Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

January 12, 2023

Consolidated Financial Results for the Fiscal Year Ended November 30, 2022 (Under Japanese GAAP)

Company name: SALA Corporation
Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
Securities code: 2734
URL: https://www.sala.jp/
Representative: Goro Kamino, President and Representative Director, Group Representative and CEO
Inquiries: Shinichi Ichikawa, Manager of General Affairs Group, General Affairs Department
Telephone: +81-532-51-1182
Scheduled date of annual general meeting of shareholders: February 17, 2023
Scheduled date to commence dividend payments: January 31, 2023
Scheduled date to file annual securities report: February 20, 2023
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, 2022 (from December 1, 2021 to November 30, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2022	234,848	3.0	6,891	4.5	8,601	3.5	5,682	8.0
November 30, 2021	227,935	7.7	6,592	11.0	8,312	13.0	5,262	50.6

Note: Comprehensive income For the fiscal year ended November 30, 2022: ¥7,545 million [29.1%]
For the fiscal year ended November 30, 2021: ¥5,844 million [100.5%]

	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, 2022	89.12	–	8.3	4.6	2.9
November 30, 2021	83.13	–	8.4	4.4	2.9

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended November 30, 2022: ¥330 million
For the fiscal year ended November 30, 2021: ¥391 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the fiscal year ended November 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(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, 2022	188,417	73,355	38.2	1,128.69
November 30, 2021	187,481	66,699	34.9	1,027.98

Reference: Equity
As of November 30, 2022: ¥72,012 million
As of November 30, 2021: ¥65,425 million

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure as of November 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(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, 2022	9,930	(3,861)	(6,524)	23,772
November 30, 2021	15,816	(4,398)	(8,788)	24,227

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, 2021	–	10.00	–	13.00	23.00	1,518	27.7	2.3
Fiscal year ended November 30, 2022	–	11.00	–	15.00	26.00	1,716	29.2	2.4
Fiscal year ending November 30, 2023 (Forecast)	–	13.00	–	13.00	26.00		30.7	

Note: The year-end dividend for the fiscal year ended November 30, 2022 includes a commemorative dividend of ¥2 to celebrate the 20th anniversary of the Company's establishment.

3. Consolidated earnings forecasts for the fiscal year ending November 30, 2023 (from December 1, 2022 to November 30, 2023)

(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, 2023	130,000	9.9	5,800	(7.1)	6,200	(11.8)	4,400	(8.4)	68.96
Fiscal year ending November 30, 2023	250,000	6.5	7,000	1.6	7,800	(9.3)	5,400	(5.0)	84.64

*** 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: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to "(5) Notes to consolidated financial statements (Changes in accounting policies)" of "3. Consolidated financial statements and significant notes thereto" on page 18 of the attachment.

(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, 2022	66,041,147 shares
As of November 30, 2021	66,041,147 shares

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

As of November 30, 2022	2,239,289 shares
As of November 30, 2021	2,396,033 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended November 30, 2022	63,757,177 shares
Fiscal year ended November 30, 2021	63,304,515 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended November 30, 2022 (from December 1, 2021 to November 30, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2022	3,419	16.1	1,781	26.5	1,834	8.7	1,905	13.3
November 30, 2021	2,946	(3.2)	1,408	(14.3)	1,687	(0.2)	1,680	9.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
November 30, 2022	29.88	–
November 30, 2021	26.55	–

(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, 2022	97,176	45,544	46.9	713.84
November 30, 2021	94,049	45,096	47.9	708.56

Reference: Equity
As of November 30, 2022: ¥45,544 million
As of November 30, 2021: ¥45,096 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.

○Attachment Index

Index

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year

In the fiscal year ended November 30, 2022, the Japanese economy saw an increase in uncertainties regarding the economic outlook due to factors such as rising cost of living due to the impact of situation in Ukraine, depreciation of the yen, etc., while efforts to both prevent the spread of the novel coronavirus disease (COVID-19) and to revitalize socioeconomic activities continued to progress.

Under these conditions, 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 priority issues in the fourth medium-term management plan with the fiscal year ended November 30, 2022 as the final fiscal year, and the SALA Group worked in unison to promote each measure to complete this medium-term management plan.

