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## **Summary of Consolidated Financial Results**

**For the First Quarter of FY2023  
(January 1, 2023 – March 31, 2023)**

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*\*This document is an English summary translation of a statement written initially in Japanese.  
The original Japanese should be considered the primary version.*

### Disclaimer Regarding Forward-Looking Statements

The forward-looking statements, including forecasts of performance of Hulic and its Group companies, contained in these materials are based on information currently available to the Hulic management and on certain assumptions deemed to be reasonable. Actual business and other results may vary substantially due to various factors.

# Outline of Consolidated Financial Results for the First Quarter of FY2023 <under Japanese GAAP>

April 27, 2023

Name of company listed: HULIC Co., Ltd.

Stock exchange listing: Tokyo (Prime Market)

Code number: 3003

URL: <https://www.hulic.co.jp/en/>

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Quarterly Securities Report to be filed on: May 11, 2023

Dividends to be paid on: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: N/A

## 1. Consolidated Financial Results for the 1Q FY2023 (January 1, 2023 to March 31, 2023)

### (1) Consolidated Financial Results (cumulative)

(Amounts indicated are displayed with amounts less than one million yen rounded off.)  
(Percentages indicate the YoY increase/decrease.)

	Revenue from operations		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY2023	112,561	5.2	34,190	17.8	31,772	11.7	22,009	19.9
1Q FY2022	106,928	16.8	29,019	31.0	28,432	38.3	18,343	45.7

Note: Comprehensive income: 1Q FY2023: ¥21,907 million [31.1%], 1Q FY2022: ¥16,705 million [(17.7) %]

	EPS (Net income per share)	Diluted EPS
	Yen	Yen
1Q FY2023	28.93	28.89
1Q FY2022	24.07	24.04

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
	Million yen	Million yen	%	Yen
1Q FY2023	2,373,262	692,684	29.1	909.33
FY2022	2,320,337	687,153	29.5	902.70

Reference: Equity: 1Q FY2023: ¥691,769 million, FY2022: ¥686,728 million

## 2. Dividends

	Annual dividends				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Total
FY2022	Yen —	Yen 20.00	Yen —	Yen 22.00	Yen 42.00
FY2023	—	—	—	—	—
FY2023 (Planned)	—	23.00	—	23.00	46.00

Note: Revision to the planned dividends announced recently: N/A

### 3. Forecasts of Consolidated Financial Results for FY2023 (January 1, 2023 to December 31, 2023)

(Percentages indicate the YoY increase/decrease.)

	Revenue from operations		Operating income		Ordinary income		Profit attributable to owners of parent		EPS (Net income per share)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full fiscal year	—	—	140,000	10.9	132,000	7.1	86,500	9.2	113.70

Note: Revision to the forecasts of financial results announced recently: N/A

The Company has a stable business structure centered on leasing operations, however, revenue from operations (net sales) fluctuates substantially due to trends in the buying and selling of real estate for sale. Success or failure in this buying and selling of properties is affected significantly by economic conditions and the real estate market. As forecasting such trends is currently difficult, the Company has not provided a forecast of its revenue from operations. The Company will disclose this information promptly once it becomes possible to make a forecast.

#### \* Notes

(1) Changes in Significant Subsidiaries during This Quarter: N/A

(Changes in specific subsidiaries resulting in changes in the scope of consolidation)

Newly included: –

Excluded: –

(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements: N/A

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements

1. Changes in accounting policies due to revisions of accounting standards, etc.: N/A

2. Changes in accounting policies due to other reasons: N/A

3. Changes in accounting estimates: N/A

4. Restatement of prior period financial statements: N/A

(4) Number of Issued Shares (common stock)

	1Q FY2023	FY2022
1) Number of issued shares as of the end of each period (including treasury stock)	767,907,735	767,907,735 (the end of FY2022)
2) Number of treasury shares as of the end of each period	7,164,492	7,164,236 (the end of FY2022)
3) Average number of outstanding shares for each period (consolidated cumulative period)	760,743,356	762,059,585 (1Q FY2022)

\* The summary of quarterly financial results is not required to be subjected to quarterly reviews by certificated accountants or auditors.

