

Consolidated Financial Results for the Fiscal Year Ended FY2025/3

May 9, 2025

Company name: Sun Frontier Fudousan Co.,Ltd.
 Stock exchange listings: Tokyo Stock Exchange
 Stock code: 8934
 URL: <https://www.sunfrt.co.jp/en/>
 Representative: Seiichi Saito, President and CEO
 Contact: Takeshi Hirahara, Senior Executive Officer,
 General Manager of Corporate Planning Department
 TEL: +81-3-5521-1301
 Scheduled date for ordinary general meeting of shareholders: June 24, 2025
 Scheduled date for dividend payment: June 25, 2025
 Scheduled date for submission of securities report: June 23, 2025
 Supplementary materials for financial summaries: Yes
 Financial results briefing: Yes (For institutional investors and analysts)

*Amounts of less than one million yen are rounded down.

1. Consolidated Financial Results for the Fiscal Year Ended FY2025/3

(1) Consolidated operating results

(% represents the change rate from the previous period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2025/3	103,174	29.2	21,279	20.9	20,446	17.7	14,163	18.8
FY2024/3	79,868	-3.5	17,600	18.1	17,374	18.0	11,917	2.6

(Note) Comprehensive income for FY2025/3: 14,787 million yen (19.5%)
 for FY2024/3: 12,375 million yen (3.3%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit margin on sales
	Yen	Yen	%	%	%
FY2025/3	291.58	257.26	14.7	10.1	20.6
FY2024/3	245.50	230.74	13.9	10.2	22.0

(Reference) Investment profit (loss) on equity method FY2025/3 -14 million yen
 FY2024/3 12 million yen

(2) Consolidated financial positions

	Total assets	Net assets	Equity to total assets ratio	Net assets per share
	million yen	million yen	%	Yen
FY2025/3	218,190	105,892	46.8	2,102.79
FY2024/3	188,661	94,416	48.0	1,864.36

(Reference) Owner's equity FY2025/3: 102,159 million yen
 FY2024/3: 90,519 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	million yen	million yen	million yen	million yen
FY2025/3	-4,236	-8,809	9,479	44,754
FY2024/3	-11,003	-4,254	21,040	47,866

2. Cash dividends

	Annual dividends per share					Total dividends	Consolidated Payout Ratio	Consolidated Net Asset dividend rate
	1Q end	2Q end	3Q end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
FY2024/3	—	26.00	—	32.00	58.00	2,819	23.6	3.3
FY2025/3	—	33.00	—	33.00	66.00	3,214	22.6	3.3
FY2026/3 (Forecast)	—	38.00	—	38.00	76.00		23.8	

3. Forecast for Consolidated Financial Results for FY2026/3

(% represents the change rate from the previous period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		EPS
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Full year	117,000	13.4	23,840	12.0	22,500	10.0	15,500	9.4	319.11

* Notes

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

New 6Company (Company Name) Sun Frontier Asset Management Inc.,
Oriental Resort Associates Inc.

Exclusion 1Company (Company Name)

(Note) The excluded company is an equity-method affiliate.

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

- (i) Changes in accounting policies due to changes in accounting standard : Yes
- (ii) Changes in accounting policies other than (i) above : None
- (iii) Changes in accounting estimates : None
- (iv) Retrospective restatement : None

(3) Number of outstanding shares (common stock)

(i) Number of outstanding shares at the end of the period (including treasury stock):	FY2025/3	48,755,500 shares	FY2024/3	48,755,500 shares
(ii) Number of shares of treasury stock at the end of the period:	FY2025/3	172,616 shares	FY2024/3	203,208 shares
(iii) Average number of shares for the period (interim):	FY2025/3	48,573,202 shares	FY2024/3	48,541,810 shares

(Note) The Number of treasury stock at the period end for the fiscal year ending March 2025 includes the number of shares after deducting 1,051 shares of treasury stock acquired due to the gratuitous acquisition associated with mid-term retirement under the restricted stock compensation plan, and 31,643 shares of treasury stock disposed of as restricted stock compensation.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended FY2025/3

(1) Non-consolidated operating results

(% represents the change rate from the previous period)

	Net sales		Operating profit		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2025/3	72,930	37.8	15,975	33.8	15,339	32.1	10,821	36.1
FY2024/3	52,929	1.6	11,944	-0.0	11,614	-1.2	7,953	1.0
	Basic earnings per share		Diluted earnings per share					
	Yen		Yen					
FY2025/3	222.78		196.56					
FY2024/3	163.85		154.00					

(2) Non-consolidated financial positions

	Total assets	Net assets	Equity to total assets ratio	Net assets per share
	million yen	million yen	%	Yen
FY2025/3	186,019	93,100	50.0	1,915.70
FY2024/3	168,972	85,382	50.5	1,757.95

(Reference) Owner's equity FY2025/3: 93,070 million yen
FY2024/3: 85,352 million yen

※ Consolidated Financial Results is not eligible for review by Certified Public Accountants or auditors.

※ Explanation for appropriate use of forecast and other special matters

Earnings per share in the forecast of consolidated financial results for FY2025/3 are calculated based on the average number of shares for the period, 48,573,202 shares.

Forward-looking statements, such as forecasts of consolidated financial performance, stated in this document are based on information currently possessed by the Company as well as certain assumptions deemed rational. It does not mean that the Company assures that the contents mentioned in these forward-looking statements will ever materialize. Actual financial performance may be significantly different from such expectations due to various factors.

For further information on assumptions used in forecasts, please see Page 12, (4) Future Outlook.

