

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: SRE Holdings Corporation
Listing: Tokyo Stock Exchange
Securities code: 2980
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Scheduled date of annual general meeting of shareholders: June 26, 2025

Scheduled date to commence dividend payments: June 11, 2025

Scheduled date to file annual securities report: June 25, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors, analysts)

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

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	26,690	10.2	3,107	40.5	2,903	41.1	1,697	22.2
March 31, 2024	24,218	30.6	2,212	31.2	2,058	33.7	1,388	20.9

Note: Comprehensive income For the fiscal year ended March 31, 2025 1,842Million yen (26.4%)
For the fiscal year ended March 31, 2024 1,458Million yen (24.7%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	105.46	104.87	13.2	10.7	11.6
March 31, 2024	85.83	84.87	12.0	9.0	9.1

Reference: Investment profit (loss) on equity method For the fiscal year ended March 31, 2025 — Million yen
For the fiscal year ended March 31, 2024 (8)Million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	30,470	14,346	44.8	847.89
March 31, 2024	24,017	12,460	50.6	752.30

Reference: Owner's equity As of March 31, 2025 13,652Million yen
As of March 31, 2024 12,147Million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	435	(1,366)	1,935	4,334
March 31, 2024	452	(376)	(554)	3,329

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE March 31, 2024	—	0.00	—	0.00	0.00	—	—	—
FYE March 31, 2025	—	0.00	—	15.00	15.00	241	14.2	1.9
FYE March 31, 2026 (Forecast)	—	0.00	—	18.00	18.00		13.1	

3. Consolidated financial forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FYE March 31, 2026	35,000	31.1	4,050	30.3	3,650	25.7	2,220	30.8	137.88

Note: For details, please refer to "1. Overview of Operating Results, (4) Outlook" on page 4.

* Notes

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

Newly included: 1 company (MEDIX Co, Ltd.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(a) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes

(ii) Changes in accounting policies due to other reasons : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

Note: For details, please refer to "3. Consolidated Financial Statements and Important Notes, (5) Notes to Consolidated Financial Statements" on page 14.

(3) Number of issued shares (common shares)

① Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

As of March 31, 2025: 16,233,785 shares

As of March 31, 2024: 16,194,895 shares

② Number of treasury stock at the end of fiscal year

As of March 31, 2025: 132,546 shares

As of March 31, 2024: 48,205 shares

③ Average number of shares

As of March 31, 2025: 16,091,456 shares

As of March 31, 2024: 16,177,143 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	20,645	(1.1)	904	(5.7)	688	(47.6)	492	(54.0)
March 31, 2024	20,880	28.0	959	(0.0)	1,314	17.8	1,070	57.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	30.61	30.43
March 31, 2024	66.16	65.42

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	28,794	11,072	38.0	679.64
March 31, 2024	21,449	10,761	49.6	658.88

Reference: Owner's equity As of March 31, 2025 10,942 Million yen
As of March 31, 2024 10,638 Million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Note on forward-looking statements)

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee its achievement. A variety of factors could cause actual results to differ materially from forecasts. Please refer to "1. Overview of Operating Results, (4) Future Outlook" on page 5 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

(Availability of supplementary financial results materials and the contents of the financial results presentation meeting)

The Company plans to hold a briefing on financial results (online conference) for institutional investors and analysts on May 14, 2025 (Wednesday). The Company plans to disclose the supplementary explanatory documents used on the day of the financial results briefing via TDnet on May 13, 2025 (Tuesday) as well as publishing them on the Company's website.

1. Overview of Operating Results

(1) Overview of operating results

SRE Holdings Corporation and its consolidated subsidiaries (“the Group”), as a Life Tech Company, conducts two main businesses under its stated mission: Providing today’s cutting-edge technology to shape the next 10 years: A Decade Ahead. The first of these businesses is AI Cloud & Consulting (AICC), through which the Group offers cloud tool packages and tailor-made algorithms, based on modules using machine learning and other technologies, for the implementation of digital transformation (DX) in many industries ranging from the real estate and finance industries to information technology (IT) and healthcare sectors. The second of the businesses is Life & Property Solutions (L&P), comprising asset management, real estate brokerage consulting, and development businesses that aim to provide reliable value to customers and actively use technology. By engaging in real businesses such as real estate, finance, IT, and healthcare, in which we have ourselves encountered operational inefficiencies and challenges, the Group has identified potential applications for machine learning and other advanced technologies. We work to increase our efficiency and competitiveness by introducing these technologies in our internal operations, while also creating tools that promote and streamline business. After we use the tools internally and incorporate our own experience into them to make them more useful, we offer them to operators in the same sectors. In addition, the Group leverages this track record to pursue collaboration with various other companies to jointly develop solutions.