SALA ENERGY CO., LTD., which operates the Energy & Solutions business, worked to prepare to rebuild a core system in order to provide optimal high quality services to customers through the use of digital technologies. In March 2022, the company entered into an agreement related to the "project to introduce renewable energy to city-owned facilities" with Toyohashi City and started initiatives that systematically entrust services from the installation of solar power generation equipment, etc. at 15 facilities owned by Toyohashi City to the operation, maintenance, and management of the equipment. In the Engineering & Maintenance business, the Company sought to strengthen contact with customers by leveraging its strength in providing a one-stop shop for sales, construction, and after-sales maintenance, and to expand transactions by proposing optimal solutions in collaboration with other companies in the SALA Group. SALA HOUSE CO., LTD., which is the Housing business, opened a model house with LCCM (Life Cycle Carbon Minus) specifications in August 2022, which reduces the CO_2 balance throughout the life cycle of a house from construction to demolition, and promoted carbon neutrality in the field of housing. SALA CARS JAPAN Co., Ltd., which is the Car Life Support business, worked in cooperation with SALA ENERGY CO., LTD. and SALA e ENERGY CO., LTD. and started to make its stores carbon neutral, reducing CO_2 emissions from electricity and gas used in the showrooms to effectively zero. ASCO Co., Ltd., which is the Animal Health Care business, following the integration of its subsidiary Hokuyaku Co., Ltd. in December 2021, prepared for the integration of its subsidiaries A.M.I. Co., Ltd. and Daiwa Pharmaceutical Co., Ltd. in December 2022 in order to further strengthen profitability and expand market share. emCAMPUS Co., Ltd, which was founded in December 2021 in the emCAMPUS EAST, has started joint projects through industry-academia collaboration, aiming to revitalize the local community. Additionally, by holding cross-industrial cooperative training programs with employees of various companies from the region as participants, emCAMPUS Co., Ltd. has been working to develop human resources that can create new value in the region.

As for operating results for the current fiscal year, net sales increased by 3.0% year on year to ¥234,848 million, and operating profit rose by 4.5% year on year to ¥6,891 million, due to higher sales and profit in the Energy & Solutions business, amid a decrease in revenue of ¥15,395 million compared with the previous accounting method due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. Ordinary profit increased by 3.5% year on year to ¥8,601 million due to an increase in gain on valuation of derivatives on forward exchange contracts in non-operating income. Profit attributable to owners of parent increased by 8.0% year on year to ¥5,682 million due to an increase in gain on sale of investment securities in extraordinary income.

Net sales, operating profit, and ordinary profit posted record highs.

Result of each segment is as follows.

Energy & Solutions business

Net sales ¥116,634 million (up 17.8% year on year)

Operating profit ¥3,996 million (up 33.0% year on year)

With regard to city gas, sales volume mainly for home use and industrial use increased. Net sales increased due to the upwardly adjustment of the selling price of city gas based on a system to adjust raw material costs, and due to the revision of the selling price of LP gas was in response to higher raw material prices. In terms of profit, operating profit increased due to higher gross profit from city gas sales.

Engineering & Maintenance business

Net sales ¥30,184 million (down 1.8% year on year)

Operating profit ¥2,192 million (down 4.1% year on year)

Although the construction department and the maintenance department performed well, net sales declined due to a decrease in large completed projects for the public sector in the civil engineering department. As for profit, despite efforts to reduce cost of sales by thorough process management, operating profit decreased due to the declined profit margin of completed construction in the equipment work department and the civil engineering department.

Housing business

Net sales ¥38,209 million (down 1.0% year on year)

Operating profit ¥568 million (down 27.2% year on year)

In the housing sales department, both the number of lot houses sold and custom-built houses sold declined due to the impact of soaring material prices and other factors. On the other hand, in the housing components and materials processing and sales department, orders received increased as a result of its efforts to expand transactions mainly in the existing business partners. Overall segment sales and operating profit both declined due to the decrease in the number of homes sold.

Car Life Support business

Net sales ¥16,964 million (up 9.2% year on year)

Operating profit ¥241 million (down 9.7% year on year)

Both Volkswagen and Audi experienced a decrease in the number of new cars sold due to the impact of the lower production volume resulting from semiconductor shortages, etc. On the other hand, since the number of used cars sold increased due to the Company focusing on used car sales, net sales increased. As for profit, operating profit decreased due to an increase in selling, general and administrative expenses, such as promotion expenses.

Animal Health Care business

Net sales ¥25,989 million (down 15.9% year on year)

Operating profit ¥669 million (down 8.0% year on year)

Orders for veterinary medical products, etc. received decreased due to the impact of high feed prices, etc. Net sales decreased due to the inclusion of a decreasing factor of ¥4,789 million from the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. As for profit, operating profit declined due to lower gross profit in both the livestock farming department and the pet related department.

Properties business

Net sales ¥4,728 million (down 51.4% year on year)

Operating loss ¥418 million (operating loss of ¥189 million for the previous fiscal year)

Since the previous fiscal year’s results included sales results of a condominium apartment building completed during the period, net sales declined significantly and the operating loss increased. In the hospitality department, the number of customers for banquets, bridal services, and hotel stays, etc. were below the level before the spread of COVID-19.

