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May 15, 2023

## Summary of Consolidated Financial Results for the Third 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: May 15, 2023  
 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 mil. yen are rounded down)

### 1. Consolidated financial results of the third quarter of FY06/2023 (July 1, 2022 – March 31, 2023)

#### (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	%
3Q of FY06/2023	27,896	23.6	1,525	29.4	1,451	40.0	912	54.5
3Q of FY06/2022	22,570	(4.7)	1,178	41.2	1,037	37.8	590	25.6
(Note) Comprehensive profit	3Q of FY06/2023: 889 mil. yen [785.4%]		3Q of FY06/2022: 100 mil. yen [391.9%]					

	Net profit (loss) per share	Diluted net profit (loss) per share
	yen	yen
3Q of FY06/2023	134.12	132.16
3Q of FY06/2022	86.84	85.51

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	yen
3Q of FY06/2023	19,229	4,502	23.3	659.46
FY06/2022	17,036	3,744	21.9	548.25
(Reference) Shareholders equity	3Q of FY06/2023: 4,487 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)

3Q 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

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

3Q of FY06/2023:	6,804,352 shares	3Q 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 third 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 third 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 increasing the number of customers to be supported per staff, 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: 27,896,027 thousand yen (increase by 23.6% [5,325,839 thousand yen] YoY); Operating profit: 1,525,123 thousand yen (increase by 29.4% [346,285 thousand yen] YoY); Ordinary profit: 1,451,429 thousand yen (increase by 40.0% [414,362 thousand yen] YoY); and Net profit attributable to owners of parent: 912,592 thousand yen (increase by 54.5% [321,727 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 third quarter consolidated cumulative period, number of houses under its management which represents a KPI (Key Performance Indicator) smoothly increased to 24,919 (increase by 1,404 [6.0%] YoY), as well as 13,943 subleased houses (increase by 801 [6.1%] YoY).

Overall occupancy rate as of the end of the current third quarter consolidated cumulative period was 98.2% (it was 96.0% last year), maintaining a high level. Efforts are put to DX measures, resulting in substantial increase in both net sales and profit rate.

These operations resulted in Net sales of 14,244,748 thousand yen (increase by 13.7% [1,711,731 thousand yen] YoY), and Segment profit (Operating profit) of 1,018,018 thousand yen (increase by 46.7% [323,893 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 third 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 sales personnel in preparation for peak season led to higher net sales. However, operating profit declined because of investment in sales personnel and DX measures, increased advertising expenses and other factors.

These operations resulted in Net sales of 665,577 thousand yen (increase by 12.1% [71,971 thousand yen] YoY), and Segment profit (Operating profit) of 49,169 thousand yen (decrease by 63.4% [85,140 thousand yen] YoY).

*(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. Performance in the current third quarter consolidated cumulative period was largely as initially planned, as 245 properties (+ 57 YoY) were sold by VERITAS and 72 properties (+ 7 YoY) were sold by Investment Division.

These operations resulted in Net sales of 12,515,651 thousand yen (increase by 46.3% [3,959,071 thousand yen] YoY), and Segment profit (Operating profit) of 1,734,292 thousand yen (increase by 54.6% [612,752 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 third quarter consolidated cumulative period, the Company has invested in 28 venture companies. They include ten companies newly invested during the current third quarter consolidated cumulative period. During the current third quarter consolidated cumulative period, some of these invested companies were sold off.

These operations resulted in Net sales of 58,062 thousand yen (decrease by 89.3% [484,418 thousand yen] YoY), and Segment profit (Operating profit) of 9,617 thousand yen (decrease by 98.1% [506,282 thousand yen] YoY).

*(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” has realized 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 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 third 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 411,988 thousand yen (increase by 19.6% [67,483 thousand yen] YoY) and Segment loss (Operating loss) of 70,978 thousand yen (in comparison, it was 169,188 thousand yen in the previous FY).

**(2) Descriptions regarding financial position**

Total assets at the end of the current third quarter consolidated fiscal period was 19,229,814 thousand yen, i.e. increased by 2,193,044 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Land by 1,549,882 thousand yen, Real estate for sale by 955,855 thousand yen, Buildings and structures (net) by 566,328 thousand yen on one hand, whereas decrease in Real estate for sale in process by 1,227,503 thousand yen, Goodwill by 105,275 thousand yen, and Guarantee deposits by 58,059 thousand yen on the other.

Total liabilities was 14,726,971 thousand yen, i.e. increase by 1,434,516 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Short-term loans payable by 1,078,068 thousand yen, Current portion of long-term loans payable by 360,308 thousand yen, Advances received by 174,219 thousand yen, Operating accounts payable by 205,313 thousand yen, Long-term loans payable by 123,996 thousand yen, and Accrued expenses by 22,612 thousand yen.

