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January 12, 2022

Consolidated Financial Results for the Fiscal Year Ended November 30, 2021 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
 Securities code: 2734
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 Scheduled date of annual general meeting of shareholders: February 18, 2022
 Scheduled date to commence dividend payments: January 31, 2022
 Scheduled date to file annual securities report: February 21, 2022
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended November 30, 2021 (from December 1, 2020 to November 30, 2021)

(1) Consolidated operating results

(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	%
Fiscal year ended November 30, 2021	227,935	7.7	6,592	11.0	8,312	13.0	5,262	50.6
November 30, 2020	211,702	(1.0)	5,940	6.9	7,357	(5.8)	3,493	(28.5)

Note: Comprehensive income For the fiscal year ended November 30, 2021: ¥5,844 million [100.5%]
 For the fiscal year ended November 30, 2020: ¥2,914 million [(43.5)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
November 30, 2021	83.13	—	8.4	4.4	2.9
November 30, 2020	55.86	—	5.9	3.8	2.8

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended November 30, 2021: ¥391 million
 For the fiscal year ended November 30, 2020: ¥145 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2021	187,481	66,699	34.9	1,027.98
November 30, 2020	188,011	61,708	32.1	961.01

Reference: Equity
 As of November 30, 2021: ¥65,425 million
 As of November 30, 2020: ¥60,427 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
November 30, 2021	15,816	(4,398)	(8,788)	24,227
November 30, 2020	10,791	(6,120)	(4,861)	21,598

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended November 30, 2020	–	10.00	–	10.00	20.00	1,320	35.8	2.1
Fiscal year ended November 30, 2021	–	10.00	–	13.00	23.00	1,518	27.7	2.3
Fiscal year ending November 30, 2022 (Forecast)	–	11.00	–	12.00	23.00		29.9	

3. Consolidated earnings forecasts for the fiscal year ending November 30, 2022 (from December 1, 2021 to November 30, 2022)

(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
Six months ending May 31, 2022	118,000	3.7	5,600	(11.2)	5,700	(17.9)	3,700	(22.4)	58.13
Fiscal year ending November 30, 2022	224,000	(1.7)	6,800	3.2	7,600	(8.6)	4,900	(6.9)	76.99

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

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

As of November 30, 2021	66,041,147 shares
As of November 30, 2020	66,041,147 shares

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

As of November 30, 2021	2,396,033 shares
As of November 30, 2020	3,162,441 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended November 30, 2021	63,304,515 shares
Fiscal year ended November 30, 2020	62,539,726 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended November 30, 2021 (from December 1, 2020 to November 30, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2021	2,946	(3.2)	1,408	(14.3)	1,687	(0.2)	1,680	9.4
November 30, 2020	3,043	(18.7)	1,644	(29.1)	1,690	(33.9)	1,536	(39.5)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
November 30, 2021	26.55	—
November 30, 2020	24.57	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2021	94,049	45,096	47.9	708.56
November 30, 2020	93,271	44,213	47.4	703.16

Reference: Equity

As of November 30, 2021: ¥45,096 million
As of November 30, 2020: ¥44,213 million

* Financial results reports are exempt from audit 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. Please refer to the section of “(4) Future outlook” of “1. Overview of operating results, etc.” on page 5 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year

In the fiscal year ended November 30, 2021, the future of the Japanese economy remained uncertain largely due to reductions in economic activity in Japan and abroad resulting from the prolonged impact of the novel coronavirus disease (COVID-19).

The Group (hereinafter referred to as the “SALA Group”) focused on initiatives for “new developments by SALA in life,” “SALA’s penetration” and “transformation and challenge,” which are its priority issues in the fourth medium-term management plan with the fiscal year ended November 30, 2020 as the first fiscal year. In the current fiscal year, the second year, the Group proactively worked on each measure toward the goal envisioned in the medium-term management plan amid the COVID-19 crisis. SALA ENERGY CO., LTD., which is the Energy & Solutions business, launched “SALA’s Zero Solar Service,” a third party ownership model for corporate solar power generation system. In this business, the said company, as a power producer, owns self-consumption solar power generation facilities, etc., performs maintenance, management and other operations, and supplies electric power generated at the facilities, etc. to customers. The Engineering & Maintenance business advanced expansion of transactions through proposal of solutions by enhancing contact with customers and working in cooperation within the segment as well as worked to strengthen the revenue base by improving the process management in the sales, construction and support departments. SALA HOUSE CO., LTD., which is the Housing business, launched a project to promote the home business in collaboration with each SALA Group company and endeavored to enhance contact with customers through complex proposals and maintenance for home-related services. SALA CARS JAPAN Co., Ltd., which is the Car Life Support business, rebuilt the selling system for new and used cars and strove to strengthen the service department by enhancing maintenance shops. ASCO Co., Ltd., which is the Animal Health Care business, promoted the strengthening of the sales system by eliminating and consolidating sales offices, proceeding with the preparations for integration of Hokuyaku Co., Ltd., a subsidiary, and other means. As for the Toyohashi Ekimae-odori 2-chome district redevelopment project in which the SALA Group has participated, “emCAMPUS EAST” was opened in November 2021. “emCAMPUS FOOD,” which is located on the first floor of this facility, consists of a market, a food court and a restaurant, and finds and supports human resources who work on creation of new food culture in the Higashi Mikawa area and resolution of social issues in the food field. “emCAMPUS STUDIO,” which is located on the fifth floor of the facility, provides “learning” programs centering on the three subjects, “corporate training,” “lifetime education” and “business creation,” to working members of society, etc. who are active in companies, universities and local communities in the Higashi Mikawa area, while being in charge of developing and promoting the Higashi Mikawa Food Valley concept. Furthermore, toward the utilization of customer information by the SALA Group, SALA Business Solutions, Inc., which is in charge of IT system of the Group, integrated Kabushiki Kaisha SALA Lifestyle Innovation that operates the marketing platform business in February 2021. Through this integration, the Group has in place the structure to accelerate the digital marketing that realizes optimal communication with customers and reform of operating process using digital technologies. In addition, “SALA App,” a smartphone app, was released in May 2021 to enhance contact with customers utilizing digital technologies.

