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April 7, 2025

Consolidated Financial Results for the Three Months Ended February 28, 2025 (Under Japanese GAAP)

Company name: SALA Corporation
Listing: Tokyo Stock Exchange / Nagoya Stock Exchange
Securities code: 2734
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended February 28, 2025 (from December 1, 2024 to February 28, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	65,986	11.5	3,040	19.6	3,511	21.1	2,375	22.6
February 29, 2024	59,166	(7.8)	2,541	(15.4)	2,900	0.3	1,937	(0.7)

Note: Comprehensive income For the three months ended February 28, 2025: ¥2,345 million [(6.8)%]
For the three months ended February 29, 2024: ¥2,516 million [27.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
February 28, 2025	37.01	—
February 29, 2024	30.30	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 28, 2025	207,656	86,740	41.0
November 30, 2024	202,281	85,618	41.5

Reference: Equity
As of February 28, 2025: ¥85,038 million
As of November 30, 2024: ¥83,985 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended November 30, 2024	Yen —	Yen 13.00	Yen —	Yen 17.00	Yen 30.00
Fiscal year ending November 30, 2025	—				
Fiscal year ending November 30, 2025 (Forecast)		16.00	—	16.00	32.00

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

3. Consolidated earnings forecasts for the fiscal year ending November 30, 2025 (from December 1, 2024 to November 30, 2025)

(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
Six months ending May 31, 2025	133,000	11.9	5,500	12.5	6,000	(2.1)	4,000	(7.1)	62.33
Fiscal year ending November 30, 2025	263,000	9.4	7,200	14.1	7,700	(6.0)	5,100	(2.8)	79.47

Note: Revisions to the earnings forecasts most recently announced: Yes

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes

Newly included: five companies (Company name) YASUE Corp., 4 other companies

Excluded: companies

Note: For details, please refer to “(4) Notes to quarterly consolidated financial statements, Significant changes in the scope of consolidation during the period” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 16 of the attachment.

- (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, Notes on 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 February 28, 2025	66,041,147 shares
As of November 30, 2024	66,041,147 shares

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

As of February 28, 2025	1,863,083 shares
As of November 30, 2024	1,863,033 shares

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

Three months ended February 28, 2025	64,178,108 shares
Three months ended February 29, 2024	63,947,257 shares

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

- * 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. Overview of operating results, etc.

(1) Overview of operating results for the period

During the first three months of the fiscal year ending November 30, 2025, although the Japanese economy saw progress in the normalization of economic activities due to improvement in corporate earnings and followed a moderate trend of recovery, the economic outlook remained uncertain because of concerns about instability in international affairs, and also the impact of trade policy trends of the U.S. administration.

Under these conditions, the SALA Group focused on initiatives on the key strategies of the fifth medium-term management plan, which started from fiscal year ended November 30, 2023. The key strategies are “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.’” In the current fiscal year, the final year of the plan, while advancing collaboration and co-creation among companies within and outside the Group and new value creation through proactive investment in growth, the Company has set our sights on making a quantum leap in growth in the housing and daily living related business field, beginning with the reform business.

During the first three months of the current fiscal year, SALA ENERGY CO., LTD., which is the Energy & Solutions business, proceeded with the structuring and preparations to introduce the next version of its core system ahead of its scheduled launch during the current fiscal year to transform operations through the use of digital technology and to provide high-quality services tailored to each individual customer.

The Engineering & Maintenance business proactively developed solutions related to equipment for saving and generating energy and the conversion of buildings to ZEBs (net-Zero Energy Buildings), and promoted business expansion by cultivating new customers.

SALA HOUSE CO., LTD., which is the Housing business, commenced sales of the new product SINKA KIWAMI, a flagship product which satisfies grade 7 insulation performance, the highest level in Japan, as the top-end model of the “SINKA” series, custom-built house products that conform with the Net-zero Energy House (ZEH) standard in January 2025.

ASCO Co., Ltd., which operates the Animal Health Care business, has entrusted warehouse operations and delivery operations to SALA Logistics, to promote efficiency of the logistics function through group-wide cooperation, and has been working to strengthen its organizational sales capabilities through the separation of the delivery operations from the sales activities.