– Contents

○Accompanying Materials

1.Overview of Operating Results.....	5
(1) Overview of Operating Results for the Fiscal Year under Review.....	5
(2) Overview of Financial Position for the current fiscal year.....	11
(3) Overview of Cash Flows for the current fiscal year.....	11
(4) Future Outlook	12
2. Basic Approach to the Selection of Accounting Standard	13
3.Consolidated Financial Statements and Major Notes.....	14
(1)Consolidated Balance Sheets.....	14
(2)Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.....	16
Consolidated Statements of Income	16
Consolidated Statement of Comprehensive Income.....	17
(3) Consolidated Statements of Changes in Net Assets	18
(4) Consolidated Statements of Cash Flows	20
(5) Notes to consolidated financial statements.....	22
(Notes on the Going Concern Assumption).....	22
(Changes in Accounting Policies)	22
(Segment Information)	22
(Per Share Information).....	25
(Significant subsequent events).....	25

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year under Review

During the consolidated cumulative fiscal year under review (April 1, 2024 to March 31, 2025, hereafter, the current fiscal year), the Japanese economy continued to recover moderately. However, due to uncertainties brought about by the U.S. tariff policy, among other factors, the Bank of Japan has decided to hold off on additional interest rate hikes. As a result, although the rise in domestic interest rates is showing signs of stabilizing, we need to closely monitor future trends. The global economy is affected by policy changes in the U.S., the slowdown in the Chinese economy, and geopolitical uncertainties, and there is a sense of uncertainty about future economic growth.

In the real estate market, the new supply of office buildings began to decline, and the trend of returning to offices also continued. Rent increases and improvements in vacancy rates continued. We expect an increase in supply due to the completion of several large-scale office buildings in 2025, but the impact on the market is expected to be limited. In the real estate investment market, due to the low cost of raising funds compared to the European and U.S. markets, there is continued strong investment interest in stable income properties from high-net-worth individuals and institutional investors, particularly in Asia. In the hotel and tourism market, the occupancy rate of accommodation facilities and average room rates are rising due to the expansion of domestic travel and inbound demand, while the effects of labor shortages and over-tourism are becoming apparent.

In this business environment, our Group's office building business renovated the purchased properties into office buildings that accommodate hybrid working styles that combine company visits with remote work, and we are focusing on commercializing products that meet social value. Property sales for the current fiscal year progressed as planned, achieving the full-year forecast. With regard to purchasing properties, we are steadily proceeding with our medium-term management plan 2028 and beyond, with a view to achieving sustainable growth, while assessing changes in the market. In addition, in the hotel development business, construction work is generally progressing steadily toward the opening of new hotels in the future. The hotel operations business benefited from the expansion of tourism demand, and results from enhanced hospitality and marketing were observed, leading to significant increases in occupancy rates and average room rates, resulting in substantial growth in performance. This fiscal year, we reached the net sales and profit targets outlined in the Medium-Term Management Plan 2025, announced in May 2021, and achieved a record high.

(Millions of yen)

	Results for FY2024/3	Results for FY2025/3	Rate of change	Forecast (MMP2025)	Achievement rate
Net sales	79,868	103,174	29.2%	100,000	103.2%
Gross profit	26,405	32,225	22.0%	31,000※	104.0%
Operating profit	17,600	21,279	20.9%	20,870※	102.0%
Ordinary profit	17,374	20,446	17.7%	20,000	102.2%
Profit attributable to owners of parent	11,917	14,163	18.8%	14,000	101.2%
Ordinary profit ratio	21.8%	19.8%	-	20%	-
Equity ratio	48%	46.8%	-	50% level	-
ROE	13.9%	14.7%	-	10% or more	-

※Gross profit and operating profit are not quantitative targets in the medium-term management plan.

Results by business segment were as follows.

(Real Estate Revitalization Business)

In the Real Estate Revitalization Business, the Group is engaged in ① the Replanning Business and ② the Rental Building Business.

① In the Replanning Business, we renovate buildings with declining occupancy rates that require repairs and improved designs from a client-centric perspective. In this way, we aim to transform them into high-occupancy, high-value-added buildings. In the real estate revitalization business in New York, we utilize the know-how we have cultivated in Japan to enhance the quality of life for local residents and provide real estate investment opportunities for investors in Japan. In the Real Estate Specified Joint Business, we fractionalize prime real estate properties, mainly in central Tokyo, and offer these small-lot investment products to a wide range of investors, allowing them to start investing with small amounts.

In the current fiscal year, the number of properties sold was 38 (of which, two were NY and three were small-lot owned products), an increase of 13 from 25 in the previous fiscal year. As a result, both net sales and profit increased. In the next fiscal year, in addition to further advances in the real estate revitalization business in New York and the real estate specific joint business, we will expand our business domains and respond to the demands of a wider range of clients by expanding the replanning business to Osaka and developing residential properties.

② In the Rental Building Business, the Group aims to build a stable earnings base as a stock business. Even while commercializing properties in the replanning business, the Group is working to increase rental income by leveraging the know-how it has accumulated in the real estate services business. During the current fiscal year, the vacancy rate improved due to favorable leasing activities, and despite an increase in net sales compared to the previous fiscal year, profits declined due to the incurrence of construction costs and other expenses.

<Results of the Real Estate Revitalization Business>

(Millions of yen)

	Results for FY2024/3	Results for FY2025/3	Rate of change	Forecast	Achievement rate
Net sales	51,027	71,339	39.8%	69,800	102.2%
Replanning Business	48,395	68,684	41.9%	67,000	102.5%
Rental Building Business	2,632	2,654	0.9%	2,800	94.8%
Gross profit	16,593	22,114	33.3%	21,230	104.2%
Replanning Business	15,981	21,860	36.8%	20,600	106.1%
Rental Building Business	612	253	-58.5%	630	40.2%
Segment profit	15,602	20,104	28.9%	-	-
Replanning Business	14,989	19,850	32.4%	-	-
Rental Building Business	612	253	-58.5%	-	-

(Real Estate Services)

The Real Estate Services segment engages in ① Property Management Business, ② Building Maintenance Business, ③ Sales Brokerage Business, ④ Leasing Brokerage Business, ⑤ Rental Conference Room Business, and ⑥ Rent Guarantee Business.

