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February 13, 2026

Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange
 Securities code: 2325
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 Scheduled date to commence dividend payments: March 30, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	24,854	10.0	3,268	9.2	3,386	7.8	2,182	3.2
December 31, 2024	22,594	2.6	2,993	84.9	3,140	84.3	2,115	5.9

Note: Comprehensive income For the Fiscal year ended December 31, 2025: ¥ 3,321 million [28.7%]
 For the Fiscal year ended December 31, 2024: ¥ 2,581 million [15.5%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
December 31, 2025	Yen 229.24	Yen -	% 8.0	% 10.2	% 13.1
December 31, 2024	Yen 222.22	Yen -	% 8.4	% 10.4	% 13.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2025: ¥ - million

For the fiscal year ended December 31, 2024: ¥ - million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
December 31, 2025	Millions of yen 35,095	Millions of yen 28,576	% 81.2	Yen 2,993.41
December 31, 2024	Millions of yen 31,122	Millions of yen 26,191	% 83.9	Yen 2,745.57

Reference: Equity

As of December 31, 2025: ¥ 28,576 million

As of December 31, 2024: ¥ 26,124 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	2,075	(952)	(968)	17,827
December 31, 2024	1,787	(373)	(957)	17,681

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2024	-	45.00	-	50.00	95.00	908	42.9	3.5
Fiscal year ended December 31, 2025	-	50.00	-	55.00	105.00	1,004	46.0	3.5
Fiscal year ending December 31, 2026 (Forecast)	-	55.00	-	55.00	110.00			

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	28,000	12.7	3,600	10.2	3,700	9.3	2,450	12.3	257.27

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
 Newly included: 2 companies(CDC Aqua Service Co., Ltd., NJSEI AUSTRALIA PTY LTD)
 Excluded: - companies(-)

(2) Adoption of accounting treatment specific to the preparation of Consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2025	10,048,000 shares
As of December 31, 2024	10,048,000 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2025	524,888 shares
As of December 31, 2024	532,889 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended December 31, 2025	9,520,574 shares
Fiscal year ended December 31, 2024	9,520,395 shares

1. Non-consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2025	19,917	3.7	3,105	8.6	3,210	8.2	2,098	6.3
December 31, 2024	19,210	3.3	2,859	102.9	2,967	100.8	1,973	1.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2025	220.43	-
December 31, 2024	207.29	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	32,088	26,855	83.7	2,820.01
December 31, 2024	29,351	24,495	83.5	2,574.39

Reference: Equity

As of December 31, 2025: ¥ 26,855 million
 As of December 31, 2024: ¥ 24,495 million

* Review of the Japanese-language originals of the attached consolidated Financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable.

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1. Qualitative Information on Financial Results

(1) Explanation of Operating Results

During the fiscal year ended December 31, 2025, the global economy remained on a moderate growth trajectory, supported in part by accelerated investment related to generative AI, despite persistent concerns such as the conflicts in Ukraine and the Middle East, the economic slowdown in China, and U.S. tariff policies. In Japan, while challenges such as deteriorating relations with China remained, the economy continued to perform steadily, backed by rising nominal wages and recovering inbound demand.

With respect to the business environment surrounding water infrastructure, Japan is approaching a phase of rapid population decline despite its very high water and sewerage service coverage. Combined with increasingly severe natural disasters and the accelerating deterioration of infrastructure, comprehensive measures and new approaches are required. The road cave-in accident that occurred in Yashio City, Saitama Prefecture in January 2025 reaffirmed the risks associated with aging sewerage infrastructure and the significant social impact of such incidents.

Strengthening sustainable economic growth, and the functions of water infrastructure—essential for safeguarding citizens' lives—has become an urgent issue that requires solutions beyond traditional frameworks.

