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October 7, 2022

Consolidated Financial Results for the Nine Months Ended August 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
 Securities code: 2734
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 Scheduled date to file quarterly securities report: October 12, 2022
 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, 2022 (from December 1, 2021 to August 31, 2022)

(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, 2022	173,021	3.3	5,922	(1.8)	7,666	3.6	5,350	3.9
August 31, 2021	167,552	6.5	6,030	16.7	7,401	10.3	5,151	12.7

Note: Comprehensive income For the nine months ended August 31, 2022: ¥6,044 million [15.0%]
 For the nine months ended August 31, 2021: ¥5,256 million [18.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2022	83.94	–
August 31, 2021	81.50	–

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 first quarter of the current fiscal year, and each figure for the nine months ended August 31, 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
	Millions of yen	Millions of yen	%
As of August 31, 2022	184,047	71,844	38.3
November 30, 2021	187,481	66,699	34.9

Reference: Equity
 As of August 31, 2022: ¥70,483 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 first quarter of the current fiscal year, and each figure as of August 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

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, 2021	–	10.00	–	13.00	23.00
Fiscal year ending November 30, 2022	–	11.00	–		
Fiscal year ending November 30, 2022 (Forecast)				14.00	25.00

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending November 30, 2022	224,000	(1.7)	6,800	3.2	7,600	(8.6)	4,900	(6.9)	76.99

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, 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 August 31, 2022	2,239,097 shares
As of November 30, 2021	2,396,033 shares

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

Nine months ended August 31, 2022	63,742,298 shares
Nine months ended August 31, 2021	63,210,581 shares

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

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

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

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1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the nine months ended August 31, 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 its priority issues in the fourth medium-term management plan with the fiscal year ended November 30, 2020 as the first fiscal year. The SALA Group is unified in pressing ahead with each measure in the fiscal year ending November 30, 2022, as it is the final year to complete the fourth medium-term management plan.

During the first nine months of the current fiscal year, 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. 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 CO₂ balance throughout the life cycle of a house from construction to demolition, and promoted carbon neutrality in the field of housing. ASCO Co., Ltd., in the animal health care business, has decided to integrate its subsidiaries A.M.I. Co., Ltd. and Daiwa Pharmaceutical co., ltd. through an absorption-type merger on December 1, 2022 in order to further strengthen profitability and expand its market share, following the integration of its subsidiary Hokuyaku Co., Ltd., in December 2021. 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 first nine months of the current fiscal year, net sales increased by 3.3% year on year to ¥173,021 million due to increases in revenue mainly in the Energy & Solutions business and the Housing business amid a decrease in revenue of ¥10,526 million compared with the previous accounting method due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. As for profit, despite increases in profit in the Energy & Solutions business and the Housing business, operating profit decreased by 1.8% year on year to ¥5,922 million due to decreases in profit mainly in Engineering & Maintenance business. Meanwhile, as gain on valuation of derivatives on forward exchange contracts increased, ordinary profit increased by 3.6% year on year to ¥7,666 million. As a result, profit attributable to owners of parent increased by 3.9% year on year to ¥5,350 million.

Operating results of each segment are as follows.

Energy & Solutions business

Net sales ¥86,661 million (up 16.2% year on year)

Operating profit ¥3,933 million (up 11.1% year on year)

With regard to city gas, sales volume mainly for home use and commercial 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 ¥22,126 million (down 3.6% year on year)

Operating profit ¥1,675 million (down 13.9% year on year)

Net sales decreased as completed projects decreased in the equipment work department and 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 ¥27,390 million (up 3.1% year on year)

Operating profit ¥274 million (up 18.9% year on year)

In the housing sales department, the number of lot houses sold decreased, but as the number of custom-built houses sold surpassed the results of the previous period, the total number of houses sold in the department, increased slightly. 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. Consequently, net sales and operating profit both increased.

Car Life Support business

Net sales ¥12,042 million (up 6.6% year on year)

Operating profit ¥23 million (down 84.4% 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, the number of used cars sold increased due to the Company focusing on used car sales. 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 ¥19,723 million (down 15.1% year on year)

Operating profit ¥580 million (down 17.3% year on year)

In the livestock farming department, orders for veterinary medical products, etc. received decreased year on year due to the impact of high feed prices, etc. Net sales decreased due to the inclusion of a decreasing factor of ¥3,391 million from the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations. As for profit, operating profit decreased due to the declined gross profit in the livestock farming department.

