

NIPPON KANZAI HOLDINGS

November 15, 2024

Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2025

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

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Overview of NIPPON KANZAI HOLDINGS



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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.



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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.



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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* *Proposal competition: Proposal-based
PPP/PFI	Long-term contracts (approx. 7-30 years)	Attributable to the government offices after the project period ends

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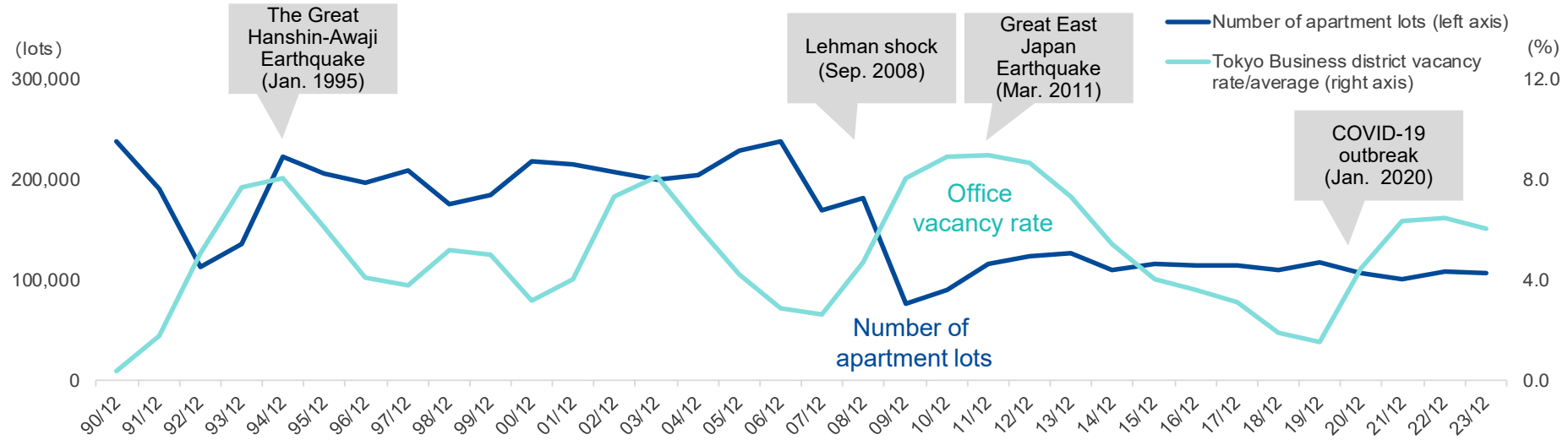
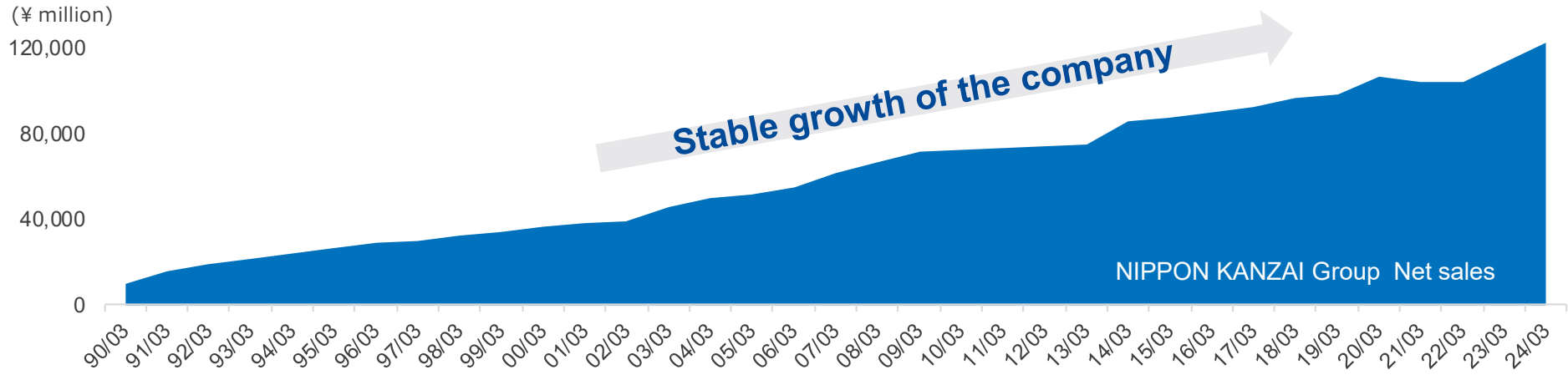
Recurring Revenue Business (2)

- 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*

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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.

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Consolidated Financial Results for 1H FY3/25



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Consolidated Financial Results Highlights

(Rounded down to the nearest ¥million)

Net Sales ¥65,319 million (+14.6% YoY)

- Steady renewal of existing contracts
- Increase in orders for construction-related work

Operating Profit ¥3,730 million (-6.7% YoY)

- Increase in personnel expenses such as wage raises

Ordinary Profit ¥4,163 million (-7.1% YoY)

- Recognition of share of loss of entities accounted for using equity method
- Recognition of foreign exchange losses due to the strong yen

Profit Attributable to Owners of Parent ¥2,278 million (-25.2% YoY)

- Recognition of loss due to litigation
- Recognition of gain on sale of investment securities

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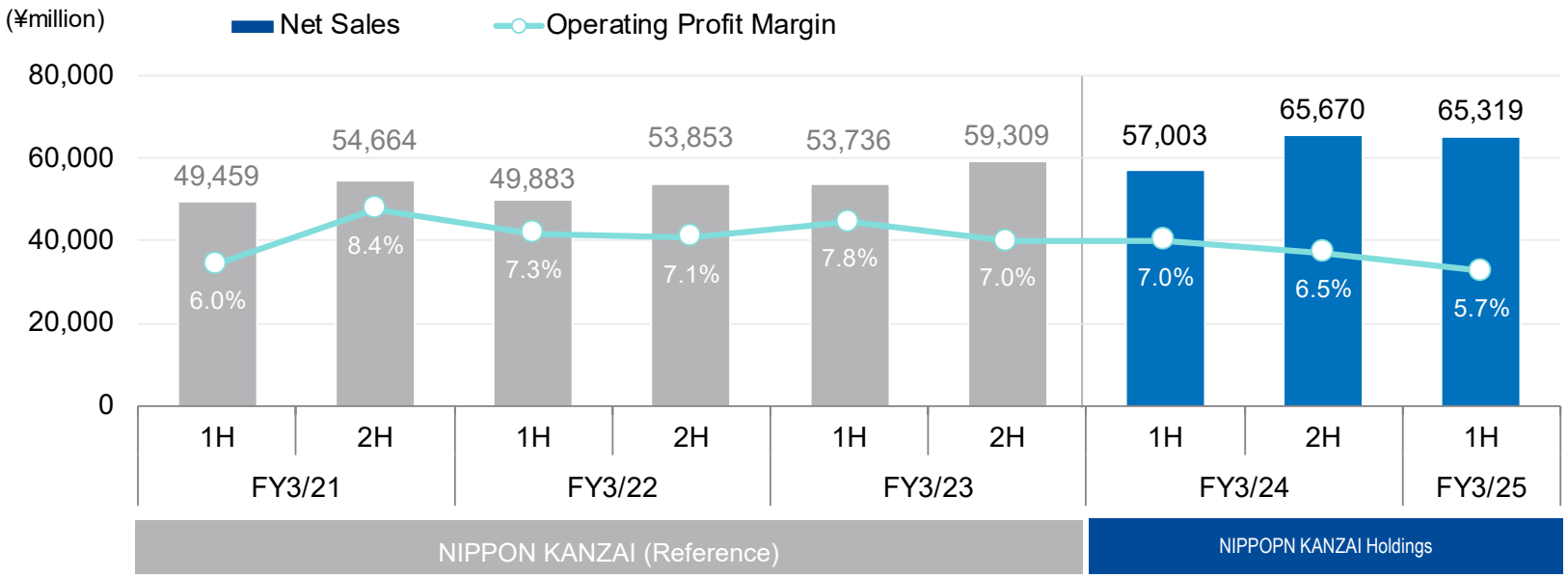
Consolidated Financial Results Summary

Consolidated (¥ million)	1H FY3/24 Actual	1H FY3/24 Ratio	1H FY3/25 Actual	1H FY3/25 Ratio	YoY Changes Amount	YoY Changes Ratio
Net Sales	57,003	100.0%	65,319	100.0%	8,316	14.6%
Gross Profit	12,663	22.2%	18,590	28.5%	5,927	46.8%
SG&A Expenses	8,665	15.2%	14,860	22.7%	6,194	71.5%
Operating Profit	3,997	7.0%	3,730	5.7%	(266)	-6.7%
Ordinary Profit	4,482	7.9%	4,163	6.4%	(318)	-7.1%
Profit Attributable to Owners of Parent	3,045	5.3%	2,278	3.5%	(766)	-25.2%



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Business Segments and Main Group Companies

Facilities Management and Operations ¥40,028 mil.

Building Maintenance and Property Management (excl. Security Service) ¥27,994 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 ¥12,034 mil.

Security on duty all the time, machine security services

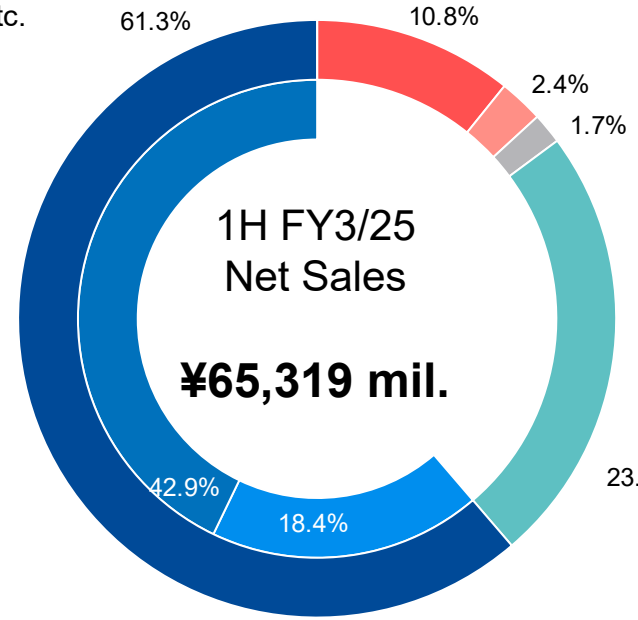
NIPPON KANZAI Co., Ltd.
Three-S Co., Ltd.

Residential Management and Operations ¥15,596 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.
Hawaiiana Holdings Incorporated
Keystone Pacific Property Management, LLC



Environmental Facilities Management ¥7,041 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 ¥1,567 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 ¥1,086 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)

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Financial Results by Business Segment

Consolidated (¥ million)	1H FY3/24		1H FY3/25		YoY Changes	
	Actual	Ratio/Margin	Actual	Ratio/Margin	Amount	Ratio
Net Sales	57,003	100.0%	65,319	100.0%	8,316	14.6%
Facilities Management and Operation Business	37,494	65.8%	40,028	61.3%	2,534	6.8%
Building Maintenance and Property Management	26,081	45.8%	27,994	42.9%	1,913	7.3%
Security Service	11,412	20.0%	12,034	18.4%	621	5.4%
Residential Management and Operation Business	9,571	16.8%	15,596	23.9%	6,024	62.9%
Environmental Facility Management Business	6,964	12.2%	7,041	10.8%	76	1.1%
Real Estate Fund Management Business	1,682	3.0%	1,567	2.4%	(114)	-6.8%
Other Businesses	1,290	2.3%	1,086	1.7%	(204)	-15.9%
Segment Profit	3,997	7.0%	3,730	5.7%	(266)	-6.7%
Facilities Management and Operation Business*1	3,333	8.9%	3,612	9.0%	278	8.4%
Building Maintenance and Property Management	2,625	10.1%	2,859	10.2%	233	8.9%
Security Service	708	6.2%	753	6.3%	44	6.3%
Residential Management & Operation Business*1	738	7.7%	846	5.4%	108	14.6%
Environmental Facility Management Business	1,016	14.6%	1,153	16.4%	137	13.5%
Real Estate Fund Management Business	322	19.2%	212	13.6%	(109)	-34.0%
Other Businesses*2	331	25.7%	77	7.2%	(254)	-76.6%
Adjustments*3	(1,745)	-	(2,172)	-	(426)	-

*1 Starting from FY3/24, 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.

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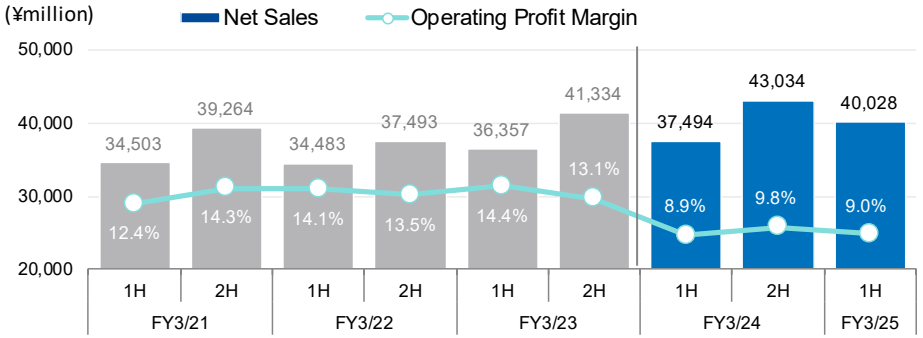
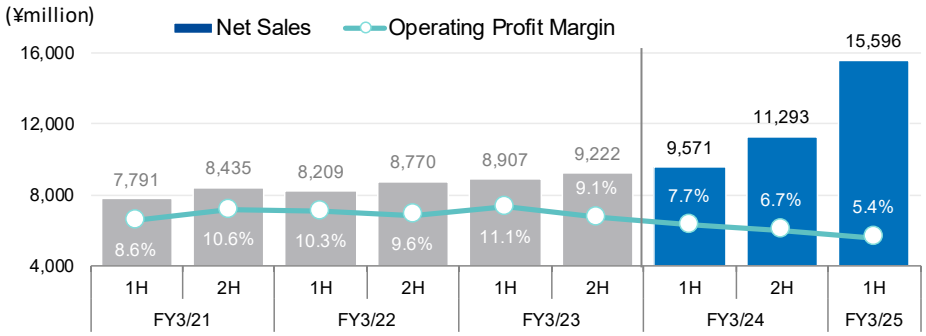
Performance of Business Segments

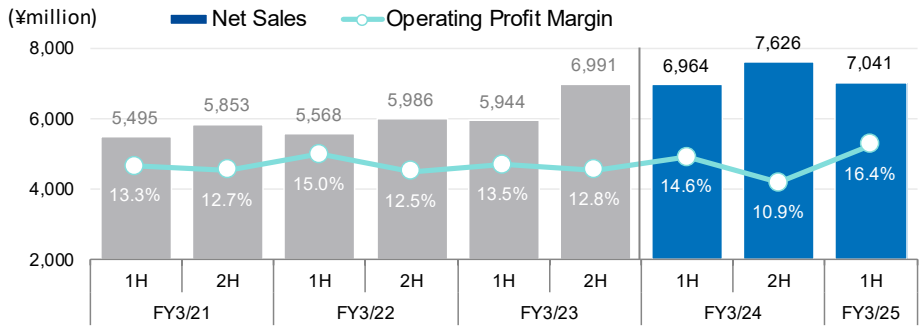
Facilities Management and Operations



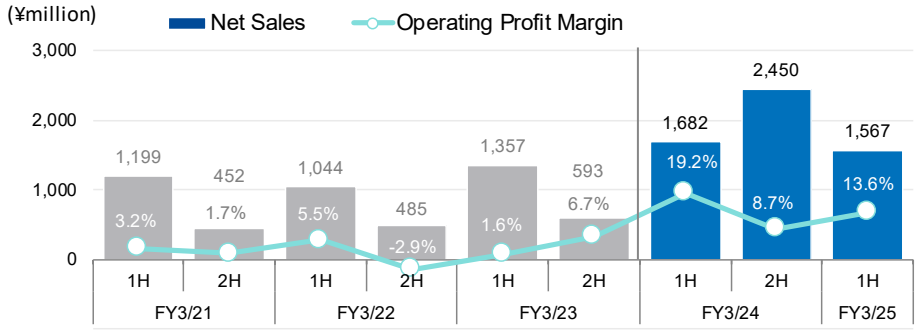
Residential Management and Operations



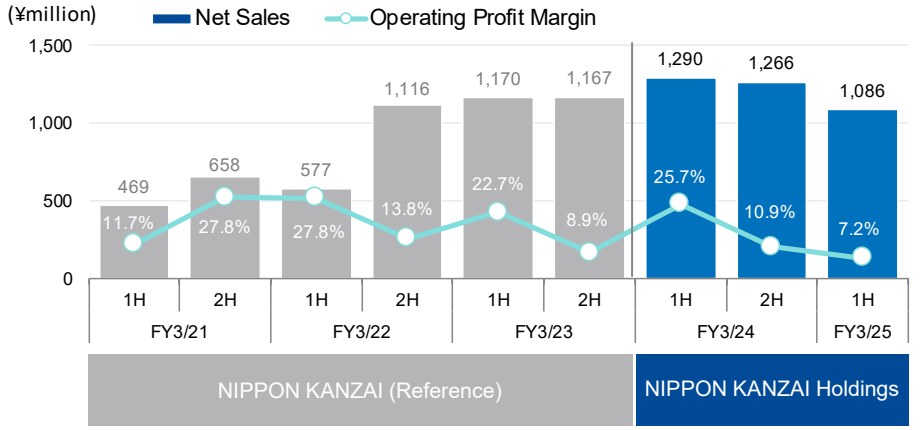
Environmental Facilities Management



Real Estate Fund Management



Other



- Starting from FY3/24, 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.
- Net sales in Other Businesses exclude internal sales between business segments.

