

Summary of Business Results for the Fiscal Year Ended June 30, 2023

[Japan GAAP] (Consolidated)

August 14, 2023

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Expected date of annual shareholders' meeting: Sep. 26, 2023 Expected starting date of dividend payment: Sep. 27, 2023

Expected date of filing of annual securities report: Sep. 27, 2023

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 2023 (July 1, 2022 through June 30, 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	%
Fiscal year ended Jun. 30, 2023	49,552	19.7	3,176	10.6	3,358	13.9	2,195	12.2
Fiscal year ended Jun. 30, 2022	41,395	6.0	2,871	10.9	2,947	17.2	1,955	21.0

(Note) Comprehensive income: Fiscal year ended Jun. 30, 2023: 2,243 million yen (up 14.5%)

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

	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, 2023	112.19	110.92	15.1	4.5	6.4
Fiscal year ended Jun. 30, 2022	100.00	98.79	14.7	4.8	6.9

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

Fiscal year ended Jun. 30, 2023: 38 million yen Fiscal year ended Jun. 30, 2022: (5) 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, 2023	83,027	15,395	18.5	784.67
As of Jun. 30, 2022	65,495	13,852	21.1	706.07

(Reference) Shareholders' equity:

As of Jun. 30, 2023: 15,354 million yen As of Jun. 30, 2022: 13,813 million yen

(3) Consolidated 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, 2023	(12,911)	(6,210)	15,003	9,404
Fiscal year ended Jun. 30, 2022	11,983	(20,879)	6,083	13,513

2. Dividends

	Annual dividend					Total dividends	Dividend payout ratio (Consolidated)	Ratio of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
Fiscal year ended Jun. 30, 2022	-	0.00	-	36.00	36.00	704	36.0	5.1
Fiscal year ended Jun. 30, 2023	-	0.00	-	40.00	40.00	782	35.7	5.4
Fiscal year ending Jun. 30, 2024 (forecast)	-	0.00	-	43.00	43.00		35.4	

3. Forecast of consolidated business results for the fiscal year ending June 2024 (July 1, 2023 through June 30, 2024)

(% 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, 2023	28,126	10.6	1,800	2.9	1,800	(2.9)	1,188	4.9	60.70
Fiscal year ending Jun. 30, 2024	57,370	15.8	3,600	13.3	3,600	7.2	2,376	8.2	121.42

*** 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 13 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, 2023 19,569,200 shares
 As of Jun. 30, 2022 19,564,800 shares

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

As of Jun. 30, 2023 561 shares
 As of Jun. 30, 2022 561 shares

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

Fiscal year ended Jun. 30, 2023 19,565,838 shares
 Fiscal year ended Jun. 30, 2022 19,558,542 shares

Reference: Summary of non-consolidated business results

Non-consolidated business results for the fiscal year ended June 2023 (July 1, 2022 through June 30, 2023)

(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, 2023	25,309	(1.9)	1,514	24.9	2,746	102.1	2,133	123.7
Fiscal year ended Jun. 30, 2022	25,789	(15.5)	1,212	(8.4)	1,358	4.8	953	13.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Jun. 30, 2023	109.05	107.82
Fiscal year ended Jun. 30, 2022	48.78	48.18

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2023	56,864	12,248	21.5	623.86
As of Jun. 30, 2022	49,628	10,776	21.6	548.84

(Reference) Shareholders' equity:

As of Jun. 30, 2023: 12,208 million yen As of Jun. 30, 2022: 10,737 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

During the fiscal year that ended in June 2023, the Japanese economy, in general, showed signs of picking up. This was attributed to the normalization of economic activities and the improvement of consumer spending and corporate earnings, prompted by the waning effects of the pandemic. Nevertheless, the outlook remains uncertain due to issues such as rising interest rates, inflation, and other global factors.

In the Japanese real estate industry, where the &Do Holdings Group operates, the business climate was mostly favorable. This was attributed to a robust demand for houses, supported by extremely low interest rates on mortgages—a consequence of the Bank of Japan maintaining 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 49,552 million yen (up 19.7% year on year), operating profit of 3,176 million yen (up 10.6% year on year), ordinary profit of 3,358 million yen (up 13.9% year on year) and profit attributable to owners of parent of 2,195 million yen (up 12.2% year on year).

Business segment performance was as follows.

