

## Summary of Consolidated Financial Results for the Full-Term of the Fiscal Year ended June 30, 2023 (FY06/2023) [Japanese GAAP]

Company name: AMBITION DX HOLDINGS Co., Ltd.  
 Stock exchange listing: Tokyo  
 Securities code: 3300 URL: <https://www.ambition.jp/>  
 Representative: President & Representative Director Takeshi Shimizu  
 Inquiries: Executive Officer & General Manager of Corporate Management Division Fuminori Ozeki TEL: 81-3-6439-8905

Scheduled date of ordinary general meeting of shareholders: September 28, 2023  
 Scheduled date to file Securities Report: September 29, 2023  
 Scheduled date to commence dividend payments: September 29, 2023  
 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 FY06/2023 (July 1, 2022 – June 30, 2023)****(1) Consolidated operating results**

(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	%
FY06/2023	36,239	14.7	1,603	7.0	1,482	9.4	961	16.4
FY06/2022	31,607	3.5	1,498	53.3	1,355	51.0	826	38.8

(Note) Comprehensive profit FY06/2023: 944 mil. yen [207.2%]  
 FY06/2022: 307 mil. yen [–%]

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to total assets ratio
	yen	yen	%	%	%
FY06/2023	141.22	138.86	23.1	7.9	4.4
FY06/2022	121.42	119.64	21.8	7.8	4.7

(Reference) Share of loss of entities accounted for using equity method FY2023: – mil. yen  
 FY2022: – mil. yen

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	yen
FY06/2023	20,516	4,600	22.3	667.24
FY06/2022	17,036	3,744	21.9	548.25

(Reference) Shareholders equity FY06/2023: 4,584 mil. yen  
 FY06/2022: 3,730 mil. yen

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	mil. yen	mil. yen	mil. yen	mil. yen
FY06/2023	2,282	(4,271)	2,410	5,571
FY06/2022	4,102	(1,064)	(1,589)	5,148

**2. Cash dividends**

	Annual dividends per share					Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	yen	yen	yen	yen	yen	mil. yen	%	%
FY06/2022	—	0.00	—	19.00	19.00	129	15.6	3.4
FY06/2023	—	0.00	—	22.00	22.00	151	15.6	3.6
FY06/2024 (forecasts)	—	0.00	—	25.00	25.00		15.4	

**3. Consolidated performance forecasts for FY06/2023 (July 1, 2023 – 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	37,760	4.2	2,006	25.1	1,677	13.2	1,104	14.9	160.75

**\*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) 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

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

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

FY06/2023:	6,871,000 shares	FY06/2022:	6,804,400 shares
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- ② Number of treasury stock at the end of the period

FY06/2023:	93 shares	FY06/2022:	48 shares
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- ③ Average number of shares during the period

FY06/2023:	6,807,655 shares	FY06/2022:	6,804,352 shares
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## (Reference) Non-consolidated financial results

## 1. Non-consolidated financial results of FY06/2023 (July 1, 2022 – June 30, 2023)

## (1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Net profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
FY06/2023	24,272	16.9	636	263.2	999	428.4	865	437.7
FY06/2022	20,755	13.1	175	(41.3)	189	(81.2)	161	(83.8)

	Earnings per share	Diluted earnings per share
	yen	yen
FY06/2023	127.18	125.06
FY06/2022	23.66	23.32

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	yen
FY06/2023	11,343	2,937	25.9	427.09
FY06/2022	8,859	2,157	24.3	316.66

(Reference) Shareholders equity FY06/2023: 2,934 mil. yen  
FY06/2022: 2,154 mil. yen

## &lt;Reasons for the differences in non-consolidated financial results between the current and previous FYs&gt;

Major reasons for the year-on-year difference in Net sales are increase in properties under management, increase in properties for sale/purchase, and rise in average unit price. Major reason for the difference in Operating profit is that, in the Leasing DX Property Management Business segment, offering cost decreased due to calming down of COVID-19 infections, leading to substantial decrease in sales promotion and other expenses. Major reason for the differences in Ordinary profit and Net profit is that dividends provided by AMBITION VENTURES Co., Ltd. (a subsidiary) increased as compared to the previous FY.

\* 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 to be reasonable, and therefore actual business performance and other elements may differ substantially due to various factors. For preconditions for performance forecasts and other matters, please see the appendix, page 4, "1. Overall Operating Results, etc., (4) Forecasts for the future".

