

# Summary of Business Results for the Fiscal Year Ended June 30, 2022

## [Japan GAAP] (Consolidated)

August 15, 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 annual shareholders' meeting: Sep. 27, 2022 Expected starting date of dividend payment: Sep. 28, 2022  
 Expected date of filing of annual securities report: Sep. 28, 2022  
 Preparation of supplementary financial document: Yes  
 Holding of results briefing: Yes (for analysts)

(Rounded down to million yen)

### 1. Consolidated business results for the fiscal year ended June 2022 (July 1, 2021 through June 30, 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                             | %    |
| Fiscal year ended Jun. 30, 2022 | 41,395      | 6.0  | 2,871            | 10.9 | 2,947           | 17.2 | 1,955                                   | 21.0 |
| Fiscal year ended Jun. 30, 2021 | 39,037      | 18.7 | 2,589            | 36.7 | 2,514           | 46.4 | 1,616                                   | 56.9 |

(Note) Comprehensive income: Fiscal year ended Jun. 30, 2022: 1,959 million yen (up 20.0%)

Fiscal year ended Jun. 30, 2021: 1,632 million yen (up 62.2%)

|                                 | Net income per share | Diluted net income per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|---------------------------------|----------------------|------------------------------|------------------|--|--|
|                                 | Yen                  | Yen                          | %                | %  | %                                      |
| Fiscal year ended Jun. 30, 2022 | 100.00               | 98.79                        | 14.7             | 4.8                                      | 6.9                                    |
| Fiscal year ended Jun. 30, 2021 | 82.87                | 81.57                        | 13.3             | 4.5                                      | 6.6                                    |

(Reference) Investment earnings/loss on equity-method:

Fiscal year ended Jun. 30, 2022: (5) million yen Fiscal year ended Jun. 30, 2021: 0 million yen

(2) Consolidated financial position

|                     | Total assets | Net assets  | Shareholder's equity ratio | Net assets per share |
|---------------------|--------------|-------------|----------------------------|----------------------|
|                     | Million yen  | Million yen | %                          | Yen                  |
| As of Jun. 30, 2022 | 65,495       | 13,852      | 21.1                       | 706.07               |
| As of Jun. 30, 2021 | 57,306       | 12,877      | 22.4                       | 656.34               |

(Reference) Shareholders' equity:

As of Jun. 30, 2022: 13,813 million yen As of Jun. 30, 2021: 12,834 million yen

(3) Consolidated results of cash flows

|                                 | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of the period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                                 | Million yen                          | Million yen                          | Million yen                          | Million yen                                    |
| Fiscal year ended Jun. 30, 2022 | 11,983                               | (20,879)                             | 6,083                                | 13,513   |
| Fiscal year ended Jun. 30, 2021 | 12,696                               | (15,289)                             | 135                                  | 16,313   |

### 2. Dividends

|   | Annual dividend |           |           |          |       | Total dividends | Dividend payout ratio (Consolidated) | Ratio of total dividend to total assets (Consolidated) |
|---|-----------------|-----------|-----------|----------|-------|-----------------|--------------------------------------|--|
|   | End of 1Q       | End of 2Q | End of 3Q | Year-end | Total |                 |                                      |  |
| Fiscal year ended Jun. 30, 2021             | -               | 0.00      | -         | 30.00    | 30.00 | 587             | 36.2                                 | 4.6  |
| Fiscal year ended Jun. 30, 2022             | -               | 0.00      | -         | 36.00    | 36.00 | 704             | 36.0                                 | 5.1  |
| Fiscal year ending Jun. 30, 2023 (forecast) | -               | 0.00      | -         | 40.00    | 40.00 |                 | 35.9                                 |  |

(Note) Regarding revisions to the dividend forecast, please refer to the press release "Announcement of Revision to Dividend Forecast" (Japanese version only) that was announced today (August 15, 2022).

### 3. Forecast of consolidated business results for the fiscal year ending June 2023

(July 1, 2022 through June 30, 2023) (% 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                  |
| Six months ending Dec. 31, 2022  | 22,904      | 2.8  | 1,596            | (10.9) | 1,500           | (14.2) | 990                                     | (15.4) | 50.60                |
| Fiscal year ending Jun. 30, 2023 | 46,582      | 12.5 | 3,452            | 20.2   | 3,300           | 12.0   | 2,178                                   | 11.4   | 111.33               |

**\* Notes**

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

(2) 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 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 14 of the attachments for further information.

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (treasury shares included)

As of Jun. 30, 2022 19,564,800 shares

As of Jun. 30, 2021 19,556,000 shares

2) Number of treasury shares at the end of the period

As of Jun. 30, 2022 561 shares

As of Jun. 30, 2021 514 shares

3) Average number of shares during the period (cumulative)

Fiscal year ended Jun. 30, 2022 19,558,542 shares

Fiscal year ended Jun. 30, 2021 19,510,721 shares

**Reference: Summary of non-consolidated business results**

**Non-consolidated business results for the fiscal year ended June 2022 (July 1, 2021 through June 30, 2022)**

(1) Non-consolidated results of operations (% change from the previous corresponding period)

|                                 | Net sales   |        | Operating profit |       | Ordinary profit |     | Profit      |      |
|---------------------------------|-------------|--------|------------------|-------|-----------------|-----|-------------|------|
|                                 | Million yen | %      | Million yen      | %     | Million yen     | %   | Million yen | %    |
| Fiscal year ended Jun. 30, 2022 | 25,789      | (15.5) | 1,212            | (8.4) | 1,358           | 4.8 | 953         | 13.1 |
| Fiscal year ended Jun. 30, 2021 | 30,520      | 10.6   | 1,323            | 0.9   | 1,296           | 5.1 | 843         | 11.1 |

|                                 | Net income per share |  | Diluted net income per share |  |
|---------------------------------|----------------------|--|------------------------------|--|
|                                 | Yen                  |  | Yen                          |  |
| Fiscal year ended Jun. 30, 2022 | 48.78                |  | 48.18                        |  |
| Fiscal year ended Jun. 30, 2021 | 43.24                |  | 42.56                        |  |

(2) Non-consolidated financial condition

|                     | Total assets |  | Net assets  |  | Shareholder's equity ratio |  | Net assets per share |  |
|---------------------|--------------|--|-------------|--|----------------------------|--|----------------------|--|
|                     | Million yen  |  | Million yen |  | %                          |  | Yen                  |  |
| As of Jun. 30, 2022 | 49,628       |  | 10,776      |  | 21.6                       |  | 548.84               |  |
| As of Jun. 30, 2021 | 39,821       |  | 10,891      |  | 27.3                       |  | 554.82               |  |

(Reference) Shareholders' equity:

As of Jun. 30, 2022: 10,737 million yen

As of Jun. 30, 2021: 10,849 million yen

**\* The current financial report is not subject to audit 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. Overview of Results of Operations, etc. (1) Results of Operations” on page 2 of the attachments regarding preconditions or other related matters for the forecasts.

