

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2024 [J-GAAP]

May 8, 2024

NIPPON KANZAI Holdings Co., Ltd.

Listed exchange: Tokyo Stock Exchange, Prime Market
 Securities code: 9347 URL: <https://www.nkanzaihd.co.jp/en/>
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 Date of annual general meeting of shareholders: June 20, 2024
 Filing date of securities report: June 20, 2024
 Date to start dividends distribution: June 21, 2024
 Supplementary materials for results: Yes
 Results briefing meeting held: Yes (for institutional investors and analysts)

*Amounts below one million yen have been rounded down.

1. Consolidated results for the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated business results

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	122,674	—	8,271	—	8,225	—
Fiscal year ended March 31, 2023	—	—	—	—	—	—

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥5,959 million [—%]
 Fiscal year ended March 31, 2023: ¥ — million [—%]

	Profit Attributable to Owners of Parent		Profit per Share	Diluted Profit per Share
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2024	5,680	—	151.95	—
Fiscal year ended March 31, 2023	—	—	—	—

	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	%	%	%
Fiscal year ended March 31, 2024	8.3	8.9	6.7
Fiscal year ended March 31, 2023	—	—	—

(Reference) Share of profit (loss) of entities accounted for using equity method:
 Fiscal year ended March 31, 2024: ¥(752) million
 Fiscal year ended March 31, 2023: ¥ — million

(Note) Since the Company was established on April 3, 2023, through a sole share transfer, there are no results for the previous fiscal year.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	92,645	69,152	73.5	1,822.54
As of March 31, 2023	—	—	—	—

(Reference) Equity: As of March 31, 2024: ¥68,131 million
 As of March 31, 2023: ¥ — million

(Note) Since the Company was established on April 3, 2023, through a sole share transfer, there are no results for the previous fiscal year.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	5,473	(2,918)	(3,342)	30,864
Fiscal year ended March 31, 2023	—	—	—	—

(Note) Since the Company was established on April 3, 2023, through a sole share transfer, there are no results for the previous fiscal year.

2. Dividends

	Annual Dividends					Total Dividends Paid (full year)	Dividend Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	—	—	—	—	—	—	—
Fiscal year ended March 31, 2024	—	27.00	—	27.00	54.00	2,018	35.5	3.0
Fiscal year ending March 31, 2025 (forecast)	—	27.00	—	27.00	54.00		33.1	

(Note) Since the Company was established on April 3, 2023, through a sole share transfer, there are no results for the previous fiscal year.

3. Consolidated business forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentage figures for the full year indicate the rate of change from the previous fiscal year.

Percentage figures for the first six months indicate the rate of change from the same period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	64,300	12.8	3,500	(12.4)	3,700	(17.5)	2,400	(21.2)	64.20
Full year	136,500	11.3	8,500	2.8	9,000	9.4	6,100	7.4	163.18

* Notes

(1) Changes of significant subsidiaries during the period (changes in specific subsidiaries associated with changes in scope of consolidation): Yes

Newly included: 1 company, Hawaiiana Holdings Incorporated

(2) Changes in accounting policies, accounting estimates and restatement of revisions

- | | |
|-----------------------------------------------------------------------------------|------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc.: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatement of revisions: | None |

(3) Number of shares issued and outstanding (common stock)

- Number of shares issued and outstanding (including treasury stock)
- Number of treasury stock
- Average number of shares issued and outstanding

1)	As of March 31, 2024	41,180,306 shares	As of March 31, 2023	— shares
2)	As of March 31, 2024	3,797,412 shares	As of March 31, 2023	— shares
3)	Fiscal year ended March 31, 2024	37,383,040 shares	Fiscal year ended March 31, 2023	— shares

(Note) Since the Company was established on April 3, 2023, through a sole share transfer, there are no results for the previous fiscal year.

* This financial report is not subject to audit procedures by certified public accountants or audit corporations.