The fact that we engage in real businesses is closely linked to our ability to effectively provide customers with highly practical AI solutions and cloud tools, and our business model as a tech provider engaging in real businesses enables us to contribute to the digital transformation and business expansion of companies in many industries.

Looking at the business environment surrounding the Group’s AICC segment, as the decline in Japan’s birthrate and aging of the population rapidly progress, there is increasing emphasis on extending healthy life expectancy and greater interest in insured medical care and preventive medicine. A projected decline in the working-age population and other factors are exacerbating social issues such as the shortage of specialized human resources, while AI technology is evolving day by day. As a result, there is strong momentum for cross-industry AI and digital transformation (AX/DX) using technology to reduce manpower demand and increase profit, and this serves as a tailwind for the Group’s businesses, which provide highly practical AX/DX solutions. Looking at the business environment of the L&P segment, we continue to see increasing investment needs for various asset types.

Given these circumstances, the Group has steadily progressed with business growth in the healthcare, finance, and IT sectors in the AICC segment, and has also provided other industries with DX solutions using proprietary AI modules. Specifically, in the healthcare sector, we acquired MEDIX Co., Ltd., which provides treatment facilities with cloud-based medical billing systems and support for billing operations, as a subsidiary in April 2024, and a large contract concluded during Q2 began contributing in earnest from Q3. In addition, we began telemedicine field trials using lifelog data in collaboration with Paramount Bed Co., Ltd., and have begun collaborating with Mizuho Bank, Ltd., on cloud services. In Q3, we began providing security diagnostic services in collaboration with Sony Group’s Indian development base, Sony India Software Centre (SISC). We are steadily diversifying our revenue sources through such collaborations in various industries.

In the L&P segment, we began operating DoubleTree by Hilton Tokyo Ariake, and in Q4 sold a self-developed property to a real estate fund formed by SRE Asset Management, increasing assets under management (AUM) in the asset management business and increasing recurring revenue business for the segment.

As a result, consolidated revenues and profits for the fiscal year under review increased, with net sales amounting to 26,690,860 thousand yen (up 2,472,010 thousand yen or 10.2% from the previous fiscal year), operating profit standing at 3,107,982 thousand yen (up 895,478 thousand yen or 40.5% year on year), ordinary profit reaching 2,903,781 thousand yen (up 845,164 thousand yen or 41.1% year on year), and profit attributable to owners of parent coming to 1,697,053 thousand yen (up 308,539 thousand yen or 22.2% year on year).

Operating results by segment for the fiscal year under review are as follows

<AI Cloud & Consulting Segment>

In Life & Healthcare Solutions (LH: providing cloud-based business support tools and DX solutions mainly for the healthcare, IT, and finance sectors), in addition to obtaining a sales contribution from MEDIX Co., Ltd., which became a subsidiary in April 2024, in Q2 we signed a contract with a large corporation that operates multiple facilities, enabling horizontal expansion in the healthcare sector. As a result, customer acquisition expanded steadily, and the number of contracts continued to grow in Q4, while average revenue per customer (ARPC) remained at a high level. The operating profit margin for the LH business exceeded the initial projection, even as we continued to invest for growth.

In PropTech Solutions (PT: providing cloud-based business support tools and DX solutions mainly for the real estate sector), customer acquisition outpaced projections, contributing to the expansion of recurring revenue. In addition, we launched a new service, SRE AI Rent Appraisal Cloud, to expand our customer base and cross-sell to existing customers, which is expected to raise the ARPC. The operating profit margin for the PT business also exceeded the initial projection.

