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November 14, 2022

## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year 2023 (FY06/2023) [Japanese standards] (Consolidated)

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 Stock exchange listing: Tokyo  
 Securities code: 3300 URL: <https://am-bition.jp/>  
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Scheduled date to file Quarterly Securities Report: November 14, 2022  
 Scheduled date to commence dividend payments: N/A  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results of the first quarter of FY06/2022 (July 1, 2022 – September 30, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q of FY06/2023	7,152	5.4	159	38.8	135	36.3	51	70.4
1Q of FY06/2022	6,783	(6.2)	115	(54.9)	99	(50.4)	30	(70.1)

(Note) Comprehensive profit 1Q of FY06/2023: 53 million yen [(40.5)%]  
 1Q of FY06/2022: 89 million yen [159.4%]

	Net profit (loss) per share	Diluted net profit (loss) per share
	yen	yen
1Q of FY06/2023	7.53	7.43
1Q of FY06/2022	4.42	4.31

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
1Q of FY06/2023	17,441	3,668	21.0	537.10
FY06/2022	17,036	3,744	21.9	548.25

(Reference) Shareholders equity 1Q of FY06/2023: 3,654 million yen  
 FY06/2022: 3,730 million yen

### 2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen	yen	yen	yen	yen
FY06/2022	—	0.00	—	19.00	19.00
FY06/2023	—	—	—	—	—
FY06/2023 (forecasts)	—	0.00	—	20.00	20.00

(Note) Revisions to dividend forecasts published most recently: No

### 3. Consolidated performance forecasts for FY06/2023 (July 1, 2022 – June 30, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) attributable to owners of parent		Net profit (loss) per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2Q (cumulative)	17,153	18.0	748	38.1	675	33.4	391	46.4	57.60
Full term	34,510	9.2	1,508	0.6	1,371	1.2	838	1.5	123.24

(Note) Revisions to performance forecasts published most recently: No

**\*Notes**

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - ② Changes in accounting policies due to other reasons: No
  - ③ Changes in accounting estimates: No
  - ④ Restatement of prior period financial statements: No

## (4) Number of issued shares (common shares)

- ① Total number of issued shares at the end of the period (including treasury stock)

1Q of FY06/2023:	6,804,400 shares	FY06/2022:	6,804,400 shares
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- ② Number of treasury stock at the end of the period

1Q of FY06/2023:	48 shares	FY06/2022:	48 shares
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- ③ Average number of shares during the period (quarterly cumulative)

1Q of FY06/2023:	6,804,352 shares	1Q of FY06/2022:	6,804,352 shares
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\* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

\* Explanation regarding appropriate use of the earnings forecast and other special notes

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 4, "1. Qualitative Information regarding the Financial Results of the Current Quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

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## 1. Qualitative Information regarding the Financial Results of the Current Quarter

### (1) Descriptions regarding operating results

During the current first quarter consolidated cumulative period, around the Group there have been relaxation of behavioral restrictions due to COVID-19 and renewed acceptance of foreign tourists. Consequently, domestic economic activities have gradually exhibited signs of recovery. On the other hand, various factors such as worldwide steep rise of resource prices in the context of prolonged conflict between Russia and Ukraine, and of financial policies, as well as rapidly progressing weak yen and price escalation, have still made future prospects unpredictable.

In such a business environment, the Group aims at its own business reform and also reforming the whole industry to which it belongs, through DX (digital transformation), and sets its vision as “To reform real estate business through DX and become a sole real estate digital platformer which fuses digital and real world together”. Having its three major policies as “Business reform by promoting DX”, “Efforts to discrete business expansion such as promoting M&A” and “Industry reform by development/sales of novel real estate DX products”, the Company plans to achieve its business performance with net sales of 50 billion yen and operating profit of 3 billion yen, by the end of FY06/2025.

Basic policy of the mid-term management plan for three fiscal years from FY06/2023 to FY06/2025 is “To challenge proactively some new business around growth of existing business”, and the following four business strategies will be carried: “Discrete growth of the top line”, “Profitability improvement with DX”, “Challenging new business domain”, and “Drastic reinforcement of management foundation”. During the current first quarter consolidated cumulative period, the Company has sought to promote DX in its principal Leasing DX Property Management Business segment since the previous FY, and has worked on increase in number of houses under management per personnel by building up its next-generation management system named “AMBITION Cloud”. Leasing DX Leasing Brokerage Business segment aims at higher profitability per shop by strengthening remote customer service and DX measures. Sales/Purchase DX Investment Business segment reinforced its preparedness for procuring properties taking risks into account, and keeps its results as initially planned. Real estate DX business that is a new growth driver, put its efforts to strengthening internal DX and also took measures such as functional enhancement of existing DX products. In addition, implementation of proactive M&A and alliance is under consideration.