2. Briefing for institutional investors will be held on August 24, 2023 (Thu.).

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## 1. Overall Operating Results, etc.

### (1) Overall operating results of the current period

#### *Operating results of the current term*

During the current consolidated FY, around the Group we experienced a series of situations such as relaxation of behavioral restrictions due to COVID-19, renewed acceptance of foreign tourists, recovery of personal spending and normalization of economic activities. 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”. And the Group has set its three major policies for achieving the vision 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”. These efforts would lead to reform of the conventional labor-intensive industry, improvement in our positioning in this industry, and evolution into customers’ experiences, so that we could be a leading company that would change the real estate industry through fusing real-world and DX together.

During the current consolidated FY, the Company worked on building up the next-generation management system named “AMBITION Cloud” which should realize higher operational efficiency and productivity in real estate leasing management operations, and made a substantial progress towards realization of a DX platform by releasing its originally-developed electronic signature system named “AMBITION Sign” responsible for the core operations of the “AMBITION Cloud”.

“AMBITION Me” provides a series of services supporting residents, from delivery/reception of room keys to daily-life services. We will continue to add more services and enhance convenience for residents, which would also lead to the Group’s new businesses. Moreover, we have driven proactive M&A and alliance, such as acquiring DRAFT Inc. as a subsidiary to manage substitute sales activities for articles relating to housing environment.

Consequently financial results of the current consolidated FY were as follows: Net sales: 36,239,291 thousand yen (increase by 14.7% [4,631,475 thousand yen] YoY); Operating profit: 1,603,533 thousand yen (increase by 7.0% [104,630 thousand yen] YoY); Ordinary profit: 1,482,549 thousand yen (increase by 9.4% [127,135 thousand yen] YoY); and Net profit attributable to owners of parent: 961,343 thousand yen (increase by 16.4% [135,174 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” developed under 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. We are still developing “AMBITION Me” in order for adding further services. 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 consolidated FY, number of houses under our management which represents a KPI (Key Performance Indicator) smoothly increased to 24,971 (increase by 850 [3.5%] YoY), as well as 13,913 subleased houses (increase by 415 [3.1%] YoY).

Overall occupancy rate as of the end of the current consolidated FY was 98.2% (it was 96.3% last year), still 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 19,156,654 thousand yen (increase by 11.6% [1,989,123 thousand yen] YoY), and Segment profit (Operating profit) of 1,466,011 thousand yen (increase by 41.1% [426,725 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 18 shops in total including 9 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 consolidated FY, 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 865,399 thousand yen (increase by 13.5% [102,605 thousand yen] YoY), and Segment profit (Operating profit) of 28,831 thousand yen (decrease by 71.1% [70,818 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 consolidated FY was as initially planned, as 278 properties (increase by 31 YoY) were sold by VERITAS and 105 properties (decrease by 1 YoY) were sold by our Investment Division.

These operations resulted in Net sales of 15,558,287 thousand yen (increase by 23.1% [2,916,617 thousand yen] YoY), and Segment profit (Operating profit) of 1,860,135 thousand yen (increase by 18.4% [289,717 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 Co., Ltd. which is a subsidiary.

As of the end of the current consolidated FY, the Company has invested in 29 venture companies. They include 11 companies newly invested during the current consolidated FY. During the current consolidated FY, some of these invested companies were sold off.

These operations resulted in Net sales of 63,437 thousand yen (decrease by 88.7% [496,004 thousand yen] YoY), and Segment profit (Operating profit) of 12,024 thousand yen (decrease by 97.7% [512,217 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, ZEH/Utilities 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.

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.

ZEH/Utilities Business is undertaken by DRAFT Inc., which manages ZEH (Net Zero Energy House) business activities for sales of electricity-generating/energy-saving facilities such as storage batteries, photovoltaics and exterior painting, as well as agency operations for opening/switching services of utilities operators and also sales of water-servers. For the future, its synergies with the Leasing DX Business are anticipated as well, such as providing services also to residents of properties under our management and customers of our Leasing Brokerage Business.

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 595,512 thousand yen (increase by 25.0% [119,134 thousand yen] YoY) and Segment loss (Operating loss) of 93,245 thousand yen (in comparison, it was 213,125 thousand yen in the previous FY).

