

Summary of Earnings Report for Second Quarter of Year Ending December 31, 2025

August 7, 2025

Name of listed company: A.D.Works Group Co., Ltd. Listed stock exchange: Tokyo Stock Exchange
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 Scheduled date of filing: August 7, 2025 Scheduled date of dividend payment: September 11, 2025
 Additional material of financial results: Yes
 Results meeting: Yes (For analysts and institutional investors)

(Millions of yen, rounded down)

1. Consolidated Results for the First Half of the Fiscal Year Ending December 31, 2025 (January 1, 2025–June 30, 2025)

(1) Consolidated business results (cumulative)

(%: Year-on-year comparison)

	Net Sales		Operating Income		Net income before income taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half, Fiscal year ending December 31, 2025	32,965	58.4	2,954	62.3	2,569	75.1	1,607	75.5
First half, Fiscal year ended December 31, 2024	20,814	8.7	1,820	32.9	1,467	14.3	915	5.9

(Note) Comprehensive Income: 2025 2Q 1,240 million yen -15.8% 2024 2Q 1,472 million yen 34.3%

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
First half, year ending December 31, 2025	33.34	32.90
First half, year ended December 31, 2024	19.01	18.74

(2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
Second quarter, year ending December 31, 2025	61,396	19,802	32.2
Fiscal year ended December 31, 2024	59,809	18,761	31.3

(Reference) Equity: 2025 2Q 19,765 million yen 2024 18,716 million yen

(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
	Million yen	Million yen	Million yen	Million yen
First half, year ending December 31, 2025	504	(598)	(190)	9,659
First half, year ended December 31, 2024	(4,397)	(341)	4,349	9,513

2. Dividend Information

	Dividend per Share				
	1Q	Interim	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	—	4.50	—	5.50	10.00
Fiscal year ending December 31, 2025	—	6.00			
Fiscal year ending December 31, 2025 (forecast)			—	8.00	14.00

(Note) Correction to most recently announced dividend forecast: Yes

3. Consolidated Business Plan for Fiscal Year Ending December 31, 2025 (January 1, 2025–December 31, 2025)

A.D.Works Group announces its business targets for each consolidated fiscal year in the form of a “results plan.” A results plan consists of targets for our businesses and is different from the forecasts and predictions.

(%: comparison with the previous period)

	Net Sales		Operating Income		Net income before income taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	60,500	21.2	5,000	55.4	4,000	57.0	2,540	57.7

(Note) Correction to most recently announced results forecast: Yes

Disclaimer

This document was prepared in English for convenience purposes only. The original Japanese document shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this document.

* Notes

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

New: —Company (name of company)—,

Excluded: 1 Company (name of company) Avenue Works Georgetown LLC

(2) Adoption of accounting treatment unique to the preparation of semi-annual consolidated financial statements : Yes

(3) Changes in accounting policies and changes or restatement of accounting estimates

1. Changes in accounting policies due to the revision of accounting standards, etc. : Yes

2. Changes in accounting policies other than 1. : None

3. Changes in accounting estimates : None

4. Restatement : None

(4) Number of issued shares (common shares)

1. Number of outstanding shares (including treasury stock) at end of period	Q2 FY2025	50,000,864 shares	FY2024	49,670,764 shares
2. Number of treasury stock at end of period	Q2 FY2025	1,493,530 shares	FY2024	1,659,810 shares
3. Average number of shares during the period (cumulative period)	Q2 FY2025	48,207,176 shares	Q2 FY2024	48,158,771 shares

(Note) The Company has a Director Stock Compensation Trust and the Company shares held by the trust are included in the number of treasury stock.

* This semi-annual financial statement does not need to undergo a review by a certified public accountant or an audit corporation.

* Explanation about the proper use of results forecasts, and additional information

The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements included in these materials. Actual results may differ significantly from the forecasts in the document, depending on various factors.

