
Summary of Consolidated Financial Results

**For the First Quarter of FY 2024
(January 1, 2024 – March 31, 2024)**

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

Disclaimer Regarding Forward-Looking Statements

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



(TSE Code: 3003)

Outline of Consolidated Financial Results for the First Quarter of FY2024 <under Japanese GAAP>

April 25, 2024

Name of company listed: Hulic Co., Ltd.

Stock exchange listing: Tokyo (Prime Market)

Code number: 3003 URL: <https://www.hulic.co.jp/en/>

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Quarterly Securities Report to be filed on: May 10, 2024

Dividends to be paid on: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: N/A

1. Consolidated Financial Results for the 1Q FY2024 (January 1, 2024 to March 31, 2024)

(1) Consolidated Financial Results (cumulative)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY2024	107,593	(4.4)	23,728	(30.5)	21,241	(33.1)	15,858	(27.9)
1Q FY2023	112,561	5.2	34,190	17.8	31,772	11.7	22,009	19.9

Note: Comprehensive income: 1Q FY2024: ¥26,870 million [22.6%], 1Q FY2023: ¥21,907 million [31.1%]

	EPS (Net income per share)	Diluted EPS
	Yen	Yen
1Q FY2024	20.84	20.80
1Q FY2023	28.93	28.89

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
	Million yen	Million yen	%	Yen
1Q FY2024	2,666,929	776,721	28.9	1,014.19
FY2023	2,480,472	769,300	30.8	1,006.19

Reference: Equity: 1Q FY2024: ¥771,742 million, FY2023: ¥765,656 million

2. Dividends

	Annual dividends				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	23.00	—	27.00	50.00
FY2024	—				
FY2024 (Planned)		26.00	—	26.00	52.00

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

3. Forecasts of Consolidated Financial Results for FY2024 (January 1, 2024 to December 31, 2024)

(Percentages indicate the YoY increase / decrease.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		EPS (Net income per share)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full fiscal year	—	—	153,000	4.6	144,000	4.7	98,000	3.5	128.78

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

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

* Notes

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

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

Newly included: –

Excluded: –

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

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

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

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

3. Changes in accounting estimates: N/A

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

(4) Number of Issued Shares (common stock)

	1Q FY2024	FY2023
1) Number of issued shares as of the end of each period (including treasury shares)	767,907,735	767,907,735 (the end of FY2023)
2) Number of treasury shares as of the end of each period	6,966,109	6,966,030 (the end of FY2023)
3) Average number of outstanding shares for each period (consolidated cumulative period)	760,941,645	760,743,356 (1Q FY2023)

* The summary of quarterly financial results is exempt from the quarterly reviews by certificated accountants or auditors.

* Disclaimer regarding forward-looking statements

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

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1. Qualitative Information on Consolidated Financial Results of 1Q FY2024

(1) Summary of Business Results

In 1Q FY2024, rent income from real estate was stable due to the completion and acquisition of properties in the previous fiscal year and in the current fiscal year. Meanwhile, sales of real estate for sale are planned mainly 2Q onwards of the current fiscal year. As a result, operating revenue was ¥107,593 million (decreased ¥4,968 million or 4.4% compared with the same period of the previous fiscal year, here after referred to as YoY), operating profit was ¥23,728 million (decreased ¥10,461 million or 30.5% YoY), ordinary profit was ¥21,241 million (decreased ¥10,530 million or 33.1% YoY) and profit attributable to owners of parent was ¥15,858 million (decreased ¥6,150 million or 27.9% YoY).

The business results for each segment were as follows.

(Operating revenue for each segment includes inter-segment operating revenue and the balance of book-entry transfers.)

<Real Estate>

The Group's core business is a leasing business that utilizes approximately 250 buildings and properties (excluding real estate for sale), amounting to approximately 1,310,000 square meters of floor space, located mainly in Tokyo's 23 wards. From the perspective of constructing a competitive leasing portfolio that addresses the changing circumstances, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly. In addition, we work to acquire stable and continuous capital gains and asset management fees through expanding pipelines for development / reconstruction and value-added projects as well as diversifying exit strategies of properties.

New acquisitions (non-current assets) in 1Q FY2024 included ALBORE GINZA (partial) (Chuo-ku, Tokyo), KIOXIA Yokkaichi Plant (Land)(Yokkaichi-shi, Mie), and others.

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

In PPP (Public Private Partnership) business, projects including "Urban Renewal Step-Up Project (Shibuya Area) Shibuya 1-chome Area Joint Development Project" conducted by the Tokyo Metropolitan Government and the Shibuya City Government, etc. were proceeded as planned.

As for real estate for sale, properties including THE HUB GINZA OCT (Chuo-ku, Tokyo), etc. were sold.

As described above, the segment operations progressed as planned because rent income from real estate was stable due to the completion of properties and acquisition of properties in the previous fiscal year and in the current fiscal year. Meanwhile, sales of real estate for sale are planned mainly 2Q onwards of the current fiscal year. As a result, operating revenue in this business segment totaled ¥94,502 million (decreased ¥7,756 million or 7.5% YoY) and operating profit was ¥26,007 million (decreased ¥11,132 million or 29.9% YoY).

