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July 7, 2023

Consolidated Financial Results for the Six Months Ended May 31, 2023 (Under Japanese GAAP)

Company name: SALA Corporation
 Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
 Securities code: 2734
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 Scheduled date to file quarterly securities report: July 11, 2023
 Scheduled date to commence dividend payments: July 31, 2023
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly 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 six months ended May 31, 2023 (from December 1, 2022 to May 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	%
Six months ended								
May 31, 2023	125,976	6.5	5,022	(19.6)	5,680	(19.2)	4,748	(1.1)
May 31, 2022	118,277	3.9	6,243	(1.0)	7,030	1.3	4,801	0.8

Note: Comprehensive income For the six months ended May 31, 2023: ¥4,756 million [(8.5)%]
 For the six months ended May 31, 2022: ¥5,199 million [3.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
May 31, 2023	74.37	—
May 31, 2022	75.36	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2023	185,745	77,209	40.8
November 30, 2022	188,417	73,355	38.2

Reference: Equity
 As of May 31, 2023: ¥75,809 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: Yes

*** 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 “(4) Notes to quarterly consolidated financial statements (Changes in accounting policies)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 12 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 May 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 May 31, 2023	2,093,283 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)

Six months ended May 31, 2023	63,844,022 shares
Six months ended May 31, 2022	63,712,083 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 six months of the fiscal year ending November 30, 2023, while the Japanese economy saw a move toward normalization of socioeconomic activities with the easing of restrictions relating to the novel coronavirus disease (COVID-19), the economic outlook remained uncertain due to the impact of rising prices, depreciation of the yen, etc. caused by the prolonged uncertainty over the situation in Ukraine.

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 work to fundamentally reform the business structure through digital transformation (DX) and will proactively invest in new growth areas for promoting carbon neutrality. During the first six months of the current fiscal year, in January 2023, SALA CARS JAPAN Co., Ltd., which is the Car Life Support business, through collaboration and co-creation efforts with Energy & Solutions business SALA ENERGY CO., LTD. and SALA e ENERGY CO., LTD., began operating a carbon neutral store that uses electricity and gas with virtually zero CO₂ emissions at the Audi Hamamatsu store in Hamamatsu City, Shizuoka Prefecture. Furthermore, SALA ENERGY CO., LTD. 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. In addition, the company 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 six months of the current fiscal year, net sales increased by 6.5% year on year to ¥125,976 million due to a significant increase in revenue in the Energy & Solutions business. As for profit, operating profit decreased by 19.6% year on year to ¥5,022 million due to decreases in profit in each segment except the “Properties business.” As gain on valuation of derivatives on forward exchange contracts of ¥205 million, etc. were recorded in non-operating income, ordinary profit decreased by 19.2% year on year to ¥5,680 million. Profit attributable to owners of parent decreased by 1.1% year on year to ¥4,748 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 ¥71,337 million (up 19.4% year on year)

Operating profit ¥4,056 million (down 10.2% 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 due to the impact of high energy and raw material prices in addition to decreased sales volume of city gas, mainly for home use and industrial use.

Engineering & Maintenance business

Net sales ¥14,999 million (down 4.8% year on year)

Operating profit ¥1,384 million (down 1.8% year on year)

Net sales decreased as completed projects decreased in the civil engineering department, the construction department and the maintenance department. As for profit, operating profit decreased due to the increase in selling, general and administrative expenses, although gross profit was about the same level year on year due to efforts of each department to reduce cost of sales by thorough process management.

Housing business

Net sales ¥14,868 million (down 19.7% year on year)

Operating loss ¥400 million (operating profit of ¥211 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 compared to the same period of the previous fiscal year, as well as due to a decline in the number of lot houses delivered. On the other hand, in the housing components and materials processing and sales department, orders performed well as a result of efforts to cultivate new customers in addition to strengthening relationships with existing business partners. Overall segment sales declined, and operating loss was recorded due to the decrease in the number of houses sold.