Total net assets was 4,502,843 thousand yen, i.e. increase by 758,527 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Retained earnings by 783,310 thousand yen on one hand, whereas decrease in Valuation difference on available-for-sale securities by 24,098 thousand yen on the other.

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

For the current third 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**

	Previous consolidated fiscal year (June 30, 2022)	Current third quarter consolidated fiscal period (March 31, 2023)
(thousand yen)		
<b>Assets</b>		
Current assets		
Cash and deposits	5,216,939	5,292,997
Operating accounts receivable	326,747	505,603
Real estate for sale	2,215,068	3,170,924
Real estate for sale in process	5,280,075	4,052,572
Supplies	8,296	11,157
Operational investment securities	197,913	230,735
Others	461,736	601,881
Allowance for doubtful accounts	(26,994)	(26,311)
<b>Total current assets</b>	<b>13,679,781</b>	<b>13,839,560</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	375,864	942,192
Land	1,058,995	2,608,878
Others (net)	38,386	31,905
<b>Total property, plant and equipment</b>	<b>1,473,247</b>	<b>3,582,976</b>
Intangible assets		
Goodwill	706,259	600,983
Others	143,220	175,514
<b>Total intangible assets</b>	<b>849,480</b>	<b>776,498</b>
Investments and other assets		
Investment securities	22,490	94,816
Guarantee deposits	202,741	144,681
Deferred tax assets	250,614	291,930
Others	566,392	513,868
Allowance for doubtful accounts	(10,852)	(17,207)
<b>Total investment and other assets</b>	<b>1,031,386</b>	<b>1,028,089</b>
<b>Total non-current assets</b>	<b>3,354,113</b>	<b>5,387,564</b>
Deferred assets		
Bond issuance cost	2,875	2,689
<b>Total deferred assets</b>	<b>2,875</b>	<b>2,689</b>
<b>Total assets</b>	<b>17,036,770</b>	<b>19,229,814</b>

(thousand yen)

	Previous consolidated fiscal year (June 30, 2022)	Current third quarter consolidated fiscal period (March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	610,954	405,640
Short-term loans payable	885,832	1,963,900
Current portion of long-term loans payable	2,648,577	3,008,885
Current portion of bonds	111,000	124,400
Accounts payable - other	113,132	102,524
Accrued expenses	319,986	297,374
Income taxes payable	361,406	370,844
Consumption taxes payable	46,528	25,302
Advances received	1,309,062	1,483,282
Operating deposits received	192,088	253,390
Others	128,988	218,960
Total current liabilities	6,727,558	8,254,505
Non-current liabilities		
Bonds payable	92,000	81,100
Long-term loans payable	5,747,764	5,623,767
Long-term guarantee deposits	648,239	696,891
Deferred tax liabilities	10,483	—
Others	66,407	70,705
Total non-current liabilities	6,564,896	6,472,465
Total liabilities	13,292,454	14,726,971
<b>Net assets</b>		
Shareholders' equity		
Capital stock	379,780	379,780
Capital surplus	464,229	462,229
Retained earnings	2,859,192	3,642,502
Treasury stock	(57)	(57)
Total shareholders' equity	3,703,143	4,484,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,410	3,311
Foreign currency translation adjustment	(99)	(547)
Total accumulated other comprehensive income	27,311	2,763
Subscription rights to shares	2,961	2,961
Non-controlling interests	10,899	12,664
Total net assets	3,744,316	4,502,843
<b>Total liabilities and net assets</b>	<b>17,036,770</b>	<b>19,229,814</b>



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

(Quarterly Consolidated Statements of Income)

(For the third quarter consolidated cumulative period)

(thousand yen)

	Previous third quarter consolidated cumulative period (Jul. 1, 2021 – Mar. 31, 2022)	Current third quarter consolidated cumulative period (Jul. 1, 2022 – Mar. 31, 2023)
Net sales	22,570,188	27,896,027
Cost of sales	18,000,258	22,685,722
Gross profit	4,569,929	5,210,305
SG&A expenses	3,391,091	3,685,181
Operating profit (loss)	1,178,837	1,525,123
Non-operating profit (loss)		
Interest income	69	57
Dividend income	138	84
Brokerage income	1	1
Gain on investments in partnership	20,923	19,147
Subsidy income	47,629	27,776
Miscellaneous income	2,859	3,633
Total non-operating profit	71,621	50,701
Non-operating expenses		
Interest expenses	96,468	94,657
Amortization of bond issuance cost	1,469	1,285
Foreign exchange losses	1,817	427
Commission fee	110,970	26,481
Loss on investments in partnership	444	—
Miscellaneous loss	2,220	1,543
Total non-operating expenses	213,392	124,395
Ordinary profit (loss)	1,037,066	1,451,429
Extraordinary profit		
Gain on sales 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
Commission fee	41,142	—
Total extraordinary losses	41,983	6
Net profit (loss) before income taxes and minority interests	995,747	1,455,161
Income taxes	426,505	583,337
Income taxes - deferred	(22,084)	(42,533)
Total income taxes	404,421	540,804
Net profit (loss)	591,326	914,357
Net profit (loss) attributable to non-controlling shareholders	461	1,764
Net profit (loss) attributable to owners of parent	590,865	912,592