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Overview of Consolidated Balance Sheets

Consolidated (¥ million)	FY3/24 End Actual	FY3/24 End Ratio	1H FY3/25 End Actual	1H FY3/25 End Ratio	vs. FY3/24 End Amount	vs. FY3/24 End Ratio
Current assets	55,509	59.9%	57,467	61.3%	1,957	3.5%
Cash and deposits	31,239	33.7%	31,930	34.1%	691	2.2%
Notes and accounts receivable - trade, and contract assets	18,664	20.1%	17,486	18.6%	(1,178)	-6.3%
Real estate for sale	1,455	1.6%	1,447	1.5%	(8)	-0.6%
Non-current assets	37,136	40.1%	36,293	38.7%	(842)	-2.3%
Property, plant and equipment	6,948	7.5%	7,712	8.2%	763	11.0%
Intangible assets	3,974	4.3%	8,706	9.3%	4,731	119.0%
Investments and other assets	26,212	28.3%	19,873	21.2%	(6,338)	-24.2%
Total Assets	92,645	100.0%	93,760	100.0%	1,115	1.2%
Current liabilities	17,914	19.3%	17,879	19.1%	(34)	-0.2%
Notes and accounts payable - trade	8,015	8.7%	5,574	5.9%	(2,440)	-30.5%
Income taxes payable	822	0.9%	2,006	2.1%	1,184	144.1%
Non-current liabilities	5,578	6.0%	6,054	6.5%	475	8.5%
Lease liabilities	981	1.1%	1,491	1.6%	510	52.0%
Deferred tax liabilities	1,219	1.3%	784	0.8%	(435)	-35.7%
Long-term guarantee deposits	1,793	1.9%	1,898	2.0%	105	5.9%
Total Liabilities	23,492	25.4%	23,933	25.5%	441	1.9%
Shareholders' equity	66,393	71.7%	64,986	69.3%	(1,406)	-2.1%
Share capital	3,000	3.2%	3,000	3.2%	-	-
Capital surplus	11,339	12.2%	9,860	10.5%	(1,478)	-13.0%
Retained earnings	62,382	67.3%	63,664	67.9%	1,282	2.1%
Accumulated other comprehensive income	1,738	1.9%	1,917	2.0%	179	10.3%
Non-controlling interests	1,020	1.1%	2,921	3.1%	1,901	186.3%
Total Net Assets	69,152	74.6%	69,826	74.5%	674	1.0%
Total Liabilities and Net Assets	92,645	100.0%	93,760	100.0%	1,115	1.2%

Main Factors for Increase/Decrease

(¥ million)

Assets 1,115

- Increase in goodwill due to the inclusion of overseas subsidiaries in the scope of consolidation 2,839
- Decrease in notes and accounts receivable - trade, and contract assets (1,178)

Liabilities 441

- Increase in income taxes payable 1,184

Net Assets 674

- Increase in retained earnings 1,282

Equity Ratio 71.4%

(-2.1pp YoY)

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Overview of Consolidated Statement of Cash Flows

Consolidated (¥ million)	1H FY3/24 Actual	1H FY3/25 Actual	YoY Changes Amount
Profit before income taxes	4,572	4,351	(220)
Depreciation	381	575	193
Decrease (increase) in trade receivables	804	1,632	827
Increase (decrease) in trade payables	(1,994)	(2,592)	(597)
Decrease (increase) in inventories	(72)	(27)	44
Increase (decrease) in accrued consumption taxes	(204)	(122)	81
Income taxes paid	(2,477)	(665)	1,812
Other, net	485	(1,310)	(1,795)
Cash Flows from Operating Activities	1,493	1,840	346
Purchase of property, plant and equipment, and intangible assets	(223)	(1,039)	(815)
Purchase of investment securities	(1,170)	(117)	1,052
Proceeds from sale of investment securities	435	2,003	1,568
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(517)	-	517
Other, net	(1,312)	(203)	1,108
Cash Flows from Investing Activities	(2,789)	643	3,432
Increase (decrease) in borrowings (incl. non-recourse loans)	(191)	(3)	187
Purchase of treasury shares of subsidiaries	(0)	(1,209)	(1,209)
Dividends paid (incl. dividends paid to non-controlling interests)	(1,108)	(1,201)	(93)
Other, net	(91)	(294)	(203)
Cash Flows from Financing Activities	(1,392)	(2,710)	(1,318)
Net increase (decrease) in cash and cash equivalents	(2,665)	87	2,753
Cash and cash equivalents at the beginning of current 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 the end of current period	29,376	31,384	2,008
Free Cash Flows	(1,295)	2,483	3,779

Main Factors for Increase/Decrease

(¥ million)

CF from Operating Activities 346

- Decrease in income taxes paid 1,812
- Increase in gain on sale of investment securities (1,510)

CF from Investing Activities 3,432

- Increase in proceeds from sale of investment securities 1,568
- Decrease in purchase of investment securities 1,052

CF from Financing Activities (1,318)

- Increase in purchase of treasury shares (1,209)

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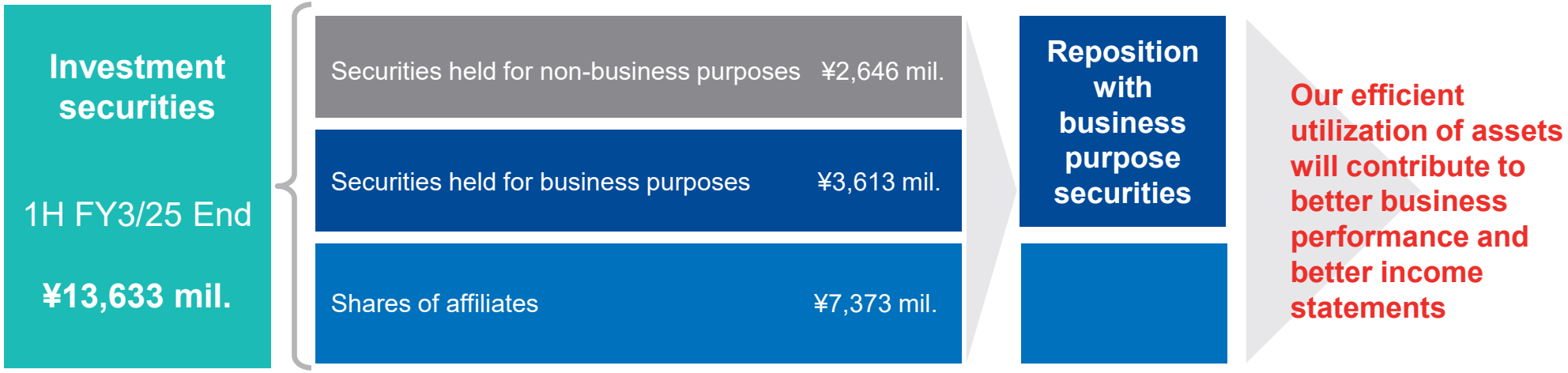
Overview of Investment Securities Portfolio

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

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Consolidated Financial Forecasts for FY3/25



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Consolidated Financial Forecasts Summary

Market Background and Risks

- Offices are shifting from centralization to decentralization based on promoting remote work and the like. Vacancy rates remains high.
- Construction delays due to soaring raw material prices caused by rising prices and a supply shortage.
- Risk of exchange rate fluctuations due to soaring energy prices and the rapid depreciation of the yen as a result of the prolonged situation in Ukraine and Middle East.
- Concerns over securing staff and rising labor costs.

Consolidated (¥ million)	Full-Year FY3/24		1H FY3/25		2H FY3/25		Full-Year FY3/25		YoY Changes	
	Actual	Ratio	Actual	Ratio	Forecast	Ratio	Forecast	Ratio	Amount	Ratio
Net Sales	122,674	100.0%	65,319	100.0%	71,180	100.0%	136,500	100.0%	13,825	11.3%
Gross Profit	27,134	22.1%	18,590	28.5%	19,109	26.8%	37,700	27.6%	10,565	38.9%
SG&A Expenses	18,863	15.4%	14,860	22.7%	14,339	20.1%	29,200	21.4%	10,336	54.8%
Operating Profit	8,271	6.7%	3,730	5.7%	4,769	6.7%	8,500	6.2%	228	2.8%
Ordinary Profit	8,225	6.7%	4,163	6.4%	4,836	6.8%	9,000	6.6%	774	9.4%
Profit Attributable to Owners of Parent	5,680	4.6%	2,278	3.5%	3,821	5.4%	6,100	4.5%	419	7.4%

- For 1st Half results, net sales exceeded initial forecast but profits were below forecast.
- There is no change to the outlook for consolidated financial results from initial forecast in light of the market environment and risk conditions.

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Financial Forecasts by Business Segment

Consolidated (¥ million)	Full-Year FY3/24		1H FY3/25		2H FY3/25		Full-Year FY3/25		YoY Changes	
	Actual	Composition Ratio/Margin	Actual	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Forecast	Composition Ratio/Margin	Amount	Ratio
Net Sales	122,674	100.0%	65,319	100.0%	71,180	100.0%	136,500	100.0%	13,825	11.3%
Facilities Management and Operation Business	80,528	65.6%	40,028	61.3%	43,971	61.8%	84,000	61.5%	3,471	4.3%
Building Maintenance and Property Management	56,802	46.3%	27,994	42.9%	30,935	43.5%	58,930	43.2%	2,127	3.7%
Security Service	23,726	19.3%	12,034	18.4%	13,035	18.3%	25,070	18.4%	1,343	5.7%
Residential Management and Operation Business	20,864	17.0%	15,596	23.9%	15,923	22.4%	31,520	23.1%	10,655	51.1%
Environmental Facility Management Business	14,590	11.9%	7,041	10.8%	7,958	11.2%	15,000	11.0%	409	2.8%
Real Estate Fund Management Business	4,132	3.4%	1,567	2.4%	1,612	2.3%	3,180	2.3%	(952)	-23.0%
Other Businesses	2,557	2.1%	1,086	1.7%	1,713	2.4%	2,800	2.1%	242	9.5%
Segment Profit	8,271	6.7%	3,730	5.7%	4,769	6.7%	8,500	6.2%	228	2.8%
Facilities Management and Operation Business*1	7,550	9.4%	3,612	9.0%	5,037	11.5%	8,650	10.3%	1,099	14.6%
Building Maintenance and Property Management	5,920	10.4%	2,859	10.2%	4,070	13.2%	6,930	11.8%	1,009	17.0%
Security Service	1,629	6.9%	753	6.3%	966	7.4%	1,720	6.9%	90	5.5%
Residential Management and Operation Business*1	1,498	7.2%	846	5.4%	723	4.5%	1,570	5.0%	71	4.8%
Environmental Facility Management Business	1,847	12.7%	1,153	16.4%	756	9.5%	1,910	12.7%	62	3.4%
Real Estate Fund Management Business	535	13.0%	212	13.6%	87	5.4%	300	9.4%	(235)	-44.0%
Other Businesses*2	469	18.4%	77	7.2%	192	11.2%	270	9.6%	(199)	-42.5%
Adjustments*3	(3,630)	-	(2,172)	-	(2,027)	-	(4,200)	-	(569)	-

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*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.

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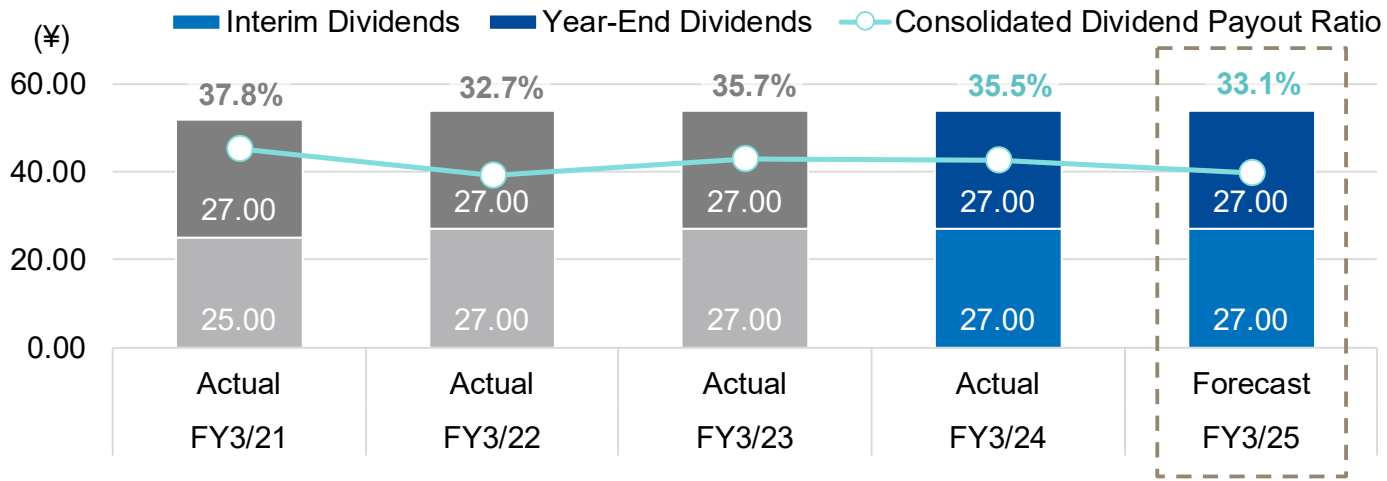
Shareholder Return Policy

- 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 FY3/25, the mid term interim dividend was set at ¥27. The year-end dividend will be set at ¥27, with plans for total dividends of ¥54 per share.

	NIPPON KANZAI (Reference)			NIPPON KANZAI Holdings	
	FY3/21 Actual	FY3/22 Actual	FY3/23 Actual	FY3/24 Actual	FY3/25 Forecast
Interim Dividends	25.00	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	37.8%	32.7%	35.7%	35.5%	33.1%



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The NIPPON KANZAI Group's medium-term growth strategies



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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.

Vision

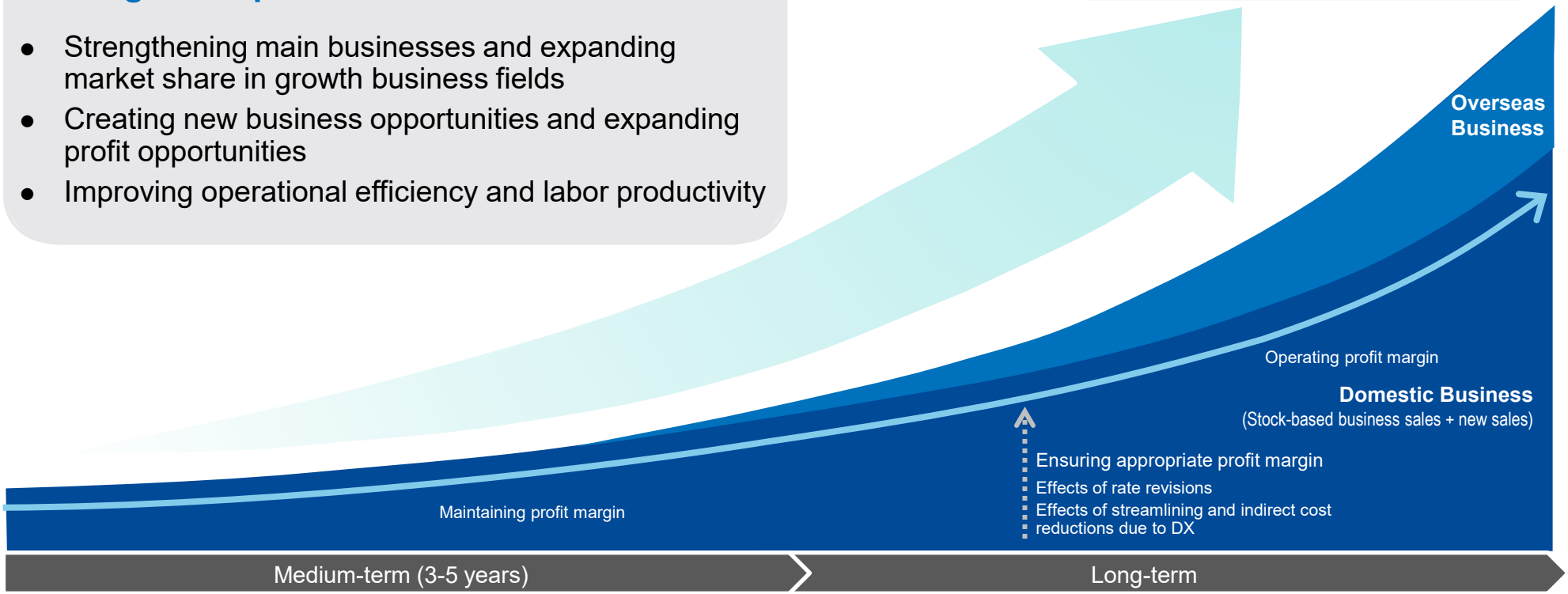
Enhancement of profitability and diversification of businesses

- 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 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



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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.