Consequently, consolidated performance of the current first quarter consolidated cumulative period was as follows: Net sales of 7,152,558 thousand yen (increase by 5.4% YoY); Operating profit of 159,764 thousand yen (increase by 38.8% YoY); Ordinary profit of 135,206 thousand yen (increase by 36.3% YoY); and Net profit attributable to owners of parent of 51,232 thousand yen (increase by 70.4% YoY).

#### (Leasing DX Property Management Business)

This business segment is the Group’s principal one which undertakes mainly subleasing of residential real estates, and has its basic policies as to increase number of houses under its management and to maintain high occupancy rates. The next-generation management system named “AMBITION Cloud” which has been built up since the previous FY facilitates higher operational efficiency.

Again during current first quarter consolidated cumulative period, number of houses under its management which represents a KPI (Key Performance Indicator) smoothly increased to 24,085 (increase by 1,886 YoY), as well as 13,729 subleased houses (increase by 1,475 YoY).

Overall occupancy rate as of the end of the current first quarter consolidated cumulative period was 96.6% (it was 95.7% last year), maintaining a high level. Efforts are put to controlling management cost with DX measures, resulting in substantial increase in both net sales and profit rate.

These operations resulted in Net sales of 4,582,304 thousand yen (increase by 14.3% [573,118 thousand yen] YoY), and Segment profit (Operating profit) of 326,178 thousand yen (increase by 43.3% [98,612 thousand yen] YoY).

#### (Leasing DX Leasing Brokerage Business)

This business segment undertakes brokerage business for leased properties, mainly those managed by the Company. AMBITION AGENCY Co., Ltd. (which operates “ROOMPIA”) and VALOR Co., Ltd. (which operates “VALOR”), both of which are subsidiaries, run total 16 shops: 7 in Tokyo, 8 in Kanagawa Pref. and 1 in Saitama Pref. High leasing ability of this segment contributes to the high occupancy rates maintained by the principal Property Management Business segment.

During the current first quarter consolidated cumulative period, by making use of an AIxRPA tool named “RAC·TECH”, the Company continued to work on personnel downsizing for inputting work and increase in the number of response. In addition, various measures are taken for attracting guests, including those on the WEB by strengthened advertising strategies, as well as enhanced non-face-to-face services such as remote customer services, VR preview, and electronic contract. Such measures and also increased personnel in preparation for peak season led to higher net sales. However, because of increased investment in personnel and DX measures, increased advertising expenses and other factors, operating profit declined.

These operations resulted in Net sales of 152,683 thousand yen (increase by 9.9% [13,704 thousand yen] YoY) and Segment loss (Operating loss) of 41,821 thousand yen (decrease by 43,137 thousand yen from the Segment profit of 1,315 thousand yen in the previous FY).

#### (Sales/Purchase DX Investment Business)

This business segment is, with its strength of “Good location (Tokyo premium area) by Good design (fashionable designers)”, in collaboration with VERITAS INVESTMENT Co., Ltd., a subsidiary of the Company, which develops its business around selling self-developed studio apartments offered for investment in new building, and by means of its ability to purchase properties from diverse routes, undertaken by Investment Division of the Company which develops its business around selling renovated condominium apartments with emphasis on location. During the current first quarter consolidated cumulative period, procurement has been reinforced upon firmly taking risks into account. Performance in the current first quarter consolidated cumulative period was largely as initially planned, as 51 properties (decrease by 11 YoY) were sold by VERITAS and 17 properties (decrease by 2 YoY) were sold by Investment Division.

These operations resulted in Net sales of 2,302,040 thousand yen (decrease by 9.1% [231,135 thousand yen] YoY), and Segment profit (Operating profit) of 253,803 thousand yen (decrease by 18.8% [58,910 thousand yen] YoY).

#### (Incubation Business)

In this business segment, investment in venture companies which carry out businesses highly compatible with those of the Group, capital tie-up, and support for invested companies and other operations, are undertaken by AMBITION VENTURES Ltd. which is a subsidiary.

As of the end of the current first quarter consolidated cumulative period, the Company has invested in 24 venture companies. It includes five companies newly invested. No sales was carried out during the current first quarter consolidated cumulative period, so no sales was registered.

