

# Summary of Business Results for the Third Quarter Ended March 31, 2022

## [Japan GAAP] (Consolidated)

May 12, 2022

Company **&Do Holdings Co., Ltd.** Listed on the TSE  
 Stock code 3457 URL: <https://www.housedo.co.jp/and-do/en/>  
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Expected date of filing of quarterly report: May 16, 2022 Expected starting date of dividend payment: -

Preparation of quarterly supplementary financial document: Yes

Holding of quarterly results briefing: None

(Rounded down to million yen)

### 1. Consolidated business results for the nine months ended March 2022

(July 1, 2021 through March 31, 2022)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Mar. 31, 2022	29,161	15.0	1,903	50.3	1,825	55.3	1,191	54.5
Nine months ended Mar. 31, 2021	25,351	10.4	1,266	10.9	1,175	11.4	771	19.9

(Note) Comprehensive income:

Nine months ended Mar. 31, 2022: 1,179 million yen (up 51.9%)

Nine months ended Mar. 31, 2021: 776 million yen (up 23.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2022	60.94	60.19
Nine months ended Mar. 31, 2021	39.56	38.92

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	56,136	13,071	23.2	666.22
As of Jun. 30, 2021	57,306	12,877	22.4	656.34

(Reference) Shareholders' equity:

As of Mar. 31, 2022: 13,030 million yen

As of Jun. 30, 2021: 12,834 million yen

### 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2021	-	0.00	-	30.00	30.00
Fiscal year ending Jun. 30, 2022	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2022 (forecast)	-	-	-	-	-

(Note) Revisions to the most recently announced dividend forecast: None

The dividend forecast for the fiscal year ending June 30, 2022 will be announced later and will be based on the policy of maintaining a payout ratio of at least 30%.

### 3. Forecast of consolidated business results for the fiscal year ending June 2022

(July 1, 2021 through June 30, 2022)

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending Jun. 30, 2022	39,100-	0.2-	2,973-	14.8-	2,800-	11.4-	1,848-	14.3-	94.50-
	44,438	13.8	3,673	41.9	3,500	39.2	2,310	42.9	118.13

(Note) Revisions to the most recently announced business forecast: None

Ranges for the consolidated business results forecast for the fiscal year ending June 30, 2022 have been announced.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the quarterly consolidated financial statements:  
Yes

(Note) Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Application of Accounting Procedures Specific to Preparation of the Quarterly Consolidated Financial Statements)” on page 10 of the attachments for further information.

(3) Changes in accounting policies and accounting estimates, and restatements

- 1) Changes in accounting policies associated with revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) : None
- 3) Changes in accounting estimates : None
- 4) Restatements : None

(Note) Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 10 of the attachments for further information.

(4) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the period (treasury shares included)
  - As of Mar. 31, 2022 19,559,600 shares
  - As of Jun. 30, 2021 19,556,000 shares
- 2) Number of treasury shares at the end of the period
  - As of Mar. 31, 2022 561 shares
  - As of Jun. 30, 2021 514 shares
- 3) Average number of shares during the period (cumulative)
  - Nine months ended Mar. 31, 2022 19,557,806 shares
  - Nine months ended Mar. 31, 2021 19,501,496 shares

**\* The current quarterly financial report is not subject to quarterly reviews by certified public accountants or auditing firms.**

**\* Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution concerning forward-looking statements)

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors. Please refer to the section “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 5 of the attachments regarding preconditions or other related matters for the forecasts.

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## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

### **(1) Explanation of Results of Operations**

In the first nine months of the fiscal year ending in June 2022, there was still no sign of a return to normal economic activity because of the sixth wave of the COVID-19 pandemic. Furthermore, increasing geopolitical risk and rising prices of resources are making the outlook for the economy even more uncertain.

In the Japanese real estate industry, where the &Do Holding Group operates, there were concerns over sales price increases caused by rising raw material prices. Nevertheless, business environment was favorable because demand for housing remained solid as the market benefited from consistent monetary easing by the Bank of Japan.