- ① In the Property Management Business, we strive to enhance the profitability of owners' properties and maximize their real estate value by building management that caters to the needs of tenants, thereby supporting high occupancy and high profitability in building management.

During the current fiscal year, the number of buildings contracted increased by 49 from the previous fiscal year to 542, and the occupancy rate remained at the same level as the previous fiscal year at 94.23%. As a result, both net sales and profits increased. The number of buildings contracted reached 500, which was the target set for the end of the fiscal year under the medium-term management plan, ahead of schedule, and exceeded the forecast of 540 for the current fiscal year. We will continue to strive to enhance client satisfaction and create enthusiastic fans by providing prompt and high-quality services.

- ② In the Building Maintenance Business, the Group conducts inspections, cleaning, renovation work, surveys, and other activities to maintain and manage buildings under the slogan "Making Tokyo the Most Beautiful City in the World."

In the current fiscal year, both sales and profits increased from the previous fiscal year due to the increase in the number of buildings under management through collaboration with various divisions within the Group. While enhancing our service content to absorb inflationary pressures with appropriate management fees, we will continue to expand our business results.

- ③ As part of its real estate consulting services, the Sales Brokerage Business provides services to promptly resolve issues related to property sales and purchases for clients in each division, including the Property Management Business and the Leasing Brokerage Business.

During the current fiscal year, there was strong investment appetite for Japanese real estate among investors, particularly in Asia, mainly due to the depreciation of the yen against the U.S. dollar driven by interest rate differentials between Japan and overseas, as well as the divestment of dollar assets under the Trump administration. As a result, the number of external brokerage transactions, including those involving overseas investors, increased, leading to higher net sales and profits compared to the previous fiscal year. We expect strong performance to continue in the future, driven by sustained strong investment appetite from overseas investors.

- ④ In the Leasing Brokerage Business, we have established a service network of 12 locations in key areas of central Tokyo. We provide services to support tenants in opening and relocating their businesses while solving all kinds of issues related to building management according to the requests of building owners.

In the current fiscal year, the office market continued its recovery trend, and both sales and profits remained at the same level as the previous fiscal year. In the next fiscal year, the office leasing market will continue to improve further due to the trend of returning to offices, and we expect the number of brokerage deals concluded by our company to continue to increase on a full-year basis. Riding this tailwind, we will actively consider opening new locations and resolving the issues of more building owners.

- ⑤ The Rental Conference Room Business has established 18 locations in the 5 wards of Central Tokyo and Yokohama, providing spaces that meet diverse customer needs, including training, seminars, exhibitions, test sites, and parties. During the current fiscal year, we opened three new locations and expanded floor space at three existing locations, bringing the total size of our operations to 18 locations and 9,711 tsubo. Due to an increase in orders for long-term and large-scale events from repeat customers, sales increased compared to the previous fiscal year; however, profits declined due to the recording of new opening costs for large-scale locations. Continuing with our policy of "not selling rooms, but achieving success in events," we will continue to increase the profitability of our business as a whole. At the same time, we will promote new openings and expansion of existing locations with the aim of achieving the 16,000 tsubo target set in the Medium-Term Management Plan 2028.
- ⑥ The Rent Guarantee Business provides TRI-WINS (Triwins), a rent guarantee service that comprehensively covers occupancy surveys, examinations, guarantees for delinquent payments, lawsuits for the surrender and vacating of buildings, and evictions in offices and stores. The business strives to resolve the risks and issues faced by both owners and tenants, and to contribute to economic growth and social stability.
- In the current fiscal year, both net sales and profits increased compared with the previous fiscal year. This was due to the steady progress in business performance resulting from an increase in the number of new contracts for credit guarantees, which is the Company's main business.

<Results of Real Estate Services Business>

(Millions of yen)

	Results for FY2024/3	Results for FY2025/3	Rate of change	Forecast	Achievement rate
Net sales	10,497	12,488	19.0%	11,650	107.2%
Gross profit	5,636	6,124	8.7%	6,300	97.2%
Segment profit	5,612	6,112	8.9%	-	-

(Hotels and Tourism)

The Hotel & Tourism Business segment engages in ① the Hotel Development Business and ② the Hotel Operation Business.

- ① The Hotel Development Business is engaged in the development and revitalization of richly attractive hotels that lead to the revitalization of the city and society.

In the current fiscal year, the number of hotels sold was only one, the same as the previous fiscal year. Due to a reaction to the large scale of properties sold in the previous fiscal year, sales and profits both declined. In the next fiscal year, STITCH HOTEL Kyoto in Kawaramachi, Kyoto is scheduled to open in June 2025. This hotel is not a development premised on rebuilding, but rather a hotel revitalization project that reduces waste of resources. It is thought that we will create new value in existing real estate. Next, new constructed hotel, Tabino Hotel Kakogawa and Tabino Hotel Ishikari are planned to open in September and October. Both hotels will feature large public baths and will be equipped with washing machines, microwave ovens, two-door refrigerators, etc. in all guest rooms, aiming to provide a comfortable stay for long-term guests. Currently, the total number of hotels scheduled to open and hotels under construction or planned is 2,502 rooms for 16 hotels.

- ② The Hotel Operation Business values the culture and history of the region, and while operating hotels that develop together with the region, provides natural-friendly services under the theme of "Heart-warming and Fun Hotels."

