It will also implement ESG management, including by adopting ZEH\* for all newly built condominiums, forming regional communities, and revitalizing pre-owned stock. For sales of newly built condominiums and single-family homes, in addition to product planning that is matched to a location's characteristics and the diversification of customer needs, it will strengthen digital marketing. It will progress an area strategy, including utilizing the comprehensive gallery "INITIA Lounge Mita" and strengthening purchases and sales of newly built condominiums in the greater Tokyo area. For renovated condominiums sales, which are popular from the viewpoint of resource recycling, the Company will respond to diversifying needs by utilizing management assets and pre-owned stock, including its existing condominiums, and developing products with high value-added. Demand for newly built condominiums and single-family homes has been trending downward in the context of the declining birthrate and aging population, but demand for renovated condominiums is forecast to grow. In the overseas business, it anticipates deepening the condominium residential development business in Australia. Through these initiatives, it is aiming to grow the Residential business and to improve profitability.

\* ZEH (net Zero Energy House): it refers to homes that balance the energy they use with the energy they produce, such as through solar power, to realize an annual energy consumption volume of practically less than zero.

**Medium-term results trends in Residential business**



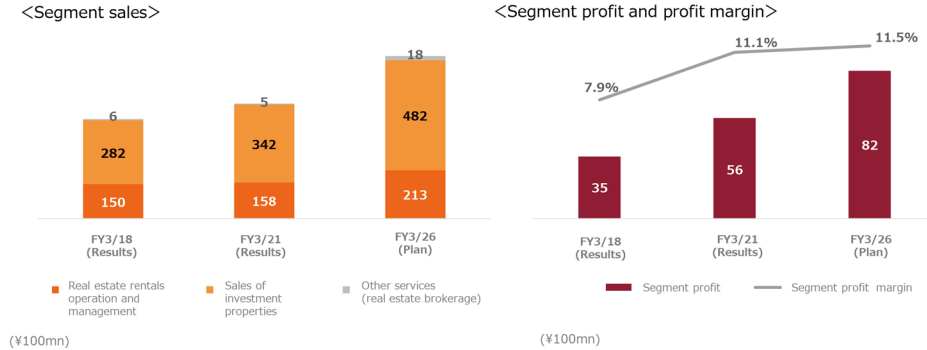
Source: The Company's medium-term business plan 2026

**(3) Strategy by segment (Solutions business)**

For the Solutions business as a whole, the Company is aiming to expand the business and improve profitability through the synergies between investment properties, which are a diverse asset type regardless of whether newly built or pre-owned, and its proprietary real estate management content. To implement ESG management, it intends to conduct initiatives including revitalizing pre-owned stock and developing and operating management content that will lead to the formation of communities. For sales of investment properties, on the one hand it is aiming to strengthen both newly built properties and the revitalization of pre-owned stock, expand the asset types handled and grow the business, while on the other hand, it will improve profitability by diversifying sales channels, including for its proprietary management content like "MID POINT" and the "SELESAGE" joint-investment properties. It also intends to strengthen the development and operations of real estate management content to follow on from "MID POINT" and "nears," and in sales of investment properties, to increase consignments as a high-value added option. In real estate rentals operations and management, it intends to improve the profitability of residential sub-leases and to expand the leasing operations and management business, including for office properties. Driven by sales of investment properties, it is aiming to increase earnings in the Solutions business.

Medium-term business plan 2026

Medium-term results trends in Solutions business

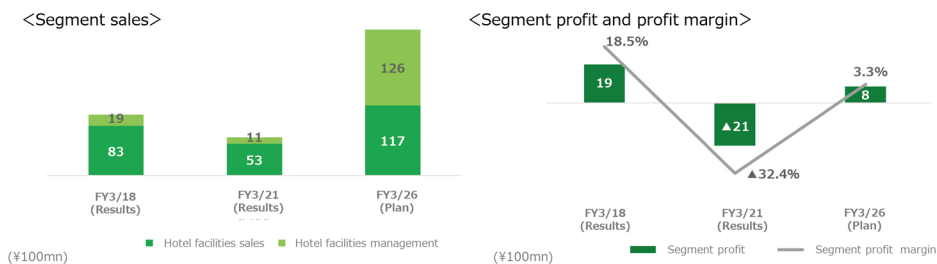


Source: The Company's medium-term business plan 2026

(4) Strategy by segment (Accommodation business)