In response, the NJS Group (the “Group”) has worked to strengthen its technologies, organizational foundation, and service portfolio with the aim of becoming an “Operation Company” that integrates and manages the entire water infrastructure lifecycle. Addressing today's challenges requires comprehensive solutions spanning infrastructure development, operation, maintenance, and service delivery, and the Group recognizes the growing importance of business operators capable of providing such integrated services. Accordingly, the Group continued to reinforce its consulting services aimed at resolving regional issues; enhance software and inspection services that promote efficiency and quality in operation, maintenance, and management; and improve customer services for water utility users. The Group also actively promoted public-private partnership initiatives, including PFI and Water PPP projects.

As a result of these initiatives, consolidated work orders received for the fiscal year were ¥27,636 million (up 18.5% year on year), and consolidated net sales were ¥24,854 million (up 10.0%).

In terms of profit, proactive investments in human resources, IT, and technological development contributed to operating profit of ¥3,286 million (up 9.2%), ordinary profit of ¥3,386 million (up 7.8%), and profit attributable to owners of parent of ¥2,182 million (up 3.2%).

Operating results by segment are as follows:

(Domestic operations)

In domestic operations, progress was made in projects related to disaster countermeasures, reconstruction of aging infrastructure, deterioration surveys and diagnostic services, and studies for introducing public-private partnership projects. As a result, the domestic operations segment reported work orders received of ¥25,832 million (up 19.2%), net sales of ¥22,909 million (up 13.5%), and operating profit of ¥3,488 million (up 11.4%).

(Overseas operations)

In overseas operations, the Group advanced water infrastructure development and flood control projects in Asia, the Middle East, and Africa. In India, the local subsidiary continued to promote water infrastructure projects, and in Australia, a new local subsidiary was established to pursue emerging water infrastructure opportunities.

Consequently, the overseas operations segment reported work orders of ¥1,803 million (up 8.7%), net sales of ¥1,944 million (down 19.0%), and an operating loss of ¥220 million (an operating loss of ¥138 million was recorded in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

Total assets as of December 31, 2025, increased by ¥3,972 million from the end of the previous fiscal year to ¥35,095 million. The main factors were a ¥1,259 million increase in notes receivable, accounts receivable-completed operation and contract assets, a ¥440 million increase in goodwill, and a ¥1,796 million increase in investment securities due to higher market value of held shares.

Total liabilities increased by ¥1,587 million from the previous fiscal year-end to ¥6,518 million. The main contributing factors were a ¥315 million increase in contract liabilities, a ¥216 million increase in Retirement benefit liability, and a ¥910 million increase in other current liabilities.

Total net assets increased by ¥2,385 million from the previous fiscal year-end to ¥28,576 million. This was primarily due to a ¥1,226 million increase in retained earnings resulting from net income attributable to owners of the parent after dividend payments, and a ¥1,197 million increase in valuation difference on available-for-sale securities. As a result, the equity ratio was 81.2%.

(3) Explanation of Consolidated Cash Flows

Cash and cash equivalents at the end of the current consolidated fiscal year increased by ¥146 million from the previous fiscal year-end to ¥17,827 million.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥2,075 million (compared with ¥1,787 million provided in the previous fiscal year).

The main components were:

- Profit before income taxes: ¥3,224 million
- Increase in notes receivable, accounts receivable-completed operation and contract assets: ¥(1,247) million
- Depreciation : ¥425 million
- Income taxes paid: ¥(1,101) million

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥952 million (compared with ¥373 million used in the previous fiscal year).

The main components were:

- Purchases of property, plant and equipment: ¥(369) million
- Purchases of intangible assets: ¥(292) million
- Purchase of shares of subsidiaries resulting in change in scope of consolidation : ¥(222) million

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥968 million (compared with ¥957 million used in the previous fiscal year).

The main outflows were:

- Dividends paid: ¥(954) million

(Reference) Trends in cash flow indicators

Indicator	Year ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
Equity ratio (%)	78.0	81.7	83.0	83.9	81.2
Equity ratio at fair value (%)	67.0	68.9	88.1	109.3	138.4
Cash flow vs. interest-bearing debt (years)	0.0	0.0	—	0.0	0.0
Interest coverage ratio (times)	4,759.4	102,929.7	952,020.1	47,513.3	68,215.0

(Note) All indicators are calculated based on financial figures on a consolidated basis as follows.

