
Consolidated Financial Results
for the Fiscal Year Ended December 31, 2025
(January 1, 2025 – December 31, 2025)

**This document is an English translation of a statement written initially in Japanese.
The original Japanese should be considered the primary version.*

Disclaimer Regarding Forward-Looking Statements

The forward-looking statements, including forecasts of performance of Hulic and its Group companies, contained in these materials are based on information currently available to the Hulic management and on certain assumptions deemed to be reasonable. Actual business and other results may vary substantially due to various factors.



(TSE Code: 3003)

Consolidated Financial Results

for the Fiscal Year Ended December 31, 2025 <under Japanese GAAP>

January 29, 2026

Name of company listed: Hulic Co., Ltd.

Stock exchange listing: Tokyo (Prime Market)

Code number: 3003 URL: <https://www.hulic.co.jp/en/>

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Annual General Meeting of Shareholders to be held on: March 25, 2026

Planned dividends payment date: March 26, 2026

Annual Securities Report to be filed on: March 17, 2026

Preparation of supplementary material on financial results: Yes.

Holding of financial results presentation meeting: Yes (For institutional investors and analysts)

1. Consolidated Financial Results for the Fiscal Year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(1) Consolidated Financial Results (cumulative)

(Amounts indicated are displayed with amounts less than one million yen rounded off.)
(Percentages indicate the YoY increase / decrease.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2025	727,447	22.9	186,826	14.3	172,927	12.0	114,334	11.7
December 31, 2024	591,615	32.5	163,360	11.7	154,329	12.2	102,341	8.1

Note: Comprehensive income: Fiscal year ended December 31, 2025: ¥135,340 million [25.0%]

Fiscal year ended December 31, 2024: ¥108,241 million [(4.4)%]

	EPS (Net income per share)	Diluted EPS	ROE (Return on equity)	Ordinary profit on total assets	Operating profit on operating revenue
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2025	150.50	150.50	13.0	5.2	25.6
December 31, 2024	134.42	134.42	12.8	5.5	27.6

Reference: Share of profit of entities accounted for using equity method: Fiscal year ended December 31, 2025: ¥1,247 million

Fiscal year ended December 31, 2024: ¥236 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
As of	Million yen	Million yen	%	Yen
December 31, 2025	3,506,068	939,180	26.0	1,202.76
December 31, 2024	3,048,935	856,344	27.3	1,093.78

Reference: Equity: December 31, 2025: ¥913,279 million, December 31, 2024: ¥832,991 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2025	269,239	(544,500)	272,264	130,655
December 31, 2024	353,388	(602,020)	300,589	134,326

2. Dividends

	Annual dividends					Dividends paid (Total)	Dividends payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2024	—	26.00	—	28.00	54.00	41,399	40.1	5.1
December 31, 2025	—	28.50	—	33.50	62.00	47,532	41.1	5.3
Fiscal year ending December 31, 2026 (Forecast)	—	33.50	—	33.50	67.00		42.0	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2026

(January 1, 2026 to December 31, 2026)

(Percentages indicate the YoY increase / decrease.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		EPS (Net income per share)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending December 31, 2026	—	—	210,000	12.4	185,000	6.9	121,000	5.8	159.35

Note: The Company has a stable business structure centered on leasing operations, however, operating revenue (net sales) fluctuates substantially due to trends in the buying and selling of real estate for sale. Success or failure in this buying and selling of properties is affected significantly by economic conditions and the real estate market. As forecasting such trends is currently problematic, the Company has not provided a forecast of its operating revenue. The Company will disclose this information promptly once it becomes possible to make a forecast.

* Notes

(1) Significant Changes in the Scope of Consolidation during this Period: Yes.

Newly included: Three: (company name) KOKEN BORING MACHINE CO. LTD., HKB LLC, CookDeli Co., Ltd.

Excluded: Two: (company name) Ginza Rokuchome Property Godo Kaisha, Nishi Tokyo Asset Godo Kaisha

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements

1. Changes in accounting policies due to revisions of accounting standards, etc.: N/A

2. Changes in accounting policies due to other reasons: N/A

3. Changes in accounting estimates: N/A

4. Restatement of prior period financial statements: N/A

(3) Number of Issued Shares (common shares)

1) Number of issued shares as of the end of each period (including treasury shares)	767,907,735 (as of December 31, 2025)	767,907,735 (as of December 31, 2024)
2) Number of treasury shares as of the end of each period	8,588,006 (as of December 31, 2025)	6,339,456 (as of December 31, 2024)
3) Average number of outstanding shares for each period	759,660,999 (fiscal year ended December 31, 2025)	761,308,352 (fiscal year ended December 31, 2024)

Note: For details, please refer to page 21 “3. Consolidated Financial Statements (Unaudited), (5) Footnotes on Consolidated Financial Statements, Information per share” in the attached materials.

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

(1) Non-Consolidated Financial Results

	Operating revenue		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2025	459,887	(10.4)	156,440	2.0	154,996	2.9	107,632	2.9
December 31, 2024	513,479	29.5	153,358	12.5	150,617	12.8	104,560	14.1

	EPS (Net income per share)	Diluted EPS
Fiscal year ended	Yen	Yen
December 31, 2025	141.24	—
December 31, 2024	136.91	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
As of	Million yen	Million yen	%	Yen
December 31, 2025	3,267,390	893,827	27.3	1,173.46
December 31, 2024	2,834,702	813,404	28.6	1,064.73

Reference: Equity: December 31, 2025: ¥893,827 million, December 31, 2024: ¥813,404 million

* This summary of consolidated financial results is not subject to the audit procedures.

