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October 6, 2023

Consolidated Financial Results for the Nine Months Ended August 31, 2023 (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 to file quarterly securities report: October 11, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the nine months ended August 31, 2023 (from December 1, 2022 to August 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-----------------------------------|-----------------|-----|------------------|--------|-----------------|--------|-----------------------------------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended August 31, 2023 | 181,291 | 4.8 | 4,341 | (26.7) | 5,736 | (25.2) | 4,903 | (8.4) |
| August 31, 2022 | 173,021 | 3.3 | 5,922 | (1.8) | 7,666 | 3.6 | 5,350 | 3.9 |

Note: Comprehensive income For the nine months ended August 31, 2023: ¥5,147 million [(14.8)%]
 For the nine months ended August 31, 2022: ¥6,044 million [15.0%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Nine months ended | Yen | Yen |
| August 31, 2023 | 76.76 | – |
| August 31, 2022 | 83.94 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|-------------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| August 31, 2023 | 184,706 | 76,741 | 40.8 |
| November 30, 2022 | 188,417 | 73,355 | 38.2 |

Reference: Equity
 As of August 31, 2023: ¥75,304 million
 As of November 30, 2022: ¥72,012 million

2. Cash dividends

| | Annual dividends per share | | | | |
|-------------------------------------------------|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended November 30, 2022 | – | 11.00 | – | 15.00 | 26.00 |
| Fiscal year ending November 30, 2023 | – | 13.00 | – | | |
| Fiscal year ending November 30, 2023 (Forecast) | | | | 13.00 | 26.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

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 |
| Fiscal year ending November 30, 2023 | 250,000 | 6.5 | 5,500 | (20.2) | 6,300 | (26.8) | 5,400 | (5.0) | 84.64 |

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: 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 “(3) Notes to quarterly consolidated financial statements (Changes in accounting policies)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 9 of the attachment.

(4) Number of issued shares (common shares)

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

| | |
|-------------------------|-------------------|
| As of August 31, 2023 | 66,041,147 shares |
| As of November 30, 2022 | 66,041,147 shares |

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

| | |
|-------------------------|------------------|
| As of August 31, 2023 | 2,093,333 shares |
| As of November 30, 2022 | 2,239,289 shares |

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

| | |
|-----------------------------------|-------------------|
| Nine months ended August 31, 2023 | 63,878,875 shares |
| Nine months ended August 31, 2022 | 63,742,298 shares |

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

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

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

○ **Attachment Index**

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1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the first nine months of the fiscal year ending November 30, 2023, the economic outlook remained uncertain because of rising prices placing pressure on corporate activities and household budgets due to the prolonged uncertainty over the situation in Ukraine, depreciation of the yen, etc.

Under these conditions, the SALA Group has established the fifth medium-term management plan with the fiscal year ending November 30, 2023 as the first fiscal year, and focuses on collaboration and co-creation for further growth, setting the basic policy of “going beyond the framework.” The plan sets forth five key strategies: “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.’” The Company aims to enhance SALA’s brand value by solving local community and customer issues. In addition, in order to achieve the goals of the plan, the Company will proactively invest in new growth areas for promoting carbon neutrality and will work to fundamentally reform the business structure through digital transformation (DX). During the first nine months of the current fiscal year, SALA ENERGY CO., LTD., which is the Energy & Solutions business, has decided to use the “Supplementary Budget for FY2022: Subsidies for Projects to Support the Introduction of Distributed Energy Resources That Will Contribute to Expanded Use of Renewable Energy (Projects to Support the Introduction of Grid Storage Battery Systems and Water Electrolysis Equipment)” of the Agency for Natural Resources and Energy as investment in new growth to install grid storage batteries on the premises of that company’s Hamamatsu Supply Center in Hamamatsu City, marking the first such battery system in Shizuoka Prefecture. This storage battery facility is scheduled to start operations around spring 2026. SALA HOUSE CO., LTD., which is the Housing business, commenced sales of housing rated as Life Cycle Carbon Minus (LCCM), an energy-saving and environmental standard earmarked to become Japan’s future standard, and its new product, the “SINKA” series, which has made an early adoption of the Net-zero Energy House (ZEH) standard in June 2023. SALA CARS JAPAN Co., Ltd., which is the Car Life Support business, began operating a carbon neutral store that uses electricity and gas with virtually zero CO₂ emissions at all four offices in Hamamatsu City, through collaboration and co-creation efforts with Energy & Solutions business SALA ENERGY CO., LTD. and SALA e ENERGY CO., LTD. Furthermore, SALA ENERGY CO., LTD. proceeded with the restructuring of its core system to transform operations traditionally divided by gas type (city gas and LP gas) through the use of digital technology and to provide high quality services tailored to each individual customer. In addition, ASCO Co., Ltd., which is the Animal Health Care business, integrated its subsidiaries A.M.I. Co., Ltd. and Daiwa Pharmaceutical Co., Ltd. in December 2022 to streamline business.