[Attached Materials]

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1. Qualitative Information Concerning Semi-Annual Results

(1) Description of business results

In the first half of the fiscal year under review, the Japanese economy continued to show signs of a gradual recovery amid improvement in the employment and income environment. However, the economy faces downside risks from factors such as financial and capital market volatility due to U.S. trade policy impacts, inflation, and rapid exchange rate fluctuations.

In the domestic income property market, the yield on newly issued 10-year government bonds, which serves as a benchmark for long-term interest rates in Japan, has remained at high levels at around 1.5%. While concerns persist regarding increased interest payments on borrowings and downward pressure on real estate prices, etc., the trading market remains buoyant, supported by robust demand for real estate investment.

In the income property market, rents in both the residential and office sectors in central Tokyo remain high due to wage increases and rising prices. In addition, construction costs are rising, leading to higher prices for new properties.

The market for small-lot real estate products is expanding every year. According to a survey by the Ministry of Land, Infrastructure, Transport and Tourism*, the amount of new investment in voluntary partnership-type products increased from 6.5 billion yen in 2014 to 71.8 billion yen in 2024, an increase of approximately 11 times. (*Ministry of Land, Infrastructure, Transport and Tourism, “Handbook for Promoting the Utilization of Real Estate Specified Joint Enterprises (July 2025)”)

In Los Angeles, where our group has an office, the policy rate remains at a high level, and the deterioration of the financing environment is pushing down demand for the buying and selling of income properties.

In this business environment, our group announced its Growth Strategies to Enhance Corporate Value on February 13, 2025, with the aim of improving ROE to 13–14% or higher by 2027, accelerating growth, and implementing all possible measures to reduce shareholders’ equity cost in order to meet the expectations of our shareholders.

To achieve these goals, in the first half of the fiscal year under review, we focused on accelerating the sales of small-lot real estate products, strengthening the acquisition, development, and sales of income properties, and launching new businesses, including non-asset businesses.

As a result, in the first half of the fiscal year under review, the Group’s net sales totaled 32,965 million yen (59.9% of the full-year business plan, as announced at the beginning of this fiscal year), operating income was 2,954 million yen (82.1% of plan), income before taxes was 2,569 million yen (91.8% of plan), and net income attributable to owners of parent was 1,607 million yen (90.3% of plan).

Following the progress rate for income before taxes reaching 91.8% of the original full-year business plan, we have revised upward our full-year business plan for the fiscal year ending December 2025, as announced on August 7, 2025 in the notice titled “Notice Concerning Revision of Full-Year Business Plan and Dividend Forecast (Increase in Dividend).” As a result, the progress rates against the revised plan are 54.5% for net sales, 59.1% for operating income, 64.2% for income before taxes, and 63.3% for net income attributable to owners of parent.

Earnings results for the first half of the consolidated fiscal year under review are shown in the table below.

(Unit: million yen)

	Fiscal year ending December 31, 2025 (Full-year plan)		First half, year ended December 31, 2024 (Results)		First half, year ending December 31, 2025 (Results)			
	Amount	Net sales ratio	Amount	Net sales ratio	Amount	Net sales ratio	YoY	Percentage of full- year plan achieved
Net sales	60,500	100.0%	20,814	100.0%	32,965	100.0%	158.4%	54.5%
(Property sales)	—	—	(18,113)	(87.0%)	(30,138)	(91.4%)	(166.4%)	—
(Stock)	—	—	(2,954)	(14.2%)	(3,073)	(9.3%)	(104.1%)	—
(Internal sales)	—	—	(-253)	(-1.2%)	(-247)	(-0.7%)	—	—
Operating income	5,000	8.3%	1,820	8.7%	2,954	9.0%	162.3%	59.1%
Net income before income taxes	4,000	6.6%	1,467	7.1%	2,569	7.8%	175.1%	64.2%
Net income	2,540	4.2%	915	4.4%	1,607	4.9%	175.5%	63.3%

Note: “Property sales,” “stock,” “net income before taxes,” and “net income” are the respective abbreviations of “income

property sales business,” “stock-type fee business,” “net income before income taxes,” and “net income attributable to owners of parent.” In addition, the “Percentage of full-year plan achieved” is the progress rate against the revised Full-Year Business Plan announced on August 7, 2025.