In the AICC segment, the Group is accelerating investment in product development and other areas to increase recurring revenue over the medium to long term. In addition to our unique strength as a tech provider that also operates real businesses, we have attracted talented human resources who share our vision of realizing horizontal expansion of our business domain, centered on life tech. Along with this organic expansion, our easily relatable vision of becoming a Life Tech Company, our in-house M&A team's early access to information on promising deals, and our ability to increase value through DX, AI implementation, and overall AX, have led to M&A offers from multiple companies, and we have been able to acquire companies that contribute to the Group's growth. Based on these organic and inorganic growth opportunities, we are expanding our operations beyond the finance, IT, and healthcare sectors with a combination of real businesses and technology.

Consequently, net sales in the AI Cloud & Consulting Segment amounted to 7,525,944 thousand yen (up 2,651,855 thousand yen or 54.4% year on year) and the segment's operating profit was 2,464,742 thousand yen (up 759,189 thousand yen or 44.5% year on year).

<Life & Property Solutions Segment>

In this segment, the Group provides asset management and real estate brokerage consulting using proprietary technology and develops and invests in condominiums, offices, shopping malls, hotels, and nursing care facilities leveraging IoT technologies and ESG measures, which we then sell to investors as smart properties suiting their plans. Additionally, to expand the asset management business, the Company continuously sells properties it has developed to funds, while also acquiring properties externally from the market, to transition to a layered business model that accumulates highly profitable recurring fees without holding excessive inventory assets. We are accruing stable recurring revenue, for example with the start of operation of DoubleTree by Hilton Tokyo Ariake.

Consequently, net sales of the Life & Property Solutions segment in the fiscal year under review totaled 20,532,731 thousand yen (up 361,781 thousand yen or 1.8% year on year), while operating profit came to 1,039,818 thousand yen (up 173,572 thousand yen or 20.0% year on year).

<Other Segment>

In this segment, the Group develops new products on a trial basis, working to create "highly practical technologies backed by real business" while aiming for medium- to long-term sustainable growth.

As a result, net sales of the Other Segment in the fiscal year under review amounted to 225,054 thousand yen (up 149,645 thousand yen or 198.4% year on year), driven by the operation of real business. Due to investment in new product development, a segment loss of 289,167 thousand yen (previous fiscal year: segment loss of 171,606 thousand yen) due to investments in new product development.

(2) Overview of Financial Position for the Fiscal Year

Assets, liabilities and net assets

(Assets)

Total consolidated assets at the end of the fiscal year increased 6,453,224 thousand yen compared to the end of the previous consolidated fiscal year to, 30,470,305 thousand yen.

Current assets increased by 3,885,575 thousand yen from the end of the previous consolidated fiscal year to 24,492,416 thousand yen. This was mainly due to an increase in Operating investments in capital of 1,988,989 thousand yen, Accounts receivable - trade, and contract assets of 1,115,883 thousand yen, and cash and deposits of 1,025,012 thousand yen.

Non-current assets by 2,567,649 thousand yen from the end of the previous consolidated fiscal year to 5,977,889 thousand yen. This was mainly due to an increase in goodwill of 1,693,489 thousand yen.

(Liabilities)

Total consolidated liabilities at the end of this consolidated fiscal year increased by 4,567,441 thousand yen compared to the end of the previous consolidated fiscal year to 16,124,057 thousand yen.

Current liabilities increased by 3,039,169 thousand yen from the end of the previous consolidated fiscal year to 6,928,553 thousand yen. This was mainly due to an increase of 2,657,897 thousand yen in short-term borrowings and 299,225 thousand yen in accounts payable - trade.

Non-current liabilities increased by 1,528,272 thousand yen from the end of the previous consolidated fiscal year to 9,195,503 thousand yen, mainly due to an increase in long-term borrowings of 1,055,651 thousand yen.

(Net Assets)

Total consolidated net assets at the end of this consolidated fiscal year increased by 1,885,783 thousand yen compared to the end of the previous consolidated fiscal year, to 14,346,248 thousand yen. This was mainly due to a decrease in net assets caused by an increase in treasury shares of 309,842 thousand yen, while retained earnings and non-controlling interests increased by 1,697,053 thousand yen and 374,207 thousand yen, respectively.