In this challenging business climate, the &Do Holdings Group continued to make substantial investments in growth enhancement businesses in accordance with the current three-year medium-term plan, which will end in the fiscal year ending in June 2022. We have made progress with transitioning to a business model that can achieve sustained growth while utilizing the &Do Holdings Group's sound foundation for business operations. We are focusing measures to increase the pace of growth on the Franchisee Business, House-Leaseback Business and Finance Business. These three businesses will continue to receive large investments in terms of human resources, advertising and marketing expenditures, and other activities. During the first nine months of this fiscal year, there were many activities for strengthening operations that combine real estate and financing in order to meet a broad range of financial needs concerning the use of real estate. We increased the number of franchised stores and expanded the selection of services; we increased sales and earnings in the House-Leaseback Business by further raising the number of properties purchased and generating capital gains by selling trust beneficiary rights for selected properties; and in the Finance Business we expanded the reverse mortgage guarantee business in partnership with financial institutions.

With the Real Estate Brokerage Business serving as the foundation, we concentrated on meeting our customers' needs as we continued to be a one-stop source of housing services that are backed by synergies created by our unified three-part business model encompassing real estate brokerage, buying and renovation activities. To meet these needs, we are also placing priority on increasing purchases of real estate for sale in the Real Estate Buying and Selling Business, mainly in areas where we have directly operated stores, and on receiving more orders that combine purchases of existing houses with renovation work.

The &Do Holdings Group reported net sales of 29,161 million yen (up 15.0% year on year), operating profit of 1,903 million yen (up 50.3% year on year), ordinary profit of 1,825 million yen (up 55.3% year on year) and profit attributable to owners of parent of 1,191 million yen (up 54.5% year on year).

Beginning in the third quarter of FY2022, Koyama Construction Co., Ltd., which was previously included in the Koyama Construction Group, has been moved to the Real Estate Buying and Selling Business. In addition, Koyama Real Estate Co., Ltd. has been moved to the House-Leaseback Business and the Real Estate Brokerage Business. Due to this reorganization, there is no longer a Koyama Construction Group segment.

&Do Holdings has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. For more information, please refer to "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies."

Results by business segment were as follows.

(As of March 31, 2022)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	2,530	86 new franchisee contracts, raising total to 691 89 new franchised stores, raising total to 621
House-Leaseback Business	8,606	757 properties purchased, raising holdings to 685; 404 properties sold
Finance Business	595	235 guarantees for reverse mortgages; 91 real estate secured loans
Real Estate Buying and Selling Business	14,149	415 transactions
Real Estate Brokerage Business	1,385	2,195 brokered properties
Renovation Business	1,890	1,398 contracts; 1,304 renovation completions
Other Business	3	(Europe/US style) real estate agent and overseas business expenses
Total	29,161	-

### 1) Franchisee Business

Enquiries from prospective franchisees remained steady in this business. This reflects aggressive advertising and marketing activities, increasing public awareness of &Do Holdings as the number of franchised stores climbs, increasing value of the corporate brand, and a further improvement in public trust in &Do Holdings. During the first nine months of the fiscal year, there were 86 new franchisee contracts. However, due mainly to the departure of member companies because of the pandemic, the number of franchise contracts was 691 at the end of March 2022.

We have reinforced a franchisee follow-up system using supervisors and developed a variety of new services and increased the number of partner companies. Due to these actions, we opened 89 stores during the first nine months, raising the total to 621 at the end of March 2022.

As a result, the segment recorded sales of 2,530 million yen (up 6.6% year on year) and segment profit of 1,770 million yen (up 9.4%).

### 2) House-Leaseback Business

This business allows people to use real estate to procure funds by selling a home without remaining in the home. The house-leaseback scheme can be used to generate retirement income, fund business operations and a diverse array of other purposes. There have been a consistently large number of calls from prospective customers and properties handled because of continuing expenditures for human resources, advertising and marketing, and other activities for more growth of this business. During the first nine months, this business purchased 757 properties and resold or sold to investment funds, real estate purchasing companies and other buyers a total of 404 properties. The number of residential properties owned by this business was 685 at the end of March 2022. All of these properties are generating leasing income.

As a result, the segment recorded sales of 8,606 million yen (up 21.2% year on year) and segment profit of 909 million yen (up 26.6%).