\* Disclaimer regarding forward-looking statements.

This document contains forward-looking statements about the performance of Hulic and its Group companies, based on management's assumptions in light of current available information. In no way do these statements provide any assurance by Hulic of achieving such results. Actual results may differ substantially from these statements due to various factors.

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## 1. Qualitative Information on Consolidated Financial Results of 1Q FY2023

### (1) Summary of Operating Results

In cumulative 1Q FY2023, rent income from real estate was stable due to the completion of properties and acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate for sale steadily increased compared with the previous fiscal year. As a result, revenue from operations was ¥112,561 million (increased ¥5,633 million or 5.2% year on year), operating income was ¥34,190 million (increased ¥5,170 million or 17.8% year on year), ordinary income was ¥31,772 million (increased ¥3,339 million or 11.7% year on year), and profit attributable to owners of parent was ¥22,009 million (increased ¥3,665 million or 19.9% year on year).

The operating results for each segment are as follows.

(Revenue from operations for each segment includes inter-segment revenue from operations and the balance of book-entry transfers.)

#### <Real Estate>

The Group's core business is a leasing business that utilizes approximately 270 buildings and properties (excluding real estate for sale), amounting to approximately 1,360,000 square meters of floor space, located mainly in Tokyo's 23 wards. From the perspective of constructing a competitive leasing portfolio that addresses the changing circumstances, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly. In addition, we work to expand pipelines for development / reconstruction and value-added projects in order to acquire stable and continuous capital gains and asset management fees through diversifying exits of properties.

New acquisitions (non-current assets) in 1Q FY2023 included Hulic - Sompo Japan Ueno Kyodo Building (partial)(Taito-ku, Tokyo), Shimachu Fuchu Store (Fuchu-shi, Tokyo), ROOM DECO Makuhari Shin-Toshin (Chiba-shi, Chiba), and others.

In development and reconstruction business (non-current assets), (tentative name) Sendagaya Center Building Reconstruction Project (Shibuya-ku, Tokyo), (tentative name) Hulic Fukuoka Building Reconstruction Project (Chuo-ku, Fukuoka-shi), (tentative name) Sapporo Reconstruction Project II (Chuo-ku, Sapporo-shi), (tentative name) Misato Logistics Development Project (Misato-shi, Saitama), (tentative name) Ginza Building Reconstruction Project (Chuo-ku, Tokyo), (tentative name) Shinsaibashi Project (Chuo-ku, Osaka), (tentative name) Shinjuku 318 Development Project (Shinjuku-ku, Tokyo), Ginza Core (Chuo-ku, Tokyo), etc. were proceeded as planned.

In PPP (Public Private Partnership) business, Hulic Kinshicho Collabo Tree (Sumida-ku, Tokyo) was completed in January 2023. In addition, projects including "Urban Renewal Step-Increased Project (Shibuya Area) Shibuya 1-chome Area Joint Development Project" conducted by the Tokyo Metropolitan Government and the Shibuya City Government were proceeded as planned.

In real estate for sale, properties including Hulic Akihabara Chuo-dori Building, etc. were sold.

As described above, the segment operations progressed as planned because rent income from real estate was stable due to the completion of properties and acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate for sale increased compared with the same period of previous fiscal year. As a result, revenue from operations in this business segment totaled ¥102,259 million (increased ¥2,251 million or 2.2% year on year) and operating income was ¥37,139 million (increased ¥3,182 million or 9.3% year on year).

#### <Insurance Agency>

Hulic Insurance Service Co., Ltd., one of the Company's consolidated subsidiaries, serves as an insurance agency for both Japanese and foreign insurance companies operating in Japan and sells various insurance products to both corporate and individual customers. Although a difficult business environment continues to surround the insurance business industry, the Company is pursuing expansion of this business, concentrating on corporate transactions, with a strategy of acquiring the business rights of existing non-life insurance agents.

