

June 26,2025

Company name : NIPPON KANZAI Holdings Co., Ltd.
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(Securities code: 9347 ; TSE, Prime Market)
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(Corrections) Regarding Partial Corrections to the "Financial Results for the Fiscal Year Ended March 31, 2025"

We would like to inform you of partial corrections to the " Financial Results for the Fiscal Year Ended March 31, 2025" which were disclosed by our company on June 2, 2025, as detailed below.

1. Reason for Correction

After the publication of the " Financial Results for the Fiscal Year Ended March 31, 2025" it was discovered that some of the content contained errors. Therefore, we are making the necessary corrections.

2. Correction Details

Page 48

Figures related to ensuring equality in the gender wage gap.

Before Correction

• Ensuring equality in the wage gap between men and women

All workers: 57.4%
Regular workers: 60.4%
Non-regular workers: 47.1%

After Correction

• Ensuring equality in the wage gap between men and women

All workers: 52.6%
Regular workers: 55.2%
Non-regular workers: 47.1%



May 15, 2025

Financial Results for the Fiscal Year Ended March 31, 2025

NIPPON KANZAI Holdings Co., Ltd. (Securities Code: 9347/TSE Prime)

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Overview of NIPPON KANZAI HOLDINGS

Corporate Message

“What needs to be changed with times”

“What should not be changed though the time changes”

Keeping this in mind, we consider it important always to provide customers with high-quality services while flexibly adapting to the changes of times and environment.

Under the Group mission of
“Enduring quality without compromise,” we will further pursue to enhance our mobility and expertise across all companies, and by harnessing the 'comprehensive strength' derived from group synergy, we aim to achieve further corporate growth.



Main Business Model of the NIPPON KANZAI Group

- This is a stock-based business model realized by accumulating single-year/multiple-year/long-term contracts with clients, including building owners.
- Taking advantage of the collective strength of the Group, we enhance client satisfaction through the provision of value-added services suitable for various needs to tighten the grip and further expand the profit.



Recurring Revenue Business (1)

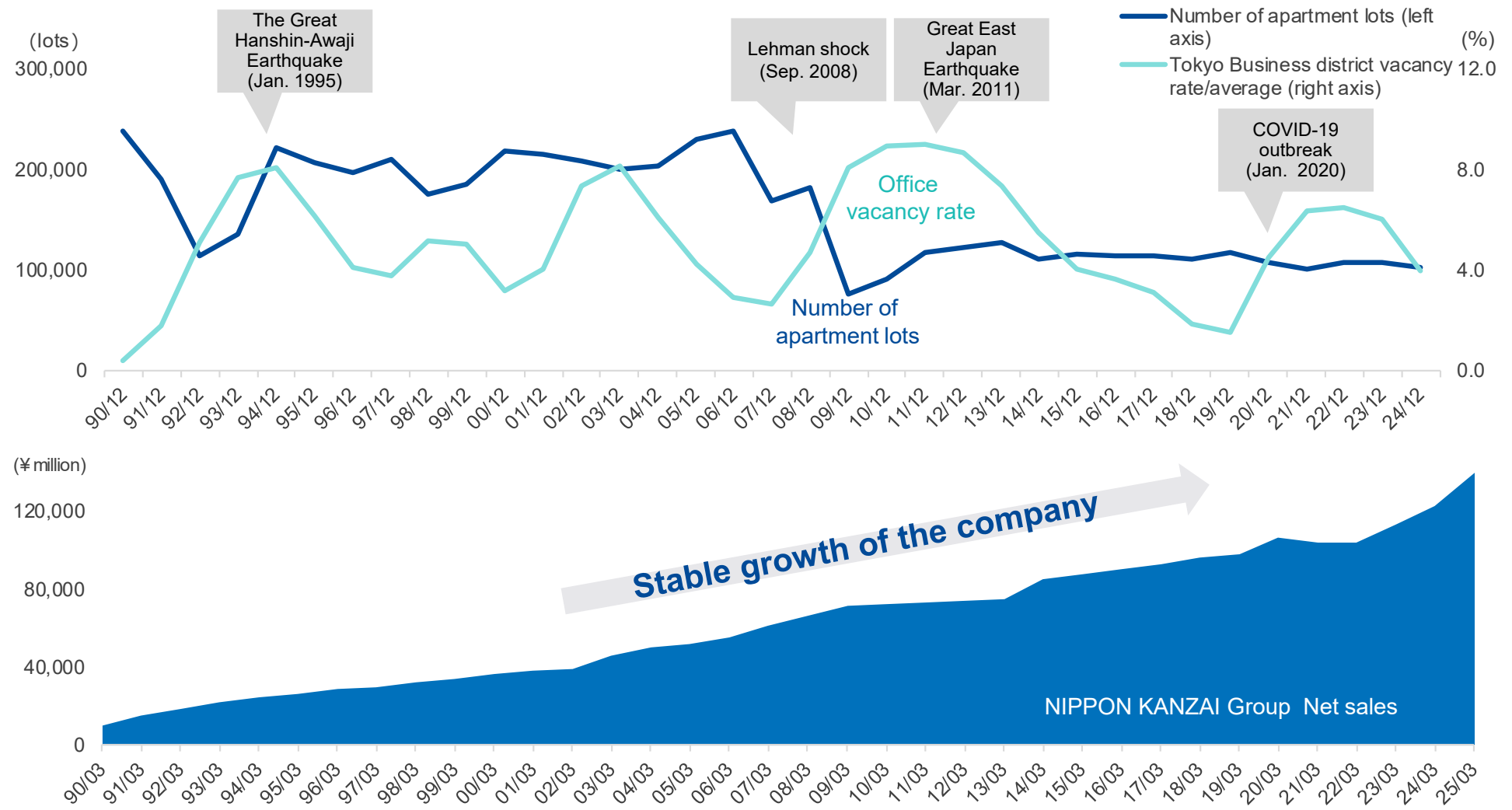
- In the stock-based business, which is one of NIPPON KANZAI's strengths, it is easy to make sales forecasts a few years ahead with long-term contracts for 30 years and multiple-year contracts for 3-5 years, and we have achieved stable growth by accumulating new contracts in a sustainable manner.

Stock-based business

Client/Type of contracted property	Contract period	Contract renewal timing
Private building owners (corporate, individual)		
Sectional ownership buildings such as apartments	Single fiscal year (1 year)	Resolution of general meeting (homeowners' association, etc.)
Office buildings, commercial facilities, factories, etc.	Single fiscal year (1 year)	Automatic renewal or expiration of contracts
Government offices, public administration		
Each service of public facilities	Single fiscal year (1 year)	Bidding
Designated managers/comprehensive management	Multiple fiscal years (approx. 3-5 years)	Response for contract period: Additional public offerings* <small>*Proposal competition: Proposal-based</small>
PPP/PFI	Long-term contracts (approx. 7-30 years)	Attributable to the government offices after the project period ends

Recurring Revenue Business (2)

- The Group grows stably without being significantly affected by adverse global circumstances such as past deteriorated market conditions and the COVID-19 pandemic.



Source: Miki Shoji Office Market Data, Ministry of Land, Infrastructure, Transport and Tourism (MLIT) Report on Statistical Survey of Construction Starts

Strengths of the NIPPON KANZAI Group

1 Covering a wide range of business fields related to real estate

- We are involved in the business related to management, operation, and ownership of real estate in Japan and overseas. Highly professional Group companies provide optimal solutions for various real estate types, such as office buildings, commercial facilities, hotels, public facilities, apartments, and environmental facilities.

2 Stable management platform based on the stock-based revenue

- Most of the Group's main businesses are stock-based businesses that can ensure continuous revenue. We have built a stable management platform that is not greatly affected by macroeconomic condition.

3 Realization of the sustainable growth of the company based on the stable management platform

- Based on the stable management platform, we make proactive investments in priority fields such as expansion of the existing business, new projects, M&A and capital subscription in Japan and overseas, digital transformation, and human resources development to realize the sustainable growth of the company.



Consolidated Financial Results for FY Ended March 2025

Consolidated Financial Results Highlights

(Rounded down to the nearest ¥million)

Net Sales	¥139,868 million	(+14.0% YoY)
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- Steady renewal of existing contracts
- Increase in orders for construction-related work

Operating Profit	¥8,678 million	(+4.9% YoY)
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- Increase in profit due to net sales growth
- Increase in personnel expenses such as wage raises

Ordinary Profit	¥9,094 million	(+10.6% YoY)
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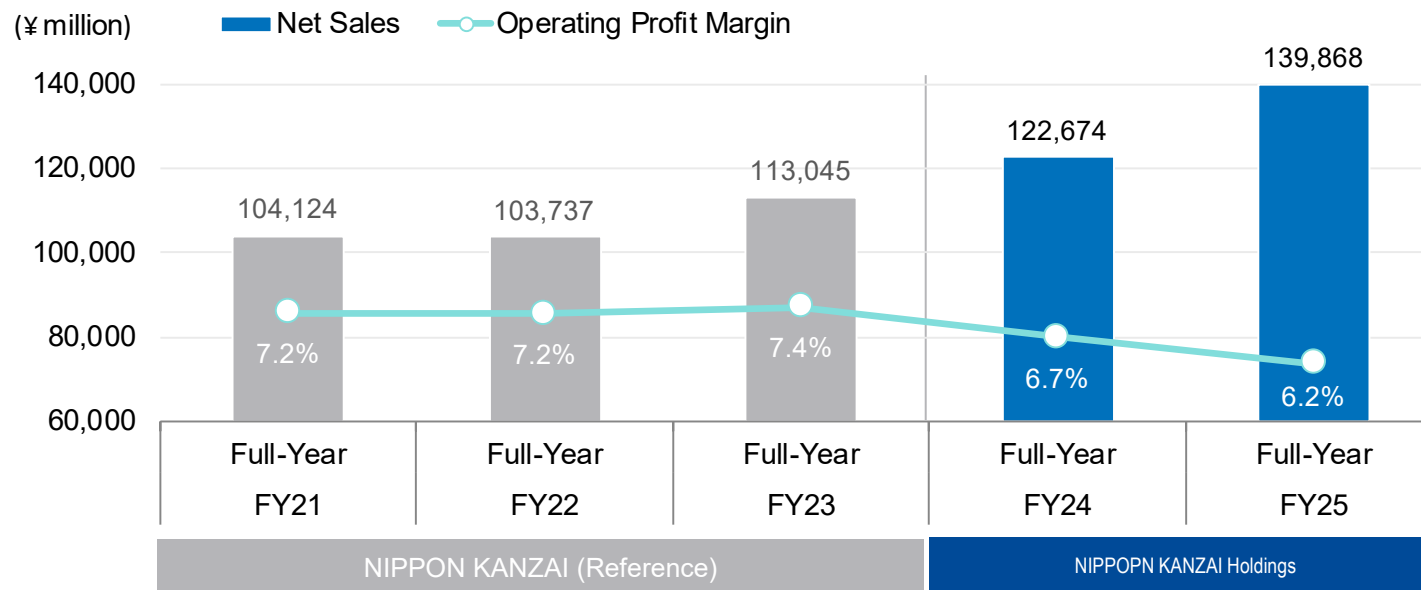
- Increase in commission income from overseas subsidiaries
- Recognition of share of loss of entities accounted for using equity method

Profit Attributable to Owners of Parent	¥5,829 million	(+2.6% YoY)
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- Recognition of gain on sale of investment securities
- Recognition of loss due to litigation

Consolidated Financial Results Summary

Consolidated (¥ million)	FY24		FY25		YoY Changes	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Net Sales	122,674	100.0%	139,868	100.0%	17,194	14.0%
Gross Profit	27,134	22.1%	39,589	28.3%	12,455	45.9%
SG&A Expenses	18,863	15.4%	30,911	22.1%	12,047	63.9%
Operating Profit	8,271	6.7%	8,678	6.2%	407	4.9%
Ordinary Profit	8,225	6.7%	9,094	6.5%	869	10.6%
Profit Attributable to Owners of Parent	5,680	4.6%	5,829	4.2%	149	2.6%



Business Segments and Main Group Companies

■ Facilities Management and Operations ¥85,600 mil.

Building Maintenance and Property Management (excl. Security Service) ¥60,902 mil.

Cleaning management, facility maintenance administrative contract tasks, and construction-related work of buildings, hotels, public facilities, etc.

NIPPON KANZAI Co., Ltd.
NS Corporation Co., Ltd.
Japan Environmental Solutions Co., Ltd.
Okinawa Nippon Kanzai Co., Ltd.

Security Services ¥24,697 mil.

Security on duty all the time, machine security services

NIPPON KANZAI Co., Ltd.
Three-S Co., Ltd.

■ Residential Management and Operations ¥32,182 mil.

Condominium Management

Management of condominiums and public housing

NIPPON KANZAI Co., Ltd.
Nippon Kanzai Housing Management Co., Ltd.
Japan Housing Management Co., Ltd.
NJK Staff Service Co., Ltd.
Hawaiiiana Holdings Incorporated
Keystone Pacific Property Management, LLC

■ Environmental Facilities Management ¥14,819 mil.

Environmental Facilities Management

Public facilities management related to the living environment in general, such as water and sewerage treatment facilities

Nippon Kanzai Environment Service Co., Ltd.

■ Real Estate Fund Management ¥5,003 mil.

Asset Management

Asset management engaging in setting up real estate fund and fund management, and investment in anonymous cooperatives

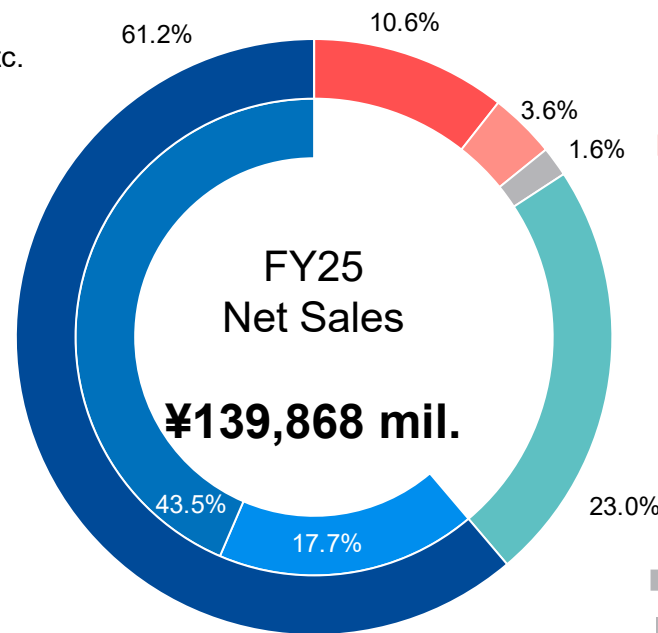
Tokyo Capital Management Co., Ltd.

■ Other ¥2,263 mil.

Other Businesses

Planning and operation of events, design creation, payroll accounting operation

NS Corporation Co., Ltd.
(Advertisement and event planning)
Neotrust Co., Ltd.
(Payroll and social insurance BPO)



Financial Results by Business Segment

Consolidated (¥ million)	FY24		FY25		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	122,674	100.0%	139,868	100.0%	17,194	14.0%
Facilities Management and Operation Business	80,528	65.6%	85,600	61.2%	5,071	6.3%
Building Maintenance and Property Management	56,802	46.3%	60,902	43.5%	4,100	7.2%
Security Service	23,726	19.3%	24,697	17.7%	971	4.1%
Residential Management and Operation Business	20,864	17.0%	32,182	23.0%	11,317	54.2%
Environmental Facility Management Business	14,590	11.9%	14,819	10.6%	228	1.6%
Real Estate Fund Management Business	4,132	3.4%	5,003	3.6%	870	21.1%
Other Businesses	2,557	2.1%	2,263	1.6%	(293)	-11.5%
Segment Profit	8,271	6.7%	8,678	6.2%	407	4.9%
Facilities Management and Operation Business ^{*1}	7,550	9.4%	7,907	9.2%	357	4.7%
Building Maintenance and Property Management	5,920	10.4%	6,320	10.4%	400	6.8%
Security Service	1,629	6.9%	1,586	6.4%	(42)	-2.6%
Residential Management & Operation Business ^{*1}	1,498	7.2%	1,395	4.3%	(103)	-6.9%
Environmental Facility Management Business	1,847	12.7%	2,049	13.8%	201	10.9%
Real Estate Fund Management Business	535	13.0%	1,407	28.1%	871	162.8%
Other Businesses ^{*2}	469	18.4%	205	9.1%	(263)	-56.1%
Adjustments ^{*3}	(3,630)	-	(4,286)	-	(656)	-

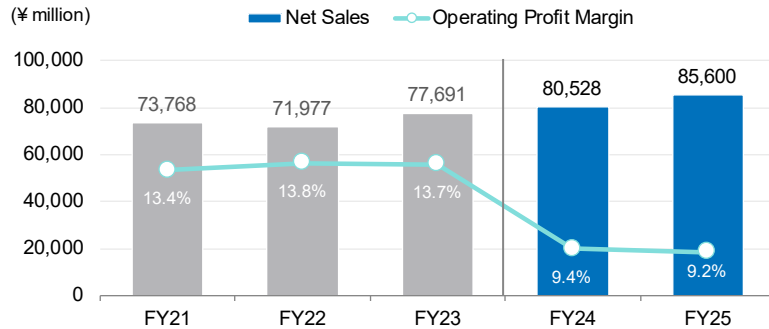
^{*1} Starting from FY24, with the transition to a holding company structure, the general and administrative expenses of our subsidiary, Nippon Kanzai Co., Ltd. are incorporated into the expenses of the Facilities Management and Operation Business and Residential Management and Operation Business.

^{*2} Net sales in Other Businesses exclude internal sales between business segments.

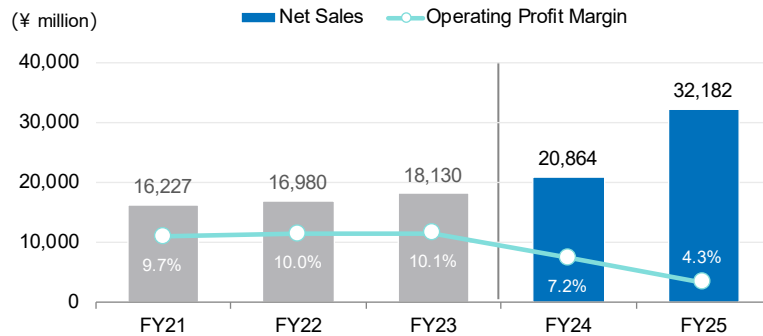
^{*3} The adjusted amount of segment profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

Performance of Business Segments

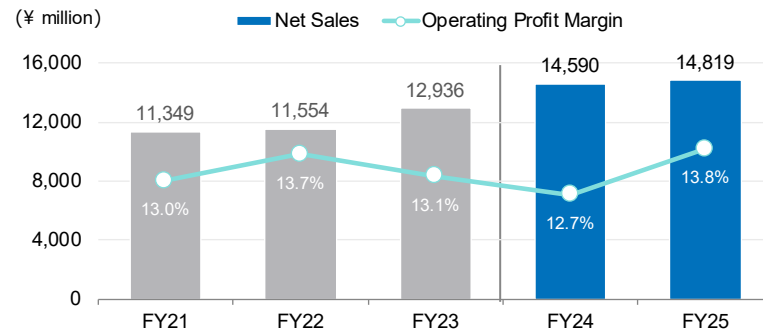
Facilities Management and Operations



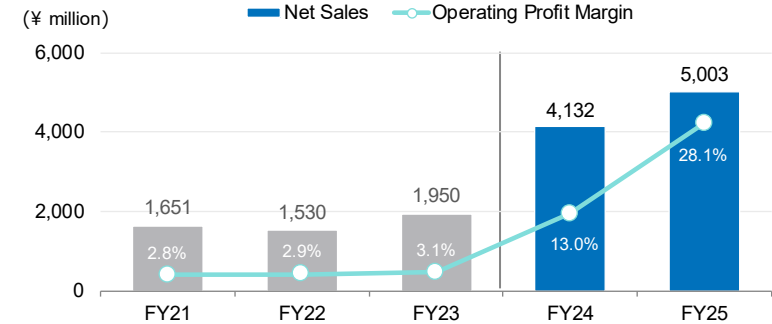
Residential Management and Operations



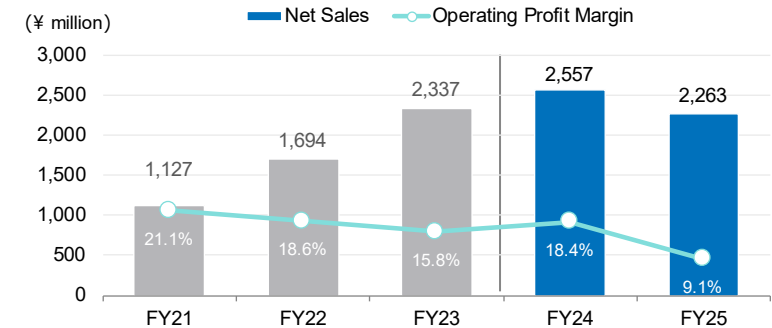
Environmental Facilities Management



Real Estate Fund Management



Other



NIPPON KANZAI (Reference)

NIPPON KANZAI Holdings

- Starting from FY24, with the transition to a holding company structure, the general and administrative expenses of our subsidiary, Nippon Kanzai Co., Ltd. have been incorporated into the expenses of the Facilities Management and Operation Business and Residential Management and Operation Business.

Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY24 End		FY25 End		vs. FY24 End	
	Actual	Ratio	Actual	Ratio	Amount	Ratio
Current assets	55,509	59.9%	64,916	64.4%	9,406	16.9%
Cash and deposits	31,239	33.7%	33,395	33.1%	2,156	6.9%
Notes and accounts receivable - trade, and contract assets	18,664	20.1%	19,869	19.7%	1,205	6.5%
Real estate for sale	1,455	1.6%	5,805	5.8%	4,349	298.8%
Non-current assets	37,136	40.1%	35,887	35.6%	(1,248)	-3.4%
Property, plant and equipment	6,948	7.5%	7,899	7.8%	950	13.7%
Intangible assets	3,974	4.3%	9,306	9.2%	5,331	134.1%
Investments and other assets	26,212	28.3%	18,681	18.5%	(7,530)	-28.7%
Total Assets	92,645	100.0%	100,803	100.0%	8,158	8.8%
Current liabilities	17,914	19.3%	20,036	19.9%	2,122	11.8%
Notes and accounts payable - trade	8,015	8.7%	7,924	7.9%	(90)	-1.1%
Accrued expenses	3,565	3.8%	2,563	2.5%	(1,001)	-28.1%
Income taxes payable	822	0.9%	2,537	2.5%	1,714	208.5%
Non-current liabilities	5,578	6.0%	10,728	10.6%	5,150	92.3%
Long-term non-recourse loans payable	285	0.3%	4,064	4.0%	3,778	-
Lease liabilities	981	1.1%	1,617	1.6%	636	64.8%
Long-term guarantee deposits	1,793	1.9%	2,600	2.6%	806	45.0%
Total Liabilities	23,492	25.4%	30,765	30.5%	7,272	31.0%
Shareholders' equity	66,393	71.7%	65,644	65.1%	(748)	-1.1%
Share capital	3,000	3.2%	3,000	3.0%	-	-
Capital surplus	11,339	12.2%	9,482	9.4%	(1,857)	-16.4%
Retained earnings	62,382	67.3%	66,219	65.7%	3,837	6.2%
Accumulated other comprehensive income	1,738	1.9%	1,041	1.0%	(697)	-40.1%
Non-controlling interests	1,020	1.1%	3,352	3.3%	2,331	228.4%
Total Net Assets	69,152	74.6%	70,038	69.5%	885	1.3%
Total Liabilities and Net Assets	92,645	100.0%	100,803	100.0%	8,158	8.8%

Main Factors for Increase/Decrease

(¥ million)

Assets 8,158

- Increase in real estate sale 4,349
- Increase in goodwill due to the inclusion of overseas subsidiaries in the scope of consolidation 3,054

Liabilities 7,272

- Increase in long-term non-recourse loans payable 3,778
- Increase in income taxes payable 1,714

Net Assets 885

- Increase in retained earnings 3,837

Equity Ratio 66.2%

(-7.3pp YoY)

Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	FY24 Actual	FY25 Actual	YoY Changes Amount
Profit before income taxes	8,529	9,634	1,105
Depreciation	846	1,189	342
Decrease (increase) in retirement benefit (asset) liability	(78)	(105)	(26)
Decrease (increase) in trade receivables	(2,729)	(722)	2,007
Increase (decrease) in trade payables	825	(179)	(1,004)
Decrease (increase) in inventories	601	(4,400)	(5,001)
Income taxes paid	(3,654)	(1,672)	1,982
Other, net	1,133	(2,043)	(3,177)
Cash Flows from Operating Activities	5,473	1,700	(3,772)
Purchase of property, plant and equipment, and intangible assets	(450)	(1,943)	(1,492)
Purchase of investment securities	(1,617)	(277)	1,339
Proceeds from sales of investment securities	837	2,759	1,922
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(502)	-	502
Other, net	(1,185)	1,267	2,452
Cash Flows from Investing Activities	(2,918)	1,805	4,724
Increase (decrease) in borrowings (incl. non-recourse loans)	(831)	3,572	4,404
Dividends paid (incl. dividends paid to non-controlling interests)	(2,118)	(2,381)	(263)
Other, net	(393)	(3,304)	(2,911)
Cash Flows from Financing Activities	(3,342)	(2,113)	1,229
Net increase (decrease) in cash and cash equivalents	(1,177)	1,673	2,851
Cash and cash equivalents at beginning of period	32,041	30,864	(1,177)
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	432	432
Cash and cash equivalents at end of period	30,864	32,970	2,106
Free Cash Flows	2,554	3,506	951

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities (3,772)

- Increase in inventory (5,001)
- Decrease in trade receivables 2,007

CF from Investing Activities 4,724

- Increase in proceeds from sale of investment securities 1,922
- Decrease in purchase of investment securities 1,339

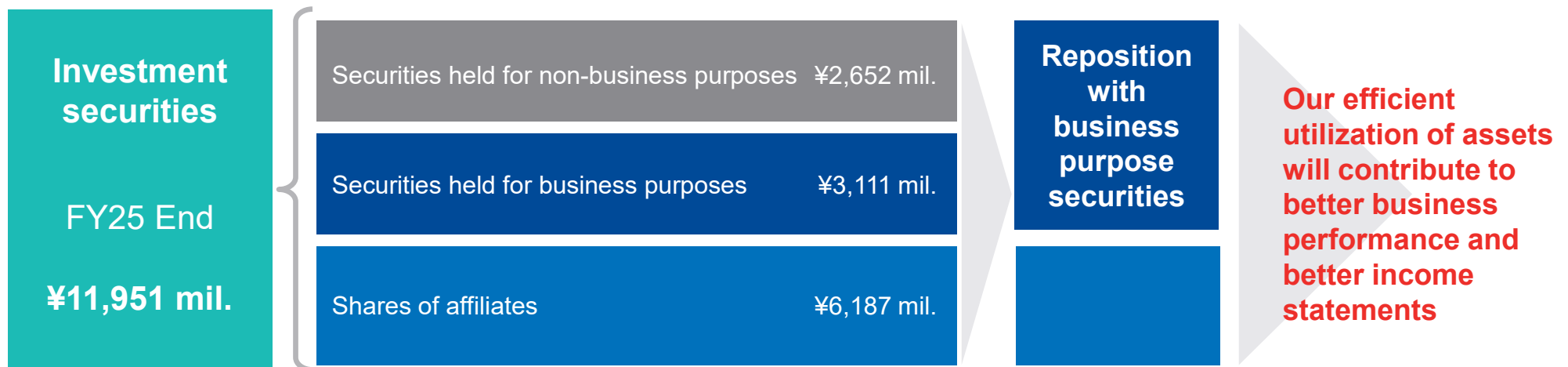
CF from Financing Activities 1,229

- Increase in proceeds from borrowings of long-term non-recourse loans 3,800
- Increase in purchase of treasury shares (2,727)

Overview of Investment Securities Portfolio

Promotion of effective asset utilization in accordance with the corporate governance code

- Repositioning our portfolio of investment securities to enhance business development



Current initiatives

- Continue to coordinate with multiple companies to eliminate non-operating holdings



Consolidated Financial Forecasts for FY Ending March 2026

Consolidated Financial Forecasts Summary

Market Background and Risks

- Offices are shifting from centralization to decentralization based on promoting remote work and the like, showing a gradual downward trend.
- Construction delays due to soaring raw material prices caused by rising prices and a supply shortage.
- Risk of foreign exchange volatility caused by soaring prices of energy resources and rapidly weakening yen due to international circumstances such as administration change in the United States.
- Concerns over securing staff and rising labor costs.

Consolidated (¥ million)	Full-Year FY25		1H FY26		2H FY26		Full-Year FY26		YoY Changes	
	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	139,868	100.0%	70,400	100.0%	77,600	100.0%	148,000	100.0%	8,131	5.8%
Gross Profit	39,589	28.3%	19,800	28.1%	21,200	27.3%	41,000	27.7%	1,410	3.6%
SG&A Expenses	30,911	22.1%	16,000	22.7%	16,300	21.0%	32,300	21.8%	1,388	4.5%
Operating Profit	8,678	6.2%	3,800	5.4%	4,900	6.3%	8,700	5.9%	21	0.2%
Ordinary Profit	9,094	6.5%	4,100	5.8%	5,200	6.7%	9,300	6.3%	205	2.3%
Profit Attributable to Owners of Parent	5,829	4.2%	2,500	3.6%	3,600	4.6%	6,100	4.1%	270	4.6%

- Operating profit is expected to increase from business line expansion and cost control.
- Ordinary profit is expected to increase by further gain on equity method by expanding share of entities, and by controlling of non-operating expenses.

Financial Forecasts by Business Segment

Consolidated (¥ million)	Full-Year FY25		1H FY26		2H FY26		Full-Year FY26		YoY Changes	
	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	139,868	100.0%	70,400	100.0%	77,600	100.0%	148,000	100.0%	8,131	5.8%
Facilities Management and Operation Business	85,600	61.2%	43,630	62.0%	48,100	62.0%	91,730	62.0%	6,129	7.2%
Building Maintenance and Property Management	60,902	43.5%	30,980	44.0%	34,790	44.8%	65,770	44.4%	4,867	8.0%
Security Service	24,697	17.7%	12,650	18.0%	13,310	17.2%	25,960	17.5%	1,262	5.1%
Residential Management and Operation Business	32,182	23.0%	16,680	23.7%	17,120	22.1%	33,800	22.8%	1,617	5.0%
Environmental Facility Management Business	14,819	10.6%	7,310	10.4%	7,940	10.2%	15,250	10.3%	430	2.9%
Real Estate Fund Management Business	5,003	3.6%	1,430	2.0%	2,890	3.7%	4,320	2.9%	(683)	-13.7%
Other Businesses	2,263	1.6%	1,350	1.9%	1,550	2.0%	2,900	2.0%	636	28.1%
Segment Profit	8,678	6.2%	3,800	5.4%	4,900	6.3%	8,700	5.9%	21	0.2%
Facilities Management and Operation Business	7,907	9.2%	3,765	8.6%	4,665	9.7%	8,430	9.2%	522	6.6%
Building Maintenance and Property Management	6,320	10.4%	3,060	9.9%	3,870	11.1%	6,930	10.5%	609	9.6%
Security Service	1,586	6.4%	705	5.6%	795	6.0%	1,500	5.8%	(86)	-5.5%
Residential Management and Operation Business	1,395	4.3%	900	5.4%	630	3.7%	1,530	4.5%	134	9.7%
Environmental Facility Management Business	2,049	13.8%	1,170	16.0%	990	12.5%	2,160	14.2%	110	5.4%
Real Estate Fund Management Business	1,407	28.1%	90	6.3%	580	20.1%	670	15.5%	(737)	-52.4%
Other Businesses	205	9.1%	83	6.2%	133	8.6%	216	7.5%	10	4.9%
Adjustments	(4,286)	-	(2,208)	-	(2,098)	-	(4,306)	-	(19)	-

*1 Starting from FY24, with the transition to a holding company structure, the general and administrative expenses of our subsidiary, Nippon Kanzai Co., Ltd. are incorporated into the expenses of the Facilities Management and Operation Business and Residential Management and Operation Business.

*2 Net sales in Other Businesses exclude internal sales between business segments.

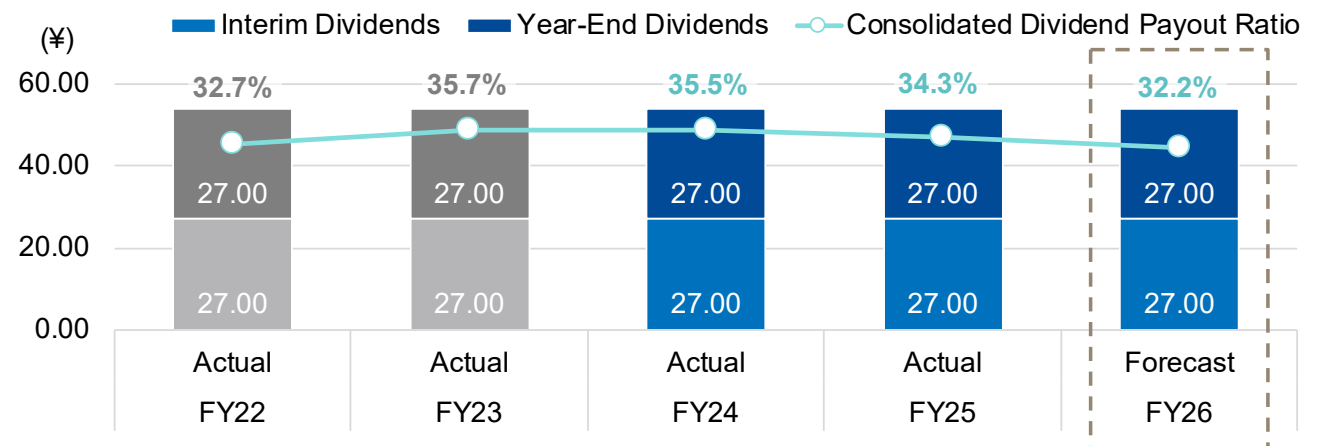
*3 The adjusted amount of segment profit includes the elimination of intersegment transactions as well as SG&A expenses which are not attributable to any particular segment.

*4 There is no change to the outlook for full-year financial results by business segment from the initial forecasts in light of the market environment and risk conditions.

Shareholder Return Policy

- Determining dividend policy is one of NIPPON KANZAI's most important tasks and we return profit by appropriate distribution of results according to performance.
- For FY25, year-end dividends will be set at ¥27 per share based on full-year financial results.
- For FY26, interim and year-end dividends will be set at ¥27 each, with plans for total dividends of ¥54 per share.

	NIPPON KANZAI (Reference)		NIPPON KANZAI Holdings		
	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Actual	FY26 Forecast
Interim Dividends	27.00	27.00	27.00	27.00	27.00
Year-End Dividends	27.00	27.00	27.00	27.00	27.00
Consolidated Dividend Payout Ratio	32.7%	35.7%	35.5%	34.3%	32.2%





The NIPPON KANZAI Group's Medium-term Growth Strategies

The NIPPON KANZAI Group's Medium- to Long-term Management Vision

Basic Management Policy

As a partner of our customers, we continue to create and protect the value of buildings, which are important assets.

Medium-term Initiatives

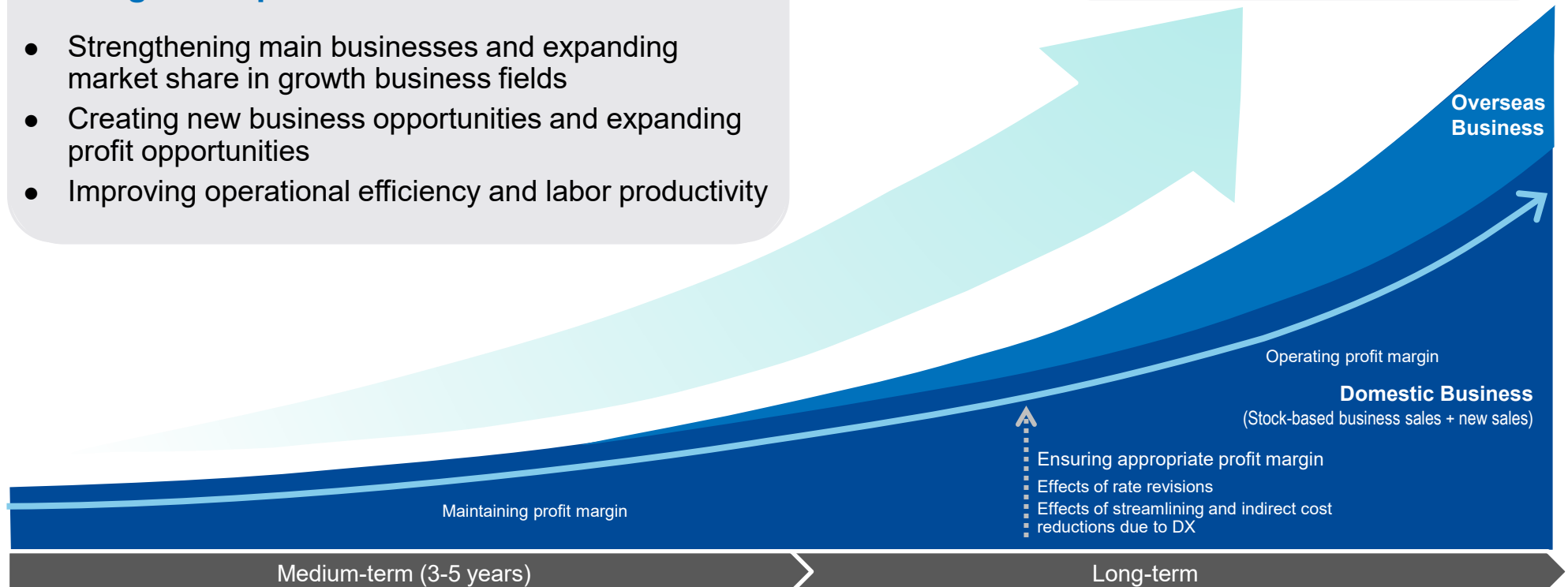
Maintenance and strengthening of management platform

- Strengthening main businesses and expanding market share in growth business fields
- Creating new business opportunities and expanding profit opportunities
- Improving operational efficiency and labor productivity

Vision

Enhancement of profitability and diversification of businesses

- Further market share expansion in the industry
- Development of new businesses and market development
- Expansion of overseas business
- Improvement of profitability through review of profit structure



Medium-term Growth Strategies

■ Growth strategies based on the medium-term initiatives

Recognition of issues in business

- **Decrease in the labor inflow** to the real estate-related service industry due to extension of retirement age and re-employment by companies, as well as **labor shortage** due to the outflow of human resources to other industries
- **Prices should reflect changes** in economic conditions such as a shift from deflation to inflation
- **Diversification and sophistication of customer needs** such as asset value enhancement and environmental issues including decarbonization
- Need to move away from being a labor-intensive industry, **IT adoption** of the entire industry, and **delay in DX adoption**

Growth Strategies

1	Sales promotion to the public sector	In the PPP (Public-Private Partnership) field, demand for maintenance and renewal of aging facilities and streamlining of operations is high. The market is expected to expand nationwide in the future. Taking advantage of the many track records and know-how we have built over many years, we will further strengthen the sales activities.
2	Promotion of M&A and investment	Taking advantage of the strength of an independent-type company which has no complicated relationship regarding the capital, we aim to create business opportunities by entering into partnerships on an equal footing with companies that fit the times and problem-solving.
3	Overseas development	By horizontally sharing the extensive facility management know-how cultivated in Japan and the strengths of our overseas companies, we aim to strengthen the foundation of overseas business and further expand the business scale.
4	Promotion of DX	We will strive to reduce indirect costs by improving operational efficiency and the productivity of each employee, and to improve service quality and customer satisfaction by increasing contact with customers.

The NIPPON KANZAI Group's Medium-Term Growth Strategies

Growth Strategies

1 Sales promotion to the public sector

2 Promotion of M&A and investment

3 Overseas development

4 Promotion of DX

Business Actions

- Sales expansion of comprehensive management services of public facilities
- Creating business opportunities by strengthening PPP / PFI and designated manager systems (P.26-P.30)

- Expansion of business line and sales channels through aggressive M&A, investment, and business alliances in Japan and overseas (P.32) *For details, please refer to the reference materials.

- Overseas expansion into Europe and the United States
- Improvement of service quality and streamlining of businesses through roll-out of the Group know-how (P.34) *For details, please refer to the reference materials.

- Improvement of operational efficiency and automation of operations (standardization of the system platform, provision and sharing of systems, conversion of work records to data files, utilization of robots, etc.) (P.36-P.42)

Growth Strategies(1): Purpose of Sales Promotion to the Public Sector

Expansion of potential business opportunities

Before 2000

Maintenance and management works of public facilities are mainly through conventional general bidding, and many single works (facilities, security, cleaning, etc.) are entrusted

Present

PPP/PFI, designated managers and the public facilities comprehensive management system were introduced, and projects in fields with higher expertise have increased

Outsourcing to the private sector will continue to increase due to shortage of professional engineers related to building maintenance of government offices

Our initiatives

- Leveraging social credibility and the stable management platform
- Acquiring orders through consortiums (setting up joint ventures) with different industries using management resources
- Leveraging know-how related to establishment and investment of SPCs (special purpose companies)
- Transitioning from maintenance and management works of single buildings to the management works of multiple buildings in line with the introduction of comprehensive management system of public facilities [Response to market changes]
- Drafting of long-term repair plans and proposal of minor repairs that occur on a daily basis [Shift from breakdown maintenance to preventive maintenance]
- Market development in local cities and cooperation and collaboration with local companies

Contribution to our financial results

- Stability and contribution of medium to long-term performance by the acquisition of multiple-year and long-term contracts [Stock-based business]
- Stabilization of staff placement through multiple-year and long-term contracts [Reduction of staffing costs and improvement of staff proficiency]

Growth Strategies(1): NIPPON KANZAI Performance in Public Sector (excluding conventional general bidding)

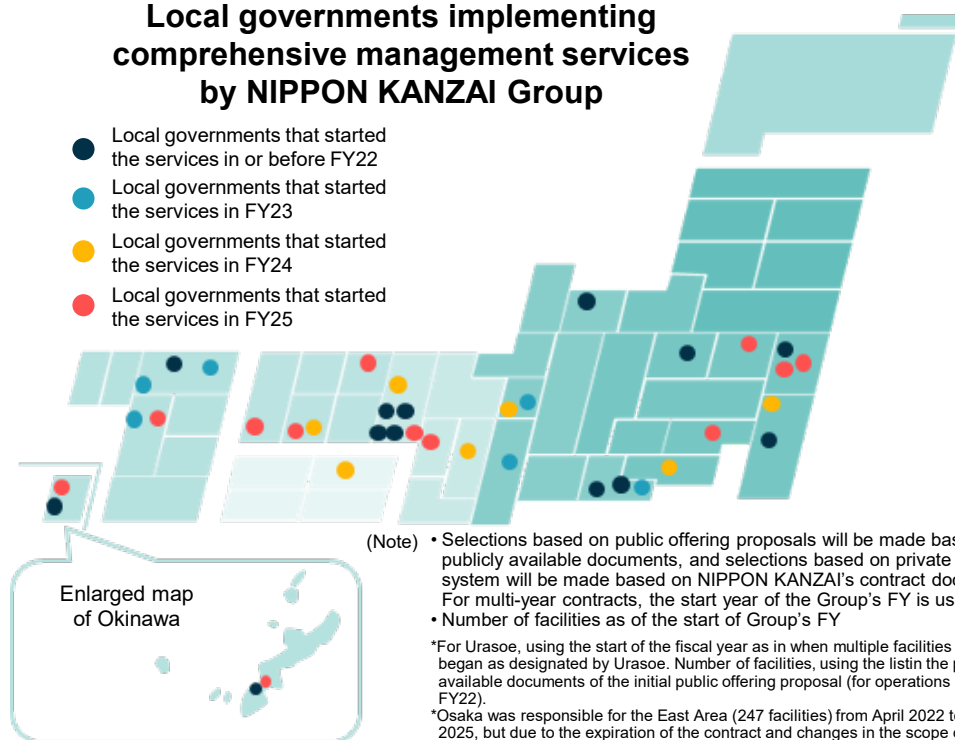
Sales expansion of comprehensive management services of public facilities

NIPPON KANZAI's track record in comprehensive management of public facilities is expanding and have currently 36 projects nationwide, which accounts for industry leading 46%** marketshare. In FY25, we started operations in 11 local government organizations (Ishioka, Tsukubamirai, Nasushiobara, Sumida-ku(Tokyo), Osaka, Nishinomiya, Tottori, Hatsukaichi, Ube, Yamaga and Ginowan). Given the expected nationwide expansion of the comprehensive management operations market, we will leverage our track record and accumulated know-how to strive for further market share expansion.

- Comprehensive management services of public facilities are a form of contract for managerial work for multiple public facilities of local governments such as equipment inspection and cleaning. Promoting comprehensive management has significant advantages such as "implementation of planned capital investment with prioritization," "regional revitalization through cooperation with local companies," and "workload reduction of local government staff," and we are deploying it nationwide as a measure of our public facilities management strategy
- **Approximate figure

Local governments implementing comprehensive management services by NIPPON KANZAI Group

- Local governments that started the services in or before FY22
- Local governments that started the services in FY23
- Local governments that started the services in FY24
- Local governments that started the services in FY25



Starting period	Local governments	No. of facilities	Starting period	Local governments	No. of facilities
Apr. 2018	Akashi-city, Hyogo	132	Apr. 2024	Zama-city, Kanagawa	66
Apr. 2019	Ashiya-city, Hyogo	53		Fukuyama-city, Hiroshima	311
	Chikusei-city, Ibaraki	65		Noda-city, Chiba	236
	Kosai-city, Shizuoka	81		Toyooka-city, Hyogo	131
Apr. 2020	Numata-city, Gunma	123		Marugame-city, Kagawa	145
	Urasoe-city, Okinawa	20*		Koryo-cho, Nara	44
Apr. 2021	Shimada-city, Shizuoka	70	Nov. 2024	Otsu-city, Shiga	134
Apr. 2022	Ichihara-city, Chiba	407	Apr. 2025	Ishioka-city, Ibaraki	51
	Imizu-city, Toyama	105		Tsukubamirai-city, Ibaraki	55
	Kobe-city, Hyogo (Eastern part)	154		Nasushiobara-city, Tochigi	92
	Takasago-city, Hyogo	48		Sumida-ku, Tokyo	191
	Kasuga-city, Fukuoka	10		Osaka-city, Osaka (Public offering classification (3))*	208
Apr. 2023	Mishima-city, Shizuoka	85		Nishinomiya-city, Hyogo	63
	Yokkaichi-city, Mie	44		Tottori-city, Tottori	89
	Kusatsu-city, Shiga	133		Hatsukaichi-city, Hiroshima	99
	Arao-city, Kumamoto	43		Ube-city, Yamaguchi	121
	Omuta-city, Fukuoka	69		Sanka-city, Kumamoto	153
	Munakata-city, Fukuoka	181		Ginowan-city, Okinawa	29

(as of April 1, 2025)

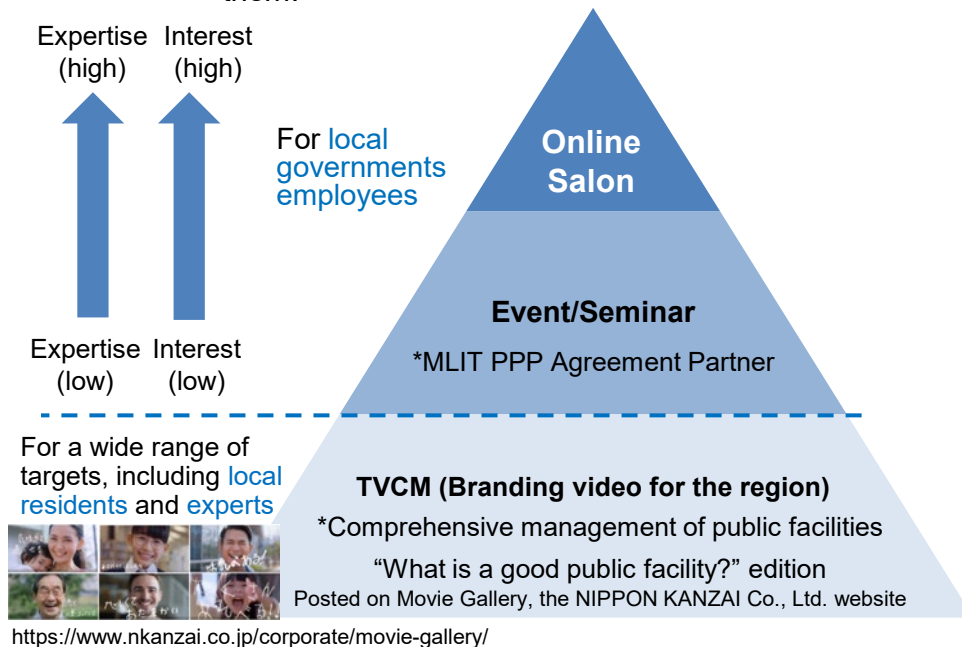
Growth Strategies(1): Promotion of Public Facilities Management Support Business

Publicity strategy in public facilities management

We aim to increase the awareness of NIPPON KANZAI through information dissemination via commercials, social media, and seminars.