* Disclaimer regarding forward-looking statements

This document contains forward-looking statements about the performance of Hulic and its Group companies, based on management's assumptions in light of currently available information. In no way do these statements provide any assurance by Hulic of achieving such results. Actual results may differ substantially from these statements due to various factors. For preconditions for forecasts of business results and cautions to take when using the forecasts of business results, please refer to page 5 "1. Consolidated Business Results and Financial Position, (4) Outlook for the Fiscal year ending December 31, 2026" in the attached materials. In addition, for preconditions for planned dividends and cautions to take when using the planned dividends, please also refer to page 6 "1. Consolidated Business Results and Financial Position, (5) Basic Policy for Dividend Distribution and Dividends for the Fiscal year ended December 31, 2025 and the fiscal year ending December 31, 2026" in the attached material.

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1. Consolidated Business Results and Financial Position

(1) Overview of Consolidated Business Results

1) Overview of the fiscal year ended December 31, 2025

During the fiscal year ended December 31, 2025, the Japanese economy continued to gradually recover supported by resilient personal consumption and steady capital investment that underpin domestic demand, while inflation, wage increases, and interest rate rises were also ongoing.

Regarding the real estate market, even after the Bank of Japan's additional rate hike, domestic and international investors' appetite for investing in commercial real estate remained high. The market continued to be active, with many large-scale transactions taking place, particularly for offices where rent increases were expected.

Under that environment, the Group based its measures on the slogan of "Driving Innovation and Accelerating Progress" as outlined in the Medium- to Long-term Management Plan, for which the fiscal year ended December 31, 2020 was the first year, and worked to move ahead with a flexible approach to environmental changes in order to achieve sustainable improvement in corporate value. As a result, ordinary profit recorded ¥172.9 billion, an increase of ¥8.9 billion compared with the forecasts announced at the beginning of the fiscal year ended December 31, 2025, and an increase of ¥18.5 billion compared with the previous fiscal year (hereinafter "YoY").

2) Analysis of Business Results

<Operating revenue>

Operating revenue for the fiscal year ended December 31, 2025 amounted to ¥727,447 million, increased ¥135,831 million YoY. This was due to a stable leasing income from properties completed and acquired in the previous fiscal year and in the current fiscal year, as well as stable sales from real estate for sale.

<Operating profit>

Operating profit for the fiscal year ended December 31, 2025 amounted to ¥186,826 million, increased ¥23,465 million YoY. This was due to a stable leasing income from properties completed and acquired, as well as higher gross sales margin from real estate for sale.

<Ordinary profit>

Ordinary profit for the fiscal year ended December 31, 2025 amounted to ¥172,927 million, increased ¥18,597 million YoY. This was due to the above-mentioned increase in operating profit, while non-operating expenses increased as a result of higher interest expenses.

< Profit attributable to owners of parent >

Profit attributable to owners of parent for the fiscal year ended December 31 2025, was ¥114,334 million, increased ¥11,993 million YoY. This was due to the above-mentioned increase in ordinary profit, a decrease in extraordinary losses resulting from a decrease in loss on step acquisitions, a decrease in extraordinary income resulting from a decrease in gain on sale of investment securities, as well as an increase in taxes.

The business results for each segment were as follows.

(Operating revenue for each segment includes inter-segment operating revenue and the balance of book-entry transfers.)

<Real Estate>

The Group's core business is a leasing business that utilizes approximately 250 buildings and properties (excluding real estate for sale), amounting to approximately 1,310,000 square meters of floor space, located mainly in Tokyo's 23 wards. From the perspective of restructuring the portfolio to achieve "high profit growth" and "stable core profit increase", we work to continuously reshuffle the portfolio to properties with competitive advantages that can adapt to environmental changes and promote carefully selected development projects. In addition, we work to acquire stable and continuous capital gains and asset management fees through diversifying exit strategies of properties to maximize the development margin as the completion of development projects starts in full swing.

New acquisitions (non-current assets) during the fiscal year ended December 31, 2025 included Ario Nishiarai (partial) (Adachi-ku, Tokyo), Hulic Kamiyacho Building (partial) (Minato-ku, Tokyo), FORECAST Shinjuku SOUTH (Shinjuku-ku, Tokyo), and others.

In development and reconstruction business (non-current assets), Hulic Logistics Misato (Misato-shi, Saitama) was completed in July 2025, Hulic Ginza Building (Chuo-ku, Tokyo) was completed in August 2025, and HULIC SQUARE SAPPORO II (Chuo-ku, Sapporo-shi) was completed in September 2025.

In addition, (tentative name) Shinsaibashi Project (Chuo-ku, Osaka-shi), Jiyugaoka 1-29 Redevelopment Project (Meguro-ku, Tokyo), (tentative name), Ginza 8-chome 9-11, 12 Development Project (Chuo-ku, Tokyo), (tentative name) Shiohama 2-chome Development Project I (Koto-ku, Tokyo), (tentative name) Aoyama Building Reconstruction Project (Minato-ku, Tokyo), (tentative name) G8 Development Project (Chuo-ku, Tokyo), (tentative name) Ginza 5-chome Development Project (Chuo-ku, Tokyo), (tentative name) Ginza 6-chome Miyuki St. Development Project (Chuo-ku, Tokyo), (tentative name) Ginza 7-chome Showa St. Development Project (Chuo-ku, Tokyo), and (tentative name) Shinjuku 318 Development Project (Shinjuku-ku, Tokyo), etc. were proceeded as planned.

In PPP (Public Private Partnership) business, projects including “Urban Renewal Step-Up Project (Shibuya Area) Shibuya 1-chome Area Joint Development Project” conducted by the Tokyo Metropolitan Government and the Shibuya City Government, etc. were proceeded as planned.

