

# Summary of Business Results for the Third Quarter Ended March 31, 2023

## [Japan GAAP] (Consolidated)

May 12, 2023

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 15, 2023 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 2023

(July 1, 2022 through March 31, 2023)

(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, 2023	35,939	23.2	2,443	28.4	2,472	35.4	1,595	33.9
Nine months ended Mar. 31, 2022	29,161	15.0	1,903	50.3	1,825	55.3	1,191	54.5

(Note) Comprehensive income:

Nine months ended Mar. 31, 2023: 1,636 million yen (up 38.8%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2023	81.54	80.68
Nine months ended Mar. 31, 2022	60.94	60.19

(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, 2023	72,303	14,787	20.4	753.71
As of Jun. 30, 2022	65,495	13,852	21.1	706.07

(Reference) Shareholders' equity:

As of Mar. 31, 2023: 14,747 million yen

As of Jun. 30, 2022: 13,813 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, 2022	-	0.00	-	36.00	36.00
Fiscal year ending Jun. 30, 2023	-	0.00	-		
Fiscal year ending Jun. 30, 2023 (forecast)				40.00	40.00

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

### 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
Fiscal year ending Jun. 30, 2023	46,582	12.5	3,452	20.2	3,300	12.0	2,178	11.4	111.33

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

**\* 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 9 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 9 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, 2023 19,566,400 shares
  - As of Jun. 30, 2022 19,564,800 shares
- 2) Number of treasury shares at the end of the period
  - As of Mar. 31, 2023 561 shares
  - As of Jun. 30, 2022 561 shares
- 3) Average number of shares during the period (cumulative)
  - Nine months ended Mar. 31, 2023 19,565,547 shares
  - Nine months ended Mar. 31, 2022 19,557,806 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 4 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 current fiscal year, the Japanese economy in general showed signs of picking up as consumer spending and corporate earnings headed for recovery. Nevertheless, the outlook is uncertain because of the risk of an economic downturn due to monetary tightening and other factors overseas. We also need to keep an eye on fluctuations in the external environment.

In the Japanese real estate industry, where the &Do Holdings Group operates, although there were concerns about the impact of the uptrend in selling prices due to soaring raw material costs, the business climate was mostly favorable because of solid demand for houses as the Bank of Japan retained its policy of monetary easing.

The &Do Holdings Group is taking many actions based on the new three-year medium-term plan that ends in June 2025 with the goal of more growth of business operations and corporate value. Resources are focused on four growth enhancement businesses: Franchisee Business, House-Leaseback Business, Finance Business, and Real Estate Buying and Selling Business. In these businesses, we are making substantial investments for human resources, advertising and marketing, and other activities. By deepening ties among all of our businesses, we are making progress with services that combine real estate and financing as well as with becoming even more profitable.

The &Do Holdings Group reported net sales of 35,939 million yen (up 23.2% year on year), operating profit of 2,443 million yen (up 28.4% year on year), ordinary profit of 2,472 million yen (up 35.4% year on year) and profit attributable to owners of parent of 1,595 million yen (up 33.9% year on year).

Business segment performance was as follows.

(As of March 31, 2023)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	2,350	88 new franchisee contracts, raising total to 689 99 new franchised stores, raising total to 620
House-Leaseback Business	15,138	853 properties purchased, raising holdings to 745; 728 properties sold
Finance Business	400	282 guarantees for reverse mortgages; 72 real estate secured loans
Real Estate Buying and Selling Business	15,219	445 transactions
Real Estate Brokerage Business	971	1,573 brokered properties
Renovation Business	1,856	1,232 contracts; 1,286 renovation completions
Other Business	2	(Europe/US style) real estate agent and overseas business
Total	35,939	-

#### 1) Franchisee Business

In the franchise business we invested particularly in advertising and sales promotion to attract new franchisees mainly in the Tokyo metropolitan area where there is still ample room for growth. This is helping us expand our franchisee network. During the first nine months, there were 88 new franchisee contracts. The number of franchisee contracts at the end of the March 2023 was 689.