In the Accommodation business as a whole, the Company is aiming to strengthen the MIMARU brand of urban-type apartment hotels that meet the needs of family and groups for medium- to long-term stays, while its policies are also to open properties currently under construction, improve occupancy rates, and steadily progress facility sales. It will also implement ESG management, including by developing “ETOWA” that effectively utilizes public real estate as outdoor resorts and by actively recruiting overseas human resources. In hotel facilities sales, at the end of FY3/22 sales of inventory assets were expected, of which the Company conservatively estimated that around half the number would be sold in the final fiscal year, and that sales profit-loss would basically be balanced. In hotel facilities management, on the assumption that occupancy will have recovered to the same level as before COVID-19 by March 2023, for the time being it will focus on acquiring domestic demand. Both hotel facilities sales and hotel facilities management will depend on the recovery and regrowth of inbound demand, but the Company intends to improve profitability by pushing forward the schedules for facility sales, and for facility management, to open facilities currently being constructed and to improve occupancy rates as quickly as it can. On the other hand, its policy is to respond to the recovery and regrowth of the inbound demand market and to investigate restarting investments in new proposals not incorporated into the medium-term business plan 2026.

Medium-term results trends in Accommodation business



Source: The Company's medium-term business plan 2026

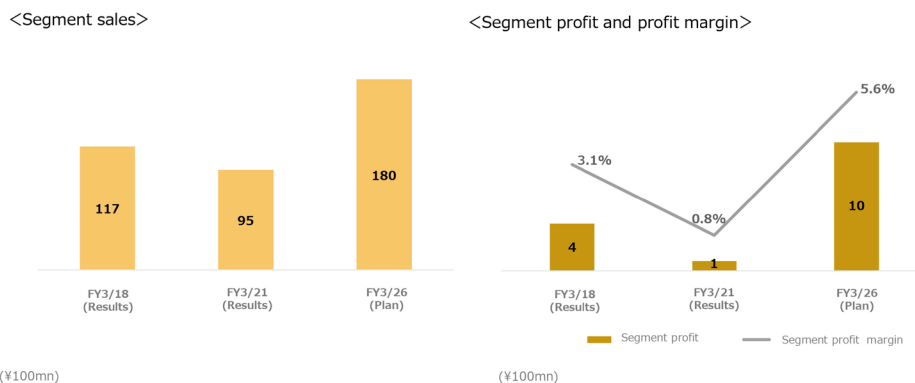


Medium-term business plan 2026

**(5) Strategy by segment (Construction business)**

The Company's policy is to further strengthen its spatial design and design capabilities, for which it has received many design awards and other awards both in Japan and overseas, and also to further acquire comprehensive capabilities for consulting and management. It is also aiming for business growth and improved profitability in the facilities area, such as office moves and interior refurbishments, and in the construction area, including construction and renovation work and work to establish condominium galleries. In particular, for office interiors refurbishment work, demand is expected to increase due to the workstyle reforms being conducted in the new normal. To implement ESG management, it is working on developing businesses with a low environmental burden, including by utilizing environmentally friendly products. It is considered that the deterioration of the consignment's environment is only temporary due to COVID-19 and the Company expects it to recover quickly.

Medium-term results trends in Accommodation business



Source: The Company's medium-term business plan 2026

**(6) Is working to expand the other businesses and to improve earnings**

For creating new businesses, the Company's policies are to strengthen the overseas business, develop new management content, and progress the development of the asset management business. For the overseas business, it is focusing on and developing a business in which it can utilize the expertise that it has cultivated domestically, and currently it is conducting a condominium residential development business in the Sydney area of Australia. It is presently progressing four projects with its joint venture local partner and is aiming for business expansion in the future. It is also entering into and progressing developments in regions with high market potential and is currently studying a value-added (revitalization sales) business for pre-owned rental apartments in Dallas, Texas, the United States, where demand for rental residences is forecast to be firm, and a condominium residential development business in Ho Chi Minh City, Vietnam, where population increase and economic growth are forecast. In terms of management content, so far it has developed content including MIMARU apartment hotels, "MID POINT" rental offices, "nears" shared residences, and "ETOWA" outdoor resorts. Moreover, to follow on from these, the Company is aiming to develop new management content and to maximize the value of investment properties and to enhance the earnings foundation through outsourced operations. Also, it will utilize the expertise in improving the value of investment properties that it has cultivated in the Solutions business for the asset management business. In sales of investment properties, both purchase opportunities and sales channels are expected to grow, while at the same time, it seems that opportunities for consignments of real estate rentals operations and management will also increase.