■ Training, Synergy and Media Mix

- **Training** By disseminating information through online salons and PPP seminars, NIPPON KANZAI will support “Public FM interested groups” to become “practitioners.”
- **Synergy** Aiming to boost the comprehensive management market, NIPPON KANZAI will create medium to long term value, rather than ad-hoc measures.
- **Media mix** By combining several media, NIPPON KANZAI aims to create complementary and synergistic effects between them.



Operating online salons

A public FM Online Salon was opened on February 5, 2021. The Online Salon provides information sharing and networking opportunities among workers of local governments who engage in Public Facilities Management (FM) through transmitting the up-front initiatives and know-how related to the national public FM and taking other initiatives.

**166 people from
134 local governments
participated**

(as of August 6, 2024)



Holding events and seminars related to public-and-private cooperation (twice a year)

Since being certified as an MLIT PPP Agreement Partner company in FY18, we have held annual seminars for workers of local governments. In FY24, the seminar was held with local participation and online in combination, with active discussions and information exchange.



Growth Strategies(1): NIPPON KANZAI Performance in Public Sector (excluding conventional general bidding)

Sales expansion of environmental facilities management services

In the Environmental Facilities Management Business, which deals with facilities such as water and sewerage treatment facilities and industrial waste treatment facilities, PPP-related new projects, including comprehensive privatization and DBO-method ordering, have recently increased. Proactive sales and marketing activities are conducted nationwide to win entrusted projects. In FY24, we started 5 new operations, including long-term comprehensive privatization.

1. Promote sales of comprehensive privatization services

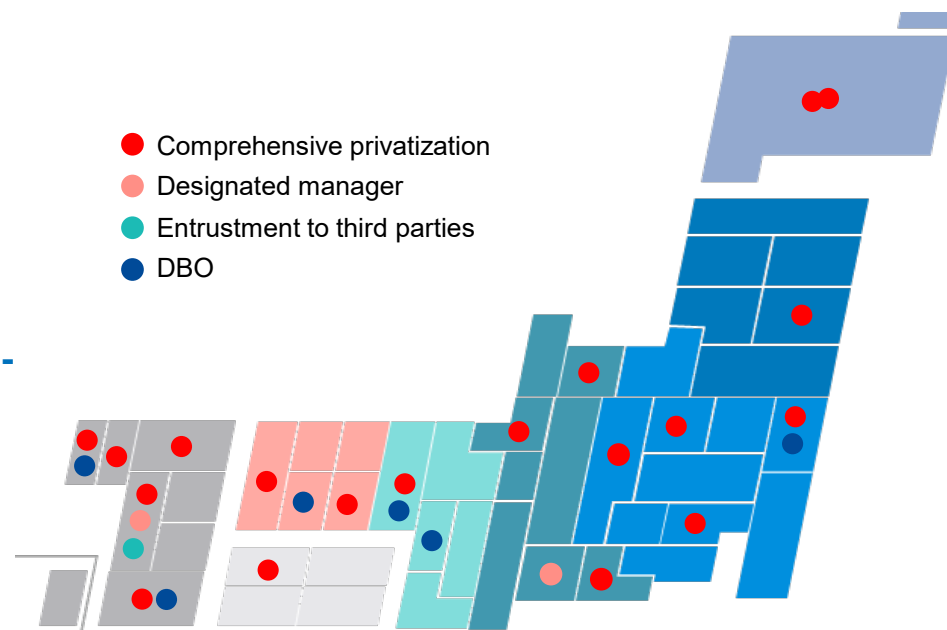
Comprehensive privatization is a system in which several operations and facilities are entrusted comprehensively so that a business operator entrusted with the business can operate the facilities more efficiently and effectively, making use of its knowledge and know-how. The introduction of the system is accelerated nationwide. Since the market expansion, especially in local areas, continues to be expected, we strengthen the promotional sales activities, development of professional human resources, etc.

2. Strengthen taking DBO-method ordering in the special-use facilities

DBO-method* has become a mainstream method for managing and operating environmental facilities. In particular, we strengthen the sales activities targeting the reconstruction timing of waste combustors, recycling-related facilities, night-soil treatment plants, etc. And, there have been an increasing number of newly established large-scale complex recycling facilities, which carry out all the processes, from incineration to recycling and disposal of the waste, all at once. So, we strengthen the sales activities for new order taking.

* DBO method is a method in which a private entity executes design, construction work, maintenance and management, and operation with public funding.

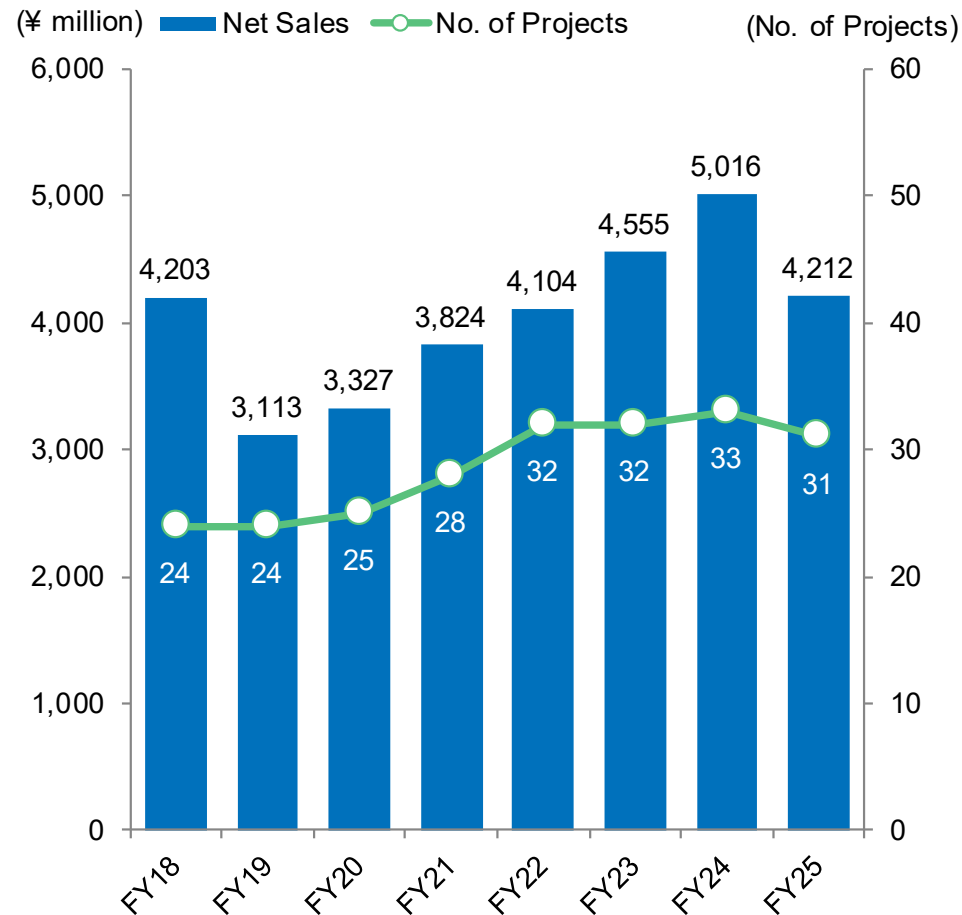
Record of comprehensive privatization, designated administrators, entrustment to third parties, and DBO



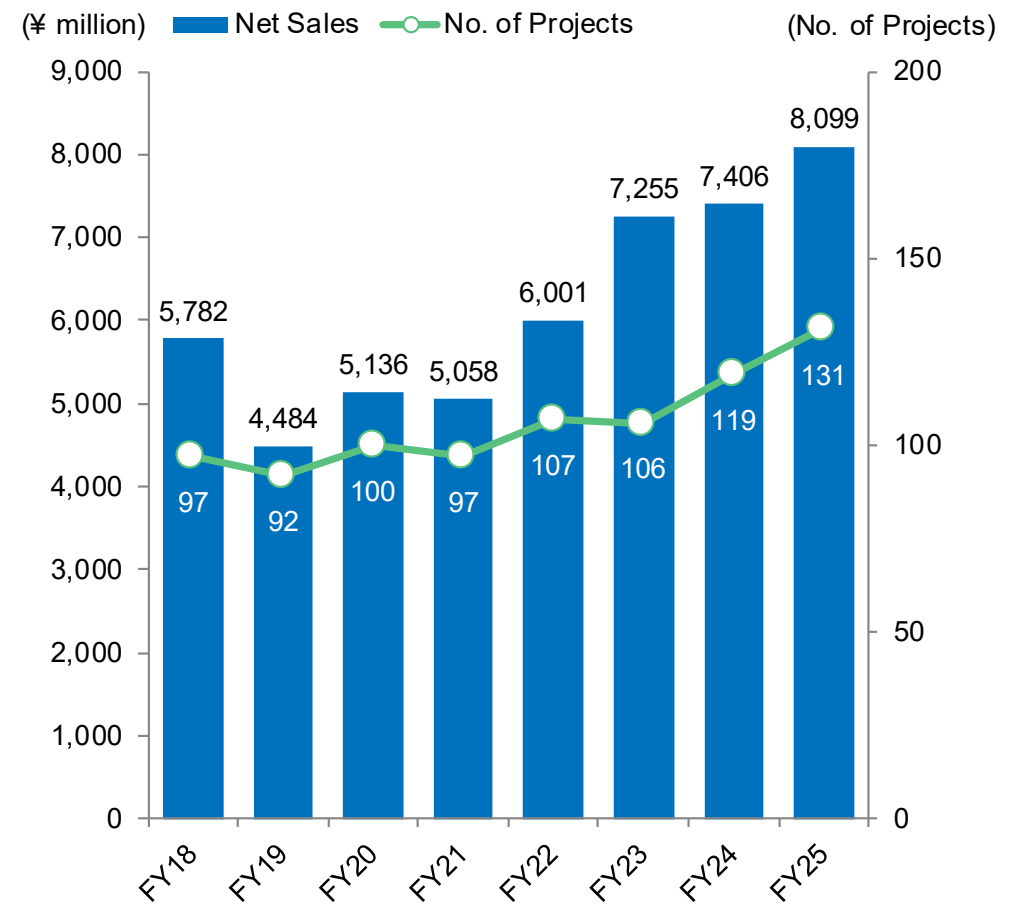
Growth Strategies(1): NIPPON KANZAI Performance in Public Sector (excluding conventional general bidding)

Initiatives for other public-private partnerships

PFI



Designated Manager



The NIPPON KANZAI Group's Medium-Term Growth Strategies

Growth Strategies

1 Sales promotion to the public sector

2 Promotion of M&A and investment

3 Overseas development

4 Promotion of DX

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Growth Strategies(2): Promotion of M&A and Investment

Promote M&A and investment by companies related to the Group both domestically and abroad

The Group positions M&A and investment as important factors for expanding and growing our business. It will proactively promote M&A related business both domestically and abroad that have synergies with our group based on the following fundamental policies.

Japan

Basic policy: M&A of and investment in blue-chip companies within strategic regions (expansion of domestic market and regional development)

Recent track record (from 2020):

- Aug. 2021 Acquired 100% share of Neotrust Co., Ltd., an outsourcing company that undertakes payroll and various clerical works.
- Jul. 2022 Acquired 40% share of JTB Asset Management Corp., a group company of JTB Corp.*1
- **Dec. 2022 Acquired 100% share of Seiryu Maintenance Inc. from SEKISUI CHEMICAL CO., LTD. *2**
- **Oct. 2023 Nihon Kanzai Environment Service Co., Ltd. absorbed Seiryu Maintenance Inc.**

<Supplementary note> *1 Business alliance with JTB Corp.

*2 NIPPON KANZAI Kankyo Service Co., Ltd., a subsidiary of NIPPON KANZAI, acquired the share. Strengths outside the company's sales area are expected.

Overseas

Basic policy: M&A of and investment in the residential management and relevant businesses in Europe, the U.S., and Oceania (expansion into the overseas market)

Recent track record (from 2020):

- Mar. 2020 Acquired 50% share of Hawaiiana Holdings Incorporated, a residential management company in Hawaii, the U.S.
- Dec. 2020 Increased the ratio of investment in Keystone Pacific Property Management, LLC, a gated community management company on the west coast of the U.S., to 50%.
- Mar. 2022 Acquired 90% share of PPG, a property management company in Hawaii, the U.S.
- **Jul. 2023 Established a subsidiary in Germany. (Company name: Nippon Kanzai Deutschland GmbH)**
- **Aug. 2023 Acquired 50% share of and wholly owned Hawaiiana Holdings Incorporated, a residential management company based in Hawaii, the U.S.**
- **Sep. 2023 Acquired 75% share of Ackermann Hausverwaltung GmbH, a housing management company based in Munich, Germany.**
- **Apr. 2024 Keystone Pacific Property Management, LLC acquired the business rights of Manor Association, Inc., a residential management company based in Northern California.**
- **Sep. 2024 Keystone Pacific Property Management, LLC acquired the business rights of Colorado Property Management Group, Inc., based in Aurora.**
- **Feb. 2025 Keystone Pacific Property Management, LLC acquired the business rights of Albert Management, a residential management company based in Southern California.**

The NIPPON KANZAI Group's Medium-Term Growth Strategies

Growth Strategies

1 Sales promotion to the public sector

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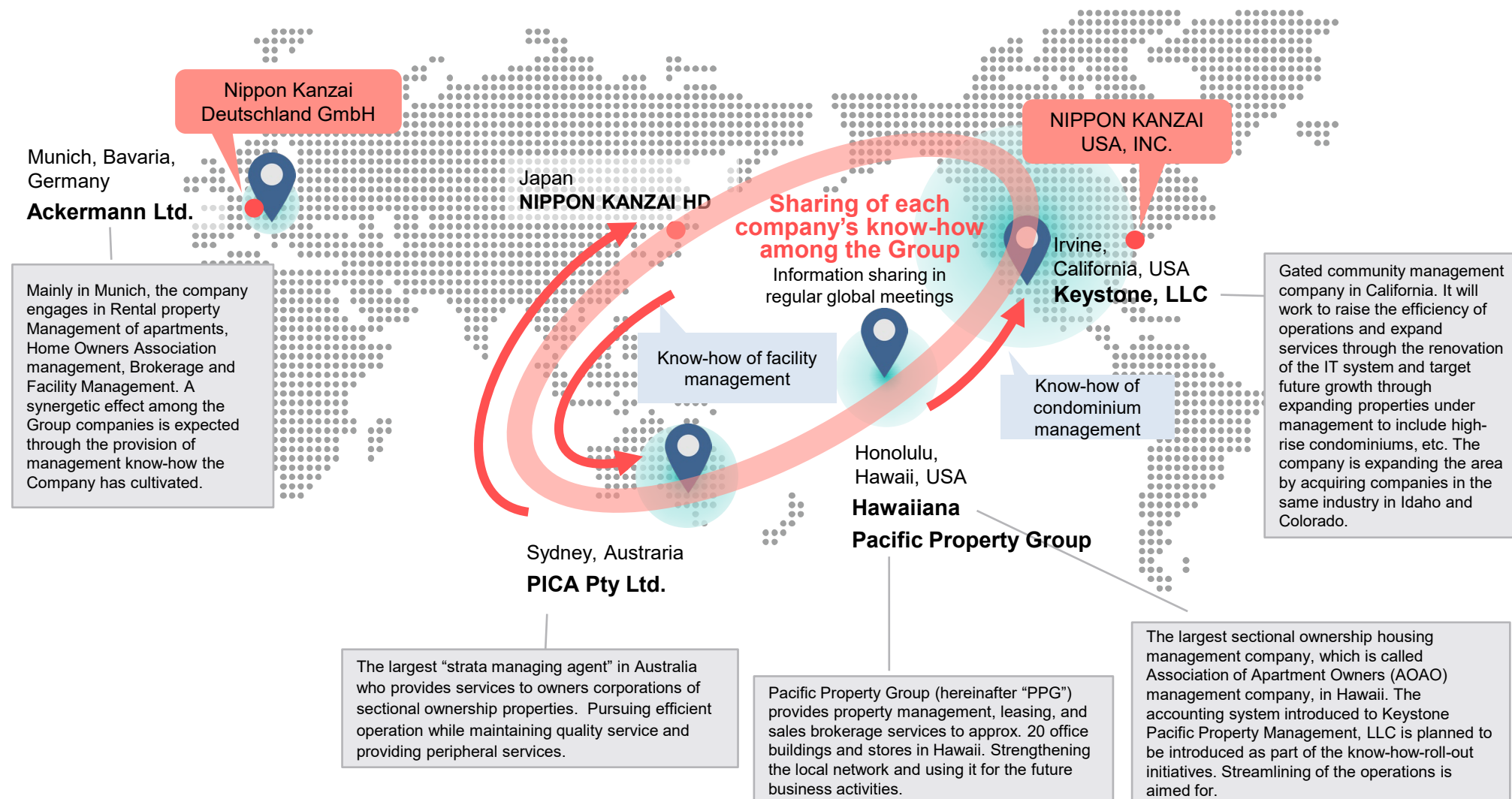
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Growth Strategies(3): Roll-out of the Group Know-how

Aiming to improve the business quality and the growth of the entire company, we will roll out the know-how and strengths cultivated by each company and put them into practice. In the future, in particular, we will strengthen information sharing in IT and digital transformation fields, raise operational efficiency, and take other measures.



The NIPPON KANZAI Group's Medium-Term Growth Strategies

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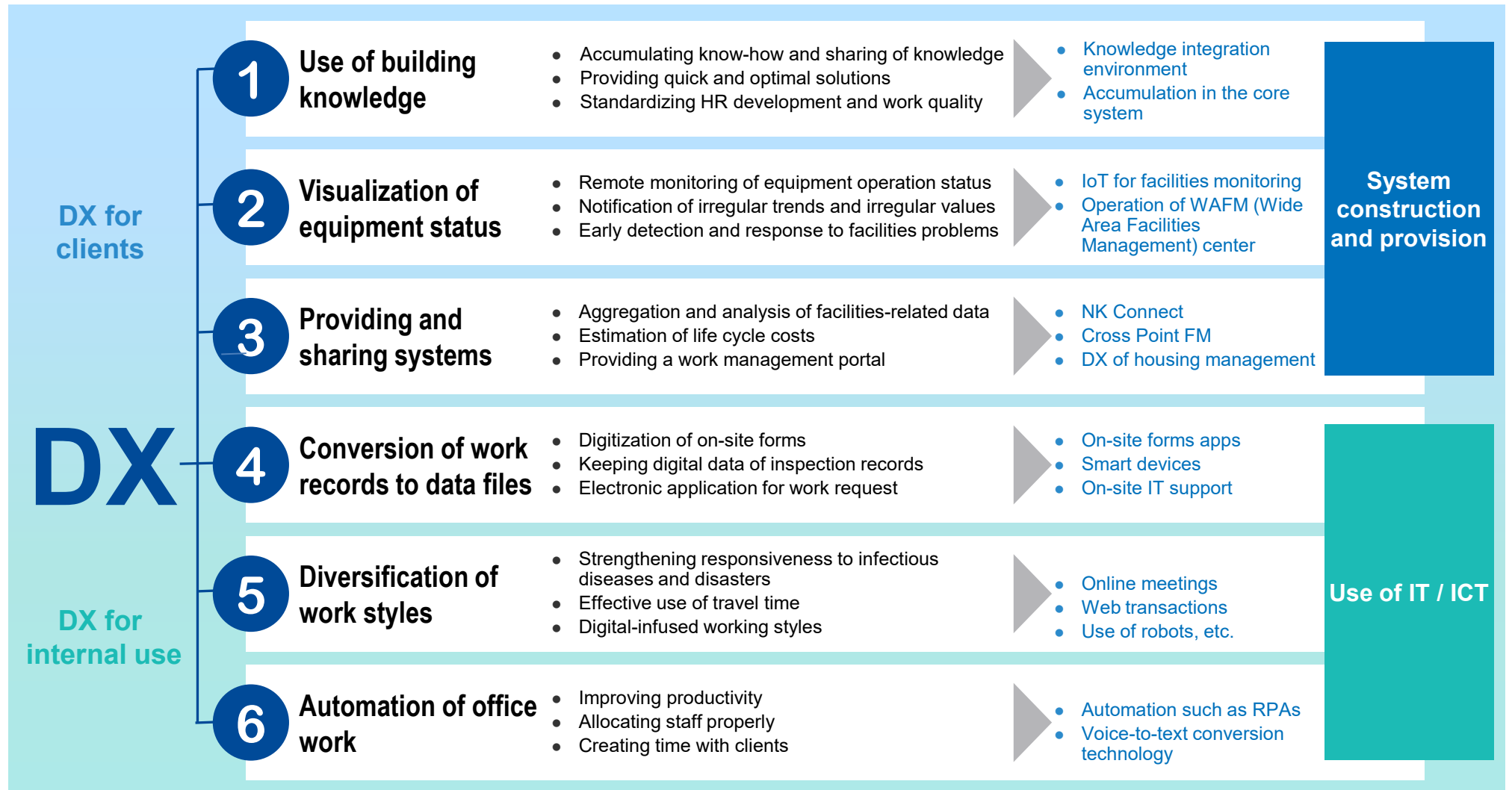
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Growth Strategies(4): Promotion of DX

With IT approaches both externally and internally, and fusion of digital and analog, we provide optimal services to customers



Growth Strategies(4): Provision and Sharing of Systems (DX for clients③)

Provision of new homeowner association services using IT tools

Overview

In the past, management of homeowners' associations was conducted by the association's board members and the property manager who met in person on site. Each of the Group's homeowners' associations management companies have launched strata management services called NRemotE for homeowners' associations in order to facilitate smooth operations for situations where interpersonal contact has become difficult due to the outbreak of the Covid 19. The introduction of this service makes it possible to hold board meetings and manage various tasks such as contractual relations online.

Main functions

- Holding of online board meetings
- Executing management contract electronically
- Providing monthly financial reports online
- Digitalization of invoice, reports, etc.
- Online-based application service for owner/resident information updates.

* Strata management refers to homeowners' associations operation, and cashier works in the condominium management business in Japan. "NRemotE" was developed by the know-how rolled out by PICA, an affiliate in Australia.

