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February 14, 2023

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

Company name: AMBITION DX HOLDINGS Co., Ltd.  
 Stock exchange listing: Tokyo  
 Securities code: 3300 URL: <https://am-bition.jp/>  
 Representative: President & Representative Director Takeshi Shimizu  
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Scheduled date to file Quarterly Securities Report: February 14, 2023  
 Scheduled date to commence dividend payments: N/A  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (For institutional/private investors and analysts)

(Amounts less than one mil. yen are rounded down)

**1. Consolidated financial results of the second quarter of FY06/2023 (July 1, 2022 – December 31, 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	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
2Q of FY06/2023	17,206	18.4	795	46.7	740	46.1	423	58.3
2Q of FY06/2022	14,538	(11.6)	541	13.2	506	17.5	267	35.9

(Note) Comprehensive profit 2Q of FY06/2023: 398 mil. yen [—%]  
 2Q of FY06/2022: (19) mil. yen [—%]

	Net profit (loss) per share	Diluted net profit (loss) per share
	yen	yen
2Q of FY06/2023	62.27	61.45
2Q of FY06/2022	39.35	38.69

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	yen
2Q of FY06/2023	17,359	4,011	23.0	587.45
FY06/2022	17,036	3,744	21.9	548.25

(Reference) Shareholders equity 2Q of FY06/2023: 3,997 mil. yen  
 FY06/2022: 3,730 mil. 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	—	0.00	—	—	—
FY06/2023 (forecasts)	—	—	—	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
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	yen
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)

2Q 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

2Q of FY06/2023:	48 shares	FY06/2022:	48 shares
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- ③ Average number of shares during the period (quarterly cumulative)

2Q of FY06/2023:	6,804,352 shares	2Q 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

1. 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 5, "1. Qualitative Information regarding the Financial Results of the Current Quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

2. Briefing for institutional/private investors and analysts will be held on February 24, 2023 (Fri.).

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

### (1) Descriptions regarding operating results

During the current second 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 rapid exchange rate fluctuations 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 bln. 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 second 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 second consolidated cumulative period was as follows: Net sales: 17,206,917 thousand yen (increase by 18.4% [2,668,104 thousand yen] YoY); Operating profit: 795,250 thousand yen (increase by 46.7% [253,309 thousand yen] YoY); Ordinary profit: 740,378 thousand yen (increase by 46.1% [233,768 thousand yen] YoY); and Net profit attributable to owners of parent: 423,739 thousand yen (increase by 58.3% [156,006 thousand yen] YoY).

Operating results of individual business segments are as follows.

#### *(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.

In addition, our original application for residents “AMBITION Me” that is under development as a lifetime value strategy has made it possible for residents to apply for a range of process from dedicated services through to delivery/reception of room keys, at the time of arrangement for move-in, just using their smartphones. Also, a loyalty program has been built up for improving our customers’ satisfaction and engagement, and for realizing maximum LTV (Lifetime Value), at their various life stages.

Again during the current second quarter consolidated cumulative period, number of houses under its management which represents a KPI (Key Performance Indicator) smoothly increased to 24,520 (increase by 1,436 [6.2%] YoY), as well as 13,810 subleased houses (increase by 927 [7.2%] YoY).

Overall occupancy rate as of the end of the current second quarter consolidated cumulative period was 97.2% (it was 94.4% 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 9,327,955 thousand yen (increase by 15.1% [1,225,290 thousand yen] YoY), and Segment profit (Operating profit) of 628,338 thousand yen (increase by 41.9% [185,586 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 second 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, operating profit declined because of investment in personnel and DX measures, increased advertising expenses and other factors.

These operations resulted in Net sales of 327,099 thousand yen (increase by 11.1% [32,794 thousand yen] YoY) and Segment loss (Operating loss) of 56,816 thousand yen (as opposed to Segment profit of 15,633 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 second quarter consolidated cumulative period, procurement has been reinforced upon firmly taking risks into account. Performance in the current second quarter consolidated cumulative period was largely as initially planned, as 156 properties (increase by 34 YoY) were sold by VERITAS and 40 properties (decrease by 6 YoY) were sold by Investment Division.

These operations resulted in Net sales of 7,308,248 thousand yen (increase by 29.5% [1,666,616 thousand yen] YoY), and Segment profit (Operating profit) of 1,093,195 thousand yen (increase by 66.6% [437,162 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 second quarter consolidated cumulative period, the Company has invested in 24 venture companies. They include five companies newly invested during the current second quarter consolidated cumulative period. No sales was carried out during the current second quarter consolidated cumulative period, so both net sales and profit in this segment substantially decreased.