### 3) Finance Business

This business uses the &Do Holdings Group's nationwide network of real estate assessment and sales expertise, one of the group's core strengths, for the use of real estate to meet customers' financing requirements. In the reverse mortgage guarantee business, the number of guarantees increased by 235 during the first nine months to 760, as this business increased the number of new alliances with financial institutions and strengthened cooperation with financial institutions to create demand for these guarantees. There were 91 new loans secured by real estate.

As a result, the segment recorded sales of 595 million yen (down 28.9% year on year) and segment profit of 127 million yen (up 34.4%).

#### 4) Real Estate Buying and Selling Business

This business utilizes synergies with the &Do Holdings Group and collaboration with directly operated real estate buying, selling and brokerage stores to identify the needs of customers and purchase a large volume of properties. Demand among consumers for buying a home remain firm as mortgage interest rates remain extremely low. In the first nine months, the number of transactions was 415 (down 20.8% year on year).

As a result, the segment recorded sales of 14,149 million yen (up 22.8% year on year) and segment profit of 1,323 million yen (up 61.9%).

#### 5) Real Estate Brokerage Business

We used a variety of advertising and marketing activities to bring in more people to our stores. Activities include advertisements on our own website, newspaper inserts, television and radio commercials and other media promotions, and the distribution of local real estate information individually to people living near stores. Although there is strong demand in Japan for houses because of extremely low interest rates on mortgages, due to the integration of stores undertaken to redeploy personnel to key growth-driving businesses, the number of brokerage transactions in the first nine months was 2,195 (down 12.1% year on year).

As a result, the segment recorded sales of 1,385 million yen (down 9.7% year on year) and segment profit of 522 million yen (up 43.1%).

#### 6) Renovation Business

This business used a collaboration with the Real Estate Brokerage Business to sell existing homes with renovation orders as a single package. Moreover, we held many joint renovation fairs with housing equipment manufacturers to attract customers. Customer trends were fluid due to the effects of the COVID-19 situation. The number of renovation contracts signed in the first nine months fell by 0.6% from the same period in the previous fiscal year to 1,398 and the number of renovation completions has declined by 2.3% from the same period in the previous fiscal year to 1,304.

As a result, the segment recorded sales of 1,890 million yen (down 4.4% year on year) and segment profit of 112 million yen (up 14.7%).

### **(2) Explanation of Financial Condition**

#### Assets

Total assets amounted to 56,136 million yen at the end of March 2022, a decrease of 1,169 million yen over the end of June 2021.

This was mainly attributable to increases of 759 million yen in inventories, 9,524 million yen in property, plant and equipment.

There was decreases of 8,073 million yen in cash and deposits and 4,552 million yen in operating loans.

#### Liabilities

Liabilities totaled 43,065 million yen, a decrease of 1,363 million yen over the end of June 2021.

There were increases of 730 million yen in current portion of long-term borrowings, 888 million yen in long-term borrowings and 538 million yen in bonds payable.

There was a decrease of 3,827 million yen in short-term borrowings.

#### Net assets

Net assets totaled 13,071 million yen, an increase of 194 million yen over the end of June 2021.

Retained earnings increased 1,191 million yen because of the booking of profit attributable to owners of parent for the first nine months, while there was a decrease of 586 million yen in retained earnings due to dividend payments.

(Millions of yen)

	FY2021 (As of Jun. 30, 2021)	Third quarter of FY2022 (As of Mar. 31, 2022)	Change
Total assets	57,306	56,136	(1,169)
Liabilities	44,429	43,065	(1,363)
Net assets	12,877	13,071	194

**(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

&Do Holdings is making no revisions to the full-year consolidated forecasts that were announced in the Summary of Business Results for the Fiscal Year Ended June 30, 2021 dated August 16, 2021.