As a result, revenue from operations in this business segment was ¥1,046 million (increased ¥80 million or 8.3% year on year) and the operating income was ¥432 million (increased ¥94 million or 28.0% year on year).

#### <Hotels/ Ryokans>

In Hotels/ Ryokans Business, Hulic Hotel Management Co., Ltd., one of the Company's consolidated subsidiaries, manages "THE GATE HOTEL" brand hotel series, Hulic Fufu Co., Ltd., one of the Company's consolidated subsidiaries, manages "FUFU" ryokan series and NIPPON VIEW HOTEL Co., Ltd., one of the Company's consolidated subsidiaries, manages "View Hotel" brand hotel series.

In 1Q FY2023, both occupancy rates and ADR (Average Daily Rates) were recovering since COVID-19 restrictions were eased and the Government's domestic travel subsidy program was extended with the decreased number of positive cases.

As a result, revenue from operations was ¥9,774 million (increased ¥3,826 million or 64.3% year on year) and operating income

was ¥29 million (¥2,138 million loss same period of the previous fiscal year).

<Others>

Hulic Build Co., Ltd., one of the Company's consolidated subsidiaries, regularly takes orders of repair constructions, constructions of refurbishment at the end of lease contracts and interior fit-outs at the beginning of lease contracts from the Company's existing properties.

As a result, revenue from operations was ¥1,592 million (decreased ¥278 million or 14.8 % year on year) and operating income was ¥152 million (decreased ¥30 million or 16.6% year on year).

(2) Qualitative Information on Consolidated Financial Position

<Assets>

Total assets as of the end of 1Q FY2023 was ¥2,373,262 million, increased by ¥52,925 million from the end of FY2022. From the perspective of constructing a competitive leasing portfolio that addresses the changing circumstances, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly.

In addition, the Group strived not only to provide support and backup as a sponsor to maintain and improve the long-term revenues of Hulic Reit, Inc. & Hulic Private Reit and realize steady growth of their assets under management.

Changes in amount of major items are as follows.

- Cash and deposits: Increased ¥42,404 million
- Real estate for sale: Decreased ¥4,586 million (Transfer from non-current assets, Acquisition and sales of properties, etc.)
- Construction in progress: Increased ¥4,731 million (Progress in development and reconstruction projects, Completions, etc.)

<Liabilities>

Total liabilities as at the end of 1Q FY2023 was ¥1,680,578 million, increased ¥47,394 million from the end of FY2022. This was mainly attributable to financing carried out for capital investment and the like.

The balance of interest-bearing debts was ¥1,039,830 million, which included ¥11,730 million non-recourse borrowings owed by a consolidated SPC. Financing from financial institutions is operated stably at low cost thanks to the credit strength on the back of the Group's high earnings level.

<Net Assets>

Total net assets at the end of 1Q FY2023 was ¥692,684 million, increased ¥5,530 million from the end of FY2022. Total shareholders' equity was ¥651,602 million, increased ¥5,132 million from the end of FY2022, due mainly to an increase of retained earnings in profit attributable to owners of parent and a decrease of retained earnings in the cash dividend payment.

Total accumulated other comprehensive income was ¥40,166 million, decreased ¥92 million from the end of FY2022.

(3) Notes Regarding Forward-looking Statements such as Forecasts of Consolidated Business Results

As the Company's business performance for 1Q FY2023 broadly proceeded according to plans, it has not made any changes to the forecasts of consolidated business results for the fiscal year ending December 31, 2023.