(1) Equity ratio: Equity/Total assets

(2) Equity ratio at fair value: Market capitalization/Total assets

Market capitalization is calculated based on the number of shares issued excluding treasury shares.

(3) Cash flow vs interest-bearing debt: Interest-bearing debt/Cash flows from operating activities

(4) Interest coverage ratio: Cash flows from operating activities/Interest payment

(4) Explanation of Forward-looking Information

Following the NJS Company Purpose “Pass on healthy water and environment to the next generation”, the Group will respond to the new water infrastructure business environment and enhance our corporate value.

(New Water Infrastructure Business Environment)

- Global environmental changes: Safe water use and water management are becoming increasingly important due to rising temperatures, intensifying disasters, and infectious disease outbreaks associated with climate change.
- Local community changes: As the population decline provokes an aging society and an increase of depopulated areas, the importance of efforts to protect the safety, health and comfort of local communities is increasing.
- Water infrastructure changes: To maintain aging water infrastructure, it is becoming increasingly important to accurately survey, manage, and reconstruct infrastructure and to manage PPP projects.

(Business Policy)

NJS's business policy in response to changes in the business environment is as follows.

- (1) Transformation into an “Operation Company”
The Group aims to become an “Operation Company” that proactively takes responsibility for the business operation of water infrastructure. The main objectives are to create and expand the operations business and further strengthen the consulting business.
- (2) Create a new era of water infrastructure
As the importance of water infrastructure grows, we will promote precise measures for aging infrastructure, optimization of operation and management, introduction of DX, and business efficiency through PPP to maintain sound water infrastructure and improve the efficiency of business operations.
- (3) Solving Community and Environmental Challenges
Increasing the social value of water infrastructure by solving local and environmental issues is a new challenge. The Group promotes disaster prevention and mitigation to ensure regional safety, creates infrastructure focusing on global environmental conservation and regional value creation, and develops communities that make the most of regional nature and culture.
- (4) Creating Diverse Customer Services through Water Infrastructure
Protecting the safety, health, and comfort of people's lives, and promoting the creation of diverse services for customers, sharing information on water and the environment, and "co-creation" initiatives are created together with citizens shall become the purposes of water infrastructure.
- (5) Expansion of overseas business
The Group will address and contribute to the world's water and environment, which are becoming increasingly serious due to population growth and the effects of climate change. The main focus points are to support infrastructure development in emerging countries, to strengthen the consulting business of our subsidiary in India, and to develop new markets, such as Australia.

(Important Measures)

Important measures based on the business policy are as follows

- (1) Software
Enhance software development, including drones and other related technologies, to improve infrastructure management efficiency, community and environmental measures, and customer service; create highly effective technologies based on operations along with the use of AI and satellite data.
- (2) Regional offices
In PPP (public-private partnership) projects, water infrastructure that supports local livelihoods must be promoted in cooperation with the community based on local needs. Active regional offices will be required to expand regional service.
- (3) Customer service
The value of water infrastructure is determined by the users. The Group will strengthen customer service, such as fee collection and terms to maintain contact with citizens. We will promote citizen participation in the project, both in terms of information sharing with customers and improvement of user-friendliness.
- (4) Human capital
The acquisition of human resources for water infrastructure operations, the acquisition of operational skills, and the development of proactive awareness are essential. The Group will strengthen recruitment and training, promote a competitive compensation system, and introduce a “mission grade system”.
- (5) Corporate Governance
Effective corporate governance is valuable to enhance the social value of the company, to create sustainable

corporate activities, and to reduce the environmental impact of corporate activities. In addition to strengthening compliance and risk management, we will promote sustainability management.