The equity ratio was 44.8%.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (hereinafter referred to as "cash") at the end of this consolidated fiscal year increased by 1,005,012 thousand yen compared to the end of the previous consolidated fiscal year to 4,334,560 thousand yen. The status of The situation and factors related to cash flows for the fiscal year under review are as follows:

(Cash Flows from Operating Activities)

Cash gained from operating activities were 435,297 thousand yen (452,638 thousand yen acquired in the previous fiscal year). This was mainly due to factors that increased Cash, such as profit before income taxes of 2,971,716 thousand yen, exceeding factors that decreased cash, such as an increase in operating investments in capital of 1,988,989 thousand yen.

(Cash Flows from Investing Activities)

Cash used in investing activities were 1,366,219 thousand yen (376,364 thousand yen used in the previous fiscal year). This was mainly due to factors that increased cash, such as proceeds from sales of investment securities of 391,433 thousand yen, being less than factors that decreased cash, such as Purchase of shares of subsidiaries resulting in change in scope of consolidation of 695,541 thousand yen, and Purchase of intangible assets of 449,293 thousand yen.

(Cash Flows from Financing Activities)

Cash obtained from financing activities were 1,935,934 thousand yen (554,262 thousand yen used in the previous fiscal year). This was mainly due to factors that increased cash, such as Proceeds from long-term borrowings of 9,460,805 thousand yen, exceeding factors that decreased cash, such as expenditures for repayment of long-term borrowings of 7,205,043 thousand yen and purchase of treasury shares of 309,842 thousand yen.

(4) Future Outlook

The future outlook is as follows:

<AI Cloud & Consulting Segment>

As a Life Tech Company that sees business opportunities in responding to social issues Japan faces, such as an aging population with fewer children, in the AI Cloud & Consulting Segment we create and deliver highly practical AI and IT solutions, primarily targeting the real estate, finance, IT, and healthcare sectors. Specifically, the Group develops cloud-based business streamlining services and labor-saving solutions to address worker shortages caused by the declining worker population, and is working to respond to increases in the elderly population with the creation of cloud-based support services for the management and operation of medical institutions, along with telemedicine and preventive medicine solutions. We see several large markets that can be approached through these businesses as having good potential, totaling more than 10 trillion yen. This includes 3.9 trillion yen in the financial DX market, 1.8 trillion yen in the AI business market, 3.2 trillion yen in the healthcare DX market, and 1.6 trillion yen in the real estate DX market (all figures are estimates for fiscal year 2025). The Group believes the strength and robustness of the segment in providing cloud services and solutions for business efficiency are due to highly practical solutions proven in our own businesses and quality big data obtained through the

provision of cloud services. Specifically, by utilizing various closed data as proprietary learning data to improve the accuracy of AI prediction and estimation in real estate valuation and other areas, the Group continually improves the customer value it provides in ways that competitors cannot easily emulate. Additionally, high lifetime value (LTV) due to a low churn rate powered by this competitiveness and low customer acquisition cost (CAC) achieved through the deployment of sales and marketing initiatives that are conscious of return on investment effectively enable the Company to achieve highly profitable operations.

The operating environment surrounding the AI Cloud & Consulting Segment in the following consolidated fiscal year is expected to represent continued favorable conditions for the Group's operations, with demands across industries for innovation in business models that utilize AI and IT. Operating under these circumstances, the Group will strive to improve our revenue mix by increasing the revenue composition ratio of the healthcare sector in the AI Cloud & Consulting Segment, prioritizing resources to the high ARPC and profitability in that sector. The Group aims to achieve high top-line growth of 33% year on year and a 38% increase in operating profit, growing as a player in the increasingly profitable and fast-growing SaaS space. Furthermore, the Group will enhance the model mix of total revenue and continue to increase profits with the dramatic growth of this highly profitable segment.