As for real estate for sale, properties including Hulic Hiroo Building (Minato-ku, Tokyo), (tentative name) Ichigaya Development Project (Chiyoda-ku, Tokyo), Hulic Shinjuku Building (partial) (Shinjuku-ku, Tokyo), Asakusa View Hotel (Taito-ku, Tokyo), Yaesu 2-Chome Central District Category-I Urban Redevelopment Project (Chuo-ku, Tokyo), and Hulic Osaka Building (Chuo-ku Osaka-shi), etc. were sold.

As described above, the segment operations progressed as planned because leasing income from real estate was stable due to completion and acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate for sale steadily progressed during fiscal year ended December 31, 2025. As a result, operating revenue in this business segment was ¥637,458 million (increased ¥110,253 million or 20.9% YoY) and operating profit was ¥198,111 million (increased ¥27,683 million or 16.2% YoY).

<Insurance Agency>

Hulic Insurance Service Co., Ltd., one of the Company’s consolidated subsidiaries, serves as an insurance agency for both Japanese and foreign insurance companies operating in Japan and sells various insurance products to both corporate and individual customers. Although a difficult business environment continues to surround the insurance business industry, Hulic Insurance Service Co., Ltd. is pursuing expansion of this business, concentrating on corporate transactions, with a strategy of acquiring the business rights of existing non-life insurance agents.

As a result, operating revenue in this business segment was ¥3,929 million (increased ¥230 million or 6.2% YoY) and operating profit was ¥1,090 million (increased ¥93 million or 9.3% YoY).

<Hotels / Ryokans>

In Hotels / Ryokans business, as the Company’s consolidated subsidiaries, Hulic Hotel Management Co., Ltd. manages “THE GATE HOTEL” brand hotel series and “View Hotel” brand hotel series, while HULIC FUFU Co., Ltd. manages “FUFU” ryokan series.

During the fiscal year ended December 31, 2025, we captured strong inbound demand and achieved solid performance due to ADR (Average Daily Rates) increase.

As a result, operating revenue in this business segment was ¥54,256 million (increased ¥5,163 million or 10.5% YoY) and operating profit was ¥1,670 million (decreased ¥5 million or 0.3% YoY).

<Others>

Hulic Build Co., Ltd., one of the Company’s consolidated subsidiaries, regularly takes orders of repair constructions, constructions of refurbishment at the end of lease contracts and interior fit-outs at the beginning of lease contracts from the Company’s existing properties. In addition, Riso Kyoiku Group Co., Ltd., one of the Company’s consolidated subsidiaries, operates and manages children education services, etc.

As a result, operating revenue was ¥45,643 million (increased ¥19,829 million or 76.8% YoY) and operating profit was ¥2,137 million (decreased ¥95 million or 4.2% YoY).

(2) Overview of Consolidated Financial Position

1) Changes in Consolidated Financial Position

<Assets>

Total assets as of December 31, 2025 was ¥3,506,068 million, increased by ¥457,132 million from December 31, 2024. From the perspective of restructuring the portfolio to achieve “high profit growth” and “stable core profit increase”, we work to continuously reshuffle the portfolio to properties with competitive advantages that can adapt to environmental changes and promote carefully selected development projects.

In addition, the Group strives to provide support and backup as a sponsor to maintain and improve the long-term earnings of Hulic Reit, Inc. & Hulic Private Reit, Inc. and realize steady growth of their assets under management.

Changes in amount of major items are as follows.

- Operational investment securities: Increased ¥68,539 million (Acquisition of operational investment securities, return of investments, etc.)
- Buildings and structures: Increased ¥33,829 million (Acquisition and completion of properties, transfer to real estate for sale, etc.)
- Land: Increased ¥140,779 million (Acquisition of properties, transfer to real estate for sale, etc.)
- Investment securities: Increased ¥79,012 million (Acquisition and sales of investment securities, an increase in unrealized gains of investment securities, etc.)

<Liabilities>

Total liabilities as of December 31, 2025 was ¥2,566,887 million, increased ¥374,296 million from December 31, 2024. This was mainly attributable to financing carried out for capital investment and the like.

The balance of borrowings was ¥1,607,396 million, which included ¥76,175 million non-recourse borrowings owed by consolidated SPCs. Financing from financial institutions was operated stably at low cost thanks to the credit strength on the back of the Group's high earnings level.

<Net Assets>

Total net assets as of December 31, 2025 was ¥939,180 million, increased ¥82,835 million from December 31, 2024. Total shareholders' equity was ¥829,364 million, increased ¥60,187 million from December 31, 2024, due mainly to an increase of retained earnings in profit attributable to owners of parent and a decrease of retained earnings in the cash dividend payment.

Total accumulated other comprehensive income was ¥83,915 million, increased ¥20,100 million from December 31, 2024, due mainly to an increase of valuation difference on available-for-sale securities as a result to an increase of ¥30,002 million in unrealized gains of securities.

(3) Consolidated Cash Flows

In the fiscal year ended December 31, 2025, cash and cash equivalents (hereinafter "cash") amounted to ¥130,655 million at the end of the fiscal year ended December 31, 2025 as a result of an increase of ¥269,239 million through operating activities, a decrease of ¥544,500 million through investing activities and an increase of ¥272,264 million through financing activities.

Million yen		
	Fiscal year ended December 31,	
	2025	2024
Cash flows from operating activities	269,239	353,388
Cash flows from investing activities	(544,500)	(602,020)
Cash flows from financing activities	272,264	300,589
Cash and cash equivalents at end of period	130,655	134,326

Cash flows in each activities and the major contributing factors in the fiscal year ended December 31, 2025 were as follows.

<Cash flows from operating activities>

Cash flows from operating activities was ¥269,239 million (decreased ¥84,149 million YoY). This was mainly attributable to ¥171,343 million in profit before income taxes with the main factors of leasing income from real estate and sales of real estate for sale as well as ¥19,913 million of depreciation and a decrease of ¥164,868 million in real estate for sale.