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The NIPPON KANZAI Group's Medium-Term Growth Strategies

Growth Strategies	Business Actions
1 **Sales promotion to the public sector**	● Sales expansion of comprehensive management services of public facilities ● Creating business opportunities by strengthening PPP / PFI and designated manager systems (P.26-P.30)
2 Promotion of M&A and investment	● 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.
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Growth Strategies(1): Purpose of Sales Promotion to the Public Sector

Expansion of potential business opportunities

Before 2000	Present
Maintenance and management works of public facilities are mainly through conventional general bidding, and many single works (facilities, security, cleaning, etc.) are entrusted	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]

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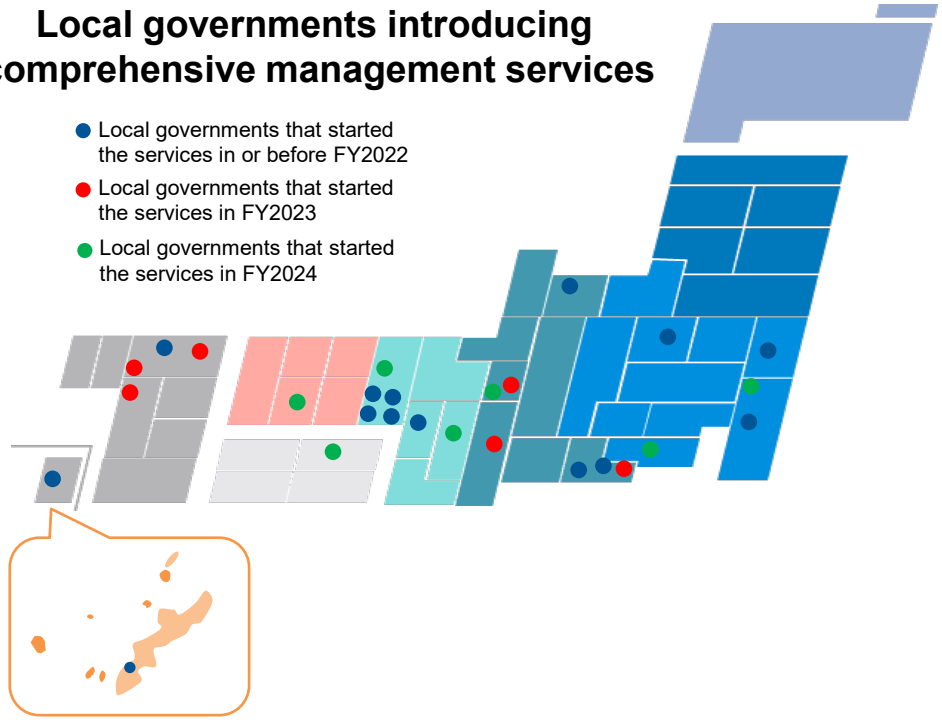
Growth Strategies(1): NIPPON KANZAI Performance in Public Sector (excluding conventional general bidding)

Sales expansion of comprehensive management services of public facilities

NIPPON KANZAI's track record in comprehensive management of public facilities is expanding from the current 26 projects nationwide, and our market share ratio of approx. 40% is the industry-leading. In FY2024, we started operations at 7 local government organizations (Zama, Fukuyama, Noda, Toyooka, Marugame, Koryo, and newly Otsu will start in November). 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

Local governments introducing comprehensive management services



Enlarged map of Okinawa

Starting period	Local governments	No. of facilities
Apr. 2018	Akashi-city, Hyogo*	170
Apr. 2019	Ashiya-city, Hyogo*	53
	Chikusei-city, Ibaraki*	65
	Kosai-city, Shizuoka*	80
Apr. 2020	Numata-city, Gunma*	123
	Urasoe-city, Okinawa*	20
Apr. 2021	Shimada-city, Shizuoka	70
Apr. 2022	Ichihara-city, Chiba	407
	Imizu-city, Toyama	105
	Osaka-city, Osaka (Eastern area)	247
	Kobe-cory, Hyogo (Eastern part)	154
	Takasago-city, Hyogo	48
	Kasuga-city, Fukuoka	10
Apr. 2023	Mishima-city, Shizuoka	85
	Yokkaichi-city, Mie	44
	Kusatsu-city, Shiga	133
	Arao-city, Kumamoto	43
	Omuta-city, Fukuoka	69
	Munakata-city, Fukuoka	181
Apr.2024	Zama-city, Kanagawa	66
	Fukuyama-city, Hiroshima	311
	Noda-city, Chiba	236
	Toyooka-city, Hyogo	131
	Marugame-city, Kagawa	145
	Koryo-cho, Nara	44
Nov.2024	Otsu-city, Shiga	134

"*" indicates the local governments that introduced the services in multiple terms.

(as of November 1, 2024)

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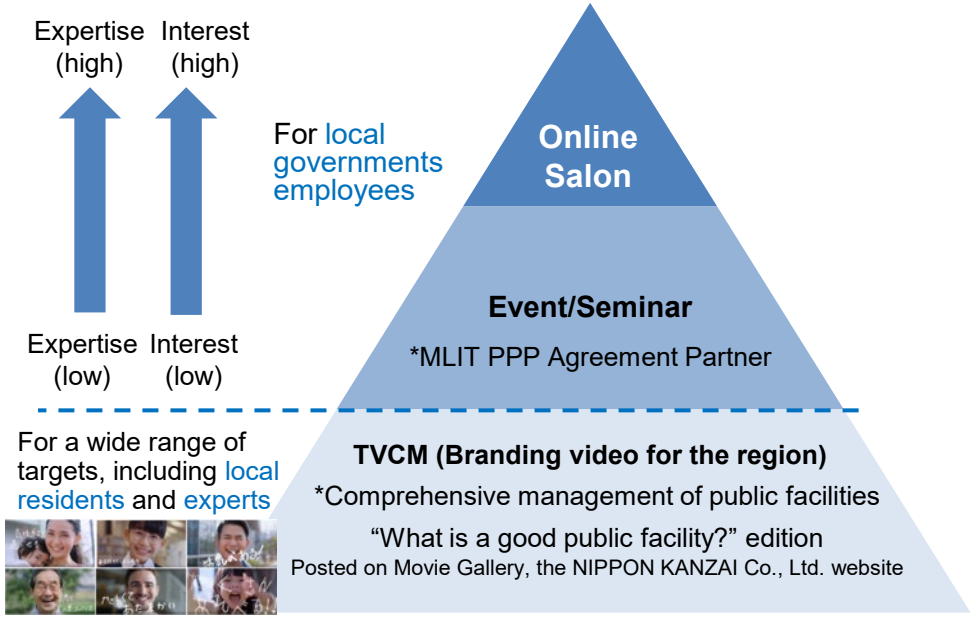
Growth Strategies(1): Promotion of Public Facilities Management Support Business

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.



https://www.nkanzai.co.jp/corporate/movie-gallery/

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 FY2018, we have held annual seminars for workers of local governments. In FY2024, the seminar was held with local participation and online in combination, with active discussions and information exchange.





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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 FY2024, we started 5 new operations, including long-term comprehensive privatization.

1. Promote sales of comprehensive privatization services

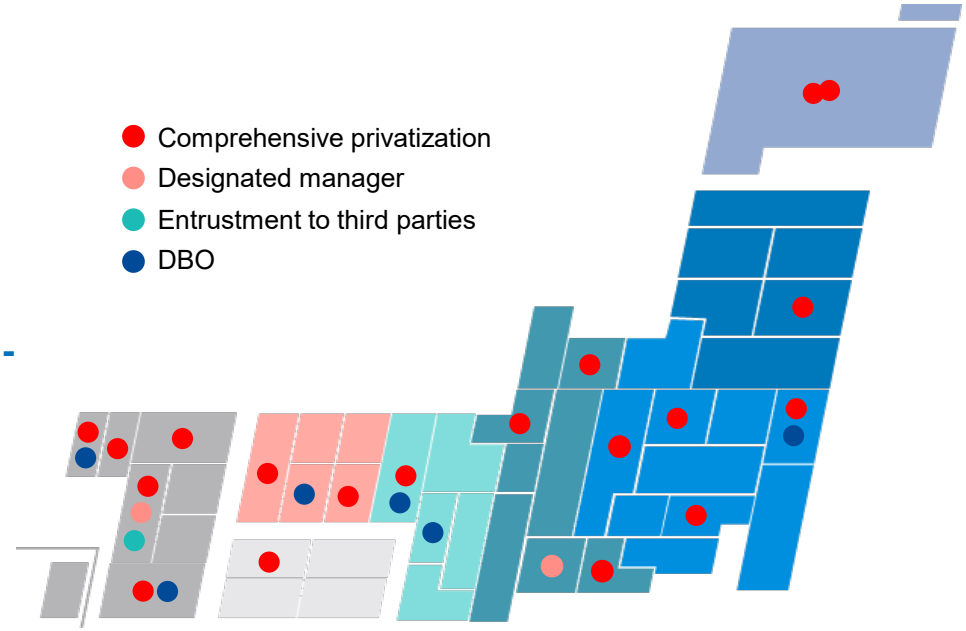
Comprehensive privatization is a system in which several operations and facilities are entrusted comprehensively so that a business operator entrusted with the business can operate the facilities more efficiently and effectively, making use of its knowledge and know-how. The introduction of the system 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









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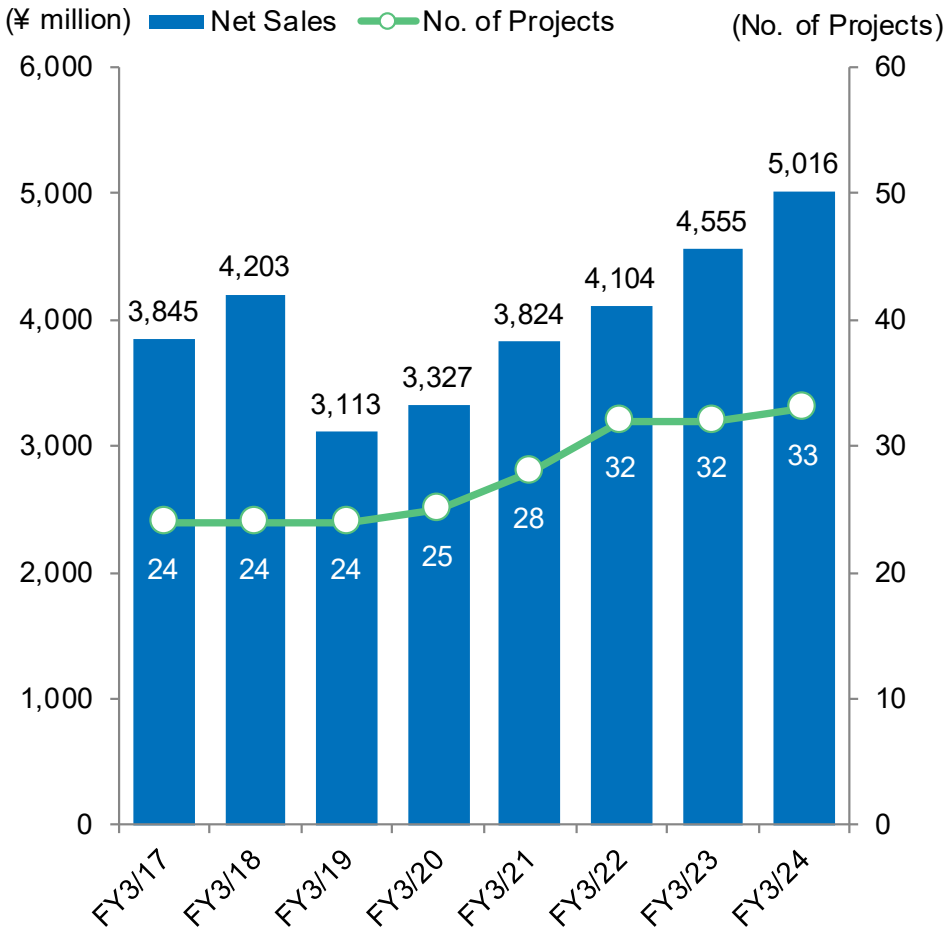
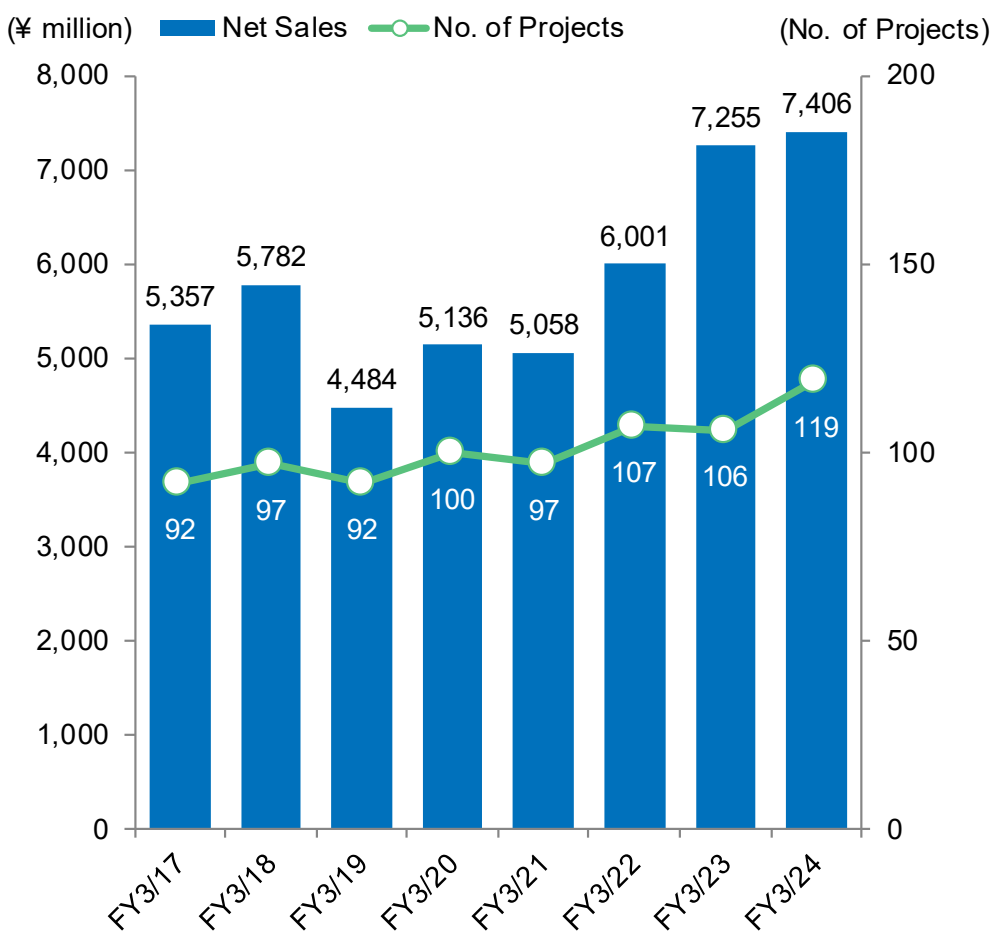
Growth Strategies(1): NIPPON KANZAI Performance in Public Sector (excluding conventional general bidding)

Initiatives for other public-private partnerships

PFI



Designated Manager



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The NIPPON KANZAI Group's Medium-Term Growth Strategies

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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.**

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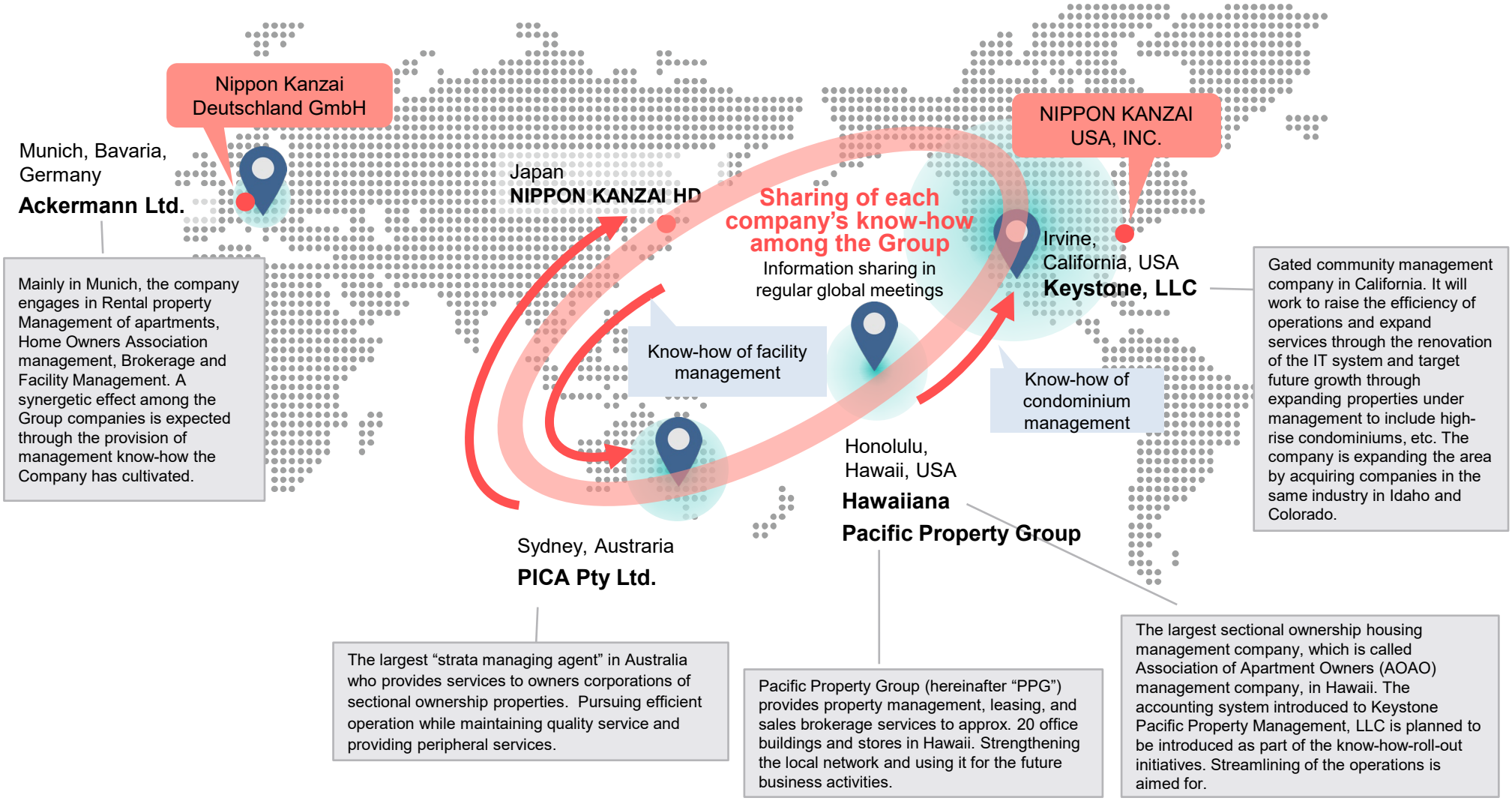
Growth Strategies(3): Roll-out of the Group Know-how

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.



