

Consolidated Financial Results for the Three Months Ended June 30, 2025 (JGAAP)

August 8, 2025

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 Securities code: 2980
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 Scheduled date of dividend payment: -
 Supplemental material of results : Yes
 Convening briefing of results : None

Stock exchange listing: Tokyo
 URL <https://sre-group.co.jp/>

(Figures of less than one million are rounded down.)

1. Consolidated financial results for the three months of the FYE March 31, 2026 (April 1, 2025, - June 30, 2025)

(1) Consolidated operating results (% shows the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Quarterly Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	4,240	(16.3)	92	(89.1)	31	(96.1)	(19)	—
June 30, 2024	5,067	18.1	851	320.6	815	387.8	497	271.4

(Note) Comprehensive income: Three months ended June 30, 2025: ¥10 million (98.1%)
 Three months ended June 30, 2024: ¥535 million 282.2%

	Basic quarterly profit per share	Diluted quarterly profit per share
Three months ended	Yen	Yen
June 30, 2025	(1.21)	—
June 30, 2024	30.92	30.53

(2) Consolidated financial condition

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2025	32,952	14,123	40.6
March 31, 2025	30,470	14,346	44.8

(Reference) Equity capital: As of June 30, 2025: ¥13,390 million As of March 31, 2025: 13,652 million

2. Dividends

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2025	—	0.00	—	15.00	15.00
FYE March 31, 2026	—				
FYE March 31, 2026 (Forecast)		0.00	—	18.00	18.00

(Note) Revision of the forecasts most recently announced: No

3. Consolidated financial forecast for the FYE March 31, 2026 (April 1, 2025, to March 31, 2026)

(% shows the year-on-year change)

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

(Note) Revision of the forecasts most recently announced: No

* Notes

- (1) Significant changes in the scope of consolidation during the three months of FYE March 31, 2026: None
- (2) Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
 - (i) Changes in accounting principles accompanying the amendment of accounting standards: None
 - (ii) Changes in accounting policies other than (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement None

(4) Number of issued shares (common shares)

- (i) Number of shares outstanding at end of the period
(including treasury shares)

As of June 30, 2025:	16,233,785 shares
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As of March 31, 2025:	16,233,785 shares
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- (ii) Number of treasury shares at end of the period

As of June 30, 2025:	133,513 shares
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As of March 31, 2025:	132,546 shares
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- (iii) Average number of shares during the period

The three months of FYE June 2026:	16,101,203 shares
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The three months of FYE June 2025:	16,079,290 shares
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* Review of the quarterly consolidated financial statements by a certified public accountant or an auditing firm: None

* Explanation concerning the appropriate use of financial result forecasts and other special notes

(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, (3) Explanation of forward-looking statements such as consolidated earnings forecasts" on page 6 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

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(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 have initiated telemedicine field trials using lifelog data in collaboration with Paramount Bed Co., Ltd., and have started collaborating with Mizuho Bank, Ltd., on cloud services. Furthermore, we have begun offering 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 of the above, for the first quarter of the current fiscal year, in the AICC segment, sales of Life & Healthcare Solutions (LH) expanded to exceed those of Prop Tech Solutions (PT), and ARR (Annual Recurring Revenue) grew as planned. However, in the L&P segment, the timing of sales of self-developed properties was skewed toward the second half of the fiscal year, Net sales amounted to 4,240,368 thousand yen (down 826,809 thousand yen, or 16.3%, from the same period of the previous year), operating profit was 92,445 thousand yen (down 758,573 thousand yen, or 89.1%, year-on-year) ordinary profit was 31,526 thousand yen (down 783,716 thousand yen, or 96.1% year-on-year), and net loss attributable to parent company shareholders was 19,416 thousand yen (compared to a net profit attributable to parent company shareholders of 497,159 thousand yen in the same period of the previous year).

Operating results by segment for the first quarter of the current fiscal year 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, maintained a high average customer price while steadily increasing customer acquisition. Furthermore, we are promoting the development and test marketing of new products and new functions, mainly in the healthcare field, such as clinics.

In Prop Tech Solutions (PT: providing cloud-based business support tools and DX solutions mainly for the real estate sector), contributed to the growth of recurring revenue, as customer acquisition exceeded the plan despite a decline in average customer revenue from the fourth quarter of the previous fiscal year due to seasonal factors, as in previous years. In addition, we are expanding the functionality of existing products and expanding our product lineup to promote upselling and cross-selling by leveraging our customer base of over 4,700 companies.

In this segment, we are accelerating investments in product development and test marketing, among other initiatives, to drive mid- to long-term growth in recurring revenue.