<Insurance Agency>

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

As a result, operating revenue in this business segment was ¥1,070 million (increased ¥24 million or 2.3% YoY) and operating profit was ¥444 million (increased ¥11 million or 2.6% YoY).

<Hotels / Ryokans>

In Hotels / Ryokans business, as the Company's consolidated subsidiaries, Hulic Hotel Management Co., Ltd. manages "THE GATE HOTEL" brand hotel series, "View Hotel" brand hotel series, and HULIC FUFU Co., Ltd. manages "FUFU" ryokan series.

In 1Q FY2024, both occupancy rates and ADR (Average Daily Rates) remained at high levels reflecting favorable tourism demand from both domestic and overseas customers.

As a result, operating revenue in this business segment was ¥13,198 million (increased ¥3,424 million or 35.0% YoY) and operating profit was ¥844 million (increased ¥815 million YoY).

<Others>

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

As a result, operating revenue was ¥1,510 million (decreased ¥81 million or 5.1% YoY) and operating profit was ¥115 million (decreased ¥37 million or 24.2% YoY).

(2) Qualitative Information on Consolidated Financial Position

<Assets>

Total assets at the end of 1Q FY2024 was ¥2,666,929 million, increased by ¥186,456 million from the end of FY2023. From the perspective of constructing a competitive leasing portfolio that addresses the changing circumstances, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly.

In addition, the Group strives to provide support and backup as a sponsor to maintain and improve the long-term earnings of Hulic Reit, Inc. & Hulic Private Reit, Inc. and realize steady growth of its assets under management.

Changes in amount of major items are as follows.

- Cash and deposits: Increased ¥46,212 million
- Real estate for sale: Decreased ¥31,663 million (Transfer from non-current assets, sales of properties, etc.)
- Land: Increased ¥123,139 million (Acquisition of properties, transfer to real estate for sale, etc.)
- Investment securities: Increased ¥39,259 million (Acquisition and sales of investment securities, an increase in valuation difference on available-for-sale securities, etc.)

<Liabilities>

Total liabilities at the end of 1Q FY2024 was ¥1,890,207 million, increased by ¥179,035 million from the end of FY2023. This was mainly attributable to financing carried out for capital investment and the like.

The balance of borrowings was ¥1,098,503 million, which included ¥31,144 million non-recourse borrowings owed by a consolidated SPC. Financing from financial institutions was operated stably at low cost reflecting the Group's high earnings level.

<Net Assets>

Total net assets at the end of 1Q FY2024 was ¥776,721 million, increased by ¥7,421 million from the end of FY2023. Total shareholders' equity was ¥701,953 million, decreased by ¥4,841 million from the end of FY2023, due mainly to an increase of retained earnings in profit attributable to owners of parent and a decrease of retained earnings in the cash dividend payment.

Total accumulated other comprehensive income was ¥69,788 million, increased by ¥10,926 million from the end of FY2023.

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

As the Company's business performance for 1Q FY2024 broadly proceeded according to plans, it has not made any changes to the forecasts of consolidated business results for the fiscal year ending December 31, 2024.

2. Consolidated Financial Statements (Unaudited)

(1) Quarterly Consolidated Balance Sheets (Unaudited)

(Million yen)

Item	At the end of 1Q (March 31, 2024)	At the end of previous fiscal year (December 31, 2023)
ASSETS		
Current assets		
Cash and deposits	129,090	82,878
Trade notes and accounts receivable and contract assets	10,735	8,992
Merchandise	31	24
Real estate for sale	231,426	263,089
Real estate for sale in process	10,442	2,871
Costs on construction contracts in progress	75	39
Supplies	514	373
Other	13,389	14,707
Allowance for doubtful accounts	(5)	(4)
Total current assets	395,700	372,973
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	237,581	235,329
Machinery, equipment and vehicles, net	15,533	11,991
Land	1,439,941	1,316,801
Construction in progress	40,306	42,755
Other, net	10,664	10,527
Total property, plant and equipment	1,744,026	1,617,405
Intangible assets		
Goodwill	3,839	4,164
Leasehold interests in land	63,860	70,695
Other	3,117	3,079
Total intangible assets	70,817	77,938
Investments and other assets		
Investment securities	367,723	328,463
Guarantee deposits	48,278	47,384
Deferred tax assets	968	947
Net defined benefit asset	670	752
Other	36,977	32,838
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	454,615	410,387
Total non-current assets	2,269,459	2,105,731
Deferred assets		
Total deferred assets	1,769	1,768
Total assets	2,666,929	2,480,472

(Million yen)