## **(2) Overall financial position of the current period**

Total assets at the end of the current consolidated FY was 20,516,587 thousand yen, i.e. increase by 3,479,816 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Land by 1,486,048 thousand yen, Real estate for sale by 602,468 thousand yen, Buildings and structures by 515,215 thousand yen on one hand, whereas decrease in Guarantee deposits by 52,145 thousand yen, Allowance for doubtful accounts by 10,645 thousand yen, and Operating accounts receivable by 8,209 thousand yen on the other.

Total liabilities was 15,915,643 thousand yen, i.e. increase by 2,623,189 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Short-term loans payable by 1,314,418 thousand yen, Long-term loans payable by 806,144 thousand yen and Current portion of long-term loans payable by 410,410 thousand yen on one hand, whereas decrease in Operating accounts payable by 167,860 thousand yen, Bonds payable by 42,100 thousand yen and Income taxes payable by 25,677 thousand yen on the other.

Total net assets was 4,600,943 thousand yen, i.e. increase by 856,627 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Retained earnings by 832,060 thousand yen on one hand, whereas decrease in Valuation difference on available-for-sale securities by 20,147 thousand yen on the other.

### (3) Overall cash flows of the current period

Balance of cash and cash equivalents at the end of the current consolidated FY was 5,571,629 thousand yen, i.e. increase by 422,690 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 consolidated FY was 2,282,925 thousand yen (which was 4,102,249 thousand yen in the previous consolidated FY). This is mainly due to recording Net profit before income taxes and minority interests of 1,481,542 thousand yen, Proceeds from sales of real estate for sale of 1,316,963 thousand yen and Income taxes paid of 507,976 thousand yen.

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

Net cash used in investing activities during the current consolidated FY was 4,271,162 thousand yen (which was 1,064,162 thousand yen in the previous consolidated FY). This is mainly due to earning 118,195 thousand yen from Collection of investments in capital, and spending 3,942,663 thousand yen for Purchase of property, plant and equipment.

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

Net cash provided by financing activities during the current consolidated FY was 2,410,196 thousand yen (to the contrary, 1,589,995 thousand yen had been used during the previous consolidated FY). This is mainly due to Proceeds from long-term loans payable of 6,287,000 thousand yen, and Repayments of long-term loans payable of 5,074,785 thousand yen.

### (4) Forecasts for the future

For the future, substantial recovery of personal spending is anticipated thanks to mitigation of impacts brought by the COVID-19 infections. However, there still remains uncertainty for the future against the background of prices surge due to the prolonged conflict between Russia and Ukraine.

In such an environment, the Group will promote digital transformation (DX), build up DX platform for real estate industry as a pioneer, and evolve to a leading company in this industry.

The principal Leasing DX Property Management Business segment believes it can realize exponential improvement in operational efficiency, and will capture changes in business environment after the end of the COVID-19 pandemic ahead of others and reinforce its structure for DX promotion. Leasing DX Leasing Brokerage Business segment not only promotes non-face-to-face services such as remote customer services, VR preview and electronic contract, but also supports customers far away. In addition, Sales/Purchase DX Investment Business segment will, despite rise in real estate prices, try to embrace demands while avoiding risks as much as possible by properly facilitating information screening.

At the same time, Real Estate DX Business sub-segment will put its efforts to maximizing customer acquisition while continuously carrying out timely up-front investment for growing up, such as strengthening sales personnel and reinforcing advertisement.

Consolidated performance forecasts for the next term (FY06/2024) are as follows: Net sales: 37,760,316 thousand yen (increase by 4.2% YoY); Operating profit: 2,006,115 thousand yen (increase by 25.1% YoY); Ordinary profit: 1,677,807 thousand yen (increase by 13.2% YoY); and Net profit attributable to owners of parent: 1,104,488 thousand yen (increase by 14.9% YoY).

## 2. Basic Idea for the Selection of Accounting Standards

Since many of the Group's stakeholders such as its shareholders, creditors and business partners reside in Japan and therefore there is little need for funding from overseas, the Group employs Japanese accounting standards.