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## **1. Overview of Results of Operations, etc.**

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

#### 1) Summary of the fiscal year

The Japanese economy recovered during the fiscal year that ended in June 2022 even as the pandemic continued to limit economic activities. The outlook is uncertain because of the rising cost of resources caused by the Ukraine crisis, rising interest rates in the United States and Europe, and other events.

In the Japanese real estate industry, where the &Do Holdings Group operates, the pandemic has created new demands concerning how people live. One result is an increase in the desire to purchase a residence because people are spending more time at home. Furthermore, the Bank of Japan has continued to hold down interest rates. Due to this situation, the business climate for the housing sector has been generally favorable.

The &Do Holdings Group continued to make substantial investments in growth enhancement businesses in accordance with the three-year medium-term plan that ended 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 fiscal year, there were many activities for strengthening operations that utilize 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. These services 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 41,395 million yen (up 6.0% year on year), operating profit of 2,871 million yen (up 10.9% year on year), ordinary profit of 2,947 million yen (up 17.2% year on year) and profit attributable to owners of parent of 1,955 million yen (up 21.0% year on year).

In the fiscal year that ended in June 2022, Koyama Construction Co., Ltd., which was previously included in the Koyama Construction Group, was moved to the Real Estate Buying and Selling Business. In addition, Koyama Real Estate Co., Ltd. was 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 fiscal year that ended in June 2022. More information is in "3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies."

Results by business segment were as follows.

(As of June 30, 2022)

| Segment                                 | Net sales<br>(Millions of yen) | Activities  |
|---|--------------------------------|---|
| Franchisee Business                     | 3,304                          | 111 new franchisee contracts, raising total decreased to 683<br>100 new franchised stores, raising total decreased to 602 |
| House-Leaseback Business                | 14,455                         | 1,010 properties purchased, raising holdings to 645;<br>691 properties sold   |
| Finance Business                        | 750                            | 326 guarantees for reverse mortgages;<br>121 real estate secured loans  |
| Real Estate Buying and Selling Business | 18,431                         | 590 transactions  |
| Real Estate Brokerage Business          | 1,790                          | 2,857 brokered properties   |
| Renovation Business                     | 2,658                          | 1,816 contracts;<br>1,809 renovation completions  |
| Other Business                          | 5                              | (Europe/US style) real estate agent and overseas business expenses  |
| Total                                   | 41,395                         | -   |

#### a. 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 fiscal year, there were 111 new franchisee contracts. The number of franchisee contracts at the end of the fiscal year was 683 because of the pandemic and the termination of contracts by several franchised stores.

We have reinforced a franchisee follow-up system using supervisors, added a variety of new services and increased the number of partner companies. Due to these actions, we added 100 franchised stores during the fiscal year, raising the total decreased to 602 at the end of June 2022.

As a result, segment sales were 3,304 million yen (up 2.1% year on year) and segment profit was 2,301 million yen (up 3.4%).

#### b. 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. The number of people contacting us about this scheme has remained high because of continuing expenditures for advertising and human resources for more growth in the number of houses purchased and leased back. During the fiscal year, this business purchased 1,010 properties and resold or sold to investment funds, real estate purchasing companies and other buyers a total of 691 properties. The number of residential properties owned by this business was 645 at the end of June 2022. All of these properties are generating leasing income.

As a result, segment sales were 14,455 million yen (up 5.5% year on year) and segment profit was 1,717 million yen (down 0.7%).

#### c. 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 326 during the fiscal year to 829. 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 121 new loans secured by real estate.

As a result, segment sales were 750 million yen (down 30.9% year on year) and segment profit was 137 million yen (up 81.1%).

#### d. Real Estate Buying and Selling Business

Demand among consumers for buying a residence remained strong during the fiscal year as mortgage interest rates remained extremely low. This business used synergies with other group businesses, including collaboration with the directly operated real estate brokerage stores, to identify the needs of customers and purchase and sell a large number of properties. The number of transactions during the fiscal year was 590 (down 19.6% year on year).

As a result, segment sales were 18,431 million yen (up 13.6% year on year) and segment profit was 1,691 million yen (up 41.8%).

#### e. 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 activities, 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 during the fiscal year was 2,857 (down 15.0% year on year).

As a result, segment sales were 1,790 million yen (down 13.1% year on year) and segment profit was 730 million yen (up 34.9%).

#### f. 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 remained unstable due to the effects of the pandemic. The number of renovation contracts signed in the fiscal year decreased by 1.1% from the previous fiscal year to 1,816 and the number of renovation completions rose by 1.0% to 1,809.

As a result, segment sales were 2,658 million yen (down 2.1% year on year) and segment profit was 195 million yen (up 14.1%).

### 2) Outlook for the Next Fiscal Year

We believe that the Japanese economy will recover during the fiscal year ending in June 2023 as the severity of the pandemic declines, external demand increases, interest rates remain low and the government enacts programs to support the economy. However, we are cautious about the outlook because of the high cost of resources, rising interest rates and other reasons.

The next fiscal year is the beginning of a new medium-term business plan covering the three year period ending in June 2025. The plan's goals are more growth of business operations and an increase in corporate value. During the previous plan, there were large investments in the Franchisee Business, House Leaseback Business and Finance Business. In the new plan, the Real Estate Purchasing and Selling Business is also included with these other three businesses as a business for faster growth. The goals are to increase synergies among these four businesses, strengthen the linkage between real estate and financial services, and build a more powerful profit structure in order to aim for more growth in sales and earnings.

## (2) Financial Condition

### 1) Assets, liabilities and net assets

#### Assets

Total assets amounted to 65,495 million yen at the end of June 2022, an increase of 8,189 million yen over the end of June 2021.

This was mainly attributable to increases of 9,096 million yen in property, plant and equipment due to the acquisition of an income-generating property in the House-Leaseback Business and 4,514 million yen in inventories.

There were decreases of 2,500 million yen in cash and deposits and 4,958 million yen in operating loans.

#### Liabilities

Liabilities totaled 51,643 million yen, an increase of 7,213 million yen over the end of June 2021.

There were increases of 4,872 million yen in long-term borrowings, 656 million yen in bonds payable and 1,408 million yen in current portion of long-term borrowings.

There was a decrease of 905 million yen in short-term borrowings.

#### Net assets

Net assets totaled 13,852 million yen, an increase of 975 million yen over the end of June 2021.

Retained earnings increased 1,955 million yen because of the booking of profit attributable to owners of parent for the fiscal year, while there was a decrease of 586 million yen in retained earnings due to dividend payments.