(As of June 30, 2023)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	3,137	114 new franchisee contracts, raising total to 692 124 new franchised stores, raising total to 623
House-Leaseback Business	22,226	1,147 properties purchased, raising holdings to 673; 1,083 properties sold
Finance Business	513	421 guarantees for reverse mortgages; 93 real estate secured loans
Real Estate Buying and Selling Business	19,869	640 transactions
Real Estate Brokerage Business	1,273	2,028 brokered properties
Renovation Business	2,529	1,642 contracts; 1,784 renovation completions
Other Business	2	(Europe/US style) real estate agent and overseas business
Total	49,552	-

a. Franchisee Business

In the franchises business, our primary focus was on recruiting new franchisees, primarily in the Tokyo metropolitan area where there is still significant room for growth. We also made targeted investments in advertising and sales promotion to enhance brand visibility and attract new customers. This is helping us expand our franchisee network. During the fiscal year, there were 114 new franchisee contracts. The number of franchisee contracts at the end of June 2023 was 692.

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 124 franchised stores during the fiscal year, raising the total to 623 at the end of June 2023.

As a result, segment sales decreased 5.1% to 3,137 million yen and segment profit decreased 10.7% to 2,054 million yen.

b. House-Leaseback Business

This business allows people to use real estate to procure funds by selling a home while 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 fiscal year, this business purchased 1,147 properties. The large inventory of properties in this business was used for monetizing selected holdings. There were 1,082 properties sold to investment funds, real estate purchasing companies and other buyers, resold, and disposed. The number of residential properties owned by this business was 673 at the end of June 2023. All of these properties are generating leasing income.

As a result, segment sales increased 53.8% to 22,226 million yen and segment profit increased 89.2% to 3,250 million yen.

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, 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 current fiscal year, the number of reverse mortgage guarantees increased by 421 to 1,185 and guarantees totaled 13,169 million yen. There were 93 new loans secured by real estate during the fiscal year.

As a result, segment sales decreased 31.5% to 513 million yen and segment profit was down 15.7% to 116 million yen.

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. We stepped up purchases of properties by using closer cooperation with directly operated real estate brokerage stores. Even during the pandemic, sales of inventory built up through such aggressive real estate purchases went smoothly. The result was transactions for 640 properties during the fiscal year, up 8.5% from one year earlier.

As a result, segment sales increased 7.8% to 19,869 million yen and segment profit increased 5.4% to 1,782 million yen.

e. 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 the fiscal year was 2,028, down 29.0% from one year earlier.

As a result, segment sales decreased 28.8% to 1,273 million yen and segment profit decreased 25.3% to 546 million yen.

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. The number of renovation contracts signed in the fiscal year decreased 9.6% from one year earlier to 1,642 and the number of renovation completions decreased 1.4% to 1,784.

As a result, segment sales decreased 4.8% to 2,529 million yen and segment profit increased 11.4% to 218 million yen.

2) Outlook for the Next Fiscal Year

The impact of the pandemic is gradually easing in Japan, and corporate earnings and personal consumption are improving as economic activities normalize. However, the future outlook for the Japanese economy must be kept in mind, including soaring raw material prices and rising interest rates.

We are implementing the 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 current business 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 Position

1) Assets, liabilities and net assets

Assets

Total assets amounted to 83,027 million yen at the end of June 2023, an increase of 17,532 million yen over the end of June 2022.

This was mainly attributable to increases of 19,120 million yen in inventories and 3,463 million yen in property, plant and equipment, the result of the increasing number of properties in the House-Leaseback Business and Real Estate Buying and Selling Business, and an increase of 1,177 million yen in investment securities as a result of liquidation of inventories and gain on investments in silent partnerships.

There were decreases of 4,005 million yen in cash and deposits and 2,278 million yen in operating loans.

Liabilities

Liabilities totaled 67,632 million yen, an increase of 15,989 million yen over the end of June 2022.

There were increases of 423 million yen in accounts payable for construction contracts, 8,073 million yen in short-term borrowings, 2,605 million yen in current portion of long-term borrowings and 5,135 million yen in long-term borrowings.

There were decreases of 251 million yen in accounts payable-other and 122 million yen in long-term guarantee deposits.

Net assets

Net assets totaled 15,395 million yen, an increase of 1,542 million yen over the end of June 2022.

Retained earnings increased 2,195 million yen because of the booking of profit attributable to owners of parent and decreased 704 million yen due to dividend payments.

