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Consolidated Financial Statements for the Fiscal Year Ended March 31, 2025 [J-GAAP]

May 8, 2025

NIPPON KANZAI Holdings Co., Ltd.

Listed exchange: Tokyo Stock Exchange, Prime Market

Securities code: 9347 URL: <https://www.nkanzaihd.co.jp/en/>

Representative: Shintaro Fukuda, President and Representative Director

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Date of annual general meeting of shareholders: June 19, 2025

Filing date of securities report: June 19, 2025

Date to start dividends distribution: June 20, 2025

Supplementary materials for results: Yes

Results briefing meeting held: Yes (for institutional investors and analysts)

*Amounts below one million yen have been rounded down.

1. Consolidated results for the fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)

(1) Consolidated business results

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	139,868	14.0	8,678	4.9	9,094	10.6
Fiscal year ended March 31, 2024	122,674	—	8,271	—	8,225	—

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥7,244 million [21.6%]

Fiscal year ended March 31, 2024: ¥5,959 million [—%]

	Profit Attributable to Owners of Parent		Profit per Share	Diluted Profit per Share
	Million yen	%	Yen	Yen
Fiscal year ended March 31, 2025	5,829	2.6	157.62	—
Fiscal year ended March 31, 2024	5,680	—	151.95	—

	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	%	%	%
Fiscal year ended March 31, 2025	8.6	9.4	6.2
Fiscal year ended March 31, 2024	8.3	8.9	6.7

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2025: ¥(955) million

Fiscal year ended March 31, 2024: ¥(752) million

(Note) Since the Company was established on April 3, 2023, through a sole share transfer, there is no rate of change from the previous year for the fiscal year ended March 31, 2024.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2025	100,803	70,038	66.2	1,836.01
As of March 31, 2024	92,645	69,152	73.5	1,822.54

(Reference) Equity: As of March 31, 2025: ¥66,685 million

As of March 31, 2024: ¥68,131 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2025	1,700	1,805	(2,113)	32,970
Fiscal year ended March 31, 2024	5,473	(2,918)	(3,342)	30,864

2. Dividends

	Annual Dividends					Total Dividends Paid (full year)	Dividend Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	—	27.00	—	27.00	54.00	2,018	35.5	3.0
Fiscal year ended March 31, 2025	—	27.00	—	27.00	54.00	2,005	34.3	3.0
Fiscal year ending March 31, 2026 (forecast)	—	27.00	—	27.00	54.00		32.2	

3. Consolidated business forecasts for the fiscal year ending March 31, 2026 (April 1, 2025, to March 31, 2026)

(Percentage figures for the full year indicate the rate of change from the previous fiscal year.

Percentage figures for the first six months indicate the rate of change from the same period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	70,400	7.8	3,800	1.9	4,100	(1.5)	2,500	9.7	68.83
Full year	148,000	5.8	8,700	0.2	9,300	2.3	6,100	4.6	167.95

* Notes

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

Newly included: 1 company, Keystone Pacific Property Management, LLC

Excluded: 1 company, Silent partnership with Godo Gaisha Ruri as the operator

(2) Changes in accounting policies, accounting estimates and restatement of revisions

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury stock)

2) Number of treasury stock

3) Average number of shares issued and outstanding

1)	As of March 31, 2025	41,180,306 shares	As of March 31, 2024	41,180,306 shares
2)	As of March 31, 2025	4,859,190 shares	As of March 31, 2024	3,797,412 shares
3)	Fiscal year ended March 31, 2025	36,986,297 shares	Fiscal year ended March 31, 2024	37,383,040 shares

* This financial report is not subject to audit procedures by certified public accountants or audit corporations.

* Explanation regarding the appropriate use of business forecasts and other notes

(Notes to forward-looking statements)

The business forecasts reported herein were prepared based on information NIPPON KANZAI Holdings Co., Ltd (hereinafter the “Company”) had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. Actual results may differ significantly from forecasts due to various factors. Please refer to the disclaimers provided under “1. Overview of business results, etc.; (4) Future outlook” on page 3 of the Attached Document of this financial report regarding assumptions upon which forecasts are based and the use of forecasts.

(How to obtain supplementary materials on financial results)

The Company plans to hold a financial results briefing for institutional investors and analysts on Thursday, May 15, 2025. The presentation materials for the financial results briefing will be posted on the Company’s website after the briefing is over.

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1. Overview of business results, etc.