(Millions of yen)

|              | FY2021<br>(As of Jun. 30, 2021) | FY2022<br>(As of Jun. 30, 2022) | Change |
|--------------|---------------------------------|---------------------------------|--------|
| Total assets | 57,306                          | 65,495                          | 8,189  |
| Liabilities  | 44,429                          | 51,643                          | 7,213  |
| Net assets   | 12,877                          | 13,852                          | 975    |

#### 2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) as of the end of June 2022 amounted to 13,513 million yen, a decrease of 2,800 million yen over the end of June 2021.

##### Cash flows from operating activities

Net cash provided by operating activities totaled 11,983 million yen (compared with net cash provided of 12,696 million yen in the previous fiscal year).

Positive factors include the booking of profit before income taxes of 2,924 million yen and decreases in inventories of 5,384 million yen and operating loans receivable of 4,953 million yen.

##### Cash flows from investing activities

Net cash used in investing activities totaled 20,879 million yen (compared with net cash used of 15,289 million yen in the previous fiscal year).

Negative factors include the payment for the purchase of property, plant and equipment of 19,459 million yen.

##### Cash flows from financing activities

Net cash provided by financing activities totaled 6,083 million yen (compared with net cash provided of 135 million yen in the previous fiscal year).

Positive factors include proceeds from long-term borrowings of 15,850 million yen and proceeds from issuance of bonds of 1,900 million yen.

Negative factors include a net decrease in short-term borrowings of 905 million yen, repayments of long-term borrowings of 9,569 million yen and dividends paid of 586 million yen.

### (3) Profit Allocation Policy and Dividend Payment Plan for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of &Do Holdings, along with the goal of increasing corporate value through the steady expansion of business operations and higher profitability. Based on this stance, our fundamental policy is to pay stable and continuous dividends. The basic guideline for dividends is a payout ratio of at least 30.0% while taking into consideration the need to maintain the proper balance between distributing earnings to shareholders and increasing retained earnings to fund investments for more growth. The dividend for each fiscal year is determined in accordance with this policy while taking into account cash flows, the outlook for sales and earnings and all other applicable factors.

For the fiscal year that ended on June 30, 2022, there was an ordinary dividend of 36 yen per share, resulting in a payout ratio of 36.0%.

For the fiscal year ending on June 30, 2023, based on the payout ratio guideline and the addition of a distribution equivalent to the cost of the previous shareholder benefit program, the plan is to pay an ordinary dividend of 40 yen per share, which is an expected payout ratio of 35.9%.

## **2. Basic Approach to the Selection of Accounting Standards**

The &Do Holdings Group will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan to permit comparisons with prior years and with the financial data of other companies.



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

(Thousands of yen)

|  | FY2021<br>(As of Jun. 30, 2021) | FY2022<br>(As of Jun. 30, 2022) |
|--|---------------------------------|---------------------------------|
| <b>Assets</b>  |                                 |                                 |
| Current assets   |                                 |                                 |
| Cash and deposits  | 16,819,713                      | 14,319,529                      |
| Accounts receivable from completed construction contracts    | 116,125                         | 71,058                          |
| Accounts receivable-trade                                    | 62,948                          | 55,258                          |
| Contract assets  | -                               | 190,561                         |
| Real estate for sale   | 9,000,052                       | 11,668,229                      |
| Real estate for sale in process                              | 2,479,165                       | 4,180,761                       |
| Costs on construction contracts in progress                  | 138,316                         | 282,567                         |
| Short-term loans receivable from subsidiaries and associates | -                               | 115,500                         |
| Operating loans  | 9,751,001                       | 4,792,457                       |
| Other  | 941,237                         | 1,226,284                       |
| Allowance for doubtful accounts                              | (37,183)                        | (26,339)                        |
| Total current assets   | 39,271,379                      | 36,875,869                      |
| Non-current assets   |                                 |                                 |
| Property, plant and equipment                                |                                 |                                 |
| Buildings and structures                                     | 7,214,674                       | 9,590,385                       |
| Accumulated depreciation                                     | (1,274,119)                     | (1,584,665)                     |
| Buildings and structures, net                                | 5,940,554                       | 8,005,720                       |
| Land   | 7,766,777                       | 14,784,964                      |
| Other  | 125,087                         | 136,395                         |
| Accumulated depreciation                                     | (90,769)                        | (88,528)                        |
| Other, net   | 34,317                          | 47,867                          |
| Total property, plant and equipment                          | 13,741,649                      | 22,838,552                      |
| Intangible assets  |                                 |                                 |
| Goodwill   | 567,145                         | 453,096                         |
| Other  | 423,662                         | 919,456                         |
| Total intangible assets                                      | 990,808                         | 1,372,552                       |
| Investments and other assets                                 |                                 |                                 |
| Investment securities  | 1,658,962                       | 2,564,128                       |
| Long-term prepaid expenses                                   | 566,294                         | 728,695                         |
| Deferred tax assets  | 355,067                         | 464,114                         |
| Other  | 749,600                         | 692,684                         |
| Allowance for doubtful accounts                              | (27,332)                        | (40,801)                        |
| Total investments and other assets                           | 3,302,591                       | 4,408,821                       |
| Total non-current assets                                     | 18,035,049                      | 28,619,925                      |
| Total assets   | 57,306,428                      | 65,495,794                      |