(Millions of yen)

	FY2022 (As of Jun. 30, 2022)	FY2023 (As of Jun. 30, 2023)	Change
Total assets	65,495	83,027	17,532
Liabilities	51,643	67,632	15,989
Net assets	13,852	15,395	1,542

2) Cash flows

Cash and cash equivalents (hereinafter "net cash") as of the end of June 2023 amounted to 9,404 million yen, a decrease of 4,109 million yen over the end of June 2022.

Cash flows from operating activities

Net cash used in operating activities totaled 12,911 million yen (compared with net cash provided of 11,983 million yen in the previous fiscal year).

Negative factors include an increase of 17,890 million yen in inventories.

Cash flows from investing activities

Net cash used in investing activities totaled 6,210 million yen (compared with net cash used of 20,879 million yen in the previous fiscal year).

Negative factors include the payment for the purchase of property, plant and equipment of 5,378 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 15,003 million yen (compared with net cash provided of 6,083 million yen in the previous fiscal year).

Positive factors include net increase in short-term borrowings of 8,073 million yen and proceeds from long-term borrowings of 20,162 million yen.

Negative factors include repayments of long-term borrowings of 12,421 million yen and redemption of bonds of 1,252 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, 2023, there was an ordinary dividend of 40 yen per share, resulting in a payout ratio of 35.7%.

The basic level for the dividend for the fiscal year ending on June 30, 2024 is a dividend payout ratio of 30.0%. The actual amount of the dividend will be determined by taking into account cash flows, the outlook for earnings and all other applicable factors.

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

	(Millions of yen)	
	FY2022 (As of Jun. 30, 2022)	FY2023 (As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	14,319	10,314
Accounts receivable from completed construction contracts	71	86
Accounts receivable-trade	55	59
Contract assets	190	191
Real estate for sale	11,668	34,353
Real estate for sale in process	4,180	9,566
Costs on construction contracts in progress	282	273
Short-term loans receivable from subsidiaries and associates	115	-
Operating loans	4,792	2,514
Other	1,226	1,528
Allowance for doubtful accounts	(26)	(14)
Total current assets	36,875	58,873
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,590	6,915
Accumulated depreciation	(1,584)	(1,663)
Buildings and structures, net	8,005	5,252
Land	14,784	11,941
Other	136	290
Accumulated depreciation	(88)	(97)
Other, net	47	192
Total property, plant and equipment	22,838	17,386
Intangible assets		
Goodwill	453	339
Other	919	1,136
Total intangible assets	1,372	1,476
Investments and other assets		
Investment securities	2,564	3,741
Long-term prepaid expenses	728	558
Deferred tax assets	464	391
Other	692	609
Allowance for doubtful accounts	(40)	(9)
Total investments and other assets	4,408	5,290
Total non-current assets	28,619	24,154
Total assets	65,495	83,027

(Millions of yen)

	FY2022 (As of Jun. 30, 2022)	FY2023 (As of Jun. 30, 2023)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	838	1,262
Short-term borrowings	9,446	17,520
Current portion of bonds payable	1,152	1,060
Current portion of long-term borrowings	7,047	9,652
Lease liabilities	4	4
Accounts payable-other	842	591
Accrued expenses	416	433
Income taxes payable	519	636
Accrued consumption taxes	188	170
Contract liabilities	1,359	1,404
Provision for bonuses	126	181
Asset retirement obligations	1	6
Provision for warranties for completed construction	4	3
Other	859	919
Total current liabilities	22,807	33,849
Non-current liabilities		
Bonds payable	2,266	2,256
Long-term borrowings	25,027	30,162
Lease liabilities	14	9
Long-term guarantee deposits	969	846
Deferred tax liabilities	453	386
Asset retirement obligations	76	94
Provision for warranties for completed construction	28	27
Total non-current liabilities	28,835	33,783
Total liabilities	51,643	67,632
Net assets		
Shareholders' equity		
Share capital	3,376	3,377
Capital surplus	3,394	3,395
Retained earnings	7,079	8,570
Treasury shares	(0)	(0)
Total shareholders' equity	13,850	15,343
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(42)	(3)
Foreign currency translation adjustment	5	14
Total accumulated other comprehensive income	(37)	11
Share acquisition rights	38	40
Total net assets	13,852	15,395
Total liabilities and net assets	65,495	83,027