**2. Quarterly Consolidated Financial Statements and Notes**
**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY2021 (As of Jun. 30, 2021)	Third quarter of FY2022 (As of Mar. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	16,819,713	8,746,431
Notes and accounts receivable-trade, and contract assets	-	369,662
Accounts receivable from completed construction contracts	116,125	-
Accounts receivable-trade	62,948	-
Real estate for sale	9,000,052	8,394,252
Real estate for sale in process	2,479,165	3,821,543
Costs on construction contracts in progress	138,316	161,610
Short-term loans receivable from subsidiaries and associates	-	110,400
Operating loans	9,751,001	5,198,117
Other	941,237	920,435
Allowance for doubtful accounts	(37,183)	(16,220)
Total current assets	39,271,379	27,706,234
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,214,674	9,608,931
Accumulated depreciation	(1,274,119)	(1,505,126)
Buildings and structures, net	5,940,554	8,103,804
Land	7,766,777	15,113,523
Other	125,087	138,873
Accumulated depreciation	(90,769)	(89,927)
Other, net	34,317	48,945
Total property, plant and equipment	13,741,649	23,266,273
Intangible assets		
Goodwill	567,145	481,608
Other	423,662	838,142
Total intangible assets	990,808	1,319,750
Investments and other assets		
Investment securities	1,658,962	1,997,365
Long-term prepaid expenses	566,294	675,243
Deferred tax assets	355,067	533,068
Other	749,600	672,136
Allowance for doubtful accounts	(27,332)	(33,189)
Total investments and other assets	3,302,591	3,844,623
Total non-current assets	18,035,049	28,430,647
Total assets	57,306,428	56,136,882



	(Thousands of yen)	
	FY2021 (As of Jun. 30, 2021)	Third quarter of FY2022 (As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable for construction contracts	551,979	778,039
Short-term borrowings	10,351,994	6,524,800
Current portion of bonds payable	512,000	776,000
Current portion of long-term borrowings	5,639,011	6,369,629
Lease obligations	-	4,953
Accounts payable-other	819,073	744,787
Accrued expenses	476,206	368,600
Income taxes payable	663,490	224,346
Accrued consumption taxes	187,302	104,881
Contract liabilities	-	1,482,751
Advances received on construction contracts in progress	269,319	-
Advances received	542,019	-
Provision for bonuses	106,191	66,108
Asset retirement obligations	11,246	10,183
Provision for warranties for completed construction	4,461	4,494
Provision for sales promotion expenses	6,616	-
Other	719,367	834,235
<b>Total current liabilities</b>	<b>20,860,280</b>	<b>18,293,812</b>
<b>Non-current liabilities</b>		
Bonds payable	1,610,000	2,148,000
Long-term borrowings	20,155,195	21,044,095
Lease obligations	-	16,099
Long-term guarantee deposits	1,223,393	1,007,301
Deferred tax liabilities	467,371	457,132
Asset retirement obligations	88,708	75,584
Provision for warranties for completed construction	24,468	23,824
<b>Total non-current liabilities</b>	<b>23,569,137</b>	<b>24,772,036</b>
<b>Total liabilities</b>	<b>44,429,418</b>	<b>43,065,849</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,374,337	3,375,287
Capital surplus	3,392,832	3,393,783
Retained earnings	6,109,309	6,315,760
Treasury shares	(461)	(502)
<b>Total shareholders' equity</b>	<b>12,876,017</b>	<b>13,084,328</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(42,437)	(51,952)
Foreign currency translation adjustment	1,391	(1,731)
<b>Total accumulated other comprehensive income</b>	<b>(41,046)</b>	<b>(53,684)</b>
Share acquisition rights	42,039	40,387
<b>Total net assets</b>	<b>12,877,010</b>	<b>13,071,032</b>
<b>Total liabilities and net assets</b>	<b>57,306,428</b>	<b>56,136,882</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**
**Quarterly Consolidated Statement of Income**
**(For the Nine-month Period)**

