

Translation

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Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending September 2024 (Based on Japanese GAAP)

August 2, 2024

Company name: Tasuki Holdings Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 166A

URL: <https://tasuki-holdings.co.jp/>

Representative: Yu Kashiwamura, Representative Director and President

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Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: Yes (for institutional investors and securities analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated Financial Results for the First Three Quarters

(October 1, 2023 to June 30, 2024) of the Fiscal Year Ending September 30, 2024

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters ended June 30, 2024	26,674	-	3,124	-	2,985	-	2,681	-	1,736	-
First three quarters ended June 30, 2023	-	-	-	-	-	-	-	-	-	-

(Notes) 1. Comprehensive income

First three quarters ended June 30, 2024: 1,805 million yen [- %]

First three quarters ended June 30, 2023: - million yen [- %]

2. As Tasuki Holdings Inc. (the "Company") was established on April 1, 2024, the figures and the year-on-year changes for the first three quarters of the fiscal year ended September 30, 2023, as well as the year-on-year changes for the first three quarters of the fiscal year ending September 30, 2024, are not indicated.

3. EBITDA = Operating profit + depreciation + amortization of goodwill + share-based payment expenses

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three quarters ended June 30, 2024	45.48	-
First three quarters ended June 30, 2023	-	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	58,962	21,382	35.4
As of September 30, 2023 (end of previous fiscal year)	-	-	-

(Reference) Total shareholders' equity

As of June, 2023: 20,847 million yen As of September 30, 2023: - million yen

(Note) As the Company was established on April 1, 2024, the figures for the fiscal year ended September 30, 2023 are not indicated.

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 2023	–	–	–	–	–
Fiscal year ending September 2024	–	–	–		
Fiscal year ending September 2024 (Forecast)				15.00	15.00

(Notes) Revisions to the most recently announced dividend forecast: No

As the Company was established on April 1, 2024, the results for the fiscal year ended September 30, 2023, and the results for the 1st and 2nd quarters of the fiscal year ending September 2024 are not indicated.

3. Forecast of Financial Results for the Fiscal Year Ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Percentage figures indicate year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	47,100	–	5,250	–	5,000	–	4,500	–	2,850	–	68.62

(Notes) 1. Revisions to the most recently announced earnings forecast: Yes

2. For the revisions to the forecast of financial results, refer to “Notice Concerning (Upward) Revisions to Earnings Forecast” (Japanese only) announced today (August 2, 2024).

* Explanatory notes

(1) Significant changes in the scope of consolidation during the quarter: Yes

New consolidation: 1 company (Aura Co., Ltd.)

(Note) For details, refer to the “Notice Concerning Acquisition of Shares of a Specified Subsidiary to Make It a Consolidated Subsidiary” (Japanese only) dated April 22, 2024.

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies other than those in 1) above: Yes

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

(Note) For details, refer to “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto; (3) Notes to Quarterly Consolidated Financial Statements; (Notes on Changes in Accounting Policies)” on page 8 of the Attachment.

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	51,535,523 shares	As of September 30, 2023	– shares
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2) Number of treasury shares at the end of the period

As of June 30, 2024	6,604 shares	As of September 30, 2023	– shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First three quarters ended June 30, 2024	38,177,952 shares	First three quarters ended June 30, 2023	– shares
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(Notes) 1. The Company was established on April 1, 2024 through a joint transfer. Accordingly, the average number of common shares during the period from October 1, 2023 to March 31, 2024, prior to the establishment of the Company, is calculated by multiplying the average number of shares of Tasuki Corporation (“Tasuki”) during the period by the share transfer ratio. For the period from April 1, 2024 to June 30, 2024, the calculation is based on the average number of shares of the Company during the period.

2. As the Company was established on April 1, 2024, the figures for the comparable quarter and the previous fiscal year are not indicated.

* Review of the attached quarterly consolidated financial statements by a public accountant or audit corporation: No

* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that the Company believes to be reasonable. Actual results, etc., may materially differ from the forecast due to various factors.

(How to obtain supplementary materials on financial results)

Supplementary materials for the financial results will be posted on TDnet and the Tasuki Holdings website on August 2, 2024.