(1) Overview of business results for the period

During the current fiscal year (fiscal year ended March 31, 2025), the Japanese economy continued to be on a moderate recovery trend with improving corporate earnings and employment and income situation, but remained in severe economic conditions with the surging raw material prices and exchange rate fluctuation risks caused by the unstable international situation (e.g., the change of administration in the U.S.). These factors continue to cast uncertainty over the future.

In the real estate services industry, while gradual decline in vacancy rates for offices and commercial buildings is observed primarily in urban areas, rising costs of raw materials and increase in labor costs have stimulated cost-cutting awareness among our business partners. Consequently, we anticipate the business environment will remain challenging.

In such a business environment, the Nippon Kanzai Group (hereinafter the “Group”) has continued to provide quality service that meets customer needs by pursuing “optimal building management” utilizing advanced technologies and responsiveness to enhance the asset value of their properties.

The Group also continued to strengthen and improve building management operations, its core business, while further expanding operations in other fields such as Private Finance Initiatives (PFI) and public facility management projects.

In the current fiscal year, renewal of existing management contracts and orders for construction-related services progressed positively and resulted in net sales increasing by 14.0% year on year to 139,868 million yen.

In terms of profit, despite increased labor costs, efforts to revise fees and review specifications/operational efficiency resulted in operating income increasing by 4.9% year on year to 8,678 million yen, ordinary income increasing by 10.6% year on year to 9,094 million yen, and profit attributable to owners of parent increasing by 2.6% year on year to 5,829 million yen.

The following are business results by segment.

Segment income has been adjusted to operating income described in consolidated statements of income.

Building Management and Operations

With regard to Building Management and Operations, the Group’s core business that focuses on building management and security services, renewal of existing management contracts and orders for construction-related services progressed positively, resulting in net sales increasing by 6.3% year on year to 85,600 million yen.

In terms of profit, efforts to revise fees, review specifications, and reduce costs resulted in segment income increasing by 4.7% year on year to 7,907 million yen.

Residential Management and Operations

With regard to Residential Management and Operations, which mainly consists of managing rental apartment buildings and condominiums to own and public housing, contribution of the business performance of Hawaiiana Holdings Incorporated, which became a consolidated subsidiary at the end of the second quarter of the fiscal year ended March 31, 2024, and Keystone Pacific Property Management, LLC, which became a consolidated subsidiary from the fiscal year ended March 31, 2025, resulted in net sales increasing by 54.2% year on year to 32,182 million yen.

In terms of profit, despite ongoing efforts to reduce costs, increased labor costs resulted in segment income decreasing by 6.9% year on year to 1,395 million yen.

Environmental Facilities Management

With regard to Environmental Facilities Management, which mainly consists of managing water treatment, sewage disposal, and other public facilities related to the overall living environment, renewal of existing management contracts progressed positively and resulted in net sales increasing by 1.6% year on year to 14,819 million yen.

In terms of profit, in addition to improvement of the cost ratio by revising fees, efforts to reduce costs with a focus on realignment of personnel assignments resulted in segment income increasing by 10.9% year on year to 2,049 million yen.

Real Estate Fund Management

With regard to Real Estate Fund Management, which mainly consists of asset management (i.e., arrangement and asset management of real estate funds) and handling of investments in silent partnership, increased proceeds from sale of assets under management resulted in net sales increasing by 21.1% to 5,003 million yen.

In terms of profit, sale of assets under management and ongoing cost reduction efforts resulted in segment income increasing by 162.8% year on year to 1,407 million yen.

Other Businesses

In Other Businesses, which consist mainly of event planning and management, design, and payroll accounting services, decrease in event-related business contracts resulted in net sales decreasing by 10.7% year on year to 2,564 million yen and segment income decreasing by 56.1% year on year to 205 million yen.

(2) Overview of financial position for the period

Total assets at the end of the current fiscal year increased by 8,158 million yen, or 8.8%, from the end of the previous fiscal year to 100,803 million yen.

Current assets increased by 9,406 million yen, or 16.9%, from the end of the previous fiscal year to 64,916 million yen, while non-current assets decreased by 1,248 million yen, or 3.4%, from the end of the previous fiscal year to 35,887 million yen.

The increase was mainly due to an increase in real estate for sale (increase of 4,349 million yen from the end of the previous fiscal year) and an increase in goodwill accompanying Keystone Pacific Property Management, LLC becoming a consolidated subsidiary (increase of 3,054 million yen from the end of the previous fiscal year).