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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

DX

DX for clients

DX for internal use

1	Use of building knowledge	• Accumulating know-how and sharing of knowledge • Providing quick and optimal solutions • Standardizing HR development and work quality	• Knowledge integration environment • Accumulation in the core system	System construction and provision
2	Visualization of equipment status	• Remote monitoring of equipment operation status • Notification of irregular trends and irregular values • Early detection and response to facilities problems	• IoT for facilities monitoring • Operation of WAFM (Wide Area Facilities Management) center	
3	Providing and sharing systems	• Aggregation and analysis of facilities-related data • Estimation of life cycle costs • Providing a work management portal	• NK Connect • Cross Point FM • DX of housing management	
4	Conversion of work records to data files	• Digitization of on-site forms • Keeping digital data of inspection records • Electronic application for work request	• On-site forms apps • Smart devices • On-site IT support	Use of IT / ICT
5	Diversification of work styles	• Strengthening responsiveness to infectious diseases and disasters • Effective use of travel time • Digital-infused working styles	• Online meetings • Web transactions • Use of robots, etc.	
6	Automation of office work	• Improving productivity • Allocating staff properly • Creating time with clients	• Automation such as RPAs • Voice-to-text conversion technology	

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

Provision of new homeowner association services using IT tools

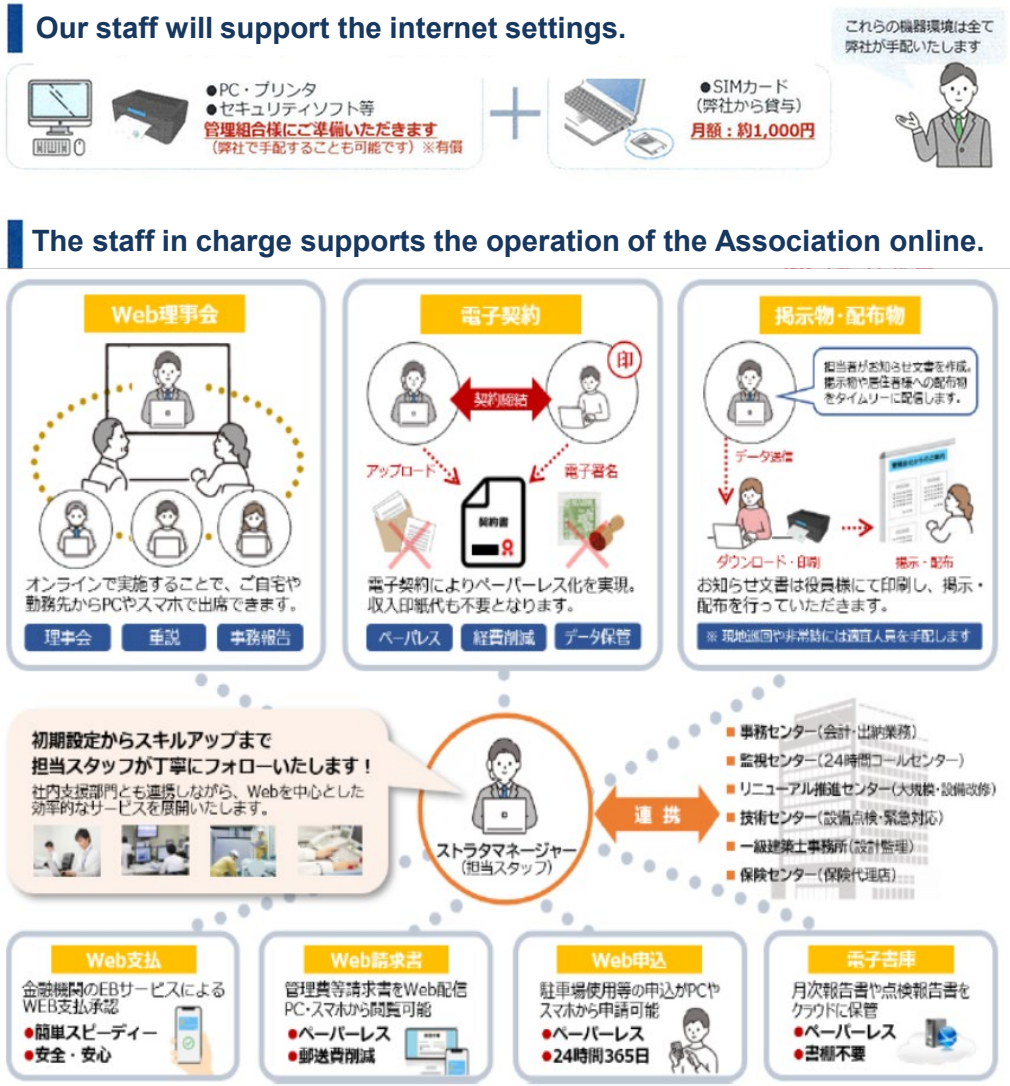
Overview

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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NIPPON KANZAI HOLDINGS

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

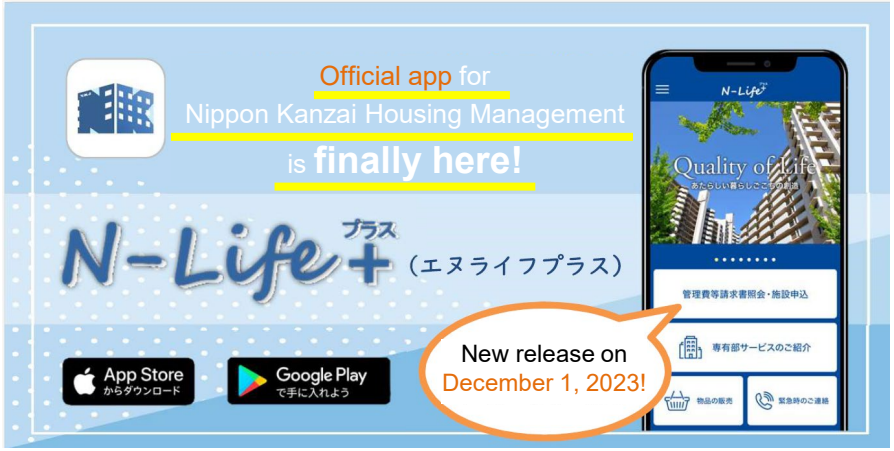
Provision of official portal app for residents of condominiums “N-Life+”

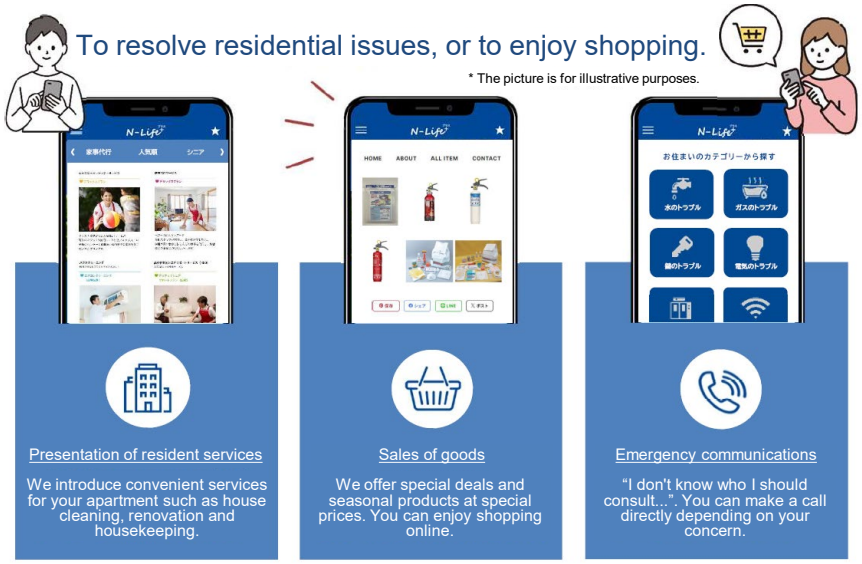
Overview

“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.





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

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.

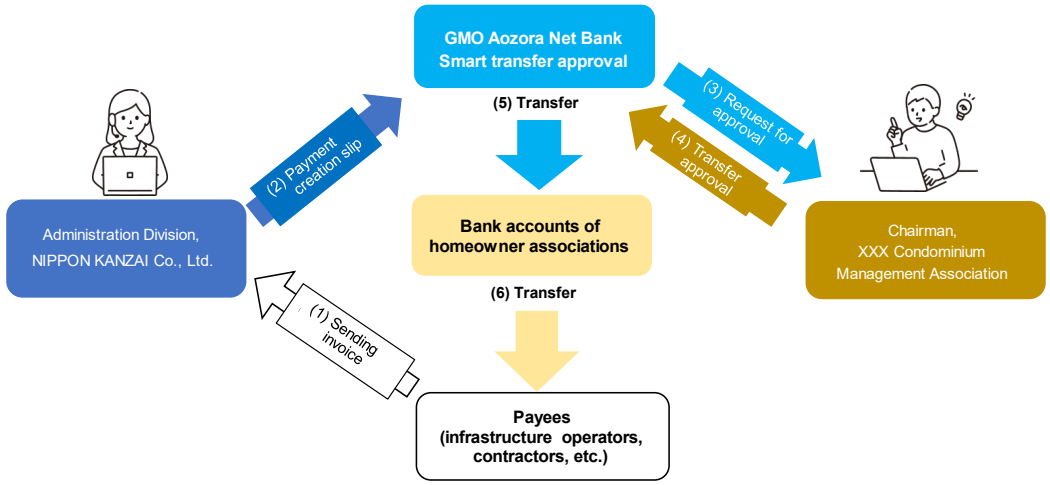
As a DX for condominium management, this service was created through a combination of the systems integration function of GMO Aozora Net Bank and the condominium management expertise of NIPPON KANZAI Group.

*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

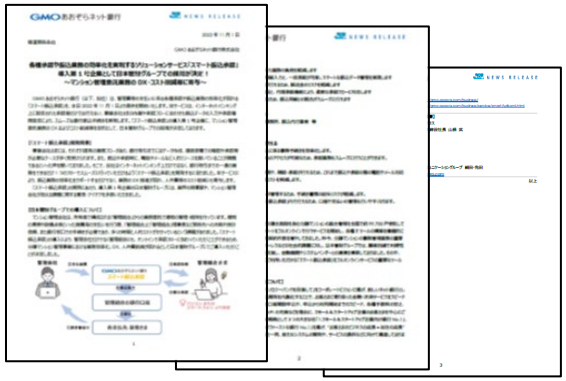
Management company had made homeowners-association-related payment at a bank for homeowners’ association, which was inefficient, and, in some cases, whose settings of payment approval route was inappropriate. Introduction of this service will make approvals and transfer works efficient.

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

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

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: 64 robots operating in 44 buildings (including outsourcing operation)
- Security robot: 2 units in 2 buildings in operation

(as of September 30, 2024)



■ Type of building that introduced robots

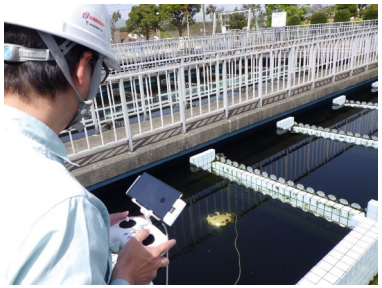
- Office building
- Public facilities
- Hospital
- School
- Underground city, etc.





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.





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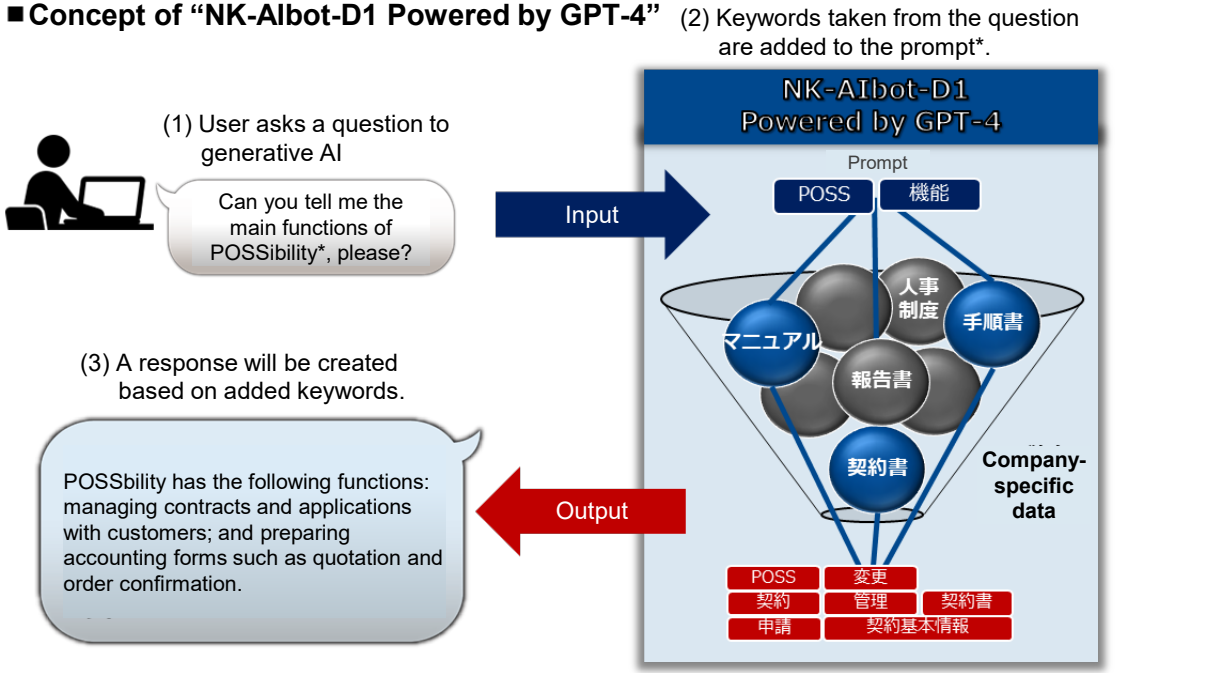
NIPPON KANZAI HOLDINGS

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

Improving the efficiency of operations with the use of generative AI

Since June 2023, we have developed our own conversational AI “NK-AIbot Powered by GPT-3.5” utilizing Azure OpenAI Service and Microsoft Power Platform provided by Microsoft. In November 2023, we released the "NK-AIbot-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-AIbot-D1 Powered by GPT-4”**



*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

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Sustainability of the NIPPON KANZAI Group



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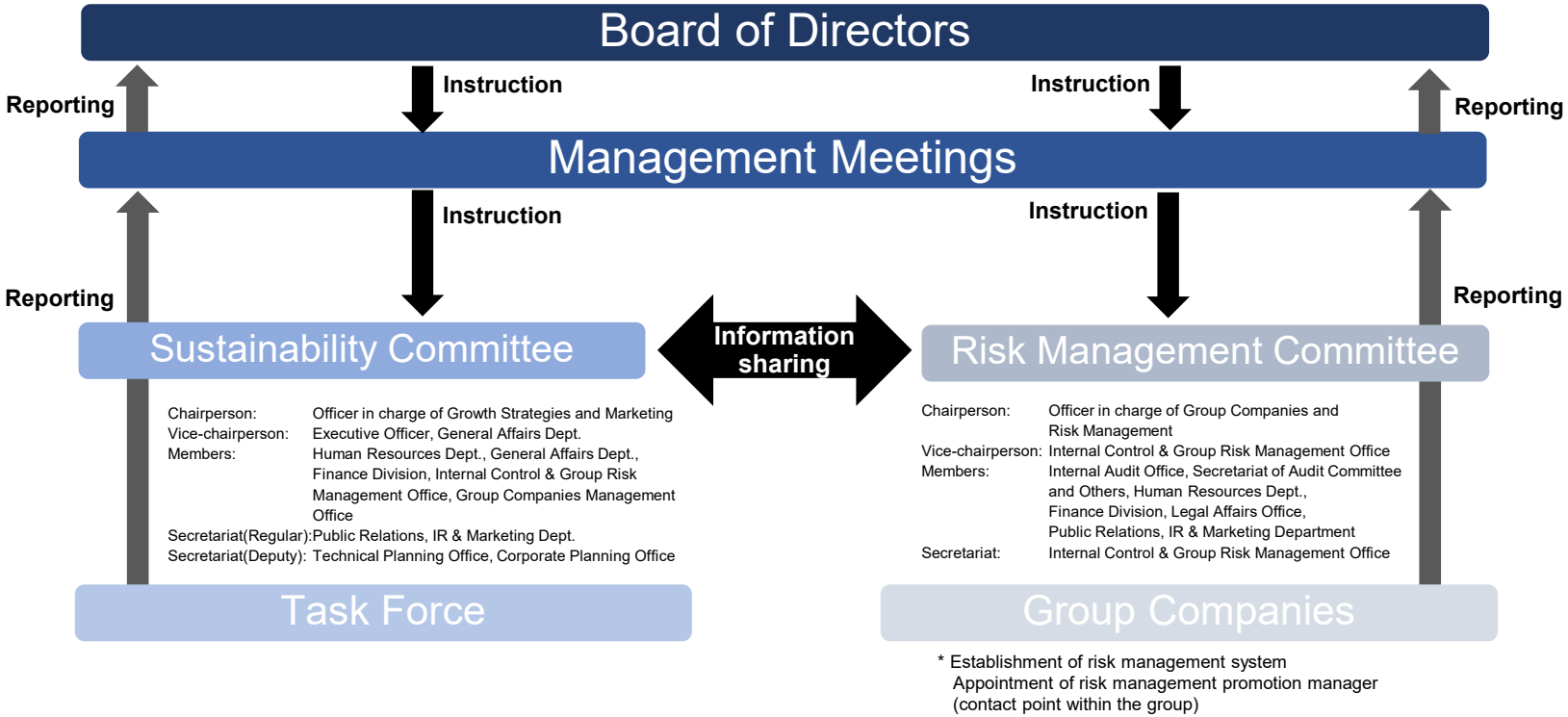
Sustainability Initiatives and Governance Structure

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.