Properties business

Net sales ¥3,495 million (down 45.8% year on year)

Operating loss ¥251 million (operating loss of ¥474 million for the same period of the previous fiscal year)

The asset management department managing real estate properties, etc., performed well, with an increase in asset management income, but the results of the same period of the previous fiscal year included sales results of a condominium apartment building completed during the period, which resulted in a significant decrease in net sales. As for profit, operating loss was recorded in the hospitality department due to the number of customers of banquets, bridal services, hotel stays, etc. being below the level before the spread of COVID-19.

(2) Explanation of financial position**Assets**

Assets amounted to ¥184,047 million, down ¥3,434 million from November 30, 2021. This was mainly due to decreases in “cash and deposits” by ¥2,449 million, “work in process” by ¥2,415 million and “property, plant and equipment” by ¥1,965 million, despite increases in “notes and accounts receivable - trade, and contract assets” by ¥2,527 million and “other” under investments and other assets by ¥1,195 million.

Liabilities

Liabilities were ¥112,202 million, down ¥8,579 million from November 30, 2021. This was mainly due to decreases in “other” under current liabilities by ¥3,823 million, “long-term borrowings (including current portion)” by ¥3,259 million, “income taxes payable” by ¥658 million and “short-term borrowings” by ¥410 million.

Net assets

Net assets were ¥71,844 million, up ¥5,144 million from November 30, 2021. This was mainly due to an increase in “retained earnings” of ¥4,366 million (increased by ¥5,350 million due to recording of profit attributable to owners of parent, decreased by ¥1,584 million due to payment of dividends, and increased by ¥601 million due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations).

(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 January 12, 2022.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of November 30, 2021	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	24,754	22,305
Notes and accounts receivable - trade	26,528	–
Notes and accounts receivable - trade, and contract assets	–	29,055
Electronically recorded monetary claims - operating	1,458	1,472
Merchandise and finished goods	12,618	12,717
Work in process	11,135	8,720
Raw materials and supplies	405	443
Other	4,781	4,627
Allowance for doubtful accounts	(196)	(200)
Total current assets	81,487	79,142
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,768	20,345
Machinery, equipment and vehicles, net	8,821	8,191
Gas pipe, net	17,158	16,405
Land	33,858	33,280
Construction in progress	841	1,361
Other, net	1,475	1,374
Total property, plant and equipment	82,923	80,958
Intangible assets		
Goodwill	338	245
Other	1,149	1,533
Total intangible assets	1,488	1,779
Investments and other assets		
Investment securities	7,552	8,102
Long-term loans receivable	3,939	3,392
Deferred tax assets	4,920	4,308
Other	5,599	6,795
Allowance for doubtful accounts	(428)	(430)
Total investments and other assets	21,583	22,167
Total non-current assets	105,994	104,905
Total assets	187,481	184,047

(Millions of yen)

	As of November 30, 2021	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,656	24,491
Electronically recorded obligations - operating	4,289	4,446
Short-term borrowings	6,791	6,381
Current portion of long-term borrowings	9,845	7,898
Income taxes payable	1,301	643
Provision for bonuses	2,639	2,664
Provision for bonuses for directors (and other officers)	7	7
Provision for warranties for completed construction	64	59
Provision for loss on construction contracts	175	86
Provision for point card certificates	280	226
Provision for loss on guarantees	193	-
Other	14,163	10,339
Total current liabilities	64,407	57,244
Non-current liabilities		
Long-term borrowings	40,369	39,057
Deferred tax liabilities	198	403
Provision for retirement benefits for directors (and other officers)	195	181
Provision for share-based compensation	417	437
Provision for repairs	83	99
Retirement benefit liability	11,782	11,534
Other	3,327	3,244
Total non-current liabilities	56,374	54,958
Total liabilities	120,782	112,202
Net assets		
Shareholders' equity		
Share capital	8,025	8,025
Capital surplus	25,269	25,283
Retained earnings	33,365	37,732
Treasury shares	(1,585)	(1,479)
Total shareholders' equity	65,074	69,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	441	690
Deferred gains or losses on hedges	356	706
Remeasurements of defined benefit plans	(446)	(474)
Total accumulated other comprehensive income	351	922
Non-controlling interests	1,273	1,360
Total net assets	66,699	71,844
Total liabilities and net assets	187,481	184,047

