

Consolidated Financial Results for the three months of the FYE March 31, 2024 (JGAAP)

July 31, 2023

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Scheduled date of dividend payment: -
 Scheduled date to submit the Quarterly Report: August 10, 2023
 Earnings Supplementary Explanatory Documents: Yes
 Holding of financial results presentation meeting: -

(Figures of less than one million are rounded down.)

1. Consolidated Results for the three months of the FYE March 31, 2024 (April 1, 2023 – June 30, 2023)

(1) Consolidated operating results

(% shows the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Quarterly Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2023	4,290	46.8	202	(12.1)	167	(16.8)	133	101.0
June 30, 2022	2,922	63.9	230	30.9	200	19.3	66	(42.4)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥140 million 111.1%
 Three months ended June 30, 2022: ¥66 million (42.6)%

	Basic quarterly profit per share	Diluted quarterly profit per share
	Yen	Yen
Three months ended		
June 30, 2023	8.28	8.18
June 30, 2022	4.13	4.10

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
June 30, 2023	24,585	11,468	45.3
March 31, 2023	21,956	11,316	50.1

(Reference) Equity capital: As of June 30, 2023: ¥11,135 million As of March 31, 2023: ¥10,995 million

2. Dividends

	Annual dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2023	–	0.00	–	0.00	0.00
FYE March 31, 2024	–				
FYE March 31, 2024 (forecast)		0.00		0.00	0.00

(Note) Revision of the forecasts most recently announced: No

3. Consolidated Financial Forecasts for the FYE March 31, 2024 (April 1, 2023 to March 31, 2024)

(% shows the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	22,300	20.3	2,150	27.5	2,000	29.8	1,430	24.5	88.49

(Note) Revision of the forecasts most recently announced: No

* Notes

(1) Changes in significant subsidiaries during the three months of FYE March 31, 2024 (changes of specified subsidiaries with change of the scope of consolidation): No

(2) Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

(i) Changes in accounting principles accompanying the amendment of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Number of shares outstanding at end of the period (including treasury shares)

As of June 30, 2023: 16,162,715 shares

As of March 31, 2023: 16,160,015 shares

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

As of June 30, 2023: 337 shares

As of March 31, 2023: 297 shares

(iii) Average number of shares during the period

The three months of FYE March 2024: 16,160,161 shares

The three months of FYE March 2023: 16,116,381 shares

* The results are not subject to an audit by a certified public accountant or an auditing firm.

* Explanation concerning the appropriate use of financial result forecasts and other special notes

(Note on forward-looking statements)

Forward-looking statements such as results forecasts provided in this document are prepared based on currently available information and assumptions that are deemed reasonable, but the Company does not intend to guarantee its achievement. A variety of factors could cause actual results to differ materially from forecasts.

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1. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated balance sheets

(Unit: Thousand yen)

	As of March 31, 2023	As of June 30, 2023
ASSETS		
Current assets:		
Cash and deposits	3,837,535	1,726,538
Accounts receivable – trade and contract assets	636,267	724,487
Operating investments in capital	1,395,931	1,317,498
Inventories	12,200,552	16,463,139
Others	542,240	920,097
Less - allowance for doubtful accounts	(1,196)	(453)
Total current assets	18,611,330	21,151,308
Non-current assets:		
Property, plant and equipment	686,184	727,035
Intangible assets:		
Software	697,434	696,960
Goodwill	726,372	797,875
Others	15,853	13,877
Total intangible assets	1,439,661	1,508,713
Investments and other assets	1,167,638	1,159,305
Total non-current assets	3,293,484	3,395,055
Deferred Asset		
Offering expenses	51,615	38,711
Total deferred Assets	51,615	38,711
Total assets	21,956,430	24,585,076
LIABILITIES		
Current liabilities:		
Accounts payable – trade	94,322	70,475
Short-term borrowings	4,281,440	3,538,066
Accounts payable - other	243,431	69,359
Accrued expenses	557,008	528,018
Income taxes payable	324,588	71,598
Accrued compensation	177,184	91,146
Others	284,743	355,902
Total current liabilities	5,962,719	4,724,567
Non-current liabilities:		
Long-term borrowings	4,389,671	8,004,252
Liability for retirement benefits	66,782	53,884
Others	220,994	333,383
Total non-current liabilities	4,677,447	8,391,519
Total liabilities	10,640,167	13,116,087
NET ASSETS		
Shareholders' equity:		
Capital stock	4,147,654	4,150,107
Capital surplus	4,147,654	4,150,107
Retained earnings	2,702,637	2,836,699
Treasury stock, at cost	(1,733)	(1,900)
Total shareholders' equity	10,996,213	11,135,014
Unrealized holding losses on securities	(989)	522
Total accumulated other comprehensive losses	(989)	522
Stock acquisition rights	99,226	107,020
Non-controlling shareholder equity	221,811	226,430
Total net assets	11,316,263	11,468,988
Total liabilities and net assets	21,956,430	24,585,076