Liabilities at the end of the current fiscal year increased by 7,272 million yen, or 31.0%, from the end of the previous fiscal year to 30,765 million yen.

Current liabilities increased by 2,122 million yen, or 11.8%, from the end of the previous fiscal year to 20,036 million yen, while non-current liabilities increased by 5,150 million yen, or 92.3%, from the end of the previous fiscal year to 10,728 million yen.

The increase was mainly due to an increase in long-term non-recourse loans (increase of 3,778 million yen from the end of the previous fiscal year) and an increase in income taxes payable (increase of 1,714 million yen from the end of the previous fiscal year).

Net assets at the end of the current fiscal year increased by 885 million yen, or 1.3%, from the end of the previous fiscal year to 70,038 million yen.

The increase was mainly due to an increase in retained earnings due to the recording of profit attributable to owners of parent (increase of 3,837 million yen from the end of the previous fiscal year).

As a result, the equity ratio at the end of the current fiscal year decreased by 7.3 percentage points from 73.5% at the end of the previous fiscal year to 66.2%.

The Group's financial policy is to secure the liquidity necessary for management and to maintain a sound balance sheet.

(3) Overview of cash flows for the period

The balance of cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year increased by 2,106 million yen, or 6.8%, from the end of the previous fiscal year to 32,970 million yen.

The status and main factors of cash flows for the current fiscal year were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year was 1,700 million yen, an increase of 3,772 million yen from the previous fiscal year.

This was mainly due to an increase in inventory assets (cash outflow of 5,001 million yen from the end of the previous fiscal year) and a decrease in trade receivables (cash inflow of 2,007 million yen from the end of the previous fiscal year).

(Cash flows from investing activities)

Net cash provided by investing activities for the current fiscal year was 1,805 million yen, an increase of 4,724 million yen from the previous fiscal year.

This was mainly due to an increase in proceeds from sale of investment securities (cash inflow of 1,922 million yen from the end of the previous fiscal year) and a decrease in purchases of investment securities (cash inflow of 1,339 million yen from the end of the previous fiscal year).

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year was 2,113 million yen, an increase of 1,229 million yen from the previous fiscal year.

This was mainly due to an increase in proceeds from long-term non-recourse loans payable (cash inflow of 3,800 million yen from the end of the previous fiscal year) and an increase in payments for purchase of treasury stock (cash outflow of 2,727 million yen from the end of the previous fiscal year).

(4) Future outlook

Looking ahead, rising raw material prices caused by unstable international conditions, such as the change of administration in the U.S. and exchange rate fluctuation risks are likely to continue to cast uncertainty over the future.

The Group will endeavor to enhance customer satisfaction and profitability by continuously improving its service quality as well as proactively making proposals that offer high added value.

In addition, the Group will set project proposal capabilities as the main focus, and will further expand business operations such as PFI and public facility management as well as proactively pursue domestic and international M&A projects. Furthermore, the Group will focus on developing a comfortable working environment while striving to raise wages in order to eliminate the shortage of human resources.

The business forecasts for the next fiscal year (April 1, 2025 to March 31, 2026) are as follows: consolidated net sales increasing by 5.8% year on year to 148,000 million yen, consolidated operating income increasing by 0.2% year on year to 8,700 million yen; consolidated ordinary income increasing by 2.3% year on year to 9,300 million yen; and profit attributable to owners of parent increasing by 4.6% year on year to 6,100 million yen.

2. Basic policy regarding selection of accounting standard

The Group has a policy to prepare financial statements based on Japanese GAAP for the time being, considering the comparability of consolidated financial statements over time and between Japanese companies.

As for International Financial Reporting Standards, the Group will appropriately consider them based on the overall situation in Japan and overseas in the future.