Item	At the end of 1Q (March 31, 2024)	At the end of previous fiscal year (December 31, 2023)
LIABILITIES		
Current liabilities		
Short-term borrowings	128,415	104,883
Short-term bonds payable	99,985	—
Current portion of bonds payable	30,000	30,000
Accrued expenses	7,577	4,523
Income taxes payable	8,318	18,760
Advances received	6,697	6,510
Provision for bonuses	944	532
Provision for bonuses for directors (and other officers)	93	382
Other	21,200	19,715
Total current liabilities	303,232	185,306
Non-current liabilities		
Bonds payable	394,000	381,000
Long-term borrowings	970,088	929,145
Deferred tax liabilities	78,406	73,210
Provision for share awards	3,409	3,238
Net defined benefit liability	1,762	1,706
Long-term guarantee deposits	95,357	93,307
Other	43,951	44,257
Total non-current liabilities	1,586,975	1,525,865
Total liabilities	1,890,207	1,711,172
NET ASSETS		
Shareholders' equity		
Share capital	111,609	111,609
Capital surplus	137,731	137,731
Retained earnings	456,373	461,214
Treasury shares	(3,761)	(3,760)
Total shareholders' equity	701,953	706,794
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,061	58,943
Deferred gains or losses on hedges	(556)	(436)
Remeasurements of defined benefit plans	283	355
Total accumulated other comprehensive income	69,788	58,862
Non-controlling interests	4,979	3,643
Total net assets	776,721	769,300
Total liabilities and net assets	2,666,929	2,480,472

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	1Q (From January 1, 2024 to March 31, 2024)	Previous 1Q (From January 1, 2023 to March 31, 2023)
Operating revenue	107,593	112,561
Operating costs	68,300	64,793
Operating gross profit	39,292	47,767
Selling, general and administrative expenses	15,563	13,576
Operating profit	23,728	34,190
Non-operating income		
Interest income	15	14
Dividend income	234	207
Share of profit of entities accounted for using equity method	84	190
Termination of lease contracts	467	103
Cooperation fee	—	173
Other	231	126
Total non-operating income	1,033	816
Non-operating expenses		
Interest expenses	2,965	2,779
Other	554	454
Total non-operating expenses	3,520	3,234
Ordinary profit	21,241	31,772
Extraordinary income		
Gain on sale of non-current assets	—	179
Gain on sale of investment securities	3,486	—
Compensation income	—	541
Other	24	57
Total extraordinary income	3,511	777
Extraordinary losses		
Loss on sale of non-current assets	—	67
Loss on retirement of non-current assets	1,304	1
Loss on reconstructions of buildings	9	111
Impairment losses	—	93
Other	10	—
Total extraordinary losses	1,325	274
Profit before income taxes	23,427	32,275
Income taxes - current	7,954	10,918
Income taxes - deferred	(471)	(642)
Total income taxes	7,483	10,276
Profit	15,944	21,999
Profit (loss) attributable to non-controlling interests	85	(9)
Profit attributable to owners of parent	15,858	22,009

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	1Q (From January 1, 2024 to March 31, 2024)	Previous 1Q (From January 1, 2023 to March 31, 2023)
Net income before non-controlling interests	15,944	21,999
Other comprehensive income		
Valuation difference on available-for-sale securities	11,163	(5)
Deferred gains or losses on hedges	(120)	(26)
Remeasurements of defined benefit plans, net of tax	(71)	(8)
Share of other comprehensive income of entities accounted for using equity method	(45)	(51)
Total other comprehensive income	10,926	(92)
Comprehensive income	26,870	21,907
Comprehensive income attributable to		
Owners of parent	26,785	21,917
Non-controlling interests	85	(9)

(3) Footnotes on the Quarterly Consolidated Financial Statements

(Footnotes on the Assumption of Going Concern)

N/A

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

N/A

(Segment Information, etc.)

I. 1Q FY2024 (from January 1, 2024 to March 31, 2024)

1. Information on operating revenue, profit or loss by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Value recorded in the Quarterly Consolidated Statements of Income (Note 3)
	Real estate business	Insurance agency business (subsidiary)	Hotels / Ryokans (subsidiaries)	Total				
Operating revenue								
Outside customers	92,339	1,070	13,129	106,539	1,053	107,593	—	107,593
Inter-segment	2,162	—	69	2,231	457	2,689	(2,689)	—
Total	94,502	1,070	13,198	108,771	1,510	110,282	(2,689)	107,593
Segment profit	26,007	444	844	27,296	115	27,412	(3,683)	23,728

Notes:

1. The category of "Others" included business segments that were not included in the reportable segments, such as general construction, design / construction management, etc.
2. Adjustment of segment profit of negative ¥3,683 million included elimination of intersegment transactions of ¥240 million and corporate expenses of negative ¥3,923 million which were not distributed to reportable segments. Corporate expenses were expenses mainly related to general administrative departments that did not belong to reportable segments.
3. Segment profit was adjusted with operating profit reported in the Quarterly Consolidated Statements of Income.

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

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

1. Information on operating revenue, profit or loss by reportable segment

(Million yen)

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

Notes:

1. The category of “Others” included business segments that were not included in the reportable segments, such as general construction, design / construction management, etc.
2. Adjustment of segment profit of negative ¥3,564 million included elimination of intersegment transactions of ¥121 million and corporate expenses of negative ¥3,686 million, which were not distributed to reportable segments. Corporate expenses were expenses mainly related to general administrative departments that did not belong to reportable segments.
3. Segment profit was adjusted with operating profit reported in the Quarterly Consolidated Statements of Income.

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

The information was omitted because it was immaterial.