	(Thousands of yen)	
	First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)	First nine months of FY2022 (Jul. 1, 2021 – Mar. 31, 2022)
Net sales	25,351,502	29,161,173
Cost of sales	16,495,681	19,250,078
Gross profit	8,855,820	9,911,094
Selling, general and administrative expenses	7,589,623	8,007,644
Operating profit	1,266,197	1,903,449
Non-operating income		
Interest and dividend income	1,306	1,625
Gain on investments in silent partnerships	104,127	143,151
Commission income	11,750	8,673
Insurance claim income	9,939	5,108
Penalty income	14,376	25,937
Share of profit of entities accounted for using equity method	4,035	-
Other	46,483	66,056
Total non-operating income	192,019	250,553
Non-operating expenses		
Interest expenses	213,928	254,681
Share of loss of entities accounted for using equity method	-	2,417
Other	68,548	71,139
Total non-operating expenses	282,476	328,238
Ordinary profit	1,175,740	1,825,765
Extraordinary income		
Gain on sale of non-current assets	9	145
Gain on reversal of share acquisition rights	480	3,501
Total extraordinary income	489	3,646
Extraordinary losses		
Loss on sale of non-current assets	-	982
Loss on retirement of non-current assets	10,427	27,520
Loss on valuation of investment securities	5,282	-
Other	2,422	-
Total extraordinary losses	18,133	28,503
Profit before income taxes	1,158,096	1,800,908
Income taxes	386,650	609,124
Profit	771,445	1,191,783
Profit attributable to owners of parent	771,445	1,191,783

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)	First nine months of FY2022 (Jul. 1, 2021 – Mar. 31, 2022)
Profit	771,445	1,191,783
Other comprehensive income		
Valuation difference on available-for-sale securities	5,464	(9,514)
Share of other comprehensive income of entities accounted for using equity method	(605)	(3,123)
Total other comprehensive income	4,858	(12,637)
Comprehensive income	776,304	1,179,146
Comprehensive income attributable to Comprehensive income attributable to owners of parent	776,304	1,179,146

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Application of Accounting Procedures Specific to Preparation of the Quarterly Consolidated Financial Statements**

The tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the current fiscal year, and multiplying that rate by the quarterly profit before income taxes.

#### **Changes in Accounting Policies**

Application of the Accounting Standard for Revenue Recognition

&Do Holdings has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of promised goods and services is recognized when the control of the goods and services is transferred to customers.

As a result of this change, franchise fees and income from the introduction of IT services in the Franchisee Business will now be recognized over a three-year period, which is the actual average contract period. In prior periods, they were recognized together at the time of the franchise agreement.

Previously, the percentage-of-completion method was applied to construction contracts for which the outcome was deemed certain, while the completed-contract method was applied to other construction contracts. However, for performance obligations that are to be satisfied over a specified period, revenue is recognized over the specified period based on the estimated amount of progress of satisfying the performance obligation, except for very short duration projects. For performance obligations to be satisfied at a certain point, revenue is recognized when construction is completed. The method of estimating the percentage of progress for satisfying performance obligations is based on the ratio of the cost incurred to the estimated total cost (the input method).

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures prescribed in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, the application of the new standard resulted in an increase of 128,808 thousand yen in net sales, an increase of 8,436 thousand yen in cost of sales, and increases of 120,372 thousand yen each in operating profit, ordinary profit and profit before income taxes. In addition, the new standard decreased retained earnings at the beginning of the current fiscal year by 398,668 thousand yen.

“Accounts receivable from completed construction contracts” and “Accounts receivable-trade” that were presented in the current assets section of the consolidated balance sheet in the previous fiscal year are presented as “Notes and accounts receivable-trade, and contract assets,” and “Advances received on construction contracts in progress,” “Advances received” and “Provision for sales promotion expense” that were presented in the current liabilities section are presented as “Contract liabilities” from the first quarter of the current fiscal year. In accordance with the transitional measures prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation.

## Application of the Accounting Standard for Fair Value Measurement

&Do Holdings has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year. &Do Holdings has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

## Additional Information

### Sale of House-Leaseback Assets

#### 1. Summary of special purpose company (SPC) and transactions using this company

&Do Holdings sells assets of the House-Leaseback Business as one way to diversify sources of funding.

For the sale of these assets, &Do Holdings first sells House-Leaseback assets (trust beneficiary rights and other assets) to an SPC (which is structured as a godo kaisha (limited liability company)). The SPC then uses these assets as collateral for loans and other sources of funds in order to pay &Do Holdings for these assets. &Do Holdings has a tokumei kumiai (silent partnership) contract with each SPC and makes investments in accordance with this contract.