As of the end of the current fiscal year, the number of hotel-operated guest rooms is 28, or 3,144 rooms. In addition to the expansion of inbound demand, both net sales and profits increased significantly year on year as a result of continued increases in occupancy rates and average price per room based on our group's high value-added strategy. We expect that the Hotel Operation Business will continue to perform well in the future, coupled with the expansion of tourism demand due to the relaxation of visas for Chinese people and other factors, as well as the results of efforts to improve operational efficiency and strengthen marketing through the use of systems. In April 2025, the Hiyori Hotel Osaka Suminoe Koen Station was re-branded as the third Hiyori Hotel. By expanding our services as a "hotel that is warm and enjoyable" unique to the Hiyori brand, and by providing customers with high-quality time and space, we aim to become "one of the only hotels in the world for our customers."

<Hotel and Tourism Business Results>

(Millions of yen)

	Results for FY2024/3	Results for FY2025/3	Rate of change	Forecast	Achievement rate
Net sales	16,977	18,831	10.9%	17,430	108.0%
Hotel Development Business	5,270	3,071	-41.7%	3,000	102.4%
Hotel Operating Business, etc.	11,707	15,760	34.6%	14,430	109.2%
Gross profit	4,440	4,479	0.9%	3,840	116.6%
Hotel Development Business	2,200	991	-54.9%	1,100	90.1%
Hotel Operating Business, etc.	2,240	3,487	55.6%	2,740	127.3%
Segment profit	4,369	4,072	-6.8%	-	-
Hotel Development Business	2,134	779	-63.5%	-	-
Hotel Operating Business, etc.	2,234	3,293	47.4%	-	-

(Other)

Other Businesses include ① the Overseas Development Business and ② the Construction Business.

- ① In the current fiscal year, we started construction of our second project, HIYORI Aqua Tower, in August. Sales activities will begin in the fall of 2025, and the building is scheduled to be completed in the fall of 2026. As a result, both sales and profits remained at the same level as the previous fiscal year.
- ② In the Construction Business, the Group is engaged in interior work for offices and houses, and telecommunications network work for offices, with a focus on renovation plans for office spaces, appearances, entrances, and other areas.
- In the fiscal year under review, net sales declined in reaction to the receipt of orders for large-scale projects at Group subsidiaries in the previous fiscal year. On the other hand, profit increased due to an improvement in the profit margin and other factors.

<Other results>

(Millions of yen)

	Results for FY2024/3	Results for FY2025/3	Rate of change	Forecast	Achievement rate
Net sales	2,409	1,992	-17.3%	2,560	77.8%
Gross profit	352	498	41.3%	420	118.6%
Segment profit	301	435	44.6%	-	-

Our sustainability initiatives during the current fiscal year are as follows.

Under our Sustainability Vision, "We will contribute to the realization of a sustainable society through our business activities, valuing the spirit of altruism, which is our company motto (Credo)," our group is promoting efforts to resolve social issues through business.

We recently revised the environmental policy established in 2004 to the Policy on Environmental Conservation and Natural Capital and Biodiversity. This revision clarifies our recognition of the impact of business activities on the global environment, biodiversity, and water resources, and our commitment to conserving natural capital and biodiversity, with the aim of contributing to more proactive and ongoing global environmental protection.

In order to achieve our long-term vision 2035, our group recognizes the importance of contributing to society through our business activities across the entire supply chain. To gain the understanding of our business partners regarding our group's approach to procurement, we have established a supply chain management philosophy. Our group will continue to promote sustainability management to achieve a sustainable society. Our group's efforts regarding sustainability can be found on the sustainability site below.

(<https://www.sunfrit.co.jp/sustainability/en/>)

(2) Overview of Financial Position for the current fiscal year

Total assets at the end of the fiscal year under review were 218.19 billion yen, up 15.7% from the end of the previous fiscal year, liabilities were 112.298 billion yen, up 19.2%, and net assets were 105.892 billion yen, up 12.2%.

The increase in total assets was mainly due to an increase in real estate for sale of 5.518 billion yen, an increase in real estate for sale of 21.335 billion yen, and an increase in long-term loans receivable of 1.459 billion yen, despite a decrease in cash and deposits of 2.947 billion yen and a decrease in land for property, plant and equipment of 1.141 billion yen.

The increase in liabilities was mainly due to an increase in income taxes payable of 2.026 billion yen and an increase in long-term loans payable of 14.946 billion yen, despite a decrease in current portion of long-term loans payable of 2.067 billion yen.

The main factor for the increase in net assets was the recording of profit attributable to owners of parent of 14.163 billion yen and other factors, despite the payment of dividends of 3.165 billion yen and other factors.

The equity ratio was 46.8% (down 1.2% points).

(3) Overview of Cash Flows for the current fiscal year

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review totaled 44.754 billion yen, a decrease of 3.112 billion yen from the beginning of the fiscal year, as a result of a decrease of 4.236 billion yen in funds from operating activities, a decrease of 8.809 billion yen in funds from investing activities, and an increase of 9.479 billion yen in funds from financing activities.

Cash Flows and their factors for the current fiscal year are as follows.

Cash Flows from Operating Activities

Operating activities resulted in a net cash outflow of 4.236 billion yen, compared to a net cash outflow of 11.003 billion yen in the previous fiscal year. This was mainly due to a decrease of 25.042 billion yen associated with an increase in inventories and income taxes paid of 5.071 billion yen, despite having income before income taxes of 20.552 billion yen and depreciation of 2.612 billion yen.