### (7) Strengthening DX and implementing ESG management

Up to the present time, the Company has progressed digitalization in the business and corporate fields, but it additionally plans to accelerate measures for DX (digital transformation). In the business field, it has worked to improve the provision of value and work efficiency through digitalization, but its policy is to add to this the acceleration of DX measures that will lead to business reforms, including improving the customer experience and developing new services. In the corporate field, it will progress DX and promote various workstyles by building a digital foundation with the aim of realizing innovative management.

The Company is aiming to improve enterprise value by implementing ESG management through management with high social value in each business. Specifically, for the Environment, it is realizing ZEH for all newly built condominiums, and in sales of renovated condominiums and investment properties, it is working on revitalizing pre-owned stock and developing products and services with a low environmental burden. Through these and other initiatives, it intends to build buildings and urban lifestyles that are kind to the environment. For Social, it is developing products and services that support community formation and child raising, while through the Company's own workstyle reforms, it intends to build urban lifestyles with an abundance of warm connections between people. For Governance, it is aiming to build a foundation for sustainable growth compliant with a diverse business lineup by continuously strengthening risk management functions and corporate governance.

## ■ Results trends

### Profits improved in the Residential business and the Solutions business

#### 1. FY3/22 results

In the FY3/22 results, net sales were ¥107,349mn (up 0.1% YoY), operating profit was ¥3,351mn (up 41.1%), recurring profit was ¥2,610mn (up 18.3%), and net profit attributable to parent company shareholders was ¥1,703mn (down 15.1%). Also, compared to the results forecasts announced in November 2021, net sales were ¥7,650mn less than forecast, but operating profit was ¥351mn and recurring profit was ¥310mn higher than forecast. In terms of the effects of COVID-19, in the Residential business, there were partial effects on the progress made for sales of condominiums to active seniors, but overall, its effect was limited, and rather demand to purchase homes was strong, including because of the increase in working at home. Its effect was also limited in the Solutions business in which demand for investment properties was solid. The Accommodation business was directly impacted by COVID-19 and occupancy slumped throughout the year. In the Construction business, there occurred delays to orders due to the decline in ordering opportunities following the declarations of a state of emergency. As a result, sales did not grow and results were below the results forecasts announced in November 2021. However, the handling of highly profitable properties and high value-added products and services increased, so the gross profit margin in the Residential business and Solutions business improved and operating profit increased significantly. Net profit attributable to parent company shareholders was the only item to decline, but the reason for this was mainly a rebound to the recording of a corporate tax adjustment (gain) in the previous period. For the reporting segments, the names and categories of some sub-segments were changed.

## Results trends

**FY3/22 results**

(¥mn)

	FY3/21		FY3/22		
	Amount	% of sales	Amount	% of sales	% of change
Sales	107,257	100.0%	107,349	100.0%	0.1%
Gross profit margin	15,604	14.5%	17,425	16.2%	11.7%
SG&A expenses	13,228	12.3%	14,073	13.1%	6.4%
Operating profit	2,376	2.2%	3,351	3.1%	41.1%
Recurring profit	2,207	2.1%	2,610	2.4%	18.3%
Net profit attributable to parent company shareholders	2,007	1.9%	1,703	1.6%	-15.1%

Source: Prepared by FISCO from the Company's financial results

## In the Accommodation business, occupancy will return to the pre-COVID-19 level by the end of FY3/23

### 2. FY3/23 forecasts

For the FY3/23 results, the Company is forecasting net sales of ¥125,000mn (up 16.4% YoY), operating profit of ¥3,500mn (up 4.4%), recurring profit of ¥3,200mn (up 22.6%), and net profit attributable to parent company shareholders of ¥2,200mn (up 29.1%). The incorporation of the effects of COVID-19 into the result forecasts are that in the Residential business, the same as in the previous period, its effects will partially remain on the progress made for sales of condominiums to active seniors, but overall, its effects will be limited. Demand for home purchases is expected to be strong. In the Solutions business, it is difficult to imagine that the operating conditions of investment properties will deteriorate significantly from the current conditions, and demand for investment properties is also expected to be strong. The gross profit margin is forecast to decline as a rebound to there being highly profitable properties in the previous period. In the Accommodation business, COVID-19 is continuing to settle down and by March 2023, occupancy is expected to be close to its level before COVID-19. In the Construction business, ordering opportunities temporarily decreased in the previous period, but the ordering environment is expected to recover.