(2) Overview of financial position for the fiscal year

Assets, liabilities and net assets

(Millions of yen)

	As of November 30, 2021	As of November 30, 2022	Changes
Assets	187,481	188,417	935
Liabilities	120,782	115,062	(5,719)
Net assets	66,699	73,355	6,655

Assets

Assets amounted to ¥188,417 million, up ¥935 million from November 30, 2021. This was mainly due to increases in “notes and accounts receivable - trade, and contract assets” by ¥6,549 million, “other” under investments and other assets by ¥758 million, and “electronically recorded monetary claims - operating” by ¥552 million, despite decreases in “work in process” by ¥3,479 million, “property, plant and equipment” by ¥2,424 million, and “long-term borrowings” by ¥735 million.

Liabilities

Liabilities were ¥115,062 million, down ¥5,719 million from November 30, 2021. This was mainly due to decreases in “long-term borrowings (including current portion)” by ¥3,940 million, “other” under current liabilities by ¥2,554 million and “retirement benefit liability” by ¥2,246 million, despite an increase in “notes and accounts payable - trade” by ¥3,171 million.

Net assets

Net assets were ¥73,355 million, up ¥6,655 million from November 30, 2021. This was mainly due to an increase in “retained earnings” of ¥4,710 million (increased by ¥5,682 million due to recording of profit attributable to owners of parent, decreased by ¥1,584 million due to payment of dividends, increased by ¥601 million due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations and increased by ¥11 million due to change in scope of consolidation).

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

Cash and cash equivalents (hereinafter referred to as “cash”) in the current fiscal year decreased by ¥455 million in total, resulting from net cash provided by operating activities of ¥9,930 million, net cash used in investing activities of ¥3,861 million, and net cash used in financing activities of ¥6,524 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥9,930 million (down 37.2% year on year). This was mainly due to increase factors such as “profit before income taxes” of ¥8,421 million, “depreciation” of ¥6,827 million, “increase in trade payables” of ¥3,308 million, and decrease factors including “increase in trade receivables” of ¥5,725 million and “income taxes paid” of ¥2,529 million.

Cash flows from investing activities

Net cash used in investing activities was ¥3,861 million (12.2% decrease of cash outflow year on year). This was mainly due to a decrease factor of "purchase of property, plant and equipment" by ¥4,793 million and an increase factor of "proceeds from collection of loans receivable" of ¥791 million.

Cash flows from financing activities

Net cash used in financing activities was ¥6,524 million (25.8% decrease of cash outflow year on year). This was mainly due to decrease factors such as "repayments of long-term borrowings" of ¥10,022 million, "dividends paid" of ¥1,594 million and "net decrease in short-term borrowings" of ¥847 million, and increase factors including "proceeds from long-term borrowings" of ¥6,100 million and "proceeds from sale of treasury shares" of ¥105 million.

The Group's cash flow indices were as follows.

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity-to-asset ratio (%)	30.3	30.0	32.1	34.9	38.2
Market value equity ratio (%)	22.8	19.7	18.9	19.3	25.4
Interest-bearing debt to cash flow ratio (years)	11.6	9.9	6.3	3.8	5.5
Interest coverage ratio (times)	19.8	29.1	44.6	84.2	62.3

(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

In 2019, the year of its 110th anniversary, the SALA Group set forth its 2030 vision, "SALA in my town, SALA with people's lives," as the future we want to realize. In this vision, we pledge to continue to provide new and enjoyable value, as well as safety, security, comfort, and convenience, by thoroughly pursuing the ease of life for our customers even in the midst of drastic social changes. 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. To realize this vision, we laid the groundwork toward new growth in the fourth medium-term management plan (from the fiscal year ended November 30, 2020 to the fiscal year ended November 30, 2022). Now, in order to further advance our transformation toward growth, we have formulated the fifth medium-term management plan under the themes of collaboration and co-creation.

[Outline of the fifth medium-term management plan]

The fifth medium-term management plan (from the fiscal year ending November 30, 2023 to the fiscal year ending November 30, 2025) focuses on collaboration and co-creation, and sets the basic policy of "going beyond the framework" to take on the challenge of further growth. The five 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.' "Through proactive collaboration and co-creation with other companies within and outside the Group, we will solve local community and customer issues and provide customer experiences that exceed customer expectations, thereby enhancing SALA's brand value and realizing the 2030 Vision.

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

1. Key strategies

[Key strategy 1] Service and business development in the Life Creative Business Unit and transformation of the business format

In order to grow the Life Creative Business Unit, we will develop new services and businesses in the lifestyle field, while transforming our business format to solve customer issues and local community social problems as "One SALA" by removing existing segments and company frameworks.

(1) Business transformation that removes existing frameworks toward "One SALA"

(2) Development of new services and businesses

(3) Carbon neutral initiatives

[Key strategy 2] Enhancing brand value through "customer experience" that exceeds expectations

From the customer's perspective, we will provide a variety of services as "One SALA" to realize a "customer experience" that exceeds customer expectations and enhance SALA's brand value.

