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October 31, 2024

Non-Consolidated Financial Results for the Six Months Ended September 30, 2024 (under Japanese GAAP)

Company name: CENTURY 21 REAL ESTATE OF JAPAN LTD. Listing: Tokyo Stock Exchange
 Securities code: 8898 URL: <https://www.century21japan.co.jp/en/>
 Representative: Yoichi Sonoda, Representative Director, President and CEO
 Contact: Noriyuki Tamura, Executive Officer, General Manager of Corporate Management Division
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 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for analysts, institutional investors and media)

Note: Amounts are rounded down to the nearest million yen.

1. Financial Results for the Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Operating results (Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Net income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	2,016	7.4	627	30.3	650	29.8	445	32.8
September 30, 2023	1,877	1.9	481	13.2	501	12.2	335	10.9

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	43.44	—
September 30, 2023	32.21	—

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	7,751	6,550	84.5
March 31, 2024	7,641	6,356	83.2

Reference: Equity (Shareholders' equity + Valuation and translation adjustments):

As of September 30, 2024: ¥6,550 million

As of March 31, 2024: ¥6,356 million

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year	Yen	Yen	Yen	Yen	Yen
Ended March 31, 2024	—	20.00	—	25.00	45.00
Ending March 31, 2025	—	20.00			
Fiscal year			—	25.00	45.00
Ending March 31, 2025 (forecast)					

Note: Revisions to dividend forecast published most recently: None

3. Earnings Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Net income		Basic earnings per share
Fiscal year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	3,982	3.4	977	4.4	1,021	3.6	700	3.8	68.21

Note: Revisions to earnings forecast published most recently: None

*** Notes**

(1) Application of accounting methods used specifically for preparing the semi-annual financial statements: Yes

(2) Changes in accounting policies and accounting estimates, and restatements

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatements: | None |

(3) Number of shares issued (common stock)

1) Number of shares issued (including treasury shares):

As of September 30, 2024:	11,325,000 shares
As of March 31, 2024:	11,325,000 shares

2) Number of treasury shares:

As of September 30, 2024:	1,062,975 shares
As of March 31, 2024:	1,062,875 shares

3) Average number of shares outstanding:

Six months ended September 30, 2024:	10,262,055 shares
Six months ended September 30, 2023:	10,422,358 shares

* This semi-annual financial results report is not subject to review procedures to be performed by certified public accountants or an audit firm.

* Notes to proper use of earnings forecast and other special matters

1. The forward-looking statements including earnings forecast contained in this report are based on information currently available to us and certain assumptions that we believe are reasonable. Actual results may therefore differ significantly from those anticipated in any forward-looking statements due to numerous factors.

2. The Company will hold a webcast financial results briefing for analysts, institutional investors and media on Wednesday, November 13, 2024 (available in Japanese only). The materials to be distributed in the briefing will be posted on the Company's website after the briefing.

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1. Semi-annual Financial Statements and Notes

(1) Semi-annual balance sheet

	(Thousands of yen)	
	Previous fiscal year (As of March 31, 2024)	First half of current fiscal year (As of September 30, 2024)
Assets		
Current assets:		
Cash and deposits	2,137,938	1,336,678
Trade accounts receivable	451,067	386,904
Securities	3,200,000	4,200,000
Other	73,367	170,732
Allowance for doubtful accounts	(31,805)	(35,473)
Total current assets	5,830,567	6,058,842
Non-current assets:		
Property, plant and equipment	115,187	125,963
Intangible assets:		
Software	546,714	482,390
Other	27,123	14,193
Total intangible assets	573,838	496,584
Investments and other assets:		
Investment securities	835,000	841,250
Other	350,112	286,539
Allowance for doubtful accounts	(63,457)	(57,466)
Total investments and other assets	1,121,654	1,070,323
Total non-current assets	1,810,680	1,692,871
Total assets	7,641,247	7,751,713
Liabilities		
Current liabilities:		
Trade accounts payable	174,216	147,762
Income taxes payable	166,298	218,309
Provision for bonuses	78,000	81,000
Other	690,907	579,181
Total current liabilities	1,109,422	1,026,252
Non-current liabilities:		
Provision for retirement benefits	147,000	147,837
Provision for renovation warranties	25,583	24,938
Asset retirement obligations	2,400	2,400
Total non-current liabilities	174,983	175,175
Total liabilities	1,284,406	1,201,428
Net assets		
Shareholders' equity:		
Share capital	517,750	517,750
Capital surplus	168,570	168,570
Retained earnings	6,265,084	6,454,303
Treasury shares	(890,013)	(890,124)
Total shareholders' equity	6,061,390	6,250,498
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	295,450	299,787
Total valuation and translation adjustments	295,450	299,787
Total net assets	6,356,841	6,550,285
Total liabilities and net assets	7,641,247	7,751,713

(2) Semi-annual statement of income

	(Thousands of yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Operating revenue	1,877,944	2,016,689
Operating costs	456,073	477,500
Operating gross profit	1,421,870	1,539,189
Selling, general and administrative expenses	940,289	911,500
Operating profit	481,581	627,689
Non-operating income:		
Interest income	285	913
Dividend income	14,625	14,812
Administrative service fee income	3,832	3,805
Compensation for delay damages	274	577
Foreign exchange gains	–	1,010
Other	1,863	1,377
Total non-operating income	20,880	22,497
Non-operating expenses:		
Interest expenses	7	–
Foreign exchange losses	1,424	–
Other	–	0
Total non-operating expenses	1,432	0
Ordinary profit	501,030	650,187
Profit before income taxes	501,030	650,187
Income taxes	165,294	204,415
Net income	335,735	445,771