**FY3/23 forecasts**

(¥mn)

	FY3/22		FY3/23 E		
	Amount	% of sales	Amount	% of sales	% of change
Sales	107,349	100.0%	125,000	100.0%	16.4%
Gross profit margin	17,425	16.2%	19,600	15.7%	12.5%
SG&A expenses	14,073	13.1%	16,100	12.9%	14.4%
Operating profit	3,351	3.1%	3,500	2.8%	4.4%
Recurring profit	2,610	2.4%	3,200	2.6%	22.6%
Net profit attributable to parent company shareholders	1,703	1.6%	2,200	1.8%	29.2%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

## Results trends

## In the medium- to long-term, the recovery of the Accommodation business will also drive the regrowth

### 3. Results trends by business

In FY3/22, profits were driven by sales of renovated condominiums in the Residential business and sales of investment properties in the Solutions business. In FY3/23, apart from the Accommodation business that will be in the final phase of its recovery, every business is expected to firmly contribute to profits. The recovery from COVID-19 is forecast to last all of FY3/23, but in the medium- to long-term, the image is that, underpinned by sales of newly built condominiums, earnings will be driven by sales of renovated condominiums and investment properties and the recovery of the Accommodation business.

#### FY3/22 results and FY3/23 forecast by segment

(¥mn)

	FY3/21		FY3/22			FY3/23 (E)		
	Sales	% of sales	Sales	% of sales	% of change	Sales	% of sales	% of change
Residential business	40,700	37.9%	41,844	39.0%	2.8%	49,000	39.2%	17.1%
Solutions business	52,350	48.8%	50,477	47.0%	-3.6%	51,800	41.4%	2.6%
Accommodation business	593	0.6%	6,356	5.9%	971.8%	11,200	9.0%	76.2%
Construction business	14,083	13.1%	9,459	8.8%	-32.8%	13,500	10.8%	42.7%
Eliminations of inter-Group transactions	-470	-0.4%	-787	-0.7%	-	-500	-0.4%	-
<b>Total</b>	<b>107,257</b>	<b>100.0%</b>	<b>107,349</b>	<b>100.0%</b>	<b>0.1%</b>	<b>125,000</b>	<b>100.0%</b>	<b>16.4%</b>

	FY3/21		FY3/22			FY3/23 (E)		
	Operating profit	% of sales	Operating profit	% of sales	% of change	Operating profit	% of sales	% of change
Residential business	1,321	3.2%	1,822	4.4%	37.9%	2,800	5.7%	53.7%
Solutions business	5,174	9.9%	5,580	11.1%	7.8%	4,400	8.5%	-21.1%
Accommodation business	-3,017	-508.8%	-2,061	-32.4%	-	-2,000	-17.9%	-
Construction business	744	5.3%	73	0.8%	-90.2%	500	3.7%	584.9%
Eliminations of inter-Group transactions	-1,846	-	-2,063	-	-	-2,200	-	-
<b>Total</b>	<b>2,376</b>	<b>2.2%</b>	<b>3,351</b>	<b>3.1%</b>	<b>41.0%</b>	<b>3,500</b>	<b>2.8%</b>	<b>4.4%</b>

Source: Prepared by FISCO from the Company's results briefing materials

#### (1) Residential business

In the FY3/22 results, sales and profits increased, as net sales were ¥41,844mn (up 2.8% YoY) and operating profit was ¥1,822mn (up 37.9%). The number of units transferred was basically unchanged YoY for newly built condominiums and increased by approximately 1.5 times for renovated condominiums. Conversely, the gross profit margin rose for newly built condominiums but declined for renovated condominiums, but in terms of the amounts of gross profit, both contributed to the higher profits. The completed inventory of newly built condominiums increased, but this was mainly due to the delays in sales of condominiums to active seniors because of the effects of COVID-19. For the FY3/23 results, the Company is forecasting higher sales and significantly higher profits, of net sales of ¥49,000mn (up 17.1%) and operating profit of ¥2,800mn (up 53.7%). It seems the number of units transferred will decrease slightly for both newly built condominiums and renovated condominiums, but sales and profits are still forecast to increase by double digits because of the improvement to the gross profit margin as a whole and the planned transfers of condominium residential developments in Australia.