* Explanation regarding the appropriate use of business forecasts and other notes

(Notes to forward-looking statements)

The business forecasts reported herein were prepared based on information NIPPON KANZAI Holdings Co., Ltd. (hereinafter the “Company”) had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. Actual results may differ significantly from forecasts due to various factors. Please refer to the disclaimers provided under “1. Overview of business results, etc.; (4) Future outlook” on page 3 of the Attached Document of this financial report regarding assumptions upon which forecasts are based and the use of forecasts.

(Results for the previous fiscal year)

Since the Company was established on April 3, 2023, through a sole share transfer of NIPPON KANZAI Co., Ltd., the current fiscal year will be its first fiscal year. Therefore, there are no results for the previous fiscal year.

(How to obtain supplementary materials on financial results)

The Company plans to hold a financial results briefing for institutional investors and analysts on Wednesday, May 15, 2024. The presentation materials for the financial results briefing will be posted on the Company’s website after the briefing is over.

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1. Overview of business results, etc.

The Company was established on April 3, 2023, through a sole share transfer of NIPPON KANZAI Co., Ltd. As for the scope of consolidation, there is no substantial change from the scope of consolidation of NIPPON KANZAI Co., Ltd.

In addition, the consolidated financial statements for the fiscal year ended March 31, 2024, are prepared by succeeding the consolidated financial statements of NIPPON KANZAI Co., Ltd., which has become a wholly owned subsidiary through the sole share transfer.

(1) Overview of business results for the period

During the current fiscal year (fiscal year ended March 31, 2024), the Japanese economy saw normalization due to the lifting of movement restrictions imposed from the COVID-19 pandemic, but was faced with concerns about stagnation in economic activity due to the impact of surging raw material prices caused by the prolonged situation in Ukraine and currency exchange fluctuation risks. These factors still continue to cast uncertainty over the future.

The real estate services industry saw vacancy rates for office buildings and retail facilities in urban areas remain high as the impact of various work arrangements including remote working and satellite offices started to take hold. In addition, with surging raw material prices and rising labor costs leading to client companies becoming more conscious of reducing costs, a severe business environment is expected to continue going forward.

In such a business environment, the Nippon Kanzai Group (hereinafter the “Group”) has continued to pursue “optimal building management” through its advanced technologies and responsiveness in order to continuously provide high-quality services that meet customer needs, endeavoring to enhance the asset value of buildings.

The Group has also endeavored to further strengthen and improve Building Management and Operations, its core business, while proactively implementing operations in peripheral fields such as private finance initiatives (PFI) and public facility management projects.

In the current fiscal year, steady renewal of existing management contracts and orders for construction-related services resulted in net sales of 122,674 million yen, operating income of 8,271 million yen, ordinary income of 8,225 million yen, and profit attributable to owners of parent of 5,680 million yen.

The following are business results by segment.

Segment income has been adjusted to operating income described in consolidated statements of income.

Building Management and Operations

With regard to Building Management and Operations, the Group’s core business that focuses on building management and security services, steady renewal of existing management contracts and orders for construction-related services resulted in net sales for the segment for the current fiscal year of 80,528 million yen.

In terms of profit, efforts to revise fees, review specifications, and reduce costs resulted in segment income of 7,550 million yen.

Residential Management and Operations

With regard to Residential Management and Operations, which mainly consists of managing rental apartment buildings and condominiums to own and public housing, steady renewal of existing management contracts and orders for construction-related services and ad hoc services resulted in net sales for the segment for the current fiscal year of 20,864 million yen.

In terms of profit, continuous efforts to reduce costs resulted in segment income of 1,498 million yen.

Environmental Facilities Management

With regard to Environmental Facilities Management, which mainly consists of managing water treatment, sewage disposal, and other public facilities related to the overall living environment, smoothly winning new management contracts and contract renewals and orders for construction-related services resulted in net sales for the segment for the current fiscal year of 14,590 million yen.

In terms of profit, efforts to reduce costs with a focus on realignment of personnel assignments resulted in segment income of 1,847 million yen.

Real Estate Fund Management

With regard to Real Estate Fund Management, which mainly consists of asset management (i.e., arrangement and asset management of real estate funds) and handling of investments in silent partnership, selling assets under management and smooth implementation of facility management and operation business resulted in net sales for the segment for the current fiscal year of 4,132 million yen.