The Group's unique model of creating and providing highly practical DX solutions based in real businesses allows us to continuously acquire talented human resources and form an ecosystem that strengthens our business capabilities. Through horizontal expansion, we will further accelerate our business development, and by promoting in-house AI transformation (AX), we will increase operational efficiency and added value, while securing talented individuals in adjacent fields, to achieve sustainable growth in the medium to long term. Furthermore, we plan to continue using M&A for inorganic growth, as we did in the fiscal year under review. Especially due to the Tokyo Stock Exchange's stricter delisting criteria, there is a growing number of companies that could be M&A targets. By appropriately assessing whether such companies can contribute to the Group's growth and acquiring those that can, we will further raise our sustainable growth targets.

<Life & Property Solutions Segment>

In the Life & Property Solutions Segment, the Group will work hard to swiftly increase assets under management in its real estate private funds, which have been deducted from the Group's balance sheet through the asset management business. We are thus working to expand stable revenue while controlling financial risk. In addition, we are striving to diversify asset types, including condominiums, offices, commercial facilities, hotels, and nursing care facilities, while also endeavoring to create value in life spaces to enrich lifestyles. The size of the real estate private fund market, which is closely associated with this segment, was 40.8 trillion yen as of the end of December 2024, up 5.8 trillion yen or 17% from the previous year.

The outlook for the market environment surrounding the Life & Property Solutions Segment in the following consolidated fiscal year is uncertain given domestic and overseas interest rate trends and the real estate market. Nonetheless, we will work to constantly improve productivity through the creation and active testing of new modules in collaboration with the AI Cloud & Consulting Segment, and expect year-on-year increases of 35% and 14% in net sales and operating profit, respectively, by accelerating the expansion of recurring revenue through a 43% increase in AUM in the asset management business. It should be noted that, as we will be making concentrated investments during the fiscal year with the aim of achieving medium-term growth, there will temporarily be an increase in inventory assets and deterioration of the operating cash flow, but we expect the cash flow to improve thereafter and the investments to contribute to improving profits.

Based on the above, our consolidated revenue forecast for the next consolidated fiscal year is sales of 35,000,000 thousand yen (31.1% increase from the previous fiscal year), operating profit of 4,050,000 thousand yen (30.3% increase from the previous fiscal year), ordinary profit of 3,650,000 thousand yen (25.7% increase from the previous fiscal year), and Profit attributable to owners of parent of 2,220,000 thousand yen (30.8% increase from the previous fiscal year).

(Note) Performance forecasts are based on currently available information. Actual figures may differ significantly from forecast figures due to various factors.

2. Basic Policy for Selecting Accounting Standards

The Group uses Japanese accounting standards to facilitate comparison with sector peer companies in Japan.

3.Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	3,359,547	4,384,560
Accounts receivable - trade, and contract assets	1,003,529	2,119,412
Operating investments in capital	1,300,770	3,289,759
Inventories	13,939,584	13,808,977
Other	1,005,292	893,017
Allowance for doubtful accounts	(1,882)	(3,312)
Total current assets	20,606,841	24,492,416
Non-current assets		
Property, plant and equipment		
Buildings	294,511	467,925
Accumulated depreciation	(45,726)	(77,954)
Buildings, net	248,784	389,970
Machinery and equipment	340,527	341,178
Accumulated depreciation	(53,122)	(77,640)
Machinery and equipment, net	287,405	263,537
Other	230,823	285,094
Accumulated depreciation	(72,736)	(92,102)
Other, net	158,086	192,991
Total property, plant and equipment	694,276	846,500
Intangible assets		
Software	775,007	965,248
Goodwill	749,836	2,443,326
Other	10,451	10,378
Total intangible assets	1,535,296	3,418,953
Investments and other assets		
Investment securities	289,477	45,000
Long-term loans receivable	—	500,000
Deferred tax assets	388,780	381,501
Other	502,409	785,934
Total investments and other assets	1,180,666	1,712,435
Total non-current assets	3,410,239	5,977,889
Total assets	24,017,080	30,470,305