As for operating results for the first nine months of the current fiscal year, net sales increased by 4.8% year on year to ¥181,291 million due to a significant increase in revenue in the Energy & Solutions business. As for profit, operating profit decreased by 26.7% year on year to ¥4,341 million due to decreases in profit mainly in the Energy & Solutions business and the Housing business. As gain on valuation of derivatives on forward exchange contracts under non-operating income declined, ordinary profit decreased by 25.2% year on year to ¥5,736 million. Profit attributable to owners of parent decreased by 8.4% year on year to ¥4,903 million due to the recording of gain on revision of retirement benefit plan recorded as extraordinary income, accompanying revision of the personnel system, which primarily involved the extension of the retirement age and revision of the retirement benefit plans implemented on April 1, 2023.

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

Operating results of each segment are as follows.

Energy & Solutions business

Net sales ¥99,591 million (up 14.9% year on year)

Operating profit ¥3,021 million (down 23.2% year on year)

Net sales increased due to the upward adjustment of the selling price of city gas based on a system to adjust raw material costs. On the other hand, as for profit, operating profit decreased as sales volume of city gas, mainly for home use, decreased due to higher temperatures compared to the same period of the previous fiscal year in addition to the impact of high energy and raw material prices.

Engineering & Maintenance business

Net sales ¥22,084 million (down 0.2% year on year)

Operating profit ¥1,995 million (up 19.1% year on year)

Net sales decreased as completed projects decreased in the civil engineering department, the construction department and the maintenance department. On the other hand, as for profit, operating profit increased due to the increased gross profit by efforts of each department to reduce cost of sales by thorough process management.

Housing business

Net sales ¥22,656 million (down 17.3% year on year)

Operating loss ¥498 million (operating profit of ¥274 million for the same period of the previous fiscal year)

In the housing sales department, the number of houses sold decreased due to fewer orders carried over for custom-built houses from the previous period, as well as due to a decline in the number of orders for lot houses. In the housing components and materials processing and sales department, orders decreased due to the impact of a decline in the number of housing starts for existing business partners, despite efforts to cultivate new customers. As a result, net sales decreased, and operating loss was recorded.

Car Life Support business

Net sales ¥13,392 million (up 11.2% year on year)

Operating loss ¥187 million (operating profit of ¥23 million for the same period of the previous fiscal year)

For Volkswagen, the numbers of new cars sold and used cars sold both increased. For Audi, the impact from the decline in vehicle production has eased year on year, and numbers of new cars sold increased. As a result, net sales increased. As for profit, operating loss was recorded due to an increase in selling, general and administrative expenses, such as advertising expenses.

Animal Health Care business

Net sales ¥19,026 million (down 3.5% year on year)

Operating profit ¥265 million (down 54.2% year on year)

In the livestock farming department, orders for veterinary medical products, etc. received decreased due to the impact of high feed prices, outbreak of avian influenza, etc. In the pet-related department, sales of seasonal products, such as flea and mite treatments, were down year on year. Consequently, net sales and operating profit both decreased.