*Organizational change July 2024

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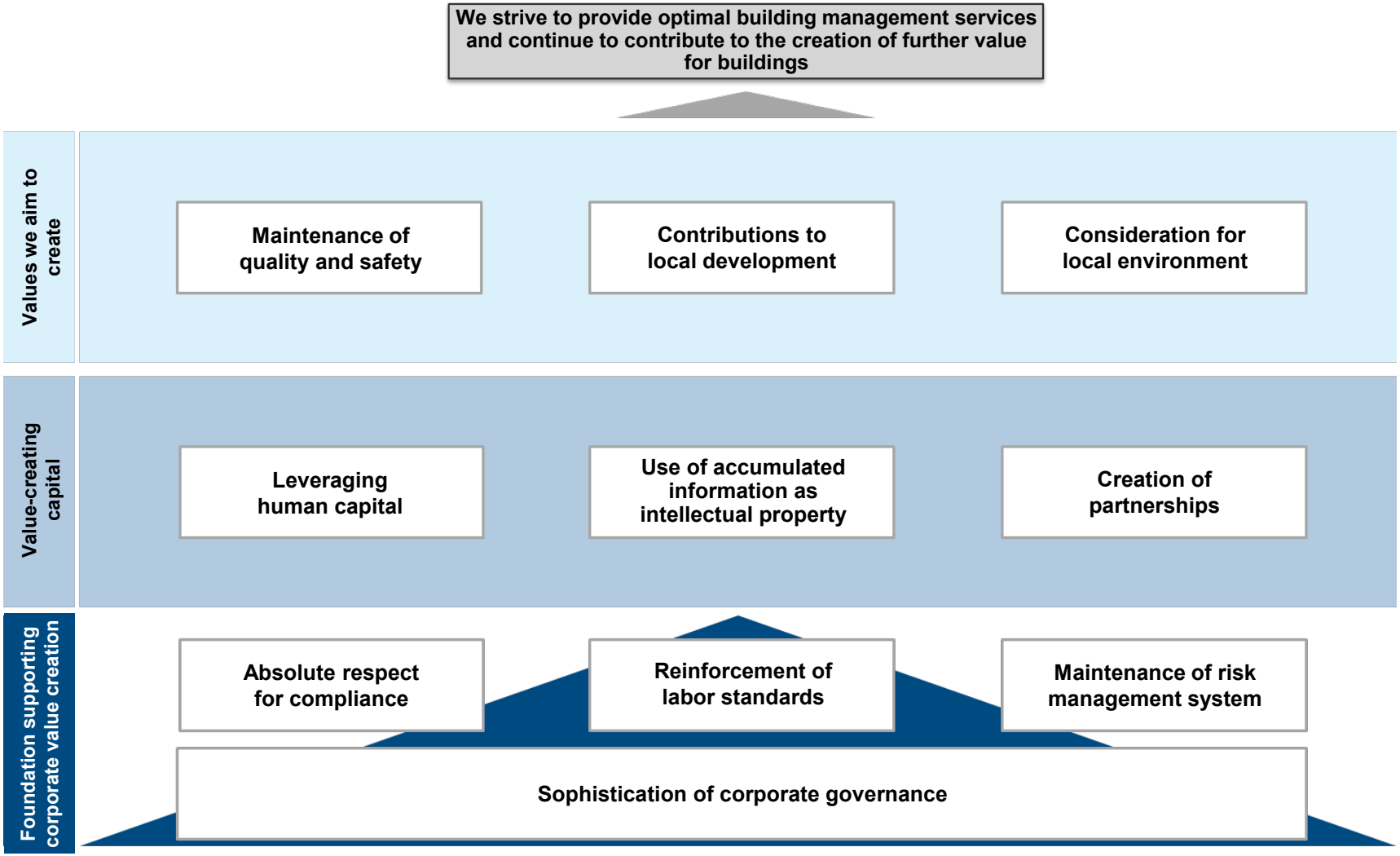
The NIPPON KANZAI Group's Materiality

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.



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Definition of Each Materiality

Functional classification	Materiality	Definition	SDGs benefiting from completion
Values we aim to create	Maintenance of quality and safety	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• 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	• We strive to build a sound, highly transparent, and stable management foundation, and we actively disclose information in a timely manner.	

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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”, sponsoring and conducting exchange activities as part of the Collaborative Forest Restoration Project

The exchange activities are as follows: At the forest owned by Shimanto City, interaction with local forest associations and government officials of “*Seiryu no Mori*,” which is the agreement forest name, experience of tree pruning, tour of the house of Hinoki, and experience of making Hinoki corsages







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.





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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

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.





Promotion of women's career development

- **100% rate of maternity leave system for women**
- **Increase in the percentage of women in managerial positions**

Assistant Manager level: 43.8%
(7 out of a total of 16 men and women assistant manager)
Managerial position: 14.7%
(5 out of a total of 34 men and women managers)

- **Ensuring equality in the wage gap between men and women**

All workers: 52.3%
Regular workers: 54.8%
Non-regular workers: 51.7%
(all as of March 31, 2024)
* Figures of NIPPON KANZAI Holdings Co., Ltd..

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.





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Initiatives for ESG

S social

Response to labor shortage caused by population decline

- **Promotion of DX and robot introduction**
  - Validation of building use to introduce robots
  - Analysis of working hours in cleaning areas and determination of index of quality level
  - Test-introduction of robots (whether cost-effectiveness is demonstrated)

<Validation>

- Areas where the floor is flat and there are few obstacles, etc.
- Relatively few restrictions on work time
- Constantly requiring a certain level of aesthetic and quality
- Areas where continuous staff placement is required

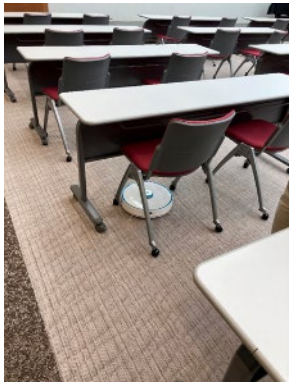
<Effect>

- A certain quality is maintained through cleaning of floors, etc.
- Hybrid effect (Segmentation of cleaning area for human beings and cleaning area for robots)
- Improvement of cleaning time flexibility
- election of robots considering cleaning targets

[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]





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Initiatives for ESG

S social

Enhancement of the Group education system

- **Expansion and relocation of NIPPON KANZAI HOLDINGS Training Institute in October 2024**

<Concept>

- Improving employee engagement
- Promoting and stimulating utilization and employee education throughout the Group companies
- Enhancement of hardware and further improvement of HR development programs in software
- Opportunities for learning to implement lectures and practice in full scale
- Opportunities for development from acquisition of the basic knowledge of building management to professional HR development

<Facilities overview>

- Shimbashi, Minato-ku, Tokyo
- Total floor space 480 m^2　Capacity 80 people
- Divided use of rooms by trainings is possible
- Available for specialized practical training for building maintenance (Facilities, cleaning, security)
- Hybrid-type training possible (with combined use of web)















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Initiatives for ESG

G governance

Initiatives for strengthening corporate governance

● Corporate governance systems

■ Form of organization design	Company with an audit and supervisory committee
■ Number of directors who are not audit and supervisory committee members (among which, external directors)	8 (0)
■ Number 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)

● Establishment of Investment Committee

We set the Investment Committee as an advisory council of the Board of Directors to promote M&A and investments as part of the growth strategies of the Company. The Committee examines the risk of sales projects, etc., accompanying important investments from the perspectives of profitability, business strategies, and operation to judge the appropriateness of the investment. And, continuous risk management is executed through monitoring after the investment.

● 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

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Reference (1)

Company Information

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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: 11,318 (as of September 30, 2024)

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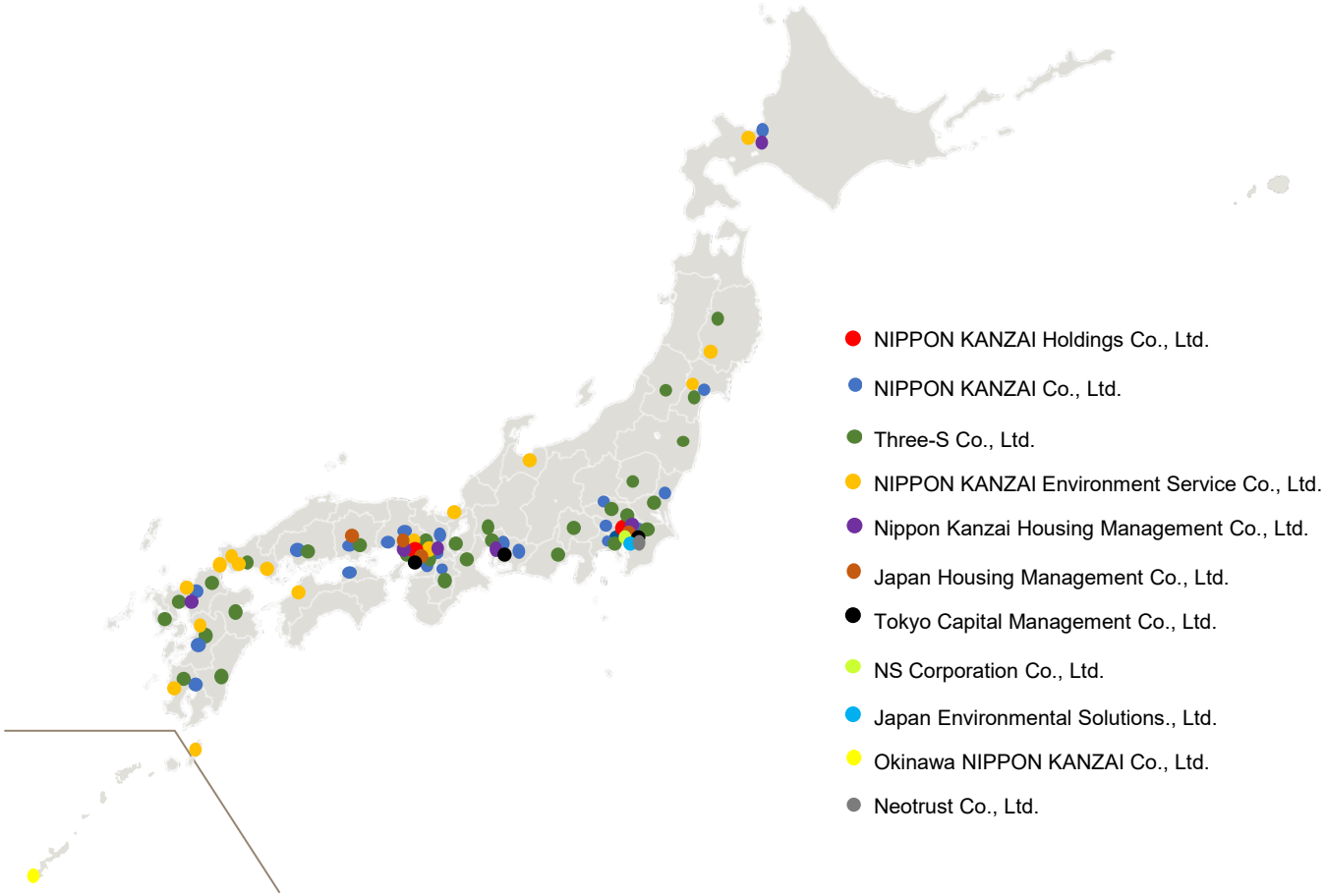
Business Site

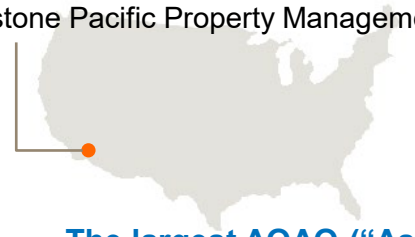
Since establishment, we have offered one-stop solution for the optimum operation management, taking advantage of the five-decade experience, knowledge, nationwide network, wide business area, and the latest building engineering.



- NIPPON KANZAI Holdings Co., Ltd.
- NIPPON KANZAI Co., Ltd.
- Three-S Co., Ltd.
- NIPPON KANZAI Environment Service Co., Ltd.
- Nippon Kanzai Housing Management Co., Ltd.
- Japan Housing Management Co., Ltd.
- Tokyo Capital Management Co., Ltd.
- NS Corporation Co., Ltd.
- Japan Environmental Solutions., Ltd.
- Okinawa NIPPON KANZAI Co., Ltd.
- Neotrust Co., Ltd.

Gated community management company in California, United States

Keystone Pacific Property Management, LLC



The largest AOAO (“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 September 30, 2024)

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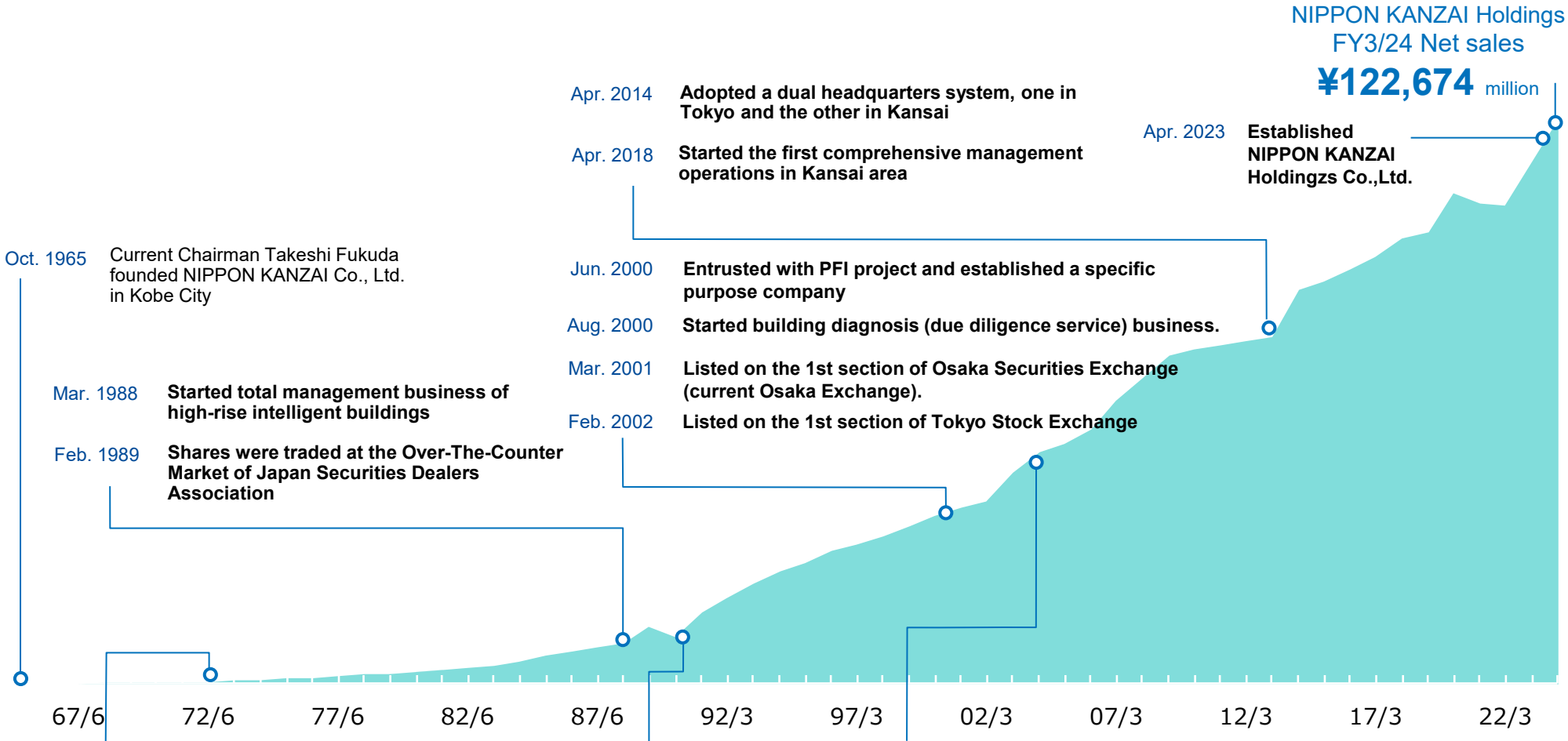
History of NIPPON KANZAI



Oct. 1965 Current Chairman Takeshi Fukuda founded NIPPON KANZAI Co., Ltd. in Kobe City

Aug. 1973 **Started total management business for condominiums**

Apr. 1976 **Started operation and maintenance business for public sewerage plants**

Mar. 1988 **Started total management business of high-rise intelligent buildings**

Feb. 1989 **Shares were traded at the Over-The-Counter Market of Japan Securities Dealers Association**

Jul. 1990 Entrusted with **management of a land trust building** through a proposal-based competition

Nov. 1993 Listed on the 2nd section of Osaka Securities Exchange (current Osaka Exchange)

Aug. 1996 **BEST System, a life-long building management system to enhance property values, was introduced to the market**

Jun. 2000 **Entrusted with PFI project and established a specific purpose company**

Aug. 2000 **Started building diagnosis (due diligence service) business.**

Mar. 2001 **Listed on the 1st section of Osaka Securities Exchange (current Osaka Exchange).**

Feb. 2002 **Listed on the 1st section of Tokyo Stock Exchange**

May 2003 **Started Asset Management Business**

Jul. 2004 Started establishing funds for institutional investors

Dec. 2006 **Agreed with Galileo, an investor in Australia to establish A-REIT**

Apr. 2014 **Adopted a dual headquarters system, one in Tokyo and the other in Kansai**

Apr. 2018 **Started the first comprehensive management operations in Kansai area**