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1. Qualitative Information on the Financial Results for the Period

(1) Explanation of Operating Results

The Company was established on April 1, 2024 as a joint holding company of Tasuki Corporation (“Tasuki”) and Shin-Nihon Tatemono Co., Ltd. (“Shin-Nihon Tatemono”) through a joint share transfer. The newly formed Tasuki Holdings Group (the “Group”) will accelerate efforts to create synergies through business integration and to digitalize the real estate business. Based on the strengthened management foundation, the Company will aim to achieve sustainable growth and increase corporate value by optimizing its business portfolio.

The Japanese economy continued to show a moderate recovery trend during the first three quarters ended June 30, 2024. This was driven by an improvement in the employment and income environment, supported by the expansion of inbound tourism demand, backed by the weaker yen, and wage increases. The movement to pass on the rising costs of labor and resources to product and service prices also contributed to the recovery. On the other hand, it is necessary to closely monitor how Japan and other countries will be affected by the global trends, rising resource prices, and currency exchange rates that maintain the yen’s weakness.

In the real estate market, the primary business domain of the Group, real estate prices remain at a high level, and especially in the 23 wards of Tokyo, condominium prices are rising more markedly than detached houses. Despite concerns about interest rate hikes, there is no immediate prospect of a sharp rise in interest rates. This, together with the yen’s depreciation, has maintained a solid appetite for real estate investment among domestic and foreign investors. As a result, the business environment continues to provide a tailwind for the Group’s business model.

Under such circumstances, the Group has made steady progress in its planned inorganic strategy (growth and expansion through external means). A holding company structure was established through business integration on April 1, 2024. Subsequently, the consolidation of Aura Co., Ltd. (“Aura”) into the Group on April 22, 2024 strengthened the revenue base and expanded the business scope.

In the Life Platform Business, sales to high-net-worth individuals and investors in Japan and overseas remained strong. The Asset Management Business has made steady progress, with the offering and management of Tasuki’s 7th crowdfunding fund #1 starting in April 2024 and the formation of 8th crowdfunding fund #1 in the pipeline. In addition, Tasuki completed the registration of the change to investment advisory and agency business under the Financial Instruments and Exchange Act in June 2024. This enables it to formulate funds through trust beneficiary interest transactions that can easily expand the fund size in terms of cost. Going forward, Tasuki will form real estate funds of various asset sizes to meet the diverse real estate investment needs of investors.

In the SaaS business, which is non-consolidated, the number of companies that have adopted TASUKI TECH LAND, the main service, has been steadily increasing, especially among condominium developers and detached housing developers. The number of such companies has reached 77, increasing greatly to the target of 100 cumulatively by the end of September 2024. TASUKI TECH TOUCH & PLAN, an automatic architectural volume plan generation service, has also been granted patents, and the service is now available externally.

Upon its establishment, the Company designated Tasuki as the acquiring company for business combination accounting purposes. Accordingly, the consolidated operating results for the first three quarters ended June 30, 2024 are based on Tasuki’s consolidated operating results from October 1, 2023 to June 30, 2024, while consolidating the operating results of Shin-Nihon Tatemono from April 1, 2024 to June 30, 2024 and Aura from May 1, 2024 to June 30, 2024. Note that no year-on-year comparison has been made for the first three quarters, as this was the first fiscal period for the Company since its establishment.

In addition, the Company has decided to disclose EBITDA as an indicator of its ability to generate cash flow and the reality of its organic growth as it continues to proactively explore M&As opportunities and sifts to cash flow-oriented management to support its inorganic strategy. EBITDA is calculated as operating profit + depreciation + amortization of goodwill + share-based payment expenses.

Since the allocation of acquisition costs related to the new consolidation of Shin-Nihon Tatemono and Aura had not been completed as of the end of the third quarter of the current fiscal year, goodwill was calculated based on a provisional basis.

For the first three quarters, the Company posted net sales of 26,674 million yen, EBITDA of 3,124 million yen, operating profit of 2,985 million yen, ordinary profit of 2,681 million yen, and profit attributable to owners of parent of 1,736 million yen.

Operating results by segment are as follows.

The amounts for each segment are before offsetting and eliminating inter-segment transactions.

(Life Platform Business)

Sales totaled 26,529 million yen, and operating profit amounted to 3,023 million yen.

(Finance Consulting Business)

Sales totaled 160 million yen and operating profit amounted to 69 million yen.

(2) Financial Position

(Assets)

Total assets at the end of the third quarter of the current fiscal year amounted to 58,962 million yen. Current assets totaled 52,049 million yen, and noncurrent assets were 6,892 million yen.