Properties business

Net sales ¥3,191 million (down 8.7% year on year)

Operating loss ¥22 million (operating loss of ¥251 million for the same period of the previous fiscal year)

In the real estate properties department, net sales decreased due to a decline in sales of condominium apartment buildings and other large properties. On the other hand, in the hospitality department, the number of guests for hotel overnight stays, banquets, bridal services, etc. increased due to the easing of restrictions associated with COVID-19. As a result, while overall segment sales declined, operating loss narrowed.

(2) Explanation of financial position

Assets

Assets amounted to ¥184,706 million, down ¥3,710 million from November 30, 2022. This was mainly due to decreases in “notes and accounts receivable - trade, and contract assets” by ¥4,950 million and “property, plant and equipment” by ¥3,110 million, despite increases in “merchandise and finished goods” by ¥2,930 million and “retirement benefit asset” by ¥1,309 million.

Liabilities

Liabilities were ¥107,965 million, down ¥7,096 million from November 30, 2022. This was mainly due to decreases in “notes and accounts payable - trade” by ¥3,853 million, “other” under current liabilities by ¥2,841 million, “long-term borrowings (including current portion)” by ¥1,517 million, and “income taxes payable” by ¥1,417 million, despite an increase in “short-term borrowings” by ¥3,388 million.

Net assets

Net assets were ¥76,741 million, up ¥3,386 million from November 30, 2022. This was mainly due to an increase in “retained earnings” of ¥3,054 million (increased by ¥4,903 million due to recording of profit attributable to owners of parent and decreased by ¥1,848 million due to payment of dividends).

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

There is no change to the consolidated earnings forecasts for the full-year earnings forecasts announced on July 7, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

| | As of November 30, 2022 | As of August 31, 2023 |
|------------------------------------------------------------|-------------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 24,191 | 22,369 |
| Notes and accounts receivable - trade, and contract assets | 33,077 | 28,127 |
| Electronically recorded monetary claims - operating | 2,010 | 1,912 |
| Merchandise and finished goods | 12,520 | 15,451 |
| Work in process | 7,656 | 8,059 |
| Raw materials and supplies | 267 | 464 |
| Other | 4,886 | 6,143 |
| Allowance for doubtful accounts | (206) | (167) |
| Total current assets | 84,404 | 82,361 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 20,205 | 19,432 |
| Machinery, equipment and vehicles, net | 7,737 | 7,431 |
| Gas pipe, net | 16,347 | 15,278 |
| Land | 33,287 | 32,445 |
| Construction in progress | 1,572 | 1,452 |
| Other, net | 1,348 | 1,346 |
| Total property, plant and equipment | 80,498 | 77,388 |
| Intangible assets | | |
| Goodwill | 274 | 290 |
| Other | 1,731 | 2,321 |
| Total intangible assets | 2,006 | 2,611 |
| Investments and other assets | | |
| Investment securities | 7,913 | 8,594 |
| Long-term loans receivable | 3,204 | 2,615 |
| Retirement benefit asset | – | 1,309 |
| Deferred tax assets | 4,492 | 3,491 |
| Other | 6,358 | 6,822 |
| Allowance for doubtful accounts | (460) | (488) |
| Total investments and other assets | 21,507 | 22,345 |
| Total non-current assets | 104,012 | 102,345 |
| Total assets | 188,417 | 184,706 |

(Millions of yen)