These operations resulted in Segment loss (Operating loss) 403 thousand yen.

#### (Other Business)

Other Business segment consists collectively of Real Estate DX Business (including an overseas subsidiary for system development), Small Amount Short-term Insurance Business, and Hotel Business.

For Real Estate DX Business, the next-generation management system “AMBITION Cloud” has been developed by the overseas subsidiary, AMBITION VIETNAM Co., Ltd., etc., which is promoted on a priority basis for internal DX. “AMBITION Cloud” realizes much higher operational efficiency and improved productivity for Leasing DX Property Management Business segment. Development of a variety of systems for real estate leasing management operations is ongoing, such as those for contract progress management, repair management, and offering management. Also, an electronic contract package integrated with the Company’s unique electronic signature system named “AMBITION Sign” which utilizes IT-enabled explanation of important matters and blockchain (distributed ledger) technologies, will be provided to Leasing DX Leasing Brokerage Business segment. Moreover, with respect to highly confidential information about real estate contracts, by utilizing blockchain (distributed ledger) technologies, information leakage/alteration is prevented and robustness is reinforced such as preventing impersonation, thereby making it possible to execute contracts in a secure environment.

During the current first quarter consolidated cumulative period, the AIxRPA tool named “RAC·TECH” developed by a subsidiary, Re-Tech RaaS Inc. has been continuously sold, functionally enhanced, together with the “RAC·TECH Auto-input” released during the previous FY having been functionally enhanced and sold more aggressively. In addition, the application for searching for rooms named “Room concierge” which is the Group’s first BtoC matching service has acquired increasing number of registered users.

Small Amount Short-term Insurance Business has continued to obtain new contracts smoothly during the current first quarter consolidated cumulative period, along with playing a role in facilitating DX in the Group by using the “MONOLITH” system developed by a subsidiary, in which the whole process from application through to payment can be completed on a paperless basis.

Concerning Hotel Business, contracts with all the facilities were terminated during the current first quarter consolidated cumulative period and since then the Company has withdrawn from this business.

These operations resulted in Net sales of 115,531 thousand yen (increase by 12.9% [13,159 thousand yen] YoY) and Segment loss (Operating loss) of 39,898 thousand yen (in comparison, it was 70,767 thousand yen in the previous FY).

## **(2) Descriptions regarding financial position**

Total assets at the end of the current first quarter consolidated fiscal period was 17,441,134 thousand yen, i.e. increased by 404,364 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in real estate for sale in progress by 492,014 thousand yen, land by 265,274 thousand yen, real estate for sale by 209,375 thousand yen, buildings and structures by 72,952 thousand yen, and operational investment securities by 40,373 thousand yen on one hand, whereas decrease in cash and deposits by 598,666 thousand yen and operating accounts receivable by 67,644 thousand yen on the other.

Total liabilities was 13,772,707 thousand yen, i.e. increased by 480,252 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in short-term loans payable by 1,038,590 thousand yen and long-term loans payable by 473,743 thousand yen on one hand, whereas decrease in current portion of long-term loans payable by 388,273 thousand yen, operating accounts payable by 317,826 thousand yen, income taxes payable by 291,917 thousand yen, and accrued expenses by 91,540 thousand yen on the other.

Total net assets was 3,668,427 thousand yen, i.e. decreased by 75,888 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to net profit attributable to owners of parent of 51,232 thousand yen and paying dividends to shareholders of 129,282 thousand yen.

## **(3) Descriptions regarding future prospects such as consolidated performance forecasts**

For the current first quarter consolidated cumulative period, consolidated performance forecasts for FY06/2023 as announced on August 12, 2022 have been unchanged.

In the event of any modification being deemed necessary in the future, it will be noticed promptly.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