|   | (Thousands of yen)              |                                 |
|---|---------------------------------|---------------------------------|
|   | FY2021<br>(As of Jun. 30, 2021) | FY2022<br>(As of Jun. 30, 2022) |
| <b>Liabilities</b>                                      |                                 |                                 |
| <b>Current liabilities</b>                              |                                 |                                 |
| Accounts payable for construction contracts             | 551,979                         | 838,665                         |
| Short-term borrowings                                   | 10,351,994                      | 9,446,800                       |
| Current portion of bonds payable                        | 512,000                         | 1,152,000                       |
| Current portion of long-term borrowings                 | 5,639,011                       | 7,047,017                       |
| Lease liabilities                                       | -                               | 4,953                           |
| Accounts payable-other                                  | 819,073                         | 842,889                         |
| Accrued expenses  | 476,206                         | 416,342                         |
| Income taxes payable                                    | 663,490                         | 519,183                         |
| Accrued consumption taxes                               | 187,302                         | 188,728                         |
| Contract liabilities                                    | -                               | 1,359,094                       |
| Advances received on construction contracts in progress | 269,319                         | -                               |
| Advances received                                       | 542,019                         | -                               |
| Provision for bonuses                                   | 106,191                         | 126,780                         |
| Asset retirement obligations                            | 11,246                          | 1,313                           |
| Provision for warranties for completed construction     | 4,461                           | 4,293                           |
| Provision for sales promotion expenses                  | 6,616                           | -                               |
| Other   | 719,367                         | 859,693                         |
| <b>Total current liabilities</b>                        | <b>20,860,280</b>               | <b>22,807,753</b>               |
| <b>Non-current liabilities</b>                          |                                 |                                 |
| Bonds payable   | 1,610,000                       | 2,266,000                       |
| Long-term borrowings                                    | 20,155,195                      | 25,027,298                      |
| Lease liabilities                                       | -                               | 14,860                          |
| Long-term guarantee deposits                            | 1,223,393                       | 969,502                         |
| Deferred tax liabilities                                | 467,371                         | 453,355                         |
| Asset retirement obligations                            | 88,708                          | 76,071                          |
| Provision for warranties for completed construction     | 24,468                          | 28,282                          |
| <b>Total non-current liabilities</b>                    | <b>23,569,137</b>               | <b>28,835,370</b>               |
| <b>Total liabilities</b>                                | <b>44,429,418</b>               | <b>51,643,124</b>               |
| <b>Net assets</b>                                       |                                 |                                 |
| <b>Shareholders' equity</b>                             |                                 |                                 |
| Share capital   | 3,374,337                       | 3,376,458                       |
| Capital surplus   | 3,392,832                       | 3,394,953                       |
| Retained earnings                                       | 6,109,309                       | 7,079,877                       |
| Treasury shares   | (461)                           | (502)                           |
| <b>Total shareholders' equity</b>                       | <b>12,876,017</b>               | <b>13,850,787</b>               |
| <b>Accumulated other comprehensive income</b>           |                                 |                                 |
| Valuation difference on available-for-sale securities   | (42,437)                        | (42,107)                        |
| Foreign currency translation adjustment                 | 1,391                           | 5,015                           |
| <b>Total accumulated other comprehensive income</b>     | <b>(41,046)</b>                 | <b>(37,092)</b>                 |
| <b>Share acquisition rights</b>                         | <b>42,039</b>                   | <b>38,975</b>                   |
| <b>Total net assets</b>                                 | <b>12,877,010</b>               | <b>13,852,670</b>               |
| <b>Total liabilities and net assets</b>                 | <b>57,306,428</b>               | <b>65,495,794</b>               |

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

|   | (Thousands of yen)                       |  |
|---|--|--|
|   | FY2021<br>(Jul. 1, 2020 – Jun. 30, 2021) | FY2022<br>(Jul. 1, 2021 – Jun. 30, 2022) |
| Net sales   | 39,037,708                               | 41,395,467                               |
| Cost of sales   | 26,123,580                               | 27,611,091                               |
| Gross profit  | 12,914,127                               | 13,784,375                               |
| Selling, general and administrative expenses                  |  |  |
| Total selling, general and administrative expenses            | 10,324,923                               | 10,912,898                               |
| Operating profit  | 2,589,204                                | 2,871,477                                |
| Non-operating income  |  |  |
| Interest and dividend income                                  | 2,497                                    | 6,912                                    |
| Gain on investments in silent partnerships                    | 147,032                                  | 333,737                                  |
| Commission income   | 15,154                                   | 11,833                                   |
| Insurance claim income  | 13,343                                   | 7,125                                    |
| Penalty income  | 21,045                                   | 34,281                                   |
| Consumption taxes refund                                      | 43,428                                   | 55,722                                   |
| Share of profit of entities accounted for using equity method | 319                                      | -  |
| Other   | 50,672                                   | 65,435                                   |
| Total non-operating income                                    | 293,494                                  | 515,048                                  |
| Non-operating expenses  |  |  |
| Interest expenses   | 285,966                                  | 342,680                                  |
| Commission expenses   | 60,498                                   | 71,210                                   |
| Share of loss of entities accounted for using equity method   | -  | 5,172                                    |
| Other   | 22,131                                   | 19,884                                   |
| Total non-operating expenses                                  | 368,597                                  | 438,948                                  |
| Ordinary profit   | 2,514,101                                | 2,947,578                                |
| Extraordinary income  |  |  |
| Gain on sale of non-current assets                            | 9  | 20,782                                   |
| Gain on reversal of share acquisition rights                  | 493                                      | 3,563                                    |
| Gain on sale of golf memberships                              | 427                                      | -  |
| Total extraordinary income                                    | 929                                      | 24,345                                   |
| Extraordinary losses  |  |  |
| Loss on sale of non-current assets                            | 628                                      | 982                                      |
| Loss on retirement of non-current assets                      | 26,644                                   | 35,204                                   |
| Loss on valuation of investment securities                    | 5,282                                    | -  |
| Impairment losses   | 16,774                                   | 11,531                                   |
| Other   | 4,827                                    | -  |
| Total extraordinary losses                                    | 54,157                                   | 47,717                                   |
| Profit before income taxes                                    | 2,460,874                                | 2,924,205                                |
| Income taxes-current  | 889,514                                  | 916,227                                  |
| Income taxes-deferred   | (45,518)                                 | 52,076                                   |
| Total income taxes  | 843,996                                  | 968,304                                  |
| Profit  | 1,616,877                                | 1,955,901                                |
| Profit attributable to owners of parent                       | 1,616,877                                | 1,955,901                                |

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

|  | FY2021<br>(Jul. 1, 2020 – Jun. 30, 2021) | FY2022<br>(Jul. 1, 2021 – Jun. 30, 2022) |
|--|--|--|
| Profit   | 1,616,877                                | 1,955,901                                |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | 10,246                                   | 329                                      |
| Share of other comprehensive income of entities<br>accounted for using equity method | 5,632                                    | 3,623                                    |
| Total other comprehensive income   | 15,879                                   | 3,953                                    |
| Comprehensive income   | 1,632,757                                | 1,959,854                                |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of<br>parent                             | 1,632,757                                | 1,959,854                                |
| Comprehensive income attributable to<br>non-controlling interests                    | -  | -  |

**(3) Consolidated Statement of Changes in Net Assets**

FY2021 (Jul. 1, 2020 – Jun. 30, 2021)