A summary of the segment results is as follows. Please note that the Group considers operating income to be segment income.

(Income property sales business)

Net sales were 30,138 million yen and operating income was 3,407 million yen.

In the domestic single-building income property sales business, the total sales amount for the current period reached 18,520 million yen, a significant increase of 166% compared with the same period last year. Internal growth initiatives for income properties proved effective, resulting in gross profit of 2,882 million yen, an increase of 161% compared with the same period last year. To drive further growth, we have proceeded with the acquisition of a new hotel and will continue to pursue initiatives aimed at diversifying asset types.

In the small-lot real estate product sales business, the net sales amount for the current period were 10,932 million yen (172% YoY), and gross profit was 2,578 million yen (150% YoY), representing strong growth in line with the domestic single-building income property sales business. The strengths of the existing income property business have been highly evaluated not only by investors but also by sales alliance partners. This reputation has led to a positive cycle in which the sales network is further expanded through partnerships with financial institutions, tax accountants, and others.

The acquisition amount was 24,785 million yen. In addition to strategic purchasing activities by a purchasing organization consisting of more than 20 people, we were also able to purchase more high-quality properties than in the previous period as a result of our efforts to expand into the Kansai and Fukuoka areas. The balance of income properties (i.e. the total balance of properties held for sale or rental revenue), which is the source of future revenue, totaled 47,304 million yen, up 1,842 million yen from the end of the previous fiscal year.

In the first half, acquisitions and sales in Japan and overseas were as follows.

(Unit: million yen)

	Acquisitions		Revenue from sales	
	Q2 FY2024	Q2 FY2025	Q2 FY2024	Q2 FY2025
Japan	16,922	24,785	17,519	29,452
Overseas	561	—	397	673
Total	17,483	24,785	17,916	30,125

(Stock-type fee business)

Net sales were 3,073 million yen and operating income was 619 million yen.

The stock-type fee business’s revenue consists of rental revenue from income properties held by the Group, which accounts for the majority of its revenue, as well as property management income from A.D. Partners Co., Ltd. and ADW Management USA, Inc.

The stock-type fee business plays an important role for the Group as it ensures the stability of the Group’s earnings. Increasing product value from a sales perspective will also lead to securing rental revenue from properties when held by the Group. A.D. Partners Co., Ltd.’s property management must also further increase their efficiency and ability to address changes in the customer base due to the rise in property unit prices.

A breakdown of revenue in the stock-type fee business in the first half is as follows.

(Unit: million yen)

	Q2 FY2024	Q2 FY2025	YoY
Rental revenue	871	875	100.5%
Other revenue (Property management, construction, etc.)	2,082	2,198	105.6%
Total	2,954	3,073	104.1%

Notes 1: The operating income for each segment is an amount before deduction of expenses not allocated to any segment, such as corporate expenses and operating expenses from intersegment sales or transfers. Therefore, the total operating income for the segments does not match consolidated operating income.

2: In the “stock-type fee business,” we position items such as rent from income properties held for the medium to long term or for short-term sales, and fee income from after-sales property management contracts for income

properties as “stock-type,” while fees for interior decoration work and repair work, and brokerage income derived from customer relations are classified as “flow-type.”

(2) Description of financial position

In this first half, we continued our vigorous efforts to acquire income properties aiming at expanding the scale of business, and also aggressively took out loans for acquisitions. This resulted in an increase in the balance of income properties (i.e. the total balance of properties held for sale or rental revenue) by 1,842million yen to 47,304 million yen from the end of the previous fiscal year. Interest-bearing liabilities increased by 540 million yen from the end of the previous fiscal year. As a result, total assets and total liabilities and net assets increased by 1,586 million yen from the end of the previous fiscal year.