<Cash flows from investing activities>

Cash flows from investing activities was negative ¥544,500 million (decreased ¥57,519 million YoY). This was mainly attributable to portfolio reshuffling, development and reconstruction carried out from the perspective of restructuring the portfolio to achieve "high profit growth" and "stable core profit increase".

<Cash flows from financing activities>

Cash flows from financing activities was ¥272,264 million (decreased ¥28,324 million YoY). This was mainly attributable to financing for above-mentioned portfolio reshuffling, and development and reconstruction projects while cash dividend was paid.

(Reference) Trends in cash flow indicators

	As of December 31,		
	2025	2024	2023
a. Equity ratio (%)	26.0	27.3	30.8
b. Equity ratio in terms of market capitalization (%)	37.1	34.2	45.2
c. Interest bearing debts to cash flows from operating activities (times)	8.2	5.3	5.3
d. Interest coverage ratio (times)	13.5	27.4	23.3

Definitions:

- a. Equity ratio = Equity / Total assets
- b. Equity ratio in terms of market capitalization = Market capitalization / Total assets
- c. Interest bearing debts to cash flows from operating activities = Interest bearing debts / Cash flows from operating activities
- d. Interest coverage ratio = Cash flows from operating activities / Interest expenses paid

- Notes:
1. The criteria for each indicator was calculated based on consolidated financial statements.
 2. Market capitalization was calculated based on the number of issued shares excluding treasury shares.
 3. The figure used for cash flows is cash flows from operating activities on the consolidated statements of cash flows.
 4. Interest-bearing debts cover all debts reported in the consolidated financial statements for which interests were paid. Interest expenses paid was equal to interest expenses paid as stated in the consolidated statements of cash flows.

(4) Outlook for the fiscal year ending December 31, 2026

For the fiscal year ending December 31, 2026, we expect moderate growth to continue, driven by an increase in personal consumption due to rising wages and higher corporate capital investment for growth purposes. On the other hand, we believe it is necessary to pay close attention to the impact of uncertainties in the overseas economy and international conditions, as well as fluctuations in financial markets.

In the real estate business environment, we expect the investment market for income-generating real estate to continue performing steadily, driven by a robust leasing market resulting from financial institutions' proactive lending stance and the ongoing decrease in new supply due to rising construction costs.

In these circumstances, the Group forecasts the following consolidated business results and financial position for the fiscal year ending December 31, 2026.

In addition, the Group made progress toward achieving the target of its current Medium- and Long-term Management Plan (2020-2029), reaching the consolidated ordinary profit of ¥172.9 billion for the fiscal year ended December 31, 2025. Accordingly, the Company has been working on formulation of a new Medium- and Long-term Management Plan (2026-2036) in response to changes in business environment. The plan is scheduled to be announced on February 3, 2026.

- The forecasts of consolidated business results for the fiscal year ending December 31, 2026

Forecasts of Consolidated Business Results (Million yen)

	Forecasts for the fiscal year ending December 31, 2026
Operating profit	210,000
Ordinary profit	185,000
Profit attributable to owners of parent	121,000

- The forecasts of financial situation for the fiscal year ending December 31, 2026

In the fiscal year ending December 31, 2026, the Company will continue strategically promoting property acquisition, and will also focus on new corporate investments. Expenditure of cash flows of capital investments will be financed primarily by borrowings from financial institutions and corporate bonds, etc.

The forecasts of business results contained in these materials reflect analysis and judgments based on the information available as of the date of announcement of these materials. In no way do these statements provide any assurance by the Company of achieving such results. Actual business results may vary due to changes in the operating environment, among other factors.

(5) Basic Policy for Dividend Distribution and Dividends for the fiscal year ended December 31, 2025 and the fiscal year ending December 31, 2026

The Company's basic policy for dividend distribution is to continue a stable dividend as a return of profits to shareholders while replenishing internal reserves required to strengthen long-term and stable business platform from the principal business standpoint of a real estate investing operator. Equally important for the Company is to pay dividends reflective of business performance trends.

The Company's basic policy for dividend is to provide dividends from surplus once a year by payment of a year-end dividend. However, as the Company is adopting an interim dividend system as presented below, the Company may pay dividends from surplus twice a year by paying an interim dividend after considering business performance in the respective fiscal year. The organizations that determine these dividends from surplus shall be the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

Under this basic policy, the Company plans to put forward a proposal to be approved at the Company's Annual General Meeting of Shareholders to be held on March 25, 2026, of a year-end dividend per share of ¥33.5 (interim dividend was ¥28.5).

Dividends for the fiscal year ended December 31, 2025 is as follows.

Date and venue of decision	Total amount of dividends (Million yen)	Dividends per share (Yen)
Board of Directors meeting held on July 28, 2025	21,849	28.5
Annual General Meeting of Shareholders to be held on March 25, 2026	25,683	33.5

Based on the above-mentioned policy, with regard to the dividend for the fiscal year ending December 31, 2026, the dividend of ¥67.0 (¥33.5 for interim dividend, ¥33.5 for year-end dividend) is anticipated for the full year.

2. Basic Perspective on Selection of Accounting Standards

The Group currently employs Japanese accounting standards. At present, the Group is undecided on whether to employ International Financial Reporting Standards in the future.

3. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (Unaudited)

(Million yen)

Item	As of	
	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and deposits	131,083	134,462
Notes and accounts receivable, and contract assets	22,057	14,194
Notes receivable - trade	687	—
Operational investment securities	78,280	9,740
Merchandise and finished goods	3,489	225
Work in process	453	—
Real estate for sale	374,322	354,961
Real estate for sale in process	46,683	49,425
Costs on construction contracts in progress	47	26
Raw materials and supplies	956	472
Other	28,515	20,374
Allowance for doubtful accounts	(50)	(19)
Total current assets	686,528	583,864
Non-current assets		
Property, plant and equipment		
Buildings and structures	359,230	317,407
Accumulated depreciation	(81,910)	(73,917)
Buildings and structures, net	277,319	243,489
Machinery, equipment and vehicles	28,173	21,936
Accumulated depreciation	(7,241)	(4,088)
Machinery, equipment and vehicles, net	20,931	17,848
Land	1,546,139	1,405,359
Construction in progress	71,494	45,782
Other	22,109	20,672
Accumulated depreciation	(10,620)	(9,327)
Other, net	11,489	11,344
Total property, plant and equipment	1,927,374	1,723,825
Intangible assets		
Goodwill	126,209	117,160
Leasehold interests in land	91,250	70,843
Other	41,362	28,881
Total intangible assets	258,822	216,886
Investments and other assets		
Investment securities	499,499	420,487
Guarantee deposits	56,411	53,986
Deferred tax assets	4,116	3,867
Net defined benefit asset	295	197
Other	71,284	44,436
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	631,600	522,967
Total non-current assets	2,817,797	2,463,680

Deferred assets		
Business commencement expenses	46	6
Organization expenses	1	—
Share issuance costs	45	15
Bond issuance costs	1,649	1,369
Total deferred assets	1,741	1,391
Total assets	3,506,068	3,048,935

(Million yen)

Item	As of	
	December 31, 2025	December 31, 2024
LIABILITIES		
Current liabilities		
Short-term borrowings	3,295	166,957
Current portion of long-term borrowings	206,009	192,762
Short-term bonds payable	119,726	29,909
Current portion of bonds payable	60,060	—
Accrued expenses	8,193	5,867
Income taxes payable	32,518	27,725
Advances received	12,509	10,464
Provision for bonuses	1,690	962
Provision for bonuses for directors (and other officers)	537	382
Other provisions	48	—
Other	46,122	27,721
Total current liabilities	490,711	462,754
Non-current liabilities		
Bonds payable	424,070	444,000
Long-term borrowings	1,398,092	1,037,369
Deferred tax liabilities	107,248	89,978
Provision for share awards	4,378	3,151
Net defined benefit liability	5,311	4,652
Long-term guarantee deposits	120,417	104,947
Other provisions	56	—
Other	16,602	45,737
Total non-current liabilities	2,076,176	1,729,837
Total liabilities	2,566,887	2,192,591
NET ASSETS		
Shareholders' equity		
Share capital	111,609	111,609
Capital surplus	130,033	137,738
Retained earnings	593,937	522,922
Treasury shares	(6,215)	(3,094)
Total shareholders' equity	829,364	769,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85,176	65,506
Deferred gains or losses on hedges	(1,000)	(517)
Foreign currency translation adjustment	(357)	(1,063)
Remeasurements of defined benefit plans	96	(111)
Total accumulated other comprehensive income	83,915	63,814
New share acquisition rights	75	75
Non-controlling interests	25,825	23,278
Total net assets	939,180	856,344
Total liabilities and net assets	3,506,068	3,048,935

(2) Consolidated Statements of Income (Unaudited) and Consolidated Statements of Comprehensive Income (Unaudited)

Consolidated Statements of Income (Unaudited)

(Million yen)

Item	Fiscal year ended December 31,	
	2025	2024
Operating revenue	727,447	591,615
Operating costs	450,644	360,681
Operating gross profit	276,802	230,934
Selling, general and administrative expenses	89,976	67,573
Operating profit	186,826	163,360
Non-operating income		
Interest income	561	74
Dividend income	5,178	4,025
Share of profit of entities accounted for using equity method	1,247	236
Termination of lease contracts	5,771	1,357
Other	880	1,096
Total non-operating income	13,639	6,791
Non-operating expenses		
Interest expenses	21,759	13,172
Other	5,778	2,649
Total non-operating expenses	27,538	15,822
Ordinary profit	172,927	154,329
Extraordinary income		
Gain on sale of investment securities	3,841	6,097
Gain on investments in silent partnership, etc.	505	99
Other	120	136
Total extraordinary income	4,467	6,333
Extraordinary losses		
Loss on retirement of non-current assets	1,625	2,566
Loss on reconstructions of buildings	778	2,221
Impairment losses	3,633	1,876
Loss on step acquisitions	—	2,792
Other	14	69
Total extraordinary losses	6,052	9,527
Profit before income taxes	171,343	151,136
Income taxes - current	53,295	41,423
Income taxes - deferred	2,785	6,422
Total income taxes	56,081	47,845
Net income before non-controlling interests	115,261	103,290
Profit attributable to non-controlling interests	927	949
Profit attributable to owners of parent	114,334	102,341

Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	Fiscal year ended December 31,	
	2025	2024
Net income before non-controlling interests	115,261	103,290
Other comprehensive income		
Valuation difference on available-for-sale securities	19,768	6,810
Deferred gains or losses on hedges	(482)	(81)
Foreign currency translation adjustment	734	(1,063)
Remeasurements of defined benefit plans, net of tax	170	(479)
Share of other comprehensive income of entities accounted for using equity method	(111)	(236)
Total other comprehensive income	20,079	4,950
Comprehensive income	135,340	108,241
Comprehensive income attributable to		
Owners of parent	134,435	107,293
Non-controlling interests	905	948

(3) Consolidated Statement of Changes in Equity (Unaudited)

I. The fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	111,609	137,738	522,922	(3,094)	769,176
Changes during period					
Dividends of surplus			(43,316)		(43,316)
Profit attributable to owners of parent			114,334		114,334
Purchase of treasury shares				(3,121)	(3,121)
Disposal of treasury shares		0		0	0
Changes in the Scope of Consolidation			(3)		(3)
Change in ownership interest of parent due to transactions with non-controlling interests		(7,705)			(7,705)
Net changes in items other than shareholders' equity					
Total changes during period	-	(7,705)	71,015	(3,121)	60,187
Balance at end of period	111,609	130,033	593,937	(6,215)	829,364