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 3,359,831            | 3,378,326       | 4,862,747         | (461)           | 11,600,442                 |
| Cumulative effects of changes in accounting policies |                      |                 |                   |                 | -                          |
| Restated balance                                     | 3,359,831            | 3,378,326       | 4,862,747         | (461)           | 11,600,442                 |
| Changes during period                                |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 14,506               | 14,506          |                   |                 | 29,012                     |
| Dividends of surplus                                 |                      |                 | (370,315)         |                 | (370,315)                  |
| Profit attributable to owners of parent              |                      |                 | 1,616,877         |                 | 1,616,877                  |
| Purchase of treasury shares                          |                      |                 |                   |                 | -                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes during period                          | 14,506               | 14,506          | 1,246,562         | -               | 1,275,574                  |
| Balance at end of period                             | 3,374,337            | 3,392,832       | 6,109,309         | (461)           | 12,876,017                 |

|  | Accumulated other comprehensive income                |   |  | Share acquisition rights | Total net assets |
|--|---|---|--|--------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                          |                  |
| Balance at beginning of period                       | (52,684)  | (4,240)                                 | (56,925)                                     | 35,143                   | 11,578,660       |
| Cumulative effects of changes in accounting policies |   |   | -  |                          | -                |
| Restated balance                                     | (52,684)  | (4,240)                                 | (56,925)                                     | 35,143                   | 11,578,660       |
| Changes during period                                |   |   |  |                          |                  |
| Issuance of new shares                               |   |   | -  |                          | 29,012           |
| Dividends of surplus                                 |   |   | -  |                          | (370,315)        |
| Profit attributable to owners of parent              |   |   | -  |                          | 1,616,877        |
| Purchase of treasury shares                          |   |   | -  |                          | -                |
| Net changes in items other than shareholders' equity | 10,246  | 5,632                                   | 15,879                                       | 6,896                    | 22,775           |
| Total changes during period                          | 10,246  | 5,632                                   | 15,879                                       | 6,896                    | 1,298,350        |
| Balance at end of period                             | (42,437)  | 1,391                                   | (41,046)                                     | 42,039                   | 12,877,010       |

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 3,374,337            | 3,392,832       | 6,109,309         | (461)           | 12,876,017                 |
| Cumulative effects of changes in accounting policies |                      |                 | (398,668)         |                 | (398,668)                  |
| Restated balance                                     | 3,374,337            | 3,392,832       | 5,710,640         | (461)           | 12,477,348                 |
| Changes during period                                |                      |                 |                   |                 |                            |
| Issuance of new shares                               | 2,121                | 2,121           |                   |                 | 4,242                      |
| Dividends of surplus                                 |                      |                 | (586,664)         |                 | (586,664)                  |
| Profit attributable to owners of parent              |                      |                 | 1,955,901         |                 | 1,955,901                  |
| Purchase of treasury shares                          |                      |                 |                   | (40)            | (40)                       |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes during period                          | 2,121                | 2,121           | 1,369,236         | (40)            | 1,373,438                  |
| Balance at end of period                             | 3,376,458            | 3,394,953       | 7,079,877         | (502)           | 13,850,787                 |

|  | Accumulated other comprehensive income                |   |  | Share acquisition rights | Total net assets |
|--|---|---|--|--------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                          |                  |
| Balance at beginning of period                       | (42,437)  | 1,391                                   | (41,046)                                     | 42,039                   | 12,877,010       |
| Cumulative effects of changes in accounting policies |   |   | -  |                          | (398,668)        |
| Restated balance                                     | (42,437)  | 1,391                                   | (41,046)                                     | 42,039                   | 12,478,342       |
| Changes during period                                |   |   |  |                          |                  |
| Issuance of new shares                               |   |   | -  |                          | 4,242            |
| Dividends of surplus                                 |   |   | -  |                          | (586,664)        |
| Profit attributable to owners of parent              |   |   | -  |                          | 1,955,901        |
| Purchase of treasury shares                          |   |   | -  |                          | (40)             |
| Net changes in items other than shareholders' equity | 329   | 3,623                                   | 3,953  | (3,063)                  | 889              |
| Total changes during period                          | 329   | 3,623                                   | 3,953  | (3,063)                  | 1,374,328        |
| Balance at end of period                             | (42,107)  | 5,015                                   | (37,092)                                     | 38,975                   | 13,852,670       |

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

|  | FY2021<br>(Jul. 1, 2020 – Jun. 30, 2021) | FY2022<br>(Jul. 1, 2021 – Jun. 30, 2022) |
|--|--|--|
| Cash flows from operating activities   |  |  |
| Profit before income taxes   | 2,460,874                                | 2,924,205                                |
| Depreciation   | 438,195                                  | 675,316                                  |
| Loss (gain) on investments in silent partnerships                              | (147,032)                                | (333,737)                                |
| Amortization of goodwill   | 114,049                                  | 114,049                                  |
| Amortization of long-term prepaid expenses                                     | 134,710                                  | 196,527                                  |
| Interest and dividend income   | (2,497)                                  | (6,912)                                  |
| Interest expenses  | 285,966                                  | 342,680                                  |
| Decrease (increase) in trade receivables                                       | (19,528)                                 | (146,469)                                |
| Decrease (increase) in inventories   | 8,469,500                                | 5,384,320                                |
| Increase (decrease) in trade payables  | 78,414                                   | 286,686                                  |
| Decrease (increase) in operating loans receivable                              | 1,365,514                                | 4,953,777                                |
| Increase (decrease) in advances received on construction contracts in progress | 39,436                                   | (269,319)                                |
| Increase (decrease) in advances received                                       | 70,526                                   | (542,019)                                |
| Increase (decrease) in contract liabilities                                    | -  | 1,359,094                                |
| Increase (decrease) in guarantee deposits received                             | 84,564                                   | (253,890)                                |
| Other, net   | (66,180)                                 | (1,296,464)                              |
| Subtotal   | 13,306,514                               | 13,387,846                               |
| Interest and dividends received  | 2,532                                    | 6,916                                    |
| Interest paid  | (281,540)                                | (358,312)                                |
| Income taxes refund (paid)   | (330,925)                                | (1,053,098)                              |
| Net cash provided by (used in) operating activities                            | 12,696,581                               | 11,983,352                               |
| Cash flows from investing activities   |  |  |
| Purchase of property, plant and equipment                                      | (14,457,395)                             | (19,459,131)                             |
| Purchase of intangible assets  | (267,943)                                | (667,317)                                |
| Payments of guarantee deposits   | (32,114)                                 | (110,138)                                |
| Purchase of investment securities  | (383,200)                                | (572,294)                                |
| Decrease (increase) in restricted deposits                                     | (0)                                      | (300,000)                                |
| Other, net   | (148,419)                                | 228,960                                  |
| Net cash provided by (used in) investing activities                            | (15,289,072)                             | (20,879,920)                             |
| Cash flows from financing activities   |  |  |
| Net increase (decrease) in short-term borrowings                               | (2,661,506)                              | (905,194)                                |
| Proceeds from long-term borrowings   | 8,660,000                                | 15,850,000                               |
| Repayments of long-term borrowings   | (6,673,823)                              | (9,569,892)                              |
| Proceeds from issuance of bonds  | 1,600,000                                | 1,900,000                                |
| Redemption of bonds  | (448,000)                                | (604,000)                                |
| Dividends paid   | (369,669)                                | (586,246)                                |
| Other, net   | 28,717                                   | (986)                                    |
| Net cash provided by (used in) financing activities                            | 135,717                                  | 6,083,680                                |
| Effect of exchange rate change on cash and cash equivalents                    | 1,868                                    | 12,703                                   |
| Net increase (decrease) in cash and cash equivalents                           | (2,454,905)                              | (2,800,184)                              |
| Cash and cash equivalents at beginning of period                               | 18,768,618                               | 16,313,713                               |
| Cash and cash equivalents at end of period                                     | 16,313,713                               | 13,513,529                               |

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

### **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 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 current fiscal year, is added to or subtracted from retained earnings at the beginning 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 155,103 thousand yen in net sales, an increase of 14,251 thousand yen in cost of sales, and increases of 140,852 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” that were presented in the current assets section of the consolidated balance sheet in the previous fiscal year are presented as “Contract assets,” and “Advances received on construction contracts in progress” and “Advances received” that were presented in the current liabilities section are presented as “Contract liabilities” from 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 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 consolidated financial statements.



