Summary of Earnings Report for Second Quarter of Year Ending December 31, 2026

August 6, 2026

Name of listed company: A.D.Works Group Co., Ltd. Listed stock exchange: Tokyo Stock Exchange

Code: 2982 URL https://www.adwg.co.jp/

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Additional material of financial results: Yes

Results meeting: Yes (Yes (For analysts and institutional investors))

(Millions of yen, rounded down)

1. Consolidated Results for the First Half of the Fiscal Year Ending December 31, 2026 (January 1, 2026–June 30, 2026)

(1) Consolidated business results (cumulative) (%: Year-on-year comparison)

	Net Sales		Operating Income		Net income before income taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half, year ending December 31, 2026	29,000	(12.0)	2,515	(14.8)	3,626	41.1	2,363	47.1
First half, year ended December 31, 2025	32,965	58.4	2,954	62.3	2,569	75.1	1,607	75.5

(Note) Comprehensive Income: 2026 2Q 2,269Million yen 83.0% 2025 2Q 1,240million yen (15.8)%

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
First half, year ending December 31, 2026	47.90	47.28
First half, year ended December 31, 2025	33.34	32.90

(2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
First half, year ending December 31, 2026	86,406	22,389	25.9
Fiscal Year ended December 31, 2025	72,062	20,576	28.5

(Reference) Equity: 2026 2Q 22,351Million yen 2025 20,544Million yen

(3) Consolidated cash flows

	Cash flows from operating activities Cash Flows	Cash flows from investing activities Cash Flows	Cash flows from financing activities Cash Flows	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First half, year ending December 31, 2026	(14,268)	(677)	12,591	9,310
First half, year ended December 31, 2025	504	(598)	(190)	9,659

2. Dividend Information

	Dividend per Share				
	1Q	Interim	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	6.00	-	10.00	16.00
Fiscal Year Ending December 31, 2026	-	10.00			
Fiscal year ending December 31, 2026 (forecast)			-	10.00	20.00

(Note) Correction to most recently announced dividend forecast : None

3. Consolidated Business Plan for Fiscal Year Ending December 31, 2026 (January 1, 2026–December 31, 2026)

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

(%: comparison with the previous period)

	Net Sales		Operating Income		Net income before income taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	77,000	14.0	4,300	(13.8)	4,500	(13.3)	3,100	(6.5)

(Note) Correction to most recently announced results forecast : None

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

* Notes

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

New: —Company (name of company)—,

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

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

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

1. Changes in accounting policies due to the revision of accounting standards, etc. : None
2. Changes in accounting policies other than 1. : None
3. Changes in accounting estimates : None
4. Restatement : None

(4) Number of issued shares (common shares)

1. Number of outstanding shares (including treasury stock) at end of period	Q2 FY2026	50,691,464 shares	FY2025	50,420,864 shares
2. Number of treasury stock at end of period	Q2 FY2026	1,181,020 shares	FY2025	1,315,730 shares
3. Average number of shares during the period (cumulative period)	Q2 FY2026	49,346,914 shares	Q2 FY2025	48,207,176 shares

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

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

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

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

[Attached Materials]

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1. Qualitative Information Concerning Semi-Annual Results

(1) Description of business results

In the first half of the fiscal year under review, the Japanese economy continued to show signs of a gradual recovery amid improvement in the employment and income environment. However, the economy faces downside risks from factors such as the situation in the Middle East, financial and capital market volatility, and inflation.

In the domestic income property market, concerns persist regarding increased financing costs and downward pressure on real estate prices, etc., following the Bank of Japan's policy rate increase to 1.0% and the rise in the yield on newly issued 10-year government bonds, which serves as a benchmark for long-term interest rates in Japan. On the other hand, in the real estate rental market in central urban areas, the vacancy rate in the office sector remains at low levels, and rents in both the residential and office sectors are on an upward trend, keeping the trading market for single-building income properties buoyant. In addition, rising construction costs have led to higher prices for new properties and constrained supply, resulting in expanding investment demand for existing real estate.

Regarding small-lot real estate products, the FY2026 Tax Reform Outline announced in December 2025 indicated a direction for revising the valuation methods under the inheritance tax law. As a result, the market size, which had been on an expansion trend, is now entering an adjustment phase.