As one of the new growth investment initiatives, the Company made a takeover bid (TOB) for YASUE Corp. which mainly operates a home renovation business, and made it a consolidated subsidiary in December 2024. Taking the opportunity of the company becoming a consolidated subsidiary, the Company will strive to achieve further growth of the housing and daily living related business field by realizing synergies through mutual utilization of customer base, review of the organizational structure, and other measures.

As for operating results for the first three months of the current fiscal year, net sales increased by 11.5% year on year to ¥65,986 million due to increases in revenue in the Energy & Solutions business and other businesses. As for profit, operating profit increased by 19.6% year on year to ¥3,040 million due to the Energy & Solutions business and the Engineering & Maintenance business posting an increased profit. Ordinary profit increased by 21.1% year on year to ¥3,511 million due to an increase in gain on valuation of derivatives on forward exchange contracts in non-operating income, and profit attributable to owners of parent increased by 22.6% year on year to ¥2,375 million.

* “Life Creative Business Unit” refers to business areas for daily living other than the energy business.

Operating results of each segment is as follows.

Energy & Solutions business

Net sales ¥35,848 million (up 6.4% year on year)

Operating profit ¥2,693 million (up 11.5% year on year)

The sales volume increased mainly for home use and commercial use. Consequently, net sales increased. As for profit, in addition to an increase in electricity sales from biomass power plants, which were operating steadily, sales of gas appliances were also strong, leading to an increase in operating profit.

Engineering & Maintenance business

Net sales ¥8,396 million (up 23.0% year on year)

Operating profit ¥1,169 million (up 86.8% year on year)

Orders were strong in all departments, including equipment work, civil engineering, and construction and maintenance, and the number of completed projects increased, leading to an increase in net sales. As for profit, operating profit increased due to an increase in the profit margin of completed projects as a result of continuous efforts to improve process management in each department.

Housing business

Net sales ¥9,797 million (up 35.3% year on year)

Operating loss ¥195 million (operating loss of ¥190 million for the same period of the previous fiscal year)

In the housing sales department, although the number of custom-built houses sold decreased, in the housing components and materials processing and sales department, orders from clients increased due to the impact of an increase in the number of new housing starts. In addition, net sales increased due to the inclusion of the financial results of YASUE Corp. from the current fiscal year. As for profit, operating loss was recorded due to a decrease in the number of custom-built houses sold in addition to a decline in the profit margin on lot houses sold as a result of progressing with the disposal of long-term inventory.

Car Life Support business

Net sales ¥4,019 million (up 8.1% year on year)

Operating loss ¥341 million (operating loss of ¥191 million for the same period of the previous fiscal year)

Net sales increased due to an increase in the number of Volkswagen new cars sold as a result of a recovery in the number of imported cars received in Japan. As for profit, operating loss was recorded due to a decrease in the revenue per Audi new car sold, as well as a decrease in the number of Volkswagen used cars sold.

Animal Health Care business

Net sales ¥5,781 million (down 6.5% year on year)

Operating loss ¥86 million (operating profit of ¥22 million for the same period of the previous fiscal year)

In the livestock farming department, orders for veterinary medical products, etc. were steady, but in the pet-related department, in addition to the impact of the loss of the handling of therapeutic foods due to a change in the commercial distribution of suppliers, there was a decrease in orders due to a reactionary decline relative to front-loaded demand before the price hike for veterinary medical products, etc. in the same period of the previous fiscal year. As a result, net sales decreased and operating loss was recorded.

Properties business

Net sales ¥1,642 million (up 60.4% year on year)

Operating loss ¥10 million (operating loss of ¥13 million for the same period of the previous fiscal year)

In the real estate properties department, the delivery of apartments in a condominium apartment building that was completed in the previous fiscal year progressed smoothly, and the number of purchase and resale transactions increased. In the hospitality department, the number of guests for banquets increased. As a result, net sales increased and operating loss narrowed.