As for operating results for the current fiscal year, although there was the impact of COVID-19 including a decrease in guests of hotels and customers of restaurants in the Properties business, net sales increased by 7.7% year on year to ¥227,935 million, resulting in steady performance of the Group as a whole. As for profit, operating profit rose by 11.0% year on year to ¥6,592 million mainly due to a large increase in profit in the Car Life Support business and the Housing business. Though gain on valuation of derivatives on forward exchange contracts declined, ordinary profit increased by 13.0% year on year to ¥8,312 million because of higher share of profit of entities accounted for using equity method. In addition, profit attributable to owners of parent increased by 50.6% year on year to ¥5,262 million due to lower impairment losses on assets for business use.

Result of each segment is as follows.

Energy & Solutions business

Net sales ¥98,983 million (up 3.4% year on year)

Operating profit ¥3,004 million (up 0.4% year on year)

Net sales increased due to revision of selling prices of LP gas and petroleum products in response to higher raw material prices and steady sales of renovation-related products. As for profit, operating profit increased because of a rise in the sales volume of industrial city gas in conjunction with improvement in the utilization rate of business partners' factories.

Engineering & Maintenance business

Net sales ¥30,750 million (up 1.6% year on year)

Operating profit ¥2,286 million (up 0.1% year on year)

Net sales went up due to an increase in completed construction in the construction and civil engineering department. As for profit, despite a decrease in high-margin completed construction in the equipment work and maintenance department, operating profit increased slightly as a result of each department's efforts to reduce cost of sales by carrying out thorough process management.

Housing business

Net sales ¥38,582 million (up 8.1% year on year)

Operating profit ¥780 million (up 68.8% year on year)

In the housing sales department, the number of lot houses sold increased due to its efforts to review the selling process and of early sales. In the housing components and materials processing and sales department, orders received increased as a result of its efforts to expand transactions in tandem with the expansion of the business area of existing business partners. Consequently, net sales and operating profit both increased.

Car Life Support business

Net sales ¥15,539 million (up 19.1% year on year)

Operating profit ¥267 million (up 287.9% year on year)

The number of new cars sold of Audi increased due to a rise in the number of new visitors to dealerships as a result of effects of model change of major vehicle lines, strengthening of promotional activities and other efforts. In addition, the number of used cars sold of both Volkswagen and Audit increased considerably. Consequently, net sales and operating profit both increased.

Animal Health Care business

Net sales ¥30,920 million (up 3.8% year on year)

Operating profit ¥727 million (up 4.1% year on year)

Both the livestock farming department and the pet related department worked to expand sales of new products and priority products. In addition, sales of veterinary medical products were brisk due to continued efforts to strengthen consulting sales. Consequently, net sales and operating profit both increased.

Properties business

Net sales ¥9,736 million (up 159.5% year on year)

Operating loss ¥189 million (operating loss of ¥476 million for the previous fiscal year)

In the property sale and purchase department, net sales increased substantially due to the delivery of “THE HOUSE TOYOHASHI,” a condominium apartment building completed in July 2021. As for profit, operating loss was recorded owing to a continued decrease in the number of customers of banquets, bridal services, restaurants, etc. in the hospitality department stemming from the impact of COVID-19.

(2) Overview of financial position for the fiscal year

Assets, liabilities and net assets

	(Millions of yen)		
	As of November 30, 2020	As of November 30, 2021	Changes
Assets	188,011	187,481	(529)
Liabilities	126,302	120,782	(5,520)
Net assets	61,708	66,699	4,990

Assets

Assets amounted to ¥187,481 million, down ¥529 million from November 30, 2020. This was mainly due to decreases in “work in process” by ¥2,580 million, “merchandise and finished goods” by ¥1,613 million and “property, plant and equipment” by ¥1,481 million, despite increases in “notes and accounts receivable - trade” by ¥3,413 million and “cash and deposits” by ¥2,585 million.