**3. Consolidated Financial Statements and Principal Notes****(1) Consolidated Balance Sheets**

	(thousand yen)	
	Previous consolidated FY (June 30, 2022)	Current consolidated FY (June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	5,216,939	5,639,629
Operating accounts receivable	326,747	318,538
Real estate for sale	2,215,068	2,817,537
Real estate for sale in process	5,280,075	5,322,704
Supplies	8,296	9,752
Operational investment securities	197,913	240,225
Others	461,736	582,084
Allowance for doubtful accounts	(26,994)	(28,375)
Total current assets	13,679,781	14,902,096
Non-current assets		
Property, plant and equipment		
Buildings and structures	375,864	891,079
Land	1,058,995	2,545,044
Others	38,386	27,868
Total property, plant and equipment	1,473,247	3,463,992
Intangible assets		
Goodwill	706,259	908,869
Others	143,220	194,351
Total intangible assets	849,480	1,103,221
Investments and other assets		
Investment securities	22,490	97,412
Guarantee deposits	202,741	150,595
Deferred tax assets	250,614	279,694
Others	566,392	538,795
Allowance for doubtful accounts	(10,852)	(21,498)
Total investment and other assets	1,031,386	1,045,000
Total non-current assets	3,354,113	5,612,214
Deferred assets		
Bond issuance cost	2,875	2,276
Total deferred assets	2,875	2,276
<b>Total assets</b>	17,036,770	20,516,587

(thousand yen)

	Previous consolidated FY (June 30, 2022)	Current consolidated FY (June 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	610,954	443,093
Short-term loans payable	885,832	2,200,250
Current portion of long-term loans payable	2,648,577	3,058,988
Current portion of bonds	111,000	125,400
Accounts payable - other	113,132	137,740
Accrued expenses	319,986	332,027
Income taxes payable	361,406	335,729
Consumption taxes payable	46,528	26,277
Advances received	1,309,062	1,476,692
Operating deposits received	192,088	230,239
Others	128,988	155,314
Total current liabilities	6,727,558	8,521,753
Non-current liabilities		
Bonds payable	92,000	49,900
Long-term loans payable	5,747,764	6,553,908
Long-term guarantee deposits	648,239	719,559
Deferred tax liabilities	10,483	—
Others	66,407	70,520
Total non-current liabilities	6,564,896	7,393,889
Total liabilities	13,292,454	15,915,643
<b>Net assets</b>		
Shareholders' equity		
Capital stock	379,780	401,508
Capital surplus	464,229	483,957
Retained earnings	2,859,192	3,691,252
Treasury stock	(57)	(99)
Total shareholders' equity	3,703,143	4,576,619
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,410	7,263
Foreign currency translation adjustment	(99)	631
Total accumulated other comprehensive income	27,311	7,895
Subscription rights to shares	2,961	2,928
Non-controlling interests	10,899	13,500
Total net assets	3,744,316	4,600,943
Total liabilities and net assets	17,036,770	20,516,587



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

(Consolidated Statements of Income)

(thousand yen)

	Previous consolidated FY (Jul. 1, 2021 – Jun. 30, 2022)	Current consolidated FY (Jul. 1, 2022 – Jun. 30, 2023)
Net sales	31,607,815	36,239,291
Cost of sales	25,497,853	29,643,955
Gross profit	6,109,962	6,595,336
SG&A expenses	4,611,058	4,991,802
Operating profit	1,498,903	1,603,533
Non-operating profit		
Interest income	77	59
Dividend income	217	93
Brokerage income	1	1
Gain on investments in partnership	20,923	19,147
Subsidy income	73,736	33,072
Miscellaneous income	11,658	7,761
Total non-operating profit	106,615	60,137
Non-operating expenses		
Interest expenses	128,817	130,036
Amortization of bond issuance cost	1,890	1,699
Foreign exchange losses	3,621	1,942
Commission fee	112,748	45,240
Loss on investments in partnership	444	—
Miscellaneous loss	2,582	2,203
Total non-operating expenses	250,104	181,122
Ordinary profit	1,355,413	1,482,549
Extraordinary profit		
Gain on sales of investments in capital	20,825	—
Gain on sales of non-current assets	3,035	—
Gain on sales of investment securities	—	3,738
Other extraordinary profit	664	—
Total extraordinary profit	24,525	3,738
Extraordinary losses		
Commission fee	40,758	—
Loss on retirement of non-current assets	840	6
Impairment loss	15,740	4,739
Total extraordinary losses	57,339	4,745
Net profit before income taxes and minority interests	1,322,599	1,481,542
Income taxes	505,438	547,940
Income taxes - deferred	(9,920)	(30,342)
Total income taxes	495,518	517,598
Net profit	827,081	963,944
Net profit attributable to non-controlling shareholders	913	2,601
Net profit attributable to owners of parent	826,168	961,343