(1) Providing a customer experience that prompts customers to say, "I like SALA!"

(2) Research on products and services related to housing and daily living

[Key strategy 3] Business creation through "co-creation" with parties inside and outside the Group

We will work to create new businesses that help solve social issues in the local community through "co-creation" with local companies, organizations, and government authorities, not limited within the Group.

(1) Practicing business creation through "co-creation" both inside and outside of the Group

(2) "Co-creation" initiatives in the Hamamatsu area

[Key strategy 4] Improving profitability in existing business fields

We will achieve an operating profit margin of 3% or more on consolidated net sales by reforming business processes toward improving profitability in existing business fields.

(1) Establishment of improvement targets and implementation of business process reforms according to the business characteristics of each business

(2) Improving productivity through group-wide standardization and digitalization of administrative operations.

[Key strategy 5] Transforming into an organizational culture that attracts people who “think and act on their own initiative”

We will work to create a new SALA organizational climate that incorporates diverse values, promotes the advancement of diverse individuals, and enhances value creation. We will establish measures and systems that enable each employee to think and act on his or her own initiative and continue to grow and take on challenges.

(1) Realization of transformation that enables each employee to think and act on his or her own initiative

(2) Transforming into a culture where a diverse workforce can thrive

(3) Creating a system that allows new challenges and co-creation to continue

2. Priority initiatives of each segment

Energy & Solutions

- Through energy-saving and carbon-neutral proposals, we will work to resolve issues faced by our customers and local communities. We will also work to shift to a business model that maximizes Group profits through co-creation with those inside and outside of the Group.
- We will work on procurement of carbon neutral gas and electricity, development of renewable energy sources, etc., as well as promoting collaboration with local companies and government authorities to achieve carbon neutrality in the local community.
- We will maximize the lifetime transaction volume per customer by improving management efficiency through fundamental reform of business processes using digital technology, coordinating and utilizing customer data across the Group, and revitalizing communication through digital channels.

Engineering & Maintenance

- We will continue business process reforms to build a stable revenue base, and further strengthen our revenue base by enhancing contact with customers and acquiring new customers through group-wide collaboration.
- We will contribute to carbon neutrality in our customers’ business activities by proposing infrastructure that contributes to decarbonization through energy conservation, energy creation, and carbon offsetting.

Housing

- In the housing sales department, we will strengthen profitability by thoroughly developing products and services from the customer’s perspective and by reforming business processes in existing businesses. In addition, we will work to create new businesses, such as initiatives for non-single family home wooden structures.
- The housing components and materials processing and sales department will work to improve its construction capabilities for exterior and building frames in order to attract new customers, while strengthening its handling of carbon-neutral materials and expanding its handling of materials for non-single family home wooden structures such as apartment complexes. We also aim to increase our market share in the Nagoya and Nishi Mikawa areas, as well as in the Kanto area.

Car Life Support

- We will continue to improve customer satisfaction by further enhancing cooperation among the new and used car sales departments and service department, and by implementing proposals tailored to customer needs.
- We will promote carbon neutrality of our dealerships and maintenance garages through group-wide cooperation, and strengthen sales of electric vehicles (EVs). In addition, we will work to create new services that link households, cars, and energy in cooperation with other companies within and outside the Group.

Animal Health Care

- We will work to transform ourselves into an efficient business structure by restructuring our supply chain, including the separation of sales and delivery operations and the consolidation of warehouse operations.
- We will build an organizational sales structure that does not rely on individual sales skills by strengthening marketing and service planning & development functions, and by utilizing customer information accumulated to date.

Properties

- The real estate properties department will promote initiatives to strengthen contact with customers, matching agreements between customers, and initiatives to improve real estate owner satisfaction. In addition, we will improve profitability through initiatives related to customers' asset management and operation, and by implementing previously owned home business through group-wide cooperation.
- At emCAMPUS WEST, the Toyohashi Ekimae Odori 2-chome District Redevelopment Project scheduled for completion in 2024, we will work to create a new space that will lead to urban revitalization, based on the concept of improving the health and quality of life of local residents and creating a lively atmosphere.
- In the hospitality department, we will strengthen our product planning capabilities and employee training to increase the number of new customers and encourage repeat usage by customers through the provision of high-quality products and services.

3. Numerical targets

Classification	Results for the 21st fiscal year (FY2022)	Plans for the 24th fiscal year (FY2025)
Net sales (Millions of yen)	234,848	270,000
Operating profit (Millions of yen)	6,891	8,000
Ratio of operating profit to net sales	2.9%	3.0%
ROA (Ratio of ordinary profit to total assets)	4.6%	4.7%
ROE (Return on equity)	8.3%	8.0%
ROIC (Return on invested capital)	3.9%	4.5%
EPS (Earnings per share, yen)	89.1	93.8

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, 2023 (plan)	250,000	7,000	7,800	5,400	84.64
Fiscal year ended November 30, 2022 (actual)	234,848	6,891	8,601	5,682	89.12
Changes (%)	6.5	1.6	(9.3)	(5.0)	(5.0)

(Note) 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, 2023.