Liabilities

Liabilities were ¥120,782 million, down ¥5,520 million from November 30, 2020. This was mainly due to decreases in “long-term borrowings (including current portion)” by ¥5,182 million, “short-term borrowings” by ¥2,571 million and “other” under current liabilities by ¥2,273 million, despite increases in “notes and accounts payable - trade” by ¥3,801 million and “electronically recorded obligations - operating” by ¥872 million.

Net assets

Net assets were ¥66,699 million, up ¥4,990 million from November 30, 2020. This was mainly due to an increase in “retained earnings” of ¥3,941 million (increased by ¥5,262 million due to recording of profit attributable to owners of parent, and decreased by ¥1,320 million due to payment of dividends).

(3) Overview of cash flow position for the fiscal year

Cash and cash equivalents (hereinafter referred to as “cash”) in the current fiscal year increased by ¥2,629 million in total, resulting from net cash provided by operating activities of ¥15,816 million, net cash used in investing activities of ¥4,398 million, and net cash used in financing activities of ¥8,788 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥15,816 million (up 46.6% year on year). This was mainly due to increase factors such as “profit before income taxes” of ¥8,064 million, “depreciation” of ¥6,871 million, “increase in trade payables” of ¥4,731 million and “decrease in inventories” of ¥3,843 million, and decrease factors including “increase in trade receivables” of ¥4,555 million and “income taxes paid” of ¥2,257 million.

Cash flows from investing activities

Net cash used in investing activities was ¥4,398 million (28.1% decrease of cash outflow year on year). This was mainly due to a decrease factor of “purchase of property, plant and equipment” by ¥5,342 million and an increase factor of “proceeds from collection of loans receivable” of ¥828 million.

Cash flows from financing activities

Net cash used in financing activities was ¥8,788 million (80.8% increase of cash outflow year on year). This was mainly due to decrease factors such as “repayments of long-term borrowings” of ¥10,548 million, “net decrease in short-term borrowings” of ¥2,571 million and “dividends paid” of ¥1,320 million, and increase factors including “proceeds from long-term borrowings” of ¥5,400 million and “proceeds from sale of treasury shares” of ¥542 million.

The Group’s cash flow indices were as follows.

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity-to-asset ratio (%)	30.5	30.3	30.0	32.1	34.9
Market value equity ratio (%)	24.8	22.8	19.7	18.9	19.3
Interest-bearing debt to cash flow ratio (years)	4.8	11.6	9.9	6.3	3.8
Interest coverage ratio (times)	36.6	19.8	29.1	44.6	84.2

(Notes) 1. Each index was calculated by the following formulas using financial figures on a consolidated basis.

Equity-to-asset ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest payments

2. Market capitalization was calculated as the closing price of share price at period-end multiplied by the number of issued shares at period-end after deducting treasury shares.
3. Interest-bearing debt covers all liabilities on which interest has been paid among liabilities recorded in the consolidated balance sheet.
4. For cash flow and interest payments, “cash flows from operating activities” and “interest paid” recorded in the consolidated statement of cash flows were used.

(4) Future outlook

i) Medium- to long-term management strategies

Setting its 2030 vision of “SALA in my town, SALA with people’s lives,” the SALA Group thoroughly pursues comfortability to live for customers even in drastically changing society, and is committed to continuing to offer new and joyful value, let alone reassurance, safety, comfort and convenience. In addition, the Group aims to establish the SALA brand as proof of trust for customers, communities, business partners and shareholders, and be a company that is the best place to work for employees.

As the first step in initiatives to achieve this, the Group has set three priority issues, “new developments by SALA in life,” “SALA’s penetration” and “transformation and challenge,” in the fourth medium-term management plan (from the fiscal year ended November 30, 2020 to the fiscal year ending November 30, 2022) for which the entire Group is currently making all-out efforts. In the fiscal year ending November 30, 2022, the final year of the plan, the Group will formulate a growth strategy for business related to homes and lives, and promote collaboration in products and services beyond the boundaries of segments and companies for “new developments by SALA in life.” For “SALA’s penetration,” the Group will deepen its connection with customers who have a history of transaction with each SALA Group company by turning them into customers of the Group as a whole.

In addition, the Group will set a concrete goal through 2030 toward realization of carbon neutrality by 2050, and exercise leadership in achieving carbon neutrality in community. For “transformation and challenge,” a new personnel system which supports sustained growth of the Group in response to diversity in ages and ways of working will be started. Furthermore, emCAMPUS EAST, which was opened at Toyohashi Ekimae-odori 2-chome, will challenge new initiatives to create a prosperous future of the community, such as support for entrepreneurs, collaborative research with universities, exchanges between companies, development of human resources who are active in the local community, and promotion of the Higashi Mikawa Food Valley concept.

The whole Group will achieve the fourth medium-term management plan by strongly promoting each measure stated above, aiming to realize the 2030 vision, which is the medium- to long-term goal.

Priority initiatives of each segment are as follows.