## (Consolidated Statements of Comprehensive Income)

(Thousand yen)

	Previous consolidated FY (Jul. 1, 2021 – Jun. 30, 2022)	Current consolidated FY (Jul. 1, 2022 – Jun. 30, 2023)
Net profit	827,081	963,944
Other comprehensive income		
Valuation difference on available-for-sale securities	(521,357)	(20,147)
Foreign currency translation adjustment	1,717	731
Total other comprehensive income	(519,640)	(19,416)
Comprehensive income	307,441	944,528
(detail)		
Comprehensive income attributable to owners of parent	306,527	941,927
Comprehensive income attributable to non-controlling interests	913	2,601

**(3) Consolidated Statements of Changes in Equity**

Previous consolidated FY (July 1, 2021 – June 30, 2022)

(thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	379,780	464,229	2,447,105	(57)	3,291,057
Cumulative effects of changes in accounting policies			(321,542)		(321,542)
Restatements	379,780	464,229	2,125,563	(57)	2,969,515
Changes of items during the period					
Issuance of new shares					—
Dividends of surplus			(92,539)		(92,539)
Profit attributable to owners of parent			826,168		826,168
Purchase of treasury stock					—
Purchase of shares of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	733,628	—	733,628
Balance at the end of the period	379,780	464,229	2,859,192	(57)	3,703,143

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	548,768	(1,816)	546,951	4,328	9,986	3,852,323
Cumulative effects of changes in accounting policies						(321,542)
Restatements	548,768	(1,816)	546,951	4,328	9,986	3,530,781
Changes of items during the period						
Issuance of new shares						—
Dividends of surplus						(92,539)
Profit attributable to owners of parent						826,168
Purchase of treasury stock						—
Purchase of shares of consolidated subsidiaries						—
Net changes of items other than shareholders' equity	(521,357)	1,717	(519,640)	(1,366)	913	(520,093)
Total changes of items during the period	(521,357)	1,717	(519,640)	(1,366)	913	213,535
Balance at the end of the period	27,410	(99)	27,311	2,961	10,899	3,744,316

## Current consolidated FY (July 1, 2022 – June 30, 2023)

(thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	379,780	464,229	2,859,192	(57)	3,703,143
Cumulative effects of changes in accounting policies					—
Restatements	379,780	464,229	2,859,192	(57)	3,703,143
Changes of items during the period					
Issuance of new shares	21,728	21,728			43,456
Dividends of surplus			(129,282)		(129,282)
Profit attributable to owners of parent			961,343		961,343
Purchase of treasury stock				(41)	(41)
Purchase of shares of consolidated subsidiaries		(2,000)			(2,000)
Net changes of items other than shareholders' equity					
Total changes of items during the period	21,728	19,728	832,060	(41)	873,475
Balance at the end of the period	401,508	483,957	3,691,252	(99)	4,576,619

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	27,410	(99)	27,311	2,961	10,899	3,744,316
Cumulative effects of changes in accounting policies						—
Restatements	27,410	(99)	27,311	2,961	10,899	3,744,316
Changes of items during the period						
Issuance of new shares						43,456
Dividends of surplus						(129,282)
Profit attributable to owners of parent						961,343
Purchase of treasury stock						(41)
Purchase of shares of consolidated subsidiaries						(2,000)
Net changes of items other than shareholders' equity	(20,147)	731	(19,416)	(33)	2,601	(16,848)
Total changes of items during the period	(20,147)	731	(19,416)	(33)	2,601	856,627
Balance at the end of the period	7,263	631	7,895	2,928	13,500	4,600,943