These operations resulted in Net sales of 539 thousand yen (increase by 99.8% [293,563 thousand yen] YoY) and Segment loss (Operating loss) of 36,341 thousand yen (as opposed to Segment profit of 288,405 thousand yen in the previous FY).

*(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, has been 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 second 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, and the “MONOLITH” system developed by a subsidiary, in which the whole process from application through to payment can be completed on a paperless basis, realized more efficient processes for both our customers and agents, leading to increasing number of contracts.

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

These operations resulted in Net sales of 243,075 thousand yen (increase by 17.9% [36,967 thousand yen] YoY) and Segment loss (Operating loss) of 66,676 thousand yen (in comparison, it was 132,915 thousand yen in the previous FY).

## (2) Descriptions regarding financial position

### ① Assets, liabilities, and net assets

Total assets at the end of the current second quarter consolidated fiscal period was 17,359,495 thousand yen, i.e. increased by 322,724 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Real estate for sale by 510,860 thousand yen, Land by 220,668 thousand yen, Investment securities by 45,751 thousand yen, and Buildings and structures by 43,348 thousand yen on one hand, whereas decrease in Real estate for sale in process by 247,919 thousand yen, Cash and deposits by 194,045 thousand yen, Goodwill by 70,183 thousand yen, and Guarantee deposits by 63,588 thousand yen on the other.

Total liabilities was 13,348,182 thousand yen, i.e. increased by 55,728 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Short-term loans payable by 869,182 thousand yen, Operating deposits received by 27,401 thousand yen, and Current portion of bonds by 26,400 thousand yen on one hand, whereas decrease in Long-term loans payable by 454,195 thousand yen, Operating accounts payable by 225,629 thousand yen, and Current portion of long-term loans payable by 114,985 thousand yen on the other.

Total net assets was 4,011,312 thousand yen, i.e. increased by 266,996 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Retained earnings by 294,456 thousand yen on one hand, whereas decrease in Valuation difference on available-for-sale securities by 24,998 thousand yen on the other.

### ② Cash flow status

Balance of cash and cash equivalents at the end of the current second quarter consolidated cumulative period was 4,954,893 thousand yen i.e. decreased by 194,045 thousand yen as compared to the end of the previous consolidated FY.

Cash flow status for each activity category and main factors thereof are as follows.

#### *(Cash flows from operating activities)*

Net cash provided by operating activities during the current second quarter consolidated cumulative period was 800,356 thousand yen (in comparison, it was 1,801,223 thousand yen in the same period of the previous year). Major positive factors include Net profit before income taxes and minority interests of 744,110 thousand yen, decrease in Real estate for sale by 391,107 thousand yen, and decrease in Real estate for sale in progress by 247,919 thousand yen. And major negative factors include decrease in Notes and accounts payable - trade by 221,259 thousand yen and Income taxes paid of 336,432 thousand yen.

#### *(Cash flows from investing activities)*

Net cash used in investing activities during the current second quarter consolidated cumulative period was 1,207,159 thousand yen (in comparison, it was 731,331 thousand yen in the same period of the previous year). Major negative factors include Purchase of property, plant and equipment of 1,276,537 thousand yen and Purchase

of intangible assets of 46,050 thousand yen. And major positive factors include Collection of investments in capital of 101,985 thousand yen.

*(Cash flows from financing activities)*

Net cash provided by financing activities during the current second quarter consolidated cumulative period was 213,417 thousand yen (to the contrary, net cash of 1,152,243 thousand yen was used in the same period of the previous year). Major positive factors include Proceeds from long-term loans payable of 2,014,700 thousand yen. And major negative factors include Repayments of long-term loans payable of 2,583,880 thousand yen.

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

For the current second 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 second quarter consolidated fiscal period (December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	5,216,939	5,022,893
Operating accounts receivable	326,747	362,356
Real estate for sale	2,215,068	2,725,929
Real estate for sale in process	5,280,075	5,032,155
Supplies	8,296	8,308
Operational investment securities	197,913	169,252
Others	461,736	574,268
Allowance for doubtful accounts	(26,994)	(19,604)
Total current assets	13,679,781	13,875,560
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	375,864	419,213
Land	1,058,995	1,279,664
Others (net)	38,386	33,125
Total property, plant and equipment	1,473,247	1,732,003
Intangible assets		
Goodwill	706,259	636,075
Others	143,220	162,333
Total intangible assets	849,480	798,409
Investments and other assets		
Investment securities	22,490	68,242
Guarantee deposits	202,741	139,152
Deferred tax assets	250,614	266,066
Others	566,392	500,224
Allowance for doubtful accounts	(10,852)	(23,267)
Total investment and other assets	1,031,386	950,418
Total non-current assets	3,354,113	3,480,831
Deferred assets		
Bond issuance cost	2,875	3,103
Total deferred assets	2,875	3,103
<b>Total assets</b>	17,036,770	17,359,495