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

In this business environment, our group, guided by its vision of "Creating a cycle of wealth and building a society where everyone can ignite the fire in their hearts," has set quantitative targets of achieving "20 billion yen in income before taxes" and "40% BtoC market share" by 2034, and is exploring and implementing various initiatives. In addition, on February 12, 2026, we announced the "Growth Strategies to Enhance Corporate Value," and are flexibly reorganizing our business portfolio in response to changes in the external environment, while promoting strategic investments for the expansion of our business portfolio and the establishment of a management foundation for medium- to long-term growth from the fiscal year ending December 2027 onwards. Through these initiatives, we aim to maintain and strengthen our medium- to long-term growth trajectory, even while experiencing short-term performance fluctuations.

Based on this policy, during this first half, we focused on strengthening the acquisition, product development, and sales of the single-building income property sales business, accelerating the growth of the office unit sales business, engaging in sales activities for the small-lot real estate product business through explanations to existing customers and referral companies while addressing current investment needs, proactively acquiring sites and commencing operations for the grid-scale energy storage business, and building a foundation for new businesses including non-asset businesses.

As a result, in this first half, net sales totaled 29,000 million yen (37.7% progress rate against the full-year plan announced at the beginning of the fiscal year), operating income was 2,515 million yen (58.5%), income before taxes was 3,626 million yen (80.6%), and net income attributable to owners of parent was 2,363 million yen (76.3%).

In order to optimize our business portfolio, we transferred the external property management business of our consolidated subsidiary A.D. Partners Co., Ltd. through an absorption-type company split, and recorded a gain on business transfer of 1,740 million yen as an extraordinary gain. As a result, income before taxes and net income attributable to owners of parent for this first half have achieved high progress rates against the full-year consolidated results plan; however, this gain on business transfer was already incorporated into the full-year consolidated results plan announced at the beginning of the fiscal year.

Earnings results for the first half are shown in the table below.

(Unit: million yen)

	Fiscal Year Ending December 31, 2026 (Full-year plan)		Fiscal year ended December 31, 2025 First half (Results)		Fiscal Year Ending December 31, 2026 First half (Results)			
	Amount	Net sales ratio	Amount	Net sales ratio	Amount	Net sales ratio	YoY	Percentage of full-year plan achieved
Net Sales	77,000	100.0%	32,965	100.0%	29,000	100.0%	88.0%	37.7%
(Property sales)	-	-	(30,138)	(91.4%)	(26,810)	(92.5%)	(89.0%)	-
(Stock)	-	-	(3,073)	(9.3%)	(2,189)	(7.5%)	(71.2%)	-
(Internal sales)	-	-	(-247)	(-0.7%)	(-)	(-%)	-	-
Operating Income	4,300	5.6%	2,954	9.0%	2,515	8.7%	85.2%	58.5%
Net income before income taxes	4,500	5.8%	2,569	7.8%	3,626	12.5%	141.1%	80.6%
Net income	3,100	4.0%	1,607	4.9%	2,363	8.2%	147.1%	76.3%

(Note) "Property sales," "stock," "net income before income taxes," and "net income" are the respective abbreviations of "income property sales business," "stock-type fee business," "net income before income taxes," and "net income attributable to owners of parent."

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

(Income property sales business)

Net sales were 26,810 million yen and operating income was 3,156 million yen. A summary of results by business is as follows.

In the domestic single-building income property sales business, the net sales for this first half reached 23,058 million yen (124.5% compared with the same period last year). In addition, the Group's strengths in identifying high-quality income properties at the time of acquisition and initiatives to increase property value after purchase contributed to gross profit of 3,916 million yen (135.9% compared with the same period last year). We will continue to pursue further growth by improving profit margins and capital turnover rates, expanding initiatives in the Osaka and Fukuoka areas, and promoting diversification of asset types such as hotels.

In the small-lot real estate product sales business, net sales for this first half were 1,292 million yen (11.8% compared with the same period last year), and gross profit was 260 million yen (10.1% compared with the same period last year). Following the announcement of the FY2026 Tax Reform Outline, we have been conducting sales activities while providing detailed explanations to customers and referral companies serving as sales channels regarding the impact of tax reforms and future revision schedules. Although we have confirmed a certain level of customer demand, revenue and profit decreased compared with the same period last year due to continued cautious attitudes among customers in making investment decisions and among sales channels, as the details of the tax reform (partial revision of the Basic Property Valuation Circular) have not been finalized.