## Reclassifications

### Notes to Consolidated Statement of Cash Flows

5,282 thousand yen of “Loss (gain) on valuation of investment securities,” 18,444 thousand yen of “Increase (decrease) in allowance for doubtful accounts,” negative 4,428 thousand yen of “Increase (decrease) in provision for bonuses,” 619 thousand yen of “Loss (gain) on sales of non-current assets,” 26,644 thousand yen of “Loss on retirement of non-current assets,” negative 1,834 thousand yen of “Foreign exchange losses (gains),” negative 493 thousand yen of “Gain on reversal of share acquisition rights,” negative 66,867 thousand yen of “Decrease (increase) in prepaid expenses,” 133,461 thousand yen of “Decrease (increase) in accounts payable-other,” 81,186 thousand yen of “Increase (decrease) in accrued consumption taxes,” 69,104 thousand yen of “Increase (decrease) in accrued expenses” and 106,803 thousand yen of “Increase (decrease) in deposits received,” under “Cash flows from operating activities” which were presented as a separate line item in the previous fiscal year, have been included in “Other, net” in the current fiscal year given the reduced materiality in the context of consolidated financial statements. To conform to this change, the consolidated statements of cash flows for the previous fiscal year are reclassified.

As a result, 367,923 thousand yen of above total items under “Cash flows from operating activities” shown in the previous fiscal year’s consolidated statement of cash flows is reclassified and included in “Other, net.”

9 thousand yen of “Proceeds from sales of property, plant and equipment” and 4,671 thousand yen of “Proceeds from refund of guarantee deposits,” under “Cash flows from investing activities” which were presented as a separate line item in the previous fiscal year, have been included in “Other, net” in the current fiscal year given the reduced materiality in the context of consolidated financial statements. To conform to this change, the consolidated statements of cash flows for the previous fiscal year are reclassified.

As a result, 4,680 thousand yen of above total items under “Cash flows from investing activities” shown in the previous fiscal year’s consolidated statement of cash flows is reclassified and included in “Other, net.”

“Proceeds from issuance of shares resulting from exercise of share acquisition rights” under “Cash flows from financing activities” which was presented as a separate line item in the previous fiscal year, has been included in “Other, net” in the current fiscal year given the reduced materiality in the context of consolidated financial statements. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified.

As a result, 28,717 thousand yen of “Proceeds from issuance of shares resulting from exercise of share acquisition rights” under “Cash flows from financing activities” shown in the previous fiscal year’s consolidated statement of cash flows is reclassified and included in “Other, net.”

## 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<br>(As of Jun. 30, 2021) | FY2022<br>(As of Jun. 30, 2022) |
|---------------------------|---------------------------------|---------------------------------|
| Number of SPC             | 8                               | 9                               |
| Total assets of SPCs      | 24,179,795 thousand yen         | 29,991,180 thousand yen         |
| Total liabilities of SPCs | 22,324,105 thousand yen         | 27,870,089 thousand yen         |

#### 2. Transactions with SPCs

FY2021 (Jul. 1, 2020 – Jun. 30, 2021)

|                                    | Major transactions<br>(Thousands of yen) | Sales, expenses, gains       |                              |
|------------------------------------|--|------------------------------|------------------------------|
|                                    |  | Items                        | Amount<br>(Thousands of yen) |
| Investments in silent partnerships | 382,000                                  | Partnership investment gains | 147,032                      |
| Selling price                      | 7,737,111                                | Net sales                    | 7,737,111                    |
| Book value                         | 5,996,193                                | Cost of sales                | 5,996,193                    |

- Notes:
1. The selling price of assets is classified as sales and the book value of assets is classified as cost of sales.
  2. 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.
  3. &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.

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

|                                    | Major transactions<br>(Thousands of yen) | Sales, expenses, gains       |                              |
|------------------------------------|--|------------------------------|------------------------------|
|                                    |  | Items                        | Amount<br>(Thousands of yen) |
| Investments in silent partnerships | 408,000                                  | Partnership investment gains | 333,737                      |
| Selling price                      | 8,279,486                                | Net sales                    | 8,279,486                    |
| Book value                         | 6,395,656                                | Cost of sales                | 6,395,656                    |

- Notes:
1. The selling price of assets is classified as sales and the book value of assets is classified as cost of sales.
  2. 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.
  3. &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.

## Segment and Other Information

### Segment Information

#### 1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

&Do Holdings establishes comprehensive strategies for the products and services of each business unit and conducts the associated business operations based on these strategies. Consequently, based on these business units, &Do Holdings has reportable segments for different categories of products and services. &Do Holdings had six reportable segments: Franchisee Business, House-Leaseback Business, Finance Business, Real Estate Buying and Selling Business, Real Estate Brokerage Business, and Renovation Business.

The Franchisee Business is engaged mainly in franchised operations for real estate brokerage and leasing brokerage. The House-Leaseback Business primarily provides sale-and-leaseback services for existing houses and condominium units and performs other operations involving these activities. The Finance Business mainly provides loans secured by real estate and guarantees for reverse mortgages. The Real Estate Buying and Selling Business primarily buys and sells land and existing houses, buildings and condominium units and performs other associated activities. The Real Estate Brokerage Business performs brokerage activities. The Renovation Business primarily serves as a contractor for the renovation of residences.

#### 2. Calculation methods for net sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are the same as the methods used for preparing the consolidated financial statements. Inter-segment sales and transfers use the same transaction terms as those for transactions with external customers.

#### 3. Information related to revisions for reportable segments

- (1) From 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 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 FY2022, Koyama Real Estate, which was previously included in the Koyama Construction Group, was moved to the Real Estate Brokerage Business and the House-Leaseback Business.

Segment information for FY2021 has been restated to reflect these changes.

- (3) From 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, was 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 FY2021 has been restated to reflect these changes.