(2) Overview of financial position for the period**(i) Assets, liabilities and net assets****Assets**

Assets were ¥207,656 million, up ¥5,375 million from November 30, 2024. This was mainly due to increases in “notes and accounts receivable - trade, and contract assets” by ¥2,927 million, “merchandise and finished goods” by ¥2,357 million and “goodwill” by ¥1,246 million, despite a decrease in “cash and deposits” by ¥1,710 million.

Liabilities

Liabilities were ¥120,916 million, up ¥4,254 million from November 30, 2024. This was mainly due to increases in “short-term borrowings” by ¥8,038 million and “long-term borrowings (including current portion)” by ¥1,848 million, despite decreases in “notes and accounts payable - trade” by ¥2,849 million, “other” under current liabilities by ¥1,773 million and “income taxes payable” by ¥1,259 million.

Net assets

Net assets were ¥86,740 million, up ¥1,121 million from November 30, 2024. This was mainly due to an increase in “retained earnings” of ¥1,159 million (increased by ¥2,375 million due to recording of profit attributable to owners of parent, decreased by ¥1,122 million due to payment of dividends and decreased by ¥92 million due to change in scope of consolidation).

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) in the three months ended February 28, 2025 decreased by ¥1,708 million in total, resulting from net cash used by operating activities of ¥4,397 million, net cash used in investing activities of ¥4,783 million, and net cash provided by financing activities of ¥7,472 million. As a result, cash and cash equivalents at the end of the three months ended February 28, 2025 were ¥24,315 million.

Cash flows from operating activities

Net cash used in operating activities was ¥4,397 million (¥643 million used in the same period of the previous fiscal year). This was mainly due to decrease factors such as “decrease in trade payables” of ¥2,755 million, “increase in trade receivables” of ¥2,155 million, “income taxes paid” of ¥1,444 million and “increase in inventories” of ¥1,121 million, and increase factors including “profit before income taxes” of ¥3,541 million.

Cash flows from investing activities

Net cash used in investing activities was ¥4,783 million (¥4,549 million used in the same period of the previous fiscal year). This was mainly due to “purchase of property, plant and equipment” of ¥2,325 million, “purchase of shares of subsidiaries resulting in change in scope of consolidation” of ¥1,670 million, and “purchase of intangible assets” of ¥945 million.

Cash flows from financing activities

Net cash provided by financing activities was ¥7,472 million (¥4,075 million provided in the same period of the previous fiscal year). This was mainly due to increase factors such as “net increase in short-term borrowings” of ¥7,957 million and “proceeds from long-term borrowings” of ¥2,900 million, and decrease factors including “repayments of long-term borrowings” of ¥2,189 million and “dividends paid” of ¥1,115 million.

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

As announced in the “Notice Concerning the Results of the Tender Offer for YASUE Corp. Shares (Securities Code: 1439) and Changes in Subsidiaries” dated December 20, 2024, the Company made YASUE Corp. and its four subsidiaries consolidated subsidiaries as of December 26, 2024.

The consolidated earnings forecasts for the six months ending May 31, 2025 and the fiscal year ending November 30, 2025, announced on January 14, 2025, did not take into account the impact of YASUE Corp. and its four subsidiaries, but now that the earnings outlook has become clear, the consolidated earnings forecasts for the six months ending May 31, 2025 and the fiscal year ending November 30, 2025 have been revised. As stated in “(4) Notes to quarterly consolidated financial statements, Notes on business combinations” of “2. Quarterly consolidated financial statements and significant notes thereto,” for the amounts of assets and liabilities recorded as of February 28, 2025, identification of identifiable assets and liabilities and determination of the fair value have not been completed, and the allocation of acquisition cost has not been completed. Therefore, the impact on profit and loss, such as the amount of amortization of the relevant assets, is not included.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of November 30, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	26,396	24,685
Notes and accounts receivable - trade, and contract assets	35,400	38,327
Electronically recorded monetary claims - operating	2,206	1,844
Merchandise and finished goods	13,897	16,255
Work in process	4,496	5,213
Raw materials and supplies	535	338
Other	6,592	5,902
Allowance for doubtful accounts	(288)	(308)
Total current assets	89,235	92,259
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,931	21,578
Machinery, equipment and vehicles, net	6,539	6,481
Gas pipe, net	14,774	14,330
Land	32,750	33,193
Construction in progress	3,742	3,954
Other, net	1,471	1,515
Total property, plant and equipment	80,210	81,054
Intangible assets		
Goodwill	401	1,647
Other	4,168	4,262
Total intangible assets	4,570	5,909
Investments and other assets		
Investment securities	10,374	10,628
Long-term loans receivable	1,616	1,424
Retirement benefit asset	5,579	5,945
Deferred tax assets	3,251	2,748
Other	7,875	8,118
Allowance for doubtful accounts	(432)	(432)
Total investments and other assets	28,265	28,432
Total non-current assets	113,045	115,397
Total assets	202,281	207,656