The following table presents information concerning the SPCs used for the sale of House-Leaseback assets.

&Do Holdings has made no investments with voting rights in any SPC and has not supplied any SPC with directors or other executives.

	FY2021 (As of Jun. 30, 2021)	Third quarter of FY2022 (As of Mar. 31, 2022)
Number of SPC	8	8
Total assets of SPCs	24,179,795 thousand yen	26,384,002 thousand yen
Total liabilities of SPCs	22,324,105 thousand yen	24,657,497 thousand yen

#### 2. Transactions with SPCs

First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)

	Major transactions (Thousands of yen)	Sales, expenses, gains	
		Items	Amount (Thousands of yen)
Investments in silent partnerships	172,000	Partnership investment gains	104,127
Selling price	3,453,978	Net sales	3,453,978
Book value	2,694,896	Cost of sales	2,694,896

(Note) The selling price of assets is classified as sales and the book value of assets is classified as cost of sales.

(Note) SPCs outsource to PM Do Co., Ltd. the management of the properties purchased from &Do Holdings. Property management fees are omitted from this table because they are negligible.

(Note) &Do Holdings and PM Do Co., Ltd. performs renovation work at properties that have been sold to an SPC. Renovations are omitted from this table because the monetary value is negligible.

First nine months of FY2022 (Jul. 1, 2021 – Mar. 31, 2022)

	Major transactions (Thousands of yen)	Sales, expenses, gains	
		Items	Amount (Thousands of yen)
Investments in silent partnerships	204,000	Partnership investment gains	143,151
Selling price	4,183,950	Net sales	4,183,950
Book value	3,193,208	Cost of sales	3,193,208

(Note) The selling price of assets is classified as sales and the book value of assets is classified as cost of sales.

(Note) SPCs outsource to PM Do Co., Ltd. the management of the properties purchased from &Do Holdings. Property management fees are omitted from this table because they are negligible.

(Note) &Do Holdings and PM Do Co., Ltd. perform renovation work at properties that have been sold to an SPC. Renovations are omitted from this table because the monetary value is negligible.

**Effect of COVID-19**

There are no significant changes in the assumptions about the effect of COVID-19 on the performance of &Do Holdings, in the supplementary information section of the Securities Report for the fiscal year that ended on June 30, 2021.

**Segment Information**

I First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)

1. Information related to net sales and profit or loss for each reportable segment

	Reportable segment							Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Franchisee	House- Leaseback	Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal				
Net sales											
External sales	2,372,486	7,100,289	837,735	11,522,639	1,534,520	1,978,526	25,346,198	5,304	25,351,502	-	25,351,502
Inter-segment sales and transfers	72,990	28,914	4,116	1,126	280,106	790	388,043	-	388,043	(388,043)	-
Total	2,445,476	7,129,204	841,851	11,523,766	1,814,626	1,979,316	25,734,242	5,304	25,739,546	(388,043)	25,351,502
Segment profit (loss)	1,617,550	718,519	94,532	817,719	365,086	98,474	3,711,884	(6,311)	3,705,572	(2,439,375)	1,266,197

- Notes:
1. Other is businesses which are not included in any reportable segment and mainly consists of the Europe/US style real estate agent business and overseas business.
  2. The negative adjustment of 2,439,375 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of negative 13,628 thousand yen, corporate expenses of negative 2,450,138 thousand yen that are not allocated to any of the reportable segments, and inventory adjustments of negative 2,864 thousand yen. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.
  3. Segment profit (loss) is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

II First nine months of FY2022 (Jul. 1, 2021 – Mar. 31, 2022)

1. Information related to net sales and profit or loss for each reportable segment

	Reportable segment							Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Franchisee	House- Leaseback	Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal				
Net sales											
External sales	2,530,016	8,606,144	595,801	14,149,740	1,385,704	1,890,663	29,158,071	3,101	29,161,173	-	29,161,173
Inter-segment sales and transfers	66,792	54,447	12,875	6,231	385,371	-	525,718	-	525,718	(525,718)	-
Total	2,596,809	8,660,591	608,677	14,155,972	1,771,076	1,890,663	29,683,790	3,101	29,686,892	(525,718)	29,161,173
Segment profit (loss)	1,770,345	909,969	127,010	1,323,787	522,559	112,967	4,766,641	(10,217)	4,756,424	(2,852,974)	1,903,449