(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, 2021	Nine months ended August 31, 2022
Net sales	167,552	173,021
Cost of sales	122,361	129,395
Gross profit	45,190	43,625
Selling, general and administrative expenses	39,159	37,702
Operating profit	6,030	5,922
Non-operating income		
Interest income	63	55
Dividend income	85	84
Gain on valuation of derivatives	601	1,102
Share of profit of entities accounted for using equity method	255	237
Other	551	491
Total non-operating income	1,558	1,971
Non-operating expenses		
Interest expenses	115	104
Other	72	123
Total non-operating expenses	187	227
Ordinary profit	7,401	7,666
Extraordinary income		
Gain on sale of non-current assets	64	48
Gain on sale of investment securities	95	33
Reversal of provision for loss on guarantees	–	22
Gain on sale of businesses	–	74
Total extraordinary income	160	178
Extraordinary losses		
Loss on sale and retirement of non-current assets	41	53
Impairment losses	43	17
Other	–	2
Total extraordinary losses	85	72
Profit before income taxes	7,476	7,772
Income taxes - current	1,406	1,937
Income taxes - deferred	785	362
Total income taxes	2,192	2,299
Profit	5,283	5,472
Profit attributable to non-controlling interests	132	122
Profit attributable to owners of parent	5,151	5,350

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended August 31, 2021	Nine months ended August 31, 2022
Profit	5,283	5,472
Other comprehensive income		
Valuation difference on available-for-sale securities	(37)	249
Deferred gains or losses on hedges	85	350
Remeasurements of defined benefit plans, net of tax	(76)	(27)
Total other comprehensive income	(27)	572
Comprehensive income	5,256	6,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,121	5,921
Comprehensive income attributable to non-controlling interests	134	123

(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 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 first quarter 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 first quarter of the

current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter 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 first quarter 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 first quarter 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 first quarter of the current fiscal year.

As a result of this change, for the first nine months of the current fiscal year, net sales decreased by ¥10,526 million, cost of sales decreased by ¥10,481 million, selling, general and administrative expenses decreased by ¥268 million, while operating profit, ordinary profit and profit before income taxes each increased by ¥222 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 quarterly consolidated balance sheet as of the end of the first quarter of the current fiscal year. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, the information on disaggregation of revenue from contracts with customers during the first nine months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

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 first quarter 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). There is no impact on the quarterly consolidated financial statements.

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

I For the nine months ended August 31, 2021

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

(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	74,600	22,947	26,562	11,295	23,239
Intersegment sales or transfers	1,553	3,504	16	7	8
Total	76,153	26,451	26,579	11,303	23,247
Segment profit (loss)	3,542	1,945	230	150	702

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Properties business	Total				
Net sales						
Revenues from external customers	6,448	165,093	2,458	167,552	–	167,552
Intersegment sales or transfers	368	5,457	1,333	6,790	(6,790)	–
Total	6,816	170,551	3,791	174,342	(6,790)	167,552
Segment profit (loss)	(474)	6,096	118	6,214	(183)	6,030

- (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 ¥(183) million includes intersegment eliminations of ¥844 million and corporate expenses of ¥(1,028) 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.

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 Animal Health Care business. The recorded amount of such impairment losses was ¥43 million in the first nine months of the previous fiscal year.

II 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 current fiscal year.

3. Information related to revisions to reportable segments

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 first quarter 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 first nine months of the current fiscal year, as a result of this change, and compared with the figures obtained by the previous method, net sales decreased by ¥6,250 million and segment profit decreased by ¥39 million for the “Energy & Solutions business.” Net sales and segment profit increased by ¥155 million and ¥243 million, respectively, for the “Engineering & Maintenance business.” Net sales and segment profit increased by ¥79 million and ¥18 million, respectively, for the “Housing business.” Net sales decreased by ¥255 million for the “Car Life Support business,” but there is no effect on segment profit.

Net sales decreased by ¥3,391 million for the “Animal Health Care business,” but there is no effect on segment profit. Net sales decreased by ¥1 million for the “Properties business,” but there is no effect on segment profit. Net sales decreased by ¥862 million for “Other,” but there is no effect on segment profit.

Significant events after reporting period

Not applicable.