Consolidated Financial Statements (Unaudited)

(4) Quarterly Consolidated Balance Sheets (Unaudited)

(Million yen)

Item	At the end of 1Q (March 31, 2023)	At the end of previous fiscal year (December 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and deposits	180,804	138,400
Notes, accounts receivable, and contract assets	8,887	7,097
Merchandise	27	21
Real estate for sale	86,183	90,770
Real estate for sale in process	1,141	4,355
Advance payments – construction in progress	51	21
Supplies	399	371
Other current assets	10,675	9,870
Allowance for doubtful accounts	(10)	(7)
Total current assets	288,160	250,901
Non-current assets		
Tangible non-current assets		
Buildings and structures (Net amount)	232,704	233,474
Machinery, equipment and vehicles (Net amount)	8,690	8,890
Land	1,372,511	1,374,904
Construction in progress	20,938	16,207
Other tangible non-current assets (Net amount)	10,764	10,972
Total tangible non-current assets	1,645,609	1,644,449
Intangible non-current assets		
Goodwill	4,429	4,795
Leasehold rights	83,313	81,233
Other intangible non-current assets	2,446	2,199
Total intangible non-current assets	90,189	88,228
Investments and other assets		
Investment securities	287,124	284,706
Lease deposits	39,482	37,545
Deferred tax assets	905	856
Net defined benefit assets	488	493
Other investments and assets	19,189	10,865
Allowance for doubtful accounts	(30)	(31)
Total investments and other assets	347,159	334,436
Total non-current assets	2,082,958	2,067,114
Deferred assets		
Total deferred assets	2,143	2,321
<b>Total assets</b>	<b>2,373,262</b>	<b>2,320,337</b>

(Million yen)

Item	At the end of 1Q (March 31, 2023)	At the end of previous fiscal year (December 31, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Short-term borrowings	77,364	162,237
Short-term bonds	59,981	-
Bonds payable within one year	-	50,000
Accounts payable	6,390	3,843
Income taxes payable	11,125	11,531
Cash in advance	6,944	6,543
Allowance for employees' bonus	770	377
Allowance for directors' and corporate auditors' bonus	83	340
Other current liabilities	14,382	10,883
Total current liabilities	177,043	245,757
Non-current liabilities		
Corporate bonds	371,000	371,000
Long-term borrowings	962,465	857,748
Deferred income taxes	52,924	53,532
Allowance for stock benefits	2,994	2,846
Net defined benefit liabilities	1,573	1,634
Deposits from tenants	88,522	88,287
Other non-current liabilities	24,053	12,376
Total non-current liabilities	1,503,534	1,387,426
Total liabilities	1,680,578	1,633,183
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	111,609	111,609
Capital surplus	137,731	137,741
Retained earnings	406,233	401,090
Treasury stock	(3,971)	(3,971)
Total shareholders' equity	651,602	646,469
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities	40,235	40,267
Deferred gains (losses) on hedges	(288)	(261)
Foreign currency translation adjustment	0	0
Accumulated remeasurements of defined benefit plans	218	252
Total accumulated other comprehensive income	40,166	40,258
Non-controlling interests	915	424
Total net assets	692,684	687,153
Total liabilities and total net assets	2,373,262	2,320,337



## (5) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	1Q (From January 1, 2023 to March 31, 2023)	Previous 1Q (From January 1, 2022 to March 31, 2022)
Revenue from operations	112,561	106,928
Cost of revenue from operations	64,793	65,703
Gross operating profit	47,767	41,224
Selling, general and administrative expenses	13,576	12,205
Operating income	34,190	29,019
Non-operating income		
Interest income	14	2
Dividend income	207	345
Equity in income of affiliates	190	265
Termination of lease contracts	103	1,337
Cooperation income	173	-
Other	126	322
Total non-operating income	816	2,273
Non-operating expenses		
Interest expenses	2,779	2,521
Other	454	338
Total non-operating expenses	3,234	2,860
Ordinary income	31,772	28,432
Extraordinary gains		
Gain on sales of non-current assets	179	0
Gain on sales of investment securities	-	19
Subsidies for employment adjustment, etc.	-	15
Compensation income	541	-
Other	57	-
Total extraordinary gains	777	35
Extraordinary losses		
Loss on sales of non-current assets	67	5
Loss on disposal of non-current assets	1	363
Loss on reconstructions of buildings	111	501
Impairment loss	93	-
Other	-	32
Total extraordinary losses	274	902
Income before income taxes and non-controlling interests	32,275	27,565
Current income taxes	10,918	10,086
Deferred income taxes	(642)	(850)
Total current income taxes and deferred income taxes	10,276	9,235
Net income before non-controlling interests	21,999	18,329
Profit (loss) attributable to non-controlling interests	(9)	(13)
Profit attributable to owners of parent	22,009	18,343