(Millions of yen)

	As of November 30, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,190	24,341
Electronically recorded obligations - operating	3,096	3,785
Short-term borrowings	5,990	14,029
Current portion of long-term borrowings	8,234	8,594
Income taxes payable	1,577	317
Provision for bonuses	2,549	1,667
Provision for bonuses for directors (and other officers)	6	3
Provision for warranties for completed construction	53	91
Provision for loss on construction contracts	41	38
Provision for point card certificates	238	241
Other	13,963	12,189
Total current liabilities	62,943	65,300
Non-current liabilities		
Long-term borrowings	40,386	41,875
Deferred tax liabilities	1,156	1,279
Provision for retirement benefits for directors (and other officers)	171	164
Provision for share-based payments	468	514
Provision for repairs	90	95
Retirement benefit liability	8,519	8,894
Other	2,926	2,791
Total non-current liabilities	53,718	55,615
Total liabilities	116,662	120,916
Net assets		
Shareholders' equity		
Share capital	8,025	8,025
Capital surplus	25,307	25,315
Retained earnings	45,859	47,019
Treasury shares	(1,231)	(1,231)
Total shareholders' equity	77,959	79,127
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,555	1,653
Deferred gains or losses on hedges	466	341
Remeasurements of defined benefit plans	4,003	3,916
Total accumulated other comprehensive income	6,025	5,911
Non-controlling interests	1,633	1,701
Total net assets	85,618	86,740
Total liabilities and net assets	202,281	207,656

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

(Millions of yen)

	Three months ended February 29, 2024	Three months ended February 28, 2025
Net sales	59,166	65,986
Cost of sales	44,291	49,479
Gross profit	14,874	16,506
Selling, general and administrative expenses	12,333	13,466
Operating profit	2,541	3,040
Non-operating income		
Interest income	10	17
Dividend income	33	43
Gain on valuation of derivatives	183	297
Share of profit of entities accounted for using equity method	87	83
Other	129	141
Total non-operating income	443	583
Non-operating expenses		
Interest expenses	44	80
Other	40	31
Total non-operating expenses	84	111
Ordinary profit	2,900	3,511
Extraordinary income		
Gain on sale of non-current assets	39	10
Gain on reversal of share acquisition rights	–	71
Gain on sale of investment securities	–	3
Total extraordinary income	39	85
Extraordinary losses		
Loss on sale and retirement of non-current assets	40	48
Loss on sale of investment securities	–	7
Total extraordinary losses	40	55
Profit before income taxes	2,899	3,541
Income taxes - current	274	267
Income taxes - deferred	636	814
Total income taxes	910	1,081
Profit	1,989	2,460
Profit attributable to non-controlling interests	51	85
Profit attributable to owners of parent	1,937	2,375

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended February 29, 2024	Three months ended February 28, 2025
Profit	1,989	2,460
Other comprehensive income		
Valuation difference on available-for-sale securities	296	98
Deferred gains or losses on hedges	260	(124)
Remeasurements of defined benefit plans, net of tax	(29)	(87)
Total other comprehensive income	527	(114)
Comprehensive income	2,516	2,345
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,463	2,260
Comprehensive income attributable to non-controlling interests	52	84