Priority initiatives of each segment

Energy & Solutions

- Toward the realization of low-carbon and decarbonized society, we promote the introduction of renewal energy equipment in our own facilities in addition to proposals for carbon neutral gas and electricity and green reform (electricity creation, power storage and power saving) to customers.
- We will ramp up our efforts to bring about an increase SALA’s share of energy, including extension of city gas conduit pipes, business succession and business consignment for LP gas, examination of a new electric rate menu. In addition, we will develop services for living that lead to improvement in customer satisfaction, such as renovation to reduce housework time and create a comfortable time at home, and sale of gas equipment.
- For corporate customers, we will enhance proposals of solutions that lead to labor-saving, automation and facility replacement for the working process according to customers’ business environment, in cooperation with the Engineering & Maintenance business, manufacturers and others.

Engineering & Maintenance

- To create new touch points with customers, we will enhance proposals for construction services, etc. that lead to crime prevention, disaster prevention and environmental load reduction, and strive to improve customer satisfaction and expand transactions.
- Toward realization of carbon neutrality, we will start to make a system in which proposals of optimal solutions are offered on one stop through cooperation with each SALA Group company.
- We will work on continued improvement in the process management of the sales, construction and support departments. Moreover, we will endeavor to establish a solid revenue base that is not swayed by the external environment through efforts to secure and develop human resources and increase productivity utilizing IT and digital technologies.

Housing

- The housing sales department will enhance earning capacity by promoting sales of high value added products in addition to review of the work flow and strengthening of management in housing construction and sales. In addition, we will strengthen cooperation with each SALA Group company, aiming to expand services in growing business domains associated with homes, such as renovation, and purchase and resale.
- The housing components and materials processing and sales department will work to increase sales based on a sales strategy according to customers, build a construction system that can meet diverse construction needs, make effective use of the logistics network, etc.

Car Life Support

- We will work to improve customer satisfaction by establishing a structure that enables optimal proposals for customers through linkages between sale and services of new and used cars in all dealerships.

- We will send information on periodic inspection, campaigns, vehicles and others to enhance creation of regular touch points with customers.

Animal Health Care

- We will work on elimination and consolidation of business offices by embracing changes in the market environment and opening new stores as well as M&A in priority areas with an aim to further expand the business scale.
- In addition to developing sales measures suitable for the business environment, we will strive to increase productivity through efforts to strengthen consulting sales, streamline management work utilizing IT, and create a vibrant workplace.

Properties

- We will strive to enhance sales utilizing a database on property information, visualize the sales process through introduction of sales support tools, and strengthen management in the real estate transaction business such as real estate brokerage, and purchase and resale.
- At emCAMPUS EAST located at Toyohashi Ekimae-odori 2-chome, we will promote initiatives that lead to formation of a community with the neighboring areas in collaboration with companies and universities in the Higashi Mikawa area.
- The hospitality department will establish and implement operation that can be run at minimal cost by carrying out thorough cost control.

ii) Plan for the next fiscal year

	Net sales (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
Fiscal year ending November 30, 2022 (plan)	224,000	6,800	7,600	4,900	76.99
Fiscal year ended November 30, 2021 (actual)	227,935	6,592	8,312	5,262	83.13
Changes (%)	(1.7)	3.2	(8.6)	(6.9)	(7.4)

(Notes) 1. In the plan for the fiscal year ending November 30, 2022, due to the application of the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and relevant ASBJ regulations, the Company expects a decrease of approximately ¥14,100 million in net sales in comparison with the case where the previous accounting standard had been applied.

2. The effects of loss (gain) on valuation of derivatives on forward exchange contracts are not included in the plan for the fiscal year ending November 30, 2022.

(5) Basic policy on profit sharing and dividends for the current and next fiscal years

The Company has stipulated, as its basic policy on dividends, that the Company pays dividends with the target consolidated payout ratio excluding effects of loss (gain) on valuation of derivatives on forward exchange contracts at 30%.

Because SALA e POWER Co., Ltd., a consolidated subsidiary of the Company, entered into a forward exchange contract in November 2017 to pay for foreign-currency purchase transactions of imported materials, market price valuation differences for the forward exchange contract will be recorded as loss (gain) on valuation of derivatives at each quarter-end for the time being. Since these market price valuation differences are merely valuations at market value as at period-end which do not involve any movement of cash flows, such a changing fraction is excluded from resources that serve as the basis for profit sharing.

As for the year-end dividend for the current fiscal year, the Company decided based on the above at the Board of Directors meeting held at January 12, 2022 that it is ¥13 per share. (Effective date: January 31, 2022)

As a result, the annual dividend for the current fiscal year, together with the interim dividend of ¥10, is ¥23 per share.

In addition, the consolidated payout ratio excluding loss (gain) on valuation of derivatives on forward exchange contracts is 30.3%.

For dividends for the next fiscal year, the Company will also make a payment in accordance with the above basic policy.