#### Results trends

As the achievements in the previous period, the Company introduced three new living space styles – GRACE style, MODEST style, and MELLOW style – that incorporate trends and customer needs, such as for interior colors and designs. Also, work was completed on the “INITIA GRAN Sapporo East” condominiums for active seniors for which there are major expectations for growth in the medium- to long-term, and tenants started to move in. In condominiums for active seniors, projects are currently underway in multiple town redevelopment projects, including in Fukui, Fukuoka, and Oita prefectures. The Company has also developed products in response to changes to living styles and the diversification of needs, including “INITIA FORUM Oyamadai,” which are newly-built single-family homes that employ passive designs that effectively incorporate wind and light, and Century Nakano Minamidai renovated condominiums for two-adult households.

### (2) Solutions business

In the FY3/22 results, net sales were ¥50,477mn (down 3.6% YoY) and operating profit was ¥5,580mn (up 7.9%), so sales decreased but profits increased. In sales of investment properties, transfers (including of entire buildings) decreased, which was the main reason for the lower sales, but profits still increased because there were improvements to the gross profit margin for sales of investment properties (entire buildings) and to the vacancy rates of real estate rentals operations and management residences (sub-leases). For the FY3/23 results, the Company is forecasting higher sales but lower profits, of net sales of ¥51,800mn (up 2.6%) and operating profit ¥4,400mn (down 21.1%). In sales of investment properties (entire buildings), the number of transfers will increase so sales are expected to rise, but profits are forecast to decline due to the decline in the gross profit margin, mainly as a rebound to there being highly profitable properties in the previous period.

As representative properties that become operational in the previous period, construction was completed of “nears Kawasaki” shared residences that create gentle connections between residents while maintaining private spaces, and tenants have started moving in. The Company has developed “cross-c bldg.,” a new brand for medium-sized new offices and commercial buildings that pursues “diversity” of workstyles and lifestyles, and “functionality” and “comfort” of buildings. Among them, the “cross-c Higashi Nihonbashi building,” which has been highly evaluated as an environmentally friendly office space, was designated ZEB Ready\* by the Ministry of the Environment. It also opened MID POINT Shibuya Shinsen, in which all of the newly built building is operated as rental offices, and started sales of “SELESAGE Meguro East” and “SELESAGE Meguro West” joint-investment properties.

\* ZEB Ready (Net Zero Energy Building Ready): “ZEB” is one evaluation by the Ministry of Economy Trade, and Industry for constructed buildings that achieve an annual primary energy consumption of zero or negative through excellent energy-saving and energy-creation technologies. “ZEB Ready” is a building that reduces primary energy consumption by 50% or more compared to the standard primary energy consumption, excluding renewable energy.

### (3) Accommodation business

The FY3/22 results were severe, with net sales of ¥6,356mn (up 971.8% YoY) and an operating loss of ¥2,061mn (a ¥956mn increase in profits). Due to the impact of COVID-19 throughout the year, hotel facilities management slumped, but sales still increased significantly, mainly due to transfers for hotel facilities sales. For the FY3/23 results, the Company is forecasting net sales of ¥11,200mn (up 76.2% YoY) and an operating loss of ¥2,000mn (a ¥61mn increase in profits). Assuming that COVID-19 continues to settle down and that occupancy will be close to the level of before COVID-19 by April 2023, in hotel facilities management, the forecasts are for occupancy to recover and the average customer unit price to improve and for all the unopened facilities to be opened. In hotel facilities sales, the number of transfers of hotel facilities is set to increase. Therefore, sales are forecast to increase significantly, but operating profit is expected to be around the same level YoY, including because of the increase in costs following the openings of new hotels.

