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Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]



May 14, 2025

Company name: NJS Co., Ltd.

Stock exchange listing : Tokyo Stock Exchange

Code number : 2325

URL : <https://www.njs.co.jp/>

Representative : Masaaki Murakami, President & Chief Executive Officer

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Availability of supplementary explanatory materials on quarterly financial results : None

Schedule of quarterly financial results briefing session : None

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 – March 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
March 31, 2025	8,848	5.9	3,263	20.6	3,278	18.6	2,261	23.9
March 31, 2024	8,354	22.0	2,706	73.3	2,764	74.2	1,825	70.4

(Note) Comprehensive income: Three months March 31, 2025: ¥2,594 million [38.5%]

Three months March 31, 2024: ¥1,873 million [67.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
March 31, 2025	237.68	—
March 31, 2024	191.39	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	35,413	28,306	79.7	2,967.72
As of March 31, 2024	31,122	26,191	83.9	2,745.57

(Reference) Equity: As of March 31, 2025: ¥28,237million

As of December 31, 2024: ¥26,124 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	–	45.00	–	50.00	95.00
Fiscal year ending December 31, 2025	–				
Fiscal year ending December 31, 2025 (Forecast)		50.00	–	50.00	100.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 - December 31, 2025)

(% indicates changes from the previous corresponding period.)

	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
First six months	–	–	–	–	–	–	–	–	–
Full year	25,000	10.6	3,050	1.9	3,100	(1.3)	2,150	1.6	226.0

(Note) Revision to the financial results forecast announced most recently: Yes

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – (Company Name-), Excluded: – (Company name -)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements:
None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025:	10,048,000 shares
December 31, 2024:	10,048,000 shares
 - 2) Total number of treasury shares at the end of the period:

March 31, 2025:	532,968 shares
December 31, 2024:	532,889 shares
 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Three months ended March 31, 2025:	9,515,068 shares
Three months ended March 31, 2024:	9,537,138 shares

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* Explanation of appropriate use of earnings forecasts and other special notes

The forward-looking statements in this document are based on information currently available to the Group and certain assumptions that the Group deems reasonable.

The above forecasts are based on information currently available and certain assumptions that are judged to be reasonable. Actual results may differ due to various factors.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended March 31, 2025, the global economic outlook remained uncertain due to unstable international situation such as continued high oil prices, concerns about the stagnation of the Chinese economy, and US policy changes etc. Meanwhile, climate change is becoming increasingly serious, with a series of abnormal weather events such as major floods, heat waves, and droughts occurring in many parts of the world, and there is a growing awareness that environmental initiatives are essential to achieve a sustainable society.

Japan's water and wastewater utilities face many challenges, such as population decline, aging infrastructure and issues related to business sustainability, in addition to climate change and intensifying disasters. Along with solving social issues, it is important to maintain safety, sanitation, and the environment through sound infrastructure. Under these circumstances, the market for operations aiming at sustainable water supply and sewage services is expected to expand in the future.

In response, the NJS Group (the “Group”) has been working on the advancement of infrastructure management through consulting and software. In the consulting field, as technologies for the community and the environment, we have worked to develop technologies that both preserve the global environment and create value for the community, starting with infrastructure, such as the utilization of sewage sludge and other resources and power generation projects using unused land. In addition, as disaster countermeasures, we worked to create a disaster-resistant community by creating inland water hazard maps and developing a decentralized treatment system integrated with water supply and sewage systems.

In the field of software services, the Group has focused on DX promotion, such as streamlining management and accelerating human resource development through the use of 3D data of facilities and new technologies, including drones, to survey difficult-to-inspect areas and ensure work safety. In addition, we have been working on strengthening customer services that promote engagement of water users.

For the three months ended March 31, 2025, the Group reported consolidated work orders received of ¥3,826 million (up 47.1% year on year, the same shall apply hereafter) and consolidated net sales of ¥2,261 million (up 23.9%).

In terms of profits, the Group reported operating profit of ¥3,263 million (up 20.6%), ordinary profit of ¥3,278 million (up 18.6%), and profit attributable to owners of parent of ¥2,261 million (up 23.9%).

Operating results by segment are as follows.

(Domestic operations)

In domestic operations, we have been engaged in survey and diagnosis projects for the aging infrastructure facilities including pipelines and treatment plants; renovation and renewal plans and designs; and research and study of the PPP introduction projects, to restructure infrastructure in respond to aging facilities and disaster resilience.

As a result, the domestic operations segment reported work orders received of ¥3,283 million (up 56.7%), net sales of ¥8,273 million (up 9.6%), and operating profit of ¥3,315 million (up 22.5%).

(Overseas operations)

In overseas operations, we promoted projects to develop water-related infrastructure in response to urbanization and severe disasters such as droughts and floods, in the developing and emerging countries of Asia, the Middle East, and Africa.