2. Basic policy regarding selection of accounting standards

The Group adopts the Japanese GAAP as the accounting standards in order to ensure comparability among other domestic companies in the same industry.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of November 30, 2020	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	22,169	24,754
Notes and accounts receivable - trade	23,115	26,528
Electronically recorded monetary claims - operating	1,329	1,458
Investments in leases	1,271	1,396
Merchandise and finished goods	14,232	12,618
Work in process	13,716	11,135
Raw materials and supplies	271	405
Other	4,062	3,384
Allowance for doubtful accounts	(226)	(196)
Total current assets	79,940	81,487
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,085	20,768
Machinery, equipment and vehicles, net	9,318	8,821
Gas pipe, net	18,256	17,158
Land	34,096	33,858
Leased assets, net	508	675
Construction in progress	1,329	841
Other, net	810	799
Total property, plant and equipment	84,404	82,923
Intangible assets		
Goodwill	413	338
Other	1,213	1,149
Total intangible assets	1,627	1,488
Investments and other assets		
Investment securities	7,725	7,552
Long-term loans receivable	4,649	3,939
Deferred tax assets	5,287	4,920
Other	4,809	5,599
Allowance for doubtful accounts	(433)	(428)
Total investments and other assets	22,038	21,583
Total non-current assets	108,070	105,994
Total assets	188,011	187,481

(Millions of yen)

	As of November 30, 2020	As of November 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,855	24,656
Electronically recorded obligations - operating	3,416	4,289
Short-term borrowings	9,363	6,791
Current portion of long-term borrowings	7,860	9,845
Income taxes payable	1,148	1,301
Provision for bonuses	2,403	2,639
Provision for bonuses for directors (and other officers)	5	7
Provision for warranties for completed construction	55	64
Provision for loss on construction contracts	137	175
Provision for point card certificates	278	280
Provision for repairs	1	–
Provision for loss on guarantees	–	193
Other	16,437	14,163
Total current liabilities	61,964	64,407
Non-current liabilities		
Long-term borrowings	47,536	40,369
Lease obligations	1,254	1,303
Deferred tax liabilities	74	198
Provision for retirement benefits for directors (and other officers)	209	195
Provision for share-based compensation	332	417
Provision for repairs	110	83
Provision for loss on guarantees	193	–
Retirement benefit liability	12,420	11,782
Other	2,206	2,024
Total non-current liabilities	64,338	56,374
Total liabilities	126,302	120,782
Net assets		
Shareholders' equity		
Share capital	8,025	8,025
Capital surplus	25,169	25,269
Retained earnings	29,423	33,365
Treasury shares	(2,126)	(1,585)
Total shareholders' equity	60,490	65,074
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	725	441
Deferred gains or losses on hedges	23	356
Remeasurements of defined benefit plans	(812)	(446)
Total accumulated other comprehensive income	(63)	351
Non-controlling interests	1,281	1,273
Total net assets	61,708	66,699
Total liabilities and net assets	188,011	187,481

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Net sales	211,702	227,935
Cost of sales	155,011	169,565
Gross profit	56,690	58,369
Selling, general and administrative expenses	50,750	51,777
Operating profit	5,940	6,592
Non-operating income		
Interest income	107	85
Dividend income	128	95
Purchase discounts	51	46
Gain on valuation of derivatives	772	629
Share of profit of entities accounted for using equity method	145	391
Other	505	751
Total non-operating income	1,710	1,999
Non-operating expenses		
Interest expenses	173	150
Other	119	127
Total non-operating expenses	293	278
Ordinary profit	7,357	8,312
Extraordinary income		
Gain on sale of non-current assets	48	111
Gain on sale of investment securities	164	111
Subsidy income	38	-
Total extraordinary income	251	222
Extraordinary losses		
Loss on sale and retirement of non-current assets	64	87
Loss on valuation of investment securities	9	-
Loss on sale of shares of subsidiaries and associates	-	14
Impairment losses	1,370	369
Provision for loss on guarantees	193	-
Non-recurring loss	48	-
Total extraordinary losses	1,685	471
Profit before income taxes	5,923	8,064
Income taxes - current	2,391	2,405
Income taxes - deferred	(84)	236
Total income taxes	2,307	2,642
Profit	3,615	5,422
Profit attributable to non-controlling interests	122	160
Profit attributable to owners of parent	3,493	5,262

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Profit	3,615	5,422
Other comprehensive income		
Valuation difference on available-for-sale securities	(204)	(283)
Deferred gains or losses on hedges	(40)	332
Remeasurements of defined benefit plans, net of tax	(457)	372
Total other comprehensive income	(701)	421
Comprehensive income	2,914	5,844
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,795	5,677
Comprehensive income attributable to non-controlling interests	118	166

(3) Consolidated statement of changes in equity

For the fiscal year ended November 30, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,025	25,183	27,316	(2,649)	57,874
Changes during period					
Dividends of surplus			(1,386)		(1,386)
Profit attributable to owners of parent			3,493		3,493
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		523	523
Change in ownership interest of parent due to transactions with non-controlling interests		(13)			(13)
Net changes in items other than shareholders' equity					
Total changes during period	–	(13)	2,107	523	2,616
Balance at end of period	8,025	25,169	29,423	(2,126)	60,490

