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July 5, 2024

Consolidated Financial Results for the Six Months Ended May 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
 Securities code: 2734
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 Scheduled date to file quarterly securities report: July 9, 2024
 Scheduled date to commence dividend payments: July 31, 2024
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended May 31, 2024 (from December 1, 2023 to May 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
May 31, 2024	118,897	(5.6)	4,889	(2.6)	6,127	7.9	4,304	(9.3)
May 31, 2023	125,976	6.5	5,022	(19.6)	5,680	(19.2)	4,748	(1.1)

Note: Comprehensive income For the six months ended May 31, 2024: ¥5,151 million [8.3%]
 For the six months ended May 31, 2023: ¥4,756 million [(8.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
May 31, 2024	67.25	-
May 31, 2023	74.37	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2024	196,239	83,082	41.6
November 30, 2023	189,267	78,645	40.8

Reference: Equity
 As of May 31, 2024: ¥81,563 million
 As of November 30, 2023: ¥77,179 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2023	–	13.00	–	13.00	26.00
Fiscal year ending November 30, 2024	–	13.00			
Fiscal year ending November 30, 2024 (Forecast)			–	17.00	30.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending November 30, 2024 (from December 1, 2023 to November 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending November 30, 2024	255,000	5.3	6,300	3.6	8,000	1.6	5,400	(11.5)	84.44

Note: Revisions to the earnings forecasts most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of May 31, 2024	66,041,147 shares
As of November 30, 2023	66,041,147 shares

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

As of May 31, 2024	1,862,882 shares
As of November 30, 2023	2,093,710 shares

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

Six months ended May 31, 2024	64,012,685 shares
Six months ended May 31, 2023	63,844,022 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

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1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the first six months of the fiscal year ending November 30, 2024, although the Japanese economy saw improvement in corporate earnings and followed a moderate trend of recovery, the economic outlook remained uncertain because of rising prices and other impacts due to instability in international affairs such as escalation of tensions in the Middle East and depreciation of the yen.

Under these conditions, the SALA Group focused on initiatives on the key strategies of the fifth medium-term management plan, which started from fiscal year ended November 30, 2023. The key strategies are “service and business development in the Life Creative Business Unit* and transformation of the business format,” “enhancing brand value through ‘customer experience’ that exceeds expectations,” “business creation through ‘co-creation’ with parties inside and outside the Group,” “improving profitability in existing business fields,” and “transforming into an organizational culture that attracts people who ‘think and act on their own initiative.’” During the current fiscal year, the second year of the plan, the Company will continue to proactively invest in new growth areas for promoting carbon neutrality and work to fundamentally reform the business structure through digital transformation (DX), and actively promote various measures to achieve the plan.

During the first six months of the current fiscal year, SALA ENERGY CO., LTD., which is the Energy & Solutions business, proceeded with the restructuring of its core system to transform operations traditionally divided by gas type (city gas and LP gas) through the use of digital technology and to provide high-quality services tailored to each individual customer.

The Company has raised funds through a green loan under the Green Finance Framework for the installation of grid storage batteries to be constructed in Hamamatsu City, Shizuoka Prefecture as investment in new growth, by SALA ENERGY CO., LTD.

As collaboration that goes beyond the segment framework, while working to develop the previously owned home transaction business in business areas for daily living, we worked to enhance the sales system in order to promote solution proposals through carbon neutral diagnoses for BtoB customers.

ASCO Co., Ltd., which operates the Animal Health Care business, acquired all shares of Dowa Kagaku Co., Ltd., which operates in the same industry, in March 2024, making that company its subsidiary. Through the acquisition, ASCO Co., Ltd. has strengthened its operating base in the Chubu area.

As for the Toyohashi Ekimae Odori 2-chome District Redevelopment Project in which the SALA Group is involved to create a lively town, following on from the opening of emCAMPUS EAST in November 2021, emCAMPUS WEST was completed in April 2024, and preparations have been made for the respective openings of each facility and store in July 2024.