3. Consolidated financial statements and key notes**(1) Consolidated balance sheets**

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
ASSETS		
Current assets		
Cash and deposits	31,239	33,395
Notes and accounts receivable—trade and contract assets	18,664	19,869
Investments in silent partnership for business purposes	154	144
Real estate for sale	1,455	5,805
Supplies	289	340
Income taxes receivable	22	83
Other	3,690	5,301
Allowance for doubtful accounts	(6)	(23)
Total current assets	55,509	64,916
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,133	8,447
Accumulated depreciation	(4,325)	(4,579)
Buildings and structures, net	3,808	3,868
Machinery, equipment and vehicles	153	157
Accumulated depreciation	(92)	(112)
Machinery, equipment and vehicles, net	61	44
Tools, furniture and fixtures	2,265	2,633
Accumulated depreciation	(1,607)	(1,804)
Tools, furniture and fixtures, net	657	829
Land	1,211	1,211
Leased assets	2,679	3,810
Accumulated depreciation	(1,469)	(1,874)
Leased assets, net	1,210	1,935
Construction in progress	—	9
Total property, plant and equipment	6,948	7,899
Intangible assets		
Software	318	240
Goodwill	2,830	5,885
Trademark right	320	339
Customer-related intangible assets	264	2,521
Software in progress	185	255
Other	54	65
Total intangible assets	3,974	9,306
Investments and other assets		
Investment securities	18,865	11,951
Long-term loans receivable	839	965
Deferred tax assets	400	394
Long-term prepaid expenses	16	15
Retirement benefit asset	965	942
Lease and guarantee deposits	3,063	3,887
Membership	333	328
Other	1,800	411
Allowance for doubtful accounts	(71)	(213)
Total investments and other assets	26,212	18,681
Total non-current assets	37,136	35,887
TOTAL ASSETS	92,645	100,803

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	8,015	7,924
Current portion of long-term non-recourse loans payable	227	21
Lease obligations	261	408
Accrued expenses	3,565	2,563
Income taxes payable	822	2,537
Accrued consumption taxes	1,177	1,284
Contract liabilities	1,416	1,691
Deposits received	784	353
Provision for bonuses	892	973
Asset retirement obligations	—	2
Other	751	2,275
Total current liabilities	17,914	20,036
Non-current liabilities		
Long-term non-recourse loans payable	285	4,064
Lease obligations	981	1,617
Deferred tax liabilities	1,219	652
Provision for retirement benefits for directors (and other officers)	4	10
Retirement benefit liability	220	177
Long-term guarantee deposits	1,793	2,600
Asset retirement obligations	437	486
Liabilities from application of equity method	34	69
Other	601	1,049
Total non-current liabilities	5,578	10,728
TOTAL LIABILITIES	23,492	30,765
NET ASSETS		
Shareholders' equity		
Share capital	3,000	3,000
Capital surplus	11,339	9,482
Retained earnings	62,382	66,219
Treasury shares	(10,328)	(13,057)
Total shareholders' equity	66,393	65,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,511	1,215
Foreign currency translation adjustment	(606)	49
Remeasurements of defined benefit plans	(166)	(223)
Total accumulated other comprehensive income	1,738	1,041
Non-controlling interests	1,020	3,352
TOTAL NET ASSETS	69,152	70,038
TOTAL LIABILITIES AND NET ASSETS	92,645	100,803

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(2) Consolidated statements of income and consolidated statements of comprehensive income**Consolidated statements of income**

(Million yen)

	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)
Net sales	122,674	139,868
Cost of sales	95,539	100,278
Gross profit	27,134	39,589
Selling, general and administrative expenses		
Selling expenses	805	888
Personnel expenses	10,625	18,113
Provision for bonuses	422	454
Provision for retirement benefits for directors (and other officers)	4	6
Retirement benefit expenses	324	482
Travel, transportation and communication expenses	1,221	1,719
Supplies expenses	628	1,576
Rent expenses	1,421	1,831
Insurance expenses	385	861
Depreciation	546	635
Taxes and dues	308	926
Enterprise tax	361	420
Provision of allowance for doubtful accounts	16	142
Amortization of goodwill	227	529
Other	1,563	2,320
Total selling, general and administrative expenses	18,863	30,911
Operating income	8,271	8,678
Non-operating income		
Interest income	65	82
Dividend income	199	170
Rental income	48	60
Commission income	28	1,044
Dividend income of insurance	44	37
Foreign exchange gains	419	19
Other	111	175
Total non-operating income	918	1,589
Non-operating expenses		
Interest expenses	39	52
Rent expenses	63	45
Share of loss of entities accounted for using equity method	752	955
Loss on sale and retirement of non-current assets	47	21
Loss on valuation of membership	23	4
Other	37	93
Total non-operating expenses	964	1,173
Ordinary income	8,225	9,094
Extraordinary income		
Gain on sale of investment securities	213	1,945
Gain on step acquisitions	90	—
Total extraordinary income	303	1,945
Extraordinary losses		
Loss on litigation	—	1,405
Total extraordinary losses	—	1,405
Profit before income taxes	8,529	9,634
Income taxes—current	2,718	3,248
Income taxes—deferred	2	37
Total income taxes	2,721	3,286
Profit	5,807	6,348
Profit attributable to non-controlling interests	127	519
Profit attributable to owners of parent	5,680	5,829