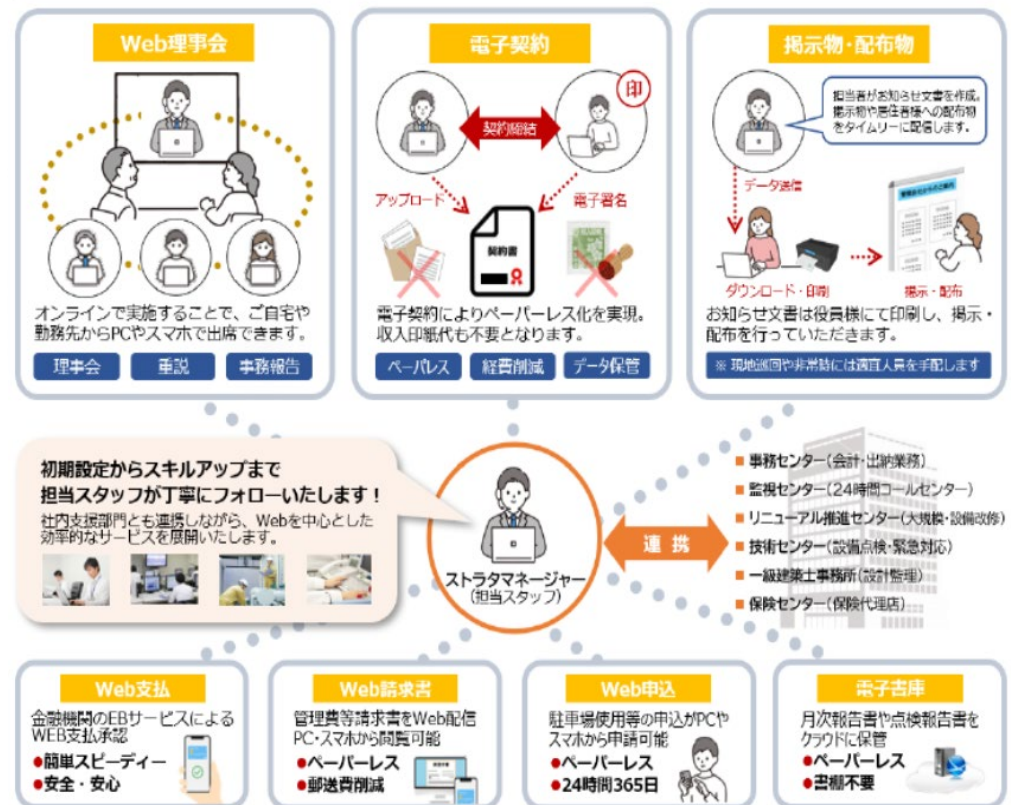
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Growth Strategies(4): Provision and Sharing of Systems (DX for clients③)

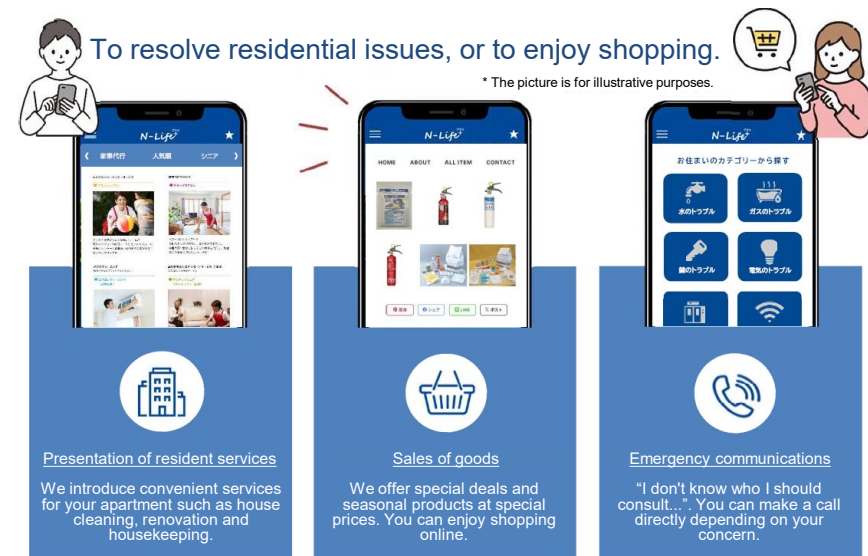
Provision of official portal app for residents of condominiums “N-Life+”

Overview

“N-Life+” is a portal app that incorporates various functions that support daily life, including online bill consultation such as that on condominium management, online applications for facilities such as parking lots (separate approval of the homeowners’ association is required for use), presentation of resident services such as house cleaning, sales of goods related to daily life, notification of neighborhood information, and inquiry functions in case of trouble.

Through the provision of this app, we aim to support residents' comfortable lives and improve customer satisfaction. We also plan that the app will serve as a gateway for further promotion of DX for condominium management.

In the Residential Management and Operation Business, we will promote various DX features, such as this app, to reduce costs of condominium management based on improving work efficiency. In this way, we will enhance our superiority over other companies in the same industry.



Growth Strategies(4): Provision and Sharing of Systems (DX for clients③)

Completing payment from homeowner associations online “Smart Transfer Approval”

Overview

"Smart Transfer Approval" is a unique online payment service that uses the BaaS (Banking as a Service *) of an online bank, customized, and linked to NIPPON KANZAI's administrative management system.

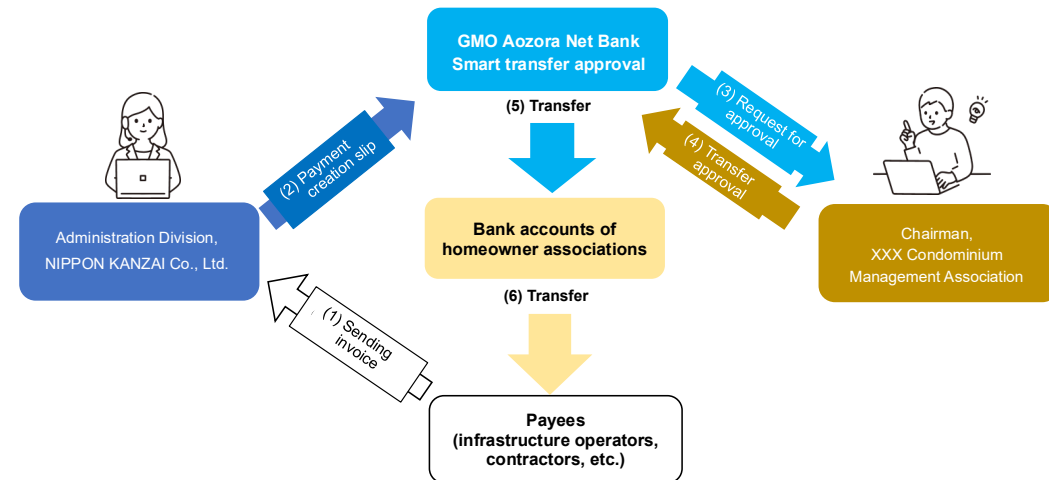
As a DX for condominium management, this service was created through a combination of the systems integration function of GMO Aozora Net Bank and the condominium management expertise of NIPPON KANZAI Group.

*BaaS (Banking as a Service) ... A mechanism whereby banking functions and services traditionally provided by financial institutions are divided and made available to various companies to integrate into their own services.

Benefits of introduction

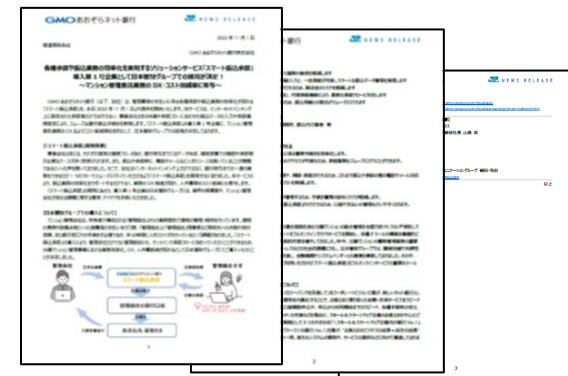
Management company had made homeowners-association-related payment at a bank for homeowners' association, which was inefficient, and, in some cases, whose settings of payment approval route was inappropriate. Introduction of this service will make approvals and transfer works efficient.

We have received positive feedback from customers who have already implemented our service for reducing labor associated with approving documents by affixing seals and decreasing the time until disbursement. We plan to roll out this service to all managed properties by the end of the fiscal year in March 2025.



“Smart transfer approval,” streamlining of approvals, and transfer works

First to introduce the service: NIPPON KANZAI Group



GMO Aozora Net Bank,
News release November 1, 2022 issue

Growth Strategies(4): Diversification of Work Styles (DX for clients⑤)

Promoting the use of robots, etc., in facilities management services

NIPPON KANZAI Group has actively introduced robots and digital devices into facilities management services in order to address labor shortages, improve operational efficiency, and improve service quality.

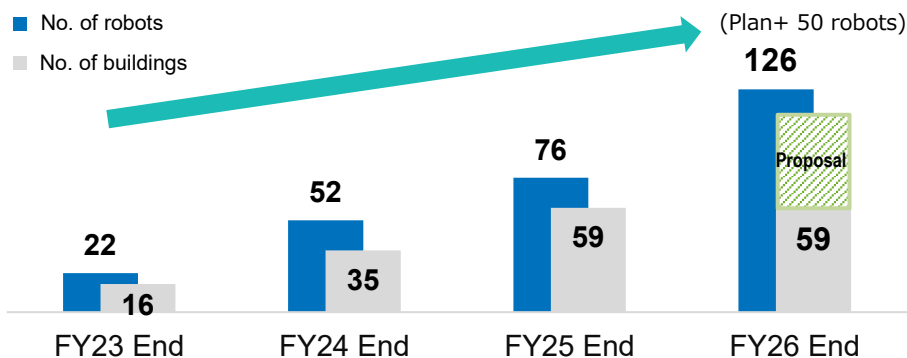
Benefits of introduction

- Reduction of burden on staff through reducing workload
- Reduction of human error and accident occurrence rate
- Standardization of work quality
- Appealing to our tenants through the introduction of the latest technology

Track record

- Cleaning robot: 76 robots operating in 59 buildings
(including outsourcing operation)
 - Security robot: 2 robots operating in 2 buildings
- (as of March 31, 2025)

Number of cleaning robots in operation



- Type of building that introduced robots
- Office building
 - Public facilities
 - Hospital
 - School
 - Underground city, etc.



Preventive maintenance using underwater drones

Trial introduction started for the purpose of preventive maintenance and checking damaged parts of water channels and gates, etc. of water treatment facilities.



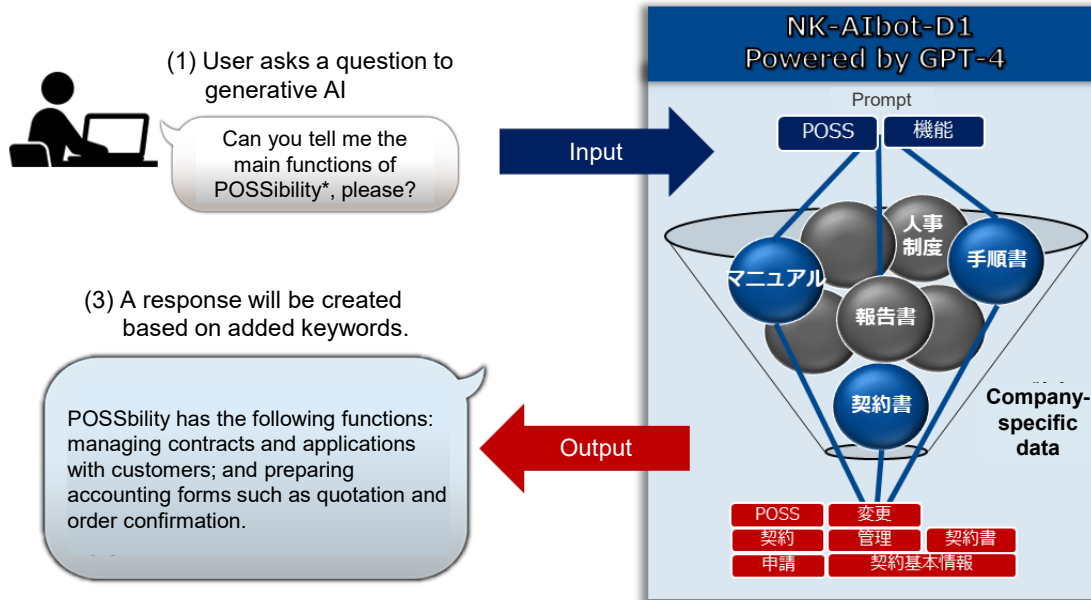
Growth Strategies(4): Automation of Office Work (DX for clients⑥)

Improving the efficiency of operations with the use of generative AI

Since June 2023, we have developed our own conversational AI “NK-Albot Powered by GPT-3.5” utilizing Azure OpenAI Service and Microsoft Power Platform provided by Microsoft. In November 2023, we released the "NK-Albot-D1 Powered by GPT-4", which is capable of providing more pragmatic responses by learning from our proprietary data, such as business manuals. Following the analysis of each employee's usage patterns, we have been able to discern trends in both users and applications. To further promote and expand usage, instead of utilizing a single AI system for various tasks, we have decided to develop multiple AI systems, each tailored for specific tasks, and are proactively promoting their use in the workplace.

■ Concept of “NK-Albot-D1 Powered by GPT-4”

(2) Keywords taken from the question are added to the prompt*.



*POSSibility: Core system unique to our group Prompt: Instructions and questions to AI

<Examples of main uses>

Standardization of operations is aimed through AI learning on manuals

<Examples of data to be learned>



- Rules for all employees
- Operation manual of each department
- Operation manuals and response history for each site

* To ensure security, users are divided by access right allocation.

Creating an environment where employees with little seniority can easily ask questions

Reducing the workload of employees responding to inquiries

Prevention of dependence on a specific person and transmission of know-how

Growth Strategies(4): Automation of Office Work (DX for clients⑥)

Introduction of a “central purchasing system” completed for 10 major Group companies

- Achieved cost reductions of up to 35% and a reduction of 85 hours of work per month -

Background to introduction

- Issues such as **price differences**, **complicated approval processes**, and **long-term lead times** due to purchasing by individual business companies and departments
- As **part of the “Promotion of DX”** in the medium-term growth strategies, we have decided to standardize

Benefits of introduction

Cost reduction:

Reduced costs by up to 35% through Group-wide transactions

Business streamlining:

By completing the application and approval process within the system, we have reduced lead times and achieved a paperless environment

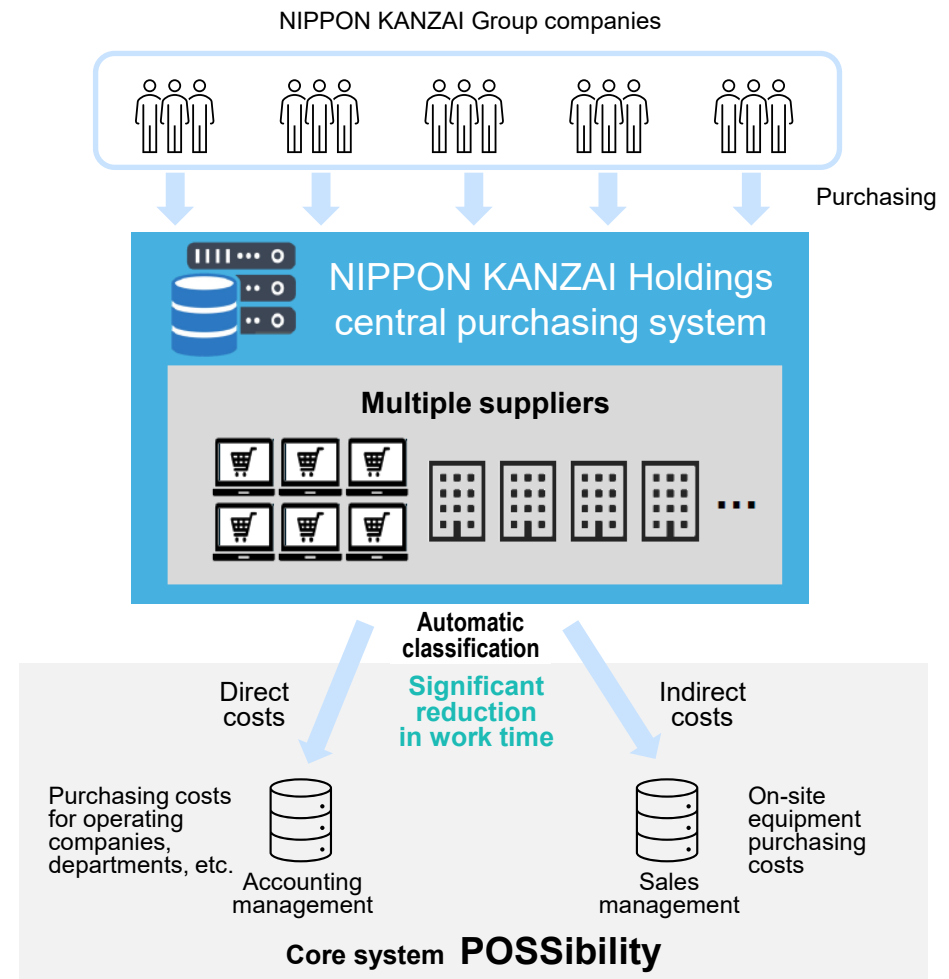
Streamlining accounting processes:

Linked to the core system “POSSibility” to automatically classify direct and indirect costs. Significantly reduced processing time

Outlook

- Promote further cost advantages and productivity improvements by **expanding suppliers** and **enhancing capabilities**

“Flow of the central purchasing system”





Sustainability of the NIPPON KANZAI Group

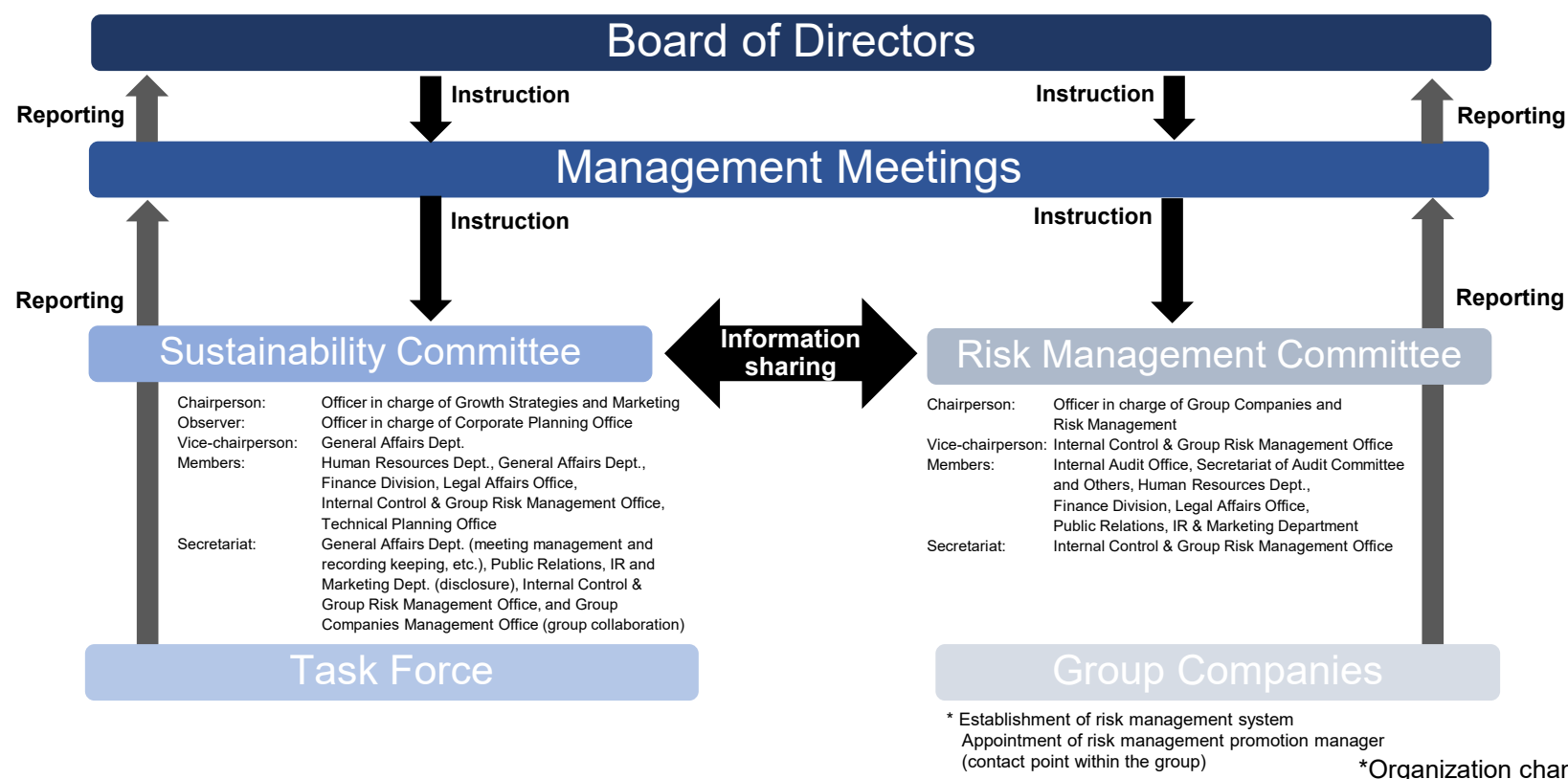
Sustainability Initiatives and Governance Structure

● Sustainability initiatives

Concerning sustainability issues, including social and environmental problems, for our group they constitute both “business opportunities” and “risks”. We recognize that they are major management issues for increasing corporate values in the medium and long term. In order to resolve issues concerning sustainability, the entire group will implement various measures.

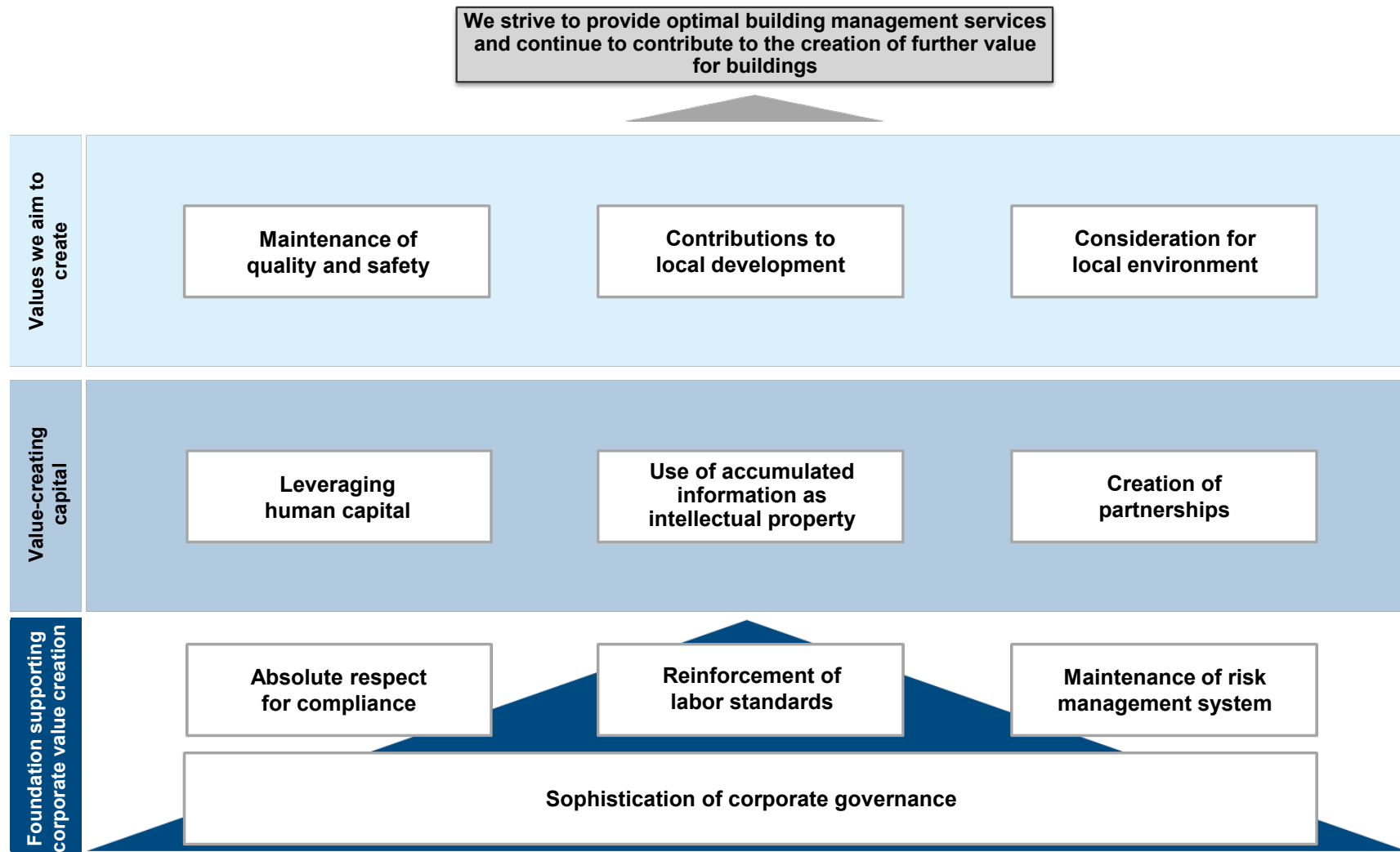
● Establishment of the Sustainability Committee

The Sustainability Committee was established in January 2024 to support the Company's consideration of issues related to sustainability and to encourage strategic and broad integration of the sustainability perspective into management's operational decision-making and company-wide risk management initiatives.




