(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 faction 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 at the Board of Directors meeting held on July 6, 2022 to pay a commemorative dividend of ¥2 per share to celebrate the 20th anniversary of the Company's establishment, and the Company decided at the Board of Directors meeting held on January 12, 2023 to pay an ordinary dividend of ¥13 per share based on the basic dividend policy above. Accordingly, the total year-end dividend for the current fiscal year will be ¥15 per share, consisting of an ordinary dividend of ¥13 per share and a commemorative dividend of ¥2 per share. (Effective date: January 31, 2023)

As a result, the annual dividend for the current fiscal year, together with the interim dividend of ¥11, is ¥26 per share.

The consolidated dividend payout ratio excluding the impact of loss (gain) on valuation of derivatives on forward exchange contracts is 30.4% excluding the commemorative dividend, and 32.9% including the commemorative dividend of ¥2 per share. 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, 2021	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	24,754	24,191
Notes and accounts receivable - trade	26,528	–
Notes and accounts receivable - trade, and contract assets	–	33,077
Electronically recorded monetary claims - operating	1,458	2,010
Investments in leases	1,396	1,581
Merchandise and finished goods	12,618	12,520
Work in process	11,135	7,656
Raw materials and supplies	405	267
Other	3,384	3,305
Allowance for doubtful accounts	(196)	(206)
Total current assets	81,487	84,404
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,768	20,205
Machinery, equipment and vehicles, net	8,821	7,737
Gas pipe, net	17,158	16,347
Land	33,858	33,287
Leased assets, net	675	645
Construction in progress	841	1,572
Other, net	799	703
Total property, plant and equipment	82,923	80,498
Intangible assets		
Goodwill	338	274
Other	1,149	1,731
Total intangible assets	1,488	2,006
Investments and other assets		
Investment securities	7,552	7,913
Long-term loans receivable	3,939	3,204
Deferred tax assets	4,920	4,492
Other	5,599	6,358
Allowance for doubtful accounts	(428)	(460)
Total investments and other assets	21,583	21,507
Total non-current assets	105,994	104,012
Total assets	187,481	188,417

(Millions of yen)

	As of November 30, 2021	As of November 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,656	27,827
Electronically recorded obligations - operating	4,289	4,592
Short-term borrowings	6,791	5,944
Current portion of long-term borrowings	9,845	7,411
Income taxes payable	1,301	1,695
Provision for bonuses	2,639	2,621
Provision for bonuses for directors (and other officers)	7	11
Provision for warranties for completed construction	64	56
Provision for loss on construction contracts	175	82
Provision for point card certificates	280	233
Provision for loss on guarantees	193	–
Other	14,163	11,609
Total current liabilities	64,407	62,085
Non-current liabilities		
Long-term borrowings	40,369	38,862
Lease liabilities	1,303	1,151
Deferred tax liabilities	198	423
Provision for retirement benefits for directors (and other officers)	195	190
Provision for share-based compensation	417	470
Provision for repairs	83	104
Retirement benefit liability	11,782	9,535
Other	2,024	2,237
Total non-current liabilities	56,374	52,976
Total liabilities	120,782	115,062
Net assets		
Shareholders’ equity		
Share capital	8,025	8,025
Capital surplus	25,269	25,281
Retained earnings	33,365	38,076
Treasury shares	(1,585)	(1,480)
Total shareholders’ equity	65,074	69,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	441	518
Deferred gains or losses on hedges	356	587
Remeasurements of defined benefit plans	(446)	1,003
Total accumulated other comprehensive income	351	2,109
Non-controlling interests	1,273	1,342
Total net assets	66,699	73,355
Total liabilities and net assets	187,481	188,417

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Net sales	227,935	234,848
Cost of sales	169,565	177,251
Gross profit	58,369	57,596
Selling, general and administrative expenses	51,777	50,705
Operating profit	6,592	6,891
Non-operating income		
Interest income	85	76
Dividend income	95	98
Purchase discounts	46	50
Gain on valuation of derivatives	629	886
Share of profit of entities accounted for using equity method	391	330
Other	751	612
Total non-operating income	1,999	2,055
Non-operating expenses		
Interest expenses	150	143
Foreign exchange losses	6	55
Other	121	146
Total non-operating expenses	278	345
Ordinary profit	8,312	8,601
Extraordinary income		
Gain on sale of non-current assets	111	77
Gain on sale of investment securities	111	267
Reversal of provision for loss on guarantees	–	22
Gain on sale of businesses	–	74
Total extraordinary income	222	441
Extraordinary losses		
Loss on sale and retirement of non-current assets	87	131
Loss on sale of shares of subsidiaries and associates	14	–
Impairment losses	369	400
Loss on disaster	–	87
Other	–	2
Total extraordinary losses	471	621
Profit before income taxes	8,064	8,421
Income taxes - current	2,405	2,955
Income taxes - deferred	236	(297)
Total income taxes	2,642	2,658
Profit	5,422	5,763
Profit attributable to non-controlling interests	160	81
Profit attributable to owners of parent	5,262	5,682