Apr. 2023 **Established NIPPON KANZAI Holdingzs Co.,Ltd.**

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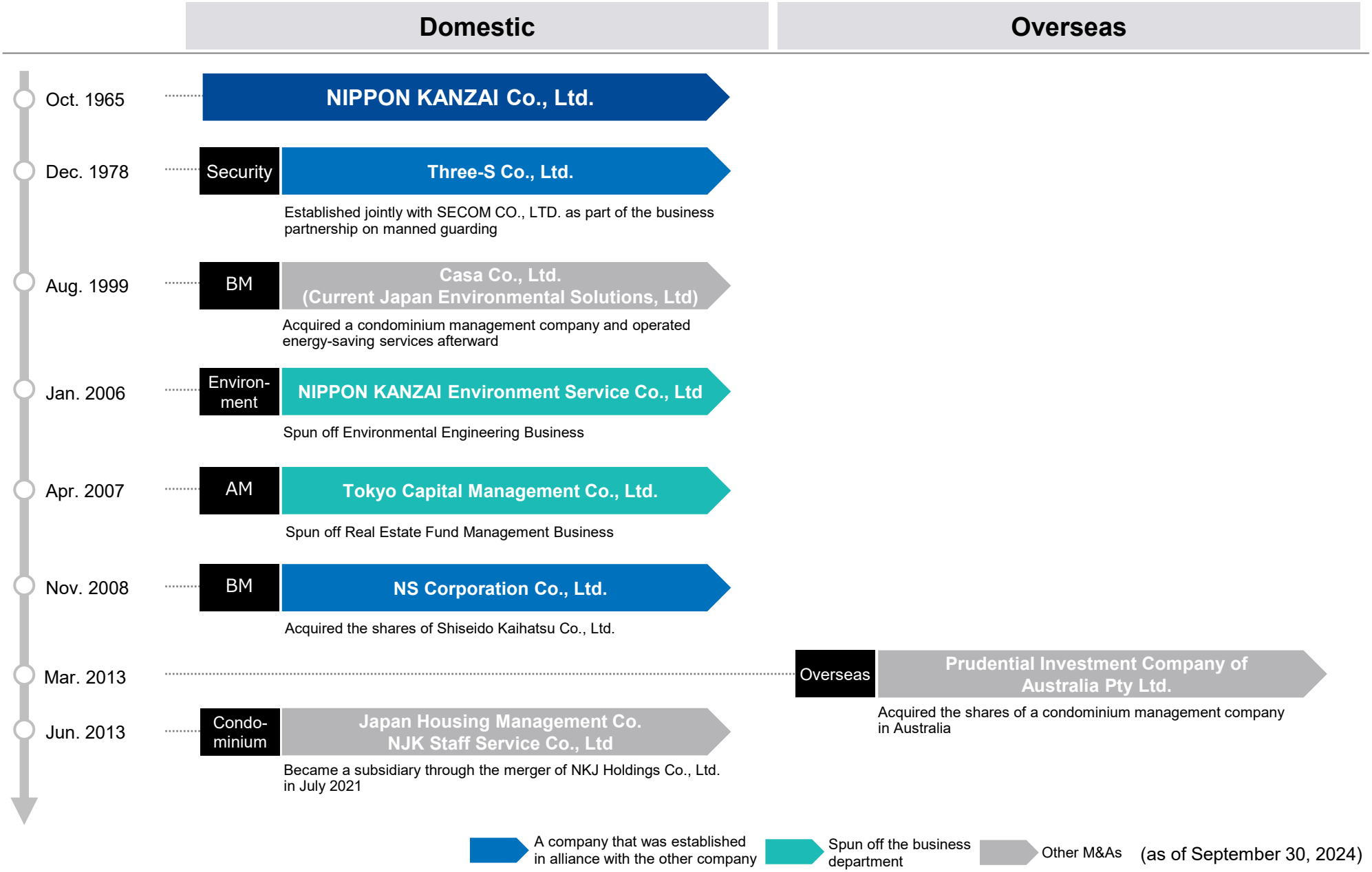
Group Company Restructuring (1)



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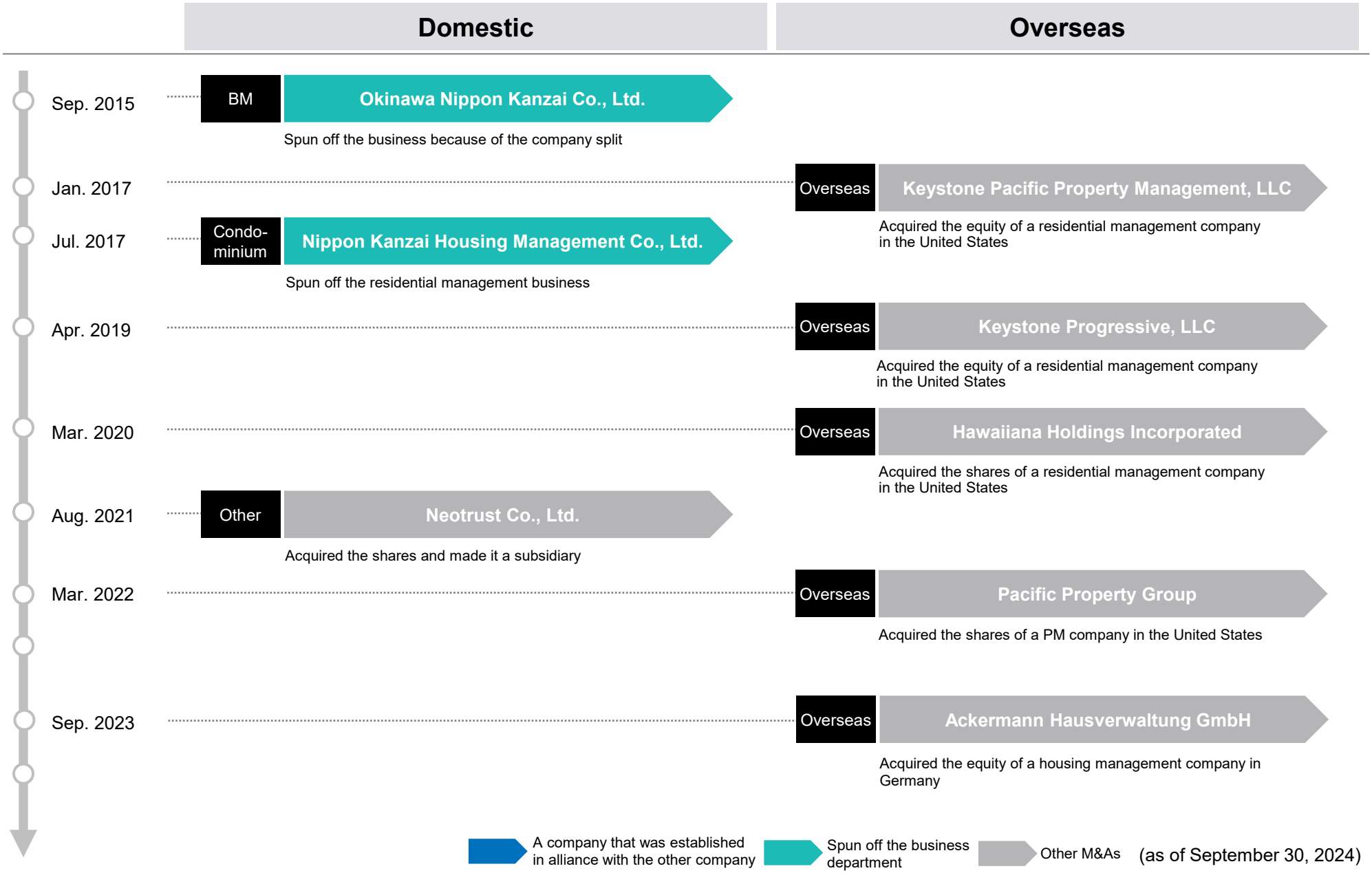
Group Company Restructuring (2)



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Alliance Strategy Taking Advantage of Independent Type (1)

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)

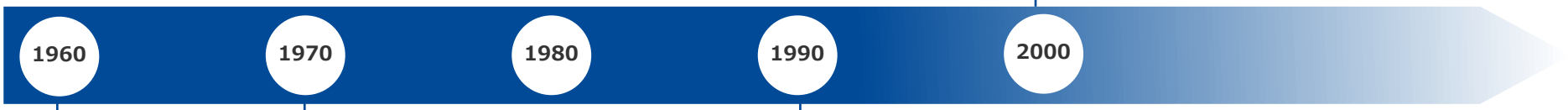
Jan. 2006 Spun off Environment Environmental Engineering Business due to company split. **Nippon Kanzai Environment Service Co., Ltd.** started operations.

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.**



Jul. 1999 Established **KN Facilities Co., Ltd.**, a total building management company jointly funded with Kumagai Gumi Co., Ltd.

Aug. 1972 Separated the equipment maintenance work business and established **NIPPON KANZAI Service Co., Ltd**.

Dec. 1978 Concluded a business partnership on manned guarding with Nihon Keibi Hosho Co., Ltd. (current SECOM CO., LTD.) and jointly established **Three-S Co., Ltd.**

Oct. 1965 Current Chairman Takeshi Fukuda founded NIPPON KANZAI Co., Ltd. in Kobe City

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Alliance Strategy Taking Advantage of Independent Type (2)

Apr. 2012 **Kanzai Facility Co., Ltd.**, a consolidated subsidiary absorbed KN Facilities Co., Ltd.

Mar. 2013 Acquired 50% share of **Prudential Investment Company of Australia Pty Ltd.**, a strata management company in Australia, and formed a capital alliance.

Jun. 2013 Acquired shares of **NJK Holding Co., Ltd.** and made it a wholly owned subsidiary.

Apr. 2014 NKS Co., Ltd. absorbed Kanzai Facility Co., Ltd. and changed the business name to **NIPPON KANZAI service Co., Ltd.**

Jan. 2017 Acquired 40% equity of **Keystone Pacific Property Management, LLC**, a gated community management company in the United States.

Jul. 2017 Spun off the condominium management business due to company split. **Nippon Kanzai Housing Management Co., Ltd.** started operations.

Oct. 2017 Transferred the property management business to Japan Property Solutions Co., Ltd.

Dec. 2017 Absorbed NIPPON KANZAI Service Co., Ltd.
Parking lot operation business of NIPPON KANZAI Service Co., Ltd. was split and taken over by Japan Property Solutions Co., Ltd..

Apr. 2019 Keystone Pacific Property Management, LLC, an affiliated company in the United States, acquired the business right of **Keystone Progressive, LLC**, a residential management company.

Sep. 2019 Acquired 100% share of **SANEI WORK Co., Ltd.**, a company newly established by a subsidiary of Nippon Television Work 24 Corporation.



Mar. 2020 Acquired 50% share of **Hawaiiana Holdings Incorporated**, a residential management company in Hawaii.

Apr. 2020 Absorbed SANEI WORK Co., Ltd.

Dec. 2020 Increased investment ratio to 50% after additionally acquiring the equity of **Keystone Pacific Property Management, LLC.**

Jul. 2021 Tokyo Capital Management Co., Ltd., a consolidated subsidiary, merged with Japan Property Solutions Co., Ltd.

Following the merger of NKJ Holdings Co., Ltd., acquired 100% share of Japan Housing Management Co., Ltd., Nippon Kanzai Housing Management Co., Ltd., and NJK Staff Service Co., Ltd. respectively to wholly own the companies.

Aug. 2021 Acquired 100% share of **Neotrust Co., Ltd.**, and made it a wholly subsidiary

Mar. 2022 Acquired 90% share of **Pacific Property Group**, a PM company in Hawaii.

Jul. 2022 Acquired 40% share of JTB Asset Management Co., Ltd., a group company of JTB Corp.

Dec. 2022 NIPPON KANZAI Environment Service Co., Ltd., a consolidated subsidiary, acquired 100% of Seiryu Maintenance Inc. from **Sekisui Chemical Co., Ltd.** (made it a sub-subsidiary)

Aug. 2023 **NIPPON KANZAI USA, INC.** a consolidated subsidiary acquired 100% share of Hawaiiana Holdings Incorporated.

Sep. 2023 Acquired 75% of the equity of **Ackermann Hausverwaltung GmbH**, a housing management company in Germany.

Oct. 2023 Nippon Kanzai Environment Service Co., Ltd., a consolidated subsidiary absorbed **Seiryu Maintenance Inc.**

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 City, Colorado.

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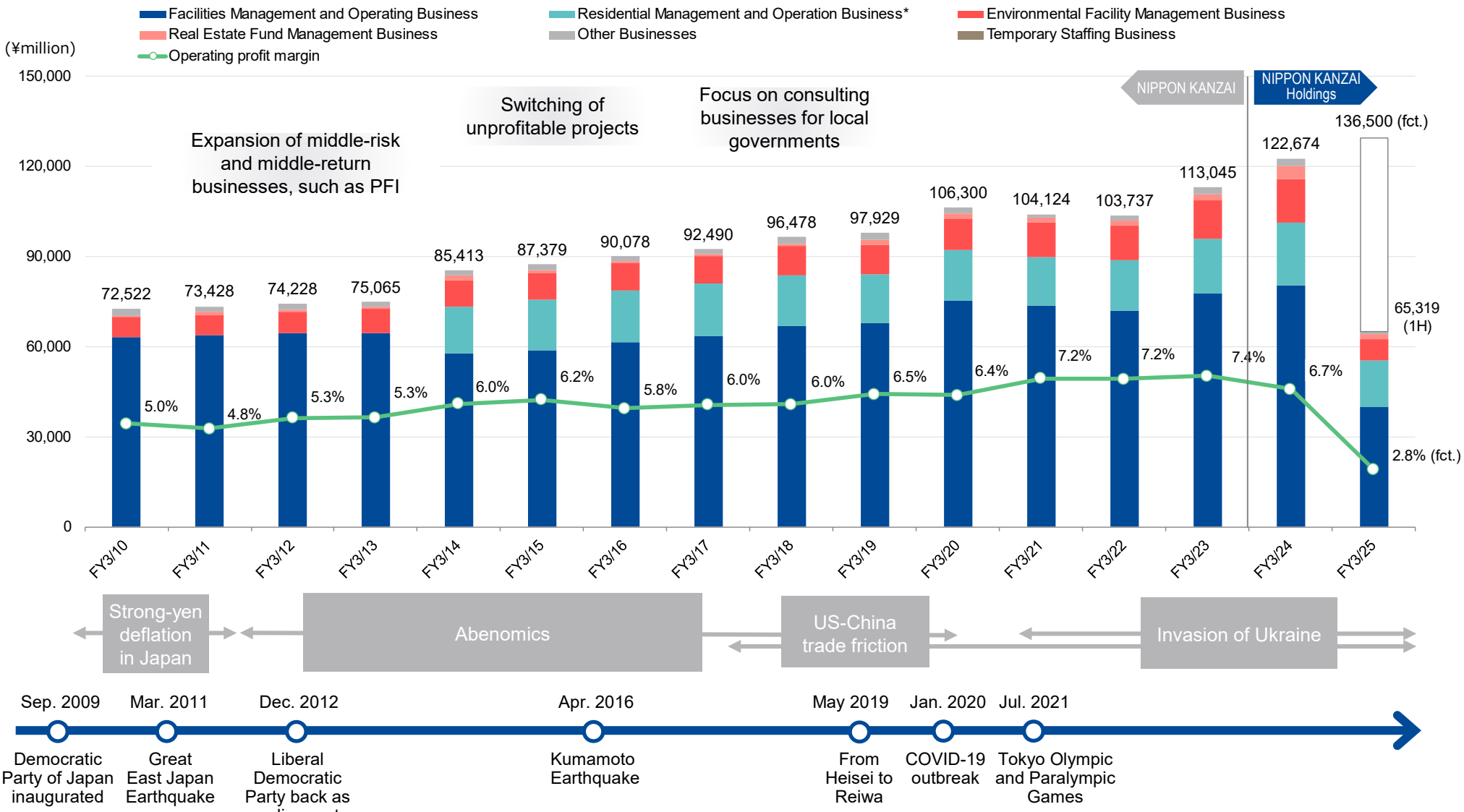
Mid-Term Transition of Business Performance



*Residential Management and Operation Business before FY3/14 is included in Facilities Management and Operation Business.

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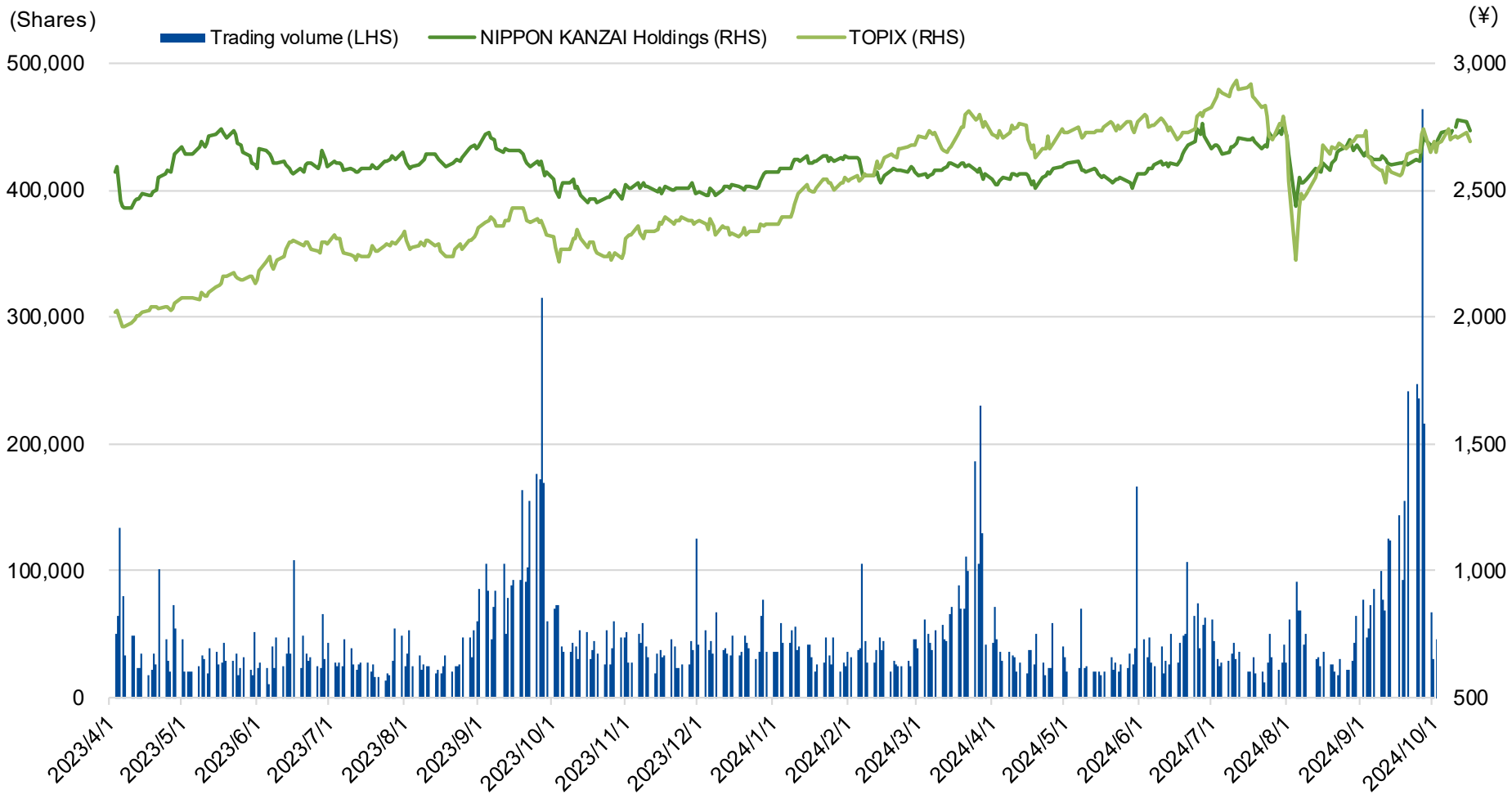
Share Price Trends