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

(Millions of yen)

	FY2022 (Jul. 1, 2021 – Jun. 30, 2022)	FY2023 (Jul. 1, 2022 – Jun. 30, 2023)
Net sales	41,395	49,552
Cost of sales	27,611	34,220
Gross profit	13,784	15,331
Selling, general and administrative expenses		
Total selling, general and administrative expenses	10,912	12,155
Operating profit	2,871	3,176
Non-operating income		
Interest and dividend income	6	3
Gain on investments in silent partnerships	333	533
Commission income	11	17
Insurance claim income	7	3
Penalty income	34	41
Consumption taxes refund	55	120
Share of profit of entities accounted for using equity method	-	38
Other	65	64
Total non-operating income	515	822
Non-operating expenses		
Interest expenses	342	504
Commission expenses	71	117
Share of loss of entities accounted for using equity method	5	-
Loss on sale of investment securities	-	0
Other	19	16
Total non-operating expenses	438	640
Ordinary profit	2,947	3,358
Extraordinary income		
Gain on sale of non-current assets	20	1
Gain on reversal of share acquisition rights	3	0
Gain on sales of shares of subsidiaries and associates	-	0
Total extraordinary income	24	2
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	35	5
Loss on valuation of investment securities	-	27
Impairment losses	11	18
Total extraordinary losses	47	51
Profit before income taxes	2,924	3,309
Income taxes-current	916	1,126
Income taxes-deferred	52	(12)
Total income taxes	968	1,114
Profit	1,955	2,195
Profit attributable to owners of parent	1,955	2,195

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2022 (Jul. 1, 2021 – Jun. 30, 2022)	FY2023 (Jul. 1, 2022 – Jun. 30, 2023)
Profit	1,955	2,195
Other comprehensive income		
Valuation difference on available-for-sale securities	0	39
Share of other comprehensive income of entities accounted for using equity method	3	9
Total other comprehensive income	3	48
Comprehensive income	1,959	2,243
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,959	2,243
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Net Assets

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,374	3,392	6,109	(0)	12,876
Cumulative effects of changes in accounting policies			(398)		(398)
Restated balance	3,374	3,392	5,710	(0)	12,477
Changes during period					
Issuance of new shares	2	2			4
Dividends of surplus			(586)		(586)
Profit attributable to owners of parent			1,955		1,955
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					-
Total changes during period	2	2	1,369	(0)	1,373
Balance at end of period	3,376	3,394	7,079	(0)	13,850

	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)	1	(41)	42	12,877
Cumulative effects of changes in accounting policies			-		(398)
Restated balance	(42)	1	(41)	42	12,478
Changes during period					
Issuance of new shares			-		4
Dividends of surplus			-		(586)
Profit attributable to owners of parent			-		1,955
Purchase of treasury shares			-		(0)
Net changes in items other than shareholders' equity	0	3	3	(3)	0
Total changes during period	0	3	3	(3)	1,374
Balance at end of period	(42)	5	(37)	38	13,852

FY2023 (Jul. 1, 2022 – Jun. 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,376	3,394	7,079	(0)	13,850
Cumulative effects of changes in accounting policies					-
Restated balance	3,376	3,394	7,079	(0)	13,850
Changes during period					
Issuance of new shares	0	0			1
Dividends of surplus			(704)		(704)
Profit attributable to owners of parent			2,195		2,195
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes during period	0	0	1,490	-	1,492
Balance at end of period	3,377	3,395	8,570	(0)	15,343

	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)	5	(37)	38	13,852
Cumulative effects of changes in accounting policies			-		-
Restated balance	(42)	5	(37)	38	13,852
Changes during period					
Issuance of new shares			-		1
Dividends of surplus			-		(704)
Profit attributable to owners of parent			-		2,195
Purchase of treasury shares			-		-
Net changes in items other than shareholders' equity	39	9	48	1	50
Total changes during period	39	9	48	1	1,542
Balance at end of period	(3)	14	11	40	15,395