Current assets are mainly comprised of 40,020 million yen in total in real estate for sale and real estate for sale in process, and 9,685 million yen in cash and deposits.

Noncurrent assets are mainly comprised of 3,932 million yen in intangible assets, including 3,910 million yen in goodwill, 1,543 million yen in property, plant and equipment, and 1,416 million yen in investments and other assets.

(Liabilities)

Total liabilities at the end of the third quarter of the current fiscal year amounted to 37,579 million yen. Current liabilities totaled 18,536 million yen, and noncurrent liabilities were 19,043 million yen.

Current liabilities are mainly comprised of 8,458 million yen in short-term borrowings and 6,804 million yen in current portion of long-term borrowings, while noncurrent liabilities are mainly comprised of 18,492 million yen in long-term borrowings.

(Net assets)

Total net assets at the end of the third quarter of the current fiscal year amounted to 21,382 million yen, mainly comprised of 3,024 million yen in share capital, 13,913 million yen in capital surplus, 3,874 million yen in retained earnings and 535 million yen in non-controlling interests.

(3) Explanations on Consolidated Earnings Forecast and Other Forecast Information

As for the earnings forecast for the fiscal year ending September 2024, see “Notice Concerning (Upward) Revisions to Earnings Forecast” (Japanese only) announced today (August 2, 2024).

Note that the earnings forecast is based on information available as of the date of this document and certain assumptions that the Company believes to be reasonable. Actual results may differ from the forecast due to various factors.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto
(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Third quarter of current fiscal year (As of June 30, 2024)
Assets	
Current assets	
Cash and deposits	9,685,131
Real estate for sale	1,780,690
Real estate for sale in process	38,239,529
Raw materials and supplies	2,738
Advance payments to suppliers	679,548
Short-term loans receivable	969,875
Other	691,696
Total current assets	<u>52,049,211</u>
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	838,398
Machinery, equipment and vehicles, net	0
Tools, furniture and fixtures, net	33,382
Land	671,536
Total property, plant and equipment	<u>1,543,317</u>
Intangible assets	
Goodwill	3,910,551
Software	10,242
Other	12,200
Total intangible assets	<u>3,932,993</u>
Investments and other assets	
Investment securities	1,102,935
Deferred tax assets	51,030
Other	328,174
Allowance for doubtful accounts	(65,602)
Total investments and other assets	<u>1,416,537</u>
Total non-current assets	<u>6,892,849</u>
Deferred assets	
Business commencement expenses	143
Organization expenses	20,319
Total deferred assets	<u>20,462</u>
Total assets	<u>58,962,523</u>

	(Thousands of yen)
	Third quarter of current fiscal year (As of June 30, 2024)
Liabilities	
Current liabilities	
Accounts payable for construction contracts	348,376
Short-term borrowings	8,458,900
Current portion of long-term borrowings	6,804,089
Current portion of bonds payable	104,000
Accounts payable - other	1,213,711
Income taxes payable	541,132
Contract liabilities	679,603
Provision for bonuses	48,555
Provision for bonuses for directors (and other officers)	24,341
Other	313,364
Total current liabilities	18,536,074
Non-current liabilities	
Bonds payable	166,000
Long-term borrowings	18,492,077
Retirement benefit liability	69,703
Provision for retirement benefits for directors (and other officers)	67,314
Deferred tax liabilities	101,854
Other	146,535
Total non-current liabilities	19,043,484
Total liabilities	37,579,558
Net assets	
Shareholders' equity	
Share capital	3,024,969
Capital surplus	13,913,899
Retained earnings	3,894,094
Treasury shares	(4,026)
Total shareholders' equity	20,828,937
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	19,021
Total accumulated other comprehensive income	19,021
Non-controlling interests	535,005
Total net assets	21,382,964
Total liabilities and net assets	58,962,523

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive IncomeQuarterly Consolidated Statement of Income
(Cumulative)

(Thousands of yen)