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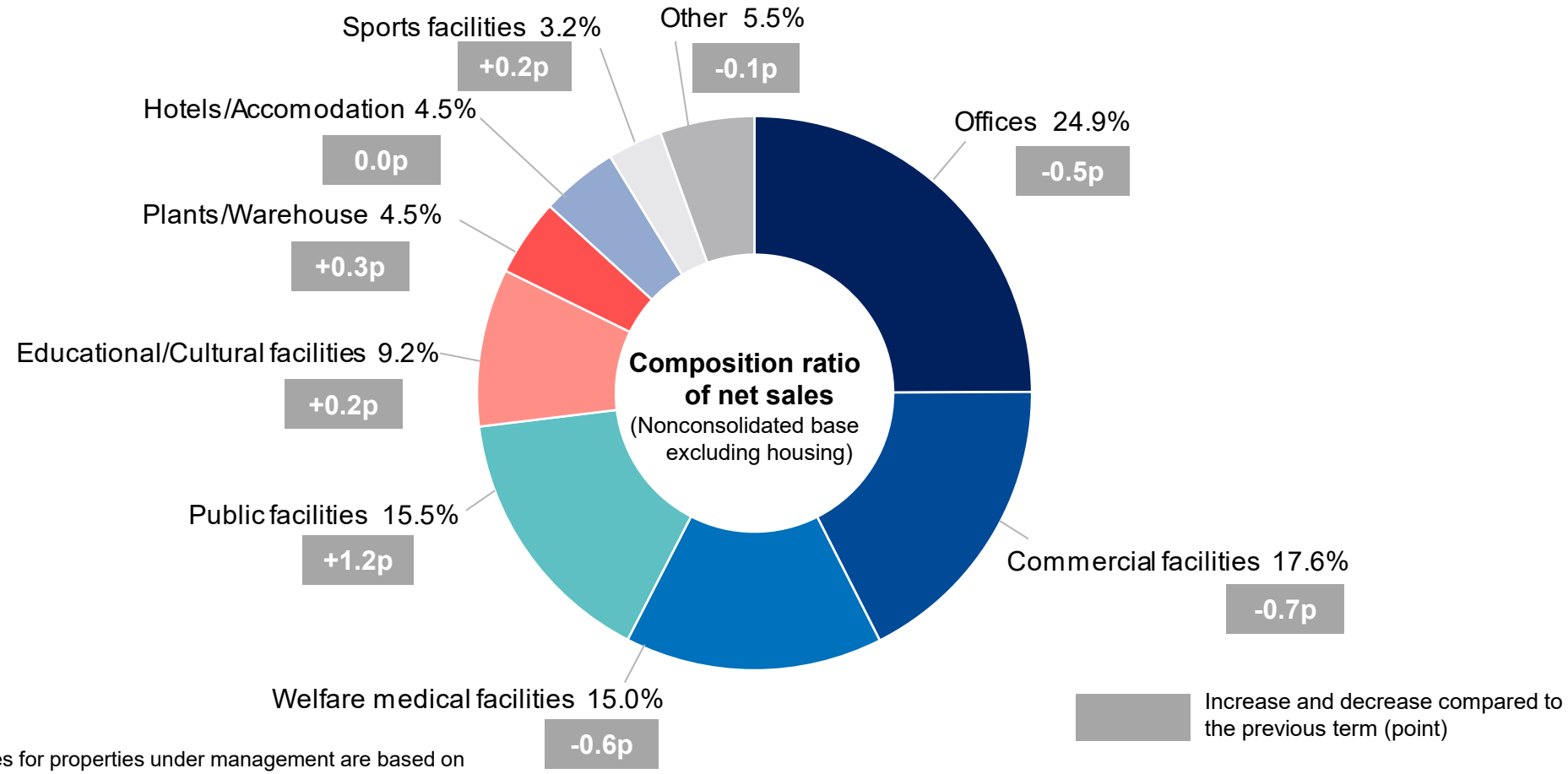
Diversity of Operation Management Facilities (Building Operation Management Business)

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.**



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

(as of March 31, 2024)

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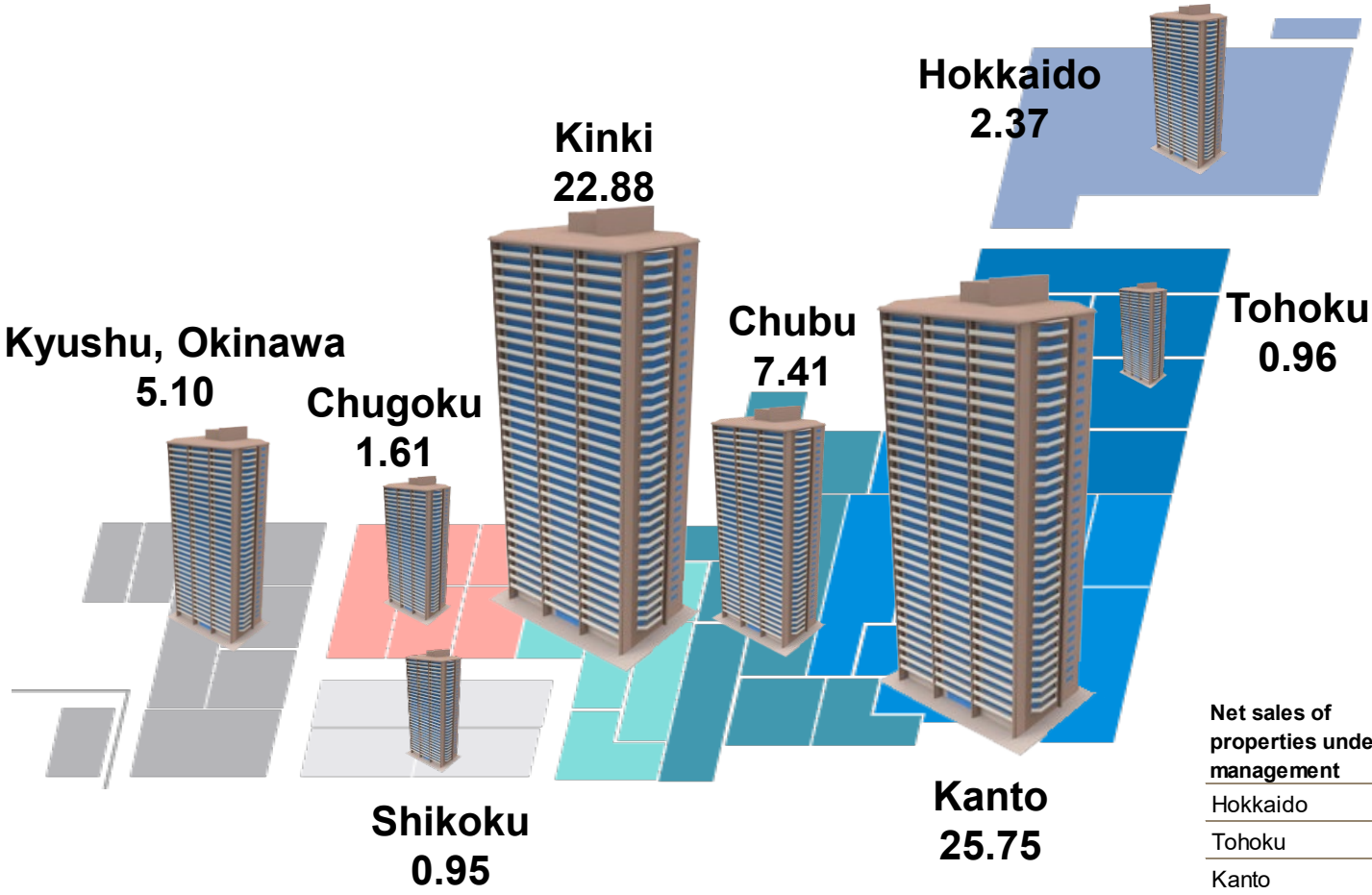
Net Sales by Region (Building Operation Management Business)

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	2.37	3.5%	-0.8%
Tohoku	0.96	1.4%	24.7%
Kanto	25.75	38.4%	6.8%
Chubu	7.41	11.1%	13.0%
Kinki	22.88	34.1%	7.9%
Chugoku	1.61	2.4%	10.3%
Shikoku	0.95	1.4%	5.6%
Kyushu	5.10	7.6%	5.2%
Total	67.03	100.0%	7.7%

(as of March 31, 2024)

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

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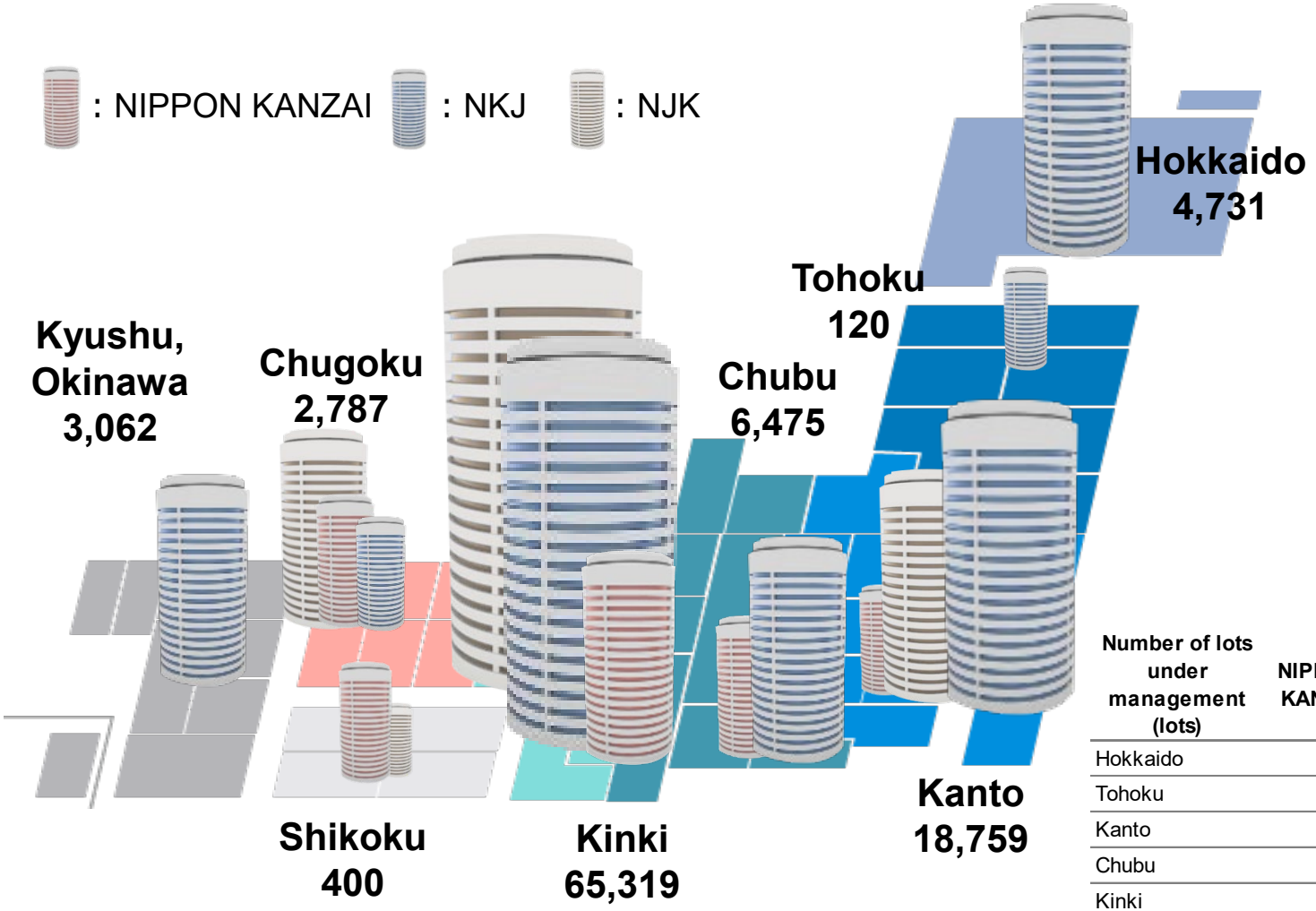
Number of Lots under Management by Region (Residential Management and Operation Business)

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

(Unit: lots)



Number of lots under management (lots)	NIPPON KANZAI	NKJ	NJK	YoY Changes (%)
Hokkaido	-	4,731	-	3.4%
Tohoku	-	120	-	0.0%
Kanto	356	14,522	3,881	-0.6%
Chubu	735	5,740	-	5.6%
Kinki	3,015	23,047	39,257	0.7%
Chugoku	266	195	2,326	2.4%
Shikoku	361	-	39	0.0%
Kyushu	-	3,062	-	8.9%
Total	4,733	51,417	45,503	1.1%

3 companies total: 101,653 (as of September 30, 2024)

*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.

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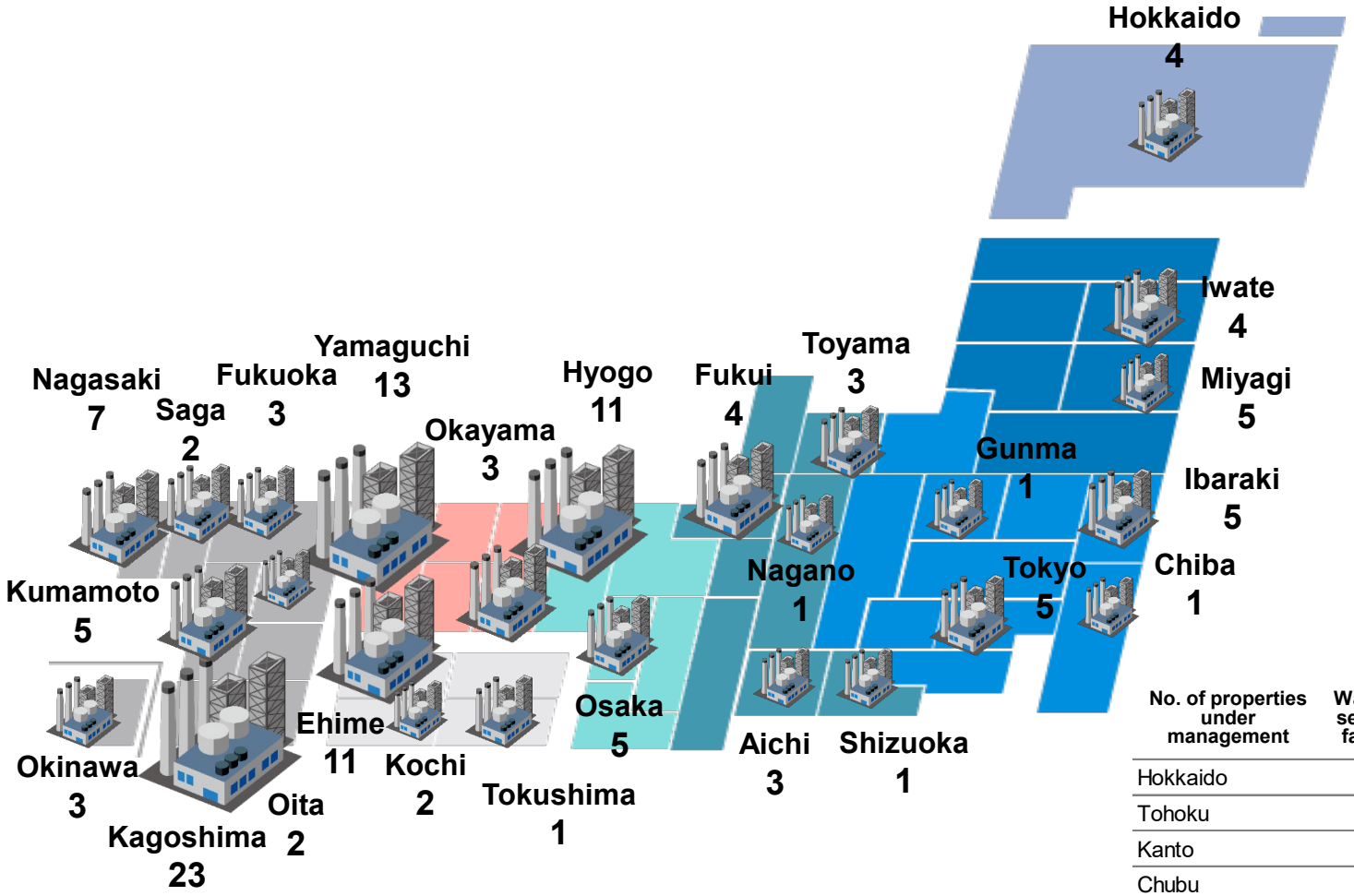
Number of Facilities under Management by Region (Environmental Facilities Management Business)

Nippon Kanzai 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**	3.1%
Tohoku	-	9	-	**9**	7.0%
Kanto	2	9	1	**12**	9.4%
Chubu	2	10	-	**12**	9.4%
Kinki	10	6	-	**16**	12.5%
Chugoku	8	8	-	**16**	12.5%
Shikoku	11	3	-	**14**	10.9%
Kyushu	16	28	1	**45**	35.2%
Total	50	76	2	**128**	100.0%

(as of September 30, 2024)

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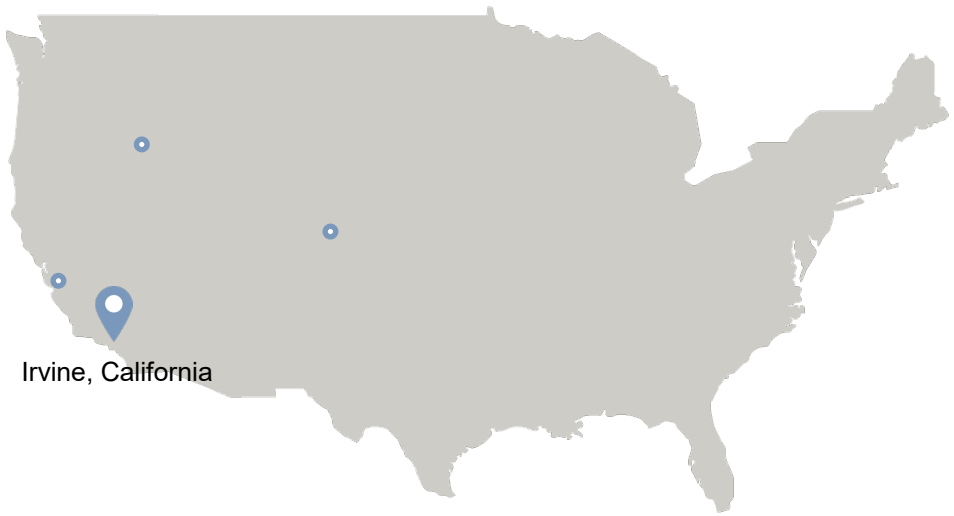
Overseas Development (Overview of Keystone, LLC)



Company Overview

Keystone Pacific Property Management, LLC (hereinafter “Keystone”) is a residential management company that 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.