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	1Q (From January 1, 2023 to March 31, 2023)	Previous 1Q (From January 1, 2022 to March 31, 2022)
Net income before non-controlling interests	21,999	18,329
Other comprehensive income		
Net unrealized gains (losses) on securities	(5)	(1,463)
Deferred gains (losses) on hedges	(26)	(74)
Remeasurements of defined benefit plans, net of tax	(8)	(2)
Share of other comprehensive income of affiliates accounted for using equity method	(51)	(82)
Total other comprehensive income	(92)	(1,623)
Quarterly comprehensive income	21,907	16,705
Comprehensive income attributable to		
Owners of parent	21,917	16,719
Non-controlling interests	(9)	(13)

(6) Footnotes on the Quarterly Consolidated Financial Statements

(Footnotes on the Assumption of Going Concern)

N/A

(Footnotes on Shareholders' Equity in Case of Significant Changes)

N/A

(Additional Information)

(Accounting Estimates Related to Impact from Spread of COVID-19)

No significant changes in the assumption of accounting estimates due to the spread of COVID-19 from the end of FY2022.

(Segment Information, etc.)

I. 1Q FY2023 (from January 1, 2023 to March 31, 2023)

1. Information on revenue from operations, income or loss by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the quarterly consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels/ Ryokans (subsidiaries)	Total				
Revenue from operations								
Outside customers	100,447	1,046	9,702	111,196	1,365	112,561	—	112,561
Inter-segment	1,811	—	71	1,883	227	2,110	(2,110)	—
Total	102,259	1,046	9,774	113,079	1,592	114,672	(2,110)	112,561
Segment income	37,139	432	29	37,602	152	37,754	(3,564)	34,190

Notes:

1. The category of "Others" includes business segments that are not included in the reportable segments, such as general construction, design, construction management, etc.
2. Adjustment of segment income of negative ¥3,564 million includes elimination of intersegment transactions of negative ¥121 million and corporate expenses of negative ¥3,686 million which are not distributed to reportable segments. Corporate expenses are expenses mainly related to general administrative departments that do not belong to reportable segments.
3. Segment income is adjusted with operating income reported in the quarterly consolidated statement of income.

2. Information on impairment losses on fixed assets and goodwill for each reportable segment:

The information is omitted because it is immaterial.

II. 1Q FY2022 (from January 1, 2022 to March 31, 2022)

1. Information on revenue from operations, income or loss by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the quarterly consolidated statements of income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels/ Ryokans (subsidiaries)	Total				
Revenue from operations								
Outside customers	98,672	965	5,878	105,516	1,412	106,928	—	106,928
Inter-segment	1,334	—	70	1,405	459	1,864	(1,864)	—
Total	100,007	965	5,948	106,921	1,871	108,792	(1,864)	106,928
Segment income	33,957	337	(2,138)	32,156	183	32,339	(3,320)	29,019

Notes:

1. The category of “Others” includes business segments that are not included in the reportable segments, such as general construction, design, construction management, etc.
2. Adjustment of segment income of negative ¥3,320 million includes elimination of intersegment transactions of negative ¥134 million and corporate expenses of negative ¥3,455 million which are not distributed to reportable segments. Corporate expenses are expenses mainly related to general administrative departments that do not belong to reportable segments.
3. Segment income or (loss) is adjusted with operating income reported in the quarterly consolidated statement of income.

2. Information on impairment losses on fixed assets and goodwill for each reportable segment: N/A