As for operating results for the first six months of the current fiscal year, net sales decreased by 5.6% year on year to ¥118,897 million due to a significant decrease in revenue in the Energy & Solutions business. As for profit, although there were signs of improvement in profitability as a result of structural reforms carried out in the Housing business, operating profit decreased by 2.6% year on year to ¥4,889 million due to decreases in profit in the Car Life Support business and the Animal Health Care business. On the other hand, as gain on valuation of derivatives on forward exchange contracts of ¥892 million, etc. were recorded in non-operating income, ordinary profit increased by 7.9% year on year to ¥6,127 million. Profit attributable to owners of parent decreased by 9.3% year on year to ¥4,304 million as operating results for the same period of the previous fiscal year included gain on revision of retirement benefit plan in extraordinary income.

* “Life Creative Business Unit” refers to business areas for daily living other than the energy business.

Operating results of each segment are as follows.

Energy & Solutions business

Net sales ¥64,326 million (down 9.8% year on year)

Operating profit ¥3,998 million (down 1.4% year on year)

Although the sales volume of city gas increased mainly for home use and commercial use, its selling price of was downwardly adjusted based on a system to adjust raw material costs. Consequently, net sales decreased. As for profit, although gross profit from city gas and LP gas increased, operating profit decreased mainly as a result of the soaring prices of raw materials for biomass power plant fuel due to the impact of yen depreciation.

Engineering & Maintenance business

Net sales ¥14,759 million (down 1.6% year on year)

Operating profit ¥1,316 million (down 4.9% year on year)

Although the maintenance department performed well, net sales decreased due to a decrease in completed projects mainly in the construction department. As for profit, despite a decrease in operating profit due in part to the declined profit margin of completed projects in the civil engineering department and the construction department, operating profit remained at a high level.

Housing business

Net sales ¥15,511 million (up 4.3% year on year)

Operating loss ¥180 million (operating loss of ¥400 million for the same period of the previous fiscal year)

In the housing sales department, the number of custom-built houses sold increased as orders recovered mainly as a result of introducing new products. On the other hand, in the housing components and materials processing and sales department, orders from clients decreased due to the impact of a decrease in the number of new housing starts in the Hamamatsu and Toyohashi areas. As a result, overall segment net sales increased, and operating loss narrowed due to the increase in the number of houses sold.

Car Life Support business

Net sales ¥8,030 million (down 9.0% year on year)

Operating loss ¥238 million (operating loss of ¥133 million for the same period of the previous fiscal year)

Although new car sales for Volkswagen increased, the number of new cars sold declined as a result of sluggish orders for Audi due to a supply shortage for major vehicle lines. Furthermore, the number of used cars sold fell for both Volkswagen and Audi. As a result, net sales decreased, and operating loss was recorded.

Animal Health Care business

Net sales ¥13,067 million (up 1.4% year on year)

Operating profit ¥170 million (down 38.6% year on year)

In the livestock farming department, orders for veterinary medical products, etc. performed well. Moreover, in the pet-related department, net sales increased due to growth in transactions with new

customers. As for profit, operating profit decreased due to higher purchase prices of veterinary medical products, etc. and an increase in selling, general and administrative expenses.

Properties business

Net sales ¥2,263 million (up 6.2% year on year)

Operating profit ¥6 million (operating loss of ¥18 million for the same period of the previous fiscal year)

In the real estate properties department, sales increased in the asset management department that engages in management of real estate properties, etc. Furthermore, there was an increase in the number of guests for banquets and hotel overnight stays in the hospitality department as economic activities normalized. Consequently, net sales and operating profit both increased.

(2) Explanation of financial position

(i) Assets, liabilities and net assets

Assets

Assets were ¥196,239 million, up ¥6,972 million from November 30, 2023. This was mainly due to increases in “cash and deposits” by ¥2,681 million, “work in process” by ¥2,648 million, “property, plant and equipment” by ¥2,199 million, “other” under “investments and other assets” by ¥1,116 million, and “investment securities” by ¥1,076 million, despite a decrease in “notes and accounts receivable - trade, and contract assets” by ¥2,798 million.