In the office unit sales business, net sales for this first half were 2,331 million yen, and gross profit was 662 million yen (year-on-year comparison is not provided as this business started recording sales results from the fourth quarter of the previous consolidated fiscal year). In light of the temporary decline in revenue from the small-lot real estate product sales business, we are accelerating the growth of this business, and as a result of accumulating and standardizing sales know-how and deepening product understanding among sales channels, it is transitioning to a growth trajectory.

The acquisition amount for this first half was 35,023 million yen. In addition to strategic purchasing activities by a purchasing organization, we were able to acquire more high-quality properties than in the same period last year as a result of our efforts to expand into the Kansai and Fukuoka areas. The balance of income properties (i.e. the total balance of properties held for sale or rental revenue), which is the source of future revenue, totaled 71,782 million yen, up 17,196 million yen from the end of the previous consolidated fiscal year.

The acquisition and sales status by business for this first half are as shown in the table below.

(Unit: million yen)

	Acquisitions		Net Sales	
	First half, Fiscal year ended December 31, 2025	First half, Fiscal year ending December 31, 2026	First half, Fiscal year ended December 31, 2025	First half, Fiscal year ending December 31, 2026
Domestic single-building income property sales business	17,270	32,201	18,520	23,058
Small-lot real estate product sales business	7,514	-	10,932	1,292
Office unit sales business	-	2,822	-	2,331
Overseas	-	-	686	128
Total	24,785	35,023	30,138	26,810

(Stock-type fee business)

Net sales were 2,189 million yen and operating income was 761 million yen.

The stock-type fee business's revenue consists of rental revenue from income properties held by the Group, which accounts for the majority of its revenue, as well as fees for management operations after the sale of small-lot real estate products and office unit products, property management income from ADW Management USA, Inc., and revenue from grid-scale energy storage operations. Note that property management income decreased compared with the same period last year due to the sale of the property management business for external owners through an absorption-type company split of A.D. Partners Co., Ltd. on January 13, 2026.

The stock-type fee business plays an important role for the Group as it ensures the stability of the Group's earnings. Increasing product value from a sales perspective will also lead to securing rental revenue from properties when held by the Group.

A breakdown of stock-type fee revenue for this first half is as follows.

(Unit: million yen)

	First half, Fiscal year ended December 31, 2025	First half, Fiscal year ending December 31, 2026	YoY
Rental revenue	875	1,100	125.7%
Other revenue (Property management, etc.)	2,198	1,088	49.5%
Total	3,073	2,189	71.2%

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

2. In the "stock-type fee business," we position items such as rent from income properties held by the Company, management operation fees after the sale of small-lot real estate products and office unit products, fee income from property management contracts for sold income properties, and revenue from grid-scale energy storage operations as "stock-type," while brokerage income derived from customer relationships and repair work fees for managed properties are classified as "flow-type."

(2) Description of financial position

In this first half, we continued our vigorous efforts to acquire income properties and sites for the grid-scale energy storage business aiming at expanding the scale of business, and also aggressively took out loans for acquisitions. As a result, the balance of income properties (i.e. the total balance of properties held for sale or rental revenue) increased by 17,196 million yen from the end of the previous consolidated fiscal year to 71,782 million yen, and interest-bearing liabilities (short-term borrowings, bonds payable due within one year, current portion of long-term borrowings, bonds payable and long-term borrowings) increased by 13,077 million yen to 58,840 million yen. Accordingly, total assets increased by 14,344 million yen from the end of the previous consolidated fiscal year to 86,406 million yen.

Equity increased by 1,806 million yen from the end of the previous consolidated fiscal year to 22,351 million yen, while the equity ratio was 25.9% due to the increase in interest-bearing liabilities associated with strong acquisitions.

The details of the semi-annual consolidated balance sheet are as follows.

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

(Assets)

Total assets at the end of this first half were 86,406 million yen. Of this, real estate for sale and real estate for sale in process accounted for 58,907 million yen (68.2% ratio), cash and deposits for 9,738 million yen (11.3%), and properties held for rental revenue (included in property, plant and equipment) for 12,874 million yen (14.9%).

(Liabilities)

Total liabilities at the end of this first half were 64,017 million yen. Of this, interest-bearing liabilities increased by 13,077 million yen in line with the increase in income properties, accounting for 58,840 million yen.

(Net Assets)

Total net assets amounted to 22,389 million yen. Of this, capital stock and capital surplus accounted for 11,786 million yen.