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	628,946	928,172
Short-term borrowings	1,145,467	3,803,364
Accounts payable - other	169,066	354,044
Accrued expenses	700,940	450,075
Income taxes payable	563,734	591,765
Provision for bonuses	216,535	262,462
Other	464,693	538,667
Total current liabilities	3,889,384	6,928,553
Non-current liabilities		
Long-term borrowings	7,275,347	8,330,998
Retirement benefit liability	49,397	67,974
Other	342,486	796,530
Total non-current liabilities	7,667,231	9,195,503
Total liabilities	11,556,615	16,124,057
Net assets		
Shareholders' equity		
Share capital	4,185,621	4,246,400
Capital surplus	4,058,673	4,119,452
Retained earnings	4,091,647	5,788,701
Treasury shares	(192,677)	(502,520)
Total shareholders' equity	12,143,265	13,652,034
Total Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,930	—
Total accumulated other comprehensive income	3,930	—
Share acquisition rights	122,677	129,414
Non-controlling interests	190,591	564,798
Total net assets	12,460,464	14,346,248
Total liabilities and net assets	24,017,080	30,470,305

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

(Consolidated statements of income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	24,218,849	26,690,860
Cost of sales	16,758,542	17,158,948
Gross profit	7,460,307	9,531,912
Selling, general and administrative expenses	5,247,803	6,423,929
Operating profit	2,212,504	3,107,982
Non-operating income		
Interest income	13	7,257
Foreign exchange gains	—	6,628
Gain on reversal of share acquisition rights	—	16,428
Other	2,009	7,842
Total non-operating income	2,023	38,156
Non-operating expenses		
Interest expenses	83,253	161,213
Share of loss of entities accounted for using equity method	8,316	—
Share issuance costs	51,615	—
Financing expenses	12,076	28,071
Loss on extinguishment share-based compensation expenses	—	47,569
Other	648	5,503
Total non-operating expenses	155,910	242,358
Ordinary profit	2,058,616	2,903,781
Extraordinary income		
Gain on sale of investment securities	—	266,877
Gain on sale of shares of subsidiaries and associates	7,650	—
Other	—	19,072
Total extraordinary income	7,650	285,950
Extraordinary losses		
Loss on sale of non-current assets	9,139	—
Loss on retirement of non-current assets	260	69,432
Loss on valuation of investment securities	—	134,399
Other	—	14,182
Total extraordinary losses	9,399	218,015
Profit before income taxes	2,056,867	2,971,716
Income taxes - current	717,728	1,011,182
Income taxes - deferred	(113,969)	113,885
Total income taxes	603,759	1,125,068
Profit	1,453,108	1,846,647
Profit attributable to non-controlling interests	64,593	149,593
Profit attributable to owners of parent	1,388,514	1,697,053

(Consolidated statements of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,453,108	1,846,647
Other comprehensive income		
Valuation difference on available-for-sale securities	4,919	(3,930)
Total other comprehensive income	4,919	(3,930)
Comprehensive income	1,458,027	1,842,717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,393,433	1,693,123
Comprehensive income attributable to non-controlling interests	64,593	149,593

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,147,654	4,147,654	2,702,637	(1,733)	10,996,213
Changes during period					
Issuance of new shares	37,966	37,966			75,933
Profit attributable to owners of parent			1,388,514		1,388,514
Purchase of treasury shares				(190,944)	(190,944)
Change in ownership interest of parent due to transactions with non-controlling interests		(126,947)			(126,947)
Other			496		496
Net changes in items other than shareholders' equity					
Total changes during period	37,966	(88,981)	1,389,010	(190,944)	1,147,051
Balance at end of period	4,185,621	4,058,673	4,091,647	(192,677)	12,143,265

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(989)	(989)	99,226	221,811	11,316,263
Changes during period					
Issuance of new shares					75,933
Profit attributable to owners of parent					1,388,514
Purchase of treasury shares					(190,944)
Change in ownership interest of parent due to transactions with non-controlling interests					(126,947)
Other					496
Net changes in items other than shareholders' equity	4,919	4,919	23,451	(31,220)	(2,849)
Total changes during period	4,919	4,919	23,451	(31,220)	1,144,201
Balance at end of period	3,930	3,930	122,677	190,591	12,460,464

Consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,185,621	4,058,673	4,091,647	(192,677)	12,143,265
Changes during period					
Issuance of new shares	60,779	60,779			121,558
Profit attributable to owners of parent			1,697,053		1,697,053
Purchase of treasury shares				(309,842)	(309,842)
Net changes in items other than shareholders' equity					
Total changes during period	60,779	60,779	1,697,053	(309,842)	1,508,769
Balance at end of period	4,246,400	4,119,452	5,788,701	(502,520)	13,652,034