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 99 franchised stores during the first nine months, raising the total to 620 at the end of March 2023.

As a result, segment sales decreased 7.1% to 2,350 million yen and segment profit decreased 13.0% to 1,539 million yen.

#### 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. The number of people contacting us about this scheme and purchase agreements 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 first nine months, this business purchased 853 properties. The large inventory of properties in this business was used for monetizing selected holdings. There were sales of 728 properties to investment funds, real estate purchasing companies and other buyers, resales of properties, and sales to other buyers. The number of residential properties owned by this business was 745 at the end of March 2023. All of these properties are generating leasing income.

As a result, segment sales increased 75.9% to 15,138 million yen and segment profit increased 143.1% to 2,211 million yen.

### 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, public awareness and the use of reverse mortgages increased due to activities to increase in the number of guarantee agreements with financial institutions and build stronger ties with these institutions. In the first nine months of the current fiscal year, we entered into collaboration with four more financial institutions. As a result, the number of reverse mortgage guarantees increased by 282 to 1,057 and guarantees totaled 11,960 million yen. There were 72 new loans secured by real estate during the first nine months.

As a result, segment sales decreased 32.7% to 400 million yen and segment profit was down 19.5% to 102 million yen.

### 4) Real Estate Buying and Selling Business

Demand among consumers for buying a residence remained strong during the first nine months as mortgage interest rates remained extremely low. We stepped up purchases of properties by closer cooperation with directly operated real estate brokerage stores. The sale of inventories built up through such aggressive purchases of properties proceeded smoothly. The result was transactions for 445 properties during the first nine months, up 7.2% from one year earlier and sales and earnings that were about the same as in the first nine months of the previous fiscal year, when there were many large transactions.

As a result, segment sales increased 7.6% to 15,219 million yen and segment profit increased 16.2% to 1,538 million yen.

### 5) Real Estate Brokerage Business

There are activities to position stores as a one-stop source of comprehensive services by using synergies with other group businesses in order to increase earnings. 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 first nine months was 1,573, down 28.3% from one year earlier.

As a result, segment sales decreased 29.9% to 971 million yen and segment profit decreased 19.6% to 420 million yen.

### 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. The number of renovation contracts signed in the first nine months decreased 11.9% from one year earlier to 1,232 and the number of renovation completions decreased 1.4% to 1,286.

As a result, segment sales decreased 1.8% to 1,856 million yen and segment profit increased 35.9% to 153 million yen.

## (2) Explanation of Financial Condition

### Assets

Total assets amounted to 72,303 million yen at the end of March 2023, an increase of 6,807 million yen over the end of June 2022.

This was mainly attributable to increases of 13,534 million yen in inventories, the result of the increasing number of properties in the House-Leaseback Business and Real Estate Buying and Selling Business and 3,364 million yen in property, plant and equipment and an increase of 683 million yen in investment securities as a result of liquidation of inventories and gain on investments in silent partnerships.

There were decreases of 8,752 million yen in cash and deposits and 1,872 million yen in operating loans.

### Liabilities

Liabilities totaled 57,515 million yen, an increase of 5,872 million yen over the end of June 2022.

There were increases of 413 million yen in accounts payable for construction contracts, 4,849 million yen in short-term borrowings and 1,354 million yen in current portion of long-term borrowings.

There were decreases of 318 million yen in accounts payable-other and 227 million yen in income taxes payable.

### Net assets

Net assets totaled 14,787 million yen, an increase of 934 million yen over the end of June 2022.

Retained earnings increased 1,595 million yen because of the booking of profit attributable to owners of parent for the first nine months, while there was a decrease of 704 million yen in retained earnings due to dividend payments.

