Summary of Consolidated Financial Results

For the Third Quarter of FY2024
(January 1, 2024 – September 30, 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.

HULIC CO., LTD.

(TSE Code: 3003)

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

October 28, 2024

Name of company listed: HULIC Co., Ltd. Stock exchange listing: Tokyo (Prime Market)
Code number: 3003 URL: https://www.hulic.co.jp/en/
Representative: Takaya Maeda, President, Representative Director
Contact: Mayumi Naruse, Managing Officer, General Manager of the Corporate Communications & Investor Relations Department and the Corporate Sustainability Department
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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 3Q FY2024 (January 1, 2024 to September 30, 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	%
3Q FY2024	314,985	13.0	88,810	(2.3)	81,641	(2.3)	54,596	(6.9)
3Q FY2023	278,529	(30.2)	90,950	17.7	83,588	9.8	58,697	20.6

Note: Comprehensive income: 3Q FY2024: ¥55,410 million [(29.2%)], 3Q FY2023: 78,313 million [56.8%]

	EPS (Net income per share)	Diluted EPS
	Yen	Yen
3Q FY2024	71.72	71.72
3Q FY2023	77.14	77.11

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	BPS (Net assets per share)
	Million yen	Million yen	%	Yen
3Q FY2024	2,834,350	799,408	27.5	1,024.67
FY2023	2,480,472	769,300	30.8	1,006.19

Reference: Equity: 3Q FY2024: ¥780,357 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	―	26.00	―		
FY2024 (Planned)				28.00	54.00

Note: Revision to the planned dividends announced recently: Yes.

For details, please refer to “Notice of Revisions to Annual Performance and Dividend Forecast【SUMMARY】” announced today (October 28, 2024).

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	590,000	32.1	157,000	7.4	150,000	9.1	98,500	4.0	129.38

Note: Revision to the forecasts of financial results announced recently: Yes.

For details, please refer to "Notice of Revisions to Annual Performance and Dividend Forecast【SUMMARY】" announced today (October 28, 2024).

*** Notes**

(1) Significant Changes in the Scope of Consolidation during the Period: Yes

Newly included: Four: (company name) Hulic USA #1 LLC, AKITA WIND POWER KENKYUSHO, Riso Kyoiku Co., Ltd., Nishi Tokyo Asset Godo Kaisha

Excluded: One: (company name) NIPPON VIEW HOTEL BUSINESS CO., LTD.

(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)

	3Q 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	6,339,428	6,966,030 (the end of FY2023)
3) Average number of outstanding shares for each period (consolidated cumulative period)	761,221,071	760,859,073 (3Q FY2023)

* Reviews of attached Quarterly Consolidated Financial Statements by certified accountants or auditors: N/A

* Disclaimer regarding forward-looking statement

This document contains forward-looking statements about the performance of Hulic and its Group companies, based on management's assumptions in light of currently 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. Summary of Business Results, etc. of 3Q FY2024

(1) Summary of Business Results

In 3Q FY2024, leasing 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. In addition, sales of real estate for sale steadily progressed during 3Q FY2024. As a result, operating revenue was ¥314,985 million (increased ¥36,456 million or 13.0% compared with the same period of the previous fiscal year, hereinafter "YoY"), operating profit was ¥88,810 million (decreased ¥2,139 million or 2.3% YoY), ordinary profit was ¥81,641 million (decreased ¥1,947 million or 2.3% YoY) and profit attributable to owners of parent was ¥54,596 million (decreased ¥4,101 million or 6.9% 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 1,190,000 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 3Q FY2024 included ALBORE GINZA (partial) (Chuo-ku, Tokyo), KIOXIA Yokkaichi Plant (Land) (Yokkaichi-shi, Mie), Rokumaru Gate Ikebukuro (partial) (Toshima-ku, Tokyo), Akiba CO Building (Chiyoda-ku, Tokyo), Hulic Ginza 1-chome Showa-dori Building (Chuo-ku, Tokyo), and others.

In development and reconstruction business (non-current assets), Hulic Logistics Hashimoto (Chuo-ku, Sagamihara-shi) was completed in July 2024, and Hulic Shogi-Kaikan Sendagaya Building (Shibuya-ku, Tokyo) was completed in September 2024.

In addition, (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), (tentative name) Shinjuku 318 Development Project (Shinjuku-ku, Tokyo), (tentative name) Aoyama Building Reconstruction Project (Minato-ku, Tokyo), (tentative name) Ginza 5-chome Development Project (Chuo-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, new acquisitions including UNIMO Chiharadai (Ichihara-shi, Chiba), Urawa Garden Building (Urawa-ku, Saitama-shi), etc. were made, and properties including THE HUB GINZA OCT (Chuo-ku, Tokyo), Tajimi Logistics Center (Tajimi-shi, Gifu), etc. were sold.