4. Information related to net sales and profit or loss, assets, and other items for each reportable segment  
 FY2021 (Jul. 1, 2020 – Jun. 30, 2021)

(Thousands of yen)

|  | Reportable segment |                     |            |                                      |                          |            |            |
|--|--------------------|---------------------|------------|--------------------------------------|--------------------------|------------|------------|
|  | Franchisee         | House-<br>Leaseback | Finance    | Real Estate<br>Buying and<br>Selling | Real Estate<br>Brokerage | Renovation | Subtotal   |
| Net sales  |                    |                     |            |                                      |                          |            |            |
| External sales   | 3,236,680          | 13,697,439          | 1,084,981  | 16,231,967                           | 2,060,549                | 2,715,337  | 39,026,955 |
| Inter-segment sales and transfers                                    | 98,768             | 35,447              | 9,526      | 1,351                                | 403,965                  | 1,085      | 550,144    |
| Total  | 3,335,449          | 13,732,886          | 1,094,507  | 16,233,318                           | 2,464,514                | 2,716,423  | 39,577,099 |
| Segment profit (loss)  | 2,226,135          | 1,729,699           | 76,118     | 1,192,663                            | 541,646                  | 171,552    | 5,937,815  |
| Segment assets   | 205,937            | 12,784,674          | 14,242,092 | 21,539,929                           | 1,398,549                | 482,620    | 50,653,805 |
| Other items  |                    |                     |            |                                      |                          |            |            |
| Depreciation   | 9,544              | 265,401             | 5,081      | 68,139                               | 14,403                   | 6,216      | 368,786    |
| Share of profit (loss) of entities accounted for using equity method | -                  | -                   | -          | -                                    | -                        | -          | -          |
| Investment in equity-method affiliates                               | -                  | -                   | -          | -                                    | -                        | -          | -          |
| Increase in property, plant and equipment and intangible assets      | 694                | 10,730,804          | 10,301     | 3,391,320                            | 187,074                  | 11,149     | 14,331,344 |

(Thousands of yen)

|  | Other<br>(Note 1) | Total      | Adjustment<br>(Notes 2, 4, 5, 6) | Amounts shown on consolidated<br>financial statements<br>(Note 3) |
|--|-------------------|------------|----------------------------------|---|
| Net sales  |                   |            |                                  |   |
| External sales   | 10,752            | 39,037,708 | -                                | 39,037,708  |
| Inter-segment sales and transfers                                    | -                 | 550,144    | (550,144)                        | -   |
| Total  | 10,752            | 39,587,852 | (550,144)                        | 39,037,708  |
| Segment profit (loss)  | (5,297)           | 5,932,517  | (3,343,312)                      | 2,589,204   |
| Segment assets   | 99,286            | 50,753,091 | 6,553,337                        | 57,306,428  |
| Other items  |                   |            |                                  |   |
| Depreciation   | -                 | 368,786    | 69,408                           | 438,195   |
| Share of profit (loss) of entities accounted for using equity method | 319               | 319        | -                                | 319   |
| Investment in equity-method affiliates                               | 99,286            | 99,286     | -                                | 99,286  |
| Increase in property, plant and equipment and intangible assets      | -                 | 14,331,344 | 929,808                          | 15,261,152  |

- Notes:
1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of the Europe/US style real estate agent and overseas business expenses.
  2. The negative adjustment of 3,343.312 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 13.273 million yen, corporate expenses of negative 3,352.819 million yen that are not allocated to any of the reportable segments and inventory adjustments of negative 3.766 million 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 in the consolidated financial statements.
  4. The 6,553.337 million yen adjustment to segment assets includes elimination for inter-segment transactions of negative 4,493.718 million yen, corporate assets that are not allocated to any of the reportable segments of 11,089.350 million yen and inventory adjustments of negative 42.294 million yen. Corporate assets mainly include excess working capital (cash and deposits) and assets related to the administrative division that cannot be allocated to reportable segments.
  5. The 69.408 million yen adjustment to depreciation includes corporate assets that are not allocated to any of the reportable segments.
  6. The 929.808 million yen adjustment to increase in property, plant and equipment and intangible assets is the sum of corporate assets that are not allocated to reportable segments.

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Thousands of yen)

|  | Reportable segment |                 |           |                                |                       |            |            |
|--|--------------------|-----------------|-----------|--------------------------------|-----------------------|------------|------------|
|  | Franchisee         | House-Leaseback | Finance   | Real Estate Buying and Selling | Real Estate Brokerage | Renovation | Subtotal   |
| Net sales  |                    |                 |           |                                |                       |            |            |
| External sales   | 3,304,594          | 14,455,309      | 750,104   | 18,431,520                     | 1,790,399             | 2,658,166  | 41,390,095 |
| Inter-segment sales and transfers                                    | 83,191             | 77,918          | 17,453    | 10,328                         | 534,202               | -          | 723,093    |
| Total  | 3,387,785          | 14,533,227      | 767,557   | 18,441,848                     | 2,324,601             | 2,658,166  | 42,113,188 |
| Segment profit (loss)  | 2,301,700          | 1,717,929       | 137,829   | 1,691,475                      | 730,524               | 195,785    | 6,775,245  |
| Segment assets   | 207,956            | 17,923,034      | 7,059,995 | 27,519,716                     | 1,157,643             | 361,421    | 54,229,768 |
| Other items  |                    |                 |           |                                |                       |            |            |
| Depreciation   | 6,599              | 340,627         | 5,379     | 132,023                        | 29,614                | 2,017      | 516,263    |
| Share of profit (loss) of entities accounted for using equity method | -                  | -               | -         | -                              | -                     | -          | -          |
| Investment in equity-method affiliates                               | -                  | -               | -         | -                              | -                     | -          | -          |
| Increase in property, plant and equipment and intangible assets      | 11,598             | 14,380,231      | 5,370     | 4,373,923                      | 62,156                | 18,149     | 18,851,429 |

(Thousands of yen)

|  | Other (Note 1) | Total      | Adjustment (Notes 2, 4, 5, 6) | Amounts shown on consolidated financial statements (Note 3) |
|--|----------------|------------|-------------------------------|---|
| Net sales  |                |            |                               |   |
| External sales   | 5,371          | 41,395,467 | -                             | 41,395,467  |
| Inter-segment sales and transfers                                    | -              | 723,093    | (723,093)                     | -   |
| Total  | 5,371          | 42,118,560 | (723,093)                     | 41,395,467  |
| Segment profit (loss)  | (11,407)       | 6,763,838  | (3,892,360)                   | 2,871,477   |
| Segment assets   | 107,502        | 54,337,271 | 11,158,523                    | 65,495,794  |
| Other items  |                |            |                               |   |
| Depreciation   | -              | 516,263    | 159,053                       | 675,316   |
| Share of profit (loss) of entities accounted for using equity method | (5,172)        | (5,172)    | -                             | (5,172)   |
| Investment in equity-method affiliates                               | 97,737         | 97,737     | -                             | 97,737  |
| Increase in property, plant and equipment and intangible assets      | -              | 18,851,429 | 1,502,998                     | 20,354,427  |