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

Consolidated statements of comprehensive income

	(Million yen)	
	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)
Profit	5,807	6,348
Other comprehensive income		
Valuation difference on available-for-sale securities	498	(1,304)
Foreign currency translation adjustment	(1,603)	2,135
Remeasurements of defined benefit plans, net of tax	96	(56)
Share of other comprehensive income of entities accounted for using equity method	1,160	120
Total other comprehensive income	151	895
Comprehensive income	5,959	7,244
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,810	6,425
Comprehensive income attributable to non-controlling interests	149	819

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	3,785	58,720	(2,773)	62,732
Changes during period					
Dividends of surplus [year-end]			(1,009)		(1,009)
Dividends of surplus [interim]			(1,009)		(1,009)
Profit attributable to owners of parent			5,680		5,680
Purchase of treasury shares				(10,328)	(10,328)
Disposal of treasury shares		7,554		2,773	10,328
Change in scope of consolidation - foreign currency translation adjustment					—
Net changes of items other than shareholders' equity					
Total changes during period	—	7,554	3,661	(7,554)	3,660
Balance at end of period	3,000	11,339	62,382	(10,328)	66,393

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,035	(162)	(264)	1,608	1,138	65,479
Changes during period						
Dividends of surplus [year-end]						(1,009)
Dividends of surplus [interim]						(1,009)
Profit attributable to owners of parent						5,680
Purchase of treasury shares						(10,328)
Disposal of treasury shares						10,328
Change in scope of consolidation - foreign currency translation adjustment		(426)		(426)		(426)
Net changes of items other than shareholders' equity	475	(16)	97	556	(117)	438
Total changes during period	475	(443)	97	129	(117)	3,672
Balance at end of period	2,511	(606)	(166)	1,738	1,020	69,152

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	11,339	62,382	(10,328)	66,393
Changes during period					
Dividends of surplus [year-end]			(1,009)		(1,009)
Dividends of surplus [interim]			(996)		(996)
Profit attributable to owners of parent			5,829		5,829
Purchase of treasury shares				(2,728)	(2,728)
Change in scope of consolidation		(1,126)	13		(1,113)
Change in scope of consolidation - foreign currency translation adjustment					—
Capital increase of consolidated subsidiaries		(730)			(730)
Net changes of items other than shareholders' equity					
Total changes during period	—	(1,857)	3,837	(2,728)	(748)
Balance at end of period	3,000	9,482	66,219	(13,057)	65,644

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,511	(606)	(166)	1,738	1,020	69,152
Changes during period						
Dividends of surplus [year-end]						(1,009)
Dividends of surplus [interim]						(996)
Profit attributable to owners of parent						5,829
Purchase of treasury shares						(2,728)
Change in scope of consolidation					1,246	132
Change in scope of consolidation - foreign currency translation adjustment		(1,293)		(1,293)		(1,293)
Capital increase of consolidated subsidiaries					730	—
Net changes of items other than shareholders' equity	(1,296)	1,949	(56)	595	355	950
Total changes during period	(1,296)	655	(56)	(697)	2,331	885
Balance at end of period	1,215	49	(223)	1,041	3,352	70,038

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(4) Consolidated statements of cash flows

	(Million yen)	
	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	8,529	9,634
Depreciation	846	1,189
Amortization of goodwill	227	529
Increase (decrease) in provision for bonuses	80	80
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	6
Increase (decrease) in retirement benefit asset (liability)	(78)	(105)
Increase (decrease) in allowance for doubtful accounts	16	147
Share of loss (profit) of entities accounted for using equity method	752	955
Interest and dividend income	(265)	(253)
Interest expenses	39	52
Foreign exchange losses (gains)	(192)	5
Loss (gain) on step acquisitions	(90)	—
Loss (gain) on sale and retirement of non-current assets	40	21
Loss on valuation of membership	23	4
Loss (gain) on sale of investment securities	(213)	(1,945)
Loss on litigation	—	1,405
Decrease (increase) in notes and accounts receivable—trade	(2,729)	(722)
Decrease (increase) in investments in silent partnership for business purposes	(89)	9
Decrease (increase) in inventories	601	(4,400)
Decrease (increase) in other assets	(1,327)	(758)
Increase (decrease) in notes and accounts payable—trade	825	(179)
Increase (decrease) in accrued consumption taxes	(72)	31
Increase (decrease) in other liabilities	1,754	(1,288)
Other, net	(77)	11
Subtotal	8,607	4,432
Interest and dividend income received	561	399
Interest expenses paid	(39)	(53)
Compensation paid for damage	—	(1,405)
Income taxes paid	(3,654)	(1,672)
Net cash provided by (used in) operating activities	5,473	1,700