| | As of November 30, 2022 | As of August 31, 2023 |
|----------------------------------------------------------------------|-------------------------|-----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 27,827 | 23,974 |
| Electronically recorded obligations - operating | 4,592 | 4,426 |
| Short-term borrowings | 5,944 | 9,333 |
| Current portion of long-term borrowings | 7,411 | 7,382 |
| Income taxes payable | 1,695 | 277 |
| Provision for bonuses | 2,621 | 2,805 |
| Provision for bonuses for directors (and other officers) | 11 | 6 |
| Provision for warranties for completed construction | 56 | 49 |
| Provision for loss on construction contracts | 82 | 65 |
| Provision for point card certificates | 233 | 229 |
| Other | 11,609 | 8,767 |
| Total current liabilities | 62,085 | 57,317 |
| Non-current liabilities | | |
| Long-term borrowings | 38,862 | 37,375 |
| Deferred tax liabilities | 423 | 734 |
| Provision for retirement benefits for directors (and other officers) | 190 | 164 |
| Provision for share-based compensation | 470 | 470 |
| Provision for repairs | 104 | 120 |
| Retirement benefit liability | 9,535 | 8,530 |
| Other | 3,389 | 3,253 |
| Total non-current liabilities | 52,976 | 50,648 |
| Total liabilities | 115,062 | 107,965 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,025 | 8,025 |
| Capital surplus | 25,281 | 25,299 |
| Retained earnings | 38,076 | 41,130 |
| Treasury shares | (1,480) | (1,383) |
| Total shareholders' equity | 69,902 | 73,072 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 518 | 849 |
| Deferred gains or losses on hedges | 587 | 503 |
| Remeasurements of defined benefit plans | 1,003 | 879 |
| Total accumulated other comprehensive income | 2,109 | 2,232 |
| Non-controlling interests | 1,342 | 1,436 |
| Total net assets | 73,355 | 76,741 |
| Total liabilities and net assets | 188,417 | 184,706 |

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

(Millions of yen)

| | Nine months ended August 31, 2022 | Nine months ended August 31, 2023 |
|---------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Net sales | 173,021 | 181,291 |
| Cost of sales | 129,395 | 139,170 |
| Gross profit | 43,625 | 42,121 |
| Selling, general and administrative expenses | 37,702 | 37,779 |
| Operating profit | 5,922 | 4,341 |
| Non-operating income | | |
| Interest income | 55 | 43 |
| Dividend income | 84 | 93 |
| Gain on valuation of derivatives | 1,102 | 764 |
| Share of profit of entities accounted for using equity method | 237 | 285 |
| Other | 491 | 409 |
| Total non-operating income | 1,971 | 1,596 |
| Non-operating expenses | | |
| Interest expenses | 104 | 112 |
| Other | 123 | 88 |
| Total non-operating expenses | 227 | 201 |
| Ordinary profit | 7,666 | 5,736 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 48 | 43 |
| Gain on sale of investment securities | 33 | 60 |
| Reversal of provision for loss on guarantees | 22 | – |
| Gain on sale of businesses | 74 | – |
| Gain on revision of retirement benefit plan | – | 2,388 |
| Total extraordinary income | 178 | 2,492 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 53 | 92 |
| Loss on sale of investment securities | 1 | 33 |
| Impairment losses | 17 | 800 |
| Other | 0 | – |
| Total extraordinary losses | 72 | 926 |
| Profit before income taxes | 7,772 | 7,301 |
| Income taxes - current | 1,937 | 1,022 |
| Income taxes - deferred | 362 | 1,254 |
| Total income taxes | 2,299 | 2,276 |
| Profit | 5,472 | 5,025 |
| Profit attributable to non-controlling interests | 122 | 121 |
| Profit attributable to owners of parent | 5,350 | 4,903 |

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended August 31, 2022 | Nine months ended August 31, 2023 |
|----------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Profit | 5,472 | 5,025 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 249 | 332 |
| Deferred gains or losses on hedges | 350 | (84) |
| Remeasurements of defined benefit plans, net of tax | (27) | (124) |
| Total other comprehensive income | 572 | 122 |
| Comprehensive income | 6,044 | 5,147 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,921 | 5,026 |
| Comprehensive income attributable to non-controlling interests | 123 | 121 |

(3) Notes to quarterly consolidated financial statements**Uncertainties of entity's ability to continue as going concern**

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policiesApplication of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the quarterly consolidated financial statements.

Additional informationImpact 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.

Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

The Company and some consolidated subsidiaries transitioned from consolidated taxation system to group tax sharing system from the first quarter of the current fiscal year. In accordance with this, the accounting treatment and disclosure of corporate and local income taxes and tax-effect accounting are based on "Accounting Treatment and Disclosure when Applying the Group Tax Sharing System" (ASBJ Practical Solution No. 42, August 12, 2021, hereinafter Practical Solution No. 42). In accordance with Paragraph 32 (1) of Practical Solution No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of Practical Solution No. 42.