	First three quarters of current fiscal year (October 1, 2023 – June 30, 2024)
Net sales	26,674,425
Cost of sales	21,330,434
Gross profit	5,343,991
Selling, general and administrative expenses	2,358,251
Operating profit	2,985,739
Non-operating income	
Interest income	1,210
Dividend income	718
Rental income from land and buildings	19,365
Other	3,976
Total non-operating income	25,270
Non-operating expenses	
Interest expenses	233,565
Commission expenses	62,575
Share of loss of entities accounted for using equity method	21,730
Other	11,590
Total non-operating expenses	329,460
Ordinary profit	2,681,549
Profit before income taxes	2,681,549
Income taxes - current	830,874
Income taxes - deferred	63,887
Total income taxes	894,762
Profit	1,786,786
Profit attributable to non-controlling interests	50,421
Profit attributable to owners of parent	1,736,365

Quarterly Consolidated Statement of Comprehensive Income
(Cumulative)

(Thousands of yen)

	First three quarters of current fiscal year (October 1, 2023 – June 30, 2024)
Profit	1,786,786
Other comprehensive income	
Valuation difference on available-for-sale securities	19,021
Total other comprehensive income	19,021
Comprehensive income	1,805,807
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,755,386
Comprehensive income attributable to non- controlling interests	50,421

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

The Company was established on April 1, 2024 as a joint holding company of Tasuki and Shin-Nihon Tatemono through a joint share transfer, in accordance with the business integration of the two companies. Subsequently, the Company issued new shares as restricted share-based payments with a payment date of May 10, 2024. The issuance increased its share capital and capital surplus by 24,969 thousand yen each.

As a result, the Company's share capital and capital surplus at the end of the third quarter of the current fiscal year were 3,024,969 thousand yen and 13,913,899 thousand yen, respectively.

(Notes on Changes in Accounting Policies)

The current fiscal year is the first fiscal year of the Company. For the following item, the adopted accounting method is different from what was adopted by Tasuki, which was designated as the acquiring company for the purpose business combination accounting. Accordingly, they are reported as changes in accounting policies.

(Change in Accounting Treatment of Consumption Taxes)

Previously, non-deductible consumption taxes on real estate for sale and real estate for sale in progress were recorded as expenses in selling, general and administrative expenses in the fiscal year in which they were incurred. However, effective from the third quarter, non-deductible consumption taxes levied on the acquisition of residential rental properties, etc., are recorded as current assets on the balance sheet. The taxes are also recognized as an expense in the income statement in the fiscal year in which the related real estate for sale and real estate for sale in progress are sold and delivered. This change was made to align accounting procedures with those of Shin-Nihon Tatemono in order to unify accounting policies and procedures in connection with the business integration.

Note that the change in accounting policies has not been applied retrospectively, because the amount affected is immaterial.

(Notes on Quarterly Statement of Cash Flows)

No quarterly statement of cash flows has been prepared for first three quarters ended June 30, 2024. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three quarters are as follows.

(Thousands of yen)

	First three quarters of current fiscal year (October 1, 2023 – June 30, 2024)
Depreciation	15,345
Amortization of goodwill	87,111

(Notes on Segment Information, Etc.)

[Segment information]

First three quarters of the current fiscal year (October 1, 2023 - June 30, 2024)

1. Information on sales and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments	Amount recorded in quarterly statement of income
	Life Platform Business	Finance Consulting Business	Total		
Sales					
Sales to outside customers	26,527,229	146,745	26,673,975	450	26,674,425
Inter-segment sales or transfers	2,318	13,772	16,090	(16,090)	-
Total	26,529,548	160,517	26,690,065	(15,640)	26,674,425
Segment profit	3,023,414	69,999	3,093,413	(107,674)	2,985,739

(Notes) 1. Adjustments of inter-segment sales or transfers (-16,090 thousand yen) are elimination of inter-segment transactions.

2. Adjustments to segment profit (-107,674 thousand yen) consist of elimination of inter-segment transactions (245,001 thousand yen) and corporate expenses that are not allocated to any reportable segment (-352,675 thousand yen). Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

3. Segment profit has been adjusted with the operating profit in the quarterly consolidated statement of income.

2. Information on sales and profit or loss by reportable segment

(Significant changes in the amount of goodwill)

The Company was established on April 1, 2024 as a joint holding company of Tasuki and Shin-Nihon Tatemono through a joint share transfer. As a result, goodwill of 2,842,931 were generated. In addition, goodwill of 1,154,731 thousand yen was generated due to the acquisition of shares of Aura to make it a subsidiary during the first three quarters of the current fiscal year. Note that the amount of the goodwill was calculated on a provisional basis since the allocation of the acquisition costs had not been completed as of the end of the third quarter of the current fiscal year.