Through these initiatives, our consolidated performance forecasts for the fiscal year ending December 2026 are as follows:

Orders Received: 29.0 billion yen (up 4.9% YoY)

Net Sales: 28.0 billion yen (up 12.7% YoY)

Operating Income: 3.6 billion yen (up 10.2% YoY)

Ordinary Income: 3.7 billion yen (up 9.3% YoY)

Profit Attributable to Owners of Parent: 2.45 billion yen (up 12.3% YoY)

2. Basic Policy on the Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP. With respect to the potential future adoption of International Financial Reporting Standards (IFRS), the Group intends to respond appropriately, taking into consideration developments in domestic and international circumstances.

Consolidated Financial Statements and Primary Notes

Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	17,681,274	17,827,341
Notes receivable - trade	5,627	1,442
Accounts receivable-completed operation	1,704,099	2,963,366
Contract assets	4,545,434	4,790,015
Securities	10,014	-
Costs on service contracts in progress	965,851	1,043,392
Other	567,005	561,631
Allowance for doubtful accounts	(15,775)	(44,080)
Total current assets	25,463,531	27,143,109
Non-current assets		
Property, plant and equipment		
Buildings and structures	857,861	952,861
Accumulated depreciation	(227,245)	(152,950)
Buildings and structures, net	630,615	799,910
Machinery and equipment	136,991	136,944
Accumulated depreciation	(126,167)	(128,223)
Machinery and equipment, net	10,823	8,720
Vehicles	51,571	52,264
Accumulated depreciation	(32,580)	(31,207)
Vehicles, net	18,991	21,056
Tools, furniture and fixtures	708,799	1,031,084
Accumulated depreciation	(539,078)	(750,767)
Tools, furniture and fixtures, net	169,721	280,317
Land	293,652	293,652
Total property, plant and equipment	1,123,805	1,403,658
Intangible assets		
Goodwill	63,287	503,679
Software	637,180	751,285
Telephone subscription right	22,007	21,705
Total intangible assets	722,474	1,276,670
Investments and other assets		
Investment securities	2,111,273	3,907,679
Long-term loans receivable	66,400	150,000
Deferred tax assets	415,610	22,410
Other	1,286,554	1,251,389
Allowance for doubtful accounts	(67,365)	(59,699)
Total investments and other assets	3,812,473	5,271,779
Total non-current assets	5,658,753	7,952,108
Total assets	31,122,285	35,095,218

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - operating	762,531	826,063
Current portion of long-term borrowings	3,336	691
Income taxes payable	684,910	573,346
Contract liabilities	203,547	518,707
Provision for bonuses	792,625	846,889
Provision for loss on orders received	88,463	75,620
Provision for shareholder benefit program	27,182	30,370
Other	1,764,856	2,675,459
Total current liabilities	4,327,452	5,547,149
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	13,050	7,090
Provision for share awards for directors (and other officers)	51,134	61,172
Retirement benefit liability	403,246	619,676
Asset retirement obligations	59,188	113,624
Deferred tax liabilities	40,201	122,752
Other	36,759	47,326
Total non-current liabilities	603,580	971,642
Total liabilities	4,931,033	6,518,791
Net assets		
Shareholders' equity		
Share capital	520,000	520,000
Capital surplus	276,555	276,555
Retained earnings	24,960,756	26,186,884
Treasury shares	(874,223)	(854,510)
Total shareholders' equity	24,883,089	26,128,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,054,809	2,252,743
Foreign currency translation adjustment	108,444	30,717
Remeasurements of defined benefit plans	78,085	94,166
Total accumulated other comprehensive income	1,241,339	2,377,628
Non-controlling interests	66,823	69,868
Total net assets	26,191,252	28,576,426
Total liabilities and net assets	31,122,285	35,095,218

Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Thousands of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net sales	22,594,177	24,854,337
Cost of sales	13,263,709	14,763,405
Gross profit	9,330,468	10,090,931
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	284,947	302,495
Salaries and allowances	1,725,018	1,893,205
Bonuses	353,862	487,387
Provision for bonuses	256,438	190,207
Retirement benefit expenses	52,185	29,246
Provision for share awards for directors (and other officers)	20,167	11,011
Provision for retirement benefits for directors (and other officers)	4,914	2,400
Legal and other welfare expenses	454,445	488,921
Travel and transportation expenses	171,710	222,970
Rent expenses	280,074	284,445
Depreciation	103,239	110,788
Provision for shareholder benefit program	27,182	22,798
Provision of allowance for doubtful accounts	12,434	31,521
Amortization of goodwill	23,732	61,364
Research and development expenses	873,718	927,649
Other	1,693,083	1,756,301
Total selling, general and administrative expenses	6,337,155	6,822,715
Operating profit	2,993,313	3,268,215
Non-operating income		
Interest income	21,876	44,329
Dividend income	57,123	54,116
Foreign exchange gains	18,902	-
Other	56,903	37,973
Total non-operating income	154,804	136,419
Non-operating expenses		
Interest expenses	37	20
Bad debt expenses	2,438	-
Compensation expenses	4,626	-
Foreign exchange losses	-	17,116
Other	680	1,331
Total non-operating expenses	7,782	18,469
Ordinary profit	3,140,335	3,386,165
Extraordinary income		
Gain on sale of non-current assets	16	312
Gain on reversal of asset retirement obligations	-	36,938
Gain on bargain purchase	42,549	-
Other	-	1,691
Total extraordinary income	42,565	38,942
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,122	3,664
Head office relocation expenses	-	161,503
Loss on compensations	33,235	35,000

(Thousands of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Total extraordinary losses	35,357	200,167
Profit before income taxes	3,147,543	3,224,940
Income taxes - current	1,034,909	991,816
Income taxes - deferred	(8,596)	48,233
Total income taxes	1,026,313	1,040,049
Profit	2,121,230	2,184,890
Profit attributable to non-controlling interests	5,574	2,417
Profit attributable to owners of parent	2,115,656	2,182,473

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Profit	2,121,230	2,184,890
Other comprehensive income		
Valuation difference on available-for-sale securities	321,847	1,197,934
Foreign currency translation adjustment	95,764	(77,726)
Remeasurements of defined benefit plans, net of tax	42,614	16,081
Total other comprehensive income	460,225	1,136,288
Comprehensive income	2,581,456	3,321,179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,575,882	3,318,761
Comprehensive income attributable to non-controlling interests	5,574	2,417

Consolidated Statement of Changes in Equity
For the fiscal year ended December 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	520,000	276,555	23,705,817	(792,569)	23,709,804
Changes during period					
Dividends of surplus			(860,717)		(860,717)
Profit attributable to owners of parent			2,115,656		2,115,656
Disposal of treasury stock possession of stock ownership plan trust				8,194	8,194
Treasury stock possession of stock ownership plan trust				(89,739)	(89,739)
Purchase of treasury shares				(108)	(108)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	1,254,938	(81,654)	1,173,284
Balance at end of period	520,000	276,555	24,960,756	(874,223)	24,883,089

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	732,961	12,680	35,471	781,113	61,249	24,552,167
Changes during period						
Dividends of surplus						(860,717)
Profit attributable to owners of parent						2,115,656
Disposal of treasury stock possession of stock ownership plan trust						8,194
Treasury stock possession of stock ownership plan trust						(89,739)
Purchase of treasury shares						(108)
Net changes in items other than shareholders' equity	321,847	95,764	42,614	460,225	5,574	465,800
Total changes during period	321,847	95,764	42,614	460,225	5,574	1,639,084
Balance at end of period	1,054,809	108,444	78,085	1,241,339	66,823	26,191,252

For the fiscal year ended December 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	520,000	276,555	24,960,756	(874,223)	24,883,089
Changes during period					
Dividends of surplus			(956,345)		(956,345)
Profit attributable to owners of parent			2,182,473		2,182,473
Disposal of treasury stock possession of stock ownership plan trust				20,148	20,148
Treasury stock possession of stock ownership plan trust					-
Purchase of treasury shares				(435)	(435)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	1,226,127	19,712	1,245,840
Balance at end of period	520,000	276,555	26,186,884	(854,510)	26,128,929