## Results trends

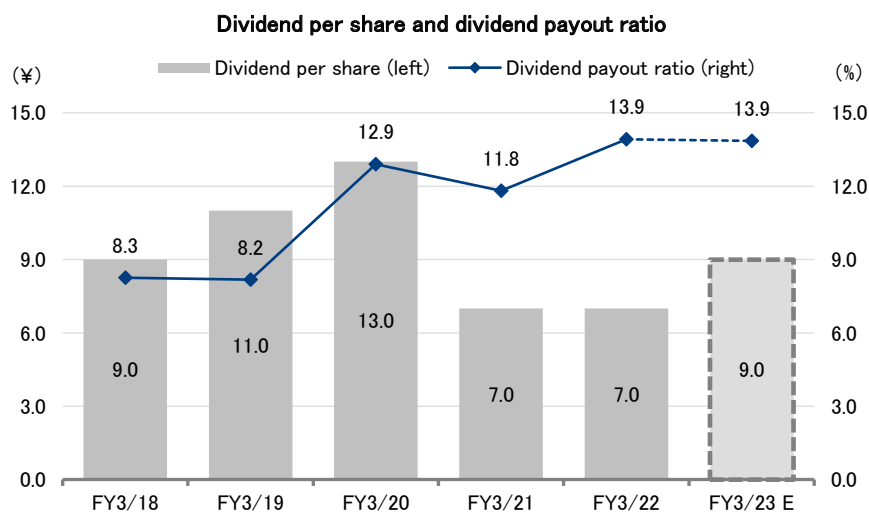
At the end of FY3/22, there were 9 facilities and 545 rooms in pre-opened developments, and 19 facilities and 925 rooms in already opened developments (of these, operations had been suspended at 2 facilities and 132 rooms). By the end of FY3/23, all unopened facilities will have been opened, so the forecast is for there to be 28 facilities with 1,470 rooms in already opened facilities (of these, operations to be suspended at 1 property with 36 rooms). A representative accommodation facility opened in the previous period was “MIMARU SUITES Kyoto Shijo,” which is a new series of apartment hotels that provide a new service where guests can feely use appliances for living collected by Kyoto connoisseurs in guest rooms. Also, for MIMARU in Tokyo, Kyoto, and Osaka, the Company has proposed various ways of living, including preparing an accommodation experience of a concept room in collaboration with a lifestyle shop, and a plan to enjoy parties and food prepared in kitchens with family and friends.

**(4) Construction business**

In the FY3/22 results, sales and profits decreased, with net sales of ¥9,459mn (down 32.8% YoY) and operating profit of ¥73mn (down 90.1%). The main factors were that there were no highly profitable large-scale projects, and that ordering opportunities decreased due to the declarations of a state of emergency. For the FY3/23 results, the Company is forecasting significant increases in sales and profits due to the recovery of the ordering environment, of net sales of ¥13,500mn (up 42.7%), and operating profit of ¥500mn (up 584.9%). In terms of achievements in the previous period, a facility involving Cosmos More, which is responsible for the Company’s construction business, won multiple awards, including the “iF DESIGN AWARD 2022.” It revitalized the “Recruit Kudanshita New Office,” a large-scale property consisting of 5 buildings constructed in 1960, into offices that support workstyle reforms, while it was also responsible for the design and construction of “TOKYO SPORT PLAYGROUND SPORT×ART,” an outdoor sports facility that incorporates an inclusive design.

## Shareholder return policy

The Company is aware that improving enterprise value and returning profits to shareholders are important management issues. For its dividend policy, it works to stably pay a dividend while considering returns to shareholders and supplementing the internal reserves it needs for continuous growth. In FY3/22, the Company paid a ¥7/share period-end dividend that comprehensively factors in the management environment and other aspects. In FY3/23, it plans to pay a ¥9/share period-end dividend considering the earnings outlook. The medium-term business plan 2026 says the Company aims to sustainably increase dividends during the period of this plan.



Source: Prepared by FISCO from the Company's financial results

## Information security

In the course of its business the Company comes into the possession of personal information of buyers and prospective buyers of newly built condominiums and single-family homes and, as a result, is subject to the Protection of Personal Information Act. In keeping with the Act, the Company has taken all appropriate steps to guard the personnel information in its possession, including establishing a privacy policy and procedures and rules for the handling of personal information. It is also working to fortify its information management structure across the company as a whole, including employee training and the installation of secure entry/exit systems for all offices.

## Disclaimer

FISCO Ltd. ("FISCO") offer stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Stock Exchange and Nikkei Inc.

This report is provided solely for the purpose of offering information, and is not a solicitation of investment nor any other act or action.

FISCO prepared and published this report based on information which it considered reliable; however, FISCO does not warrant the accuracy, completeness, fitness nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, securities and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be made based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report has been prepared at the request of the company subject hereto based on the provision of information by such company through telephone interviews and the like. However, the hypotheses, conclusions and all other contents contained herein are based on analysis by FISCO. The contents of this report are as of the time of the preparation hereof, and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text hereof, the data and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report upon accepting the above points.

■ For inquiry, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: [support@fisco.co.jp](mailto:support@fisco.co.jp)