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	3,930	3,930	122,677	190,591	12,460,464
Changes during period					
Issuance of new shares					121,558
Profit attributable to owners of parent					1,697,053
Purchase of treasury shares					(309,842)
Net changes in items other than shareholders' equity	(3,930)	(3,930)	6,736	374,207	377,013
Total changes during period	(3,930)	(3,930)	6,736	374,207	1,885,783
Balance at end of period	—	—	129,414	564,798	14,346,248

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,056,867	2,971,716
Depreciation	310,021	430,416
Amortization of goodwill	64,459	275,505
Increase (decrease) in allowance for doubtful accounts	(1,990)	(9,972)
Increase (decrease) in provision for bonuses	38,399	12,758
Increase (decrease) in retirement benefit liability	(17,385)	(5,842)
Loss on extinguishment share-based compensation expenses	—	47,569
Gain on reversal of share acquisition rights	—	(16,428)
Interest income	(13)	(7,257)
Interest expenses	83,253	161,213
Share of loss (profit) of entities accounted for using equity method	8,316	—
Share issuance costs	51,615	—
Loss (gain) on sale of shares of subsidiaries and associates	(7,650)	—
Loss (gain) on sale of investment securities	—	(266,877)
Loss (gain) on valuation of investment securities	—	134,399
Loss (gain) on sale of non-current assets	9,139	—
Loss on retirement of non-current assets	260	69,432
Decrease (increase) in accounts receivable - trade, and contract assets	(194,348)	234,030
Decrease (increase) in Operating investments in capital	95,161	(1,988,989)
Decrease (increase) in inventories	(1,739,032)	135,437
Increase (decrease) in trade payables	474,802	299,225
Increase (decrease) in accounts payable - other, and accrued expenses	(276,692)	(1,304,761)
Other, net	69,628	521,986
Subtotal	1,024,811	1,693,564
Interest received	13	7,257
Interest paid	(83,253)	(161,213)
Income taxes paid	(488,932)	(1,104,310)
Net cash provided by (used in) operating activities	452,638	435,297
Cash flows from investing activities		
Payments into time deposits	—	(50,000)
Proceeds from withdrawal of time deposits	—	30,000
Purchase of property, plant and equipment	(50,234)	(249,982)
Purchase of intangible assets	(328,573)	(449,293)
Purchase of investment securities	(2,501)	(16,500)
Proceeds from sale of investment securities	—	391,433
Proceeds from sale of shares of subsidiaries and associates	108,172	127,350
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(47,658)	(695,541)
Loan advances	—	(500,000)
Proceeds from collection of loans receivable	—	55,855
Proceeds from refund of leasehold and guarantee deposits	10,334	27,871
Purchase of insurance funds	—	(33,267)
Other, net	(65,900)	(4,145)
Net cash provided by (used in) investing activities	(376,364)	(1,366,219)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(106,762)	(72,155)
Proceeds from long-term borrowings	9,228,485	9,460,805
Repayments of long-term borrowings	(9,419,860)	(7,205,043)
Proceeds from issuance of shares	18,606	53,452
Proceeds from issuance of share acquisition rights	2,439	—
Purchase of treasury shares	(190,944)	(309,842)
Purchase of treasury shares of subsidiaries	(102,026)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(9,987)	—
Other, net	25,789	8,718
Net cash provided by (used in) financing activities	(554,262)	1,935,934
Net increase (decrease) in cash and cash equivalents	(477,987)	1,005,012
Cash and cash equivalents at beginning of period	3,807,535	3,329,547
Cash and cash equivalents at end of period	3,329,547	4,334,560

(5) Notes to Consolidated Financial Statements

(Note to going concern assumptions)

Not applicable.

(Notes to Changes in Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes”, etc.)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereafter referred to as the “Revised Accounting Standard 2022”) and others are applied from the beginning of FYE March, 2025.

With respect to the revision concerning the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment stipulated in the proviso of Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as “Revised Implementation Guidance in 2022”) were applied. There is no effect of this change in accounting policy on the consolidated financial statements.