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

(thousand yen)

	Previous third quarter consolidated cumulative period (Jul. 1, 2021 – Mar. 31, 2022)	Current third quarter consolidated cumulative period (Jul. 1, 2022 – Mar. 31, 2023)
Net profit (loss)	591,326	914,357
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(492,412)	(24,098)
Foreign currency translation adjustment	1,578	(448)
Total other comprehensive income (loss)	(490,833)	(24,547)
Comprehensive income (loss)	100,492	889,810
(detail)		
Comprehensive income (loss) attributable to owners of parent	100,031	888,045
Comprehensive income (loss) attributable to non-controlling interests	461	1,764

**(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 Policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

“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 third quarter.

(Change in Accounting Policies)

(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 third quarter consolidated cumulative period (Jul. 1, 2021 – Mar. 31, 2022)***1. Information on net sales and profit/loss of each reportable segment*

	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	12,533,016	593,605	8,556,580	542,480	22,225,683	344,505	22,570,188
Inter-segment sales or transfer	15,411	167,468	—	—	182,880	12,151	195,031
Total	12,548,428	761,073	8,556,580	542,480	22,408,563	356,656	22,765,219
Segment profit (loss)	694,124	134,310	1,121,539	515,900	2,465,875	(169,188)	2,296,686

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

Profit	Amount
Reportable segments total	2,465,875
“Other” profit	(169,188)
Corporate expenses (see Note)	(1,117,849)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	1,178,837

Note: Corporate expenses comprises of SG&A expenses not attributable to reportable segments.

## II Current third quarter consolidated cumulative period (Jul. 1, 2022 – Mar. 31, 2023)

## 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	Sales/Purchase DX Investment Business	Leasing DX Leasing Brokerage Business	Incubation Business	Subtotal		
Net sales							
Sales to external customers	14,244,748	665,577	12,515,651	58,062	27,484,039	411,988	27,896,027
Inter-segment sales or transfer	18,110	133,470	—	—	151,580	20,614	172,195
Total	14,262,858	799,048	12,515,651	58,062	27,635,620	432,602	28,068,223
Segment profit (loss)	1,018,018	49,169	1,734,292	9,617	2,811,097	(70,978)	2,740,119

Note: The category "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	2,811,097
"Other" profit	(70,978)
Corporate expenses (see Note)	(1,214,995)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	1,525,123

Note: Corporate expenses comprises of SG&A expenses not attributable to reportable segments.

## (Significant Post-Balance Sheet Events)

## (Business combination by acquisition)

At the board meeting on April 19, 2023, the Company decided to acquire the entire shares of DRAFT Inc. (hereinafter "DRAFT") to make it a subsidiary, and on the same day, executed a share transfer agreement and acquired the entire shares as of April 28, 2023.

## (1) Summary of business combination

## ① Name and business activities of the acquired company

Name : DRAFT Inc.

Business activities: Sales of utilities commodities such as those for power producers & suppliers, gas, water-servers; and commodities for housing facilities/environment such as storage batteries, photovoltaics, and exterior painting

## ② Main reason for business combination

To engage in sales activities for utilities commodities handled by DRAFT, giving rise to synergy with the Group as a whole, thus expanding business operations and improving our corporate values. In addition, to make use of DRAFT's capabilities of attracting and fostering interns in order for the Group's recruitment of new graduates, as well as for further business development to the field of HR.

## ③ Date of business combination

April 28, 2023

## ④ Legal form of business combination

Share acquisition in exchange of cash

## ⑤ Name of the company after combination

No change.

## ⑥ Percentage of voting rights acquired

100%

## ⑦ Main ground for determining acquiring company

The Company has acquired the shares in exchange of cash.

## (2) Cost of acquiring the acquired company, by type of consideration

This information shall not be disclosed due to the confidentiality obligation with the other party of this share acquisition. However, with reference to the due diligence presented by some professionals, this acquisition was carried out at a value less than 15% of the consolidated net assets as of the end of the previous fiscal year of the Company.

## (3) Details and amount of major expenses related to acquisition

Compensation/commission and others for advisory services, etc.: 28,891 thousand yen (approximate)

(Note) This amount is an approximation at the time of executing the share transfer agreement, and therefore it may increase/decrease in the future.

## (4) Amount of goodwill that occurred, cause for the occurrence, amortization method and amortization period

Not yet established at present.

## (5) Amount and principal breakdown of assets and liabilities assumed on the date of business combination

Not yet established at present.