(thousand yen)

	Previous consolidated fiscal year (June 30, 2022)	Current second quarter consolidated fiscal period (December 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	610,954	385,324
Short-term loans payable	885,832	1,755,014
Current portion of long-term loans payable	2,648,577	2,533,592
Current portion of bonds	111,000	137,400
Accounts payable - other	113,132	90,353
Accrued expenses	319,986	281,901
Income taxes payable	361,406	311,567
Consumption taxes payable	46,528	18,067
Advances received	1,309,062	1,321,261
Operating deposits received	192,088	219,489
Others	128,988	172,861
Total current liabilities	6,727,558	7,226,834
Non-current liabilities		
Bonds payable	92,000	111,100
Long-term loans payable	5,747,764	5,293,569
Long-term guarantee deposits	648,239	649,922
Deferred tax liabilities	10,483	164
Others	66,407	66,591
Total non-current liabilities	6,564,896	6,121,348
Total liabilities	13,292,454	13,348,182
<b>Net assets</b>		
Shareholders' equity		
Capital stock	379,780	379,780
Capital surplus	464,229	462,229
Retained earnings	2,859,192	3,153,649
Treasury stock	(57)	(57)
Total shareholders' equity	3,703,143	3,995,600
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,410	2,411
Foreign currency translation adjustment	(99)	(801)
Total accumulated other comprehensive income	27,311	1,610
Subscription rights to shares	2,961	2,961
Non-controlling interests	10,899	11,139
Total net assets	3,744,316	4,011,312
Total liabilities and net assets	17,036,770	17,359,495

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

(Quarterly Consolidated Statements of Income)

(For the second quarter consolidated cumulative period)

(thousand yen)

	Previous second quarter consolidated cumulative period (Jul. 1, 2021 – Dec. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 2022 – Dec. 31, 2022)
Net sales	14,538,812	17,206,917
Cost of sales	11,784,263	14,089,424
Gross profit	2,754,548	3,117,492
SG&A expenses	2,212,608	2,322,242
Operating profit (loss)	541,940	795,250
Non-operating profit (loss)		
Interest income	40	31
Dividend income	101	84
Brokerage income	0	0
Gain on investments in partnership	10,039	2,433
Subsidy income	32,329	17,610
Miscellaneous income	1,339	2,753
Total non-operating profit	43,851	22,914
Non-operating expenses		
Interest expenses	64,030	63,086
Amortization of bond issuance cost	1,019	872
Foreign exchange losses	928	99
Commission fee	11,561	12,865
Miscellaneous loss	1,643	862
Total non-operating expenses	79,182	77,787
Ordinary profit (loss)	506,609	740,378
Extraordinary profit		
Gain on sale of investment securities	—	3,738
Other extraordinary profit	664	—
Total extraordinary profit	664	3,738
Extraordinary losses		
Loss on retirement of non-current assets	840	6
Total extraordinary losses	840	6
Net profit (loss) before income taxes and minority interests	506,433	744,110
Income taxes	216,886	336,502
Income taxes - deferred	22,304	(16,371)
Total income taxes	239,190	320,131
Net profit (loss)	267,242	423,979
Net profit (loss) attributable to non-controlling shareholders	(490)	240
Net profit (loss) attributable to owners of parent	267,733	423,739

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

(Thousand yen)

	Previous second quarter consolidated cumulative period (Jul. 1, 2021 – Dec. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 2022 – Dec. 31, 2022)
Net profit (loss)	267,242	423,979
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(287,451)	(24,998)
Foreign currency translation adjustment	694	(701)
Total other comprehensive income (loss)	(286,757)	(25,700)
Comprehensive income (loss)	(19,514)	398,278
(detail)		
Comprehensive income (loss) attributable to owners of parent	(19,024)	398,038
Comprehensive income (loss) attributable to non-controlling interests	(490)	240