- Notes:
1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of the Europe/US style real estate agent and overseas business expenses.
  2. The negative adjustment of 3,892.360 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 3.103 million yen, corporate expenses of negative 3,861.698 million yen that are not allocated to any of the reportable segments and inventory adjustments of negative 12.622 million yen and non-current assets adjustments of negative 21.142 million 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 in the consolidated financial statements.
  4. The 11,158.523 million yen adjustment to segment assets includes elimination for inter-segment transactions of negative 11,865.414 million yen, corporate assets that are not allocated to any of the reportable segments of 23,101.042 million yen, inventory adjustments of negative 55.961 million yen and non-current assets adjustments of negative 21.142 million yen. Corporate assets mainly include excess working capital (cash and deposits) and assets related to the administrative division that cannot be allocated to reportable segments.
  5. The 159.053 million yen adjustment to depreciation includes corporate assets that are not allocated to any of the reportable segments.
  6. The 1,502.998 million yen adjustment to increase in property, plant and equipment and intangible assets includes an increase in corporate assets of 1,524.141 million yen that are not allocated to reportable segments and non-current assets adjustments of negative 21.142 million yen.

## Related information

## 1. Information by product or service

This information is omitted because the same information is presented in segment information.

## 2. Information by region

## (1) Net sales

This information is not disclosed because sales to external clients in Japan exceeded 90% of consolidated net sales on the consolidated statement of income.

## (2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

## 3. Information by major client

FY2021 (Jul. 1, 2020 – Jun. 30, 2021)

(Thousands of yen)

| Name              | Sales     | Related segment          |
|-------------------|-----------|--------------------------|
| HLB Fund No.8 LLP | 4,283,132 | House-Leaseback Business |

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Thousands of yen)

| Name              | Sales     | Related segment          |
|-------------------|-----------|--------------------------|
| HLB Fund No.9 LLP | 4,183,950 | House-Leaseback Business |

Information related to impairment of non-current assets for each reportable segment

FY2021 (Jul. 1, 2020 – Jun. 30, 2021)

(Thousands of yen)

|                 | Reportable segment |                 |         |                                |                       |            |          | Other | Elimination or Corporate | Total  |
|-----------------|--------------------|-----------------|---------|--------------------------------|-----------------------|------------|----------|-------|--------------------------|--------|
|                 | Franchisee         | House-Leaseback | Finance | Real Estate Buying and Selling | Real Estate Brokerage | Renovation | Subtotal |       |                          |        |
| Impairment loss | -                  | -               | -       | -                              | 2,218                 | 14,555     | 16,774   | -     | -                        | 16,774 |

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Thousands of yen)

|                 | Reportable segment |                 |         |                                |                       |            |          | Other | Elimination or Corporate | Total  |
|-----------------|--------------------|-----------------|---------|--------------------------------|-----------------------|------------|----------|-------|--------------------------|--------|
|                 | Franchisee         | House-Leaseback | Finance | Real Estate Buying and Selling | Real Estate Brokerage | Renovation | Subtotal |       |                          |        |
| Impairment loss | -                  | 4,427           | -       | -                              | 7,104                 | -          | 11,531   | -     | -                        | 11,531 |

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY2021 (Jul. 1, 2020 – Jun. 30, 2021)

(Thousands of yen)

|                             | Reportable segment |                 |         |                                |                       |            |          | Other | Elimination or Corporate | Total   |
|-----------------------------|--------------------|-----------------|---------|--------------------------------|-----------------------|------------|----------|-------|--------------------------|---------|
|                             | Franchisee         | House-Leaseback | Finance | Real Estate Buying and Selling | Real Estate Brokerage | Renovation | Subtotal |       |                          |         |
| Amortization for the period | -                  | 3,781           | -       | 110,267                        | -                     | -          | 114,049  | -     | -                        | 114,049 |
| Balance at end of period    | -                  | 6,618           | -       | 560,527                        | -                     | -          | 567,145  | -     | -                        | 567,145 |

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Thousands of yen)

|                             | Reportable segment |                 |         |                                |                       |            |          | Other | Elimination or Corporate | Total   |
|-----------------------------|--------------------|-----------------|---------|--------------------------------|-----------------------|------------|----------|-------|--------------------------|---------|
|                             | Franchisee         | House-Leaseback | Finance | Real Estate Buying and Selling | Real Estate Brokerage | Renovation | Subtotal |       |                          |         |
| Amortization for the period | -                  | 3,781           | -       | 110,267                        | -                     | -          | 114,049  | -     | -                        | 114,049 |
| Balance at end of period    | -                  | 2,836           | -       | 450,259                        | -                     | -          | 453,096  | -     | -                        | 453,096 |

Information related to gain on bargain purchase for each reportable segment

Not applicable.

### Per-share Information

(Yen)

|                              | FY2021<br>(Jul. 1, 2020 – Jun. 30, 2021) | FY2022<br>(Jul. 1, 2021 – Jun. 30, 2022) |
|------------------------------|--|--|
| Net assets per share         | 656.34                                   | 706.07                                   |
| Net income per share         | 82.87                                    | 100.00                                   |
| Diluted net income per share | 81.57                                    | 98.79                                    |

Note: The following is a reconciliation of net income per share and diluted net income per share.

(Thousands of yen)

|  | FY2021<br>(Jul. 1, 2020 – Jun. 30, 2021)   | FY2022<br>(Jul. 1, 2021 – Jun. 30, 2022)   |
|--|--|--|
| Net income per share   |  |  |
| Profit attributable to owners of parent  | 1,616,877  | 1,955,901  |
| Amount not attributable to common shareholders   | -  | -  |
| Profit attributable to common shareholders of parent   | 1,616,877  | 1,955,901  |
| Average number of shares of common stock during the fiscal year (shares)   | 19,510,721   | 19,558,542   |
| Diluted net income per share   |  |  |
| Adjustment to profit attributable to owners of parent  | -  | -  |
| [Of which, interest expenses (after deducting amount equivalent to tax)]   | -  | -  |
| Increase in the number of shares of common stock (shares)  | 311,006  | 240,424  |
| [Of which, share acquisition rights (shares)]  | [311,006]  | [240,424]  |
| Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect | The 6th series of stock options (equivalent to 629,000 shares of stock) and the 7th series of stock options (equivalent to 21,800 shares of stock) were not included in the calculation of diluted net income per share because these stock options were not dilutive in this fiscal year. | The 5th series of stock options (equivalent to 20,000 shares of stock), the 6th series of stock options (equivalent to 601,000 shares of stock) and the 7th series of stock options (equivalent to 17,300 shares of stock) were not included in the calculation of diluted net income per share because these stock options were not dilutive in this fiscal year. |

### Material Subsequent Events

Not applicable.

*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.*