	Accumulated other comprehensive income					New share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	65,506	(517)	(1,063)	(111)	63,814	75	23,278	856,344
Changes during period								
Dividends of surplus								(43,316)
Profit attributable to owners of parent								114,334
Purchase of treasury shares								(3,121)
Disposal of treasury shares								0
Changes in the Scope of Consolidation								(3)
Change in ownership interest of parent due to transactions with non-controlling interests								(7,705)
Net changes in items other than shareholders' equity	19,670	(482)	705	207	20,100	—	2,547	22,647
Total changes during period	19,670	(482)	705	207	20,100	—	2,547	82,835
Balance at end of period	85,176	(1,000)	(357)	96	83,915	75	25,825	939,180

II. The fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	111,609	137,731	461,214	(3,760)	706,794
Changes during period					
Dividends of surplus			(40,632)		(40,632)
Profit attributable to owners of parent			102,341		102,341
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		7		667	674
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	7	61,708	666	62,382
Balance at end of period	111,609	137,738	522,922	(3,094)	769,176

	Accumulated other comprehensive income					New share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	58,943	(436)	-	355	58,862	-	3,643	769,300
Changes during period								
Dividends of surplus								(40,632)
Profit attributable to owners of parent								102,341
Purchase of treasury shares								(0)
Disposal of treasury shares								674
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Net changes in items other than shareholders' equity	6,563	(81)	(1,063)	(466)	4,952	75	19,634	24,661
Total changes during period	6,563	(81)	(1,063)	(466)	4,952	75	19,634	87,044
Balance at end of period	65,506	(517)	(1,063)	(111)	63,814	75	23,278	856,344

(4) Consolidated Statements of Cash Flows (Unaudited)

(Million yen)

Item	Fiscal year ended December 31,	
	2025	2024
Cash flows from operating activities		
Profit before income taxes	171,343	151,136
Depreciation	19,913	17,881
Increase (decrease) in allowance for doubtful accounts	3	9
Increase (decrease) in provision for bonuses	363	(59)
Increase (decrease) in provision for bonuses for directors (and other officers)	155	(0)
Increase (decrease) in provision for share awards	1,226	557
Increase (decrease) in other provisions	(8)	—
Increase (decrease) in net defined benefit asset and liability	239	159
Interest and dividend income	(5,740)	(4,100)
Interest expenses	21,759	13,172
Share of loss (profit) of entities accounted for using equity method	(1,247)	(236)
Loss on retirement of non-current assets	1,625	2,566
Loss (gain) on sale of non-current assets	(61)	(82)
Loss (gain) on sale of investment securities	(3,841)	(6,097)
Loss (gain) on investments in silent partnership, etc.	(505)	(99)
Loss (gain) on step acquisitions	—	2,792
Decrease (increase) in trade receivables	(3,187)	(3,979)
Decrease (increase) in inventories	164,868	212,081
Decrease (increase) in guarantee deposits	(2,185)	(2,605)
Increase (decrease) in guarantee deposits received	15,469	5,220
Decrease (increase) in operational investment securities	(57,468)	(10,035)
Decrease (increase) in other assets	(396)	9,378
Increase (decrease) in other liabilities	8,269	6,749
Subtotal	330,596	394,407
Interest and dividends received	8,013	6,237
Interest paid	(19,832)	(12,880)
Income taxes paid	(49,538)	(34,376)
Cash flows from operating activities	269,239	353,388
Cash flows from investing activities		
Payments into time deposits	(515)	(2,337)
Proceeds from withdrawal of time deposits	215	115
Purchase of property, plant and equipment	(426,254)	(364,708)
Proceeds from sale of non-current assets	177	166
Purchase of intangible assets	(19,810)	(10,059)
Purchase of investment securities	(105,630)	(118,553)
Proceeds from sale of investment securities	4,546	7,578
Proceeds from redemption of investment securities	45,156	26,312
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	168
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(22,395)	(131,847)
Loan advances	(6,742)	(3,739)
Proceeds from collection of loans receivable	2	0
Other, net	(13,249)	(5,115)
Cash flows from investing activities	(544,500)	(602,020)

(Million yen)

Item	Fiscal year ended December 31,	
	2025	2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(165,542)	160,461
Net increase (decrease) in short-term bonds payable	88,850	29,510
Proceeds from long-term borrowings	654,862	223,000
Repayments of long-term borrowings	(285,012)	(103,484)
Proceeds from issuance of bonds	159,135	62,604
Redemption of bonds	(120,000)	(30,000)
Purchase of treasury shares	(3,121)	(0)
Proceeds from sale of treasury shares	0	—
Dividends paid	(43,316)	(40,632)
Proceeds from share issuance to non-controlling interests	1,996	0
Dividends paid to non-controlling interests	(1,128)	(335)
Other, net	(14,459)	(532)
Cash flows from financing activities	272,264	300,589
Foreign currency translation differences on cash and cash equivalents	123	(395)
Net increase (decrease) in cash and cash equivalents	(2,872)	51,562
Cash and cash equivalents at beginning of period	134,326	82,763
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	52	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(851)	—
Cash and cash equivalents at end of period	130,655	134,326

(5) Footnotes on the Consolidated Financial Statements

< Footnotes on the Assumption of Going Concern >

N/A

< Changes in Presentation >

(Consolidated Balance Sheets)

“Merchandise” under “Current assets” in the fiscal year ended December 31, 2024, has been changed to “Merchandise and finished goods” in the fiscal year ended December 31, 2025, due to the occurrence of “finished goods”. In addition, “Supplies” under “Current assets” in the fiscal year ended December 31, 2024, has been changed to “Raw materials” and supplies” in the fiscal year ended December 31, 2025, due to the occurrence of “raw materials”. To reflect these changes in presentation, the line items in the financial statements for the fiscal year ended December 31, 2024 have been renamed.