The NIPPON KANZAI Group's Materiality

We have established ten themes deemed material for continuously meeting the everchanging demands of society. Each theme serves three functions: a foundation that supports the creation of corporate value, capital that produces value, and the value we aim to create. Through the resolution of each theme, we strive to provide the most optimal building management services that ensure the longevity and safety of our customers' valued assets, continuously contributing to the further creation of value in buildings.



Definition of Each Materiality

Functional classification	Materiality	Definition	SDGs benefiting from completion
Values we aim to create	Maintenance of quality and safety	<ul style="list-style-type: none"> Through building management, we provide a safe, secure, and comfortable environment for building owners, residents, and facility users. We contribute to the construction of a sustainable social infrastructure and also enhance asset value and profitability by optimizing building life cycle costs. 	 
	Contributions to local development	<ul style="list-style-type: none"> By accepting orders for the operation of aging public infrastructure and facilities using the PPP method, we contribute to the efficient management of these facilities and the creation of local employment. Additionally, we cooperate in creating new local attractions through the management of buildings where people gather and communicate 	   
	Consideration for local environment	<ul style="list-style-type: none"> We contribute to a decarbonized society and beyond by assessing the environmental impact of building facilities throughout their life cycle. This includes improving maintainability and extending service life based on customer needs, as well as proposing replacement and reconstruction ideas. 	  
Value-creating capital	Leveraging human capital	<ul style="list-style-type: none"> As a comprehensive real estate service provider, the NIPPON KANZAI Group aims to be a reliable partner for customers and communities. We provide one-stop quality services backed by the expertise and public certification that the Group has cultivated 	  
	Use of accumulated information as intellectual property	<ul style="list-style-type: none"> We will utilize the know-how we have accumulated through industry-leading PPP (public-private partnership) projects and integrated management operations to optimize the life cycle costs of our customers' buildings and add value to improve asset value. We promote digital transformation (DX) to realize high-efficiency building management in response to the era of population decline. Our focus is on the effective use of databases and the introduction of cleaning robots and advanced technologies equipped with AI. 	  
	Creation of partnerships	<ul style="list-style-type: none"> We will leverage our independent and neutral perspective to create partnerships with business partners that are optimal for our customers. These partnerships are based on an equal relationship, without being bound by a capital relationship. Together with our partner companies, we will contribute to regional revitalization and revitalization projects. Our aim is to work towards the goal of creating new businesses. 	   
Foundation supporting corporate value creation	Absolute respect for compliance	<ul style="list-style-type: none"> We will strive to maintain and improve the quality of our service to customers through multiple monitoring systems, including inspections and 'Customer Satisfaction Surveys'. We will also work hard to ensure thorough compliance with relevant laws and regulations, the Information Security Policy, and the Basic Rules for the Protection of Personal Information. 	   
	Reinforcement of labor standards	<ul style="list-style-type: none"> We are expanding initiatives related to diversity and inclusion, as well as work-life balance, to foster a corporate culture that allows diverse human resources to play an active role and flourish. We aim to realize a work environment where women, the elderly, and foreigners can thrive, with mutual consideration and respect for each other. 	 
	Maintenance of risk management system	<ul style="list-style-type: none"> The Risk Management Committee identifies, evaluates, and manages risks for the entire Group, while the Sustainability Committee does the same for sustainability-related risks. For significant risks, both committees verify the effectiveness of the countermeasures and report them to the Executive Committee and the Board of Directors. 	
	Sophistication of corporate governance	<ul style="list-style-type: none"> We strive to build a sound, highly transparent, and stable management foundation, and we actively disclose information in a timely manner. 	

Initiatives for ESG

E environment

Initiatives for environment and energy saving

- Carbon offset of Nishinomiya registered office building
- Installation of quick EV charger to Nishinomiya registered office building
- Promotion of replacing corporate cars with EVs
- Enhancement of green product lineup through central purchasing system



Development of environmental business

- Proposal of installing photovoltaic facilities

We proactively propose installing solar carports that enable power generation at the parking space to properties under management, such as large-scale facilities, including factories and hospitals.



Forest conservation activities

- Participated in the Collaborative Forest Restoration Project* of Kochi Prefecture

NIPPON KANZAI Environment Service Co., Ltd. has entered into a "Collaborative Forest Partners Agreement" and is sponsoring the Collaborative Forest Restoration Project. Through these activities, we hope to deepen understanding of carbon neutrality, promote sustainable forest regeneration, and foster active exchange with the local community.



人が森を助ける。
森が人を助ける



Local cleaning activities

- Beautification and cleaning around the event security venues

NIPPON KANZAI conducts trash collection in the security areas, cleaning inside and outside the venue, and waste sorting the day after the fireworks festival concludes. Moreover, in order to maintain the same living environment as before the event, we strive to beautify the environment with consideration for the local community.



Initiatives for ESG

S social

Initiatives related to worker-friendliness and employment

● Various systems related to the realization of a flexible working style

We set up various systems to support the balance between work and child raising/nursing care.

<Major systems>

- Short-time working system (For child raising and nursing care, the system is valid until the child becomes the third grade in elementary school)
- Hour-base paid leave system
- Work-from-home system
- Use of satellite office
- Subsidy system for hiring baby sitter

Promotion of women's career development (including childcare leave system)

- 100% rate of childcare leave system for women
- 100% rate of childcare leave system for men
- Increase in the percentage of women in managerial positions

Assistant Manager level: 57.1%

(12 out of a total of 21 men and women assistant manager)

Managerial position: 11.1%

(4 out of a total of 36 men and women managers)

● Ensuring equality in the wage gap between men and women

All workers: 52.6%

Regular workers: 55.2%

Non-regular workers: 47.1%

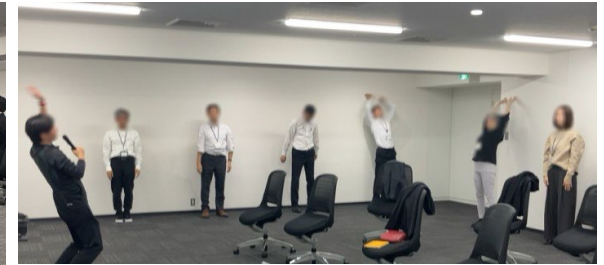
(all as of March 31, 2025)

* Figures of NIPPON KANZAI Holdings Co., Ltd..

Health promotion program for employees

● Health management training

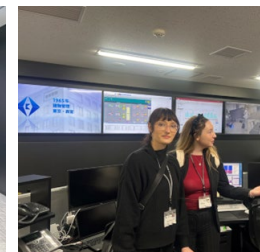
As one of the important elements of human resource management, we conduct health management training once a year to ensure that our employees maintain good physical and mental health (well-being).



Cross-cultural exchange

● Corporate internship

NS Corporation, which is engaged in event production and creative production, accepted two Australian public university students majoring in media communication as part of its "corporate internship program."



Initiatives for ESG

S social

Workplace visits for the families of our employees

● Support the balance of work and family life

One of our initiatives is to help our employees' families understand the nature of our work. As an annual event, we provide an opportunity for our employees' children to experience the atmosphere of our company, creating summer memories.



Health and Safety Cooperation Association

● Health and Safety Cooperation Association supported by NIPPON KANZAI

We hold health and safety conventions and provide health and safety education based on the annual plan. We support voluntary operations and health and safety education by six branches and subcontractors nationwide.



Response to labor shortage caused by population decline

● Promotion of DX and robot introduction

For cleaning large multi-purpose facilities and hospitals that require large number of staffs, we propose combining staff and cleaning robots to achieve efficient operations and maintain high quality. Furthermore, as a countermeasure against the inevitable labor shortage in the near future, we are comparing and verifying the characteristics of robots from various manufacturers in order to make appropriate selections.

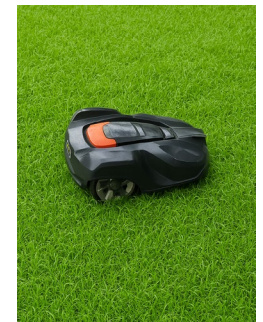
[Example of use: hospital cleaning]

- Take measures so as not to interfere traffic of medical professionals, etc. by conducting cleaning of common areas (corridors and lobbies) at night and in the early morning
- Select the large cleaning robot for the wide area, and the small cleaning robot for the place where desk, chair, etc. are installed
- Adopt HEPA filters to provide excellent quietness and clean exhaust
- Requests from medical offices that require cleanliness (increase in cleaning frequency)

[Selection of robots]



Cleaning robots for indoor use



Lawn mowing robot

Initiatives for ESG

S social

● April 2025: Start of full-scale operations at the HR development center “Growth Square”

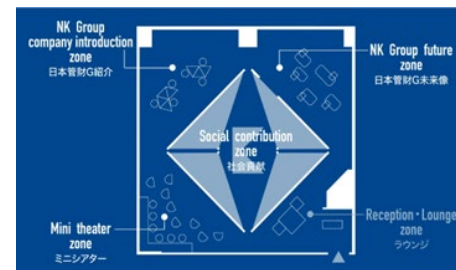
In October 2024, we expanded and relocated our training center, and opened a corporate museum on the same floor on April 1. The training center is commonly referred to as the “Green Square,” and the corporate museum is called the “Blue Square.” The “Green Square” is designed for training new employees, specialized qualification courses, and internal training, while the “Blue Square” is designed to be a place for customers and employees to deepen their understanding and empathy for our business activities through meaningful learning and interaction. The “Green Square” and “Blue Square” are based on the shape of NIPPON KANZAI's company logo and represent our desire to continue expanding outward. That desire led to the creation of the “Growth Square,” a place where employees can grow through human resource development and improved job satisfaction and sense of belonging.

HR development center “Growth Square”

Green Square (training center)



Blue Square (corporate museum)



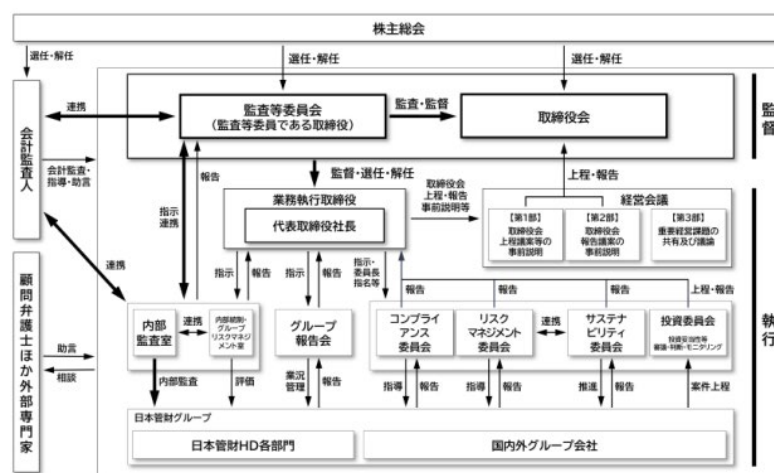
Initiatives for ESG

G governance

Initiatives for strengthening corporate governance

Corporate governance systems

■ Form of organization design	Company with an audit and supervisory committee
■ No. of directors who are not audit and supervisory committee members (among which, external directors)	8 (0)
■ No. of directors who are audit and supervisory committee members (among which, external directors)	4 (4)
■ Term of directors other than audit and supervisory committee members	1 year
■ Term of directors who are audit and supervisory committee members	2 years
■ Operation enforcement structure	Executive officer system (4 people)



(as of June 20, 2024)

Acquisition of Resilience Certification

“Resilience Certification” is a system to certify the companies and organizations that support the intent of “building of national resilience” based on the “Guidelines for Certification of Organization Contributing to National Resilience” promoted by the National Resilience Promotion Office, Cabinet Secretariat, and that are committed to business continuity.

In July, 2023, NIPPON KANZAI Co., Ltd. was registered as an organization that acquired “Resilience Certification.”

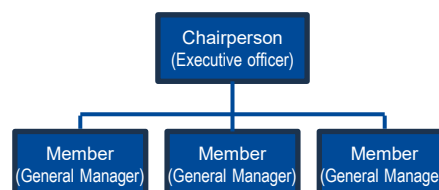
Registered organization	NIPPON KANZAI Co., Ltd.
Scope	Business continuity
Certified date	July 31, 2023
Period	2 years (renewal screening after 2 years)
Announcement	On July 31, the first certification organizations in fiscal 2023 were announced on the website of the Association for Resilience Japan.

*Integrated operation with HD

Establishment of the Safety and Health Committee

We have established the Safety and Health Committee with the aim of creating a safe and comfortable working environment. The purpose of this policy is to promote smooth occupational safety and health management throughout the company with the understanding and cooperation of employees. We will establish a Central Committee and Regional Committee to conduct research and deliberations and make recommendations for improving safety and health. The Central Committee shall convene once every six months as a general rule. The Regional Committee shall convene once every month.

“Organization Chart of the Safety and Health Committee”





Reference (1)

Company Information

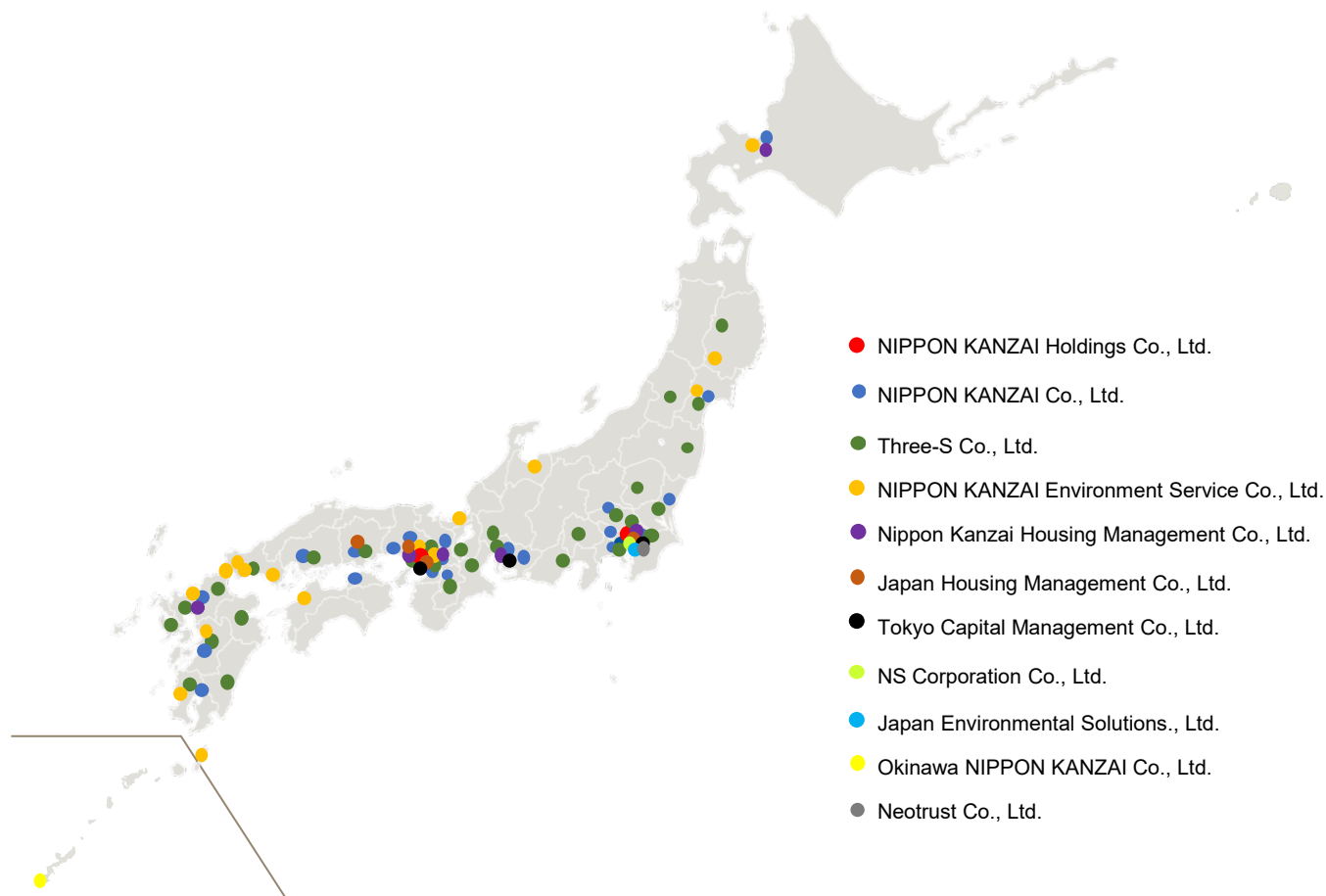
Basic Information

The NIPPON KANZAI Group respects each building and keeps maintaining the value.

Business name	NIPPON KANZAI Holdings Co., Ltd.
Establishment	April 3, 2023
Share capital	¥3,000 million
Representative	Shintaro Fukuda, President and Representative Director
Address of headquarters	2-1-10 Nihombashi, Chuo-ku, Tokyo, Japan
Address of registered office	9-16 Rokutanji-cho, Nishinomiya City, Hyogo Pref., Japan
Business Descriptions	The business management of the Group companies that operate office buildings, housing complexes, environmental facilities and real estate fund management business, and business incidental or related to this
Number of employees	Consolidated: 11,516 (as of March 31, 2025)

Business Site

Since establishment, we have offered one-stop solution for the optimum operation management, taking advantage of the five-decade experience, knowledge, nationwide network, wide business area, and the latest building engineering.



Gated community management company in California, United States

Keystone Pacific Property Management, LLC



The largest AOA ("Association of Apartment Owners") management company in the State of Hawaii

Hawaiiana Holdings Incorporated



Property management company in Hawaii

Pacific Property Group, Inc.

The largest strata management company in Australia

Prudential Investment Company of Australia Pty Ltd (PICA)



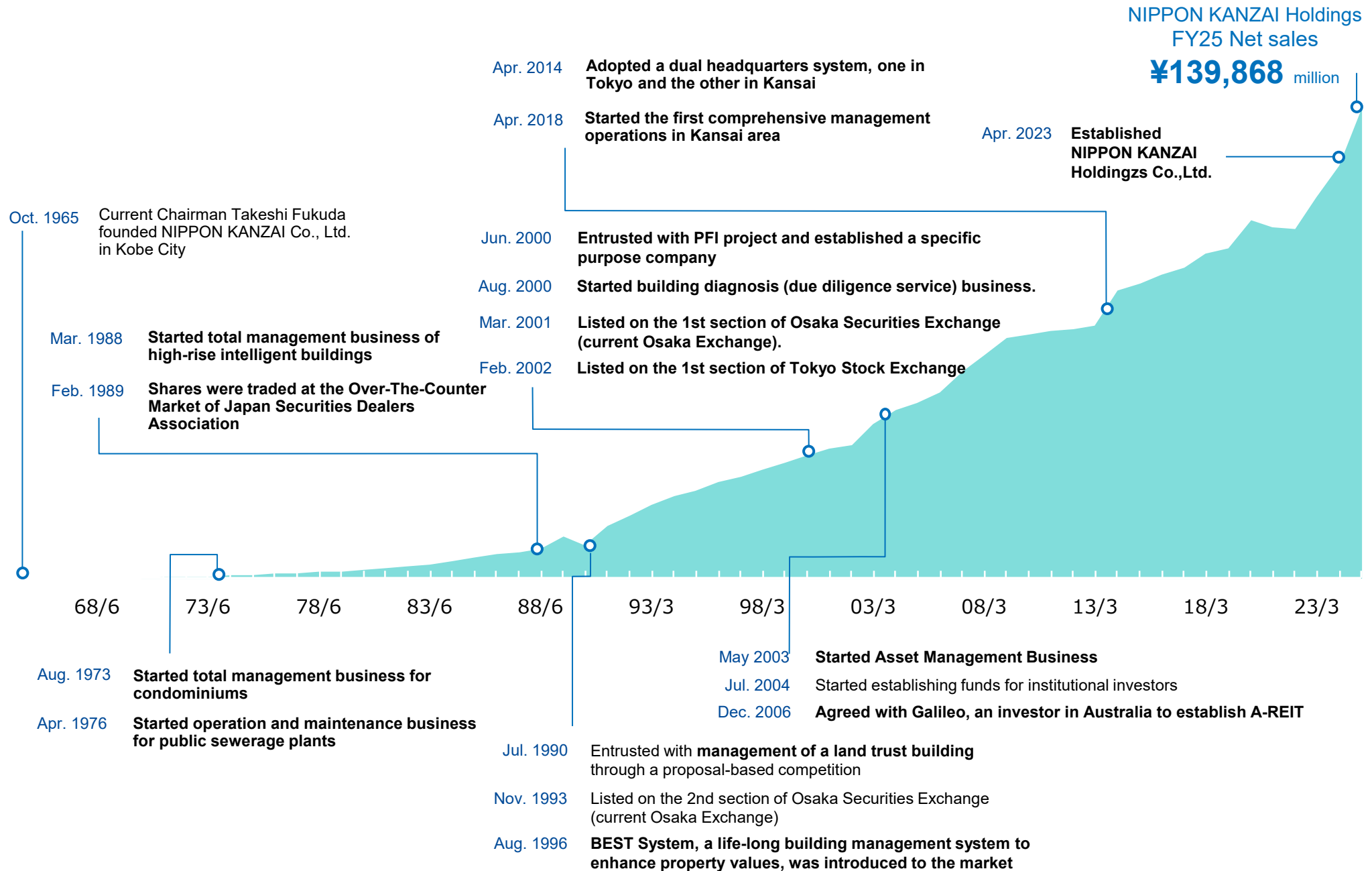
Housing management company in Munich, Germany