As described above, the segment operations progressed as planned because leasing income from real estate was stable due to completion and acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate for sale steadily progressed during 3Q FY2024. As a result, operating revenue in this business segment totaled ¥269,387 million (increased ¥21,925 million or 8.8% YoY) and operating profit was ¥93,287 million (decreased ¥4,137 million or 4.2% 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 ¥2,938 million (increased ¥212 million or 7.7% YoY) and the operating profit was ¥953 million (increased ¥81 million or 9.2% 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 3Q 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 was ¥36,912 million (increased ¥6,014 million or 19.4% YoY) and operating profit was ¥1,988 million (increased ¥1,210 million or 155.5% 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. In addition, Riso Kyoiku Co., Ltd., one of the Company's consolidated subsidiaries, operates and manages children education services, etc.

As a result, operating revenue was ¥15,501 million (increased ¥10,747 million or 226.0% YoY) and operating profit was ¥1,619 million (increased ¥1,214 million or 300.3% YoY).

(2) Summary of Financial Position

<Assets>

Total assets at the end of 3Q FY2024 was ¥2,834,350 million, increased by ¥353,877 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 Company 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 their assets under management.

Changes in amount of major items were as follows.

- Real estate for sale: Increased ¥107,813 million (Transfer from non-current assets, acquisition and sales of properties, etc.)
- Land: Increased ¥120,238 million (Acquisition of properties, transfer to real estate for sale, etc.)
- Investment securities: Increased ¥52,678 million (Acquisition and sales of investment securities, an increase in unrealized gains of investment securities, etc.)

<Liabilities>

Total liabilities at the end of 3Q FY2024 was ¥2,034,942 million, increased by ¥323,769 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 ¥1,141,298 million, which included ¥30,000 million non-recourse borrowings owed by a consolidated SPC. Financing from financial institutions was operated stably at low cost on the back of the Group's high earnings level.

<Net Assets>

Total net assets at the end of 3Q FY2024 was ¥799,408 million, increased by ¥30,108 million from the end of FY2023. Total shareholders' equity was ¥721,432 million, increased by ¥14,637 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 ¥58,925 million, increased by ¥63 million from the end of FY2023.

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

The Company has revised the forecasts of consolidated financial results for FY2024 announced on January 30, 2024 and also has disclosed its forecast of operating revenue, which had not been disclosed due to unpredictability. For details, please refer to "Notice of Revisions to Annual Performance and Dividend Forecast【SUMMARY】" announced today (October 28, 2024).

2. Consolidated Financial Statements (Unaudited)

(1) Quarterly Consolidated Balance Sheets (Unaudited)

(Million yen)

Item	At the end of 3Q (September 30, 2024)	At the end of previous fiscal year (December 31, 2023)
ASSETS		
Current assets		
Cash and deposits	104,357	82,878
Trade notes and accounts receivable and contract assets	11,373	8,992
Merchandise	228	24
Real estate for sale	370,902	263,089
Real estate for sale in process	23	2,871
Costs on construction contracts in progress	5	39
Supplies	430	373
Other	18,127	14,707
Allowance for doubtful accounts	(22)	(4)
Total current assets	505,426	372,973
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	235,987	235,329
Machinery, equipment and vehicles, net	16,814	11,991
Land	1,437,039	1,316,801
Construction in progress	37,827	42,755
Other, net	10,886	10,527
Total property, plant and equipment	1,738,554	1,617,405
Intangible assets		
Goodwill	14,725	4,164
Leasehold interests in land	65,414	70,695
Other	28,708	3,079
Total intangible assets	108,848	77,938
Investments and other assets		
Investment securities	381,142	328,463
Guarantee deposits	51,921	47,384
Deferred tax assets	1,682	947
Net defined benefit asset	681	752
Other	44,547	32,838
Allowance for doubtful accounts	(12)	(0)
Total investments and other assets	479,963	410,387
Total non-current assets	2,327,365	2,105,731
Deferred assets		
Total deferred assets	1,558	1,768
Total assets	2,834,350	2,480,472

(Million yen)

Item	At the end of 3Q (September 30, 2024)	At the end of previous fiscal year (December 31, 2023)
LIABILITIES		
Current liabilities		
Short-term borrowings	192,096	104,883
Short-term bonds payable	174,886	—
Current portion of bonds payable	120,000	30,000
Accrued expenses	6,963	4,523
Income taxes payable	12,239	18,760
Advances received	8,949	6,510
Provision for bonuses	1,472	532
Provision for bonuses for directors (and other officers)	281	382
Other	13,327	19,715
Total current liabilities	530,215	185,306
Non-current liabilities		
Bonds payable	324,000	381,000
Long-term borrowings	949,202	929,145
Deferred tax liabilities	80,150	73,210
Provision for share awards	2,943	3,238
Net defined benefit liability	4,528	1,706
Long-term guarantee deposits	98,564	93,307
Other	45,335	44,257
Total non-current liabilities	1,504,726	1,525,865
Total liabilities	2,034,942	1,711,172
NET ASSETS		
Shareholders' equity		
Share capital	111,609	111,609
Capital surplus	137,738	137,731
Retained earnings	475,177	461,214
Treasury shares	(3,094)	(3,760)
Total shareholders' equity	721,432	706,794
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	58,999	58,943
Deferred gains or losses on hedges	(518)	(436)
Foreign currency translation adjustment	171	—
Remeasurements of defined benefit plans	271	355
Total accumulated other comprehensive income	58,925	58,862
New share acquisition rights	75	—
Non-controlling interests	18,976	3,643
Total net assets	799,408	769,300
Total liabilities and total net assets	2,834,350	2,480,472

