

Summary of Business Results for the Third Quarter Ended March 31, 2024

[Japan GAAP] (Consolidated)

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Listed on the TSE

Company **&Do Holdings Co., Ltd.**
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Expected date of filing of quarterly report: May 14, 2024 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 2024 (July 1, 2023 through March 31, 2024)

(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, 2024	49,249	37.0	2,426	(0.7)	2,242	(9.3)	1,493	(6.4)
Nine months ended Mar. 31, 2023	35,939	23.2	2,443	28.4	2,472	35.4	1,595	33.9

(Note) Comprehensive income:

Nine months ended Mar. 31, 2024: 1,503 million yen (down 8.2%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2024	75.31	74.91
Nine months ended Mar. 31, 2023	81.54	80.68

(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, 2024	78,867	16,261	20.6	815.73
As of Jun. 30, 2023	83,027	15,395	18.5	784.67

(Reference) Shareholders' equity:

As of Mar. 31, 2024: 16,231 million yen

As of Jun. 30, 2023: 15,354 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, 2023	-	0.00	-	40.00	40.00
Fiscal year ending Jun. 30, 2024	-	0.00	-		
Fiscal year ending Jun. 30, 2024 (forecast)				43.00	43.00

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

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
Fiscal year ending Jun. 30, 2024	57,370	15.8	3,600	13.3	3,600	7.2	2,376	8.2	121.42

(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 | : None |
| 2) Changes in accounting policies other than 1) | : None |
| 3) Changes in accounting estimates | : None |
| 4) Restatements | : None |

(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, 2024	19,898,400 shares
As of Jun. 30, 2023	19,569,200 shares

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

As of Mar. 31, 2024	586 shares
As of Jun. 30, 2023	561 shares

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

Nine months ended Mar. 31, 2024	19,835,042 shares
Nine months ended Mar. 31, 2023	19,565,547 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

During the first nine months of the current fiscal year, the Japanese economy stagnated. Although capital investment increased on the back of strong corporate performance, personal consumption remained weak due to an increasing inclination to save. While the economy is expected to slowly resume its recovery, the outlook remains uncertain due to factors including rising prices, trends in domestic and international interest rate trends, and the impact of geopolitical risks.

In the Japanese real estate industry, where the &Do Holdings Group operates, demand for houses remained robust, supported by extremely low interest rates on mortgages —a consequence of the Bank of Japan maintaining its policy of large-scale 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 49,249 million yen (up 37.0% year on year), operating profit of 2,426 million yen (down 0.7% year on year), ordinary profit of 2,242 million yen (down 9.3% year on year) and profit attributable to owners of parent of 1,493 million yen (down 6.4% year on year).

Business segment performance was as follows.

(As of March 31, 2024)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	2,369	83 new franchisee contracts, raising total to 705 64 new franchised stores, raising total to 625
House-Leaseback Business	18,151	881 properties purchased, raising holdings to 718; 811 properties sold
Finance Business	334	394 new guarantees for reverse mortgages, raising total to 1,511
Real Estate Buying and Selling Business	25,819	687 transactions
Real Estate Brokerage Business	826	1,297 brokered properties
Renovation Business	1,746	1,099 contracts; 1,138 renovation completions
Other Business	1	(Europe/US style) real estate agent and overseas business
Total	49,249	-

1) Franchisee Business

In this business, our primary focus was on recruiting new franchisees, primarily in the Tokyo metropolitan area and other urban areas where there is still significant room for growth. The addition of franchisees is supported by rising awareness of our brand as the number of these stores increases and by large expenditures for advertising and human resources. During the first nine months, there were 83 new franchisee contracts. The number of franchisee contracts at the end of March 2024 was 705.

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 64 franchised stores during the first nine months, raising the total to 625 at the end of March 2024.

As a result, segment sales increased 0.8% to 2,369 million yen and segment profit decreased 2.9% to 1,494 million yen.

2) House-Leaseback Business

This business is growing due to a large number of inquiries from prospective customers and new House-leaseback contracts. There is a significant need for this method of using real estate to procure funds for retirement income, a business or a variety of other purposes. The addition of 881 House-leaseback properties during the first nine months raised to 718 the number of properties purchased and leased back by this business as of the end of the third quarter. In addition, the large inventory of these properties was used for generating capital gains by reselling selected properties. During the first nine months, there were 811 properties sold to investment funds, real estate purchasing companies and other buyers, resold, and disposed.