(Millions of yen)

	FY2022 (As of Jun. 30, 2022)	Third quarter of FY2023 (As of Mar. 31, 2023)	Change
Total assets	65,495	72,303	6,807
Liabilities	51,643	57,515	5,872
Net assets	13,852	14,787	934

## (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, 2022 dated August 15, 2022.

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

(Millions of yen)

	FY2022 (As of Jun. 30, 2022)	Third quarter of FY2023 (As of Mar. 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	14,319	5,567
Notes and accounts receivable-trade, and contract assets	316	302
Real estate for sale	11,668	29,861
Real estate for sale in process	4,180	8,466
Costs on construction contracts in progress	282	278
Short-term loans receivable from subsidiaries and associates	115	-
Operating loans	4,792	2,919
Other	1,226	1,291
Allowance for doubtful accounts	(26)	(14)
Total current assets	36,875	48,674
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,590	7,474
Accumulated depreciation	(1,584)	(1,609)
Buildings and structures, net	8,005	5,864
Land	14,784	11,322
Other	136	194
Accumulated depreciation	(88)	(92)
Other, net	47	101
Total property, plant and equipment	22,838	17,288
Intangible assets		
Goodwill	453	367
Other	919	1,080
Total intangible assets	1,372	1,447
Investments and other assets		
Investment securities	2,564	3,248
Long-term prepaid expenses	728	610
Deferred tax assets	464	440
Other	692	611
Allowance for doubtful accounts	(40)	(18)
Total investments and other assets	4,408	4,892
Total non-current assets	28,619	23,628
Total assets	65,495	72,303

(Millions of yen)

	FY2022 (As of Jun. 30, 2022)	Third quarter of FY2023 (As of Mar. 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	838	1,252
Short-term borrowings	9,446	14,296
Current portion of bonds payable	1,152	1,256
Current portion of long-term borrowings	7,047	8,401
Lease liabilities	4	4
Accounts payable-other	842	524
Accrued expenses	416	368
Income taxes payable	519	291
Accrued consumption taxes	188	116
Contract liabilities	1,359	1,428
Provision for bonuses	126	97
Asset retirement obligations	1	6
Provision for warranties for completed construction	4	4
Other	859	961
Total current liabilities	22,807	29,011
Non-current liabilities		
Bonds payable	2,266	2,158
Long-term borrowings	25,027	24,915
Lease liabilities	14	11
Long-term guarantee deposits	969	878
Deferred tax liabilities	453	442
Asset retirement obligations	76	71
Provision for warranties for completed construction	28	27
Total non-current liabilities	28,835	28,504
Total liabilities	51,643	57,515
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,376	3,376
Capital surplus	3,394	3,395
Retained earnings	7,079	7,970
Treasury shares	(0)	(0)
Total shareholders' equity	13,850	14,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(42)	(6)
Foreign currency translation adjustment	5	10
Total accumulated other comprehensive income	(37)	4
Share acquisition rights	38	40
Total net assets	13,852	14,787
Total liabilities and net assets	65,495	72,303



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

(Millions of yen)

	First nine months of FY2022 (Jul. 1, 2021 – Mar. 31, 2022)	First nine months of FY2023 (Jul. 1, 2022 – Mar. 31, 2023)
Net sales	29,161	35,939
Cost of sales	19,250	24,516
Gross profit	9,911	11,422
Selling, general and administrative expenses	8,007	8,979
Operating profit	1,903	2,443
Non-operating income		
Interest and dividend income	1	3
Gain on investments in silent partnerships	143	241
Gain on sales of investment securities	-	0
Commission income	8	12
Insurance claim income	5	3
Penalty income	25	34
Share of profit of entities accounted for using equity method	-	36
Other	66	119
Total non-operating income	250	451
Non-operating expenses		
Interest expenses	254	353
Share of loss of entities accounted for using equity method	2	-
Other	71	69
Total non-operating expenses	328	422
Ordinary profit	1,825	2,472
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on reversal of share acquisition rights	3	0
Gain on sales of shares of subsidiaries and associates	-	0
Total extraordinary income	3	1
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	27	5
Impairment losses	-	10
Total extraordinary losses	28	16
Profit before income taxes	1,800	2,458
Income taxes	609	863
Profit	1,191	1,595
Profit attributable to owners of parent	1,191	1,595

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

(Millions of yen)