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	929	64	(358)	634	1,158	59,667
Changes during period						
Dividends of surplus						(1,386)
Profit attributable to owners of parent						3,493
Purchase of treasury shares						(0)
Disposal of treasury shares						523
Change in ownership interest of parent due to transactions with non-controlling interests						(13)
Net changes in items other than shareholders' equity	(203)	(40)	(453)	(697)	123	(574)
Total changes during period	(203)	(40)	(453)	(697)	123	2,041
Balance at end of period	725	23	(812)	(63)	1,281	61,708

For the fiscal year ended November 30, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,025	25,169	29,423	(2,126)	60,490
Changes during period					
Dividends of surplus			(1,320)		(1,320)
Profit attributable to owners of parent			5,262		5,262
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		542	542
Change in ownership interest of parent due to transactions with non-controlling interests		100			100
Net changes in items other than shareholders' equity					
Total changes during period	-	100	3,941	541	4,583
Balance at end of period	8,025	25,269	33,365	(1,585)	65,074

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	725	23	(812)	(63)	1,281	61,708
Changes during period						
Dividends of surplus						(1,320)
Profit attributable to owners of parent						5,262
Purchase of treasury shares						(0)
Disposal of treasury shares						542
Change in ownership interest of parent due to transactions with non-controlling interests						100
Net changes in items other than shareholders' equity	(283)	332	366	415	(7)	407
Total changes during period	(283)	332	366	415	(7)	4,990
Balance at end of period	441	356	(446)	351	1,273	66,699

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Cash flows from operating activities		
Profit before income taxes	5,923	8,064
Depreciation	7,193	6,871
Impairment losses	1,370	369
Amortization of goodwill	198	167
Increase (decrease) in allowance for doubtful accounts	(24)	(35)
Increase (decrease) in provision for bonuses	(78)	236
Increase (decrease) in provision for bonuses for directors (and other officers)	(2)	1
Increase (decrease) in provision for warranties for completed construction	(7)	8
Increase (decrease) in provision for loss on construction contracts	68	37
Increase (decrease) in provision for point card certificates	7	1
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7	(13)
Increase (decrease) in provision for share-based compensation	86	85
Increase (decrease) in provision for repairs	(1)	(28)
Increase (decrease) in provision for loss on guarantees	193	-
Increase (decrease) in retirement benefit liability	(462)	(237)
Interest and dividend income	(235)	(180)
Interest expenses	174	149
Share of loss (profit) of entities accounted for using equity method	(145)	(391)
Loss (gain) on valuation of derivatives	(772)	(629)
Loss (gain) on sale and retirement of non-current assets	(16)	(68)
Loss (gain) on sale of investment securities	(164)	(111)
Loss (gain) on valuation of investment securities	9	-
Decrease (increase) in trade receivables	3,342	(4,555)
Decrease (increase) in inventories	(99)	3,843
Increase (decrease) in trade payables	(6,623)	4,731
Increase (decrease) in long-term accounts payable - other	(372)	(76)
Other, net	4,060	(190)
Subtotal	13,628	18,049
Interest and dividends received	261	212
Interest paid	(241)	(187)
Income taxes paid	(2,856)	(2,257)
Net cash provided by (used in) operating activities	10,791	15,816

(Millions of yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,353)	(5,342)
Proceeds from sale of property, plant and equipment	143	298
Purchase of intangible assets	(397)	(327)
Purchase of investment securities	(486)	(77)
Proceeds from sale of investment securities	447	310
Loan advances	(41)	(52)
Proceeds from collection of loans receivable	572	828
Other, net	(4)	(34)
Net cash provided by (used in) investing activities	(6,120)	(4,398)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,961)	(2,571)
Proceeds from long-term borrowings	14,700	5,400
Repayments of long-term borrowings	(11,529)	(10,548)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	523	542
Dividends paid	(1,382)	(1,320)
Dividends paid to non-controlling interests	(7)	(7)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(66)
Repayments of finance lease obligations	(203)	(215)
Net cash provided by (used in) financing activities	(4,861)	(8,788)
Net increase (decrease) in cash and cash equivalents	(189)	2,629
Cash and cash equivalents at beginning of period	21,788	21,598
Cash and cash equivalents at end of period	21,598	24,227

(5) Notes to consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Additional information

Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system

As for items regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, the Company and some consolidated subsidiaries have not applied the provisions of paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph 3 of the “Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

Segment information, etc.*Segment information*

1. Description of reportable segments

The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Group is mainly engaged in the Energy & Solutions business, the Engineering & Maintenance business, the Housing business, the Car Life Support business, the Animal Health Care business and the Properties business, and its major consolidated subsidiaries in each segment formulate a comprehensive strategy and conduct business activities. In addition, the Company provides instruction and support on the formulation of comprehensive strategies of consolidated subsidiaries.

Therefore, the reportable segments of the Group consist of segments by business based on each of consolidated subsidiaries, and are six segments: “Energy & Solutions business,” “Engineering & Maintenance business,” “Housing business,” “Car Life Support business,” “Animal Health Care business,” and “Properties business.”

Products and services by reportable segment are as follows.