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended February 29, 2024	Three months ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	2,899	3,541
Depreciation	1,589	1,566
Amortization of goodwill	30	82
Increase (decrease) in allowance for doubtful accounts	(21)	17
Increase (decrease) in provision for bonuses	(1,060)	(1,040)
Increase (decrease) in provision for bonuses for directors (and other officers)	(7)	(3)
Increase (decrease) in provision for warranties for completed construction	0	0
Increase (decrease) in provision for loss on construction contracts	2	(2)
Increase (decrease) in provision for point card certificates	0	3
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	(6)
Increase (decrease) in provision for share-based payments	32	46
Increase (decrease) in provision for repairs	5	5
Increase (decrease) in retirement benefit liability	49	355
Decrease (increase) in retirement benefit asset	(12)	(365)
Interest and dividend income	(43)	(60)
Interest expenses	44	81
Share of loss (profit) of entities accounted for using equity method	(87)	(83)
Loss (gain) on valuation of derivatives	(183)	(297)
Loss (gain) on sale of property, plant and equipment	(20)	6
Loss (gain) on sale of investment securities	–	2
Gain on reversal of share acquisition rights	–	(71)
Decrease (increase) in trade receivables	(138)	(2,155)
Decrease (increase) in inventories	(1,503)	(1,121)
Increase (decrease) in trade payables	(801)	(2,755)
Increase (decrease) in long-term accounts payable - other	(42)	(2)
Other, net	28	(682)
Subtotal	759	(2,939)
Interest and dividends received	44	62
Interest paid	(44)	(76)
Income taxes paid	(1,402)	(1,444)
Net cash provided by (used in) operating activities	(643)	(4,397)

(Millions of yen)

	Three months ended February 29, 2024	Three months ended February 28, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,460)	(2,325)
Proceeds from sale of property, plant and equipment	133	45
Purchase of intangible assets	(379)	(945)
Purchase of investment securities	(77)	(31)
Proceeds from sale of investment securities	—	35
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,670)
Proceeds from collection of loans receivable	195	252
Other, net	40	(144)
Net cash provided by (used in) investing activities	(4,549)	(4,783)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,258	7,957
Proceeds from long-term borrowings	1,509	2,900
Repayments of long-term borrowings	(1,767)	(2,189)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	—	0
Dividends paid	(851)	(1,115)
Dividends paid to non-controlling interests	(3)	(5)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(3)
Repayments of finance lease liabilities	(68)	(70)
Net cash provided by (used in) financing activities	4,075	7,472
Net increase (decrease) in cash and cash equivalents	(1,116)	(1,708)
Cash and cash equivalents at beginning of period	22,547	26,024
Cash and cash equivalents at end of period	21,430	24,315

(4) Notes to quarterly consolidated financial statements**Notes on changes in accounting policies**

Application of the “Accounting Standard for Current Income Taxes,” etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the first quarter of the current fiscal year.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the first quarter of the current fiscal year. This change in accounting policies has been applied retrospectively, and is reflected in the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Notes on segment information, etc.**I For the three months ended February 29, 2024****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	12,742	—	—	—	—
LP gas	9,173	—	—	—	—
Electric power	3,951	—	—	—	—
Civil engineering work, construction work, equipment work	—	6,828	—	—	—
Housing, construction materials	—	—	7,239	—	—
Automotive sales and maintenance	—	—	—	3,718	—
Veterinary medical products	—	—	—	—	6,183
Lease, sale and purchase, and brokerage of real estate, hotel	—	—	—	—	—
Other	7,816	—	—	—	—
Revenue from contracts with customers	33,682	6,828	7,239	3,718	6,183
Other revenue (Note 4)	—	—	—	—	—
Sales to external customers	33,682	6,828	7,239	3,718	6,183
Intersegment sales or transfers	520	1,114	1	3	0
Total	34,203	7,943	7,241	3,721	6,183
Segment profit (loss)	2,415	625	(190)	(191)	22