As a result, net sales for the AI Cloud & Consulting segment for the first quarter of the current fiscal year amounted to 1,855,498 thousand yen (up 239,624 thousand yen or 14.8%, compared to the year-on-year), and the segment's operating profit amounted to 744,074 thousand yen (up 311,610 thousand yen or 72.1%, year-on-year).

<Life & Property Solutions Segment>

In this segment, we are promoting a shift to a layered business model that accumulates highly profitable recurring fees. We have been building stable stock income in our asset management business by starting operations of DoubleTree by Hilton Tokyo Ariake in the previous fiscal year, but sales of properties developed in-house are expected to be concentrated in the second half of the current fiscal year.

Consequently, net sales for the Life & Property Solutions segment for the first quarter of the current fiscal year amounted to 2,839,276 thousand yen (down 795,280 thousand yen or 21.9%, year on year), and segment loss was 499,033 thousand yen (compared to segment profit of 490,516 thousand yen in the same period of the previous fiscal 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 in the Other segment for the first quarter of the current fiscal year amounted to 19,341 thousand yen (down 1,401 thousand yen or 6.8%, year on year) due to the operations of the Healthcare business, and segment loss amounted to 106,870 thousand yen (compared to a segment loss of 50,416 thousand yen in the same period of the previous fiscal year) due to investment in new product development.

(2) Overview of Financial Position

Assets, liabilities and net assets

(Assets)

Total consolidated assets at the end of the first quarter of the current fiscal year increased 2,481,748 thousand yen compared to the end of the previous consolidated fiscal year, to 32,952,053 thousand yen.

Current assets increased 2,294,807 thousand yen from the end of the previous consolidated fiscal year to 26,787,223 thousand yen. This increase is primarily due to an increase of 1,033,926 thousand yen in inventory.

Non-current assets increased by 186,940 thousand yen from the end of the previous fiscal year to 6,164,829 thousand yen. This primarily reflects an increase of 172,369 thousand yen in investments and other assets.

(Liabilities)

Total liabilities as of the end of the first quarter of this consolidated fiscal year increased by 2,704,780 thousand yen compared to the end of the previous consolidated fiscal year, to 18,828,838 thousand yen.

Current liabilities increased by 114,362 thousand yen from the end of the previous consolidated fiscal year to 7,042,915 thousand yen. This was mainly due to a decrease of 698,774 thousand yen in accounts payable and a decrease of 317,336 thousand yen in accrued income taxes, offset by an increase of 1,220,092 thousand yen in short-term borrowings.

Non-current liabilities increased by 2,590,418 thousand yen from the end of the previous consolidated fiscal year, reaching 11,785,922 thousand yen. This was primarily due to an increase of 2,544,226 thousand yen in long-term borrowings.

(Net Assets)

Total consolidated net assets at the end of the first quarter of the current consolidated fiscal year decreased by 223,032 thousand yen from the end of the previous consolidated fiscal year to 14,123,215 thousand yen. This was mainly due to a decrease of 260,946 thousand yen in retained earnings because of dividend payments and other factors.

The equity ratio was 40.6%.

(3) Explanation of forward-looking statements such as consolidated earnings forecasts

There are no changes to the consolidated earnings forecast for the fiscal year ending March 2026, which was announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31”, 2025 on May 13, 2025.

2. Quarterly consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheets

(Unit: Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	4,384,560	4,586,130
Accounts receivable - trade, and contract assets	2,119,412	2,217,502
Operating investments in capital	3,289,759	3,299,924
Inventories	13,808,977	14,842,904
Other	893,017	1,843,787
Allowance for doubtful accounts	(3,312)	(3,025)
Total current assets	24,492,416	26,787,223
Non-current assets		
Property, plant and equipment	846,500	901,134
Intangible assets		
Software	965,248	1,001,078
Goodwill	2,443,326	2,368,037
Other	10,378	9,773
Total intangible assets	3,418,953	3,378,889
Investments and other assets	1,712,435	1,884,805
Total non-current assets	5,977,889	6,164,829
Total assets	30,470,305	32,952,053
Liabilities		
Current liabilities		
Accounts payable - trade	928,172	229,397
Short-term borrowings	3,803,364	5,023,456
Accounts payable - other	354,044	354,079
Accrued expenses	450,075	415,747
Income taxes payable	591,765	274,429
Provision for bonuses	262,462	140,339
Other	538,667	605,466
Total current liabilities	6,928,553	7,042,915
Non-current liabilities		
Long-term borrowings	8,330,998	10,875,225
Retirement benefit liability	67,974	70,749
Other	796,530	839,947
Total non-current liabilities	9,195,503	11,785,922
Total liabilities	16,124,057	18,828,838
Net assets		
Shareholders' equity		
Share capital	4,246,400	4,246,400
Capital surplus	4,119,452	4,119,452
Retained earnings	5,788,701	5,527,755
Treasury shares	(502,520)	(502,615)
Total shareholders' equity	13,652,034	13,390,993
Share acquisition rights	129,414	137,891
Non-controlling interests	564,798	594,330
Total net assets	14,346,248	14,123,215
Total liabilities and net assets	30,470,305	32,952,053