	First nine months of FY2022 (Jul. 1, 2021 – Mar. 31, 2022)	First nine months of FY2023 (Jul. 1, 2022 – Mar. 31, 2023)
Profit	1,191	1,595
Other comprehensive income		
Valuation difference on available-for-sale securities	(9)	35
Share of other comprehensive income of entities accounted for using equity method	(3)	5
Total other comprehensive income	(12)	41
Comprehensive income	1,179	1,636
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,179	1,636

### **(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 Fair Value Measurement**

&Do Holdings has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year. &Do Holdings has applied the new accounting policies set forth by the Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 27-2 of the Guidance on Accounting Standard for Fair Value Measurement. There is no effect of the application of these standards on the quarterly consolidated financial statements.

#### **Reclassifications**

##### **Change in presentation of monetary units**

Amounts presented in “thousands of yen” in prior periods, are presented in “millions of yen” effective from the first nine months of the current fiscal year.

## 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.

	FY2022 (As of Jun. 30, 2022)	Third quarter of FY2023 (As of Mar. 31, 2023)
Number of SPC	9	12
Total assets of SPCs	29,991 million yen	39,119 million yen
Total liabilities of SPCs	27,870 million yen	36,249 million yen

#### 2. Transactions with SPCs

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

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

- 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. perform 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 FY2023 (Jul. 1, 2022 – Mar. 31, 2023)

	Major transactions (Millions of yen)	Sales, expenses, gains	
		Items	Amount (Millions of yen)
Investments in silent partnerships	508	Partnership investment gains	241
Selling price	10,195	Net sales	10,195
Book value	8,041	Cost of sales	8,041

- 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.

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

### 1. Change of holding purpose

In the previous medium-term plan, the Franchisee Business, House-Leaseback Business and Finance Business were positioned as the priority businesses for achieving even faster growth. Based on this 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 have been reclassified as real estate for sale beginning with the first quarter of the current fiscal year.

### 2. Summary of reclassified non-current assets

House-leaseback and house leasing properties

### 3. Date of reclassification

July 1, 2022

### 4. Value of reclassified assets

Buildings and structures with a book value of 2,446 million yen and land with a book value of 6,468 million yen, which are included in property, plant and equipment, and other intangible assets of 26 million yen were reclassified as real estate for sale.

### 5. Outlook

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

## Segment Information

I 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

(Millions of yen)

	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	8,606	595	14,149	1,385	1,890	29,158	3	29,161	-	29,161
Inter-segment sales and transfers	66	54	12	6	385	-	525	-	525	(525)	-
Total	2,596	8,660	608	14,155	1,771	1,890	29,683	3	29,686	(525)	29,161
Segment profit (loss)	1,770	909	127	1,323	522	112	4,766	(18)	4,747	(2,844)	1,903

- 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 2,844 million yen to segment profit (loss) includes elimination for inter-segment transactions of 3 million yen, corporate expenses of negative 2,817 million yen that are not allocated to any of the reportable segments, inventory adjustments of negative 12 million yen, and adjustment of non-current assets of negative 17 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 recorded in the quarterly consolidated statement of income.

II First nine months of FY2023 (Jul. 1, 2022 – Mar. 31, 2023)

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

(Millions of yen)

	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	2,350	15,138	400	15,219	971	1,856	35,937	2	35,939	-	35,939
Inter-segment sales and transfers	57	63	11	18	407	0	558	-	558	(558)	-
Total	2,407	15,201	412	15,238	1,378	1,857	36,495	2	36,497	(558)	35,939
Segment profit (loss)	1,539	2,211	102	1,538	420	153	5,965	(26)	5,938	(3,494)	2,443

- Notes:
1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of expenses of the Europe/US style real estate agent business and overseas business.
  2. The negative adjustment of 3,494 million yen to segment profit (loss) includes elimination for inter-segment transactions of 1 million yen, corporate expenses of negative 3,465 million yen that are not allocated to any of the reportable segments, and inventory adjustments of negative 27 million yen, and adjustment of non-current assets of negative 3 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 recorded in the quarterly consolidated statement of income.

## 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.*