Car Life Support business

Net sales ¥8,826 million (up 17.3% year on year)

Operating loss ¥133 million (operating profit of ¥5 million for the same period of the previous fiscal year)

For Volkswagen, efforts were made to sell used cars as well as new cars in a higher price range to address the impact of the lower production volume resulting from semiconductor shortages, etc. For Audi, the numbers of new cars sold and used cars sold both 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 promotion expenses.

Animal Health Care business

Net sales ¥12,889 million (down 4.6% year on year)

Operating profit ¥277 million (down 46.0% 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, orders decreased due to the recoil in demand following the last-minute surge in

demand before the price hike of veterinary medical products, etc. in the same period of the previous year. Consequently, net sales and operating profit both decreased.

Properties business

Net sales ¥2,132 million (up 3.3% year on year)

Operating loss ¥18 million (operating loss of ¥188 million for the same period of the previous fiscal year)

In the real estate properties department, transactions for corporate clients such as for offices and stores remained strong, mainly in the asset management department that engages in brokerage, management of real estate properties, etc. 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, net sales increased, and operating loss declined.

(2) Explanation of financial position

(i) Assets, liabilities and net assets

Assets

Assets amounted to ¥185,745 million, down ¥2,671 million from November 30, 2022. This was mainly due to decreases in “notes and accounts receivable - trade, and contract assets” by ¥3,959 million, “property, plant and equipment” by ¥2,316 million, and “deferred tax assets” by ¥911 million, despite increases in “merchandise and finished goods” by ¥1,494 million, “retirement benefit asset” by ¥1,297 million, and “other” under current assets by ¥1,031 million.

Liabilities

Liabilities were ¥108,535 million, down ¥6,526 million from November 30, 2022. This was mainly due to decreases in “notes and accounts payable - trade” by ¥3,142 million, “long-term borrowings (including current portion)” by ¥1,626 million, “provision for bonuses” by ¥1,241 million, “retirement benefit liability” by ¥1,112 million and “other” under current liabilities by ¥1,086 million, despite an increase in “short-term borrowings” by ¥1,982 million.

Net assets

Net assets were ¥77,209 million, up ¥3,854 million from November 30, 2022. This was mainly due to an increase in “retained earnings” of ¥3,757 million (increased by ¥4,748 million due to recording of profit attributable to owners of parent and decreased by ¥990 million due to payment of dividends).

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) in the six months ended May 31, 2023 decreased by ¥620 million in total, resulting from net cash provided by operating activities of ¥3,151 million, net cash used in investing activities of ¥3,112 million, and net cash used in financing activities of ¥660 million. As a result, cash and cash equivalents at the end of the six months ended May 31, 2023 were ¥23,151 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥3,151 million (¥7,276 million provided in the same period of the previous fiscal year). This was mainly due to increase factors such as “profit before income taxes” of ¥7,191 million, “decrease in trade receivables” of ¥3,929 million and “depreciation” of ¥3,256 million, and decrease factors including “decrease in trade payables” of ¥3,069 million, “increase in inventories” of ¥2,512 million, “income taxes paid” of ¥2,145 million and “increase in retirement benefit asset” of ¥1,297 million.

Cash flows from investing activities

Net cash used in investing activities was ¥3,112 million (¥2,747 million used in the same period of the previous fiscal year). This was mainly due to “purchase of property, plant and equipment” of ¥3,229 million.

Cash flows from financing activities

Net cash used in financing activities was ¥660 million (¥4,809 million used in the same period of the previous fiscal year). This was mainly due to decrease factors such as “repayments of long-term borrowings” of ¥3,620 million and “dividends paid” of ¥984 million, and increase factors including “proceeds from long-term borrowings” of ¥2,000 million and “net increase in short-term borrowings” of ¥1,982 million.

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

In the full-year consolidated earnings forecast announced on January 12, 2023, operating profit was revised from ¥7,000 million to ¥5,500 million, and ordinary profit was revised from ¥7,800 million to ¥6,300 million. The effects of loss (gain) on valuation of derivatives on forward exchange contracts are not included in the consolidated earnings forecasts for the fiscal year ending November 30, 2023.