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Million yen)	
	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)
Cash flows from investing activities		
Payments into time deposits	(375)	(540)
Proceeds from withdrawal of time deposits	345	490
Purchase of property, plant and equipment and intangible assets	(450)	(1,943)
Proceeds from sale of property, plant and equipment and intangible assets	10	1
Purchase of investment securities	(1,617)	(277)
Proceeds from sale of investment securities	837	2,759
Proceeds from redemption of investment securities	200	128
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(502)	—
Loan advances	—	(314)
Collection of loans receivable	18	50
Payments for lease and guarantee deposits	(529)	(1,104)
Proceeds from collection of lease and guarantee deposits	997	295
Guarantee deposits received	78	1,043
Refund of guarantee deposits received	(540)	(237)
Other, net	(1,390)	1,454
Net cash provided by (used in) investing activities	(2,918)	1,805
Cash flows from financing activities		
Proceeds from short-term borrowings	10,500	11,650
Repayments of short-term borrowings	(10,500)	(11,650)
Proceeds from long-term non-recourse loans	—	3,800
Repayments of long-term borrowings	(375)	—
Repayments of long-term non-recourse loans	(456)	(227)
Repayments of lease liabilities	(236)	(499)
Purchase of treasury shares	(0)	(2,728)
Repayments of investments to non-controlling shareholders	(155)	(77)
Cash dividends paid	(2,019)	(2,006)
Dividends paid to non-controlling interests	(99)	(375)
Net cash provided by (used in) financing activities	(3,342)	(2,113)
Effect of exchange rate change on cash and cash equivalents	(389)	280
Net increase (decrease) in cash and cash equivalents	(1,177)	1,673
Cash and cash equivalents at beginning of period	32,041	30,864
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	432
Cash and cash equivalents at end of period	30,864	32,970

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(5) Notes to consolidated financial statements**(Notes on the going concern assumption)**

Not applicable.

(Segment information, etc.)**[Segment information]****1. Overview of reportable segments**

The Company's reportable segments are organizational units for which separate financial statements can be gathered. These reportable segments are subject to periodical review by the Board of Directors to decide business resource allocation and to evaluate performance.

The Company has five reportable segments that are classified by the characteristics and similarity in services provided by the Group companies: Building Management and Operations, Residential Management and Operations, Environmental Facilities Management, Real Estate Fund Management, and Other Businesses.

Building Management and Operations focuses on building management and security services. Residential Management and Operations mainly comprises management of apartment buildings and condominiums to own and public housing. Environmental Facilities Management mainly comprises the management of water treatment, sewage disposal, and other public facilities that support the living environment in general. Real Estate Fund Management mainly comprises asset management (i.e., arrangement and asset management of real estate funds) and handling investments in silent partnership. Other Businesses include mainly event planning and management, printing, and design.

2. Calculation methods of net sales, income or losses, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are basically the same as those used for consolidated financial statements.

3. Information on net sales, income or losses, assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

(Million yen)

	Reportable segment						Adjustments (Note)	Amount recorded on consolidated financial statements
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Total		
Net sales								
Net sales to external customers	80,528	20,864	14,590	4,132	2,557	122,674	—	122,674
Inter-segment net sales and transfer	—	—	—	—	315	315	(315)	—
Total	80,528	20,864	14,590	4,132	2,872	122,989	(315)	122,674
Segment income	7,550	1,498	1,847	535	469	11,901	(3,630)	8,271
Segment assets	48,204	18,446	5,451	7,216	1,875	81,194	11,450	92,645
Other items								
Depreciation	186	119	51	133	32	523	337	860
Investments in entities accounted for using equity method	2,144	7,770	49	123	—	10,088	—	10,088
Increase in property, plant and equipment and intangible assets	161	435	36	302	6	942	217	1,159

(Note) 1. Adjustments are as follows:

- (1) Adjustments of -3,630 million yen for segment income are elimination of inter-segment transactions and unallocated general administrative expenses.
- (2) Adjustments of 11,450 million yen for segment assets are corporate assets that are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities, and the assets of the administration departments of the Company.
- (3) Adjustments of 217 million yen for increase in property, plant and equipment and intangible assets are due to system construction and purchase of fixtures, etc.