As a result, segment sales increased 19.9% to 18,151 million yen and segment profit decreased 7.1% to 2,053 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, there were more activities to increase the number of guarantee agreements with financial institutions and build stronger ties with these institutions for increasing public awareness and the use of reverse mortgages. This resulted in 51 agreements with the financial institutions. In the first nine months, the number of reverse mortgage guarantees increased by 394 to 1,511 and guarantees totaled 18,173 million yen. To focus resources on key growth-driving businesses, the finance business using loans secured by real estate is being downsized and loans outstanding totaled 1,932 million yen at the end of the third quarter.

As a result, segment sales decreased 16.6% to 334 million yen and segment profit was down 51.3% to 49 million yen.

4) Real Estate Buying and Selling Business

Cooperation with directly operated real estate brokerage stores and other measures were used to buy more properties and supply properties that match the needs of customers in order to increase sales. Inventory build-up went smoothly due to aggressive real estate purchases. Moreover, sales remain favorable as the demand for houses in Japan continues to be strong, supported by low mortgage interest rates. The result was transactions for 687 properties during the first nine months, up 54.4% from one year earlier.

As a result, segment sales increased 69.6% to 25,819 million yen and segment profit increased 28.6% to 1,978 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, the number of brokerage transactions during the first nine months was 1,297, down 17.5% from one year earlier, due to the integration of stores undertaken to redeploy personnel to key growth-driving businesses.

As a result, segment sales decreased 15.0% to 826 million yen and segment profit increased 4.9% to 440 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 10.8% from one year earlier to 1,099 and the number of renovation completions decreased 11.5% to 1,138.

As a result, segment sales decreased 5.9% to 1,746 million yen and segment profit decreased 2.8% to 149 million yen.

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

Total assets amounted to 78,867 million yen at the end of March 2024, a decrease of 4,160 million yen over the end of June 2023.

There was an increase of 4,031 million yen in inventories, the result of the increasing number of properties in the House-Leaseback Business and Real Estate Buying and Selling Business.

There was a decrease of 1,866 million yen in cash and deposits and a decrease of 5,813 million yen in property, plant and equipment because of the reclassification of properties owned by the Real Estate Buying and Selling Business from non-current assets to real estate for sale.

Liabilities

Liabilities totaled 62,606 million yen, a decrease of 5,026 million yen over the end of June 2023.

There were increases of 1,823 million yen in current portion of long-term borrowings and 160 million yen in accrued consumption taxes.

There were decreases of 4,690 million yen in short-term borrowings and 1,851 million yen in long-term borrowings.

Net assets

Net assets totaled 16,261 million yen, an increase of 865 million yen over the end of June 2023.

There were increases of 77 million yen each in share capital and capital surplus due to the exercise of share acquisition rights as stock options, and 1,493 million yen in retained earnings because of the booking of profit attributable to owners of parent.

There was a decrease of 782 million yen in retained earnings due to dividend payments.

(Millions of yen)

	FY2023 (As of Jun. 30, 2023)	Third quarter of FY2024 (As of Mar. 31, 2024)	Change
Total assets	83,027	78,867	(4,160)
Liabilities	67,632	62,606	(5,026)
Net assets	15,395	16,261	865

(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, 2023 dated August 14, 2023.

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

	(Millions of yen)	
	FY2023 (As of Jun. 30, 2023)	Third quarter of FY2024 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	10,314	8,447
Notes and accounts receivable-trade, and contract assets	337	148
Real estate for sale	34,680	38,992
Real estate for sale in process	9,240	8,878
Costs on construction contracts in progress	273	353
Operating loans	2,514	1,950
Other	1,528	1,207
Allowance for doubtful accounts	(14)	(16)
Total current assets	58,873	59,962
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,915	5,557
Accumulated depreciation	(1,663)	(1,352)
Buildings and structures, net	5,252	4,204
Land	11,941	7,324
Other	290	141
Accumulated depreciation	(97)	(97)
Other, net	192	43
Total property, plant and equipment	17,386	11,573
Intangible assets		
Goodwill	339	257
Other	1,136	1,212
Total intangible assets	1,476	1,470
Investments and other assets		
Investment securities	3,741	4,444
Long-term prepaid expenses	558	416
Deferred tax assets	391	380
Other	609	631
Allowance for doubtful accounts	(9)	(11)
Total investments and other assets	5,290	5,861
Total non-current assets	24,154	18,904
Total assets	83,027	78,867

(Millions of yen)