As a result, the overseas operations segment reported work orders received of ¥543 million (up 7.2%) and net sales of ¥574 million (down 28.7 %); operating loss was ¥52 million (an operating profit of ¥0 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets as of the three months ended March 31, 2025 increased by ¥4,291 million from the end of the previous fiscal year to ¥35,413 million. This was mainly attributable to an increase in cash and deposits of ¥1,110 million, an increase of ¥2,933 million in notes, accounts receivable-completed operation and contract assets, and an increase of ¥618 million in increase in investment securities due to rise in market value of shares held.

Total liabilities as of the three months ended March 31, 2025 increased by ¥2,175 million from the end of the previous fiscal year to ¥7,106 million. This was mainly attributable to an increase in income taxes payable of ¥1,081million, and an increase in contract liabilities of ¥1,012 million.

Total net assets as of the three months ended March 31, 2025 increased by ¥2,115 million from the end of the previous fiscal year to ¥28,306 million. This was mainly attributable to an increase in retained earnings of ¥1,783million and an increase in valuation difference on other securities of ¥429 million. As a result, the equity ratio was 79.7%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated results forecast for the fiscal year ending December 31, 2025 (January 1, 2025 to December 31, 2025) has been revised based on recent performance trends from the consolidated results forecast announced on February 14, 2025.

For details, refer to the separately disclosed “Notice of Revision of Results Forecast”.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	17,681,274	18,791,625
Notes, accounts receivable-completed operation and contract assets	6,255,161	9,188,627
Costs on service contracts in progress	965,851	858,015
Other	577,019	521,350
Allowance for doubtful accounts	(15,775)	(25,426)
Total current assets	25,463,531	29,334,192
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	630,615	617,562
Land	293,652	293,652
Other, net	199,537	205,403
Total property, plant and equipment	1,123,805	1,116,618
Intangible assets		
Goodwill	63,287	57,353
Other	659,187	646,687
Total intangible assets	722,474	704,041
Investments and other assets		
Investment securities	2,111,273	2,730,111
Long-term loans receivable	66,400	66,400
Other	1,702,165	1,526,873
Allowance for doubtful accounts	(67,365)	(64,769)
Total investments and other assets	3,812,473	4,258,615
Total non-current assets	5,658,753	6,079,276
Total assets	31,122,285	35,413,469

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable – operating	762,531	711,423
Income taxes payable	684,910	1,766,193
Contract liabilities	203,547	1,215,897
Provision for bonuses	792,625	924,159
Provision for loss on order received	88,463	59,551
Other	1,795,374	1,879,222
Total current liabilities	4,327,452	6,556,446
Non-current liabilities		
Retirement benefit liability	403,246	390,700
Other	200,333	159,480
Total non-current liabilities	603,580	550,181
Total liabilities	4,931,033	7,106,628
Net assets		
Shareholders' equity		
Share capital	520,000	520,000
Capital surplus	276,555	276,555
Retained earnings	24,960,756	26,744,086
Treasury shares	△874,223	△874,526
Total shareholders' equity	24,883,089	26,666,116
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,054,809	1,484,347
Foreign currency translation adjustment	108,444	28,911
Remeasurements of defined benefit plans	78,085	58,570
Total accumulated other comprehensive income	1,241,339	1,571,829
Non-controlling interests	66,823	68,893
Total net assets	26,191,252	28,306,840
Total liabilities and net assets	31,122,285	35,413,469

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended March 31

(Thousands of yen)

	Previous three months ended March 31, 2024	Current three months ended March 31, 2025
Net sales	8,354,280	8,848,304
Cost of sales	4,247,044	4,191,746
Gross profit	4,107,235	4,656,557
Selling, general and administrative expenses	1,401,190	1,393,291
Operating profit	2,706,045	3,263,266
Non-operating income		
Interest income	5,113	9,298
Dividend income	12,525	12,525
Cash surrender value of insurance policy	12,104	5,139
Foreign exchange gains	20,123	-
Other	9,051	5,764
Total non-operating income	58,917	32,728
Non-operating expenses		
Interest expenses	-	8
Exchange loss	-	17,493
Other	471	15
Total non-operating expenses	471	17,517
Ordinary profit	2,764,491	3,278,476
Extraordinary losses		
Loss on sales and disposal of fixed assets	252	2,509
Provision for loss on damage compensation	34,000	-
Total extraordinary losses	34,252	2,509
Profit before income taxes	2,730,239	3,275,967
Income taxes - current	913,413	1,079,509
Income taxes - deferred	(13,119)	(67,117)
Total income taxes	900,293	1,012,391
Profit	1,829,945	2,263,576
Profit attributable to non-controlling interests	4,658	2,070
Profit attributable to owners of parent	1,825,286	2,261,505