For details, please refer to “Notice Concerning Revision to the Full-Year Consolidated Earnings Forecast and Recording of Extraordinary Income” announced today (July 7, 2023) (in Japanese only).

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of November 30, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	24,191	23,571
Notes and accounts receivable - trade, and contract assets	33,077	29,117
Electronically recorded monetary claims - operating	2,010	2,188
Merchandise and finished goods	12,520	14,015
Work in process	7,656	8,529
Raw materials and supplies	267	370
Other	4,886	5,918
Allowance for doubtful accounts	(206)	(170)
Total current assets	84,404	83,541
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,205	19,838
Machinery, equipment and vehicles, net	7,737	7,605
Gas pipe, net	16,347	15,677
Land	33,287	32,637
Construction in progress	1,572	1,093
Other, net	1,348	1,329
Total property, plant and equipment	80,498	78,181
Intangible assets		
Goodwill	274	321
Other	1,731	1,924
Total intangible assets	2,006	2,245
Investments and other assets		
Investment securities	7,913	8,240
Long-term loans receivable	3,204	2,808
Retirement benefit asset	-	1,297
Deferred tax assets	4,492	3,580
Other	6,358	6,345
Allowance for doubtful accounts	(460)	(497)
Total investments and other assets	21,507	21,776
Total non-current assets	104,012	102,203
Total assets	188,417	185,745

(Millions of yen)

	As of November 30, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,827	24,685
Electronically recorded obligations - operating	4,592	4,713
Short-term borrowings	5,944	7,927
Current portion of long-term borrowings	7,411	7,394
Income taxes payable	1,695	1,300
Provision for bonuses	2,621	1,380
Provision for bonuses for directors (and other officers)	11	4
Provision for warranties for completed construction	56	48
Provision for loss on construction contracts	82	45
Provision for point card certificates	233	228
Other	11,609	10,522
Total current liabilities	62,085	58,250
Non-current liabilities		
Long-term borrowings	38,862	37,253
Deferred tax liabilities	423	591
Provision for retirement benefits for directors (and other officers)	190	162
Provision for share-based compensation	470	438
Provision for repairs	104	115
Retirement benefit liability	9,535	8,422
Other	3,389	3,302
Total non-current liabilities	52,976	50,285
Total liabilities	115,062	108,535
Net assets		
Shareholders' equity		
Share capital	8,025	8,025
Capital surplus	25,281	25,298
Retained earnings	38,076	41,833
Treasury shares	(1,480)	(1,383)
Total shareholders' equity	69,902	73,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	518	626
Deferred gains or losses on hedges	587	493
Remeasurements of defined benefit plans	1,003	915
Total accumulated other comprehensive income	2,109	2,035
Non-controlling interests	1,342	1,399
Total net assets	73,355	77,209
Total liabilities and net assets	188,417	185,745

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

(Millions of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Net sales	118,277	125,976
Cost of sales	86,987	95,695
Gross profit	31,289	30,281
Selling, general and administrative expenses	25,045	25,259
Operating profit	6,243	5,022
Non-operating income		
Interest income	37	30
Dividend income	30	35
Gain on valuation of derivatives	286	205
Share of profit of entities accounted for using equity method	163	201
Other	416	297
Total non-operating income	934	769
Non-operating expenses		
Interest expenses	68	73
Other	79	37
Total non-operating expenses	148	110
Ordinary profit	7,030	5,680
Extraordinary income		
Gain on sale of non-current assets	34	24
Gain on sale of investment securities	29	–
Reversal of provision for loss on guarantees	22	–
Gain on revision of retirement benefit plan	–	2,388
Total extraordinary income	85	2,412
Extraordinary losses		
Loss on sale and retirement of non-current assets	14	64
Loss on sale of investment securities	–	36
Impairment losses	17	800
Other	0	–
Total extraordinary losses	32	901
Profit before income taxes	7,084	7,191
Income taxes - current	1,804	1,253
Income taxes - deferred	370	1,106
Total income taxes	2,174	2,360
Profit	4,909	4,831
Profit attributable to non-controlling interests	107	83
Profit attributable to owners of parent	4,801	4,748