Cash Flows from Investing Activities

Investing activities resulted in a net cash outflow of 8.809 billion yen, compared to a net cash outflow of 4.254 billion yen in the previous fiscal year. This was mainly due to proceeds of 165 million yen from the sale of property, plant and equipment and proceeds of 129 million yen from the collection of guarantee deposits, despite expenditures of 4.019 billion yen for the acquisition of property, plant and equipment and 2.369 billion yen for the acquisition of subsidiary shares due to changes in the scope of consolidation.

Cash flows from Financing Activities

Financing activities resulted in a net cash inflow of 9.479 billion yen, compared to a net cash inflow of 21.040 billion yen in the previous fiscal year. This was mainly due to proceeds of 36.535 billion yen from long-term borrowings, despite repayments of 23.703 billion yen for long-term borrowings.

(Sources of Capital and Liquidity)

The primary funding needs for our group's business activities are the purchase of inventories related to the real estate revitalization business. The purchase of inventories is financed through long-term borrowings from financial institutions secured by individual inventories and funds obtained through operating activities. These inventories are intended to be sold within one year, and the basic policy is to repay the borrowings in full upon the sale of the inventories, incorporating monthly scheduled repayments, ensuring sufficient liquidity.

(Reference) Trends in cash flow-related indicators

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Equity ratio	52.3	52.2	52.9	48.0	46.8
Equity ratio based on market value	36.9	37.5	40.8	50.5	43.5
Interest-bearing cash flow Debt ratio	10.0	2.9	3.4	-6.3	-19.5
Interest coverage • Ratio	9.4	39.1	34.7	-20.4	-4.7

Equity ratio: Equity capital/Total assets

Equity ratio based on market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio = operating cash flow / interest expenses

(4) Future Outlook

On May 10, 2024, we announced our financial results for the fiscal year ended March 31, 2024. At the same time, we announced our long-term vision (hereafter, "Long-term Vision 2035"), which outlines our vision for the next 10 years, and our medium-term management plan (hereafter, "Medium-term Management Plan 2028"), which covers the fiscal year ending March 2028.

The forecasts for the fiscal year ending March 2026, the first year of the Medium-Term Management Plan 2028, are as follows.

(Millions of yen)

	Results for FY2025/3	Results for FY2026/3	Change	Rate of change
Net sales	103,174	117,000	+13,826	13.4%
Gross profit	32,225	36,420	+4,195	13.0%
Operating income	21,279	23,840	+2,561	12.0%
Ordinary income	20,446	22,500	+2,054	10.0%
Profit attributable to owners of parent	14,163	15,500	+1,327	9.4%
EPS (Net income per share)	291.58 yen	319.11 yen	+27.52 yen	9.4%
Cash dividends	66.00 yen	76.00 yen	+10.00 yen	15.2%

[Long-Term Vision 2035]

Utilize limited resources to fill the world with smiles and excitement!

Becoming a corporate group that continues to challenge the creation of future value

[Long-term Targets]

Net sales: 300 billion yen, Ordinary profit: 60 billion yen

[Medium-Term Management Plan 2028]

- Basic Policy
Work to resolve social issues by promoting cooperation and diversification within core business, providing manufacturing through clients' point of view and heart-warming services.
- Key points
 - (1) Strengthening human resource base
 - (2) Manufacturing through clients' point of view and heart-warming services
 - (3) Cooperation and diversification within core business
- Quantitative plan

	Medium-Term Management Plan 2025	Medium-Term Management Plan 2028
	Results for FY2025/3	Plan for FY2028/3
[Profit Plan]		
Net sales	103.1 billion yen	135 billion yen
Ordinary income	20.4 billion yen	27 billion yen
[Management Indicators]		
Ordinary income ratio	19.8%	20%
ROE	14.7%	14% or more
Equity ratio	46.8%	45% level

2. Basic Approach to the Selection of Accounting Standard

Considering the comparability of consolidated financial statements over periods and between companies, our policy for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP.

Regarding the application of IFRS, the Group intends to respond appropriately, taking into account various domestic and international circumstances.

3.Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	For the year ended March 31,2024	For the year ended March 31,2025
Assets		
Current assets		
Cash and deposits	47,867	44,920
Notes, accounts receivable and contract assets	2,138	2,105
Real estate for sale	11,632	17,151
Real estate in process for sale	95,081	116,417
Costs of uncompleted construction contracts	50	39
Supplies	104	105
Others	2,680	2,983
Allowance for doubtful accounts	-38	-15
Total current assets	159,518	183,706
Non-current assets		
Property, plant and equipment		
Buildings	14,486	17,211
Accumulated depreciation	-4,438	-6,089
Accumulated impairment loss	-8	-6
Buildings (net amount)	10,038	11,116
Land	11,029	9,888
Others	2,587	5,182
Accumulated depreciation	-1,325	-1,888
Accumulated impairment loss	-7	-7
Others (net)	1,254	3,285
Total property, plant and equipment	22,323	24,290
Intangible assets		
Goodwill	579	923
Others	614	1,365
Total intangible assets	1,193	2,288
Investments and other assets		
Guarantee deposits	3,523	3,958
Long-term loans receivable	0	1,459
Deferred tax assets	1,644	1,966
Others	469	617
Allowance for doubtful accounts	-13	-97
Total investments and other assets	5,626	7,904
Total non-current assets	29,143	34,484
Total assets	188,661	218,190