Energy & Solutions business	Sale of city gas, LP gas, petroleum products, high-pressure gas and related equipment, electricity supply business, heat supply business, business related to services for living, oil transportation, general cargo transportation, etc.
Engineering & Maintenance business	Civil engineering work, construction work, manufacturing and sale of construction materials, equipment work, equipment maintenance, information and communications related equipment work, etc.
Housing business	Contracting of custom-built houses, contracting of building renovation, sale and purchase, lease, brokerage and management of real estate, sale of construction materials, housing equipment and others, etc.
Car Life Support business	Sale and maintenance of imported cars, etc.
Animal Health Care business	Sale of veterinary medical products and equipment for livestock farming, and sale of dietary additives for animal use
Properties business	Lease, sale and purchase, and brokerage of real estate, condominium, hotel and food/beverage businesses, etc.

2. Explanation of measurements of sales, profit (loss), asset, and other items for each reportable segment

The method of accounting for reported operating segments is the same as principles and procedures for accounting treatment used to prepare the consolidated financial statements.

Profit of reportable segments is the figure based on operating profit.

Intersegment revenue or transfers are based on actual market price.

3. Disclosure of sales, profit (loss), asset, and other items for each reportable segment

For the fiscal year ended November 30, 2020

(Millions of yen)

	Reportable segments				
	Energy & Solutions business	Engineering & Maintenance business	Housing business	Car Life Support business	Animal Health Care business
Net sales					
Revenues from external customers	95,723	30,252	35,690	13,043	29,789
Intersegment sales or transfers	1,969	5,859	15	16	0
Total	97,692	36,111	35,705	13,059	29,789
Segment profit (loss)	2,992	2,283	462	69	698
Segment assets	94,341	23,959	28,343	10,157	9,772
Other items					
Depreciation	5,705	195	152	512	43
Amortization of goodwill	128	–	70	–	–
Investments in entities accounted for using equity method	942	–	–	–	–
Increase in property, plant and equipment and intangible assets	5,818	192	56	186	69

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Carrying amount (Note 3)
	Properties business	Total				
Net sales						
Revenues from external customers	3,752	208,250	3,451	211,702	–	211,702
Intersegment sales or transfers	516	8,377	1,445	9,822	(9,822)	–
Total	4,269	216,628	4,896	221,524	(9,822)	211,702
Segment profit (loss)	(476)	6,029	30	6,059	(119)	5,940
Segment assets	13,898	180,472	7,470	187,942	68	188,011
Other items						
Depreciation	544	7,153	201	7,354	(160)	7,193
Amortization of goodwill	–	198	0	198	–	198
Investments in entities accounted for using equity method	–	942	1,796	2,738	–	2,738
Increase in property, plant and equipment and intangible assets	340	6,664	360	7,024	(228)	6,795

(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 is as follows.

- (1) Adjustment to segment profit (loss) of ¥(119) million includes intersegment eliminations of ¥1,131 million and corporate expenses of ¥(1,251) million. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.
- (2) Adjustment to segment assets of ¥68 million includes intersegment eliminations of ¥(11,083) million and corporate assets of ¥11,151 million.
- (3) Adjustment to depreciation of ¥(160) million includes intersegment eliminations of ¥(163) million and corporate expenses of ¥2 million.
- (4) Adjustment to increase in property, plant and equipment and intangible assets of ¥(228) million includes intersegment eliminations of ¥(230) million and corporate assets of ¥1 million.

3. Segment profit (loss) was adjusted with operating profit in the consolidated statement of income.

For the fiscal year ended November 30, 2021

(Millions of yen)

	Reportable segments				
	Energy & Solutions business	Engineering & Maintenance business	Housing business	Car Life Support business	Animal Health Care business
Net sales					
Revenues from external customers	98,983	30,750	38,582	15,539	30,920
Intersegment sales or transfers	2,330	5,289	20	7	8
Total	101,314	36,039	38,602	15,546	30,928
Segment profit (loss)	3,004	2,286	780	267	727
Segment assets	95,195	25,122	25,836	10,204	10,426
Other items					
Depreciation	5,455	176	144	565	51
Amortization of goodwill	96	–	70	–	–
Investments in entities accounted for using equity method	1,057	–	–	–	–
Increase in property, plant and equipment and intangible assets	4,182	224	150	96	139

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Carrying amount (Note 3)
	Properties business	Total				
Net sales						
Revenues from external customers	9,736	224,514	3,411	227,925	9	227,935
Intersegment sales or transfers	514	8,169	1,796	9,966	(9,966)	–
Total	10,250	232,683	5,208	237,892	(9,956)	227,935
Segment profit (loss)	(189)	6,877	131	7,008	(416)	6,592
Segment assets	12,278	179,064	7,912	186,976	505	187,481
Other items						
Depreciation	399	6,793	206	6,999	(128)	6,871
Amortization of goodwill	–	167	0	167	–	167
Investments in entities accounted for using equity method	–	1,057	1,960	3,017	–	3,017
Increase in property, plant and equipment and intangible assets	363	5,157	108	5,265	508	5,774

(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 is as follows.