In terms of profit, continuous efforts to reduce costs resulted in segment income of 535 million yen.

Other Businesses

In Other Businesses, which consist mainly of event planning and management, design and payroll accounting services, smoothly winning event-related business contracts resulted in net sales for the segment for the current fiscal year of 2,872 million yen and segment income of 469 million yen.

(2) Overview of financial position for the period

Total assets at the end of the current fiscal year amounted to 92,645 million yen. The major breakdown is 55,509 million yen of current assets including 31,239 million yen of cash and deposits, and 37,136 million yen of non-current assets including 18,865 million yen of investment securities.

Liabilities amounted to 23,492 million yen. The major breakdown is 17,914 million yen of current liabilities including 8,015 million yen of notes and accounts payable-trade, and 5,578 million yen of non-current liabilities including 1,793 million yen of long-term guarantee deposits.

Net assets amounted to 69,152 million yen. The major breakdown is 66,393 million yen of shareholders' equity including 62,382 million yen of retained earnings, 1,738 million yen of accumulated other comprehensive income including 2,511 million yen of valuation difference on available-for-sale securities, and 1,020 million yen of non-controlling interests. The equity ratio was 73.5%.

The Group's financial policy is to secure the liquidity necessary for management and to maintain a sound balance sheet.

(3) Overview of cash flows for the period

Cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year was 30,864 million yen.

The status and main factors of cash flows for the current fiscal year were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities in the current fiscal year was 5,473 million yen. This was mainly due to profit before income taxes (cash inflow of 8,529 million yen year on year) and income taxes paid (cash outflow of 3,654 million yen year on year).

(Cash flows from investing activities)

Net cash used in investing activities in the current fiscal year was 2,918 million yen. This was mainly due to purchase of investment securities (cash outflow of 1,617 million yen) and refund of guarantee deposits received (cash outflow of 540 million yen).

(Cash flows from financing activities)

Net cash used in financing activities in the current fiscal year was 3,342 million yen. This was mainly due to cash dividends paid (cash outflow of 2,118 million).

(4) Future outlook

Looking ahead, rising energy costs and raw material prices caused by the prolonged situation in Ukraine and currency exchange fluctuation risks are likely to continue to cast uncertainty over the future.

The Group will endeavor to enhance customer satisfaction and profitability by continuously improving its service quality as well as proactively making proposals that offer high added value while striving to raise wages in order to eliminate the shortage of human resources. Setting project proposal capabilities as the main focus, the Group will endeavor to further expand such business operations as PFI and public facility management as well as proactively pursue M&A projects of related businesses to the Company in Japan and abroad.

The business forecasts for the next fiscal year (April 1, 2024 to March 31, 2025) are as follows: consolidated net sales increasing by 11.3% year on year to 136,500 million yen, consolidated operating income increasing by 2.8% year on year to 8,500 million yen; consolidated ordinary income increasing by 9.4% year on year to 9,000 million yen; and profit attributable to owners of parent increasing by 7.4% year on year to 6,100 million yen.

2. Basic policy regarding selection of accounting standard

The Group has a policy to prepare financial statements based on Japanese GAAP for the time being, considering the comparability of consolidated financial statements over time and between Japanese companies.

As for International Financial Reporting Standards, the Group will appropriately consider them based on the overall situation in Japan and overseas in the future.