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2022 (Jul. 1, 2021 – Jun. 30, 2022)	FY2023 (Jul. 1, 2022 – Jun. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,924	3,309
Depreciation	675	858
Loss (gain) on investments in silent partnerships	(333)	(533)
Amortization of goodwill	114	113
Interest and dividend income	(6)	(3)
Interest expenses	342	504
Decrease (increase) in trade receivables	(146)	(21)
Decrease (increase) in inventories	5,384	(17,890)
Increase (decrease) in trade payables	286	423
Decrease (increase) in operating loans receivable	4,953	2,352
Increase (decrease) in advances received on construction contracts in progress	(269)	-
Increase (decrease) in advances received	(542)	-
Increase (decrease) in contract liabilities	1,359	45
Increase (decrease) in guarantee deposits received	(253)	(122)
Other, net	(1,099)	(291)
Subtotal	13,387	(11,255)
Interest and dividends received	6	3
Interest paid	(358)	(535)
Income taxes refund (paid)	(1,053)	(1,124)
Net cash provided by (used in) operating activities	11,983	(12,911)
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,459)	(5,378)
Purchase of intangible assets	(667)	(485)
Payments of guarantee deposits	(110)	(22)
Purchase of investment securities	(572)	(802)
Decrease (increase) in restricted deposits	(300)	(104)
Other, net	228	583
Net cash provided by (used in) investing activities	(20,879)	(6,210)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(905)	8,073
Proceeds from long-term borrowings	15,850	20,162
Repayments of long-term borrowings	(9,569)	(12,421)
Proceeds from issuance of bonds	1,900	1,150
Redemption of bonds	(604)	(1,252)
Dividends paid	(586)	(706)
Other, net	(0)	(2)
Net cash provided by (used in) financing activities	6,083	15,003
Effect of exchange rate change on cash and cash equivalents	12	9
Net increase (decrease) in cash and cash equivalents	(2,800)	(4,109)
Cash and cash equivalents at beginning of period	16,313	13,513
Cash and cash equivalents at end of period	13,513	9,404

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Changes in Accounting Policies**Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement**

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

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 current fiscal year.

Consolidated Statement of Cash Flows

196 million yen of “Amortization of long-term prepaid expenses,” under “Cash flows from operating activities” which was 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.

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)	FY2023 (As of Jun. 30, 2023)
Number of SPC	9	13
Total assets of SPCs	29,991 million yen	40,649 million yen
Total liabilities of SPCs	27,870 million yen	37,243 million yen

2. Transactions with SPCs

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

	Major transactions (Millions of yen)	Sales, expenses, gains	
		Items	Amount (Millions of yen)
Investments in silent partnerships	408	Partnership investment gains	333
Selling price	8,279	Net sales	8,279
Book value	6,395	Cost of sales	6,395

- 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.

FY2023 (Jul. 1, 2022 – Jun. 30, 2023)

	Major transactions (Millions of yen)	Sales, expenses, gains	
		Items	Amount (Millions of yen)
Investments in silent partnerships	751	Partnership investment gains	533
Selling price	15,076	Net sales	15,076
Book value	11,943	Cost of sales	11,943

- 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 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 ended in June 2023.

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.

4. Information related to net sales and profit or loss, assets, and other items for each reportable segment
 FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Millions of yen)

	Reportable segment						
	Franchisee	House-Leaseback	Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal
Net sales							
External sales	3,304	14,455	750	18,431	1,790	2,658	41,390
Inter-segment sales and transfers	83	77	17	10	534	-	723
Total	3,387	14,533	767	18,441	2,324	2,658	42,113
Segment profit (loss)	2,301	1,717	137	1,691	730	195	6,775
Segment assets	207	18,097	7,059	27,344	1,157	361	54,229
Other items							
Depreciation	6	340	5	132	29	2	516
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	14,380	5	4,348	62	18	18,826

(Millions 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	41,395	-	41,395
Inter-segment sales and transfers	-	723	(723)	-
Total	5	42,118	(723)	41,395
Segment profit (loss)	(11)	6,763	(3,892)	2,871
Segment assets	107	54,337	11,158	65,495
Other items				
Depreciation	-	516	159	675
Share of profit (loss) of entities accounted for using equity method	(5)	(5)	-	(5)
Investment in equity-method affiliates	97	97	-	97
Increase in property, plant and equipment and intangible assets	-	18,826	1,488	20,314

- 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 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 3 million yen, corporate expenses of negative 3,861 million yen that are not allocated to any of the reportable segments and inventory adjustments of negative 12 million yen and non-current assets adjustments of negative 21 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 million yen adjustment to segment assets includes elimination for inter-segment transactions of negative 11,698 million yen, corporate assets that are not allocated to any of the reportable segments of 22,933 million yen, inventory adjustments of negative 55 million yen and non-current assets adjustments of negative 21 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 million yen adjustment to depreciation includes corporate assets that are not allocated to any of the reportable segments.
 6. The 1,488 million yen adjustment to increase in property, plant and equipment and intangible assets includes an increase in corporate assets of 1,509 million yen that are not allocated to reportable segments and non-current assets adjustments of negative 21 million yen.