- (1) Adjustment to segment profit (loss) of ¥(416) million includes intersegment eliminations of ¥1,093 million and corporate expenses of ¥(1,509) million. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.
- (2) Adjustment to segment assets of ¥505 million includes intersegment eliminations of ¥(11,288) million and corporate assets of ¥11,793 million.
- (3) Adjustment to depreciation of ¥(128) million includes intersegment eliminations of ¥(150) million and corporate expenses of ¥22 million.
- (4) Adjustment to increase in property, plant and equipment and intangible assets of ¥508 million includes intersegment eliminations of ¥(223) million and corporate assets of ¥732 million.

3. Segment profit (loss) was adjusted with operating profit in the consolidated statement of income.

Information associated with reportable segments

For the fiscal year ended November 30, 2020

1. Information for each product or service

This information is omitted because the classification of products and services is the same as the classification of reportable segments.

2. Information for each region

(1) Net sales

Not applicable, because there are no revenues from external customers outside Japan.

(2) Property, plant and equipment

Not applicable, because there are no property, plant and equipment located outside Japan.

3. Information for each of main customers

This information has been omitted because there were no customers that accounted for 10% or more of total net sales recorded on the consolidated statement of income.

For the fiscal year ended November 30, 2021

1. Information for each product or service

This information is omitted because the classification of products and services is the same as the classification of reportable segments.

2. Information for each region

(1) Net sales

Not applicable, because there are no revenues from external customers outside Japan.

(2) Property, plant and equipment

Not applicable, because there are no property, plant and equipment located outside Japan.

3. Information for each of main customers

This information has been omitted because there were no customers that accounted for 10% or more of total net sales recorded on the consolidated statement of income.

Disclosure of impairment losses on non-current assets for each reportable segment

For the fiscal year ended November 30, 2020

(Millions of yen)

	Impairment losses
Energy & Solutions business	–
Engineering & Maintenance business	–
Housing business	49
Car Life Support business	–
Animal Health Care business	–
Properties business	1,321
Other (Note)	6
Unallocated amounts and elimination	(7)
Total	1,370

(Note) The amount of “other” is the amount related to the auto parts manufacturing business.

For the fiscal year ended November 30, 2021

(Millions of yen)

	Impairment losses
Energy & Solutions business	92
Engineering & Maintenance business	–
Housing business	–
Car Life Support business	81
Animal Health Care business	43
Properties business	–
Other (Note)	150
Unallocated amounts and elimination	(0)
Total	369

(Note) The amount of “other” is the amount related to the auto parts manufacturing business.

Amortization and unamortized balance of goodwill for each reportable segment

For the fiscal year ended November 30, 2020

(Millions of yen)

	Amortization in the fiscal year	Balance at end of period
Energy & Solutions business	128	231
Engineering & Maintenance business	–	–
Housing business	70	182
Car Life Support business	–	–
Animal Health Care business	–	–
Properties business	–	–
Other (Note)	0	0
Unallocated amounts and elimination	–	–
Total	198	413

(Note) The amount of “other” is the amount related to the insurance agency business.

For the fiscal year ended November 30, 2021

(Millions of yen)

	Amortization in the fiscal year	Balance at end of period
Energy & Solutions business	96	227
Engineering & Maintenance business	–	–
Housing business	70	111
Car Life Support business	–	–
Animal Health Care business	–	–
Properties business	–	–
Other (Note)	0	–
Unallocated amounts and elimination	–	–
Total	167	338

(Note) The amount of “other” is the amount related to the insurance agency business.

Information about gain on bargain purchase for each reportable segment

For the fiscal year ended November 30, 2020

Not applicable.

For the fiscal year ended November 30, 2021

Not applicable.

Per share information

(Yen)

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Net assets per share	961.01	1,027.98
Basic earnings per share	55.86	83.13

(Notes) 1. Diluted earnings per share is not presented since no potential shares exist.

2. The Company has introduced the Employee Shareholding Incentive Plan and the share-based remuneration plan for Directors, and includes shares of the Company held by the trust exclusive to the SALA Corporation Employees' Shareholding Association and the Board Benefit Trust in treasury shares deducted from the total number of issued shares at period-end in calculating “net assets per share” (trust exclusive to the Employees' Shareholding Association: 715 thousand shares in the previous fiscal year, and 34 thousand shares in the current fiscal year; Board Benefit Trust: 2,436 thousand shares in the previous fiscal year, and 2,350 thousand shares in the current fiscal year).

Furthermore, in calculating “basic earnings per share,” such shares are included in treasury shares deducted in the calculation of the average number of shares outstanding during the period (trust exclusive to the Employees' Shareholding Association: 1,023 thousand shares in the previous fiscal year, and 345 thousand shares in the current fiscal year; Board Benefit Trust: 2,467 thousand shares in the previous fiscal year, and 2,380 thousand shares in the current fiscal year).

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

	Fiscal year ended November 30, 2020	Fiscal year ended November 30, 2021
Profit attributable to owners of parent (Millions of yen)	3,493	5,262
Profit not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	3,493	5,262
Average number of outstanding common shares during the period (Thousands of shares)	62,539	63,304

Significant events after reporting period

Not applicable.