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Profit	4,909	4,831
Other comprehensive income		
Valuation difference on available-for-sale securities	108	108
Deferred gains or losses on hedges	195	(94)
Remeasurements of defined benefit plans, net of tax	(14)	(88)
Total other comprehensive income	289	(74)
Comprehensive income	5,199	4,756
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,091	4,673
Comprehensive income attributable to non-controlling interests	108	82

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,084	7,191
Depreciation	3,291	3,256
Impairment losses	17	800
Amortization of goodwill	83	59
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in provision for bonuses	(1,321)	(1,241)
Increase (decrease) in provision for bonuses for directors (and other officers)	(2)	(6)
Increase (decrease) in provision for warranties for completed construction	(3)	(8)
Increase (decrease) in provision for loss on construction contracts	1	(36)
Increase (decrease) in provision for point card certificates	(6)	(5)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(15)	(28)
Increase (decrease) in provision for share-based compensation	(12)	(32)
Increase (decrease) in provision for repairs	10	10
Increase (decrease) in provision for loss on guarantees	(193)	-
Increase (decrease) in retirement benefit liability	(153)	(1,121)
Decrease (increase) in retirement benefit asset	-	(1,297)
Interest and dividend income	(68)	(65)
Interest expenses	69	73
Share of loss (profit) of entities accounted for using equity method	(163)	(201)
Loss (gain) on valuation of derivatives	(286)	(205)
Loss (gain) on sale and retirement of non-current assets	(29)	(1)
Loss (gain) on sale of investment securities	(29)	-
Decrease (increase) in trade receivables	196	3,929
Decrease (increase) in inventories	(640)	(2,512)
Increase (decrease) in trade payables	680	(3,069)
Increase (decrease) in long-term accounts payable - other	(54)	(38)
Other, net	377	(138)
Subtotal	8,832	5,312
Interest and dividends received	69	67
Interest paid	(78)	(82)
Income taxes paid	(1,547)	(2,145)
Net cash provided by (used in) operating activities	7,276	3,151

(Millions of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,875)	(3,229)
Proceeds from sale of property, plant and equipment	75	494
Purchase of intangible assets	(271)	(685)
Purchase of investment securities	(114)	(303)
Proceeds from sale of investment securities	91	259
Loan advances	(43)	(30)
Proceeds from collection of loans receivable	419	425
Other, net	(29)	(44)
Net cash provided by (used in) investing activities	(2,747)	(3,112)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	223	1,982
Proceeds from long-term borrowings	1,100	2,000
Repayments of long-term borrowings	(5,230)	(3,620)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	105	97
Dividends paid	(870)	(984)
Dividends paid to non-controlling interests	(5)	(6)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(16)	(7)
Repayments of finance lease liabilities	(115)	(120)
Net cash provided by (used in) financing activities	(4,809)	(660)
Net increase (decrease) in cash and cash equivalents	(280)	(620)
Cash and cash equivalents at beginning of period	24,227	23,772
Cash and cash equivalents at end of period	23,947	23,151

(4) 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 six months of the current fiscal year.