(3) Semi-annual statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	501,030	650,187
Depreciation	124,896	130,222
Increase (decrease) in provision for bonuses	(6,510)	3,000
Increase (decrease) in provision for retirement benefits	(10,971)	837
Increase (decrease) in provision for renovation warranties	(826)	(645)
Increase (decrease) in allowance for doubtful accounts	11,007	(2,323)
Interest and dividend income	(14,910)	(15,726)
Interest expenses	7	–
Decrease (increase) in trade receivables	115,012	70,153
Increase (decrease) in trade payables	(18,680)	(26,454)
Other, net	(188,855)	(163,098)
Subtotal	511,200	646,152
Interest and dividends received	15,874	15,087
Interest paid	(7)	–
Income taxes paid	(192,617)	(150,472)
Net cash provided by (used in) operating activities	334,449	510,767
Cash flows from investing activities		
Purchase of securities	–	(1,000,000)
Purchase of property, plant and equipment	(2,114)	–
Purchase of intangible assets	(40,002)	(35,526)
Payments of guarantee deposits	(468)	(19,495)
Proceeds from refund of guarantee deposits	264	600
Other, net	(753)	(264)
Net cash provided by (used in) investing activities	(43,073)	(1,054,686)
Cash flows from financing activities		
Repayments of lease obligations	(659)	–
Purchase of treasury shares	–	(110)
Dividends paid	(260,163)	(257,164)
Net cash provided by (used in) financing activities	(260,822)	(257,275)
Effect of exchange rate change on cash and cash equivalents	–	(65)
Net increase (decrease) in cash and cash equivalents	30,552	(801,259)
Cash and cash equivalents at beginning of period	1,900,277	2,137,938
Cash and cash equivalents at end of period	1,930,829	1,336,678

(4) Notes to semi-annual financial statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholders' equity)

Not applicable.

(Application of accounting methods used specifically for preparing the semi-annual financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by multiplying profit before income taxes by the effective tax rate, which is reasonably estimated by applying the tax effect accounting to profit before income taxes for the current fiscal year.

(Segment information, etc.)

Segment information.

The Company does not provide segment information because it has only a single business segment, which is the real estate franchise business.

(Material subsequent events)

Not applicable.

2. Supplementary Information

Status of production, orders received and sales activities

The following are the number of franchised brokerage offices by geographic area and operating revenue by revenue type and geographic area for the first half of the previous fiscal year (from April 1, 2023 to September 30, 2023).

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	7	4	1	3	2	17
Closures (Cancellations)	23	19	1	0	2	45
Number of offices at end of period	446	323	97	82	32	980
YoY change (%)	98.7	92.8	106.6	109.3	118.5	98.7

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	883,601	497,863	114,614	75,284	27,141	1,598,505
YoY change (%)	99.2	103.9	111.1	105.5	108.5	101.8
IT service revenue	157,799	–	–	–	–	157,799
YoY change (%)	101.8	–	–	–	–	101.8
Franchise fee revenue	43,315	24,886	9,220	4,541	3,427	85,391
YoY change (%)	120.0	89.1	94.5	104.6	191.5	106.8
Other	36,248	–	–	–	–	36,248
YoY change (%)	94.4	–	–	–	–	94.4
Total operating revenue	1,120,963	522,750	123,835	79,826	30,568	1,877,944
YoY change (%)	100.0	103.1	109.6	105.5	114.1	101.9

Note: The table below shows the total value and number of transactions executed and total commission income earned by the franchised brokerage offices, which correspond to the above service fee revenue for the same period. The figures are further broken down by geographic area where the brokerage offices operate.

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Total value of transactions (Thousands of yen)	219,300,868	132,181,184	31,502,955	17,645,555	7,334,979	407,965,542
Total number of transactions	178,380	23,394	6,708	7,663	2,387	218,532
Total commission income (Thousands of yen)	14,529,180	8,154,203	1,832,014	1,190,394	434,049	26,139,842

The following are the number of franchised brokerage offices by geographic area and operating revenue by revenue type and geographic area for the first half of the current fiscal year (from April 1, 2024 to September 30, 2024).

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	4	5	4	3	2	18
Closures (Cancellations)	17	4	5	2	0	28
Number of offices at end of period	432	326	98	89	39	984
YoY change (%)	96.9	100.9	101.0	108.5	121.9	100.4

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	970,018	526,882	120,138	103,100	34,702	1,754,841
YoY change (%)	109.8	105.8	104.8	136.9	127.9	109.8
IT service revenue	157,970	–	–	–	–	157,970
YoY change (%)	100.1	–	–	–	–	100.1
Franchise fee revenue	29,245	24,050	7,712	5,004	2,765	68,777
YoY change (%)	67.5	96.6	83.6	110.2	80.7	80.5
Other	35,100	–	–	–	–	35,100
YoY change (%)	96.8	–	–	–	–	96.8
Total operating revenue	1,192,334	550,932	127,850	108,105	37,467	2,016,689
YoY change (%)	106.4	105.4	103.2	135.4	122.6	107.4

Note: The table below shows the total value and number of transactions executed and total commission income earned by the franchised brokerage offices, which correspond to the above service fee revenue for the same period. The figures are further broken down by geographic area where the brokerage offices operate.

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Total value of transactions (Thousands of yen)	225,127,970	141,642,840	32,265,760	24,069,155	9,650,932	432,756,659
Total number of transactions	181,717	27,758	7,219	8,174	2,932	227,800
Total commission income (Thousands of yen)	16,002,537	8,699,928	1,936,725	1,636,453	558,678	28,834,323