(3) Description of Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of this first half decreased by 2,324 million yen from the end of the previous consolidated fiscal year to 9,310 million yen.

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

(Cash flows from operating activities)

As a result of operating activities, funds decreased by 14,268 million yen. This was primarily due to recording net income before income taxes of 3,626 million yen, while funds decreased by 15,379 million yen due to inventory acquisitions.

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

(Cash flows from investing activities)

As a result of investing activities, funds decreased by 677 million yen. This was primarily due to expenditures of 2,109 million yen for the purchase of property, plant and equipment including a grid-scale energy storage plant under construction.

(Cash flows from financing activities)

As a result of financing activities, funds increased by 12,591 million yen. This was primarily due to proceeds from long-term borrowings of 31,912 million yen and repayments of long-term borrowings of 19,815 million yen.

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

The small-lot real estate product business is expected to be affected by the FY2026 Tax Reform Outline announced on December 19, 2025, and annual sales for the fiscal year ending December 31, 2026, are expected to decrease compared with the fiscal year ended December 31, 2025. As for future plans for this business, we plan to formulate them based on the recovery status of customer referrals from sales channels after the details of the tax reforms are clarified. The Group positions this business as one of its core businesses. Even at present, we are working to steadily build up sales results by carefully communicating the investment benefits of our products, and our policy is to maintain a recovery and growth trajectory over the medium to long term.

In the office unit sale business, in order to respond to changes in the external environment surrounding the real estate fractional ownership business, we have been raising our net sales plan ahead of schedule and promoting the establishment of an organizational foundation, including strategic reallocation of sales personnel. On the other hand, since a certain period of time is required from property acquisition to sales, some properties corresponding to the increased plan are not expected to be sold during the current fiscal year. Additionally, considering that it takes a certain period of time for the rapidly expanded sales personnel to become fully productive, we have revised the net sales plan for the fiscal year ending December 2026 from 10,000 million yen (announced on February 12, 2026) to 6,000 million yen.

The office unit sales business itself is growing steadily. Since the fourth quarter of the previous fiscal year (net sales of 6.2 billion yen) when we began full-scale sales promotion, quarterly net sales have been on a growth trend (FY2026 Q1: 8.9 billion yen, FY2026 Q2: 14.3 billion yen), and net sales for the full year ending December 2026 are expected to expand significantly from the previous fiscal year to 6,000 million yen.

In addition, we have made steady progress in deepening product understanding among financial institutions that serve as sales channels, training sales personnel, and accumulating sales know-how. We have also already secured approximately 10,000 million yen worth of properties for sale in the next fiscal year, including properties scheduled for settlement in the next fiscal year. Based on these current sales results, the development of the sales structure, and the status of securing properties for sale, the net sales plan for the fiscal year ending December 2027 is set at a minimum of 10,000 million yen, with a target of 15,000 million yen if recruitment, training, and procurement progress as planned.

Given this situation and considering the strong performance of the single-building income property sales business, there are no changes to the consolidated business plan for the fiscal year ending December 2026 from the figures set at the beginning of the fiscal year: net sales of 77,000 million yen, operating income of 4,300 million yen, income before taxes of 4,500 million yen, and net income of 3,100 million yen. The Group will aim to achieve its business plan set at the beginning of the fiscal year and sustainably enhance corporate value through flexible restructuring of its business portfolio.

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

	Second Medium-Term Management Plan (Fiscal year ended December 31, 2024, to fiscal year ending December 31, 2026)			
Consolidated	FY2024 Fiscal Year Ending December 31, 2024	FY2025 (Fiscal Year Ending December 31, 2025)	FY2026 (Fiscal Year Ending December 31, 2026)	
	Results	Results	Initial plan	Plan (released February 12)
Net Sales	49,910	67,531	58,000	77,000
Operating Income	3,216	4,987	3,700	4,300
Net income before income taxes	2,547	5,190	3,000	4,500
Income property balance	45,461	54,586	50,000	65,000
Shareholders' equity	17,511	20,366	20,000	22,470
ROE	9.5%	17.5%	10.4%	14.5%
ROIC	4.4%	7.0%	4.8%	6.4%
Human resource productivity "PH gross profit"	36 million yen/person	48 million yen/person	35 million yen/person	44 million yen/person
Financial soundness Equity Ratio	31.3%	28.5%	Approx. 30%	Approx. 30%
Shareholder value "EPS"	33.50 yen	68.46 yen	41.76 yen	64.01 yen