Segment information

I For the six months ended May 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	23,289	–	–	–	–
LP gas	16,140	–	–	–	–
Electric power	6,989	–	–	–	–
Civil engineering work, construction work, equipment work	–	15,749	–	–	–
Housing, construction materials	–	–	18,509	–	–
Automotive sales and maintenance	–	–	–	7,525	–
Veterinary medical products	–	–	–	–	13,512
Lease, sale and purchase, and brokerage of real estate, hotel	–	–	–	–	–
Other	13,303	–	–	–	–
Revenue from contracts with customers	59,723	15,749	18,509	7,525	13,512
Other revenue (Note 4)	–	–	–	–	–
Revenues from external customers	59,723	15,749	18,509	7,525	13,512
Intersegment sales or transfers	1,185	2,482	3	5	0
Total	60,908	18,232	18,512	7,531	13,512
Segment profit (loss)	4,519	1,409	211	5	514

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Properties business	Total				
Net sales						
City gas	–	23,289	–	23,289	–	23,289
LP gas	–	16,140	–	16,140	–	16,140
Electric power	–	6,989	–	6,989	–	6,989
Civil engineering work, construction work, equipment work	–	15,749	–	15,749	–	15,749
Housing, construction materials	–	18,509	–	18,509	–	18,509
Automotive sales and maintenance	–	7,525	–	7,525	–	7,525
Veterinary medical products	–	13,512	–	13,512	–	13,512
Lease, sale and purchase, and brokerage of real estate, hotel	2,064	2,064	–	2,064	–	2,064
Other	–	13,303	1,010	14,313	67	14,381
Revenue from contracts with customers	2,064	117,084	1,010	118,094	67	118,162
Other revenue (Note 4)	–	–	114	114	–	114
Revenues from external customers	2,064	117,084	1,124	118,209	67	118,277
Intersegment sales or transfers	246	3,924	962	4,886	(4,886)	–
Total	2,311	121,009	2,086	123,095	(4,818)	118,277
Segment profit (loss)	(188)	6,471	61	6,533	(289)	6,243

- (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 ¥(289) million includes intersegment eliminations of ¥571 million and corporate expenses of ¥(861) 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 six months of the previous fiscal year.

II For the six months ended May 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	31,684	–	–	–	–
LP gas	15,383	–	–	–	–
Electric power	8,877	–	–	–	–
Civil engineering work, construction work, equipment work	–	14,999	–	–	–
Housing, construction materials	–	–	14,868	–	–
Automotive sales and maintenance	–	–	–	8,826	–
Veterinary medical products	–	–	–	–	12,889
Lease, sale and purchase, and brokerage of real estate, hotel	–	–	–	–	–
Other	15,392	–	–	–	–
Revenue from contracts with customers	71,337	14,999	14,868	8,826	12,889
Other revenue (Note 4)	–	–	–	–	–
Revenues from external customers	71,337	14,999	14,868	8,826	12,889
Intersegment sales or transfers	1,092	2,885	7	4	0
Total	72,429	17,884	14,876	8,830	12,889
Segment profit (loss)	4,056	1,384	(400)	(133)	277

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Properties business	Total				
Net sales						
City gas	–	31,684	–	31,684	–	31,684
LP gas	–	15,383	–	15,383	–	15,383
Electric power	–	8,877	–	8,877	–	8,877
Civil engineering work, construction work, equipment work	–	14,999	–	14,999	–	14,999
Housing, construction materials	–	14,868	–	14,868	–	14,868
Automotive sales and maintenance	–	8,826	–	8,826	–	8,826
Veterinary medical products	–	12,889	–	12,889	–	12,889
Lease, sale and purchase, and brokerage of real estate, hotel	2,132	2,132	–	2,132	–	2,132
Other	–	15,392	724	16,117	72	16,190
Revenue from contracts with customers	2,132	125,052	724	125,777	72	125,850
Other revenue (Note 4)	–	–	126	126	–	126
Revenues from external customers	2,132	125,052	851	125,903	72	125,976
Intersegment sales or transfers	246	4,237	884	5,122	(5,122)	–
Total	2,379	129,290	1,735	131,026	(5,049)	125,976
Segment profit (loss)	(18)	5,166	40	5,206	(184)	5,022

- (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 ¥(184) million includes intersegment eliminations of ¥539 million and corporate expenses of ¥(724) 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 idle assets were recorded in the Energy & Solutions business. The recorded amount of such impairment losses was ¥180 million in the first six 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 six 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 six months of the current fiscal year.

Significant events after reporting period

Not applicable.