Ackermann Hausverwaltung GmbH

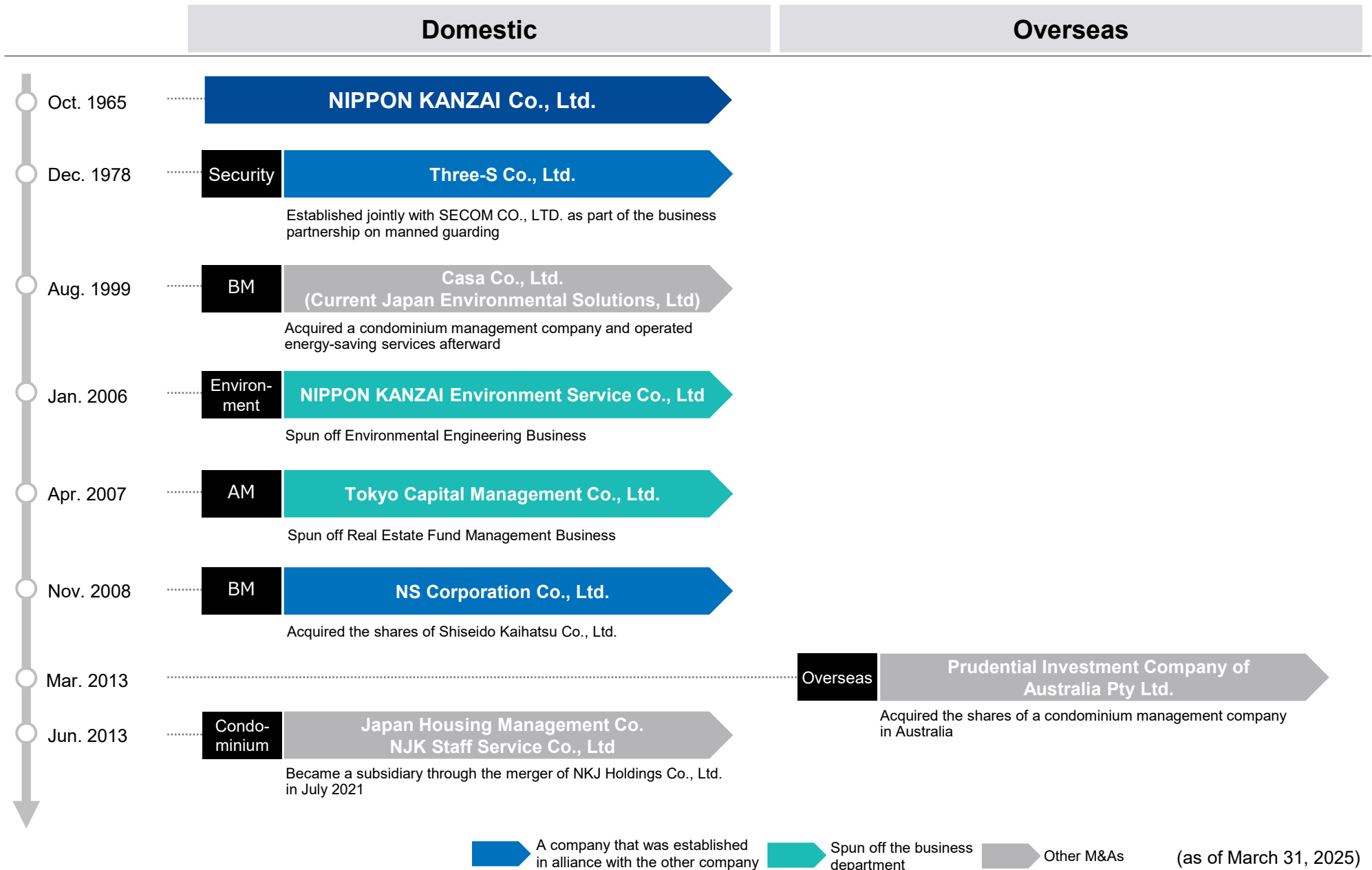


(as of March 31, 2025)

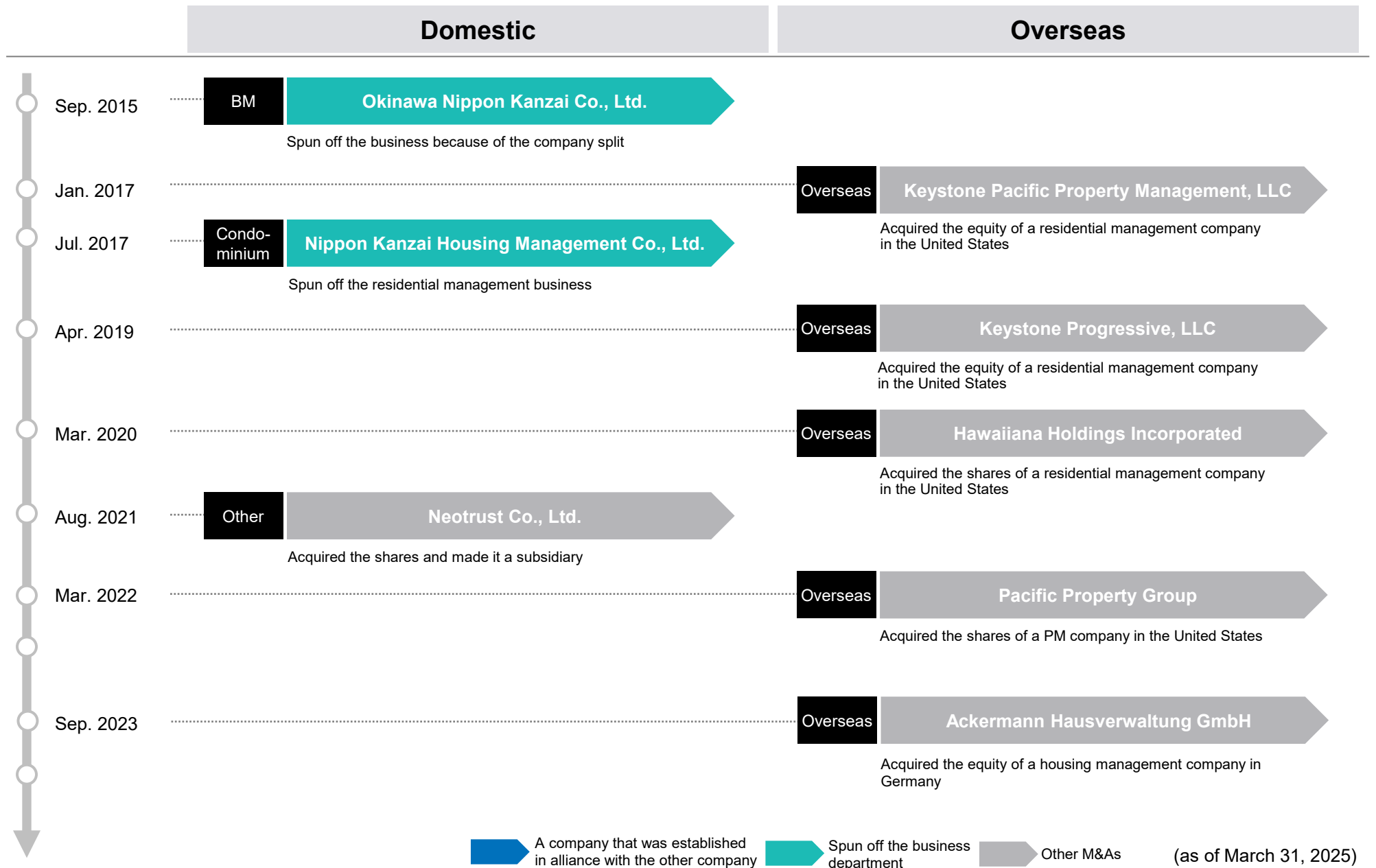
History of NIPPON KANZAI



Group Company History (1) (1965-2014)



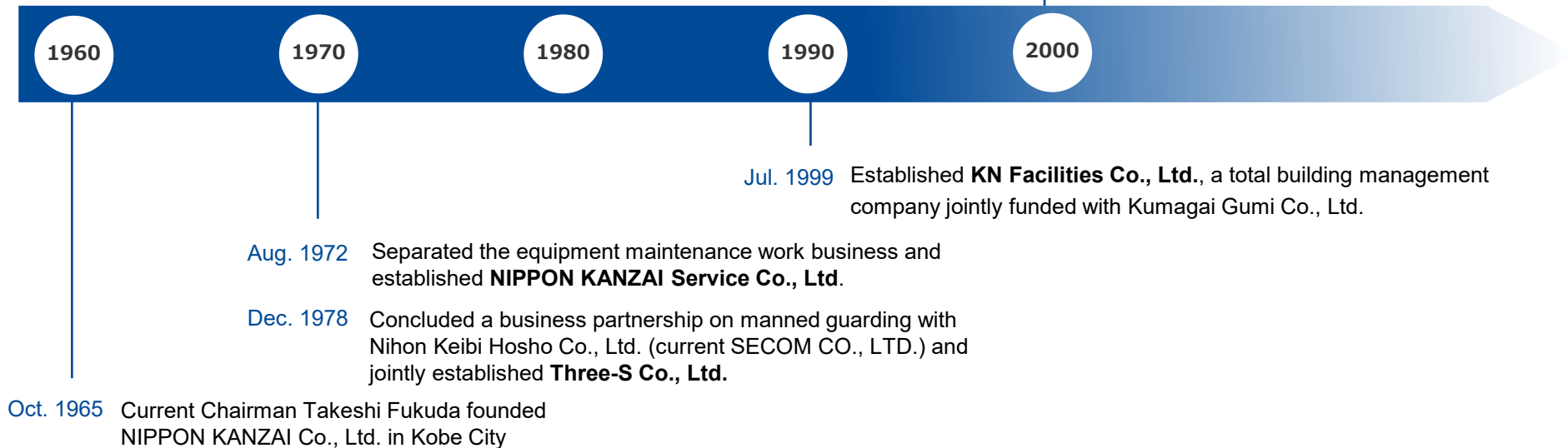
Group Company History (2) (2015-Present)



Alliance Strategy Taking Advantage of Independent Type (1) (1965-2010)

- Aug. 2002 Established **Japan Property Solutions Co., Ltd.**, a property management company jointly funded by with Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation)
- Jan. 2006 Spun off Environment Environmental Engineering Business due to company split. **Nippon Kanzai Environment Service Co., Ltd.** started operations.
- Sep. 2006 Acquired Lion Building Maintenance Co., Ltd/, a group company of Lion Corporation and changed the business name to **Kanzai Facility Co., Ltd.**

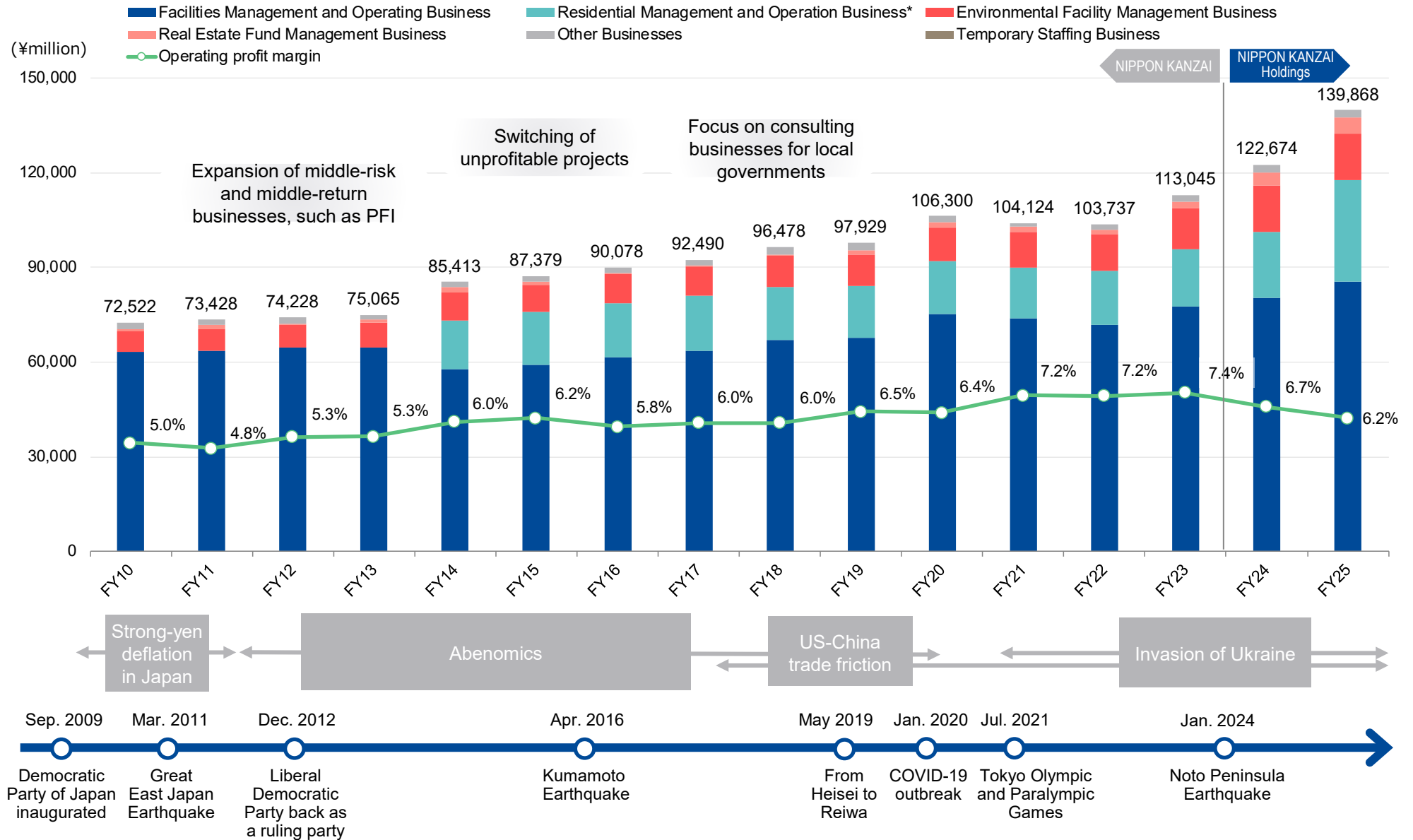
- Apr. 2007 Spun off Real Estate Fund Management Business due to company split. **Tokyo Capital Management Co., Ltd.** started operations.
- Jan. 2008 Changed the business name of Casa Co., Ltd., a consolidated subsidiary, to **Japan Environmental Solutions, Ltd** and started the water filtration business.
- Nov. 2008 Acquired the shares of Shiseido Kaihatsu Co., Ltd., a group company of Shiseido Company, Limited, and changed the business name to **NS Corporation Co., Ltd.**



Alliance Strategy Taking Advantage of Independent Type (2) (2011-Present)

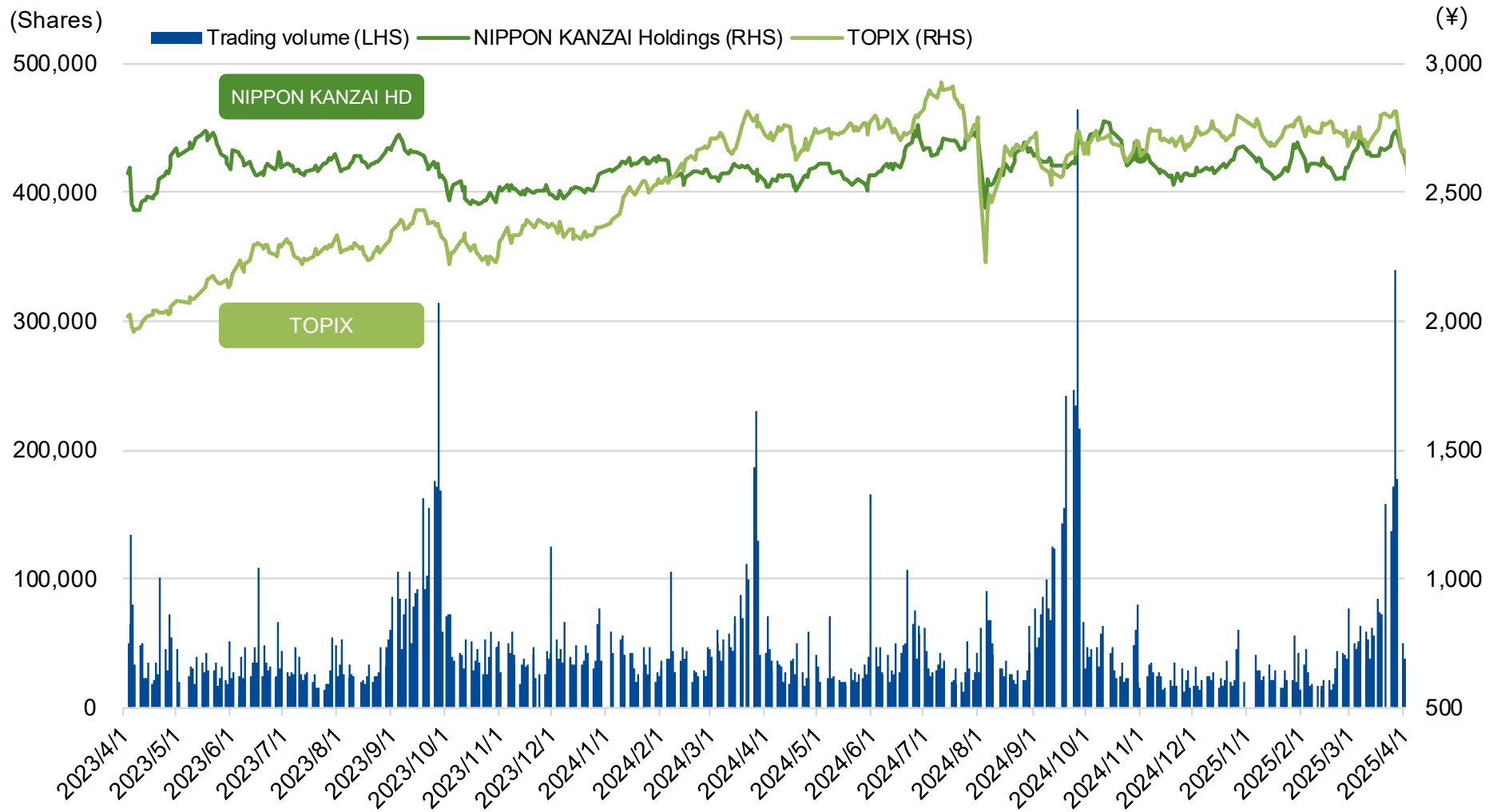


Mid-Term Transition of Business Performance



*Residential Management and Operation Business before FY14 is included in Facilities Management and Operation Business.

Share Price Trends

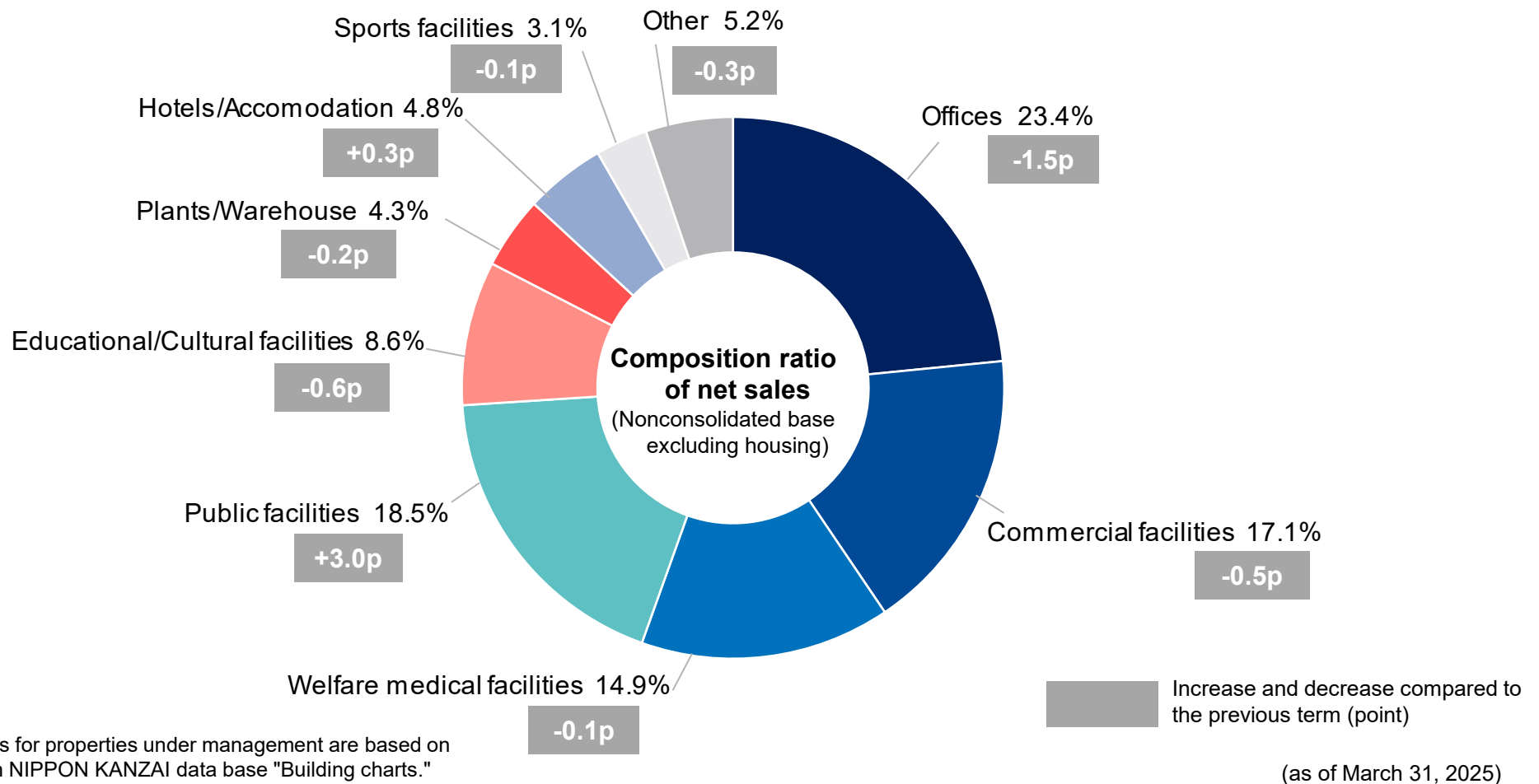


Diversity of Operation Management Facilities (Building Operation Management Business)

NIPPON KANZAI Co., Ltd.

■ Portfolio of operation management building

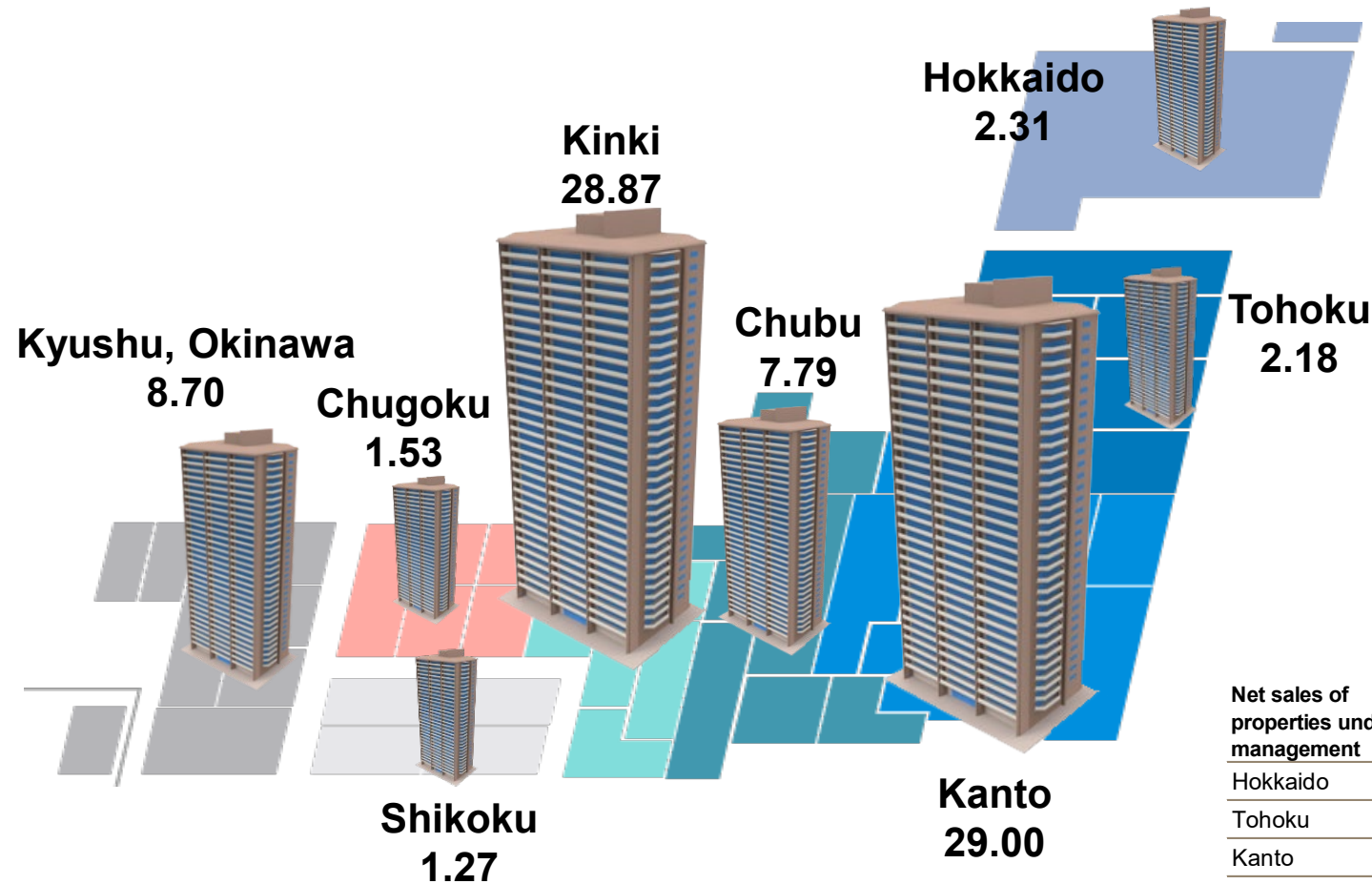
- Covering a wide range of applications, such as offices, large-scale commercial facilities, and public facilities
- Recently, there is a growing trend in the number of opportunities to manage government facilities due to an increase in the acceptance of comprehensive management for public facilities and designated administrator projects.