In addition, the Company has adopted the revised implementation guidance effective from the beginning of FYE March 31, 2025, regarding the revision related to the treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses on sales of subsidiaries' stock and other securities arising from sales between consolidated companies. The change in accounting policy has been applied retrospectively, and consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. There is no effect of this change in accounting policy on the consolidated financial statements and previous year's consolidated financial statements.

(Segment information, etc.)

[Segment information]

1. Overview of Reportable Segments

The Company's reportable segments are internal monitoring units for which separate financial information is available and for which the Board of Directors makes decisions regarding the allocation of management resources and evaluates their performance.

Our group provides real business promotion services as “AI Cloud & Consulting Business,” utilizing packaged cloud tools, tailor-made algorithms, and cloud-based platforms based on modules utilizing advanced technologies such as machine learning, with the aim of improving operations in various industries, including real estate, finance, IT, and healthcare. In the “AI Cloud & Consulting Business,” we provide real business promotion services.

We also provide “Life & Property Solution Business,” which aims to provide reliable value to customers and actively utilize technology.

In addition to the above two businesses, we have three reportable segments, including “Other Businesses” .

2. Method of calculating sales, profit or loss by reportable segment

The accounting method of the reported business segments is in accordance with the accounting policy adopted to prepare consolidated financial statements.

Intersegment sales or transfers are determined by reference to prevailing market prices and are subject to negotiation on a case-by-case basis.

3. Information on net sales and income amounts by reportable segment

For FYE March 31, 2024

(Thousands of yen)

	Reportable segments			Operating segments total	Reconciling items	Per consolidated financial statements
	AI Cloud and Consulting	Life and Property solutions	Other			
Sales						
Revenues from external customers	3,975,174	20,168,266	75,408	24,218,849	—	24,218,849
Transactions with other segments	898,913	2,683	—	901,597	(901,597)	—
Net sales	4,874,088	20,170,950	75,408	25,120,447	(901,597)	24,218,849
Operating profit (loss)	1,705,553	866,246	(171,606)	2,400,192	(187,688)	2,212,504

(Notes) 1. The adjustment to segment profit or loss of (187,688) thousand yen represents the elimination of intersegment transactions.

2. The segment profit or loss has been adjusted to the operating profit stated in the quarterly consolidated income statement.

For FYE March 31, 2025

(Thousands of yen)

	Reportable segments			Operating segments total	Reconciling items	Per consolidated financial statements
	AI Cloud and Consulting	Life and Property solutions	Other			
Sales						
Revenues from external customers	6,259,828	20,205,977	225,054	26,690,860	—	26,690,860
Transactions with other segments	1,266,115	326,754	—	1,592,869	(1,592,869)	—
Net sales	7,525,944	20,532,731	225,054	28,283,730	(1,592,869)	26,690,860
Operating profit (loss)	2,464,742	1,039,818	(289,167)	3,215,393	(107,411)	3,107,982

(Notes) 1. The adjustment to segment profit or loss of (107,411) thousand yen represents the elimination of intersegment transactions.

2. The segment profit or loss has been adjusted to the operating profit stated in the quarterly consolidated income statement.

(Per share information)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (from April 1, 2024 to March 31, 2025)
Net assets per share	752.30 yen	847.89 yen
Basic profit per share	85.83 yen	105.46 yen
Diluted profit per share	84.87 yen	104.87 yen

(Notes) 1. The basis for calculating “Basic profit per share” and “Diluted profit per share” is as follows.

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (from April 1, 2024 to March 31, 2025)
(i) Basic profit per share		
Profit attributable to owners of parent (thousand yen)	1,388,514	1,697,053
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent related to common shares (thousand yen)	1,388,514	1,697,053
Average number of common shares during the period (shares)	16,177,143	16,091,456
(ii) Diluted profit per share		
Adjustment of profit attributable to owners of parent (thousand yen)	—	—
Increase in the number of common shares (shares)	183,366	91,732
Share acquisition rights in the above (shares)	[183,366]	[91,732]
Overview of dilutive shares not included in the calculation of diluted profit per share due to absence of dilutive effect	—	—

(Significant subsequent event)

Not applicable