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Profit	5,422	5,763
Other comprehensive income		
Valuation difference on available-for-sale securities	(283)	76
Deferred gains or losses on hedges	332	231
Remeasurements of defined benefit plans, net of tax	372	1,473
Total other comprehensive income	421	1,781
Comprehensive income	5,844	7,545
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,677	7,440
Comprehensive income attributable to non-controlling interests	166	105

(3) Consolidated statement of changes in equity

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
Cumulative effects of changes in accounting policies					–
Restated balance	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 scope of consolidation					–
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
Cumulative effects of changes in accounting policies						–
Restated balance	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 scope of consolidation						–
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

For the fiscal year ended November 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,025	25,269	33,365	(1,585)	65,074
Cumulative effects of changes in accounting policies			601		601
Restated balance	8,025	25,269	33,966	(1,585)	65,675
Changes during period					
Dividends of surplus			(1,584)		(1,584)
Profit attributable to owners of parent			5,682		5,682
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		105	105
Change in scope of consolidation		(2)	11		9
Change in ownership interest of parent due to transactions with non-controlling interests		14			14
Net changes in items other than shareholders' equity					
Total changes during period	–	11	4,109	105	4,226
Balance at end of period	8,025	25,281	38,076	(1,480)	69,902

	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	441	356	(446)	351	1,273	66,699
Cumulative effects of changes in accounting policies						601
Restated balance	441	356	(446)	351	1,273	67,300
Changes during period						
Dividends of surplus						(1,584)
Profit attributable to owners of parent						5,682
Purchase of treasury shares						(0)
Disposal of treasury shares						105
Change in scope of consolidation						9
Change in ownership interest of parent due to transactions with non-controlling interests						14
Net changes in items other than shareholders' equity	76	231	1,450	1,758	69	1,827
Total changes during period	76	231	1,450	1,758	69	6,054
Balance at end of period	518	587	1,003	2,109	1,342	73,355

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	8,064	8,421
Depreciation	6,871	6,827
Impairment losses	369	400
Amortization of goodwill	167	155
Increase (decrease) in allowance for doubtful accounts	(35)	42
Increase (decrease) in provision for bonuses	236	(17)
Increase (decrease) in provision for bonuses for directors (and other officers)	1	4
Increase (decrease) in provision for warranties for completed construction	8	(8)
Increase (decrease) in provision for loss on construction contracts	37	(82)
Increase (decrease) in provision for point card certificates	1	1
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(13)	(4)
Increase (decrease) in provision for share-based compensation	85	52
Increase (decrease) in provision for repairs	(28)	21
Increase (decrease) in provision for loss on guarantees	–	(193)
Increase (decrease) in retirement benefit liability	(237)	(99)
Interest and dividend income	(180)	(174)
Interest expenses	149	144
Share of loss (profit) of entities accounted for using equity method	(391)	(330)
Loss (gain) on valuation of derivatives	(629)	(886)
Loss (gain) on sale and retirement of non-current assets	(68)	(25)
Loss (gain) on sale of investment securities	(111)	(266)
Loss (gain) on sale of businesses	–	(74)
Decrease (increase) in trade receivables	(4,555)	(5,725)
Decrease (increase) in inventories	3,843	934
Increase (decrease) in trade payables	4,731	3,308
Increase (decrease) in long-term accounts payable - other	(76)	(54)
Other, net	(190)	38
Subtotal	18,049	12,411
Interest and dividends received	212	208
Interest paid	(187)	(159)
Income taxes paid	(2,257)	(2,529)
Net cash provided by (used in) operating activities	15,816	9,930

(Millions of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,342)	(4,793)
Proceeds from sale of property, plant and equipment	298	191
Purchase of intangible assets	(327)	(812)
Purchase of investment securities	(77)	(121)
Proceeds from sale of investment securities	310	359
Loan advances	(52)	(40)
Proceeds from collection of loans receivable	828	791
Proceeds from sale of businesses	–	513
Other, net	(34)	49
Net cash provided by (used in) investing activities	(4,398)	(3,861)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,571)	(847)
Proceeds from long-term borrowings	5,400	6,100
Repayments of long-term borrowings	(10,548)	(10,022)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	542	105
Dividends paid	(1,320)	(1,594)
Dividends paid to non-controlling interests	(7)	(5)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(66)	(16)
Repayments of finance lease liabilities	(215)	(243)
Net cash provided by (used in) financing activities	(8,788)	(6,524)
Net increase (decrease) in cash and cash equivalents	2,629	(455)
Cash and cash equivalents at beginning of period	21,598	24,227
Cash and cash equivalents at end of period	24,227	23,772

(5) Notes to consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Changes in accounting policies

Application of accounting standard for revenue recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

Major changes due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations are as follows.