“Operational investment securities” which was included in “Other” under “Current assets” in the fiscal year ended December 31, 2024, was separately presented for the fiscal year ended December 31, 2025 because it exceeded 1/100 of total amount of “Assets”. To reflect these changes in presentation, the financial statements for the fiscal year ended December 31, 2024 have been reclassified.

As a result, ¥30,114 million previously recorded in “Other” under “Current assets” in the Consolidated Balance Sheets for the fiscal year ended December 31, 2024 has been reclassified as ¥9,740 million in “Operational investment securities” and ¥20,374 million in “Other”.

(Consolidated Statements of Cash Flows)

“Decrease (increase) in operational investment securities” which was included in “Decrease (increase) in other assets” under “Cash flows from operating activities” in the fiscal year ended December 31, 2024, was separately presented for in the fiscal year ended December 31, 2025 because the amount has become material. To reflect these changes in presentation, the financial statements for the fiscal year ended December 31, 2024 have been reclassified.

As a result, negative ¥656 million previously recorded in “Decrease (increase) in other assets” under “Cash flows from operating activities” in the Consolidated Statements of Cash Flows for the fiscal year ended December 31, 2024 has been reclassified as negative ¥10,035 million in “Decrease (increase) in operational investment securities” and ¥9,378 million in “Decrease (increase) in other assets” under “Cash flows from operating activities”.

< Leasing Properties and Investment >

The Company and some of its consolidated subsidiaries own office buildings, rental condominiums and retail commercial facilities etc. in Tokyo and other major cities in Japan with the aim of obtaining leasing revenue. A portion of these leased office buildings are used by the Company and some of its consolidated subsidiaries and therefore have been classified as real estate that includes portions used as leasing properties and investment.

The amount on the consolidated balance sheets, the increase / decrease during period, and the fair value of such leasing properties and investment and real estate that includes portions used as leasing properties and investment are shown below.

(Million yen)

	Fiscal year ended December 31,	
	2025	2024
Leasing properties and investment		
Amount on consolidated balance sheets		
Balance at beginning of period	1,448,381	1,390,455
Increase / decrease during period	193,628	57,925
Balance at end of period	1,642,009	1,448,381
Fair value at end of period	1,976,145	1,762,248
Real estate including portions used as leasing properties and investment		
Amount on consolidated balance sheets		
Balance at beginning of period	179,009	149,583
Increase / decrease during period	29,628	29,425
Balance at end of period	208,638	179,009
Fair value at end of period	284,458	268,056

- Notes: 1. The amount on the consolidated balance sheets represents the acquisition cost less the accumulated depreciation and impairment loss.
2. Of the increase / decrease during period, the key increase / decrease during the fiscal year ended December 31, 2024 was the increase due to real estate acquisitions (¥351,566 million) and the decrease due to transfer to real estate for sale (¥224,213 million). The key increase / decrease during the fiscal year ended December 31, 2025 was the increase due to real estate acquisitions (¥401,832 million) and the decrease due to transfer to real estate for sale (¥163,706 million).
3. For major properties, the fair value at the end of each period was the amount calculated by the Company based on the “Real Estate Appraisal Standards”. For other major properties, the fair value at the end of the year was the amount calculated by the Company using indicators and others believed to appropriately reflect market prices, while for certain properties, the fair value at the end of each period was the amount determined by an outside real estate appraiser based on a real estate appraisal report. If there have been no critical changes to certain assessment values or indicators believed to appropriately reflect market prices since the time that a property was acquired from a third party or since the most recent assessment, the fair value at the end of each period was the amount determined after making an adjustment using said assessment value or indicators. For properties newly acquired during the fiscal year ended December 31, 2025, the fair value was the amount on the consolidated balance sheets due to the fact that the change in the fair value was believed to be immaterial.

The profit / loss for leasing properties and investment as well as real estate including portions used as leasing properties and investment is shown below.

(Million yen)

	Fiscal year ended December 31,	
	2025	2024
Leasing properties and investment		
Leasing revenue	69,729	64,423
Leasing cost	35,694	31,698
Difference	34,035	32,724
Other profit or (loss)	(1,978)	(3,064)
Real estate including portions used as leasing properties and investment		
Leasing revenue	4,080	3,899
Leasing cost	6,251	5,724
Difference	(2,171)	(1,825)
Other profit or (loss)	(3,169)	(1,938)

Notes: 1. Real estate including portions used as leasing properties and investment includes portions used by the Company and / or some of its consolidated subsidiaries as services provided and management. Therefore, leasing revenue for these portions was not posted. In addition, such real estate related costs (depreciation, repair expenses, insurance expenses, taxes and dues, etc.) were included in the leasing cost.

2. Other profit or (loss) for the fiscal year ended December 31, 2024, mainly included loss on reconstructions of buildings and loss on retirement of non-current assets posted under “Extraordinary losses”. For the fiscal year ended December 31, 2025, other profit or (loss) included impairment losses and loss on retirement of non-current assets posted under “Extraordinary losses”.

<Segment Information>

1. Description of reportable segments

The Group’s reportable segments are those business units for which separate financial information can be obtained and regarding which the Board of Directors regularly holds deliberations in order to decide the allocation of management resources as well as evaluate business performance.

The Group comprises segments for each industry based on the Company and the Company’s consolidated subsidiaries. The three reportable segments are “Real Estate”, “Insurance Agency” and “Hotels / Ryokans”.

The major businesses included in of each reportable segment are noted below.