(2) Quarterly Consolidated statements of income and consolidated statements of comprehensive income
(Quarterly Consolidated statements of income)

(Unit: Thousand yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	2,922,373	4,290,148
Cost of sales	1,924,657	2,875,661
Gross profit	997,715	1,414,487
Selling, general and administrative expenses	767,486	1,212,169
Operating income	230,229	202,317
Non-operating income:		
Interest income	0	1
Dividend income	1	2
Share of profit of entities accounted for using equity method	3,896	-
Other non-operating income	992	156
Total non-operating income	4,890	159
Non-operating expenses:		
Interest expenses	20,612	17,795
Share of loss of entities accounted for using equity method	-	2,213
Offering expenses	12,921	12,903
Other non-operating expenses	598	2,424
Total non-operating expenses	34,133	35,337
Ordinary income	200,987	167,139
Extraordinary losses:		
Loss on sale of fixed assets	-	9,139
Office relocation related losses	104,266	-
Total extraordinary losses	104,266	9,139
Income before income taxes	96,720	158,000
Income taxes:		
Current	38,954	12,331
Deferred	(8,848)	7,171
Total income taxes	30,106	19,503
Net income	66,613	138,497
Net income attributable to non-controlling interests	-	4,618
Net income attributable to owners of the parent	66,613	133,878

(Quarterly Consolidated statements of comprehensive income)

(Unit: Thousand yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net income	66,613	138,497
Other comprehensive income:		
Unrealized holding losses on securities	(295)	1,512
Total accumulated other comprehensive losses	(295)	1,512
Comprehensive income	66,318	140,009
Comprehensive income attributable to:		
Owners of the parent	66,318	135,390
Non-controlling interests	-	4,618

(3) Notes to Quarterly Consolidated Financial Statements

(Note to going concern assumptions)

Not applicable.

(Notes on significant fluctuations in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

I. For the three months ended June 30, 2022

1. Information on net sales and profit or loss amounts by reportable segment

(Unit: Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount on consolidated statement of income (Note 2)
	AI Cloud & Consulting	Life & Property Solutions	Other	Total		
Net sales						
Sales to third parties	517,488	2,404,884	—	2,922,373	—	2,922,373
Inter-segment sales and transfers	173,181	41	—	173,222	(173,222)	—
Total	690,669	2,404,925	—	3,095,595	(173,222)	2,922,373
Segment profit	254,329	(4,198)	—	250,131	(19,901)	230,229

(Notes) 1. The adjustment to segment profit of (19,901) thousand yen represents the elimination of intersegment transactions.

2. The segment profit or loss has been adjusted to the operating profit stated in the quarterly consolidated income statement.

II. For the three months ended June 30, 2023

1. Information on net sales and profit or loss amounts by reportable segment

(Unit: Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount on consolidated statement of income (Note 2)
	AI Cloud & Consulting	Life & Property Solutions	Other	Total		
Net sales						
Sales to third parties	862,131	3,420,471	7,545	4,290,148	—	4,290,148
Inter-segment sales and transfers	168,965	30	—	168,995	(168,995)	—
Total	1,031,096	3,420,501	7,545	4,459,144	(168,995)	4,290,148
Segment profit	351,474	(53,227)	(43,986)	254,259	(51,941)	202,317

(Notes) 1. The adjustment to segment profit of (51,941) thousand yen represents the elimination of intersegment transactions.

2. The segment profit or loss has been adjusted to the operating profit stated in the quarterly consolidated income statement.

2. Matters related to changes in reportable segments

Effective from the first quarter of the current fiscal year, the Company has changed its reportable segments from two segments, "AI Cloud & Consulting Business" and "Real Estate Tech Business," to three segments with the addition of "Other Businesses," in order to separate new business development in adjacent areas from each segment and to improve the resolution between existing businesses and new business development.

In addition, the name of the reportable segment that was previously "Real Estate Tech Business" was changed to "Life & Property Solutions Business" due to a change in the name of the organization, effective from the first quarter of the current fiscal year. This change is only a change in the name of the reportable segment and has no impact on segment information.

The segment information for the first quarter of the previous fiscal year is disclosed based on the reporting segment classification and name after the change.