(i) Revenue recognition related to sales of LP gas and electricity

In relation to sales of LP gas and electricity, the Company changed the method of revenue recognition whereby, of revenues previously recognized on the basis of the date of reading the electricity meter, revenue arising between the date of reading the meter in the settlement month and the settlement date is recognized based on the reasonable estimates.

(ii) Revenue recognition related to agent transactions

In relation to revenue for some direct transactions of principally sales of LP gas and veterinary medical products, the Company previously had recognized the entire amount of consideration received from customers as revenue, and that has been changed to a method that recognizes revenue at the net amount after deducting the amount paid to suppliers from the amount received from customers for transactions in which the SALA Group acts as an agent for the provision of goods or services to customers.

(iii) Revenue recognition related to construction contracts

With respect to construction contracts, the Company previously had applied the percentage-of-completion method to construction work whose outcome from the completed portion was deemed definite, and had applied the completed-contract method to other construction work. As a result of this application, however, the Company has changed the method to recognize revenue over a certain period of time in alignment with its satisfaction of performance obligations to transfer goods or services to customers when control over a good or service is to be transferred to the customer over a certain period of time. In measuring progress made in satisfying a performance obligation, construction costs incurred as of the last day of each reporting period are to be calculated based on the ratio of the total estimated construction costs. Furthermore, revenue is recognized on a cost recovery basis when it is not possible to reasonably estimate progress towards satisfaction of performance obligations, but it is probable that the costs incurred will be recovered.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the current fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition. Furthermore, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the current fiscal year were accounted for based on the contractual terms after all contract modifications were reflected. Consequently, this cumulative effect was added to or deducted from the opening balance of retained earnings of the current fiscal year.

As a result of this change, for the current fiscal year, net sales decreased by ¥15,395 million, cost of sales decreased by ¥15,222 million, selling, general and administrative expenses decreased by ¥336 million, while operating profit, ordinary profit and profit before income taxes each increased by ¥163 million. In addition, the opening balance of retained earnings increased by ¥601 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, “notes and accounts receivable - trade” under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in “notes and accounts receivable - trade, and contract assets” under current assets from the consolidated balance sheet as of the end of the current fiscal year.

Application of accounting standard for fair value measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The adoption of this accounting standard has no impact on the consolidated financial statements.

Change in presentation method

Consolidated statements of income

“Foreign exchange losses,” which was included in “other” under “non-operating expenses” in the previous fiscal year, is presented as a separate line item in the current fiscal year due to its increased importance in terms of amount. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “other” of ¥127 million, which was included in “non-operating expenses” in the consolidated statements of income for the previous fiscal year, has been reclassified as “foreign exchange losses” of ¥6 million and “other” of ¥121 million.

Additional information

Impact of the spread of COVID-19

There has been no material change in the assumptions regarding the impact of the spread of COVID-19 described in Impairment loss on non-current assets in Significant accounting estimates in the annual securities report for the previous fiscal year.

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.

   As stated under "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations from the beginning of the current fiscal year, and accordingly changed its method for calculating net sales, profit and loss for operating segments given that it has changed accounting methods for revenue recognition.

   For the current fiscal year, as a result of this change, and compared with the figures obtained by the previous method, net sales decreased by ¥8,295 million and segment profit increased by ¥37 million for the "Energy & Solutions business." Net sales decreased by ¥213 million and segment profit increased by ¥167 million for the "Engineering & Maintenance business." Net sales and segment profit decreased by ¥421 million and ¥40 million, respectively, for the

"Housing business." Net sales decreased by ¥363 million for the "Car Life Support business," but there is no effect on segment profit. Net sales decreased by ¥4,789 million for the "Animal Health Care business," but there is no effect on segment profit. Net sales decreased by ¥4 million for the "Properties business," but there is no effect on segment profit. Net sales decreased by ¥1,307 million for "Other," but there is no effect on segment profit.

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

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.