FY2023 (Jul. 1, 2022 – Jun. 30, 2023)

(Millions of yen)

	Reportable segment						
	Franchisee	House-Leaseback	Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal
Net sales							
External sales	3,137	22,226	513	19,869	1,273	2,529	49,549
Inter-segment sales and transfers	76	80	12	26	533	0	730
Total	3,214	22,306	525	19,895	1,807	2,529	50,280
Segment profit (loss)	2,054	3,250	116	1,782	546	218	7,967
Segment assets	260	20,595	4,253	46,854	385	554	72,903
Other items							
Depreciation	5	410	5	153	22	5	602
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	0	36	-	5,802	28	34	5,901

(Millions of yen)

	Other (Note 1)	Total	Adjustment (Notes 2, 4, 5, 6)	Amounts shown on consolidated financial statements (Note 3)
Net sales				
External sales	2	49,552	-	49,552
Inter-segment sales and transfers	-	730	(730)	-
Total	2	50,282	(730)	49,552
Segment profit (loss)	(10)	7,957	(4,780)	3,176
Segment assets	144	73,047	9,980	83,027
Other items				
Depreciation	-	602	255	858
Share of profit (loss) of entities accounted for using equity method	38	38	-	38
Investment in equity-method affiliates	143	143	-	143
Increase in property, plant and equipment and intangible assets	-	5,901	86	5,988

- 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 4,780 million yen to segment profit (loss) includes an elimination for inter-segment transactions of negative 9 million yen, corporate expenses of negative 4,735 million yen that are not allocated to any of the reportable segments and inventory adjustments of negative 31 million yen and non-current assets adjustments 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 in the consolidated financial statements.
 4. The 9,980 million yen adjustment to segment assets includes elimination for inter-segment transactions of negative 13,800 million yen, corporate assets that are not allocated to any of the reportable segments of 23,892 million yen, inventory adjustments of negative 107 million yen and non-current assets adjustments of negative 3 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 255 million yen adjustment to depreciation includes corporate assets that are not allocated to any of the reportable segments.
 6. The 86 million yen adjustment to increase in property, plant and equipment and intangible assets includes an increase in corporate assets of 90 million yen that are not allocated to reportable segments and non-current assets adjustments of negative 3 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

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Millions of yen)

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

FY2023 (Jul. 1, 2022 – Jun. 30, 2023)

Not applicable.

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

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Millions 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	-	-	7	-	11	-	-	11

FY2023 (Jul. 1, 2022 – Jun. 30, 2023)

(Millions 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	-	14	-	4	-	-	18	-	-	18

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

FY2022 (Jul. 1, 2021 – Jun. 30, 2022)

(Millions 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	-	110	-	-	114	-	-	114
Balance at end of period	-	2	-	450	-	-	453	-	-	453

FY2023 (Jul. 1, 2022 – Jun. 30, 2023)

(Millions 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	-	2	-	110	-	-	113	-	-	113
Balance at end of period	-	-	-	339	-	-	339	-	-	339

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY2022 (Jul. 1, 2021 – Jun. 30, 2022)	FY2023 (Jul. 1, 2022 – Jun. 30, 2023)
Net assets per share	706.07	784.67
Net income per share	100.00	112.19
Diluted net income per share	98.79	110.92

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

(Millions of yen)

	FY2022 (Jul. 1, 2021 – Jun. 30, 2022)	FY2023 (Jul. 1, 2022 – Jun. 30, 2023)
Net income per share		
Profit attributable to owners of parent	1,955	2,195
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	1,955	2,195
Average number of shares of common stock during the fiscal year (shares)	19,558,542	19,565,838
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)	240,424	223,478
[Of which, share acquisition rights (shares)]	[240,424]	[223,478]
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	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.	The 4th series of stock options (equivalent to 20,000 shares of stock), the 5th series of stock options (equivalent to 20,000 shares of stock), the 6th series of stock options (equivalent to 593,000 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.