3. Consolidated financial statements and key notes**(1) Consolidated balance sheets**

	(Millions of yen)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)
ASSETS	
Current assets	
Cash and deposits	31,239
Notes and accounts receivable—trade and contract assets	18,664
Investments in silent partnership for business purposes	154
Real estate for sale	1,455
Supplies	289
Income taxes receivable	22
Other	3,690
Allowance for doubtful accounts	(6)
Total current assets	<u>55,509</u>
Non-current assets	
Property, plant and equipment	
Buildings and structures	8,133
Accumulated depreciation	(4,325)
Buildings and structures, net	<u>3,808</u>
Machinery, equipment and vehicles	153
Accumulated depreciation	(92)
Machinery, equipment and vehicles, net	<u>61</u>
Tools, furniture and fixtures	2,265
Accumulated depreciation	(1,607)
Tools, furniture and fixtures, net	<u>657</u>
Land	1,211
Leased assets	2,679
Accumulated depreciation	(1,469)
Leased assets, net	<u>1,210</u>
Total property, plant and equipment	<u>6,948</u>
Intangible assets	
Software	318
Goodwill	2,830
Trademark right	320
Customer-related intangible assets	264
Software in progress	185
Other	54
Total intangible assets	<u>3,974</u>
Investments and other assets	
Investment securities	18,865
Long-term loans receivable	839
Deferred tax assets	400
Long-term prepaid expenses	16
Retirement benefit asset	965
Lease and guarantee deposits	3,063
Membership	333
Other	1,800
Allowance for doubtful accounts	(71)
Total investments and other assets	<u>26,212</u>
Total non-current assets	<u>37,136</u>
TOTAL ASSETS	<u>92,645</u>

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Millions of yen)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)
LIABILITIES	
Current liabilities	
Notes and accounts payable—trade	8,015
Current portion of long-term non-recourse loans payable	227
Lease obligations	261
Accrued expenses	3,565
Income taxes payable	822
Accrued consumption taxes	1,177
Contract liabilities	1,416
Deposits received	784
Provision for bonuses	892
Other	751
Total current liabilities	<u>17,914</u>
Non-current liabilities	
Long-term non-recourse loans payable	285
Lease obligations	981
Deferred tax liabilities	1,219
Provision for retirement benefits for directors (and other officers)	4
Retirement benefit liability	220
Long-term guarantee deposits	1,793
Asset retirement obligations	437
Liabilities from application of equity method	34
Other	601
Total non-current liabilities	<u>5,578</u>
TOTAL LIABILITIES	<u>23,492</u>
NET ASSETS	
Shareholders' equity	
Share capital	3,000
Capital surplus	11,339
Retained earnings	62,382
Treasury shares	(10,328)
Total shareholders' equity	<u>66,393</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	2,511
Foreign currency translation adjustment	(606)
Remeasurements of defined benefit plans	(166)
Total accumulated other comprehensive income	<u>1,738</u>
Non-controlling interests	<u>1,020</u>
TOTAL NET ASSETS	<u>69,152</u>
TOTAL LIABILITIES AND NET ASSETS	<u>92,645</u>

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

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

	(Millions of yen)
	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)
Net sales	122,674
Cost of sales	95,539
Gross profit	27,134
Selling, general and administrative expenses	
Selling expenses	805
Personnel expenses	10,625
Provision for bonuses	422
Provision for retirement benefits for directors (and other officers)	4
Retirement benefit expenses	324
Transportation and communication expenses	1,221
Supplies expenses	628
Rent expenses	1,421
Insurance expenses	385
Depreciation	546
Taxes and dues	308
Enterprise tax	361
Provision of allowance for doubtful accounts	16
Amortization of goodwill	227
Other	1,563
Total selling, general and administrative expenses	18,863
Operating income	8,271
Non-operating income	
Interest income	65
Dividend income	199
Rent income	48
Dividend income of insurance	44
Foreign exchange gains	419
Other	139
Total non-operating income	918
Non-operating expenses	
Interest expenses	39
Rent expenses	63
Share of loss of entities accounted for using equity method	752
Loss on sales and retirement of non-current assets	47
Loss on valuation of membership	23
Other	37
Total non-operating expenses	964
Ordinary income	8,225
Extraordinary income	
Gain on sales of investment securities	213
Gain on step acquisitions	90
Total extraordinary income	303
Profit before income taxes	8,529
Income taxes—current	2,718
Income taxes—deferred	2
Total income taxes	2,721
Profit	5,807
Profit attributable to non-controlling interests	127
Profit attributable to owners of parent	5,680

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

Consolidated statements of comprehensive income

	(Millions of yen)
	Fiscal year ended March 31, 2024 (April 1, 2023, to March 31, 2024)
Profit	5,807
Other comprehensive income	
Valuation difference on available-for-sale securities	498
Foreign currency translation adjustment	(1,603)
Remeasurements of defined benefit plans, net of tax	96
Share of other comprehensive income of entities accounted for using equity method	1,160
Total other comprehensive income	151
Comprehensive income	5,959
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	5,810
Comprehensive income attributable to non-controlling interests	149