## (1) Quarterly Consolidated Balance Sheets

	(thousand yen)	
	Previous consolidated fiscal year (June 30, 2022)	Current first quarter consolidated fiscal period (September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	5,216,939	4,618,272
Operating accounts receivable	326,747	259,103
Real estate for sale	2,215,068	2,424,444
Real estate for sale in process	5,280,075	5,772,089
Supplies	8,296	7,454
Operational investment securities	197,913	238,286
Others	461,736	482,494
Allowance for doubtful accounts	(26,994)	(20,120)
<b>Total current assets</b>	<b>13,679,781</b>	<b>13,782,025</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	375,864	448,816
Land	1,058,995	1,324,270
Others	38,386	36,467
<b>Total property, plant and equipment</b>	<b>1,473,247</b>	<b>1,809,554</b>
Intangible assets		
Goodwill	706,259	671,167
Others	143,220	161,717
<b>Total intangible assets</b>	<b>849,480</b>	<b>832,885</b>
Investments and other assets		
Investment securities	22,490	75,693
Guarantee deposits	202,741	139,203
Deferred tax assets	250,614	240,824
Others	566,392	576,269
Allowance for doubtful accounts	(10,852)	(17,776)
<b>Total investment and other assets</b>	<b>1,031,386</b>	<b>1,014,215</b>
<b>Total non-current assets</b>	<b>3,354,113</b>	<b>3,656,655</b>
Deferred assets		
Bond issuance cost	2,875	2,454
<b>Total deferred assets</b>	<b>2,875</b>	<b>2,454</b>
<b>Total assets</b>	<b>17,036,770</b>	<b>17,441,134</b>

(thousand yen)

	Previous consolidated fiscal year (June 30, 2022)	Current first quarter consolidated fiscal period (September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	610,954	293,128
Short-term loans payable	885,832	1,924,422
Current portion of long-term loans payable	2,648,577	2,260,304
Current portion of bonds	111,000	104,000
Accounts payable - other	113,132	104,938
Accrued expenses	319,986	228,446
Income taxes payable	361,406	69,489
Consumption taxes payable	46,528	39,528
Advances received	1,309,062	1,311,203
Operating deposits received	192,088	205,948
Others	128,988	220,053
Total current liabilities	6,727,558	6,761,464
Non-current liabilities		
Bonds payable	92,000	58,000
Long-term loans payable	5,747,764	6,221,508
Long-term guarantee deposits	648,239	654,610
Deferred tax liabilities	10,483	9,168
Others	66,407	67,955
Total non-current liabilities	6,564,896	7,011,242
Total liabilities	13,292,454	13,772,707
<b>Net assets</b>		
Shareholders' equity		
Capital stock	379,780	379,780
Capital surplus	464,229	464,229
Retained earnings	2,859,192	2,781,142
Treasury stock	(57)	(57)
Total shareholders' equity	3,703,143	3,625,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,410	29,078
Foreign currency translation adjustment	(99)	447
Total accumulated other comprehensive income	27,311	29,526
Subscription rights to shares	2,961	2,961
Non-controlling interests	10,899	10,845
Total net assets	3,744,316	3,668,427
Total liabilities and net assets	17,036,770	17,441,134



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

(Quarterly Consolidated Statements of Income)

(For the first quarter consolidated cumulative period)

(thousand yen)

	Previous first quarter consolidated cumulative period (Jul. 1, 2021 – Sep. 30, 2021)	Current first quarter consolidated cumulative period (Jul. 1, 2022 – Sep. 30, 2022)
Net sales	6,783,711	7,152,558
Cost of sales	5,575,155	5,846,786
Gross profit	1,208,555	1,305,772
SG&A expenses	1,093,480	1,146,007
Operating profit (loss)	115,075	159,764
Non-operating profit (loss)		
Interest income	29	26
Dividend income	37	61
Brokerage income	0	0
Referral fee	221	744
Gain on forfeiture of unclaimed dividends	114	162
Gain on investments in partnership	10,215	2,433
Subsidy income	12,798	6,978
Miscellaneous income	192	558
Total non-operating profit	23,610	10,964
Non-operating expenses		
Interest expenses	32,688	29,597
Amortization of bond issuance cost	509	420
Foreign exchange losses	286	502
Commission fee	5,481	4,633
Miscellaneous loss	489	368
Total non-operating expenses	39,455	35,522
Ordinary profit (loss)	99,230	135,206
Extraordinary profit		
Other extraordinary profit	664	—
Total extraordinary profit	664	—
Extraordinary losses		
Loss on retirement of non-current assets	840	—
Total extraordinary losses	840	—
Net profit (loss) before income taxes and minority interests	99,054	135,206
Income taxes	49,357	78,313
Income taxes - deferred	20,409	5,713
Total income taxes	69,767	84,027
Net profit (loss)	29,286	51,178
Net profit (loss) attributable to non-controlling shareholders	(771)	(53)
Net profit (loss) attributable to owners of parent	30,058	51,232

(Quarterly Consolidated Statements of Comprehensive Income)  
(For the first quarter consolidated cumulative period)

(Thousand yen)