At the same time, equity also increased by 1,049 million yen from the previous fiscal year to 19,765 million yen, resulting in an equity ratio of 32.2%, a slight improvement from the previous fiscal year.

The details of the consolidated balance sheet for this first half are as follows.

The “ratio” indicates the percentage relative to total assets (total liabilities and net assets).

(Assets)

Total assets at the end of this first half were 61,396 million yen. Of this, real estate for sale and real estate for sale in process accounted for 38,086 million yen (62.0% ratio), cash and deposits for 9,685 million yen (15.8%), and properties held for rental revenue (included in property, plant and equipment) for 9,217 million yen (15.0%).

(Liabilities)

Total liabilities at the end of this first half were 41,594 million yen. Of this, interest-bearing liabilities accounted for 36,202 million yen, which was increased by 540 million yen as a result of increase in income properties.

(Net assets)

Total net assets amounted to 19,802 million yen. Of this, capital stock and capital surplus accounted for 11,708 million yen.

(3) Description of Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of this first half decreased by 402 million yen from the end of the previous fiscal year to 9,659 million yen.

The status of each cash flow during this first half and its contributing factors are as follows.

(Cash flows from operating activities)

As a result of operating activities, funds increased by 504 million yen. This was primarily due to recording net income before income taxes of 2,569 million yen, while funds decreased by 1,461 million yen due to inventory acquisitions.

In our operating activities during this first half, we were able to acquire high-quality inventory assets as our procurement activities centered on product planning, and the expansion of larger-scale properties improved operational efficiency.

(Cash flows from investing activities)

As a result of investing activities, funds decreased by 598 million yen. This was primarily due to expenditures of 523 million yen for the purchase of property, plant and equipment including a grid-scale energy storage plant under construction.

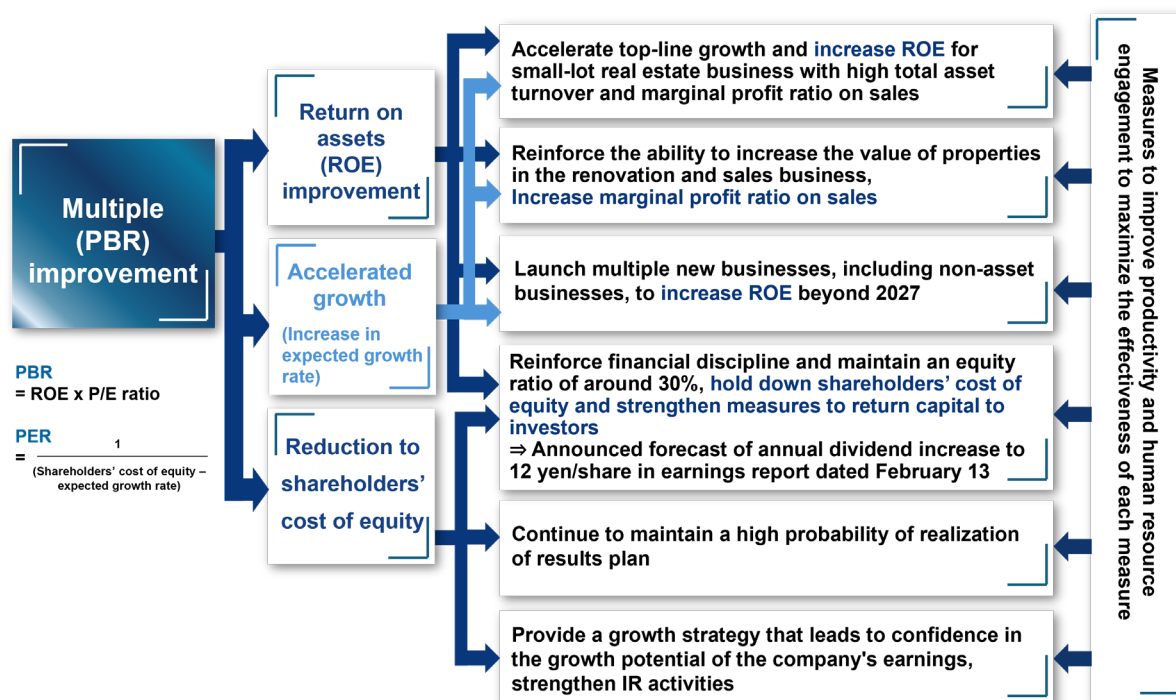
(Cash flows from financing activities)