Net Sales by Region (Building Operation Management Business)

NIPPON KANZAI Co., Ltd., Three-S Co., Ltd., Okinawa Nippon Kanzai Co., Ltd.

(Unit: ¥ billion)



Net sales of properties under management	(¥ billion)	Composition ratio (%)	YoY Changes (%)
Hokkaido	2.31	2.8%	-2.5%
Tohoku	2.18	2.7%	127.0%
Kanto	29.00	35.5%	12.6%
Chubu	7.79	9.5%	5.1%
Kinki	28.87	35.3%	26.1%
Chugoku	1.53	1.9%	-5.0%
Shikoku	1.27	1.5%	33.6%
Kyushu	8.70	10.6%	70.5%
Total	81.65	100.0%	21.8%

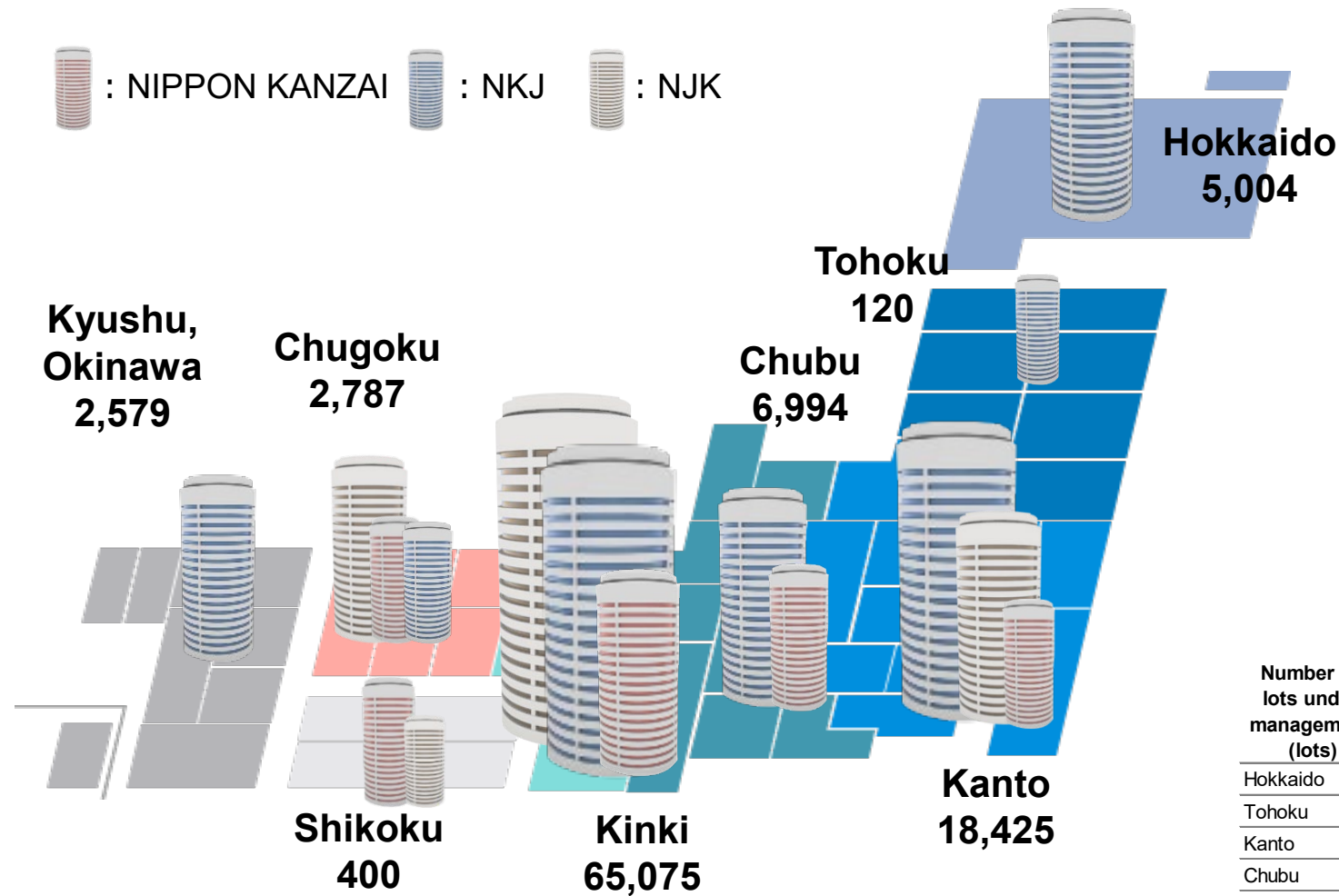
*Figures for properties under management are based on data in NIPPON KANZAI data base "Building charts."

(as of March 31, 2025)

Number of Lots under Management by Region (Residential Management and Operation Business)

NIPPON KANZAI Co., Ltd., Nippon Kanjai Housing Management Co., Ltd., Japan Housing Management Co., Ltd.

(Unit: lots)



*NJK: NIPPON KANZAI HOUSING MANAGEMENT Co., Ltd.

NJK: JAPAN HOUSING MANAGEMENT CO.

*Numerical value based on the data reported to "entrusted business records by prefecture" investigated by Condominium Management Companies Association.

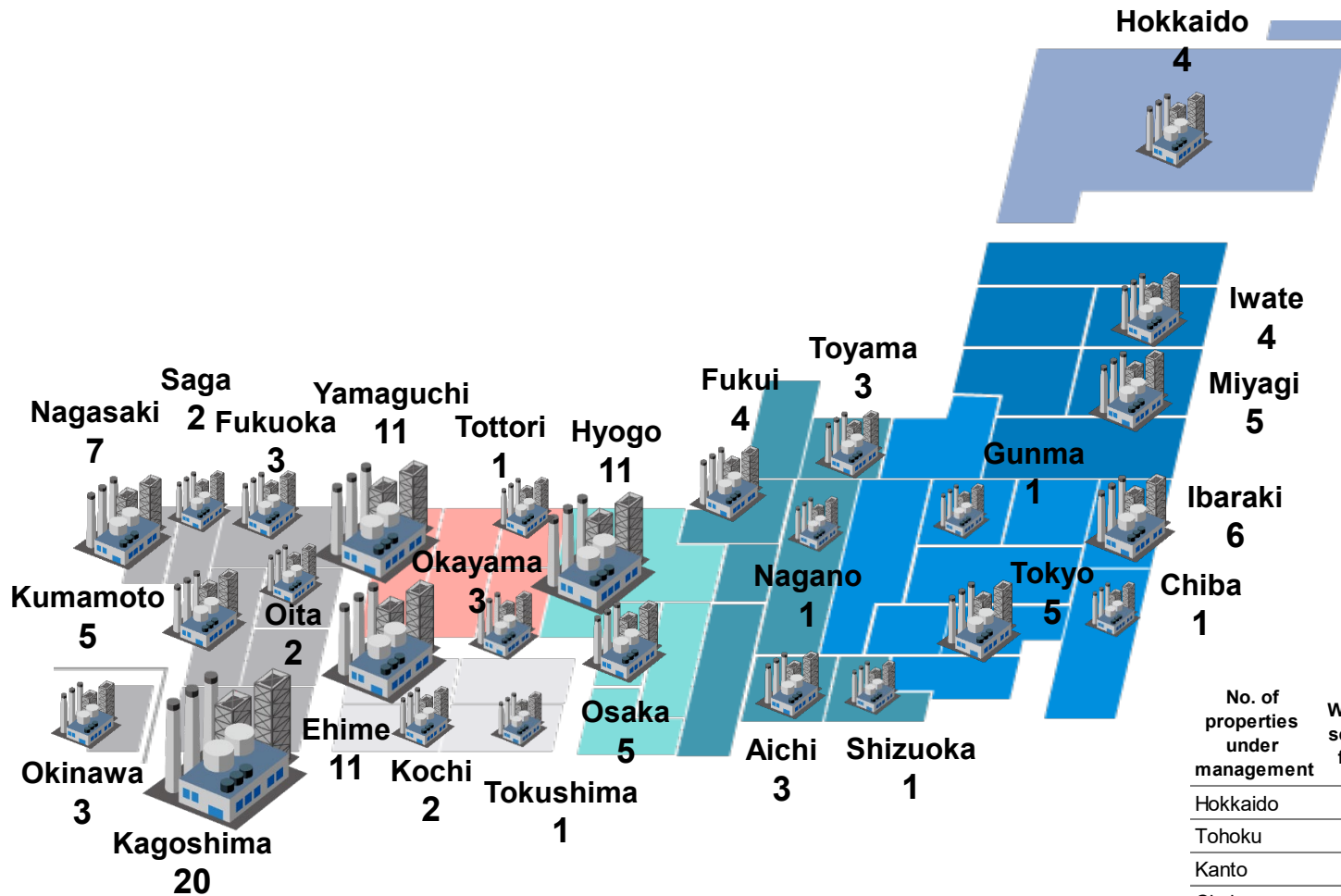
Number of lots under management (lots)	NIPPON KANZAI	NKJ	NJK	YoY Changes (%)
Hokkaido	-	5,004	-	5.8%
Tohoku	-	120	-	0.0%
Kanto	356	12,655	5,414	-1.8%
Chubu	735	6,259	-	8.0%
Kinki	3,015	22,561	39,499	-0.4%
Chugoku	266	195	2,326	0.0%
Shikoku	361	-	39	0.0%
Kyushu	-	2,579	-	-15.8%
Total	4,733	49,373	47,278	-0.3%

3 companies total: 101,384 (as of March 31, 2025)

Number of Facilities under Management by Region (Environmental Facilities Management Business)

Nippon Kanzei Environment Service Co., Ltd.

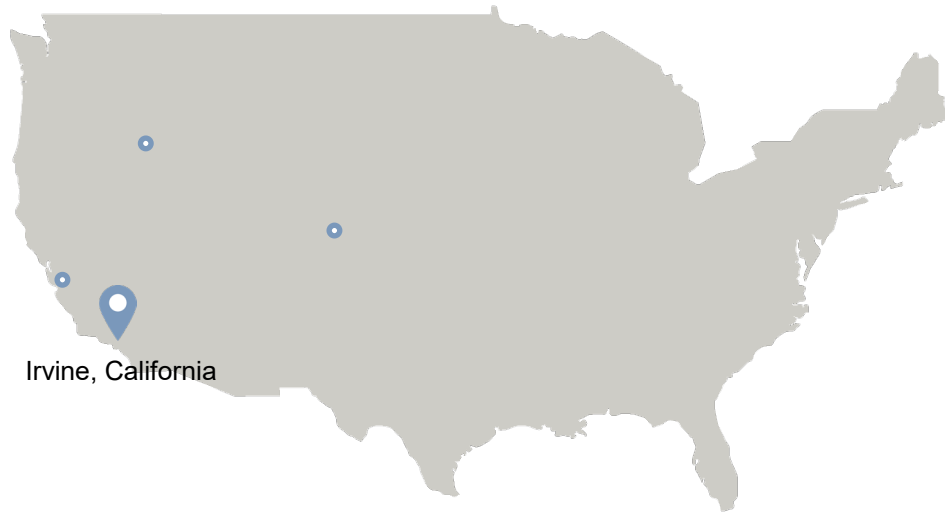
(Unit: cases)



No. of properties under management	Water and sewerage facilities	General waste treatment facilities	Biomass power generation facilities	Total	Composition ratio(%)
Hokkaido	1	3	-	4	3.2%
Tohoku	-	9	-	9	7.2%
Kanto	2	10	1	13	10.4%
Chubu	2	10	-	12	9.6%
Kinki	10	6	-	16	12.8%
Chugoku	7	8	-	15	12.0%
Shikoku	11	3	-	14	11.2%
Kyushu	16	25	1	42	33.6%
Total	49	74	2	125	100.0%

(as of March 31, 2025)

Overseas Development (Overview of Keystone, LLC)



Irvine, California

Head Office



Properties under Management



Company Overview

Keystone Pacific Property Management, LLC (hereinafter “Keystone”) is a residential management company that manages residential communities, including gated communities. Gated communities are developments consisting of detached housing and high-end multi-unit homes in estates surrounded by walls. Keystone provides homeowner associations with support services, including holding annual general meetings, accounting and financial reporting, and on-site management. It has a reputation for offering high-quality and detailed services. Other than subsidiaries and affiliates of major nationwide companies, Keystone is ranked within the top five companies in Southern California. Since 2019, Keystone has made progress in expanding service area coverage through M&A.

Background

In January 2017, NIPPON KANZAI's subsidiary, NIPPON KANZAI USA, Inc. acquired an ownership interest in Keystone, and as of May 2024, became a consolidated subsidiary of NIPPON KANZAI Holdings Co., Ltd.

NIPPON KANZAI will work to raise operational efficiencies and expand services through renovation of the IT system and targeted future growth through incorporating the Company's know-how while expanding communities under management to include high-rise condominiums etc. In addition, Keystone has acquired the management rights of multiple companies within the same industry while expanding into new markets. The company plans continued growth in the future.

Most Recent Business Environment

The current environment has slightly reduced levels of inflation and as a corresponding reduction of the fed funds rate, which has reduced our bank earnings credits and increased escrow revenue. As inflation has reduced, we have seen a slight improvement in employee and client retention. Rapid consolidation in our industry has driven multiples in acquisitions and presents a unique opportunity as an acquirer to position ourselves long-term to be in a small group of large consolidators.

Company Name

Keystone Pacific Property Management, LLC

Establishment

September 15, 2016

Main Business

Residential community management

Corporate Office

Irvine, California

Major Branches

Southern California, Colorado, and Idaho

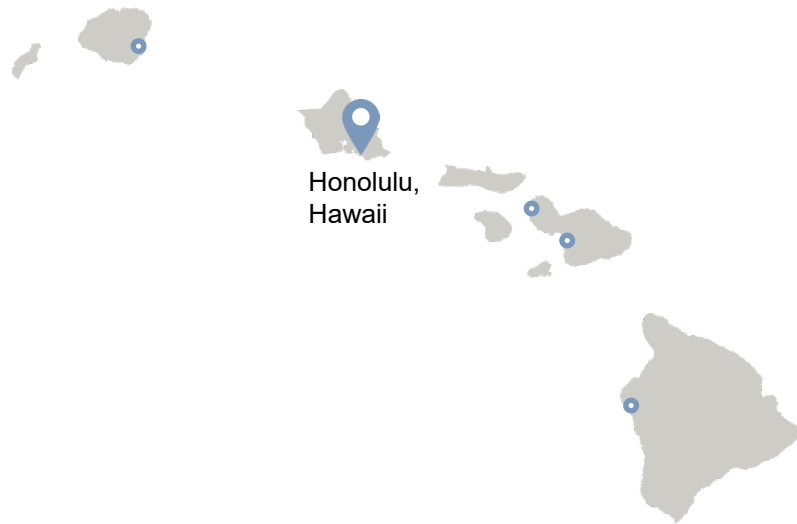
No. of Employees

Approx. 480 (including temporary workers) as of December 31 2024

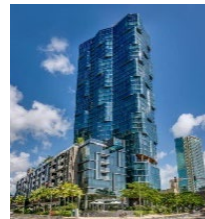
No. of Units under Management

Approx. 163,000 units, approx. 950 associations as of December 31 2024
(including the Company's subsidiary, Keystone Progressive)

Overseas Development (Overview of Hawaiiana)



Properties under Management



Company Overview

Hawaiiana Holdings Incorporated (hereinafter “Hawaiiana”) is the largest AOA (“Association of Apartment Owners”) management company in the State of Hawaii. Hawaiiana provides apartment owners’ associations with support services including holding board meetings and annual general meetings, as well as providing accounting and financial reporting. Hawaiiana is a highly reputable yet locally operated company with a long history in the industry. It operates on six islands including Oahu (home to Honolulu), Maui, Hawaii and Kauai.

Background

Nippon Kanzai acquired a 50% share of Hawaiiana from the local real estate company Swell International (SI) in March 2020, making it an equity method affiliate. In August 2023, after transferring this share to our subsidiary company, Nippon Kanzai USA, Inc., NKUSA completed the acquisition of the remaining shares from SI, making Hawaiiana a wholly-owned subsidiary of NKUSA.

Most Recent Business Environment

While there has been softening of higher interest rates over the past few years, inflation, a strong US\$, and continued high real estate prices since last year have led to a continued slump in real estate transactions. As a result, revenue related to real estate transactions have not yet returned to pre-COVID levels and have remained flat since 2022. Labor shortages continue to persist, making talent acquisition a significant challenge. However, management fees remain stable. Hawaiiana continues a significant lead in market share, and acquisition opportunities are present, albeit on a smaller scale.

Company Name

Hawaiiana Holdings Incorporated

Establishment

September 24, 2008 (Founded in 1964)

Main Business

AOAO management

Head Office

Honolulu, Hawaii

Major Branches

Maui, West Maui, Kona, Kauai

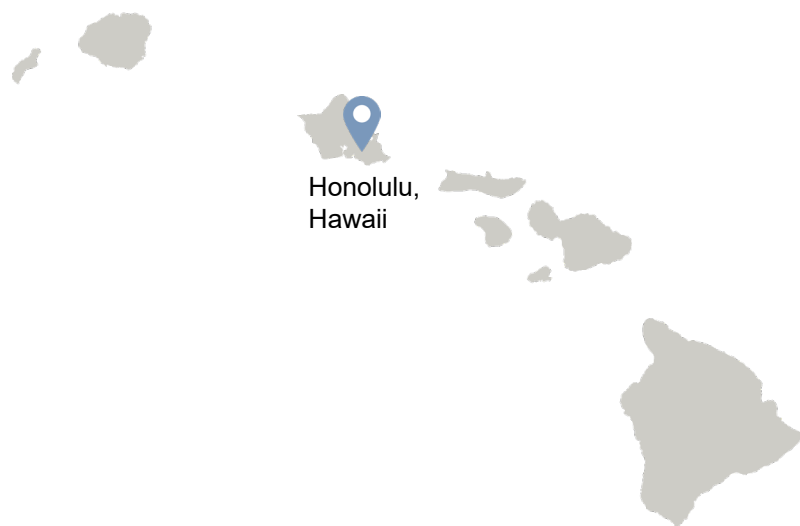
No. of Employees

Approx. 240 (as of December 31, 2024)

No. of Units under Management

Approx. 105,000 units, 694 associations (as of December 31, 2024)

Overseas Development (Overview of PPG, Inc.)



Company Overview

Located in Honolulu, Hawaii, Pacific Property Group (hereinafter “PPG”) provides property management, leasing and sales brokerage services to over 20 commercial properties including a shopping center in Waikiki that has well-known shops and restaurants as tenants. PPG is a small-sized yet excellent local company that provides quality services. PPG values personal relationship in marketing and due to this philosophy, PPG has many long-time and repeat clients.

Background

Our resident officer in Hawaii was introduced to PPG and after due consideration, NIPPON KANZAI's subsidiary, NIPPON KANZAI USA, Inc., acquired 90% of shares from founder/president in March 2022. PPG is an equity-method non-consolidated subsidiary of NIPPON KANZAI.

Most Recent Business Environment

Brokerage activity started to show signs of an increase in demand for quality product. Three full commission brokers were added to the team which has resulted in an expanded pipeline of opportunities. We anticipate brokerage revenue growing steadily in the coming years which should also lead to securing additional property management mandates. The property management side of the business remains stable. Recruiting experienced property managers continues to be challenging.

Company Name	Pacific Property Group, Inc.
Establishment	February 27, 2007
Capital	USD1,000 (JPY158,150) *USD1=JPY158.15 (as of December 31, 2024)
Main Business	Commercial Property Management
Head Office	Honolulu, Hawaii
No. of Employees	13 as of December 31, 2024
No. of Properties under Management	21 as of December 31, 2024

Overseas Development (Ackermann HV Ltd.)



Munich, Bavaria
State, Germany

Office



Properties under Management



Company Overview

Residential property management company, providing HOA, brokers for sale, rental and facilities management. While in the German market, which often specializes only HOA management, their business model has been established with focus on the 'stock business' of rental and HOA management, with a wide range of 'flow business' such as 'brokerage' and 'repairment' generated from stock businesses. It is counted as one of the three largest housing management companies in Munich.

Background

In September 2023, Nippon Kanzai Deutschland GmbH, a subsidiary newly established in July 2023, acquired a 75% equity interest from the owner and Group CEO, making Ackermann a non-consolidated subsidiary under the equity method. From now and forward it will also work on longer-term strategies, utilizing the knowledge developed in Japan, Australia and the US, as well as our company's stable financial base.

Most Recent Business Environment

After start of war in Ukraine in 2022, energy and other prices have risen worldwide, especially in Europe and utmost in Germany, as the country depended highly on Russia for energy. Therefore, with labor costs, material prices and interest rates all rising, the challenge is to transfer the cost increases to sales and to cover the decline in the intermediary sector.

Company Name

Ackermann Hausverwaltung GmbH (Ackermann HV)

Establishment

14 May 2001 (founded in 1919)

Main Business

Mainly Housing management

Corporate Office

Munich, Bavaria, Federal Republic of Germany

Major Branch

City of Munich

No. Employees

Approx. 70FTE (as of December 31, 2024)

No. of Units under Management

Rental management: approx. 11,500 units;
management of condominium units: approx. 5,800 units (approx. 130 associations) as of December 31, 2024

Overseas Development (Overview of PICA Pty Ltd.)



Reception



Properties under Management



Company Overview

PICA is the largest “Strata Management Company” in Australia and acts as an agent for Owners Corporations. Using multiple brand names, such as “BCS” (Body Corporate Services), PICA mainly provides services to support Owners Corporations which includes collecting delinquent management fees. Leveraging off NIPPON KANZAI’s expertise, PICA has introduced facility management services.

Background

NIPPON KANZAI acquired 50% of PICA shares from Fexco, a global fintech organization, in March 2013. Currently Board oversight is provided by directors from NIPPON KANZAI and Fexco. Founded in 1981, Fexco employs over 2,950 people and now has operations in 29 countries across Europe, the Middle East, Asia-Pacific, North America and Latin America. Fexco website: <http://www.fexco.com/>

Most Recent Business Environment

While PICA Group is proactively pursuing business improvement through “Simplification, Automation and Growth” strategies, they are, as the true industry leader, striving to enlighten regulators, legislators and customers toward fair and just understandings of the strata management industry as a whole, countering media-initiated headwinds and intense scrutiny.