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

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

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

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

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

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

2. Semi-Annual Consolidated Financial Statements

(1) Semi-Annual Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	11,909,924	9,738,833
Accounts receivable - trade	276,847	66,324
Real estate for sale	41,781,916	58,904,663
Real estate for sale in process	1,806,435	3,247
Other	3,167,870	2,782,508
Allowance for doubtful accounts	(1,126)	(644)
Total current assets	58,941,866	71,494,932
Non-current assets		
Property, plant and equipment		
Other, net	11,187,974	13,055,335
Total property, plant and equipment	11,187,974	13,055,335
Intangible assets		
Goodwill	263,966	248,128
Other	187,658	180,209
Total intangible fixed assets	451,625	428,337
Investments and other assets		
Investment securities	487,393	417,031
Deferred tax assets	534,953	537,257
Other	447,368	465,517
Total investments and other assets	1,469,716	1,419,806
Total non-current assets	13,109,316	14,903,479
Deferred assets		
Bonds issuance cost	11,626	8,554
Total deferred assets	11,626	8,554
Total assets	72,062,809	86,406,967

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	651,373	899,261
Short-term loans payable	606,000	1,704,530
Current portion of bonds payable	265,800	230,800
Current portion of long-term borrowings	6,283,524	6,864,852
Income taxes payable	1,461,720	1,363,998
Provision for bonuses	362,633	222,728
Other	3,219,197	2,684,248
Total current liabilities	12,850,249	13,970,418
Non-current liabilities		
Bonds payable	595,200	479,800
Long-term borrowings	38,012,864	49,560,977
Other	27,682	6,097
Total non-current liabilities	38,635,747	50,046,875
Total liabilities	51,485,996	64,017,293
Net assets		
Shareholders' equity		
Share capital	6,347,133	6,369,982
Capital surplus	5,432,864	5,416,655
Retained earnings	8,819,778	10,685,453
Treasury shares	(233,250)	(212,646)
Total shareholders' equity	20,366,525	22,259,445
Accumulated other comprehensive income		
Foreign currency translation adjustment	110,543	48,858
Valuation difference on available-for-sale securities	67,300	42,718
Total accumulated other comprehensive income	177,843	91,577
Share acquisition rights	35,645	46,394
Non-controlling interests	(3,202)	(7,743)
Total net assets	20,576,812	22,389,673
Total liabilities and net assets	72,062,809	86,406,967

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

Consolidated Profit and Loss Statement

First half of consolidated fiscal year

(Thousands of yen)

	Previous consolidated First half (January 1, 2025 – June 30, 2025)	Current consolidated First half (January 1, 2026 – June 30, 2026)
Net Sales	32,965,406	29,000,311
Cost of sales	26,958,151	23,266,418
Gross profit	6,007,254	5,733,892
Selling, general and administrative expenses	3,052,702	3,217,938
Operating Income	2,954,552	2,515,953
Non-operating income		
Interest and dividend income	11,926	11,339
Foreign exchange gains	14,828	21,200
Subsidy income	-	54,477
Other	5,621	4,882
Total non-operating income	32,376	91,899
Non-operating expenses		
Interest expenses	347,703	597,993
Borrowing fee	51,760	81,991
Amortization of establishment costs	1,962	-
Other	10,362	7,425
Total non-operating expenses	411,788	687,410
Ordinary income	2,575,140	1,920,442
Extraordinary income		
Gain on sale of investment securities	-	1,599
Gain on business transfer	-	1,740,700
Total extraordinary income	-	1,742,299
Extraordinary loss		
Loss on disposal of fixed assets	-	1,982
Loss on valuation of investment securities	5,457	34,562
Total extraordinary loss	5,457	36,545
Net income before income taxes	2,569,683	3,626,197
Income taxes - current	959,860	1,269,933
Total income taxes	959,860	1,269,933
Semi-annual net income	1,609,822	2,356,264
Semi-annual net income (loss) attributable to non-controlling interests	2,499	(7,479)
Net income attributable to owners of parent	1,607,323	2,363,743

Consolidated Comprehensive Income Statement

First half of consolidated fiscal year

(Thousands of yen)