**(4) Consolidated Cash Flow Statements**

	(thousand yen)	
	Previous consolidated FY (Jul. 1, 2021 – Jun. 30, 2022)	Current consolidated FY (Jul. 1, 2022 – Jun. 30, 2023)
<b>Cash flows from operating activities</b>		
Net profit (loss) before income taxes and minority interests	1,322,599	1,481,542
Depreciation	119,224	151,904
Impairment loss	15,740	4,739
Amortization of goodwill	140,367	146,180
Increase (decrease) in allowance for doubtful accounts	(65,977)	12,026
Increase (decrease) in reserve for bonuses	111	(5)
Increase (decrease) in provision for loss on office transfer	(7,054)	—
Increase (decrease) in ordinary underwriting reserve	33,499	23,667
Loss on retirement of non-current assets	840	6
Loss (gain) on sales of investment securities	—	(3,738)
Loss (gain) on investments in investment partnerships	(20,479)	(19,147)
Decrease (increase) in operational investment securities	(197,913)	(42,312)
Gain on sales of investments in capital	(20,825)	—
Interest and dividends income	(295)	(153)
Interest expenses	128,817	130,036
Amortization of bond issuance cost	1,890	1,699
Decrease (increase) in notes and accounts receivable - trade	(46,818)	3,442
Decrease (increase) in inventories	—	(9,986)
Decrease (increase) in real estate for sale	832,759	1,316,963
Decrease (increase) in real estate for sale in progress	1,761,347	(42,629)
Increase (decrease) in long-term guarantee deposits	32,262	35,385
Increase (decrease) in operating deposits received	(5,899)	38,151
Increase (decrease) in advances received	120,764	167,630
Decrease (increase) in prepaid expenses	41,359	(35,550)
Increase (decrease) in notes and accounts payable - trade	385,052	(180,546)
Increase (decrease) in accrued expenses	51,592	12,727
Increase (decrease) in accrued consumption taxes	(65,530)	(16,747)
Others	(42,860)	(249,714)
Subtotal	4,514,576	2,925,569
Income taxes paid	(289,129)	(507,976)
Interest and dividends income received	295	153
Interest expenses paid	(123,491)	(134,822)
Net cash provided by (used in) operating activities	4,102,249	2,282,925
<b>Cash flows from investing activities</b>		
Payments into time deposits	(70,000)	(86,000)
Proceeds from withdrawal of time deposits	87,624	90,000
Purchase of property, plant and equipment	(1,428,399)	(3,942,663)
Purchase of intangible assets	(52,552)	(83,974)
Purchase of investment securities	(580)	(76,946)
Proceeds from sales of investment securities	—	7,662
Payments for investments in capital	(15,160)	(110)
Collection of investments in capital	402,580	118,195
Expense by payment of guarantee deposits	(6,256)	(15,240)
Proceeds from collection of guarantee deposits	21,049	64,033
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(331,741)
Others	(2,467)	(14,375)
Net cash provided by (used in) investing activities	(1,064,162)	(4,271,162)

	(thousand yen)	
	Previous consolidated FY (Jul. 1, 2021 – Jun. 30, 2022)	Current consolidated FY (Jul. 1, 2022 – Jun. 30, 2023)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	273,068	1,314,418
Proceeds from long-term loans payable	4,005,800	6,287,000
Repayments of long-term loans payable	(5,651,444)	(5,074,785)
Proceeds from issuance of bonds	—	98,900
Expense by redemption of bonds	(123,400)	(127,700)
Dividends paid	(92,652)	(129,017)
Proceeds from issuance of subscription rights to shares	—	43,423
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(2,000)
Others	(1,366)	(41)
Net cash provided by (used in) financing activities	(1,589,995)	2,410,196
Effect of exchange rate change on cash and cash equivalents	1,717	731
Net increase (decrease) in cash and cash equivalents	1,449,808	422,690
Cash and cash equivalents at beginning of period	3,699,130	5,148,939
Cash and cash equivalents at end of period	5,148,939	5,571,629

**(5) Notes on Consolidated Financial Statements**

(Going Concern Assumption)

Not applicable.

(Change in Accounting Principles)

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

Applying the “Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan Guidance No. 30 of July 4, 2019), etc. since the beginning of the first quarter consolidated fiscal period, and in accordance with Section 19 of the Accounting Standard for Fair Value Measurement and Section 44-2 of the “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan Guidance No. 10 of July 4, 2019), the Company decided to apply the new accounting policies as set forth in the Accounting Standard for Fair Value Measurement, etc. now and in the future.

Such application of accounting standard, etc. has no effect on the consolidated financial statements.

(Segment Information, etc.)