As a result of financing activities, funds decreased by 190 million yen. This was primarily due to total proceeds from borrowings, bonds payable, and crowdfunding of 23,029 million yen exceeding total expenditures for the same items of 22,990 million yen by 39 million yen, while dividend payments of 268 million yen were also made.

(4) Description of future consolidated results plan and other future forecasts

The Group's P/B ratio was 0.5x at the end of December 2024, less than 1x, which we continue to see as an issue. To address this challenge, we announced the Growth Strategies to Enhance Corporate Value on February 13, 2025, and we will work on all measures to reduce our shareholders' equity cost while improving ROE to 13–14% or more by 2027.

<Key measures to enhance corporate value>



Based on the results of the strong progress in the consolidated financial results for the first half of the fiscal year under review, the consolidated financial results plan for this fiscal year ending December 2025 was revised upward as of August 7, 2025, with sales of 60,500 million yen, operating income of 5,000 million yen, and net income before tax of 4,000 million yen. As a result, based on the revised plan dated August 7, the projected ROE for this fiscal year ending December 2025 is 13.7%, and we expect to achieve our target “improving ROE to 13–14% by 2027” sooner than expected. From the fiscal year ending December 2026 onwards, we will further promote the Growth Strategies, aiming to achieve results that exceed the initial plan.

< The Second Medium-Term Management Plan (Fiscal year ended December 31, 2024, to fiscal year ending December 31, 2026)>

(million yen)

Consolidated	Second Medium-Term Management Plan (Fiscal year ended December 31, 2024, to fiscal year ending December 31, 2026)					
	FY2024 (Fiscal year ended December 31, 2024)		FY2025 (Fiscal year ending December 31, 2025)			FY2026 (Fiscal year ending December 31, 2026)
	Plan	Results	Initial plan	Plan (released February 13, 2025)	Plan (released August 7, 2025)	Initial plan
Net sales	47,000	49,910	52,000	55,000	60,500	58,000
Operating Income	3,000	3,216	3,300	3,600	5,000	3,700
Net income before income taxes	2,300	2,547	2,600	2,800	4,000	3,000
Income property balance	45,000	45,461	46,000	47,000	47,000	50,000
Shareholders' equity	17,500	17,511	18,500	18,727	19,483	20,000
ROE	9.2%	9.5%	9.6%	9.8%	13.7%	10.4%
ROIC	4.3%	4.4%	4.6%	5.0%	6.4%	4.8%
Human resource productivity "PH gross profit"	33/person	36/person	34/person	38/person	40/person	35/person
Financial soundness "Equity ratio"	Approx. 30%	31.3%	Approx. 30%	Approx. 30%	Approx. 30%	Approx. 30%
Shareholder value "EPS"	32.95 yen	33.50 yen	36.35 yen	37.02 yen	52.68 yen	41.76 yen

Notes 1: Balance of income properties: Total balance of properties held for sale or rental revenue

2: ROE: Net income attributable to owners of parent / average shareholders' equity (Figures may differ from net income on equity.)

3: ROIC: (Net income attributable to owners of parent + interest expenses + borrowing fee) / (balance of average shareholders' equity + balance of average interest-bearing liabilities)

4: PH gross profit (gross profit per head): Gross profit / average number of employees

5: EPS (earnings per share): Net income attributable to owners of parent / average number of shares during the period

Note that figures in "Plan" in < The Second Medium-Term Management Plan> are targets for our businesses, which differ from the forecasts and predictions.