(2) 四半期連結損益計算書及び四半期連結包括利益計算書

(四半期連結損益計算書) (Quarterly consolidated statements of income)

(Unit: Thousands of yen)

	For the Three months ended June 30, 2024	For the Three months ended June 30, 2025
Net sales	5,067,177	4,240,368
Cost of sales	2,616,603	2,629,639
Gross profit	2,450,574	1,610,728
Selling, general and administrative expenses	1,599,555	1,518,283
Operating profit	851,018	92,445
Non-operating income		
Interest income	1	2,254
Other	633	677
Total non-operating income	635	2,932
Non-operating expenses		
Interest expenses	31,089	49,679
Other	5,321	14,171
Total non-operating expenses	36,411	63,850
Ordinary profit	815,243	31,526
Extraordinary income		
Gain on sale of investment securities	6,237	—
Total extraordinary income	6,237	—
Extraordinary losses		
Loss on retirement of non-current assets	—	1,471
Total extraordinary losses	—	1,471
Profit before income taxes	821,480	30,055
Income taxes - current	153,997	177,406
Income taxes - deferred	128,383	(157,466)
Total income taxes	282,380	19,940
Profit	539,099	10,115
Profit attributable to non-controlling interests	41,940	29,531
Profit (loss) attributable to owners of parent	497,159	(19,416)

(四半期連結包括利益計算書) (Quarterly consolidated statements of comprehensive income)

(Unit: Thousands of yen)

	For the Three months ended June 30, 2024	For the Three months ended June 30, 2025
Profit	539,099	10,115
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,930)	—
Total other comprehensive income	(3,930)	—
Comprehensive income	535,169	10,115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	493,229	(19,416)
Comprehensive income attributable to non-controlling interests	41,940	29,531

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Segment Information, etc.)

I For the Three months ended June 30, 2024 (from April 1, 2024, to June 30, 2024)

1. Information on Sales and Profit (Loss) for Each Reportable Segment

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	AI Cloud and Consulting	Life and Property solutions	Other	Total		
Sales						
Revenues from external customers	1,417,199	3,629,234	20,743	5,067,177	—	5,067,177
Transactions with other segments	198,674	5,322	—	203,997	(203,997)	—
Net sales	1,615,874	3,634,556	20,743	5,271,174	(203,997)	5,067,177
Operating profit (loss)	432,463	490,516	(50,416)	872,563	(21,545)	851,018

(Notes) 1. The adjustment to segment profit or loss of (21,545) 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.

2. Information on assets by reportable segment

During the first quarter of the current consolidated fiscal year, we acquired shares in MEDIX Co., Ltd., and newly added it to the scope of consolidation. As a result, assets in the reportable segment “AI Cloud & Consulting” increased by 4,226,628 thousand yen compared to the end of the previous consolidated fiscal year.

In addition, during the first quarter of the current fiscal year, total assets of the “Life & Property Solutions” segment increased by 3,614,591 thousand yen compared to the end of the previous consolidated fiscal year mainly due to an increase in inventories.

3. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant change in goodwill)

In the “AI Cloud & Consulting” segment, goodwill increased by 1,816,876 thousand yen because we acquired shares in MEDIX Co., Ltd., and newly added it to the scope of consolidation.

II For the Three months ended June 30, 2025 (from April 1, 2025, to June 30, 2025)

1. Information on Sales and Profit (Loss) for Each Reportable Segment

(Thousands of yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	AI Cloud and Consulting	Life and Property solutions	Other	Total		
Sales						
Revenues from external customers	1,381,750	2,839,276	19,341	4,240,368	—	4,240,368
Transactions with other segments	473,748	—	—	473,748	(473,748)	—
Net sales	1,855,498	2,839,276	19,341	4,714,116	(473,748)	4,240,368
Operating profit (loss)	744,074	(499,033)	(106,870)	138,171	(45,725)	92,445

(Notes) 1. The adjustment to segment profit or loss of (45,725) 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.

2. Information on assets by reportable segment

Not applicable.

3. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

Not applicable.

(Note to Significant Changes in Shareholders' Equity)

Not applicable.

(Note to going concern assumptions)

Not applicable.

(Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year are not prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the three-month period under review are as follows:

	(Thousands of Yen)	
	For the Three months ended June 30, 2024 (from April 1, 2024, to June 30, 2024)	For the Three months ended June 30, 2025 (from April 1, 2025, to June 30, 2025)
Depreciation	93,914	114,354
Amortization of goodwill	61,395	75,016