	(Millions of yen)	
	For the year ended March 31, 2024	For the year ended March 31, 2025
Liabilities		
Current liabilities		
Accounts payable	2,810	3,521
Short-term borrowings	62	100
Current portion of long-term loans payable	12,207	10,140
Income taxes payable	2,967	4,994
Provision for bonuses	279	328
Provision for directors' bonuses	80	80
Reserves for fulfillment of guarantees	44	34
Others	6,314	7,464
Total current liabilities	24,767	26,663
Non-current liabilities		
Bonds payable	9,999	9,999
Long-term borrowings	57,272	72,219
Retirement benefit liability	1	1
Provision for share-based remuneration	97	113
Others	2,105	3,299
Total non-current liabilities	69,477	85,634
Total liabilities	94,244	112,298
Net assets		
Shareholders' equity		
Share capital	11,965	11,965
Capital surplus	6,433	6,462
Retained earnings	71,725	82,723
Treasury shares	-233	-202
Total shareholders' equity	89,889	100,949
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	626	1,207
Total other accumulated comprehensive income	629	1,210
Stock acquisition right	30	30
Non-controlling shareholders' equity	3,867	3,702
Total net assets	94,416	105,892
Total liabilities and net assets	188,661	218,190

(2)Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the year ended March 31,2024	For the year ended March 31,2025
Net sales	79,868	103,174
Cost of sales	53,462	70,949
Gross profit	26,405	32,225
Selling, general and administrative expenses	8,804	10,945
Operating income	17,600	21,279
Non-operating income		
Interest and dividend income	71	67
Subsidy income	40	75
Foreign exchange gain	125	17
Withdrawal fee received	97	-
Equity in earnings of affiliates	12	-
Others	52	41
Total non-operating income	399	201
Non-operating expenses		
Interest expenses	539	905
Loss on the liquidation of affiliates	68	-
Others	17	129
Total non-operating expenses	625	1,034
Ordinary profit	17,374	20,446
Extraordinary income		
Government subsidy	41	412
Gain on sales of non-current assets	-	112
Gain on sales of stock of affiliates	-	51
Total extraordinary income	41	575
Extraordinary losses		
Loss on reduction of non-current assets	41	412
Loss on valuation of investment securities	-	49
Impairment loss	48	-
Others	30	7
Total extraordinary loss	120	469
Profit before income taxes	17,295	20,552
Corporate tax, resident tax and business tax	4,808	6,710
Corporate tax adjustments	464	-307
Total income taxes	5,272	6,402
Profit	12,023	14,149
Profit (-) attributable to non-controlling interests	106	-13
Profit attributable to owners of parent	11,917	14,163

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the year ended March 31,2024	For the year ended March 31,2025
Profit	12,023	14,149
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	351	637
Total other comprehensive income	351	638
Comprehensive income	12,375	14,787
(Comprehensive income attributable to)		
Owners of the parent	12,279	14,744
Non-controlling interests	95	43

(3) Consolidated Statements of Changes in Net Assets
 Previous fiscal year (April 1, 2023, to March 31, 2024)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	11,965	6,445	62,289	-270	80,430
Changes during period					
Dividends of surplus			-2,481		-2,481
Profit attributable to owners of parent			11,917		11,917
Acquisition of treasury shares				-0	-0
Disposal of treasury shares		14		37	51
Change in ownership interest of parent due to transactions with non-controlling interests		-27	0		-27
Net changes in items other than shareholders' equity					
Total changes during period	-	-12	9,435	37	9,459
Balance at end of the period	11,965	6,433	71,725	-233	89,889

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	2	269	271	30	3,233	83,965
Changes during period						
Dividends of surplus						-2,481
Profit attributable to owners of parent						11,917
Acquisition of treasury shares						-0
Disposal of treasury shares						51
Change in ownership interest of parent due to transactions with non-controlling interests						-27
Net changes in items other than shareholders' equity	0	357	357	-	633	991
Total changes during period	0	357	357	-	633	10,450
Balance at end of the period	2	626	629	30	3,867	94,416

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	11,965	6,433	71,725	-233	89,889
Changes during period					
Dividends of surplus			-3,165		-3,165
Profit attributable to owners of parent			14,163		14,163
Purchase of treasury shares					-
Disposal of treasury shares		29		31	61
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	29	10,998	31	11,059
Balance at end of the period	11,965	6,462	82,723	-202	100,949

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of the period	2	626	629	30	3,867	94,416
Changes during period						
Dividends of surplus						-3,165
Profit attributable to owners of parent						14,163
Purchase of treasury shares						-
Disposal of treasury shares						61
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	0	580	580	-	-164	416
Total changes during period	0	580	580	-	-164	11,475
Balance at end of the period	2	1,207	1,210	30	3,702	105,892

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31,2024	For the year ended March 31,2025
Cash flows from operating activities		
Profit before income taxes	17,295	20,552
Depreciation	2,124	2,612
Impairment loss	48	-
Amortization of goodwill	75	254
Loss (gain) on liquidation of subsidiaries and associates (gain on -)	68	-
Loss on reduction of non-current assets	41	412
Government subsidy	-41	-412
Increase (decrease) in allowance for doubtful accounts (Δ: decrease)	20	61
Increase (decrease) in provision for bonuses	27	47
Increase (decrease) in provision for directors' bonuses (decrease in -)	6	-0
Increase (decrease) in provision for fulfillment of guarantees (decrease in -)	21	-10
Increase (decrease) in provision for share-based remuneration (decrease in -)	13	15
Interest and dividends income	-71	-67
Subsidy income	-40	-75
Interest expenses	539	905
Loan-related expenses	1	13
Loss (gain) on investments based on equity method	-12	14
Decrease (increase) in trade receivables (increase in -)	-1,187	-43
Decrease (increase) in inventories (increase in -)	-26,770	-25,042
Increase (decrease) in trade payables (decrease in -)	114	677
Increase/Decrease in Deposits Held as Security (negative indicates decrease)	156	760
Loss (gain) on sales of shares of subsidiaries and associates (gain on -)	-	-51
Others	452	553
Subtotal	-7,115	1,178
Interest and dividends income received	71	61
Interest expenses paid	-536	-893
Income taxes paid or refunded (- paid)	-3,505	-5,071
Grants received	40	75
Proceeds from government subsidies	41	412
Cash flows from operating activities	-11,003	-4,236
Cash flow from investing activities		
Proceeds from sale of investments in subsidiaries	-	80
Payments into time deposits	-0	-160
Proceeds from withdrawal of time deposits	100	-
Purchase of property, plant and equipment	-2,457	-4,019
Proceeds from sales of property, plant and equipment	0	165
Purchase of intangible assets	-275	-253
Payment on guaranty money deposited	-581	-654
Expenditures from Loans	-0	-1,500
Collection of fixed leasehold deposits	205	129
Acquisition of newly consolidated subsidiaries	-954	-2,369
Others	-290	-226
Cash flow from investing activities	-4,254	-8,809