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,054,809	108,444	78,085	1,241,339	66,823	26,191,252
Changes during period						
Dividends of surplus						(956,345)
Profit attributable to owners of parent						2,182,473
Disposal of treasury stock possession of stock ownership plan trust						20,148
Treasury stock possession of stock ownership plan trust						-
Purchase of treasury shares						(435)
Net changes in items other than shareholders' equity	1,197,934	(77,726)	16,081	1,136,288	3,044	1,139,333
Total changes during period	1,197,934	(77,726)	16,081	1,136,288	3,044	2,385,174
Balance at end of period	2,252,743	30,717	94,166	2,377,628	69,868	28,576,426

Consolidated Statement of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	3,147,543	3,224,940
Depreciation	354,848	425,674
Amortization of goodwill	23,732	61,364
Gain on bargain purchase	(42,549)	-
Interest and dividend income	(78,999)	(98,445)
Interest expenses	37	20
Foreign exchange losses (gains)	(35,355)	11,953
Loss on compensation for damage	33,235	35,000
Loss (gain) on sale and retirement of non-current assets	2,105	3,351
Decrease (increase) in notes, accounts receivable-completed operation and contract assets	(251,485)	(1,247,704)
Decrease (increase) in costs on uncompleted services	(318,826)	(109,618)
Decrease (increase) in accounts payable-operating	(26,902)	44,474
Increase (decrease) in contract liabilities	(41,499)	315,160
Increase (decrease) in accrued consumption taxes	28,154	(209,818)
Increase (decrease) in allowance for doubtful accounts	(8,916)	19,599
Increase (decrease) in provision for bonuses	11,201	(1,675)
Increase (decrease) in retirement benefit liability	(107,716)	(171,158)
Other, net	125,474	811,958
Subtotal	2,814,083	3,115,077
Interest and dividends received	80,185	96,890
Interest paid	(37)	(30)
Compensation paid for damage	(33,235)	(35,000)
Income taxes paid	(1,073,022)	(1,101,674)
Net cash provided by (used in) operating activities	1,787,973	2,075,263
Cash flows from investing activities		
Proceeds from cancellation of time deposits	1,002,178	209,599
Payments into time deposits	(1,048,836)	(196,014)
Purchase of property, plant and equipment	(129,024)	(369,301)
Proceeds from sale of property, plant and equipment	16	58
Purchase of intangible assets	(253,148)	(292,134)
Purchase of investment securities	-	(13,500)
Proceeds from sale and redemption of investment securities	-	10,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(222,350)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	61,372	-
Loan advances	(66,400)	(150,000)
Proceeds from collection of loans receivable	-	66,400
Payments of leasehold and guarantee deposits	(6,190)	(353,595)
Proceeds from refund of leasehold and guarantee deposits	15,503	327,998
Other, net	51,046	30,670
Net cash provided by (used in) investing activities	(373,482)	(952,168)

(Thousands of yen)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Cash flows from financing activities		
Purchase of treasury shares	(89,848)	(435)
Proceeds from disposal of treasury shares	2,500	-
Dividends paid	(858,920)	(954,741)
Other, net	(10,932)	(13,800)
Net cash provided by (used in) financing activities	(957,200)	(968,977)
Effect of exchange rate change on cash and cash equivalents	35,716	(8,050)
Net increase (decrease) in cash and cash equivalents	493,006	146,066
Cash and cash equivalents at beginning of period	17,188,267	17,681,274
Cash and cash equivalents at end of period	17,681,274	17,827,341

(5)Notes to Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Change in accounting policy)

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

The "Accounting Standard for Corporate, Inhabitant and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022), the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022), and the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022) were applied from the beginning of the period. The "Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 25, October 28, 2022) and the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022) were applied from the beginning of the current fiscal year. This change has no impact on the Consolidated financial results.

(Segment information, etc.)