Liabilities

Liabilities were ¥113,157 million, up ¥2,535 million from November 30, 2023. This was mainly due to increases in “long-term borrowings (including current portion)” by ¥5,315 million and “other” under current liabilities by ¥1,948 million, despite decreases in “notes and accounts payable - trade” by ¥2,941 million, “provision for bonuses” by ¥1,152 million and “electronically recorded obligations - operating” by ¥1,041 million.

Net assets

Net assets were ¥83,082 million, up ¥4,436 million from November 30, 2023. This was mainly due to an increase in “retained earnings” of ¥3,446 million (increased by ¥4,304 million due to recording of profit attributable to owners of parent and decreased by ¥858 million due to payment of dividends).

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) in the six months ended May 31, 2024 increased by ¥2,728 million in total, resulting from net cash provided by operating activities of ¥5,650 million, net cash used in investing activities of ¥5,990 million, and net cash provided by financing activities of ¥3,068 million. As a result, cash and cash equivalents at the end of the six months ended May 31, 2024 were ¥25,276 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥5,650 million (¥3,151 million provided in the same period of the previous fiscal year). This was mainly due to increase factors such as “profit before income taxes” of ¥6,108 million, “decrease in trade receivables” of ¥4,395 million and “depreciation” of ¥3,234 million, and decrease factors including “decrease in trade payables” of ¥4,099 million, “increase in inventories” of ¥2,683 million and “decrease in provision for bonuses” of ¥1,152 million.

Cash flows from investing activities

Net cash used in investing activities was ¥5,990 million (¥3,112 million used in the same period of the previous fiscal year). This was mainly due to “purchase of property, plant and equipment” of ¥6,254 million.

Cash flows from financing activities

Net cash provided by financing activities was ¥3,068 million (¥660 million used in the same period of the previous fiscal year). This was mainly due to increase factors such as “proceeds from long-term borrowings” of ¥8,609 million, and decrease factors including “repayments of long-term borrowings” of ¥3,682 million, “net decrease in short-term borrowings” of ¥1,009 million and “dividends paid” of ¥855 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

In the full-year consolidated earnings forecast announced on January 12, 2024, operating profit was revised from ¥7,300 million to ¥6,300 million, ordinary profit was revised from ¥8,200 million to ¥8,000 million, and profit attributable to owners of parent was revised from ¥5,600 million to ¥5,400 million.

For details, please refer to “Notice Concerning Revision to the Full-Year Consolidated Earnings Forecast, Changes in the Dividend Policy, and Revision to the Forecast of Cash Dividends (Increased Dividend)” announced today (July 5, 2024) (in Japanese only).

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of November 30, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	22,966	25,648
Notes and accounts receivable - trade, and contract assets	32,254	29,455
Electronically recorded monetary claims - operating	1,834	2,009
Merchandise and finished goods	13,988	14,038
Work in process	7,477	10,126
Raw materials and supplies	444	381
Other	5,970	5,665
Allowance for doubtful accounts	(186)	(273)
Total current assets	84,750	87,050
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,306	20,244
Machinery, equipment and vehicles, net	7,141	7,273
Gas pipe, net	14,848	15,301
Land	32,431	32,393
Construction in progress	1,760	3,480
Other, net	1,418	1,412
Total property, plant and equipment	77,906	80,106
Intangible assets		
Goodwill	263	280
Other	2,553	3,381
Total intangible assets	2,816	3,661
Investments and other assets		
Investment securities	8,897	9,974
Long-term loans receivable	2,412	2,013
Retirement benefit asset	2,221	2,243
Deferred tax assets	3,848	3,642
Other	6,858	7,974
Allowance for doubtful accounts	(444)	(427)
Total investments and other assets	23,793	25,420
Total non-current assets	104,517	109,188
Total assets	189,267	196,239

