

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

January 29, 2024

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Scheduled date of dividend payment: -
 Scheduled date to submit the Quarterly Report: February 13, 2024
 Earnings Supplementary Explanatory Documents: Yes
 Holding of financial results presentation meeting: No

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

1. Consolidated Results for the nine months of the FYE March 31, 2024 (April 1, 2023 – December 31, 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	%
Nine months ended								
December 31, 2023	12,797	25.3	1,510	41.5	1,393	44.9	932	17.8
December 31, 2022	10,210	38.8	1,067	9.2	962	1.6	791	23.6

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥977 million (18.9%)
 Nine months ended December 31, 2023: ¥822 million (28.6%)

	Basic quarterly profit per share	Diluted quarterly profit per share
	Yen	Yen
Nine months ended		
December 31, 2023	57.64	57.00
December 31, 2022	49.02	48.60

(Note) In the fiscal year ended March 31, 2023, the Company finalized the provisional accounting treatment for business combinations, and each figure for the nine months of the fiscal year ending March 31, 2023 reflects the details of the finalization of the provisional accounting treatment.

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
December 31, 2023	26,946	12,381	44.5
March 31, 2023	21,956	11,316	50.1

(Reference) Equity capital: As of December 31, 2023: ¥12,002 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	–	0.00			
FYE March 31, 2024 (forecast)				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 nine 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 December 31, 2023: 16,188,595 shares

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

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

As of December 31, 2023: 384 shares

As of March 31, 2023: 297 shares

(iii) Average number of shares during the period

The nine months of FYE March 2024: 16,174,912 shares

The nine months of FYE March 2023: 16,142,143 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 December 31, 2023
ASSETS		
Current assets:		
Cash and deposits	3,837,535	4,340,243
Accounts receivable – trade and contract assets	636,267	889,521
Operating investments in capital	1,395,931	1,049,052
Inventories	12,200,552	16,769,901
Others	542,240	553,686
Less - allowance for doubtful accounts	(1,196)	(453)
Total current assets	18,611,330	23,601,951
Non-current assets:		
Property, plant and equipment	686,184	704,456
Intangible assets:		
Software	697,434	735,800
Goodwill	726,372	766,256
Others	15,853	11,373
Total intangible assets	1,439,661	1,513,430
Investments and other assets	1,167,638	1,113,440
Total non-current assets	3,293,484	3,331,327
Deferred Asset		
Offering expenses	51,615	12,903
Total deferred Assets	51,615	12,903
Total assets	21,956,430	26,946,182
LIABILITIES		
Current liabilities:		
Accounts payable – trade	94,322	265,244
Short-term borrowings	4,281,440	2,508,683
Accounts payable - other	243,431	306,890
Accrued expenses	557,008	668,830
Income taxes payable	324,588	255,531
Accrued compensation	177,184	96,729
Others	284,743	431,568
Total current liabilities	5,962,719	4,533,477
Non-current liabilities:		
Long-term borrowings	4,389,671	9,730,335
Liability for retirement benefits	66,782	48,984
Others	220,994	252,177
Total non-current liabilities	4,677,447	10,031,496
Total liabilities	10,640,167	14,564,974
NET ASSETS		
Shareholders' equity:		
Capital stock	4,147,654	4,183,882
Capital surplus	4,147,654	4,183,882
Retained earnings	2,702,637	3,635,485
Treasury stock, at cost	(1,733)	(2,026)
Total shareholders' equity	10,996,213	12,001,224
Unrealized holding profits/losses on securities	(989)	1,734
Total accumulated other comprehensive profits/losses	(989)	1,734
Stock acquisition rights	99,226	113,691
Non-controlling shareholder equity	221,811	264,557
Total net assets	11,316,263	12,381,207
Total liabilities and net assets	21,956,430	26,946,182

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

(Unit: Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	10,210,363	12,797,783
Cost of sales	6,322,391	7,557,151
Gross profit	3,887,971	5,240,632
Selling, general and administrative expenses	2,820,138	3,730,173
Operating income	1,067,832	1,510,459
Non-operating income:		
Interest income	4	7
Dividend income	363	323
Share of profit of entities accounted for using equity method	940	-
Insurance income	3,418	272
Other non-operating income	394	1,300
Total non-operating income	5,120	1,905
Non-operating expenses:		
Interest expenses	65,766	61,288
Share of loss of entities accounted for using equity method	-	8,316
Offering expenses	38,729	38,711
Other non-operating expenses	6,349	10,380
Total non-operating expenses	110,845	118,696
Ordinary income	962,107	1,393,667
Extraordinary income		
Gain on step acquisitions	280,841	-
Total extraordinary income	280,841	-
Extraordinary losses:		
Loss on sale of fixed assets	-	9,139
Losses on disposals of fixed assets	63,851	-
Office relocation related losses	104,266	-
Total extraordinary losses	168,118	9,139
Income before income taxes	1,074,829	1,384,528
Income taxes:		
Current	303,507	410,351
Deferred	(50,085)	(920)
Total income taxes	253,422	409,431
Net income	821,406	975,097
Net income attributable to non-controlling interests	30,140	42,745
Net income attributable to owners of the parent	791,266	932,351

(Quarterly Consolidated statements of comprehensive income)

(Unit: Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net income	821,406	975,097
Other comprehensive income:		
Unrealized holding profits/losses on securities	767	2,724
Total accumulated other comprehensive profits/losses	767	2,724
Comprehensive income	822,173	977,821
Comprehensive income attributable to:		
Owners of the parent	792,033	935,075
Non-controlling interests	30,140	42,745

(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 nine months ended December 31, 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	1,641,749	8,568,613	-	10,210,363	-	10,210,363
Inter-segment sales and transfers	468,479	32,232	-	500,711	(500,711)	-
Total	2,110,229	8,600,845	-	10,711,075	(500,711)	10,210,363
Segment profit	878,934	312,747	-	1,191,681	(123,848)	1,067,832

(Notes) 1. The adjustment to segment profit of (123,848) 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 nine months ended December 31, 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	2,802,021	9,942,634	53,127	12,797,783	-	12,797,783
Inter-segment sales and transfers	654,513	1,528	-	656,042	(656,042)	-
Total	3,456,535	9,944,163	53,127	13,453,826	(656,042)	12,797,783
Segment profit	1,221,242	569,715	(137,444)	1,653,513	(143,054)	1,510,459

(Notes) 1. The adjustment to segment profit of (143,054) 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.

3. At the end of the previous consolidated fiscal year, provisional accounting treatment for business combinations was finalized. The segment information for the nine months of the previous fiscal year is reflected the revision of the initial allocation amount of acquisition costs based on the finalization of provisional accounting treatment.

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 nine months of the previous fiscal year is disclosed based on the reporting segment classification and name after the change.