<Initial plan achievement rate>

(million yen)

Net income before income taxes or ordinary income	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Plan	450	500	600	800	900	1,000	890	400	600	800	2,000	2,300
Results	450	540	650	(835)	924	1,043	933	432	650	910	2,066	2,547
Achievement rate	100%	108%	108%	(104%)	103%	104%	105%	108%	108%	114%	103%	110%

Notes 1: The ordinary income for the period between the fiscal years ended March 31, 2014, and March 31, 2017, and the net income before taxes for the period between the fiscal years ended March 31, 2018, and December 31, 2024.

2: In the fiscal year ended March 31, 2017, an extraordinary gain of 86 million yen was recorded from the sale of properties classified as property, plant and equipment. Ordinary income amounted to 748 million yen, but we recognized 835 million yen of net income before income taxes as actual ordinary income and presented it as actual results in the ordinary income plan of 800 million yen (net income before income taxes plan not announced in fiscal year 2016).

3: FY2020 was an irregular accounting period of nine months between April 1, 2020, and December 31, 2020.

2. Semi-Annual Consolidated Financial Statements

(1) Semi-Annual Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	10,129,840	9,685,966
Accounts receivable – trade	111,708	82,284
Real estate for sale	35,020,528	36,356,583
Real estate for sale in process	1,536,975	1,729,665
Other	1,905,176	1,977,394
Allowance for doubtful accounts	(2,423)	(1,141)
Total current assets	48,701,806	49,830,753
Non-current assets		
Property, plant and equipment		
Other, net	9,106,018	9,434,071
Total property, plant and equipment	9,106,018	9,434,071
Intangible assets		
Goodwill	295,643	279,805
Other	151,439	190,793
Total intangible fixed assets	447,083	470,598
Investments and other assets		
Investment securities	480,502	456,285
Deferred tax assets	618,503	739,473
Other	443,261	453,017
Total investments and other assets	1,542,266	1,648,777
Total non-current assets	11,095,368	11,553,446
Deferred assets		
Establishment costs	1,992	30
Bonds issuance cost	10,717	12,496
Total deferred assets	12,710	12,527
Total assets	59,809,884	61,396,727

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable – trade	933,510	942,840
Short-term borrowings	432,000	464,500
Current portion of bonds payable	514,900	405,000
Current portion of long-term borrowings	3,825,034	4,740,084
Income taxes payable	718,929	1,121,966
Crowdfunding deposit	957,465	242,064
Provision for bonuses	204,280	197,467
Other	2,549,890	2,864,647
Total current liabilities	10,136,010	10,978,572
Non-current liabilities		
Bonds payable	361,000	544,000
Long-term borrowings	30,528,596	30,048,744
Other	23,142	23,188
Total non-current liabilities	30,912,738	30,615,932
Total liabilities	41,048,749	41,594,505
Net assets		
Shareholders' equity		
Share capital	6,283,837	6,311,243
Capital surplus	5,368,645	5,396,974
Retained earnings	6,146,730	7,484,465
Treasury shares	(288,093)	(262,532)
Total shareholders' equity	17,511,119	18,930,151
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,165,987	799,355
Valuation difference on available-for-sale securities	38,909	35,990
Total accumulated other comprehensive income	1,204,897	835,345
Share acquisition rights	24,765	22,333
Non-controlling interests	20,353	14,391
Total net assets	18,761,135	19,802,222
Total liabilities and net assets	59,809,884	61,396,727

(2) Semi-Annual Consolidated Profit and Loss Statement, and Consolidated Comprehensive Income Statement

Consolidated Profit and Loss Statement

First half of consolidated fiscal year

(Thousands of yen)