[Segment information]

I. For the Fiscal year ended December 31, 2024 (from January 1, 2024, to December 31, 2024)

1. Information on net sales and profit (loss) by reportable segment and disaggregation of revenue

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic operations	Overseas operations	Total		
Net sales					
Water supply systems	5,425,966	1,078,135	6,504,102	—	6,504,102
Sewerage systems	14,016,743	124,432	14,141,176	—	14,141,176
Environmental systems and others	750,722	1,198,176	1,948,898	—	1,948,898
Revenue from contracts with customers	20,193,432	2,400,744	22,594,177	—	22,594,177
Other revenue	—	—	—		—
Net sales to outside customers	20,193,432	2,400,744	22,594,177		22,594,177
Intersegment net sales or transfers	—	—	—		—
Total	20,193,432	2,400,744	22,594,177		22,594,177
Segment profit	3,131,432	(138,119)	2,993,313		2,993,313
Segment assets	29,123,368	2,481,898	31,605,266	(482,981)	31,122,285
Other items					
Depreciation	341,884	12,964	354,848		354,848
Amortization of goodwill	23,732	—	23,732		23,732
Unamortized balance of goodwill	63,287	—	63,287		63,287
Increases in property, plant and equipment and intangible assets	330,038	10,656	340,685		340,685

(Notes) 1. The adjustments of segment profit (loss) are partly due to eliminations of intersegment transactions.

2. Segment profit (loss) is adjusted to correspond with operating profit reported on the Consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

(Significant gain on negative goodwill)

In the current interim consolidated accounting period, a gain on negative goodwill of ¥42,549 thousand was recognized in the "Domestic operations" segment due to the acquisition of all shares of Doto Corporation and its inclusion in the scope of consolidation.

Gain on negative goodwill is not included in the above segment income because it is an extraordinary gain.

II. For the Fiscal year ended December 31, 2025 (from January 1, 2025, to December 31, 2025)

1. Information on net sales and profit (loss) by reportable segment and disaggregation of revenue

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic operations	Overseas operations	Total		
Net sales					
Water supply systems	6,911,392	716,025	7,627,417	—	7,627,417
Sewerage systems	15,158,348	184,782	15,343,131	—	15,343,131
Environmental systems and others	840,061	1,043,726	1,883,787	—	1,883,787
Revenue from contracts with customers	22,909,802	1,944,534	24,854,337	—	24,854,337
Other revenue	—	—	—		—
Net sales to outside customers	22,909,802	1,944,534	24,854,337		24,854,337
Intersegment net sales or transfers	—	—	—		—
Total	22,909,802	1,944,534	24,854,337		24,854,337
Segment profit	3,488,585	(220,369)	3,268,215		3,268,215
Segment assets	31,991,358	3,586,840	35,578,199	(482,981)	35,095,218
Other items					
Depreciation	413,006	12,668	425,674		425,674
Amortization of goodwill	61,364	—	61,364		61,364
Unamortized balance of goodwill	503,679	—	503,679		503,679
Increases in property, plant and equipment and intangible assets	1,198,697	25,065	1,223,763		1,223,763

(Notes)1. The adjustments of segment profit (loss) are partly due to eliminations of intersegment transactions.

2. Segment profit (loss) is adjusted to correspond with operating profit reported on the Consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment
(Significant change in goodwill amount)

In the current interim consolidated accounting period, goodwill has been recognized in the "Domestic operations" segment due to the acquisition of all shares of CDC Aqua Service Co., Ltd. and its inclusion in the scope of consolidation. The increase in goodwill due to this event was ¥654 million.

[Relevant Information]

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

1. Information by products and services

(Thousands of yen)

	Water supply systems	Sewerage systems	Environmental systems and others	Total
Net sales to outside customers	6,504,102	14,141,176	1,948,898	22,594,177

2. Information by area

(1) Net Sales

(Thousands of yen)

Japan	Asia & Oceania	Africa	Middle East	Latin America	Total
20,193,432	1,792,292	77,354	506,326	24,771	22,594,177

(Notes) Net Sales are classified based on areas in which the Group renders its services.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeds 90% of the amount of these assets on the consolidated balance sheet, so this information is omitted.