(Segment Information)

## I Previous consolidated fiscal year (July 1, 2021 – June 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	17,167,530	762,794	12,641,669	559,442	31,131,437	476,378	31,607,815
Inter-segment sales or transfer	21,493	203,495	—	—	224,989	17,292	242,281
Total	17,189,024	966,290	12,641,669	559,442	31,356,426	493,670	31,850,096
Segment profit (loss)	1,039,286	99,649	1,570,418	524,242	3,233,597	(213,125)	3,020,472

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	3,233,597
“Other” profit	(213,125)
Corporate expenses (see Note)	(1,521,568)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	1,498,903

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

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

(Important impairment loss on non-current assets)

Impairment loss was recorded for "Other Business" segment. 15,740 thousand yen was allocated as impairment loss in the relevant consolidated cumulative period.

(Amortization of goodwill and undepreciated balance)

For the “Sales/Purchase DX Investment Business” segment, amortization of goodwill was 126,736 thousand yen and undepreciated balance was 665,368 thousand yen. Amortization of goodwill and undepreciated balance not attributable to any reportable segment were 13,630 thousand yen and 40,890 thousand yen respectively.

## II Current consolidated fiscal year (July 1, 2022 – June 30, 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	Leasing DX Leasing Brokerage Business	Sales/Purchase DX Investment Business	Incubation Business	Subtotal		
Net sales							
Sales to external customers	19,156,654	865,399	15,558,287	63,437	35,643,778	595,512	36,239,291
Inter-segment sales or transfer	23,593	165,162	—	—	188,756	36,406	225,163
Total	19,180,248	1,030,562	15,558,287	63,437	35,832,535	631,919	36,464,454
Segment profit (loss)	1,466,011	28,831	1,860,135	12,024	3,367,003	(93,245)	3,273,758

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, ZEH/Utilities 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	3,367,003
"Other" profit	(93,245)
Corporate expenses (see Note)	(1,670,224)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	1,603,533

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

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

(Important impairment loss on non-current assets)

Impairment loss was recorded for the "Leasing DX Leasing Brokerage Business" segment. 4,739 thousand yen was allocated as impairment loss in the relevant consolidated cumulative period.

(Amortization of goodwill and undepreciated balance)

For the "Sales/Purchase DX Investment Business" segment, amortization of goodwill was 126,736 thousand yen and undepreciated balance was 538,631 thousand yen. Amortization of goodwill and undepreciated balance not attributable to any reportable segment were 19,443 thousand yen and 370,237 thousand yen respectively.



(Per share data)

	Previous consolidated FY (July 1, 2021 – June 30, 2022)	Current consolidated FY (July 1, 2022 – June 30, 2023)
Net assets per share	548.25 yen	667.24 yen
Net profit per share	121.42 yen	141.22 yen
Diluted net profit per share	119.64 yen	138.86 yen

1. Calculation bases of net profit per share and diluted net profit per share are as follows.

	Previous consolidated FY (July 1, 2021 – June 30, 2022)	Current consolidated FY (July 1, 2022 – June 30, 2023)
Net profit (loss) per share		
Net profit attributable to owners of parent (thousand yen)	826,168	961,343
Amount not attributable to common stockholders (thousand yen)	—	—
Net profit (loss) attributable to owners of parent applicable to common shares (thousand yen)	826,168	961,343
Average number of common shares outstanding during the period (shares)	6,804,352	6,807,655
Diluted net profit per share		
Adjusted quarterly net profit (loss) attributable to owners of parent (thousand yen)	—	—
Increased number of shares (common stock) (shares)	101,164	115,527
(number of shares with subscription rights) (shares)	(101,164)	(115,527)
Summary of residual securities not included in calculating diluted earnings per share, because of having no dilution effect	Fourth subscription rights to shares decided by the board of directors on Nov. 16, 2017 Number: 1,400 280,000 common shares  Fifth subscription rights to shares decided by the board of directors on Nov. 16, 2017 Number: 3,016 603,200 common shares	Fourth subscription rights to shares decided by the board of directors on Nov. 16, 2017 Number: 1,400 280,000 common shares  Fifth subscription rights to shares decided by the board of directors on Nov. 16, 2017 Number: 2,683 536,600 common shares

(Significant Post-Balance Sheet Events)

Not applicable.