(Millions of yen)

	As of November 30, 2023	As of May 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,225	23,284
Electronically recorded obligations - operating	4,379	3,338
Short-term borrowings	8,579	7,569
Current portion of long-term borrowings	7,273	7,876
Income taxes payable	341	1,616
Provision for bonuses	2,582	1,430
Provision for bonuses for directors (and other officers)	9	3
Provision for warranties for completed construction	47	49
Provision for loss on construction contracts	55	35
Provision for point card certificates	234	232
Other	10,670	12,618
Total current liabilities	60,399	58,053
Non-current liabilities		
Long-term borrowings	36,989	41,701
Deferred tax liabilities	524	940
Provision for retirement benefits for directors (and other officers)	165	167
Provision for share-based payments	502	410
Provision for repairs	125	136
Retirement benefit liability	8,668	8,809
Other	3,245	2,936
Total non-current liabilities	50,221	55,103
Total liabilities	110,621	113,157
Net assets		
Shareholders' equity		
Share capital	8,025	8,025
Capital surplus	25,300	25,306
Retained earnings	42,326	45,773
Treasury shares	(1,383)	(1,231)
Total shareholders' equity	74,267	77,873
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	985	1,579
Deferred gains or losses on hedges	442	695
Remeasurements of defined benefit plans	1,483	1,414
Total accumulated other comprehensive income	2,911	3,689
Non-controlling interests	1,466	1,519
Total net assets	78,645	83,082
Total liabilities and net assets	189,267	196,239

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Net sales	125,976	118,897
Cost of sales	95,695	88,823
Gross profit	30,281	30,074
Selling, general and administrative expenses	25,259	25,185
Operating profit	5,022	4,889
Non-operating income		
Interest income	30	22
Dividend income	35	43
Gain on valuation of derivatives	205	892
Share of profit of entities accounted for using equity method	201	216
Other	297	241
Total non-operating income	769	1,415
Non-operating expenses		
Interest expenses	73	97
Other	37	80
Total non-operating expenses	110	177
Ordinary profit	5,680	6,127
Extraordinary income		
Gain on sale of non-current assets	24	62
Gain on revision of retirement benefit plan	2,388	–
Total extraordinary income	2,412	62
Extraordinary losses		
Loss on sale and retirement of non-current assets	64	79
Loss on sale of investment securities	36	1
Impairment losses	800	–
Total extraordinary losses	901	81
Profit before income taxes	7,191	6,108
Income taxes - current	1,253	1,405
Income taxes - deferred	1,106	328
Total income taxes	2,360	1,734
Profit	4,831	4,374
Profit attributable to non-controlling interests	83	69
Profit attributable to owners of parent	4,748	4,304

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Profit	4,831	4,374
Other comprehensive income		
Valuation difference on available-for-sale securities	108	595
Deferred gains or losses on hedges	(94)	252
Remeasurements of defined benefit plans, net of tax	(88)	(69)
Total other comprehensive income	(74)	777
Comprehensive income	4,756	5,151
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,673	5,082
Comprehensive income attributable to non-controlling interests	82	69