	(Millions of yen)	
	For the year ended March 31,2024	For the year ended March 31,2025
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings (-)	8	38
Proceeds from long-term borrowings	32,558	36,535
Repayment of long-term borrowings	-18,991	-23,703
Payments for loan-related expenses	-1	-13
Dividends paid	-2,481	-3,163
Proceeds from issuance of bonds	9,999	-
Proceeds from share issuance to non-controlling shareholders	46	-
Payments for refunds to non-controlling shareholders	-94	-102
Dividends paid to non-controlling interests	-	-106
Others	-4	-4
Cash flow from financing activities	21,040	9,479
Effect of exchange rate change on cash and cash equivalents	169	455
Increase in cash and cash equivalents	5,951	-3,112
Cash and cash equivalents at beginning of period	41,914	47,866
Cash and cash equivalents at end of term	47,866	44,754

(5) Notes to consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Income Taxes, Resident Taxes and Enterprise Taxes, etc.)

The "Accounting Standard for Income Taxes, Resident Taxes and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") has been applied from the beginning of the current consolidated accounting period. Revisions to the classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Article 20-3 of the 2022 Revised Accounting Standard and the transitional treatment stipulated in Article 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Implementation Guidance"). This change has no impact on the consolidated financial statements.

In addition, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the fiscal year under review with respect to revisions to the treatment of deferral of gains and losses on sales of shares of subsidiaries and others arising from sales of subsidiaries and others among the consolidated companies for tax purposes. This change in accounting policy was applied retrospectively, and the consolidated financial statements for the previous fiscal year have been retrospectively adjusted. This change has no impact on the consolidated financial statements for the previous fiscal year.

(Segment Information)

[Segment Information]

1 Outline of Reporting Segments

Our reportable segments are components of our group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate business performance.

We develop comprehensive strategies for each type of product and service at our headquarters and conduct business activities accordingly.

Accordingly, we have three reportable segments: Real Estate Revitalization, Real Estate Services, and Hotels and Tourism, which are comprised of product and service-specific segments defined by our headquarters.

The Real Estate Revitalization Business is engaged in the replanning business and the leasing building business. The Real Estate Services segment conducts property management, building maintenance, brokerage, leasing, conference rooms for rent, and guaranteed rent in arrears. The Hotel and Tourism Business includes hotel development business and hotel management business.

2 Methods of calculating net sales, income or loss, assets, liabilities and other items by reportable segments

The accounting methods for reportable business segments are the same as those described in "Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements." Profit for reportable segments is based on ordinary income.

3 Information on net sales, income or loss, assets, liabilities and other items by reportable segment Previous fiscal year (April 1, 2023 to March 31, 2024)

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statement (Note 3)
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Total				
Net sales								
Revenue from contracts with customers	46,662	8,171	16,814	71,647	2,363	74,010	-	74,010
Other income	4,358	1,377	121	5,857	-	5,857	-	5,857
Net sales to external customers	51,020	9,548	16,936	77,504	2,363	79,868	-	79,868
Internal sales or transfers	6	948	41	997	46	1,043	-1,043	-
Subtotal	51,027	10,497	16,977	78,502	2,409	80,912	-1,043	79,868
Segment profit (loss)	15,602	5,612	4,369	25,583	301	25,885	-8,510	17,374
Segment assets	105,206	3,688	26,259	135,153	1,845	136,999	51,662	188,661
Segment liabilities	62,499	4,391	9,776	76,667	299	76,967	17,277	94,244
Others								
Depreciation	1,327	80	508	1,916	4	1,920	204	2,124
Amortization of goodwill	-	17	6	23	51	75	-	75
Interest expenses	426	7	60	493	-	493	45	539
Income(loss) on investments based on equity method	-	-	-	-	-	-	12	12
Increase in property, plant and equipment and intangible assets	614	302	1,716	2,633	1	2,635	394	3,029

(NOTE) 1 "Others" is a business segment that is not included in the reportable segments, and includes overseas development business, construction business, etc.

2 Details of adjustments are as follows.

- (1) of -8.51 billion yen in adjustments to segment income includes an elimination - of 25 million yen for inter-segment transactions and a - of 8.485 billion yen for corporate expenses that are not allocated to individual reportable segments. Corporate expenses are mainly sales, general and administrative expenses that are not attributable to reportable segments.
- (2) The 51.662-billion-yen adjustment to segment assets includes an elimination - of 19.913 billion yen for inter-segment transactions and 71.575 billion yen for corporate assets that are not allocated to individual reportable segments. Corporate assets are mainly surplus operating funds (cash and deposits and marketable securities) and assets related to administrative divisions that are not attributable to reportable segments.
- (3) The 17.277-billion-yen adjustment to segment liabilities includes an elimination of -561 million yen for intersegment transactions and 17.839 billion yen for corporate liabilities that are not allocated to the respective reportable segments.
- (4) The adjustment to depreciation and amortization of 204 million yen in other items includes depreciation and amortization of 204 million yen related to corporate assets that are not allocated to each reportable segment.
- (5) The 12-million-yen adjustment to equity in earnings (losses) of affiliates in other items includes 12 million yen of equity in earnings (losses) of affiliates related to corporate assets that are not allocated to each reportable segment.
- (6) The 394-million-yen adjustment to increase in property, plant and equipment and intangible assets under other items includes an increase of 394 million yen in property, plant and equipment and intangible assets related to corporate assets that are not allocated to each reportable segment.