3. information by major customer

(Thousands of yen)

Name of customer	Net sales	Name of relevant segment
Japan Sewerage Works Agency	3,901,950	Domestic operations

For the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

1. Information by products and services

(Thousands of yen)

	Water supply systems	Sewerage systems	Environmental systems and others	Total
Net sales to outside customers	7,627,417	15,343,131	1,883,787	24,854,337

2. Information by area

(1) Net Sales

(Thousands of yen)

Japan	Asia & Oceania	Africa	Middle East	Latin America	Total
22,929,560	1,397,916	165,865	352,577	8,417	24,854,337

(Notes) Net Sales are classified based on areas in which the Group renders its services.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeds 90% of the amount of these assets on the consolidated balance sheet, so this information is omitted.

3. information by major customer

(Thousands of yen)

Name of customer	Net sales	Name of relevant segment
Japan Sewerage Works Agency	4,264,876	Domestic operations

[Impairment losses on fixed assets and goodwill by reportable segment]

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

The same information is disclosed in Segment information

For the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

Not applicable.

[Amortized amount and unamortized balance of goodwill by reportable segment]

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

The same information is disclosed in Segment information

For the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

The same information is disclosed in Segment information

[Gain on negative goodwill by reportable segment]

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

Not applicable.

For the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

A gain on negative goodwill of ¥42,549 thousand was on the Domestic segment due to the acquisition of all shares of Doto Corporation and its inclusion in the scope of consolidation in the fiscal year ended December 31, 2024. The gain on negative goodwill is not included in the above segment income because it is an extraordinary gain.

(Per share information)

	For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)	For the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)
Net assets per share (yen)	2,745.57	2,993.41
Basic earnings per share (yen)	222.22	229.24

(Notes) 1. Diluted earnings per share is not provided as there were no potential shares.

2. The basis for the calculation of net assets per share is as follows. Furthermore, the Company's shares held in the board benefit trust are included in the treasury shares to be deducted in the calculation of total number of shares issued as of the end of the fiscal year and average number of shares during the fiscal year for the purpose of calculating net assets per share and basic earnings per share.

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Total net assets (Thousands of yen)	26,191,252	28,576,426
Amounts deducted from total net assets (Thousands of yen)	66,823	69,868
(Non-controlling interests (Thousands of yen))	(66,823)	(69,868)
Net assets attributable to shares of common stock (Thousands of yen)	26,124,428	28,506,557
Number of shares of common stock used to calculate net assets per share (Thousand shares)	9,515	9,523

3. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Profit attributable to owners of parent (Thousands of yen)	2,115,656	2,182,473
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousands of yen)	2,115,656	2,182,473
Average number of common shares during the period (Thousand shares)	9,520	9,520

(Significant subsequent events)

Our consolidated subsidiary, CDC Aqua Service Co., Ltd., conducted an absorption-type merger effective January 10, 2026, in which it became the surviving company and another consolidated subsidiary, Suido Asset Service Co., Ltd., became the dissolved company.

Overview of the Transaction

(1) Names and Business Activities of the Combining Companies

① Surviving Company

CDC Aqua Service Co., Ltd.

Business Activities:

Outsourced administrative services for water utilities; management of water and sewerage billing; and development and maintenance of related IT systems.

② Dissolving Company

Suido Asset Service Co., Ltd.

Business Activities:

Operational support services for water and sewerage utilities; billing and collection services; accounting operations; engineering desk operations; and facility management services.

(2) Business Combination Date

January 10, 2026 (Effective date)

(3) Legal Form of the Business Combination

An absorption-type merger in which CDC Aqua Service Co., Ltd. is the surviving company and Suido Asset Service Co., Ltd. is the dissolving company.

(4) Name of the Company After the Merger

Sky Aqua Service Co., Ltd.

(5) Purpose and Other Information Related to the Transaction

The merger aims to strengthen the Group's core businesses and promote further business expansion through the integration of the two companies' management resources.