	Previous consolidated First half (January 1, 2025 – June 30, 2025)	Current consolidated First half (January 1, 2026 – June 30, 2026)
Semi-annual net income	1,609,822	2,356,264
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,919)	(24,581)
Foreign currency translation adjustment	(366,632)	(61,684)
Total other comprehensive income	(369,551)	(86,266)
Semi-annual comprehensive income	1,240,271	2,269,998
(Breakdown)		
Comprehensive income attributable to owners of parent	1,237,771	2,277,477
Comprehensive income attributable to non-controlling interests	2,499	(7,479)

(3) Semi-Annual Consolidated Statement of Cash Flows

First half of consolidated fiscal year

(Thousands of yen)

	Previous consolidated First half (January 1, 2025 – June 30, 2025)	Current consolidated First half (January 1, 2026 – June 30, 2026)
Cash flows from operating activities	d	
Net income before income taxes	2,569,683	3,626,197
Depreciation	98,439	151,334
Increase (decrease) in allowance for doubtful accounts	(1,281)	(482)
Increase (decrease) in provision for bonuses	(6,812)	(139,905)
Interest and dividend income	(11,926)	(11,339)
Interest expenses	347,703	597,993
Loss (gain) on valuation of investment securities	5,457	34,562
Loss on retirement of property, plant and equipment	-	1,982
Loss (gain) on sale of investment securities	-	(1,599)
Loss (gain) on business transfer	-	(1,740,700)
Amortization of goodwill	15,838	15,838
Subsidy income	-	(54,477)
Decrease (increase) in trade receivables	29,424	155,615
Decrease (increase) in inventories	(1,461,695)	(15,379,556)
Increase (decrease) in trade payables	24,522	285,793
Other	(57,938)	129,554
Subtotal	1,551,413	(12,329,187)
Interest and dividends received	11,926	11,339
Interest paid	(376,959)	(644,645)
Income taxes refund (paid)	(682,351)	(1,305,700)
Cash flows from operating activities	504,029	(14,268,193)
Cash flows from investing activities		
Payments for long-term guarantee deposits	-	(5,000)
Purchase of property, plant and equipment	(523,077)	(2,109,765)
Purchase of intangible assets	(63,190)	(15,464)
Purchase of investment securities	-	(9,138)
Proceeds from sale of investment securities	-	4,629
Proceeds from business transfer	-	1,453,427
Purchase of golf club membership	(14,400)	-
Other	1,910	3,983
Cash flows from investing activities	(598,757)	(677,327)
Cash flows from financing activities		
Proceeds from short-term borrowings	569,000	2,834,000
Repayments of short-term borrowings	(536,500)	(1,735,470)
Proceeds from long-term borrowings	22,160,394	31,912,989
Repayments of long-term borrowings	(21,513,897)	(19,815,597)
Expenditure for crowdfunding	(712,961)	-
Proceeds from issuance of bonds	300,000	-
Redemption of bonds	(226,900)	(150,400)
Payment of bond issuance costs	(5,124)	-
Repayments to non-controlling shareholders	(8,461)	(913)
Dividends paid	(268,735)	(496,302)
Proceeds from issuance of subscription rights to share	52,935	43,049
Cash flows from financing activities	(190,249)	12,591,355
Effect of exchange rate change on cash and cash equivalents	(117,814)	30,138
Net increase (decrease) in cash and cash equivalents	(402,792)	(2,324,027)
Cash and cash equivalents at beginning of period	10,062,771	11,634,326
Cash and cash equivalents at end of period	9,659,978	9,310,298

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

(Notes on the going concern assumption)

Not applicable

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

Not applicable

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

Calculation of tax expenses

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

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

(Notes on segment information, etc.)

<Segment information>

I Previous Semi-Annual Consolidated Accounting Period (January 1, 2025, to June 30, 2025)

Information on net sales and profit for each reportable segment

(Thousands of yen)

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

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

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

II First Half of Current Consolidated Fiscal Year (January 1, 2026, to June 30, 2026)

Information on net sales and profit for each reportable segment

(Thousands of yen)

	Reportable segments			Adjustments*1	Semi-annual consolidated profit/loss posted *2
	Income property sales business	Stock-type fee business	Total		
Net Sales					
Net sales to external customers	26,810,967	2,189,343	29,000,311	-	29,000,311
Intersegment sales	-	-	-	-	-
Total	26,810,967	2,189,343	29,000,311	-	29,000,311
Segment profit (Operating profit)	3,156,710	761,921	3,918,632	(1,402,678)	2,515,953

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

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