- | | |
|-------------------------------------|---|
| (1) Real Estate | Leasing, development and asset management, etc. |
| (2) Insurance Agency (subsidiary) | Insurance agency |
| (3) Hotels / Ryokans (subsidiaries) | Management of Hotels / Ryokans |

2. Explanation of measurements of operating revenue, profit / loss, assets, liabilities, and other items for each reportable segment

The accounting methods of reportable segments are generally the same as those described in “Significant matters forming the basis of preparing the consolidated financial statements”, which have been omitted from these materials.

Profits of reportable segments are figures based on operating profit. Inter-segment operating revenue and the balance of book-entry transfers are based on prices to market realities.

3. Information on operating revenue, operating profit, assets, liabilities, and other items for each reportable segment

I. Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels / Ryokans (subsidiaries)	Total				
Operating revenue								
Outside customers	628,049	3,929	53,854	685,834	41,612	727,447	—	727,447
Inter-segment	9,408	—	401	9,810	4,030	13,840	(13,840)	—
Total	637,458	3,929	54,256	695,644	45,643	741,287	(13,840)	727,447
Segment profit	198,111	1,090	1,670	200,872	2,137	203,010	(16,184)	186,826
Segment assets	3,066,637	7,931	34,120	3,108,689	126,487	3,235,177	270,891	3,506,068
Other items								
Depreciation	15,530	18	1,336	16,885	1,379	18,265	1,648	19,913
Investment in entities accounted for using equity methods	259,024	—	—	259,024	6,229	265,254	(79)	265,174
Increase in tangible non-current assets and intangible assets	413,895	24	2,876	416,796	26,935	443,732	8,200	451,933

Notes:

1. The category of “Others” included business segments that were not included in the reportable segments, such as general construction, design, construction management, and child education business, etc.
2. The details of adjustment amounts were as follows:
 - (1) The adjustment of negative ¥16,184 million in segment profit included negative ¥790 million in inter-segment transaction eliminations and negative ¥15,393 million in corporate expenses not allocated to any reportable segment. Corporate expenses mainly consisted of expenses related to general and administrative divisions not attributable to any reportable segment.
 - (2) The adjustment of ¥270,891 million in segment assets included negative ¥67,691 million in inter-segment transaction eliminations and ¥338,582 million in corporate assets not allocated to any reportable segment. Corporate assets mainly consisted of surplus operating funds (cash and deposits), investment securities and assets related to general and administrative divisions.
3. Segment profit was adjusted with operating profit reported in the Consolidated Statements of Income.

II. Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Million yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels / Ryokans (subsidiaries)	Total				
Operating revenue								
Outside customers	517,262	3,699	48,770	569,732	21,883	591,615	—	591,615
Inter-segment	9,942	—	322	10,264	3,930	14,195	(14,195)	—
Total	527,204	3,699	49,092	579,996	25,814	605,810	(14,195)	591,615
Segment profit	170,428	997	1,675	173,101	2,233	175,335	(11,974)	163,360
Segment assets	2,701,006	7,409	30,632	2,739,049	64,713	2,803,762	245,173	3,048,935
Other items								
Depreciation	14,555	20	1,307	15,883	592	16,476	1,405	17,881
Investment in entities accounted for using equity methods	193,513	—	—	193,513	4,646	198,159	—	198,159
Increase in tangible non-current assets and intangible assets	374,795	7	1,690	376,493	34,419	410,913	6,219	417,132

Notes:

1. The category of “Others” included business segments that were not included in the reportable segments, such as general construction, design, construction management, and child education business, etc.
2. The details of adjustment amounts were as follows:
 - (1) The adjustment of negative ¥11,974 million in segment profit included ¥868 million in inter-segment transaction eliminations and negative ¥12,842 million in corporate expenses not allocated to any reportable segment. Corporate expenses mainly consisted of expenses related to general and administrative divisions not attributable to any reportable segment.
 - (2) The adjustment of ¥245,173 million in segment assets included negative ¥115,240 million in inter-segment transaction eliminations and ¥360,414 million in corporate assets not allocated to any reportable segment. Corporate assets mainly consisted of surplus operating funds (cash and deposits), investment securities and assets related to general and administrative divisions.
3. Segment profit was adjusted with operating profit reported in the Consolidated Statements of Income.

<Information per Share>

	Fiscal year ended December 31,	
	2025	2024
BPS	1,202.76 yen	1,093.78 yen
EPS	150.50 yen	134.42 yen
Diluted EPS	150.50 yen	134.42 yen

Notes: 1. The Company's own shares remaining in the Board Benefit Trust (BBT), which have been recorded as treasury shares in shareholders' equity, were included in treasury shares to be deducted in the calculation of the average number of outstanding shares for each period for the purpose of calculating EPS, and included in the number of treasury shares to be deducted from the number of issued shares as of the end of each period for the purpose of calculating BPS.

The average number of treasury shares deducted for each period for the purpose of calculating EPS was 2,962 thousand shares for the fiscal year ended December 31, 2024 and 4,618 thousand shares for the fiscal year ended December 31, 2025 whereas the number of treasury shares deducted as of the end of each period for the purpose of calculating BPS was 2,710 thousand shares for the fiscal year ended December 31, 2024 and 4,959 thousand shares for the fiscal year ended December 31, 2025.

2. The basis for the calculation of EPS and Diluted EPS is as follows:

	Fiscal year ended December 31,	
	2025	2024
EPS		
Profit attributable to owners of parent (million yen)	114,334	102,341
Amount not attributable to holders of common shares (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	114,334	102,341
Average number of outstanding common shares for each period (thousand shares)	759,660	761,308
Diluted EPS		
Adjustment to profit attributable to owners of parent (million yen)	(0)	(1)
(Adjustment related to dilutive shares of affiliates (million yen))	(0)	(1)
Increase in common shares (thousand shares)	—	0
Description of antidilutive securities which were not included in the calculation of diluted EPS	—	—

<Significant Subsequent Events>

N/A