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from operating activities		
Profit before income taxes	7,191	6,108
Depreciation	3,256	3,234
Impairment losses	800	–
Amortization of goodwill	59	62
Increase (decrease) in allowance for doubtful accounts	(0)	(34)
Increase (decrease) in provision for bonuses	(1,241)	(1,152)
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	(6)
Increase (decrease) in provision for warranties for completed construction	(8)	2
Increase (decrease) in provision for loss on construction contracts	(36)	(19)
Increase (decrease) in provision for point card certificates	(5)	(2)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(28)	1
Increase (decrease) in provision for share-based payments	(32)	(92)
Increase (decrease) in provision for repairs	10	10
Increase (decrease) in retirement benefit liability	(1,121)	151
Decrease (increase) in retirement benefit asset	(1,297)	(22)
Interest and dividend income	(65)	(66)
Interest expenses	73	97
Share of loss (profit) of entities accounted for using equity method	(201)	(216)
Loss (gain) on valuation of derivatives	(205)	(892)
Loss (gain) on sale and retirement of non-current assets	(1)	(39)
Loss (gain) on sale of investment securities	–	1
Decrease (increase) in trade receivables	3,929	4,395
Decrease (increase) in inventories	(2,512)	(2,683)
Increase (decrease) in trade payables	(3,069)	(4,099)
Increase (decrease) in long-term accounts payable - other	(38)	(162)
Other, net	(138)	1,191
Subtotal	5,312	5,769
Interest and dividends received	67	67
Interest paid	(82)	(94)
Income taxes paid	(2,145)	(90)
Net cash provided by (used in) operating activities	3,151	5,650

(Millions of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,229)	(6,254)
Proceeds from sale of property, plant and equipment	494	272
Purchase of intangible assets	(685)	(558)
Purchase of investment securities	(303)	(128)
Proceeds from sale of investment securities	259	120
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	100
Loan advances	(30)	(20)
Proceeds from collection of loans receivable	425	420
Other, net	(44)	57
Net cash provided by (used in) investing activities	(3,112)	(5,990)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,982	(1,009)
Proceeds from long-term borrowings	2,000	8,609
Repayments of long-term borrowings	(3,620)	(3,682)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	97	153
Dividends paid	(984)	(855)
Dividends paid to non-controlling interests	(6)	(5)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(7)	(3)
Repayments of finance lease liabilities	(120)	(136)
Net cash provided by (used in) financing activities	(660)	3,068
Net increase (decrease) in cash and cash equivalents	(620)	2,728
Cash and cash equivalents at beginning of period	23,772	22,547
Cash and cash equivalents at end of period	23,151	25,276

(4) Notes to quarterly consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information

I For the six months ended May 31, 2023

1. Disclosure of sales and profit (loss) for each reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segments				
	Energy & Solutions business	Engineering & Maintenance business	Housing business	Car Life Support business	Animal Health Care business
Net sales					
City gas	31,684	–	–	–	–
LP gas	15,383	–	–	–	–
Electric power	8,877	–	–	–	–
Civil engineering work, construction work, equipment work	–	14,999	–	–	–
Housing, construction materials	–	–	14,868	–	–
Automotive sales and maintenance	–	–	–	8,826	–
Veterinary medical products	–	–	–	–	12,889
Lease, sale and purchase, and brokerage of real estate, hotel	–	–	–	–	–
Other	15,392	–	–	–	–
Revenue from contracts with customers	71,337	14,999	14,868	8,826	12,889
Other revenue (Note 4)	–	–	–	–	–
Sales to external customers	71,337	14,999	14,868	8,826	12,889
Intersegment sales or transfers	1,092	2,885	7	4	0
Total	72,429	17,884	14,876	8,830	12,889
Segment profit (loss)	4,056	1,384	(400)	(133)	277

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Properties business	Total				
Net sales						
City gas	–	31,684	–	31,684	–	31,684
LP gas	–	15,383	–	15,383	–	15,383
Electric power	–	8,877	–	8,877	–	8,877
Civil engineering work, construction work, equipment work	–	14,999	–	14,999	–	14,999
Housing, construction materials	–	14,868	–	14,868	–	14,868
Automotive sales and maintenance	–	8,826	–	8,826	–	8,826
Veterinary medical products	–	12,889	–	12,889	–	12,889
Lease, sale and purchase, and brokerage of real estate, hotel	2,132	2,132	–	2,132	–	2,132
Other	–	15,392	724	16,117	72	16,190
Revenue from contracts with customers	2,132	125,052	724	125,777	72	125,850
Other revenue (Note 4)	–	–	126	126	–	126
Sales to external customers	2,132	125,052	851	125,903	72	125,976
Intersegment sales or transfers	246	4,237	884	5,122	(5,122)	–
Total	2,379	129,290	1,735	131,026	(5,049)	125,976
Segment profit (loss)	(18)	5,166	40	5,206	(184)	5,022