- Notes:
1. Other is businesses which are not included in any reportable segment and mainly consists of the Europe/US style real estate agent business and overseas business.
  2. The negative adjustment of 2,852,974 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 3,289 thousand yen, corporate expenses of negative 2,825,831 thousand yen that are not allocated to any of the reportable segments, inventory adjustments of negative 12,703 thousand yen, and adjustment of non-current assets of negative 17,728 thousand yen. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.
  3. Segment profit (loss) is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

## 2. Information related to revisions for reportable segments

### Application of the Accounting Standard for Revenue Recognition

As described in Changes in Accounting Policies, &Do Holdings has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of FY2022 and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit (loss) has been changed as well. The effect of this change was to increase net sales and segment profit for the first nine months of FY2022 in the Franchisee segment by 114,813 thousand yen each. Net sales and segment profit increased 13,995 thousand yen and 5,559 thousand yen, respectively, in the Renovation segment.

### Reorganization and deletion of business segments

1. Beginning in the first quarter of FY2022, the &Do Holdings Group's subsidiary Financial Do Co., Ltd, which was previously included in the Finance segment, has been moved to the House-Leaseback segment in association with the change in the corporate structure of the subsidiary for improving the efficiency of its survey operations for collateralized debt.

Segment information for the first nine months of FY2021 has not been restated to reflect this change because it is impossible to determine the amount of expenses of this division that was included in the Finance segment in that period.

2. In conjunction with the change to a holding company structure on January 1, 2022, the real estate buying, selling and brokerage business of Koyama Real Estate Co., Ltd. was divested and absorbed by HOUSE DO Residential Sales Co., Ltd. and the rental property management business of Koyama Real Estate was merged with PM Do Co., Ltd. As a result, in the third quarter of FY2022, Koyama Real Estate, which was previously included in the Koyama Construction Group, has been moved to the Real Estate Brokerage Business and the House-Leaseback Business.

Segment information for the first nine months of FY2021 has been restated to reflect these changes.

3. Beginning in the third quarter of FY2022, for the purpose of more appropriately reflecting the activities of each segment, Koyama Construction Co., Ltd., which was previously included in the Koyama Construction Group, has been moved to the Real Estate Buying and Selling Business. Due to this reorganization, there is no longer a Koyama Construction Group segment.

Segment information for the first nine months of FY2021 has been restated to reflect these changes.

## Material Subsequent Events

### Reclassification of real estate from non-current assets to real estate for sale

On April 18, 2022, the &Do Holdings Board of Directors approved a resolution to change the purpose of holding some real estate (mainly house-leaseback properties) in the House-Leaseback Business in order to reclassify these properties from non-current assets to real estate for sale. This reclassification will take place in the fiscal year ending in June 2023.

#### (1) Change of holding purpose

In the medium-term plan, the &Do Holdings Group has positioned the Franchisee Business, House-Leaseback Business and Finance Business as the priority businesses for achieving even faster growth. Based on the plan, there have been many activities for using the existing foundation for business operations to build a model for sustained growth and for increasing sales and earnings.

The medium-term plan announced on March 31, 2022 has the goal establishing a highly profitable structure for business operations through further growth of the priority businesses and strengthening operations that combine real estate and financing.

The House-Leaseback Business was started in October 2013 and has subsequently grown into one of the core businesses of the &Do Holdings Group. As the number of properties purchased increased over the years, the primary source of sales and earnings in this business has shifted from rent, which is recurring income, to income from sales of trust beneficiary rights of house-leaseback properties. Income from these sales is now far more than income from rent.

Due to this shift in the characteristics of the House-Leaseback Business, house-leaseback properties that were previously classified as non-current assets will be reclassified as real estate for sale.

(2) Summary of reclassified non-current assets

House-leaseback and house leasing properties

(3) Date of reclassification

July 1, 2022

(4) Transfer price

Properties are to be transferred by using book values.

(5) Outlook

This change will have no effect on results of operations for the fiscal year ending in June 2023.

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*