2. Segment income has been adjusted to operating income described in consolidated statements of income.

Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)

(Million yen)

	Reportable segment						Adjustments (Note)	Amount recorded on consolidated financial statements
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Total		
Net sales								
Net sales to external customers	85,600	32,182	14,819	5,003	2,263	139,868	—	139,868
Inter-segment net sales and transfer	—	—	—	—	300	300	(300)	—
Total	85,600	32,182	14,819	5,003	2,564	140,169	(300)	139,868
Segment income	7,907	1,395	2,049	1,407	205	12,965	(4,286)	8,678
Segment assets	49,224	23,495	5,349	11,687	1,618	91,375	9,428	100,803
Other items								
Depreciation	174	395	48	198	25	842	346	1,189
Investments in entities accounted for using equity method	2,298	3,824	53	121	—	6,297	—	6,297
Increase in property, plant and equipment and intangible assets	151	2,807	92	464	31	3,547	423	3,970

(Note) 1. Adjustments are as follows:

- (1) Adjustments of -4,286 million yen for segment income are elimination of inter-segment transactions and unallocated general administrative expenses.
 - (2) Adjustments of 9,428 million yen for segment assets are corporate assets that are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities, and the assets of the administration departments of the Company.
 - (3) Adjustments of 423 million yen for increase in property, plant and equipment and intangible assets are due to system upgrade and the establishment of corporate museum and training facilities.
2. Segment income has been adjusted to operating income described in consolidated statements of income.

[Related information]

Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

1. Information related to product and service

Please refer to “Segment information.”

2. Information related to geographic region

(1) Net sales

The information is omitted because net sales to external customers in Japan account for more than 90% of net sales reported in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment located in Japan account for more than 90% of the amount of property, plant and equipment reported in the consolidated balance sheets.

3. Information related to major customer

There is nothing to report because there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)

1. Information related to product and service

Please refer to “Segment information.”

2. Information related to geographic region

(1) Net sales

The information is omitted because net sales to external customers in Japan account for more than 90% of net sales reported in the consolidated statements of income.

(2) Property, plant and equipment

(Million yen)		
Japan	U.S.	Total
6,728	1,170	7,899

3. Information related to major customer

There is nothing to report because there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)

Not applicable.

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

	Reportable segment						Elimination or corporate	Total
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Subtotal		
Amortization for the period	16	140	28	—	43	227	—	227
Balance at end of period	40	2,333	133	—	323	2,830	—	2,830

Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)

(Million yen)

	Reportable segment						Elimination or corporate	Total
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Subtotal		
Amortization for the period	16	441	28	—	43	529	—	529
Balance at end of period	24	5,475	105	—	280	5,885	—	5,885

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)
Net assets per share	1,822.54 yen	1,836.01 yen
Profit per share	151.95 yen	157.62 yen

- (Note) 1. No diluted profit per share is presented as there were no potentially dilutive securities.
2. The basis of calculations of profit per share is as follows:

	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024, to March 31, 2025)
Profit attributable to owners of parent (million yen)	5,680	5,829
Amount not attributable to owners of common stock (million yen)	—	—
Profit attributable to owners of parent associated with common stock (million yen)	5,680	5,829
Average number of shares of common stock during period (shares)	37,383,040	36,986,297

3. The basis of calculations of net assets per share is as follows:

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Total net assets (million yen)	69,152	70,038
Amount deducted from total net assets (million yen)	1,020	3,352
[Of which, non-controlling interests (million yen)]	(1,020)	(3,352)
Net assets associated with common stock at end of period (million yen)	68,131	66,685
Number of shares of common stock issued and outstanding (shares)	41,180,306	41,180,306
Number of shares of common stock as treasury stock (shares)	3,797,412	4,859,190
Number of shares of common stock at end of period used in the calculation of net assets per share	37,382,894	36,321,116

(Significant subsequent events)

Not applicable.