Company Name

Prudential Investment Company of Australia Pty Ltd.

Establishment

October 4, 1948

Capital

AUD28 million (JPY2,800 million) (as of December 31, 2024) *AUD1=JPY98.54

Main Business

Strata management, debt collection

Head Office

Sydney

Major Branches

Major cities of East Coast, including Sydney, Melbourne, Brisbane, Cairns etc.

No. of Employees

Approx. 720 as of December 31, 2024

No. of Lots under Management

Approx. 186,000 lots, 11,000 Plans (Owners Corporations) as of December 31, 2024

The NIPPON KANZAI Group's DX Initiatives

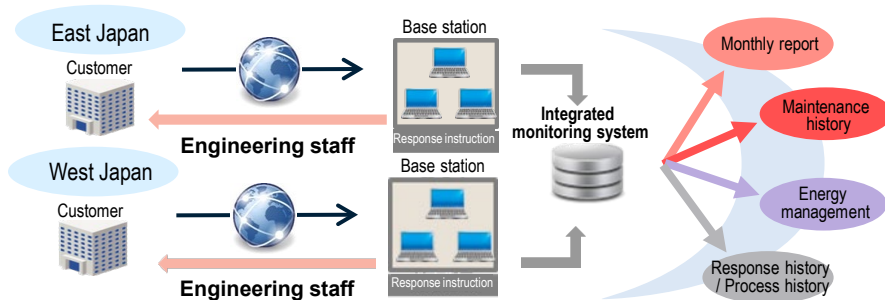
- By visualizing the status of facilities and monitoring it in real time, we can respond quickly to building anomalies.

2. Visualization of equipment status

Operation of “WAFM (Wide-Area FM Center)”

Overview of WAFM (Wide-Area FM Center)

WAFM, with bases in the east and west, operates 24/7, conducting remote monitoring of facility management buildings, machinery security services, and call center operations. By monitoring abnormal trends and values, we can quickly detect problems in buildings and support their stable operation by responding promptly.



- Standardization of the security level and strengthening of governance through the group's common core system

3. Providing and sharing systems

4. Conversion of work records to data files

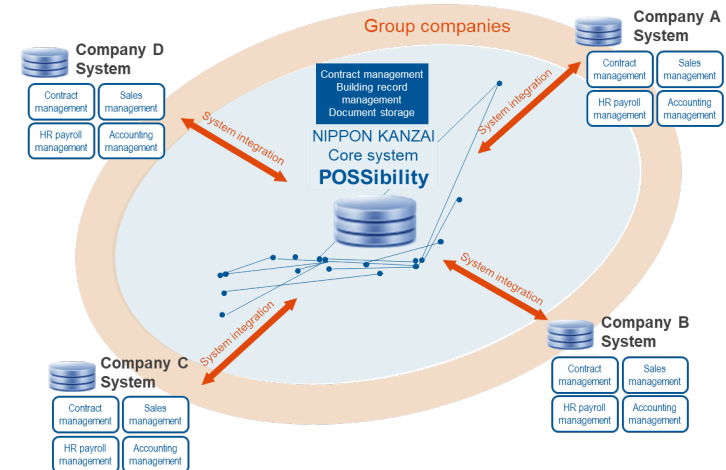
Standardization of the core system “POSSibility”

Overview of the core system “POSSibility”

This is a web-based core system unique to the Group that enables management of contract and operation status, preparation of quotation, and order processing with partner companies, etc. Integration is currently underway, not only with the core system, but also with various management systems of Group companies, such as accounting, personnel payroll and attendance management.

Other adopted systems

- System adapted to regulations on invoice and Electronic Record Retention Law
- Standardization of purchasing system



The NIPPON KANZAI Group's DX Initiatives

Promoting operational efficiency and labor savings through the use of IT / ICT

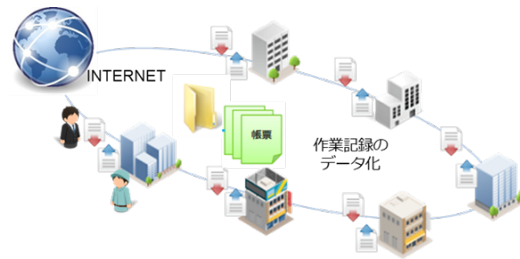
3. Providing and sharing systems

Facilities information sharing system app “NK Connect”

Overview of “NK Connect”

It is an app that allows you to check the management status of facilities such as inspection information and history of repairs in a timely manner on your PC or smartphone.

- Sharing of information with customers and partner companies on the Cloud, Centralized management of various building information, work plans, and repair plans
- Promoting the use of a work management app on smart devices, reporting of malfunctions, digitization of on-site forms, and data conversion of inspection records.

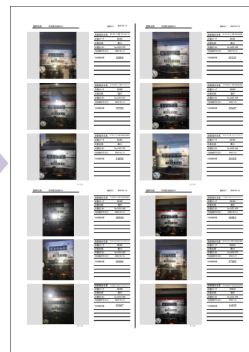


Work plan & repair plan management

▲ Screen sample

Confirmation of work fulfillment

Detailed work report



4. Conversion of work records to data files

Utilization of building management app “Kanri-Roid”

Context of the introduction of “Kanri-Roid”

In order to digitize and improve the efficiency of operations, we introduced “Kanri-Roid”, an AI-driven cloud-based real estate management software developed by THIRD INC., into meter reading and inspection works of unmanned properties under management. The reduction of analog administrative tasks, such as transcribing hand-written inspection sheets into data, has improved efficiency. Currently, after conducting trials, we are progressing with expanding the range of properties to be introduced and the scope of functions to be used.

AIで効率化!
No.1 建物管理
クラウドシステム
管理ロイド



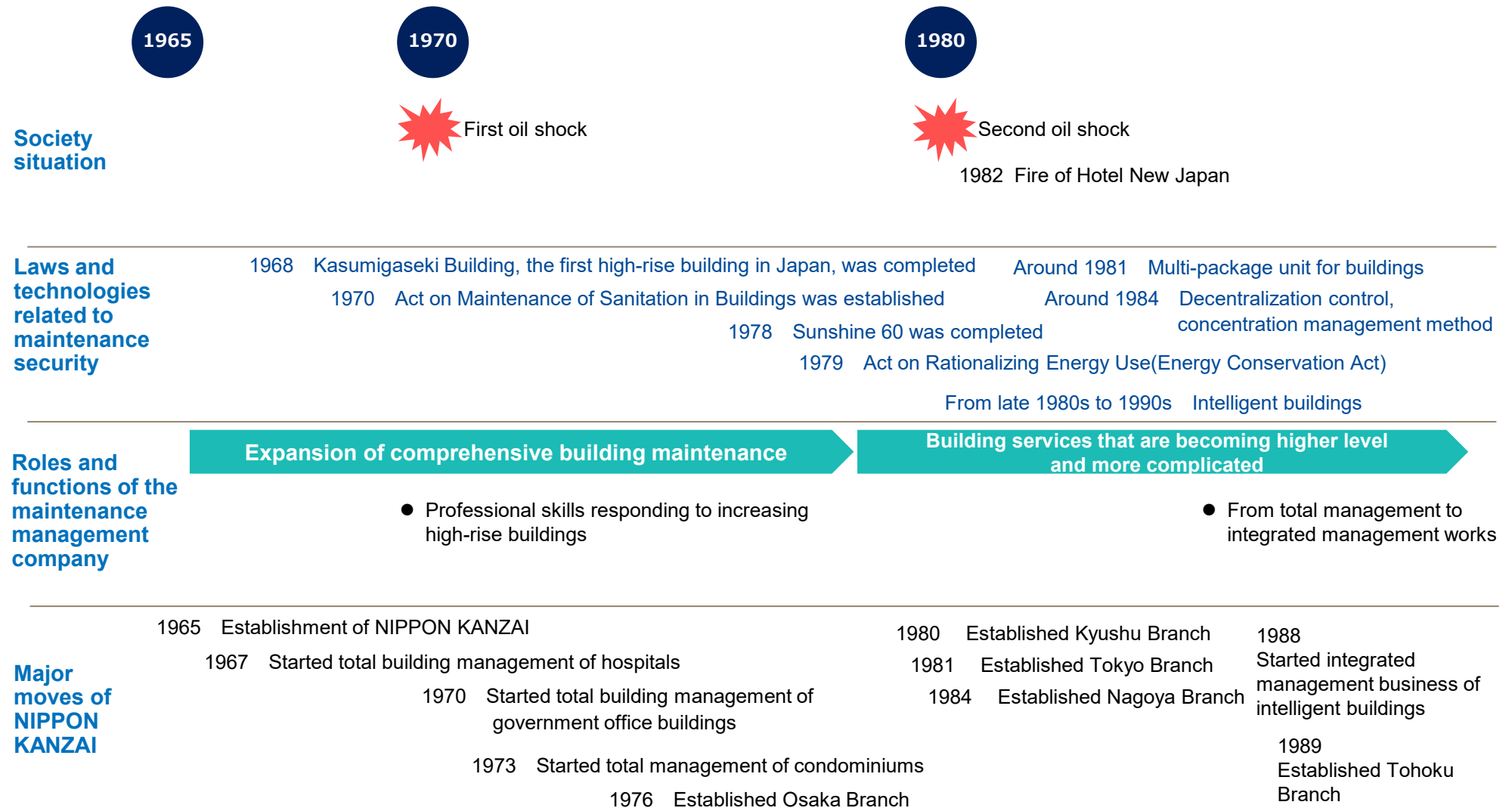


Reference (2)

Positioning within the Industry

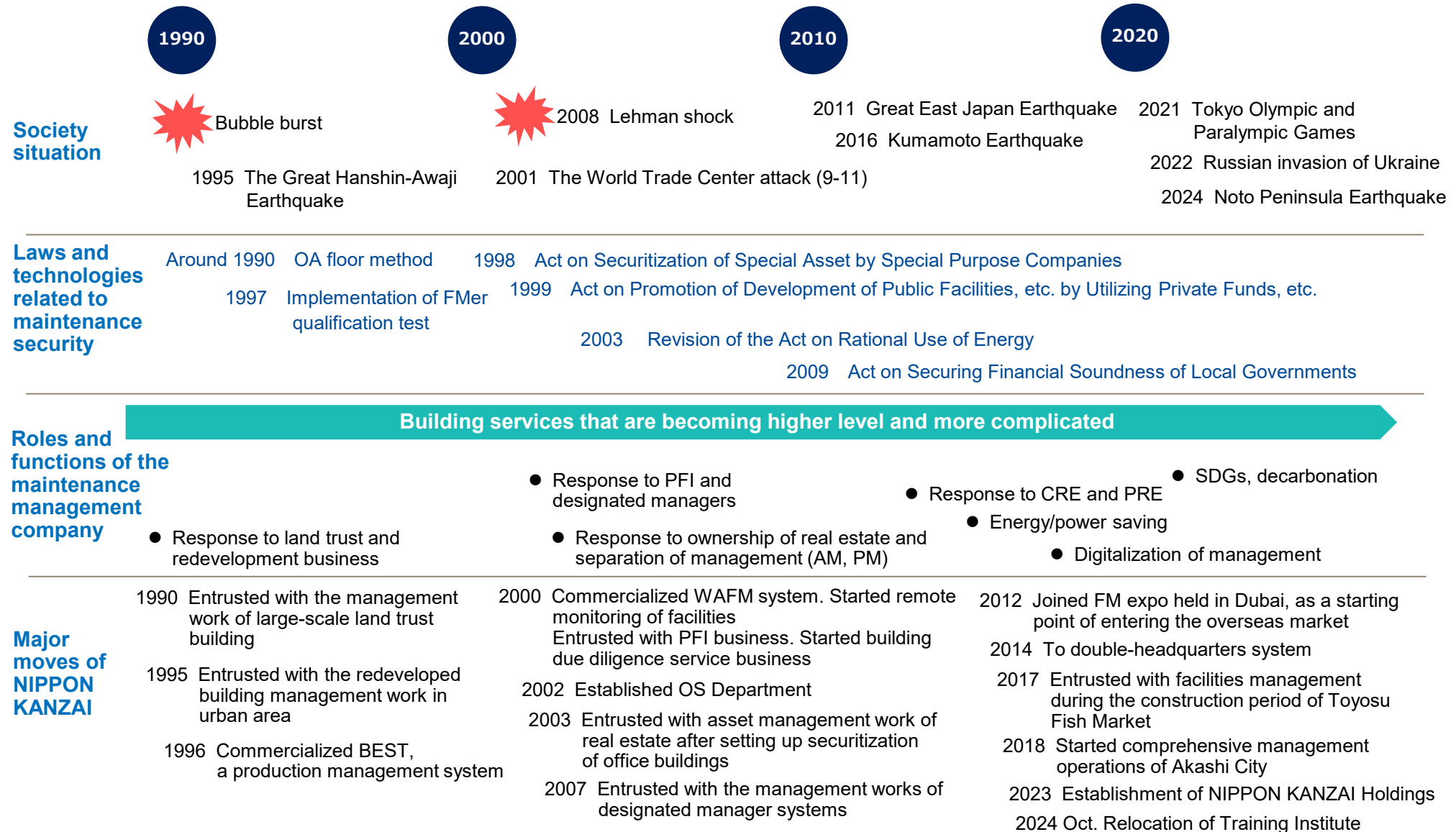
Transition of Building Maintenance (1)

■ Transition of building management business and move of the NIPPON KANZAI Group (1965-1990)



Transition of Building Maintenance (2)

■ Transition of building management business and move of the NIPPON KANZAI Group (1990-present)

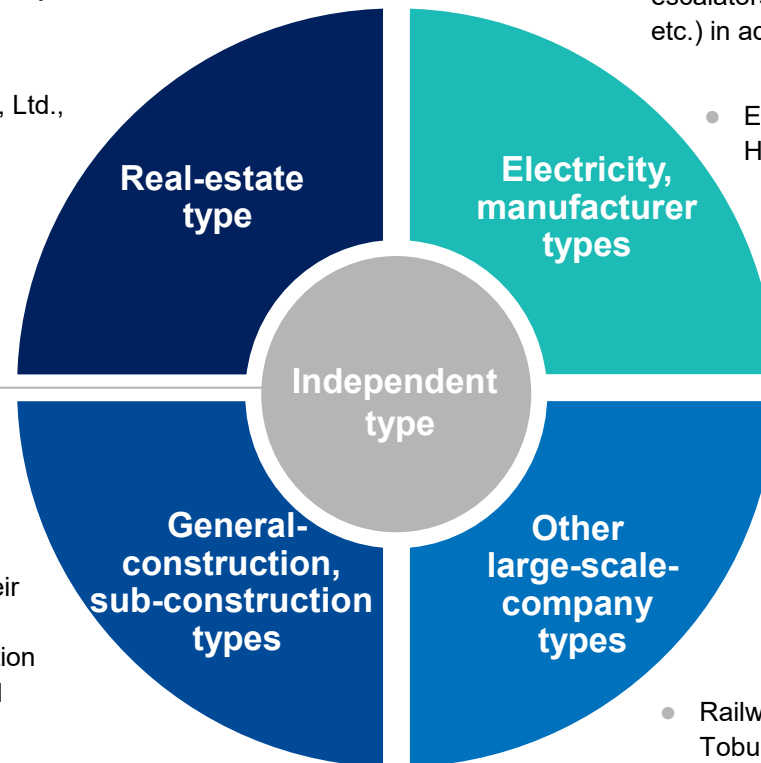


Industry Structure of Building Maintenance

- Main clients are the buildings owned/developed by their parent company. Advantage in building management businesses such as sales, accounting, clerical work, negotiations with other companies, and securing of profitability in cooperation with their parent company, in addition to general building management works.
- Ex. Mitsubishi Jisho Property Management Co., Ltd., MITSUI FUDOSAN BUILDING MANAGEMENT CO.,LTD., TOKYU COMMUNITY CORP.

- Organizer-like company that integrates functions of companies of each business type
- **NIPPON KANZAI is an independent-type top-level company that is able to deal with total management.**

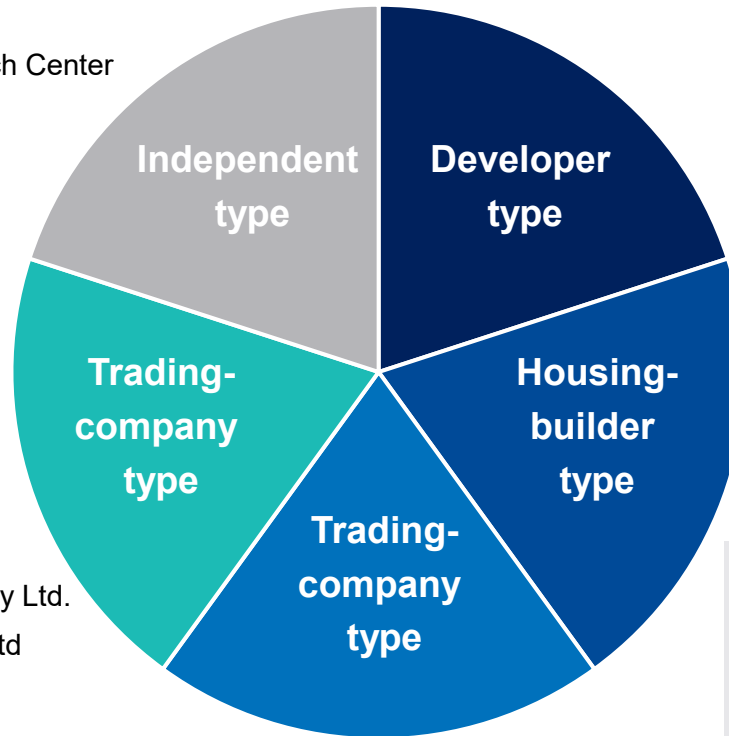
- Main clients are the buildings constructed by their parent company. Advantage in renovation, reconstruction, and extension works in cooperation with their parent company, in addition to general building management works.
- Ex. Kajima Tatemono Sogo Kanri Co.,Ltd., Taisei-Yuraku Real Estate Co.,Ltd., OBAYASHI FACILITIES CORPORATION, etc.



- Advantage in maintenance and repair, being familiar with products of their parent company (elevators, escalators, electric devices, air-conditioning equipment, etc.) in addition to general building management works.
- Ex. Mitsubishi Electric Building Solutions Corporation, Hitachi Building Systems Co., Ltd., etc.
- Main clients are the buildings owned/developed by their parent company. Many companies were management departments spun off from their parent company. Recently, however, there are cases in which such departments are sold as non-core businesses.
- Railway type: Ex. JR East Facility Management Co.,Ltd., Tobu Building Management Co., Ltd.
- Insurance type: Taisay Building Management Co.,Ltd., Meiji Yasuda Real Estate Management Company Limited
- Commerce type: AEON DELIGHT CO., LTD., etc.

Mechanism of Condominium Management Industry

- NIPPON KANZAI Group
- Nihon Housing Co., Ltd.
- Gojinsha Planning Research Center



- Haseko Community, Inc.
- Taisei-Yuraku Real Estate Co.,Ltd.
- Nippon Steel Community Service Co.Ltd

- DAIKYO ASTAGE INCORPORATED
- TOKYU COMMUNITY CORP.
- Mitsui Fudosan Residential Service Co., Ltd.
- Mitsubishi Jisho Community Co., Ltd.
- Sumitomo Fudosan Tatemono Service Co., Ltd

- DAIWA LIFENEXT CO., LTD.
- Anabuki Housing Service Co., Ltd.
- Global Community Co., Ltd.

- ITOCHU Urban Community Ltd.
- Sumisho Tatemono Co., Ltd
- Sojitz LifeOne Corporation

Condominium management company in Japan	Approx. 2,527 companies
Member company of Condominium Management Companies Association	348 companies
No. of lots under management of the member companies (per company)	Approx. 18,826 lots
(Source: Condominium Management Companies Association, 2024 Survey on condominium management commission)	

NIPPON KANZAI Group

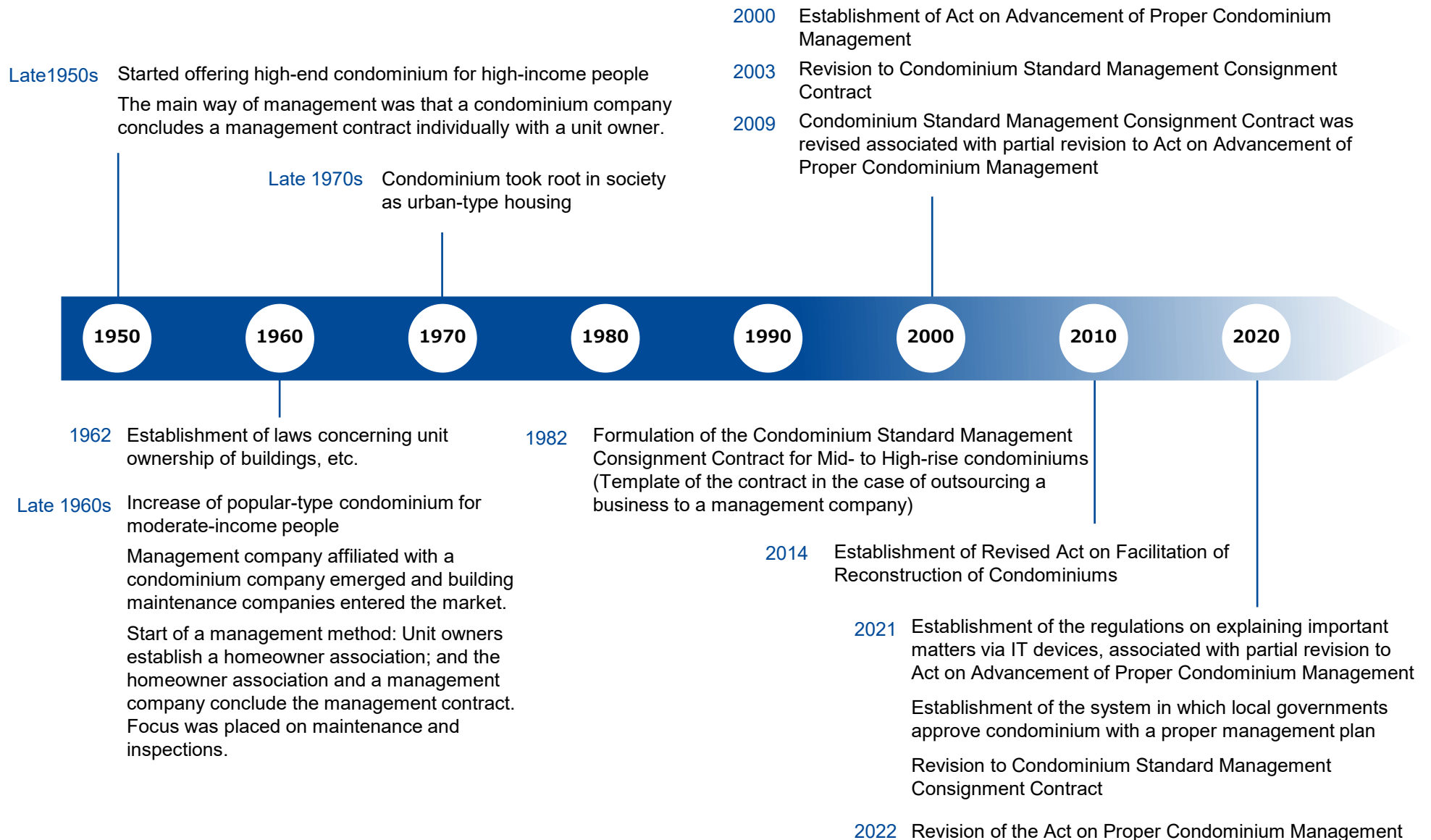
Only independent-type building management company dealing with condominium management that is listed on the Tokyo Stock Exchange Prime section

No. **14** in the industry (**101,384** lots) total lots of 3 Group companies

(Source: Mansionkanri Shimbun, calculated by NIPPON KANZAI by group company)

Transition of Condominium Management Industry

Transition of laws and forms related to condominium management



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