	Previous first quarter consolidated cumulative period (Jul. 1, 2021 – Sep. 30, 2021)	Current first quarter consolidated cumulative period (Jul. 1, 2022 – Sep. 30, 2022)
Net profit (loss)	29,286	51,178
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	60,177	1,668
Foreign currency translation adjustment	341	547
Total other comprehensive income (loss)	60,519	2,215
Comprehensive income (loss)	89,806	53,394
(detail)		
Comprehensive income (loss) attributable to owners of parent	90,577	53,447
Comprehensive income (loss) attributable to non-controlling interests	(771)	(53)

**(3) Notes on Quarterly Consolidated Financial Statements**

(Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Change in Accounting Principles)

(Application of accounting standard for revenue recognition)

“Guidance to Applying the Accounting Standard for Fair Value Measurement” (Guidance to Applying the Accounting Standards Board of Japan Guidance No. 31 of June 17, 2021) has been applied since the beginning of the first quarter consolidated fiscal period, and in accordance with the provisional treatment pursuant to Section 27-2 of the said Guidance, the Company decided to apply the new accounting policies as set forth in the said Guidance now and in the future. Such change has no effect on the consolidated financial statements of the current first quarter.

(Additional information)

(Impacts of COVID-19)

Since the end of the previous consolidated FY, there has been no material change in assumptions about the accounting estimates due to the widespread of COVID-19 infections.

(Segment Information, etc.)

## 【Segment Information】

## I Previous first quarter consolidated cumulative period (Jul. 1, 2021 – Sep. 30, 2021)

## 1. Information on net sales and profit/loss of each reportable segment

(thousand yen)

	Reportable segments					Other Business (see Note)	Total
	Leasing DX Property Management Business	Leasing DX Leasing Brokerage Business	Sales/Purchase DX Investment Business	Incubation Business	Subtotal		
Net sales							
Sales to external customers	4,009,185	138,978	2,533,175	—	6,681,339	102,371	6,783,711
Inter-segment sales or transfer	5,109	47,394	—	—	52,503	3,693	56,196
Total	4,014,295	186,372	2,533,175	—	6,733,843	106,064	6,839,908
Segment profit (loss)	227,565	1,315	312,714	(148)	541,447	(70,767)	470,680

Note: The category "Others" refers to business segment not included in the reportable segments, which includes Real Estate DX Business, Small Amount Short-term Insurance Business, Hotel Business, Overseas Systems Business, and Incubation Business.

2. Difference between the total amount of profit or loss of reportable segments and the amount presented on the Quarterly Consolidated Statements of Income; and main contents of said difference (items in relation to adjustment of difference)

(thousand yen)

Profit	Amount
Reportable segments total	541,447
“Other” profit	(70,767)
Corporate expenses (see Note)	(355,604)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	115,075

Note: Corporate expenses comprises of general and administrative expenses not attributable to reportable segments.

## II Current third quarter consolidated cumulative period (Jul. 1, 2022 – Sep. 30, 2022)

## 1. Information on net sales and profit/loss of each reportable segment

(thousand yen)

	Reportable segments					Other Business (see Note)	Total
	Leasing DX Property Management Business	Leasing DX Leasing Brokerage Business	Sales/Purchase DX Investment Business	Incubation Business	Subtotal		
Net sales							
Sales to external customers	4,582,304	152,683	2,302,040	—	7,037,027	115,531	7,152,558
Inter-segment sales or transfer	6,139	40,861	—	—	47,001	6,161	53,162
Total	4,588,444	193,544	2,302,040	—	7,084,028	121,692	7,205,721
Segment profit (loss)	326,178	(41,821)	253,803	(403)	537,756	(39,898)	497,857

Note: The category "Others" refers to business segment not included in the reportable segments, which includes Real Estate DX Business (including an overseas subsidiary for system development), Small Amount Short-term Insurance Business and Hotel Business.

## 2. Difference between the total amount of profit or loss of reportable segments and the amount presented on the Quarterly Consolidated Statements of Income; and main contents of said difference (items in relation to adjustment of difference)

(thousand yen)

Profit	Amount
Reportable segments total	537,756
“Other” profit	(39,898)
Corporate expenses (see Note)	(338,093)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	159,764

Note: Corporate expenses comprises of general and administrative expenses not attributable to reportable segments.

## 3. Information on changes in reportable segments, etc.

Not applicable.

## (Significant Post-Balance Sheet Events)

There is no content that should be included here.