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended March 31

(Thousands of yen)

	Previous three months ended March 31, 2024	Current three months ended March 31, 2025
Profit	1,829,945	2,263,576
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,671)	429,538
Foreign currency translation adjustment	83,814	(79,532)
Adjustment amount related to retirement benefits	(9,585)	(19,514)
Total other comprehensive income	43,557	330,490
Comprehensive income	1,873,503	2,594,066
(attributable to)		
Comprehensive income attributable to owners of parent	1,868,844	2,591,966
Comprehensive income attributable to non-controlling interests	4,658	2,070

(3) Notes to Quarterly Consolidated Financial Statements
(Notes on premise of a going concern)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on changes in accounting policies)

(Application of "Accounting Standards for Income Taxes - current")

From the beginning of the Current three months ended March 31, 2025, the accounting policies of ASBJ Statement No. 27 (October 28, 2022) "Accounting Standard for Current Income Taxes", ASBJ Statement No. 25 (October 28, 2022) "Accounting Standard for Presentation of Comprehensive Income" and ASBJ Statement No. 28 (October 28, 2022) Partial Amendments to "Guidance on Accounting Standard for Tax Effect Accounting" are applied. This will have no impact on the quarterly consolidated financial statements for the current fiscal year.

(Segment information, etc.)

[Segment information]

I. For the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

1. Information on net sales and profit (loss) by reportable segment and disaggregation of revenue

(Thousands of yen)

	Reportable segments			Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Domestic operations	Overseas operations	Total		
Net sales					
Water supply systems	1,642,100	280,772	1,922,873	—	1,922,873
Sewerage systems	5,632,489	47,597	5,680,087	—	5,680,087
Environmental systems and others	273,430	477,889	751,319	—	751,319
Revenue from contracts with customers	7,548,020	806,259	8,354,280	—	8,354,280
Other revenue	—	—	—	—	—
Net sales to outside customers	7,548,020	806,259	8,354,280	—	8,354,280
Intersegment net sales or transfers	—	—	—	—	—
Total	7,548,020	806,259	8,354,280	—	8,354,280
Segment profit (loss)	2,706,018	27	2,706,045	—	2,706,045

(Notes) 1. The adjustments of segment profit (loss) are partly due to eliminations of intersegment transactions.

2. Segment profit (loss) is adjusted to correspond with operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

II. For the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

1. Information on net sales and profit (loss) by reportable segment and disaggregation of revenue

(Thousands of yen)

	Reportable segments			Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Domestic operations	Overseas operations	Total		
Net sales					
Water supply systems	1,939,531	166,985	2,106,517	—	2,106,517
Sewerage systems	6,154,720	33,967	6,188,687	—	6,188,687
Environmental systems and others	179,359	373,740	553,099	—	553,099
Revenue from contracts with customers	8,273,611	574,693	8,848,304	—	8,848,304
Other revenue	—	—	—	—	—
Net sales to outside customers	8,273,611	574,693	8,848,304	—	8,848,304
Intersegment net sales or transfers	—	—	—	—	—
Total	8,273,611	574,693	8,848,304	—	8,848,304
Segment profit (loss)	3,315,798	(52,532)	3,263,266	—	3,263,266

(Notes) 1. The adjustments of segment profit (loss) are partly due to eliminations of intersegment transactions.

2. Segment profit (loss) is adjusted to correspond with operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

(Notes to Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year are not prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year are as follows.

	Previous three months ended March 31, 2024	Current three months ended March 31, 2025
Depreciation cost	79,783 thousand yen	90,268 thousand yen
Amortization of goodwill	5,933 thousand yen	5,933 thousand yen

(Significant subsequent events)

(Acquisition of a company through stock acquisition)

The Company's Board of Directors resolved on March 25, 2025 to acquire all shares of CDC Aqua Service Co., Ltd., a subsidiary of CDC Information Systems Co. Ltd., and the Company acquired the shares on April 1, 2025.

1. Purpose of share acquisition

The Group expects that the acquisition will bring synergy effects with the expansion of its infrastructure operation business centering on water supply and sewage systems, as well as various related businesses.

2. Name, business description and scale of the company acquired

- (1) Name: CDC Aqua Service Co., Ltd.
- (2) Business description: Business process outsourcing of water supply business, water and sewage tariff management, and related system development and maintenance
- (3) Share capital: 20,000 thousand yen

3. Date of share acquisition

April 1, 2025

4. Number of shares to be acquired, acquisition price and post-acquisition ownership ratio

- (1) Number of shares to be acquired: 2,000 shares
- (2) Acquisition price: 700,000 thousand yen
- (3) Post-acquisition ownership ratio: 100%