- (Notes) 1. The “other” category represents operating segments that are not included in reportable segments, and includes manufacturing auto parts, installment sale and lease.
2. Adjustment to segment profit (loss) of ¥(184) million includes intersegment eliminations of ¥539 million and corporate expenses of ¥(724) million. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.
3. Segment profit (loss) was adjusted with operating profit in the quarterly consolidated statement of income.
4. “Other revenue” includes revenue on lease, etc.

2. Disclosure of impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

Impairment losses on idle assets were recorded in the Energy & Solutions business. The recorded amount of such impairment losses was ¥180 million in the first six months of the previous fiscal year.

Impairment losses on idle assets were recorded in the Car Life Support business. The recorded amount of such impairment losses was ¥68 million in the first six months of the previous fiscal year.

Impairment losses on assets for business use were recorded in the Properties business. The recorded amount of such impairment losses was ¥551 million in the first six months of the previous fiscal year.

II For the six months ended May 31, 2024

1. Disclosure of sales and profit (loss) for each reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segments				
	Energy & Solutions business	Engineering & Maintenance business	Housing business	Car Life Support business	Animal Health Care business
Net sales					
City gas	24,781	–	–	–	–
LP gas	16,781	–	–	–	–
Electric power	7,447	–	–	–	–
Civil engineering work, construction work, equipment work	–	14,759	–	–	–
Housing, construction materials	–	–	15,511	–	–
Automotive sales and maintenance	–	–	–	8,030	–
Veterinary medical products	–	–	–	–	13,067
Lease, sale and purchase, and brokerage of real estate, hotel	–	–	–	–	–
Other	15,315	–	–	–	–
Revenue from contracts with customers	64,326	14,759	15,511	8,030	13,067
Other revenue (Note 4)	–	–	–	–	–
Sales to external customers	64,326	14,759	15,511	8,030	13,067
Intersegment sales or transfers	1,095	2,452	5	3	0
Total	65,421	17,212	15,516	8,033	13,068
Segment profit (loss)	3,998	1,316	(180)	(238)	170

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Properties business	Total				
Net sales						
City gas	–	24,781	–	24,781	–	24,781
LP gas	–	16,781	–	16,781	–	16,781
Electric power	–	7,447	–	7,447	–	7,447
Civil engineering work, construction work, equipment work	–	14,759	–	14,759	–	14,759
Housing, construction materials	–	15,511	–	15,511	–	15,511
Automotive sales and maintenance	–	8,030	–	8,030	–	8,030
Veterinary medical products	–	13,067	–	13,067	–	13,067
Lease, sale and purchase, and brokerage of real estate, hotel	2,263	2,263	–	2,263	–	2,263
Other	–	15,315	749	16,065	74	16,140
Revenue from contracts with customers	2,263	117,958	749	118,708	74	118,783
Other revenue (Note 4)	–	–	114	114	–	114
Sales to external customers	2,263	117,958	864	118,822	74	118,897
Intersegment sales or transfers	245	3,802	971	4,773	(4,773)	–
Total	2,508	121,761	1,835	123,596	(4,699)	118,897
Segment profit (loss)	6	5,073	49	5,122	(233)	4,889

(Notes) 1. The “other” category represents operating segments that are not included in reportable segments, and includes manufacturing auto parts, installment sale and lease.

2. Adjustment to segment profit (loss) of ¥(233) million includes intersegment eliminations of ¥547 million and corporate expenses of ¥(781) million. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.
3. Segment profit (loss) was adjusted with operating profit in the quarterly consolidated statement of income.
4. “Other revenue” includes revenue on lease, etc.

2. Disclosure of impairment losses on non-current assets or goodwill for each reportable segment

Not applicable.

Significant events after reporting period

Not applicable.