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Properties business	Total				
Net sales						
City gas	—	12,742	—	12,742	—	12,742
LP gas	—	9,173	—	9,173	—	9,173
Electric power	—	3,951	—	3,951	—	3,951
Civil engineering work, construction work, equipment work	—	6,828	—	6,828	—	6,828
Housing, construction materials	—	7,239	—	7,239	—	7,239
Automotive sales and maintenance	—	3,718	—	3,718	—	3,718
Veterinary medical products	—	6,183	—	6,183	—	6,183
Lease, sale and purchase, and brokerage of real estate, hotel	1,024	1,024	—	1,024	—	1,024
Other	—	7,816	398	8,214	34	8,248
Revenue from contracts with customers	1,024	58,677	398	59,075	34	59,110
Other revenue (Note 4)	—	—	56	56	—	56
Sales to external customers	1,024	58,677	454	59,131	34	59,166
Intersegment sales or transfers	126	1,766	464	2,231	(2,231)	—
Total	1,150	60,443	919	61,363	(2,196)	59,166
Segment profit (loss)	(13)	2,667	26	2,694	(153)	2,541

- (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 ¥(153) million includes intersegment eliminations of ¥253 million and corporate expenses of ¥(406) 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

Not applicable.

II For the three months ended February 28, 2025

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	13,372	—	—	—	—
LP gas	9,650	—	—	—	—
Electric power	4,329	—	—	—	—
Civil engineering work, construction work, equipment work	—	8,396	—	—	—
Housing, construction materials	—	—	7,684	—	—
Automotive sales and maintenance	—	—	—	4,019	—
Veterinary medical products	—	—	—	—	5,781
Lease, sale and purchase, and brokerage of real estate, hotel	—	—	—	—	—
Other	8,496	—	2,112	—	—
Revenue from contracts with customers	35,848	8,396	9,797	4,019	5,781
Other revenue (Note 4)	—	—	—	—	—
Sales to external customers	35,848	8,396	9,797	4,019	5,781
Intersegment sales or transfers	627	1,093	1	2	0
Total	36,476	9,489	9,799	4,022	5,781
Segment profit (loss)	2,693	1,169	(195)	(341)	(86)

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Properties business	Total				
Net sales						
City gas	—	13,372	—	13,372	—	13,372
LP gas	—	9,650	—	9,650	—	9,650
Electric power	—	4,329	—	4,329	—	4,329
Civil engineering work, construction work, equipment work	—	8,396	—	8,396	—	8,396
Housing, construction materials	—	7,684	—	7,684	—	7,684
Automotive sales and maintenance	—	4,019	—	4,019	—	4,019
Veterinary medical products	—	5,781	—	5,781	—	5,781
Lease, sale and purchase, and brokerage of real estate, hotel	1,642	1,642	—	1,642	—	1,642
Other	—	10,609	388	10,997	44	11,041
Revenue from contracts with customers	1,642	65,486	388	65,874	44	65,918
Other revenue (Note 4)	—	—	67	67	—	67
Sales to external customers	1,642	65,486	455	65,941	44	65,986
Intersegment sales or transfers	129	1,855	459	2,315	(2,315)	—
Total	1,772	67,341	915	68,257	(2,271)	65,986
Segment profit (loss)	(10)	3,229	1	3,230	(190)	3,040

- (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 ¥(190) million includes intersegment eliminations of ¥315 million and corporate expenses of ¥(506) 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 changes in the amount of goodwill)

In “Housing business,” goodwill increased by ¥1,328 million since the Company acquired shares of YASUE Corp. and made it a consolidated subsidiary of the Company.

Notes on significant changes in the amount of shareholders’ equity

Not applicable.

Notes on uncertainties of entity’s ability to continue as going concern

Not applicable.

Significant changes in the scope of consolidation during the period

During the three months ended February 28, 2025, the Company acquired shares of YASUE Corp. and as a result, YASUE Corp. and its four subsidiaries have been included in the scope of consolidation.

Notes on business combinations

(Acquisition of shares of YASUE Corp.)