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

(Million yen)

Item	3Q (From January 1, 2024 to September 30, 2024)	Previous 3Q (From January 1, 2023 to September 30, 2023)
Operating revenue	314,985	278,529
Operating costs	180,835	148,160
Operating gross profit	134,150	130,368
Selling, general and administrative expenses	45,339	39,418
Operating profit	88,810	90,950
Non-operating income		
Interest income	52	43
Dividend income	2,290	1,944
Share of profit of entities accounted for using equity method	83	―
Termination of lease contracts	1,075	210
Other	820	667
Total non-operating income	4,322	2,865
Non-operating expenses		
Interest expenses	9,584	8,605
Share of loss of entities accounted for using equity method	―	249
Other	1,906	1,372
Total non-operating expenses	11,491	10,226
Ordinary profit	81,641	83,588
Extraordinary income		
Gain on sale of investment securities	5,445	21
Gain on investments in silent partnership, etc.	46	20
Compensation income	―	3,351
Other	53	200
Total extraordinary income	5,545	3,594
Extraordinary losses		
Loss on retirement of non-current assets	2,382	540
Loss on reconstructions of buildings	602	742
Impairment losses	116	540
Loss on step acquisitions	2,792	―
Other	38	86
Total extraordinary losses	5,932	1,910
Profit before income taxes	81,254	85,273
Income taxes - current	26,720	27,642
Income taxes - deferred	(815)	(1,084)
Total income taxes	25,904	26,557
Net income before non-controlling interests	55,349	58,715
Profit attributable to non-controlling interests	752	18
Profit attributable to owners of parent	54,596	58,697

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

(Million yen)

Item	3Q (From January 1, 2024 to September 30, 2024)	Previous 3Q (From January 1, 2023 to September 30, 2023)
Net income before non-controlling interests	55,349	58,715
Other comprehensive income		
Valuation difference on available-for-sale securities	270	19,666
Deferred gains or losses on hedges	(81)	(232)
Foreign currency translation adjustment	171	―
Remeasurements of defined benefit plans, net of tax	(96)	92
Share of other comprehensive income of entities accounted for using equity method	(202)	71
Total other comprehensive income	61	19,597
Comprehensive income	55,410	78,313
Comprehensive income attributable to		
Owners of parent	54,659	78,295
Non-controlling interests	751	18

(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

(Footnotes on Quarterly Consolidated Statements of Cash Flows)

Quarterly Consolidated Statements of Cash Flows of 3Q FY2024 are not prepared. Depreciation (includes amortization of intangible non-current assets excluding goodwill), and amortization of goodwill of 3Q FY2024 were as follows.

(Million yen)

	3Q (From January 1, 2024 to September 30, 2024)	Previous 3Q (From January 1, 2023 to September 30, 2023)
Depreciation	13,327	12,256
Amortization of goodwill	816	579

(Footnotes on Segment Information, etc.)

【Segment Information】

I. 3Q FY2024 (from January 1, 2024 to September 30, 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)	Sub-total				
Operating revenue								
Outside customers	262,434	2,938	36,696	302,070	12,915	314,985	—	314,985
Inter-segment	6,952	—	215	7,168	2,586	9,754	(9,754)	—
Total	269,387	2,938	36,912	309,238	15,501	324,740	(9,754)	314,985
Segment profit	93,287	953	1,988	96,229	1,619	97,848	(9,038)	88,810

Notes:

1. The category of "Others" included business segments that were not included in the reportable segments, such as general construction, design / construction management, and children education business, etc.
2. Adjustment of segment profit of negative ¥9,038 million included elimination of intersegment transactions of ¥696 million and corporate expenses of negative ¥9,734 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:

The information was omitted because it was immaterial.

II. 3Q FY2023 (from January 1, 2023 to September 30, 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)	Sub-total				
Operating revenue								
Outside customers	241,809	2,726	30,681	275,217	3,312	278,529	—	278,529
Inter-segment	5,652	—	216	5,869	1,441	7,311	(7,311)	—
Total	247,461	2,726	30,898	281,086	4,754	285,840	(7,311)	278,529
Segment profit	97,424	872	778	99,075	404	99,480	(8,529)	90,950

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 ¥8,529 million included elimination of intersegment transactions of ¥665 million and corporate expenses of negative ¥9,194 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 or (loss) 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:

The information was omitted because it was immaterial.