(Revision of the retirement benefit plan)

The Company and some consolidated subsidiaries revised their retirement benefit plans effective April 1, 2023. For the accounting treatment associated with this revision, the Company has applied "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (ASBJ PITF No. 2, February 7, 2007).

As a result, the Company recorded ¥2,388 million as gain on revision of retirement benefit plan under extraordinary income for the first nine months of the current fiscal year.

Segment information

I For the nine months ended August 31, 2022

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

(Millions of yen)

| | Reportable segments | | | | |
|---------------------------------------------------------------|-----------------------------|------------------------------------|------------------|---------------------------|-----------------------------|
| | Energy & Solutions business | Engineering & Maintenance business | Housing business | Car Life Support business | Animal Health Care business |
| Net sales | | | | | |
| City gas | 33,916 | – | – | – | – |
| LP gas | 21,975 | – | – | – | – |
| Electric power | 10,637 | – | – | – | – |
| Civil engineering work, construction work, equipment work | – | 22,126 | – | – | – |
| Housing, construction materials | – | – | 27,390 | – | – |
| Automotive sales and maintenance | – | – | – | 12,042 | – |
| Veterinary medical products | – | – | – | – | 19,723 |
| Lease, sale and purchase, and brokerage of real estate, hotel | – | – | – | – | – |
| Other | 20,132 | – | – | – | – |
| Revenue from contracts with customers | 86,661 | 22,126 | 27,390 | 12,042 | 19,723 |
| Other revenue (Note 4) | – | – | – | – | – |
| Revenues from external customers | 86,661 | 22,126 | 27,390 | 12,042 | 19,723 |
| Intersegment sales or transfers | 1,697 | 3,609 | 5 | 8 | 0 |
| Total | 88,359 | 25,735 | 27,395 | 12,051 | 19,724 |
| Segment profit (loss) | 3,933 | 1,675 | 274 | 23 | 580 |

| | Reportable segments | | Other (Note 1) | Total | Adjustment (Note 2) | Consolidated (Note 3) |
|------------------------------------------------------------------|------------------------|---------|-------------------|---------|------------------------|--------------------------|
| | Properties business | Total | | | | |
| Net sales | | | | | | |
| City gas | – | 33,916 | – | 33,916 | – | 33,916 |
| LP gas | – | 21,975 | – | 21,975 | – | 21,975 |
| Electric power | – | 10,637 | – | 10,637 | – | 10,637 |
| Civil engineering work, construction work, equipment work | – | 22,126 | – | 22,126 | – | 22,126 |
| Housing, construction materials | – | 27,390 | – | 27,390 | – | 27,390 |
| Automotive sales and maintenance | – | 12,042 | – | 12,042 | – | 12,042 |
| Veterinary medical products | – | 19,723 | – | 19,723 | – | 19,723 |
| Lease, sale and purchase, and brokerage of real estate, hotel | 3,495 | 3,495 | – | 3,495 | – | 3,495 |
| Other | – | 20,132 | 1,309 | 21,441 | 103 | 21,544 |
| Revenue from contracts with customers | 3,495 | 171,440 | 1,309 | 172,749 | 103 | 172,852 |
| Other revenue (Note 4) | – | – | 168 | 168 | – | 168 |
| Revenues from external customers | 3,495 | 171,440 | 1,477 | 172,918 | 103 | 173,021 |
| Intersegment sales or transfers | 374 | 5,696 | 1,372 | 7,069 | (7,069) | – |
| Total | 3,870 | 177,136 | 2,850 | 179,987 | (6,966) | 173,021 |
| Segment profit (loss) | (251) | 6,236 | 26 | 6,263 | (340) | 5,922 |

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

2. Adjustment to segment profit (loss) of ¥(340) million includes intersegment eliminations of ¥907 million and corporate expenses of ¥(1,248) million. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.
3. Segment profit (loss) was adjusted with operating profit in the quarterly consolidated statement of income.
4. “Other revenue” includes revenue on lease, etc.