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000	3,785	58,720	(2,773)	62,732
Changes during period					
Dividends of surplus [year-end]			(1,009)		(1,009)
Dividends of surplus [interim]			(1,009)		(1,009)
Profit attributable to owners of parent			5,680		5,680
Purchase of treasury shares				(10,328)	(10,328)
Disposal of treasury shares		7,554		2,773	10,328
Change in scope of consolidation—foreign currency translation adjustment					—
Net changes of items other than shareholders' equity					
Total changes during period	—	7,554	3,661	(7,554)	3,660
Balance at end of period	3,000	11,339	62,382	(10,328)	66,393

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,035	(162)	(264)	1,608	1,138	65,479
Changes during period						
Dividends of surplus [year-end]						(1,009)
Dividends of surplus [interim]						(1,009)
Profit attributable to owners of parent						5,680
Purchase of treasury shares						(10,328)
Disposal of treasury shares						10,328
Change in scope of consolidation—foreign currency translation adjustment		(426)		(426)		(426)
Net changes of items other than shareholders' equity	475	(16)	97	556	(117)	438
Total changes during period	475	(443)	97	129	(117)	3,672
Balance at end of period	2,511	(606)	(166)	1,738	1,020	69,152

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(4) Consolidated statements of cash flows

	(Millions of yen)
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Cash flows from operating activities	
Profit before income taxes	8,529
Depreciation	846
Amortization of goodwill	227
Increase (decrease) in provision for bonuses	80
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4
Increase (decrease) in retirement benefit asset (liability)	(78)
Increase (decrease) in allowance for doubtful accounts	16
Share of loss (profit) of entities accounted for using equity method	752
Interest and dividend income	(265)
Interest expenses	39
Foreign exchange losses (gains)	(192)
Loss (gain) on step acquisitions	(90)
Loss (gain) on sales and retirement of non-current assets	40
Loss on valuation of membership	23
Loss (gain) on sale of investment securities	(213)
Decrease (increase) in notes and accounts receivable—trade	(2,729)
Decrease (increase) in investments in silent partnership for business purposes	(89)
Decrease (increase) in inventories	601
Decrease (increase) in other assets	(1,327)
Increase (decrease) in notes and accounts payable—trade	825
Increase (decrease) in accrued consumption taxes	(72)
Increase (decrease) in other liabilities	1,754
Other, net	(77)
Subtotal	<u>8,607</u>
Interest and dividend income received	561
Interest expenses paid	(39)
Income taxes paid	(3,654)
Net cash provided by (used in) operating activities	<u>5,473</u>

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Millions of yen)
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Cash flows from investing activities	
Payments into time deposits	(375)
Proceeds from withdrawal of time deposits	345
Purchase of property, plant and equipment and intangible assets	(450)
Proceeds from sales of property, plant and equipment and intangible assets	10
Purchase of investment securities	(1,617)
Proceeds from sales of investment securities	837
Proceeds from redemption of investment securities	200
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(502)
Collection of loans receivable	18
Payments for lease and guarantee deposits	(529)
Proceeds from collection of lease and guarantee deposits	997
Guarantee deposits received	78
Refund of guarantee deposits received	(540)
Other, net	(1,390)
Net cash provided by (used in) investing activities	(2,918)
Cash flows from financing activities	
Increase in short-term loans payable	10,500
Decrease in short-term loans payable	(10,500)
Repayments of long-term loans payable	(375)
Repayments of long-term non-recourse loans payable	(456)
Repayments of lease obligations	(236)
Purchase of treasury shares	(0)
Repayments of investments to non-controlling shareholders	(155)
Cash dividends paid	(2,019)
Dividends paid to non-controlling interests	(99)
Net cash provided by (used in) financing activities	(3,342)
Effect of exchange rate change on cash and cash equivalents	(389)
Net increase (decrease) in cash and cash equivalents	(1,177)
Cash and cash equivalents at beginning of period	32,041
Cash and cash equivalents at end of period	30,864

*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

(5) Notes to consolidated financial statements**(Notes on the going concern assumption)**

Not applicable.