	FY2023 (As of Jun. 30, 2023)	Third quarter of FY2024 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,262	1,166
Short-term borrowings	17,520	12,830
Current portion of bonds payable	1,060	1,090
Current portion of long-term borrowings	9,652	11,476
Lease liabilities	4	4
Accounts payable-other	591	537
Accrued expenses	433	463
Income taxes payable	636	563
Accrued consumption taxes	170	331
Contract liabilities	1,404	1,367
Provision for bonuses	181	91
Asset retirement obligations	6	1
Provision for warranties for completed construction	3	3
Other	919	1,030
Total current liabilities	33,849	30,958
Non-current liabilities		
Bonds payable	2,256	2,154
Long-term borrowings	30,162	28,310
Lease liabilities	9	6
Long-term guarantee deposits	846	822
Deferred tax liabilities	386	228
Asset retirement obligations	94	98
Provision for warranties for completed construction	27	26
Total non-current liabilities	33,783	31,647
Total liabilities	67,632	62,606
Net assets		
Shareholders' equity		
Share capital	3,377	3,455
Capital surplus	3,395	3,473
Retained earnings	8,570	9,281
Treasury shares	(0)	(0)
Total shareholders' equity	15,343	16,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(1)
Foreign currency translation adjustment	14	21
Total accumulated other comprehensive income	11	20
Share acquisition rights	40	30
Total net assets	15,395	16,261
Total liabilities and net assets	83,027	78,867

(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 FY2023 (Jul. 1, 2022 – Mar. 31, 2023)	First nine months of FY2024 (Jul. 1, 2023 – Mar. 31, 2024)
Net sales	35,939	49,249
Cost of sales	24,516	37,204
Gross profit	11,422	12,044
Selling, general and administrative expenses	8,979	9,617
Operating profit	2,443	2,426
Non-operating income		
Interest and dividend income	3	0
Gain on investments in silent partnerships	241	260
Gain on sales of investment securities	0	0
Share of profit of entities accounted for using equity method	36	0
Consumption taxes refund	79	117
Other	90	75
Total non-operating income	451	454
Non-operating expenses		
Interest expenses	353	525
Other	69	113
Total non-operating expenses	422	639
Ordinary profit	2,472	2,242
Extraordinary income		
Gain on sale of non-current assets	1	-
Gain on reversal of share acquisition rights	0	6
Gain on sale of shares of subsidiaries and associates	0	-
Total extraordinary income	1	6
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	5	7
Impairment losses	10	-
Total extraordinary losses	16	7
Profit before income taxes	2,458	2,241
Income taxes	863	747
Profit	1,595	1,493
Profit attributable to owners of parent	1,595	1,493

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

	(Millions of yen)	
	First nine months of FY2023 (Jul. 1, 2022 – Mar. 31, 2023)	First nine months of FY2024 (Jul. 1, 2023 – Mar. 31, 2024)
Profit	1,595	1,493
Other comprehensive income		
Valuation difference on available-for-sale securities	35	2
Share of other comprehensive income of entities accounted for using equity method	5	7
Total other comprehensive income	41	9
Comprehensive income	1,636	1,503
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,636	1,503

(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.

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.

	FY2023 (As of Jun. 30, 2023)	Third quarter of FY2024 (As of Mar. 31, 2024)
Number of SPC	13	16
Total assets of SPCs	40,649 million yen	50,512 million yen
Total liabilities of SPCs	37,243 million yen	46,411 million yen

2. Transactions with SPCs

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.

First nine months of FY2024 (Jul. 1, 2023 – Mar. 31, 2024)

	Major transactions (Millions of yen)	Sales, expenses, gains	
		Items	Amount (Millions of yen)
Investments in silent partnerships	615	Partnership investment gains	260
Selling price	12,388	Net sales	12,388
Book value	10,054	Cost of sales	10,054

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

During the first nine months of FY2024, the following income-generating properties and other properties previously classified as non-current assets were reclassified to real estate for sale because the holding purpose was changed to sales: buildings and structures of 1,268 million yen, land of 4,639 million yen and other of 2 million yen in property, plant and equipment; and other of 1 million yen in intangible assets.

Segment Information

I 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.

II First nine months of FY2024 (Jul. 1, 2023 – Mar. 31, 2024)

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	2,369	18,151	334	25,819	826	1,746	49,247	1	49,249	-	49,249
Inter-segment sales and transfers	64	55	2	23	430	0	576	-	576	(576)	-
Total	2,434	18,206	336	25,843	1,256	1,746	49,823	1	49,825	(576)	49,249
Segment profit (loss)	1,494	2,053	49	1,978	440	149	6,166	(7)	6,159	(3,732)	2,426

- 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 3,732 million yen to segment profit (loss) includes elimination for inter-segment transactions of negative 0 million yen, corporate expenses of negative 3,756 million yen that are not allocated to any of the reportable segments, and inventory adjustments of 24 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.