3 Segment income is adjusted with ordinary income in the consolidated statements of income.

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statement (Note 3)
	Real Estate Revitalization Business	Real Estate Service Business	Hotel and Tourism Business	Total				
Net sales								
Revenue from contracts with customers	62,750	9,585	18,421	90,757	1,827	92,584	-	92,584
Other income	8,566	1,682	341	10,590	-	10,590	-	10,590
Net sales to external customers	71,316	11,268	18,762	101,347	1,827	103,174	0	103,174
Internal sales or transfers	22	1,220	69	1,312	165	1,477	-1,477	-
Subtotal	71,339	12,488	18,831	102,659	1,992	104,652	-1,477	103,174
Segment profit (loss)	20,104	6,112	4,072	30,290	435	30,725	-10,278	20,446
Segment assets	123,660	4,424	37,025	165,110	2,758	167,868	50,321	218,190
Segment liabilities	70,080	5,403	14,676	90,160	1,294	91,455	20,843	112,298
Others								
Depreciation	1,508	121	728	2,358	6	2,364	248	2,612
Amortization of goodwill	-	-	191	191	62	254	-	254
Interest expenses	712	11	119	843	-	843	61	905
Income(loss) on investments based on equity method	-	-	-	-	-	-	-14	-14
Increase in property, plant and equipment and intangible assets	5	369	4,302	4,677	5	4,683	150	4,883

(NOTE) 1 "Others" is a business segment that is not included in the reportable segments, and includes overseas development business, construction business, etc.

2 Details of adjustments are as follows.

- (1) of - 10.278 billion yen in adjustments to segment income includes an elimination of - 20 million yen for inter-segment transactions and a of -10.258 billion yen for corporate expenses that are not allocated to individual reportable segments. Corporate expenses are mainly sales, general and administrative expenses that are not attributable to reportable segments.
- (2) The 50.321-billion-yen adjustment to segment assets includes an elimination of - 20.821 billion yen for inter-segment transactions and 74.451 billion yen for corporate assets that are not allocated to individual reportable segments. Corporate assets are mainly surplus operating funds (cash and deposits and marketable securities) and assets related to administrative divisions that are not attributable to reportable segments.
- (3) The 20.843-billion-yen adjustment to segment liabilities includes an elimination of - 387 million yen for intersegment transactions and 20.361 billion yen for corporate liabilities that are not allocated to the respective reportable segments.
- (4) The adjustment to depreciation and amortization of 247 million yen in other items includes depreciation and amortization of 248 million yen related to corporate assets that are not allocated to each reportable segment.
- (5) of - 14 million yen in reconciliation of equity in earnings (losses) of unconsolidated subsidiaries and affiliates includes an of -14 million yen in equity in earnings (losses) of unconsolidated subsidiaries and affiliates not allocated to any reportable segment.
- (6) The 150 million yen adjustment to increase in property, plant and equipment and intangible assets under other items includes an increase of 150 million yen in property, plant and equipment and intangible assets related to corporate assets that are not allocated to each reportable segment.

3 Segment income is adjusted with ordinary income in the consolidated statements of income.

(Per Share Information)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Net assets per share (yen)	1,864.36	2,102.79
Earnings per share (yen)	245.50	291.58
Fully diluted earnings per share (yen)	230.74	257.26

(NOTE 1) The basis for calculating net income per share and diluted net income per share is as follows:

Item	For the year ended March 31,2024	For the year ended March 31,2025
Net income per share		
Profit attributable to owners of parent (Millions of yen)	11,917	14,163
Amount not attributable to common shareholders	-	-
Attributable to owners of parent related to common stock Net Income (million)	11,917	14,163
Average number of shares of common stock outstanding during the period (shares)	48,541,810	48,573,202
Diluted EPS		
Adjustments to profit attributable to owners of parent (Millions of yen)	-	-
Increase in common stock (shares)	3,104,495	6,480,186
(of which, convertible bonds with stock acquisition rights (shares))	(3,059,215)	(6,434,900)
(Stock acquisition rights (shares))	(45,280)	(45,286)
Explanation of residual stock not included in calculation of diluted net income per share due to lack of dilutive potential	-	-

(NOTE 2) The basis for calculating net assets per share is as follows.

Item	For the year ended March 31,2024	For the year ended March 31,2025
Total net assets (millions of yen)	94,416	105,892
Amount deducted from total net assets (million yen)	3,897	3,732
Subscription rights to shares (Millions of yen)	(30)	(30)
(Non-controlling interests (Millions of yen))	(3,867)	(3,702)
Net assets related to common stock at the end of the fiscal year (million yen)	90,519	102,159
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (shares)	48,552,292	48,582,884

(NOTE 3) The Company's shares held in the trust account of the Board Benefit Trust (J-ESOP) are included in the number of treasury shares deducted from the calculation of the weighted-average number of common shares outstanding during the fiscal year and the number of shares outstanding at the end of the fiscal year. The average number of shares of our stock held by the trust account during the fiscal year under review was 128,300 shares for the previous fiscal year, 128,300 shares for the fiscal year under review, 128,300 shares for the previous fiscal year, and 128,300 shares for the fiscal year under review.

(Significant subsequent events)

Not applicable.