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

(Significant impairment losses on non-current assets)

Impairment losses on assets for business use were recorded in the Energy & Solutions business. The recorded amount of such impairment losses was ¥17 million in the first nine months of the previous fiscal year.

II For the nine months ended August 31, 2023

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

(Millions of yen)

| | Reportable segments | | | | |
|---------------------------------------------------------------|-----------------------------|------------------------------------|------------------|---------------------------|-----------------------------|
| | Energy & Solutions business | Engineering & Maintenance business | Housing business | Car Life Support business | Animal Health Care business |
| Net sales | | | | | |
| City gas | 42,341 | – | – | – | – |
| LP gas | 21,860 | – | – | – | – |
| Electric power | 12,639 | – | – | – | – |
| Civil engineering work, construction work, equipment work | – | 22,084 | – | – | – |
| Housing, construction materials | – | – | 22,656 | – | – |
| Automotive sales and maintenance | – | – | – | 13,392 | – |
| Veterinary medical products | – | – | – | – | 19,026 |
| Lease, sale and purchase, and brokerage of real estate, hotel | – | – | – | – | – |
| Other | 22,749 | – | – | – | – |
| Revenue from contracts with customers | 99,591 | 22,084 | 22,656 | 13,392 | 19,026 |
| Other revenue (Note 4) | – | – | – | – | – |
| Revenues from external customers | 99,591 | 22,084 | 22,656 | 13,392 | 19,026 |
| Intersegment sales or transfers | 1,701 | 4,276 | 12 | 6 | 0 |
| Total | 101,292 | 26,361 | 22,668 | 13,398 | 19,026 |
| Segment profit (loss) | 3,021 | 1,995 | (498) | (187) | 265 |

| | Reportable segments | | Other (Note 1) | Total | Adjustment (Note 2) | Consolidated (Note 3) |
|------------------------------------------------------------------|------------------------|---------|-------------------|---------|------------------------|--------------------------|
| | Properties business | Total | | | | |
| Net sales | | | | | | |
| City gas | – | 42,341 | – | 42,341 | – | 42,341 |
| LP gas | – | 21,860 | – | 21,860 | – | 21,860 |
| Electric power | – | 12,639 | – | 12,639 | – | 12,639 |
| Civil engineering work, construction work, equipment work | – | 22,084 | – | 22,084 | – | 22,084 |
| Housing, construction materials | – | 22,656 | – | 22,656 | – | 22,656 |
| Automotive sales and maintenance | – | 13,392 | – | 13,392 | – | 13,392 |
| Veterinary medical products | – | 19,026 | – | 19,026 | – | 19,026 |
| Lease, sale and purchase, and brokerage of real estate, hotel | 3,191 | 3,191 | – | 3,191 | – | 3,191 |
| Other | – | 22,749 | 1,044 | 23,793 | 118 | 23,911 |
| Revenue from contracts with customers | 3,191 | 179,941 | 1,044 | 180,985 | 118 | 181,104 |
| Other revenue (Note 4) | – | – | 187 | 187 | – | 187 |
| Revenues from external customers | 3,191 | 179,941 | 1,231 | 181,173 | 118 | 181,291 |
| Intersegment sales or transfers | 377 | 6,375 | 1,378 | 7,753 | (7,753) | – |
| Total | 3,569 | 186,316 | 2,610 | 188,927 | (7,635) | 181,291 |
| Segment profit (loss) | (22) | 4,574 | 93 | 4,668 | (326) | 4,341 |

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

- Adjustment to segment profit (loss) of ¥(326) million includes intersegment eliminations of ¥780 million and corporate expenses of ¥(1,106) million. Corporate expenses are mainly general and administrative expenses, which are not attributable to the reportable segments.
- Segment profit (loss) was adjusted with operating profit in the quarterly consolidated statement of income.
- “Other revenue” includes revenue on lease, etc.

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

(Significant impairment losses on non-current assets)

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

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

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

Significant events after reporting period

Not applicable.