	Previous consolidated First half (January 1, 2024 – June 30, 2024)	Current consolidated First half (January 1, 2025 – June 30, 2025)
Net sales	20,814,362	32,965,406
Cost of sales	16,378,400	26,958,151
Gross profit	4,435,961	6,007,254
Selling, general and administrative expenses	2,615,189	3,052,702
Operating income	1,820,772	2,954,552
Non-operating income		
Interest and dividend income	12,256	11,926
Foreign exchange gains	—	14,828
Other	12,631	5,621
Total non-operating income	24,887	32,376
Non-operating expenses		
Interest expenses	270,054	347,703
Borrowing fee	63,418	51,760
Amortization of establishment costs	3,887	1,962
Loss on equity method investments	15,383	—
Other	23,659	10,362
Total non-operating expenses	376,402	411,788
Ordinary income	1,469,257	2,575,140
Extraordinary loss		
Loss on disposal of fixed assets	1,521	—
Loss on valuation of investment securities	—	5,457
Total extraordinary loss	1,521	5,457
Net income before income taxes	1,467,735	2,569,683
Income taxes – current	553,895	959,860
Total income taxes	553,895	959,860
Quarterly net income	913,840	1,609,822
Quarterly net income (loss) attributable to non-controlling interests	(2,053)	2,499
Net income attributable to owners of parent	915,893	1,607,323

Consolidated Comprehensive Income Statement

First half of consolidated fiscal year

(Thousands of yen)

	Previous consolidated First half (January 1, 2024 – June 30, 2024)	Current consolidated First half (January 1, 2025 – June 30, 2025)
Quarterly net income	913,840	1,609,822
Other comprehensive income		
Valuation difference on available-for-sale securities	18,095	(2,919)
Foreign currency translation adjustment	540,256	(366,632)
Total other comprehensive income	558,352	(369,551)
Quarterly comprehensive income	1,472,192	1,240,271
(Breakdown)		
Comprehensive income attributable to owners of parent	1,474,245	1,237,771
Comprehensive income attributable to non-controlling interests	(2,053)	2,499

(3) Semi-Annual Consolidated Statement of Cash Flows

First half of consolidated fiscal year

(Thousands of yen)

	Previous consolidated First half (January 1, 2024 – June 30, 2024)	Current consolidated First half (January 1, 2025 – June 30, 2025)
Cash flows from operating activities		
Net income before income taxes	1,467,735	2,569,683
Depreciation	78,563	98,439
Increase (decrease) in allowance for doubtful accounts	896	(1,281)
Increase (decrease) in provision for bonuses	(93,743)	(6,812)
Interest and dividend income	(12,256)	(11,926)
Interest expenses	270,054	347,703
Loss (gain) on valuation of investment securities	—	5,457
Share of loss (profit) of entities accounted for using equity method	15,383	—
Loss on retirement of property, plant and equipment	1,521	—
Amortization of goodwill	15,838	15,838
Decrease (increase) in trade receivables	(195,375)	29,424
Decrease (increase) in inventories	(4,718,469)	(1,461,695)
Increase (decrease) in trade payables	(299,226)	24,522
Other, net	(5,323)	(57,938)
Subtotal	(3,474,400)	1,551,413
Interest and dividends received	14,384	11,926
Interest paid	(270,465)	(376,959)
Income taxes refund (paid)	(667,013)	(682,351)
Net cash provided by (used in) operating activities	(4,397,494)	504,029
Cash flows from investing activities		
Purchase of property, plant and equipment	(212,157)	(523,077)
Purchase of intangible assets	(25,303)	(63,190)
Purchase of investment securities	(112,000)	—
Purchase of golf club membership	—	(14,400)
Other, net	8,290	1,910
Net cash provided by (used in) investing activities	(341,170)	(598,757)
Cash flows from financing activities		
Proceeds from short-term borrowings	221,000	569,000
Repayments of short-term borrowings	(249,400)	(536,500)
Proceeds from long-term borrowings	19,753,728	22,160,394
Repayments of long-term borrowings	(14,067,716)	(21,513,897)
Proceeds from crowdfunding	712,961	—
Expenditure for crowdfunding	(1,627,267)	(712,961)
Proceeds from issuance of bonds	—	300,000
Redemption of bonds	(195,100)	(226,900)
Payment of bond issuance costs	—	(5,124)
Proceeds from share issuance to non-controlling shareholders	1,375	—
Repayments to non-controlling shareholders	—	(8,461)
Dividends paid	(220,795)	(268,735)
Proceeds from issuance of subscription rights to share	20,280	52,935
Net cash provided by (used in) financing activities	4,349,065	(190,249)
Effect of exchange rate change on cash and cash equivalents	175,467	(117,814)
Net increase (decrease) in cash and cash equivalents	(214,132)	(402,792)
Cash and cash equivalents at beginning of period	9,727,170	10,062,771
Cash and cash equivalents at end of period	9,513,038	9,659,978