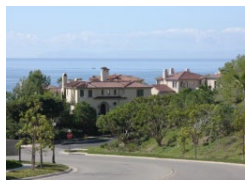
Head Office



Properties under Management







Most Recent Business Environment

The current environment has elevated levels of inflation. Inflation has led to reduced home sales, increases in costs, including employee costs, and increased employee turnover due to increased competition for talent. This has increased customer turnover. Businesses must use alternative means of talent acquisition/ technology to increase efficiency and reduce staffing costs to maintain profitability.

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. 369 (including temporary workers) as of December 31 2023
No. of Units under Management	Approx. 132,000 units, approx. 645 associations as of December 31 2023 (including the Company’s subsidiary, Keystone Progressive)

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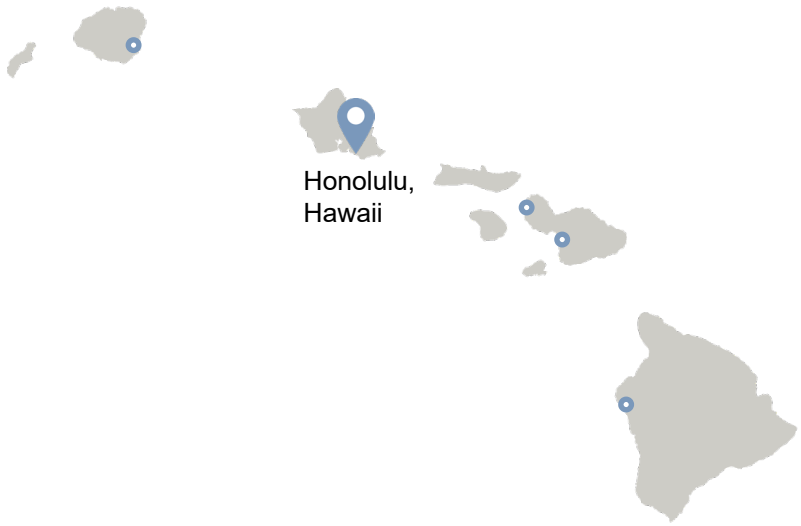
Overseas Development (Overview of Hawaiiana)



Company Overview

Hawaiiana Holdings Incorporated (hereinafter “Hawaiiana”) is the largest AOAO (“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

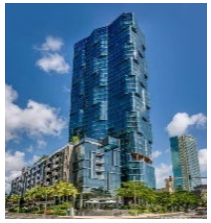
Nippon Kanzai acquired a 50% share of Hawaiiana from the local real estate company Swell International (SI) in March 2020, making it an equity method affiliate. In August 2023, after transferring this share to our subsidiary company, Nippon Kanzai USA, Inc., NKUSA completed the acquisition of the remaining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

Most Recent Business Environment

The rapid increase in interest rates, inflation, a strong US $, and rising real estate prices since last year have led to a prolonged slump in real estate transactions. As a result, revenues related to real estate transactions have not yet returned to pre-COVID levels. Labor shortages continue to persist, making talent acquisition a significant challenge. While our property management operations remain stable, competition in this sector remains intense.

Properties under Management





Company Name	Hawaiiana Holdings Incorporated
Establishment	September 24, 2008 (Founded in 1964)
Capital	USD3.66 million (JPY519 million)　*USD1=JPY141.82 (as of December 31, 2023)
Main Business	AOAO management
Head Office	Honolulu, Hawaii
Major Branches	Maui, West Maui, Kona, Kauai
No. of Employees	Approx. 240 as of December 31, 2023
No. of Units under Management	Approx. 104,000 units, 660 associations as of December 31, 2023

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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

Due to the slow real estate market, the revenue from this sector has dropped down. But the profit amount was not affected so much due to the cost system. Management sector is stable because of the stable staff retention. But the market is more competitive.

Company Name	Pacific Property Group, Inc.
Establishment	February 27, 2007
Capital	USD1,000 (JPY141,820) *USD1=JPY141.82 (as of December 31, 2023)
Main Business	Commercial Property Management
Head Office	Honolulu, Hawaii
No. of Employees	14 as of December 31, 2023
No. of Properties under Management	20 as of December 31, 2023

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Overseas Development (Ackermann HV Ltd.)



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. 85FTE (as of December 31, 2023)
No. of Units under Management	Rental management: approx. 12,000 units; management of condominium units: approx. 5,000 units (approx. 150 associations) as of December 31, 2023

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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 2,570 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

As an industry leader, PICA Group is proactively pursuing business improvement through “Simplification, Automation and Growth” strategies. Our initiatives encompass streamlining operations and organization, while maintaining high-quality service by implementing standardized, effective processes and procedures as well as centralized back office services.

Company Name	Prudential Investment Company of Australia Pty Ltd.
Establishment	October 4, 1948
Capital	AUD28 million (JPY2,700 million) *AUD1=JPY96.90 (as of December 31, 2023)
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, 2023
No. of Lots under Management	Approx. 195,000 lots, 11,000 Plans (Owners Corporations) as of December 31, 2023

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The NIPPON KANZAI Group's DX Initiatives

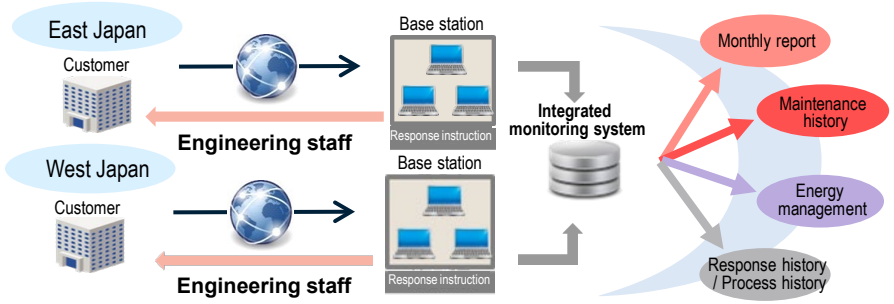
■ By visualizing the status of facilities and monitoring it in real time, we can respond quickly to building anomalies.

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”

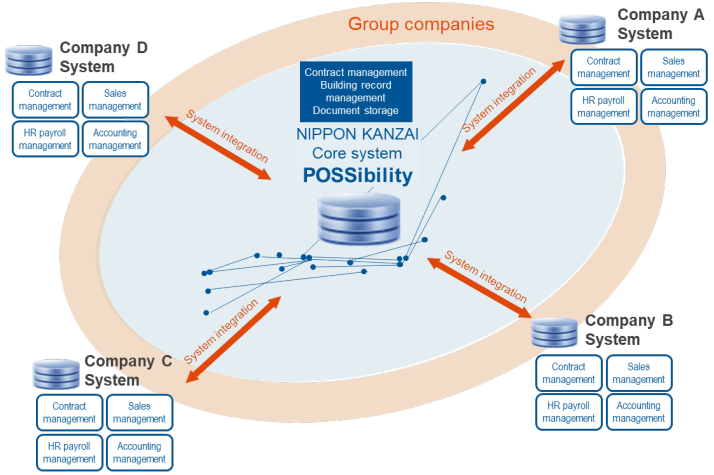
Overview of the core system “POSSibility”

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



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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.

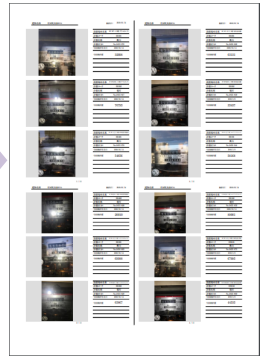


Work plan & repair plan management | **Confirmation of work fulfillment** | **Detailed work report**



▲Screen sample





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.







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Reference (2)

Positioning within the Industry

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Transition of Building Maintenance (1)

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

	1965	1970	1980
Society situation		First oil shock	Second oil shock 1982 Fire of Hotel New Japan
Laws and technologies related to maintenance security	1968 Kasumigaseki Building, the first high-rise building in Japan, was completed 1970 Act on Maintenance of Sanitation in Buildings was established	1978 Sunshine 60 was completed 1979 Act on Rationalizing Energy Use(Energy Conservation Act)	Around 1981 Multi-package unit for buildings Around 1984 Decentralization control, concentration management method From late 1980s to 1990s Intelligent buildings
Roles and functions of the maintenance management company	**Expansion of comprehensive building maintenance** ● Professional skills responding to increasing high-rise buildings		**Building services that are becoming higher level and more complicated** ● From total management to integrated management works
Major moves of NIPPON KANZAI	1965 Establishment of NIPPON KANZAI 1967 Started total building management of hospitals 1970 Started total building management of government office buildings	1973 Started total management of condominiums 1976 Established Osaka Branch	1980 Established Kyushu Branch 1981 Established Tokyo Branch 1984 Established Nagoya Branch 1988 Started integrated management business of intelligent buildings 1989 Established Tohoku Branch

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Transition of Building Maintenance (2)

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

	1990	2000	2010
Society situation	Bubble burst 1995 The Great Hanshin-Awaji Earthquake	2001 The World Trade Center attack (9-11) 2008 Lehman shock	2011 Great East Japan Earthquake 2016 Kumamoto Earthquake 2021 Tokyo Olympic and Paralympic Games 2022 Russian invasion of Ukraine
Laws and technologies related to maintenance security	Around 1990 OA floor method 1997 Implementation of FMer qualification test	1998 Act on Securitization of Special Asset by Special Purpose Companies 1999 Act on Promotion of Development of Public Facilities, etc. by Utilizing Private Funds, etc. 2003 Revision of the Act on Rational Use of Energy 2009 Act on Securing Financial Soundness of Local Governments	
Roles and functions of the maintenance management company	**Building services that are becoming higher level and more complicated** ● Response to land trust and redevelopment business	● Response to PFI and designated managers ● Response to ownership of real estate and separation of management (AM, PM)	● Response to CRE and PRE ● SDGs, decarbonation ● Energy/power saving ● Digitalization of management
Major moves of NIPPON KANZAI	1990 Entrusted with the management work of large-scale land trust building 1995 Entrusted with the redeveloped building management work in urban area 1996 Commercialized BEST, a production management system	2000 Commercialized WAFM system. Started remote monitoring of facilities Entrusted with PFI business. Started building due diligence service business 2002 Established OS Department 2003 Entrusted with asset management work of real estate after setting up securitization of office buildings 2007 Entrusted with the management works of designated manager systems	2012 Joined FM expo held in Dubai, as a starting point of entering the overseas market 2014 To double-headquarters system 2017 Entrusted with facilities management during the construction period of Toyosu Fish Market 2018 Started comprehensive management operations of Akashi City 2023 Establishment of NIPPON KANZAI Holdings 2024 Oct. Relocation of Training Institute

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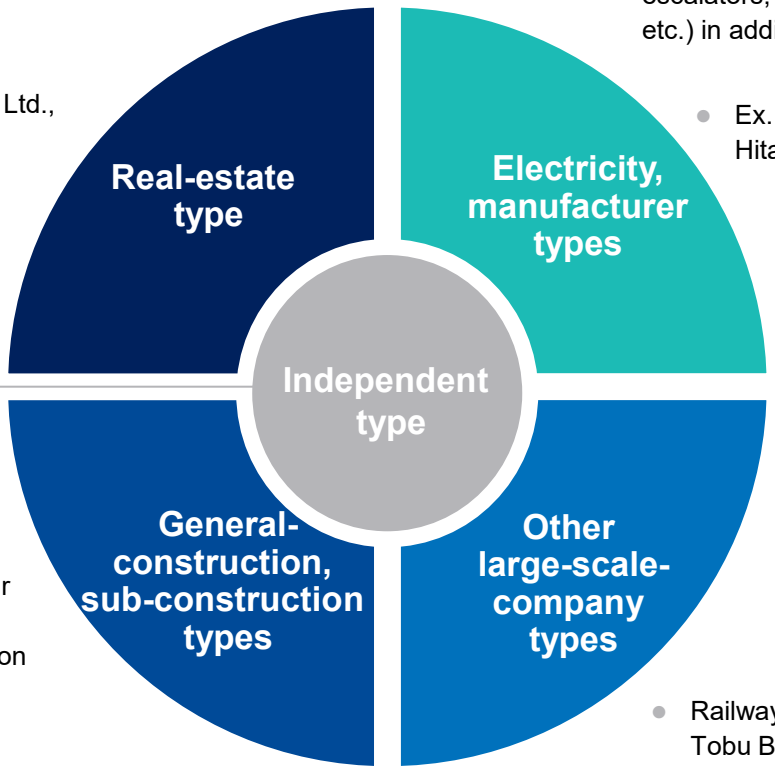
Industry Structure of Building Maintenance

- 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.

- 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.



- 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 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.

- 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.

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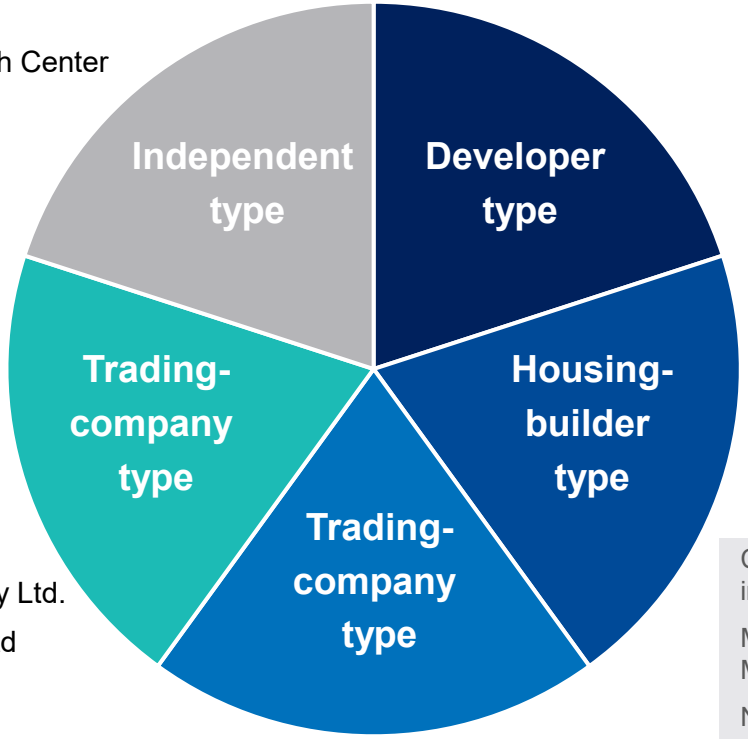
Mechanism of Condominium Management Industry

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



- 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

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

Condominium management company in Japan	Approx. **2,588** 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, 2023 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 (**101,653** lots) total lots of 3 Group companies

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

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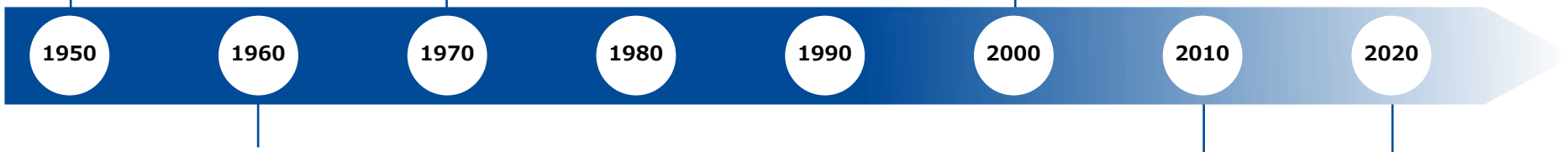
Transition of Condominium Management Industry

Transition of laws and forms related to condominium management

Late1950s Started offering high-end condominium for high-income people

The main way of management was that a condominium company concludes a management contract individually with a unit owner.

Late 1970s Condominium took root in society as urban-type housing



1962 Establishment of laws concerning unit ownership of buildings, etc.

Late 1960s Increase of popular-type condominium for moderate-income people

Management company affiliated with a condominium company emerged and building maintenance companies entered the market.

Start of a management method: Unit owners establish a homeowner association; and the homeowner association and a management company conclude the management contract. Focus was placed on maintenance and inspections.

1982 Formulation of the Condominium Standard Management Consignment Contract for Mid- to High-rise condominiums (Template of the contract in the case of outsourcing a business to a management company)

2000 Establishment of Act on Advancement of Proper Condominium Management

2003 Revision to Condominium Standard Management Consignment Contract

2009 Condominium Standard Management Consignment Contract was revised associated with partial revision to Act on Advancement of Proper Condominium Management

2014 Establishment of Revised Act on Facilitation of Reconstruction of Condominiums

2021 Establishment of the regulations on explaining important matters via IT devices, associated with partial revision to Act on Advancement of Proper Condominium Management

Establishment of the system in which local governments approve condominium with a proper management plan

Revision to Condominium Standard Management Consignment Contract

2022 Revision of the Act on Proper Condominium Management

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