(Segment information, etc.)**[Segment information]**

1. Overview of reportable segments

The Company's reportable segments are organizational units for which separate financial statements can be gathered. These reportable segments are subject to periodical review by the Board of Directors to decide business resource allocation and to evaluate performance.

The Company has five reportable segments that are classified by the characteristics and similarity in services provided by the Group companies: Building Management and Operations, Residential Management and Operations, Environmental Facilities Management, Real Estate Fund Management, and Other Businesses.

Building Management and Operations focuses on building management and security services. Residential Management and Operations mainly comprises management of apartment buildings and condominiums to own and public housing. Environmental Facilities Management mainly comprises the management of water treatment, sewage disposal, and other public facilities that support the living environment in general. Real Estate Fund Management mainly comprises asset management (i.e., arrangement and asset management of real estate funds) and handling investments in silent partnership. Other Businesses include mainly event planning and management, printing, and design.

2. Calculation methods of net sales, income or losses, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are basically the same as those used for consolidated financial statements.

3. Information on net sales, income or losses, assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment						Adjustments (Note)	Amount recorded on consolidated financial statements
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Total		
Net sales								
Net sales to external customers	80,528	20,864	14,590	4,132	2,557	122,674	—	122,674
Inter-segment net sales and transfer	—	—	—	—	315	315	(315)	—
Total	80,528	20,864	14,590	4,132	2,872	122,989	(315)	122,674
Segment income	7,550	1,498	1,847	535	469	11,901	(3,630)	8,271
Segment assets	48,204	18,446	5,451	7,216	1,875	81,194	11,450	92,645
Other items								
Depreciation	186	119	51	133	32	523	337	860
Investments in entities accounted for using equity method	2,144	7,770	49	123	—	10,088	—	10,088
Increase in property, plant and equipment and intangible assets	161	435	36	302	6	942	217	1,159

(Note) 1. Adjustments are as follows:

- (1) Adjustments of -3,630 million yen for segment income are elimination of inter-segment transactions and unallocated general administrative expenses.
- (2) Adjustments of 11,450 million yen for segment assets are corporate assets that are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities, and the assets of the administration departments of the Company.
- (3) Adjustments of 217 million yen for increase in property, plant and equipment and intangible assets are due to system construction and purchase of fixtures, etc.

2. Segment income has been adjusted to operating income described in consolidated statements of income.

[Related information]

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information related to product and service

Please refer to “Segment information.”

2. Information related to geographic region

(1) Net sales

The information is omitted because net sales to external customers in Japan account for more than 90% of net sales reported in the consolidated statements of income.

(2) Property, plant and equipment

The information is omitted because the amount of property, plant and equipment located in Japan account for more than 90% of the amount of property, plant and equipment reported in the consolidated balance sheets.

3. Information related to major customer

There is nothing to report because there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment						Elimination or corporate	Total
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Subtotal		
Amortization for the period	16	140	28	—	43	227	—	227
Balance at end of period	40	2,333	133	—	323	2,830	—	2,830

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net assets per share	1,822.54 yen
Profit per share	151.95 yen

- (Note) 1. No diluted profit per share is presented as there were no potentially dilutive securities.
2. The basis of calculations of profit per share is as follows:

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (millions of yen)	5,680
Amount not attributable to owners of common stock (millions of yen)	—
Profit attributable to owners of parent associated with common stock (millions of yen)	5,680
Average number of shares of common stock during period (shares)	37,383,040

3. The basis of calculations of net assets per share is as follows:

	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Total net assets (millions of yen)	69,152
Amount deducted from total net assets (millions of yen)	1,020
[Of which, non-controlling interests (millions of yen)]	(1,020)
Net assets associated with common stock at end of period (millions of yen)	68,131
Number of shares of common stock issued and outstanding (shares)	41,180,306
Number of shares of common stock as treasury stock (shares)	3,797,412
Number of shares of common stock at end of period used in the calculation of net assets per share	37,382,894

(Significant subsequent events)

Not applicable.