(4) Notes for the semi-annual consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Notes on significant changes in amount of shareholders' equity)

Not applicable

(Application of specific accounting methods when preparing semi-annual consolidated financial statements)

Calculation of tax expenses

The Company calculates tax expenses by reasonably estimating the effective tax rate after applying tax effect accounting to net income before taxes for the consolidated fiscal year, including this first half, and multiplying net income before income taxes or net loss before income taxes by this estimated effective tax rate.

The adjusted income tax amounts are included in income tax, inhabitant tax and enterprise tax.

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes)

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standards") and others have been applied from the beginning of the first half of the current fiscal year.

Regarding the revisions to the classification of current income taxes (taxation of other comprehensive income), the transitional treatment specified in the proviso of Article 20-3 of the 2022 Revised Accounting Standards and the transitional treatment specified in the proviso of Article 65-2(2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28), October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance") shall apply. This change in accounting policy will have no impact on the semi-annual consolidated financial statements.

Additionally, in regards to revisions to the treatment in consolidated financial statements of deferred tax gains or losses arising from the sale of shares in subsidiaries and others between consolidated companies, we have applied the 2022 Revised Application Guidelines from the beginning of the first half of the current fiscal year. This change in accounting policy has been applied retroactively, and the consolidated financial statements for the first half of the prior fiscal year and consolidated financial statements for the prior consolidated fiscal year have been restated accordingly. However, this change in accounting policy has no impact on the consolidated financial statements for the first half of the prior fiscal year or the consolidated financial statements for the prior consolidated fiscal year.

(Notes on segment information, etc.)

< Segment information >

I First Half of Previous Consolidated Fiscal Year (January 1, 2024, to June 30, 2024)

Information on net sales and profit for each reportable segment

(Thousands of yen)

	Reportable segments			Adjustments*1	Semi-annual consolidated profit/loss posted *2
	Income property sales business	Stock-type fee business	Total		
Net sales					
Net sales to external customers	18,113,656	2,700,705	20,814,362	—	20,814,362
Intersegment sales	—	253,313	253,313	(253,313)	—
Total	18,113,656	2,954,019	21,067,675	(253,313)	20,814,362
Segment profit (Operating profit)	2,179,577	553,305	2,732,883	(912,110)	1,820,772

(Notes)

*1 The adjustments for segment profit are elimination of inter-segment transactions and corporate expenses that are not allocated to reportable segments.

*2 Segment profit is adjusted with operating profit on the semi-annual consolidated profit and loss statement.

II First Half of Current Consolidated Fiscal Year (January 1, 2025, to June 30, 2025)

Information on net sales and profit for each reportable segment

(Thousands of yen)

	Reportable segments			Adjustments*1	Semi-annual consolidated profit/loss posted *2
	Income property sales business	Stock-type fee business	Total		
Net sales					
Net sales to external customers	30,138,941	2,826,465	32,965,406	—	32,965,406
Intersegment sales	—	247,215	247,215	(247,215)	—
Total	30,138,941	3,073,680	33,212,622	(247,215)	32,965,406
Segment profit (Operating profit)	3,407,936	619,751	4,027,688	(1,073,135)	2,954,552

(Notes)

*1 The adjustments for segment profit are elimination of inter-segment transactions and corporate expenses that are not allocated to reportable segments.

*2 Segment profit is adjusted with operating profit on the semi-annual consolidated profit and loss statement.