1. Outline of business combination

(1) Name and business activities of the acquired company

Name	YASUE Corp. and other four companies
Business Activities	Home reform and renovation, development and sales of original construction materials, design and construction of custom-built houses, sale and purchase and brokerage of real estate, etc.

(2) Main reason for business combination

In the fifth medium-term management plan (from the fiscal year ended November 30, 2023 to the fiscal year ending November 30, 2025), the Group is focusing on service and business development and transformation of the business format as key strategies to achieve dramatic growth in the Life Creative Business Unit, which is centered on housing and daily living related businesses. The main areas of the Group are the Higashi Mikawa and Hamamatsu regions, and in the housing-related business, we are engaged in contracting of custom-built homes, sale of lot houses, contracting of building renovations, sale and purchase, lease, brokerage and management of real estate, and processing and sale of housing components and materials, among others, and in particular, we are focusing on the construction and promotion of a stock business model for existing housing. As YASUE Corp. has a high level of expertise in the field of home renovation and is expanding its business in western Japan centered on the Nagoya and Owari regions, the Company has determined that YASUE Corp. is a partner that is highly complementary to the Group in terms of business areas, and that it will contribute to the realization of the Group's strategy.

Moreover, in order to quickly improve the system for dealing with customers and the quality and efficiency of the business, and to aim for business expansion with both companies working as one, the Company deemed it necessary to develop flexible and agile measures under a consistent management policy, and therefore the Company acquired the shares of YASUE and made it a consolidated subsidiary.

(3) Date of business combination

December 26, 2024 (deemed acquisition date: December 1, 2024)

(4) Period of the acquired company's financial results included in the consolidated financial statements

Since the deemed acquisition date is December 1, 2024, financial results in the period from December 1, 2024 to February 28, 2025 are included.

(5) Legal form of business combination

Share acquisition in consideration for cash

(6) Name of company after combination

There is no change in the name of company after combination.

(7) Ratio of voting rights acquired

Ratio of voting rights acquired on the business combination date	94.46%
Ratio of voting rights additionally acquired by demand for sale	5.54%
Ratio of voting rights after the acquisition	100.00%

(Note) On January 14, 2025, the Company made a demand to sell all the shares of YASUE Corp. based on Article 179, paragraph (1) of the Companies Act to non-controlling shareholders excluding the said company. Following the approval of the said company's Board of Directors, it became a wholly owned subsidiary of the Company on February 14, 2025.

(8) Main reason for deciding the acquiring company

The Company is the acquiring company as it acquired the shares in consideration for cash.

2. Acquisition cost for the acquired company and components thereof by consideration type

(1) Consideration for acquisition

Consideration for acquisition	Cash	¥3,641 million
Acquisition cost		¥3,641 million

The amount shown above represents the total of ¥3,439 million of consideration for the acquisition related to shares acquired as of December 26, 2024 through the takeover bid, and ¥201 million of consideration for the acquisition related to shares acquired as of February 14, 2025 by the demand for sale of shares.

(2) Details and amounts of major acquisition-related expenses

Advisory fees, etc.	¥306 million
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3. Amount of goodwill, reason for recognition, amortization method and amortization period

(1) Amount of goodwill recognized

¥1,199 million

The amount of goodwill represents the provisionally calculated amount, as the allocation of acquisition cost had not been completed at the end of the first quarter of the current fiscal year.

(2) Reason for recognition

It arose due to future excess earnings power expected from business development going forward.

(3) Method and period of amortization

Straight-line method over seven years

4. Amount of assets to be received and liabilities to be assumed on the date of business combination, and main components thereof

	(Millions of yen)
Current assets	4,276
Non-current assets	1,599
Total assets	5,875
Current liabilities	2,446
Non-current liabilities	916
Total liabilities	3,363

5. Allocation of acquisition cost

At the end of the first quarter of the current fiscal year, since identification of identifiable assets and liabilities on the business combination date and determination of the fair value had not been completed, and the allocation of acquisition cost had not been completed, the provisional accounting treatment was applied based on information available at that time.

Notes on significant events after reporting period

Not applicable.