**(3) Quarterly Consolidated Cash Flow Statements**

	(thousand yen)	
	Previous second quarter consolidated cumulative period (Jul. 1, 2021 - Dec. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 202 - Dec. 31, 202 )
<b>Cash flows from operating activities</b>		
Net profit (loss) before income taxes and minority interests	506,433	744,110
Depreciation	56,364	63,872
Amortization of goodwill	70,183	70,183
Increase (decrease) in allowance for doubtful accounts	(11,529)	5,024
Increase (decrease) in reserve for bonuses	66	(195)
Increase (decrease) in ordinary underwriting reserve	12,929	22,380
Increase (decrease) in provision for loss on office transfer	(7,054)	—
Loss (gain) on sale of investment securities	—	(3,738)
Interest and dividends income	(142)	(116)
Amortization of bond issuance cost	1,019	872
Interest expenses	64,030	63,086
Loss on retirement of non-current assets	840	6
Gain on investments in partnership	(10,039)	(2,433)
Decrease (increase) in operational investment securities	535,550	28,661
Decrease (increase) in notes and accounts receivable - trade	(144,954)	(47,820)
Decrease (increase) in inventories	(978)	(11)
Decrease (increase) in real estate for sale	719,223	391,107
Decrease (increase) in real estate for sale in progress	899,758	247,919
Increase (decrease) in long-term guarantee deposits	(14,333)	(6,698)
Increase (decrease) in operating deposits received	11,666	27,401
Increase (decrease) in advances received	34,171	12,198
Decrease (increase) in prepaid expenses	(11,259)	(41,992)
Increase (decrease) in notes and accounts payable - trade	(96,734)	(221,259)
Increase (decrease) in accrued expenses	(10,864)	(39,511)
Increase (decrease) in accrued consumption taxes	(61,336)	(41,570)
Others	(568,862)	(76,346)
Subtotal	1,974,149	1,195,131
Income taxes refund	(115,486)	(336,432)
Interest and dividends income received	142	116
Interest expenses paid	(57,582)	(58,459)
Net cash provided by (used in) operating activities	1,801,223	800,356
<b>Cash flows from investing activities</b>		
Payments into time deposits	(22,000)	(32,500)
Proceeds from withdrawal of time deposits	12,000	30,000
Purchase of property, plant and equipment	(721,804)	(1,276,537)
Purchase of intangible assets	(23,133)	(46,050)
Purchase of investment securities	(296)	(50,158)
Proceeds from sale of investment securities	—	7,566
Payments for investments in capital	(15,100)	—
Collection of investments in capital	23,358	101,985
Expense by payment of guarantee deposits	(4,520)	(4,473)
Proceeds from collection of guarantee deposits	21,049	63,936
Others	(884)	(926)
Net cash provided by (used in) investing activities	(731,331)	(1,207,159)

	(thousand yen)	
	Previous second quarter consolidated cumulative period (Jul. 1, 2021 - Dec. 31, 2021)	Current second quarter consolidated cumulative period (Jul. 1, 2022 - Dec. 31, 2022)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	344,858	869,182
Proceeds from long-term loans payable	695,900	2,014,700
Repayments of long-term loans payable	(2,038,331)	(2,583,880)
Proceeds from issuance of bonds	—	98,900
Expense by redemption of bonds	(60,800)	(54,500)
Dividends paid	(92,503)	(128,983)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(2,000)
Others	(1,366)	—
Net cash provided by (used in) financing activities	(1,152,243)	213,417
Effect of exchange rate change on cash and cash equivalents	694	(659)
Net increase (decrease) in cash and cash equivalents	(81,656)	(194,045)
Cash and cash equivalents at beginning of period	3,699,130	5,148,939
Cash and cash equivalents at 2Q end	3,617,473	4,954,893

**(4) 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 second 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.)

**I Previous second quarter consolidated cumulative period (Jul. 1, 2021 – Dec. 31, 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	8,102,664	294,305	5,641,631	294,102	14,332,704	206,107	14,538,812
Inter-segment sales or transfer	8,385	106,667	—	—	115,052	8,131	123,184
Total	8,111,050	400,972	5,641,631	294,102	14,447,757	214,239	14,661,997
Segment profit (loss)	442,751	15,633	656,033	288,405	1,402,825	(132,915)	1,269,909

Note: "Other Business" 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	1,402,825
“Other” profit	(132,915)
Corporate expenses (see Note)	(727,969)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	541,940

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

## II Current second quarter consolidated cumulative period (Jul. 1, 2022 – Dec. 31, 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	9,327,955	327,099	7,308,248	539	16,963,842	243,075	17,206,917
Inter-segment sales or transfer	10,308	89,044	—	—	99,352	13,895	113,248
Total	9,338,263	416,144	7,308,248	539	17,063,195	256,970	17,320,165
Segment profit (loss)	628,338	(56,816)	1,093,195	(36,341)	1,628,377	(66,676)	1,561,700

Note: "Other Business" 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	1,628,377
"Other" profit	(66,676)
Corporate expenses (see Note)	(766,450)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	795,250

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

## (Significant Post-Balance Sheet Events)

Not applicable.