For the fiscal year ended November 30, 2022

(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	46,109	–	–	–	–
LP gas	27,888	–	–	–	–
Electric power	14,449	–	–	–	–
Civil engineering work, construction work, equipment work	–	30,184	–	–	–
Housing, construction materials	–	–	38,209	–	–
Automotive sales and maintenance	–	–	–	16,964	–
Veterinary medical products	–	–	–	–	25,989
Lease, sale and purchase, and brokerage of real estate, hotel	–	–	–	–	–
Other	28,186	–	–	–	–
Revenue from contracts with customers	116,634	30,184	38,209	16,964	25,989
Other revenue (Note 4)	–	–	–	–	–
Revenues from external customers	116,634	30,184	38,209	16,964	25,989
Intersegment sales or transfers	2,411	5,279	10	12	0
Total	119,046	35,464	38,219	16,977	25,989
Segment profit (loss)	3,996	2,192	568	241	669
Segment assets	99,644	24,617	23,049	11,256	10,159
Other items					
Depreciation	5,334	158	136	545	59
Amortization of goodwill	85	–	70	–	–
Investments in entities accounted for using equity method	1,349	–	–	–	–
Increase in property, plant and equipment and intangible assets	4,792	136	110	811	143

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Carrying amount (Note 3)
	Properties business	Total				
Net sales						
City gas	–	46,109	–	46,109	–	46,109
LP gas	–	27,888	–	27,888	–	27,888
Electric power	–	14,449	–	14,449	–	14,449
Civil engineering work, construction work, equipment work	–	30,184	–	30,184	–	30,184
Housing, construction materials	–	38,209	–	38,209	–	38,209
Automotive sales and maintenance	–	16,964	–	16,964	–	16,964
Veterinary medical products	–	25,989	–	25,989	–	25,989
Lease, sale and purchase, and brokerage of real estate, hotel	4,728	4,728	–	4,728	–	4,728
Other	–	28,186	1,766	29,953	137	30,091
Revenue from contracts with customers	4,728	232,711	1,766	234,478	137	234,615
Other revenue (Note 4)	–	–	232	232	–	232
Revenues from external customers	4,728	232,711	1,998	234,710	137	234,848
Intersegment sales or transfers	512	8,226	1,804	10,031	(10,031)	–
Total	5,240	240,938	3,803	244,741	(9,893)	234,848
Segment profit (loss)	(418)	7,250	102	7,352	(461)	6,891
Segment assets	12,538	181,265	7,773	189,038	(621)	188,417
Other items						
Depreciation	382	6,616	170	6,786	40	6,827
Amortization of goodwill	–	155	–	155	–	155
Investments in entities accounted for using equity method	–	1,349	1,991	3,340	–	3,340
Increase in property, plant and equipment and intangible assets	248	6,242	94	6,337	415	6,752

(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 ¥(461) million includes intersegment eliminations of ¥1,176 million and corporate expenses of ¥(1,637) million. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.

(2) Adjustment to segment assets of ¥(621) million includes intersegment eliminations of ¥(12,023) million and corporate assets of ¥11,401 million.

(3) Adjustment to depreciation of ¥40 million includes intersegment eliminations of ¥(52) million and corporate expenses of ¥92 million.

(4) Adjustment to increase in property, plant and equipment and intangible assets of ¥415 million includes intersegment eliminations of ¥(201) million and corporate assets of ¥616 million.

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

4. “Other revenue” includes revenue on lease, etc.

Information associated with reportable segments

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.

For the fiscal year ended November 30, 2022

1. Information for each product or service

   The information is omitted because the same information is disclosed in Segment information.

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, 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.

For the fiscal year ended November 30, 2022

(Millions of yen)

	Impairment losses
Energy & Solutions business	340
Engineering & Maintenance business	–
Housing business	–
Car Life Support business	–
Animal Health Care business	–
Properties business	60
Other	–
Unallocated amounts and elimination	–
Total	400

Amortization and unamortized balance of goodwill for each reportable segment

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.

For the fiscal year ended November 30, 2022

(Millions of yen)

	Amortization in the fiscal year	Balance at end of period
Energy & Solutions business	85	233
Engineering & Maintenance business	–	–
Housing business	70	41
Car Life Support business	–	–
Animal Health Care business	–	–
Properties business	–	–
Other	–	–
Unallocated amounts and elimination	–	–
Total	155	274

Information about gain on bargain purchase for each reportable segment

For the fiscal year ended November 30, 2021

Not applicable.

For the fiscal year ended November 30, 2022

Not applicable.

Per share information

(Yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Net assets per share	1,027.98	1,128.69
Basic earnings per share	83.13	89.12

(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 shares of the Company held by the SALA Corporation Board Benefit Trust are included in treasury shares deducted from the total number of issued shares at period-end in calculating "net assets per share" (Board Benefit Trust: 2,350 thousand shares in the previous fiscal year, and 2,227 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: 345 thousand shares in the previous fiscal year, and 1 thousand shares in the current fiscal year; Board Benefit Trust: 2,380 thousand shares in the previous fiscal year, and 2,271 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, 2021	Fiscal year ended November 30, 2022
Profit attributable to owners of parent (Millions of yen)	5,262	5,682
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	5,262	5,682
Average number of outstanding common shares during the period (Thousands of shares)	63,304	63,757

Significant events after reporting period

Not applicable.