

This translation is prepared and provided for readers' convenience only. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the event of any discrepancy between the Japanese and English versions, the Japanese version shall prevail.

April 30, 2024

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 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
 Phone: +81-3-3497-0021
 Scheduled date of ordinary general meeting of shareholders: June 25, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 Scheduled date to file Annual Securities Report: June 25, 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 Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

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

	Operating revenue		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	3,850	1.4	936	6.9	986	6.6	674	3.4
March 31, 2023	3,797	1.9	875	1.0	925	1.2	652	(12.0)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to operating revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	64.86	—	10.6	12.8	24.3
March 31, 2023	62.59	—	10.5	12.4	23.1

Reference: Share of profit (loss) of entities accounted for using equity method:

For fiscal year ended March 31, 2024: —

For fiscal year ended March 31, 2023: —

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	7,641	6,356	83.2	619.45
March 31, 2023	7,726	6,312	81.7	605.64

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

As of March 31, 2024: ¥6,356 million

As of March 31, 2023: ¥6,312 million

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	867	30	(660)	2,137
March 31, 2023	1,294	(526)	(418)	1,900

2. Dividends

	Dividend per share					Total amount of dividends	Payout ratio	Dividend on equity
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	—	20.00	—	25.00	45.00	469	71.9	7.5
March 31, 2024	—	20.00	—	25.00	45.00	465	69.4	7.3
Fiscal year ending March 31, 2025 (forecast)	—	20.00	—	25.00	45.00		66.0	

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	3,982	3.4	977	4.4	1,021	3.6	700	3.8	68.21

* Notes

(1) 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: Yes
- 4) Restatements: None

(2) Number of shares issued (common stock)

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

- As of March 31, 2024: 11,325,000 shares
- As of March 31, 2023: 11,325,000 shares

2) Number of treasury shares:

- As of March 31, 2024: 1,062,875 shares
- As of March 31, 2023: 902,642 shares

3) Average number of shares outstanding:

- For the fiscal year ended March 31, 2024: 10,399,138 shares
- For the fiscal year ended March 31, 2023: 10,422,369 shares

* This financial results report is not subject to audit 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. For more details, please refer to "Future outlook" on page 5 of the Attached Materials of this report.
2. The Company will hold a webcast financial results briefing for analysts, institutional investors and media on Wednesday, May 15, 2024 (available in Japanese only). The materials to be distributed in the briefing will be posted on the Company's website after the briefing.

Contents of Attached Materials

1. Overview of Operating Results and Financial Condition.....	2
(1) Analysis of operating results	2
(2) Analysis of financial position	4
(3) Analysis of cash flows	5
(4) Future outlook	5
2. Basic Policy on Selection of Accounting Standards.....	5
3. Financial Statements and Notes	6
(1) Balance sheet	6
(2) Statement of income	8
(3) Statement of changes in equity	10
(4) Statement of cash flows.....	12
(5) Notes to financial statements	13
(Going concern assumption)	13
(Changes in accounting estimates).....	13
(Segment information)	13
(Share of profit (loss) of entities accounted for using equity method)	13
(Per-share information)	13
(Material subsequent events)	13

1. Overview of Results of Operation and Financial Condition

(1) Analysis of operating results

1) Business performance

During the fiscal year ended March 31, 2024 (the “current fiscal year”), the outlook for Japanese economy began to show positive signs as social activities and human mobility gradually increased following the reclassification of COVID-19 as Class 5 infectious diseases. However, the prolonged military conflicts in Europe and the Middle East have given uncertainty in the domestic economy as well as in the international economy. The policy interest rate gap between Japan and the U.S., where inflation has been rising, has caused the yen to depreciate rapidly.

In the real estate brokerage industry, supported by mortgage rates that have remained at low levels, especially variable interest rates, we saw firm purchase demand for residential properties. However, some buyers were less willing to purchase properties due to soaring prices; market inventories turned to an increasing trend. In particular, we saw a clear shift in the supply-demand balance for new detached houses in suburban areas, which are in the midst of a price adjustment phase.

On the other hand, in urban areas, the ample money supply is contributing to a further surge in real estate prices. Specifically, inbound transactions were active, mainly for profitable properties. According to the land market value, an official reference index for ordinary land transactions, published in March 2024 by the Ministry of Land, Infrastructure, Transport and Tourism of Japan, overall average land prices went up for the third year in a row, and the 2.3% year-on-year increase was the largest since the collapse of Lehman Brothers in 2008.

At the end of the current fiscal year, however, the Bank of Japan indicated that it would shift away from its large-scale easing policy, including the scrapping of its negative interest rate policy. In addition, it can be said that the business environment is fraught with various uncertainties, such as higher construction costs due to rising material prices and labor costs, and increasing consumer price index, and other factors.

Faced with such environment, in order to make its existing franchise business platform more robust and competitive in the market, the Company has been working on holding seminars and expanding new products and services.

First, we held a spring strategy meeting for franchised offices to communicate the headquarters' policy. In the meeting, we held a panel discussion by franchise office managers who have successfully developed executive personnel and multiple stores under the theme of "Development of Executive Talents for Business Expansion and Strategy for Multi-Store Exhibition."

Besides this, we added functions to 21Cloud, the customer management system, which is the core system. The functions enable us to facilitate confirmation work on smartphones and tablet PCs and to ensure thorough customer management via short message service (SMS) and LINE.

Furthermore, we launched an initial cost installment settlement service for lease contracts. By offering QR Code Installment Payment, a new option for initial costs, we were able to provide customers with the option to pay initial costs in installments at the time of lease contracts, further enhancing customer convenience.

In addition, we sent disaster relief donations to Ishikawa Prefecture, with the cooperation of volunteer franchised offices, for the Noto Peninsula Earthquake of 2024 that occurred on New Year's Day, in the hope that the disaster-hit areas will recover as quickly as possible.

We will continue to enhance our franchise functions and branding.

Overall, for the current fiscal year, operating revenue totaled ¥3,850 million (up 1.4% year on year). More specifically, service fee revenue was ¥3,313 million (up 1.6% year on year), IT service revenue was ¥313 million (up 2.5% year on year), franchise fee revenue was ¥157 million (down 1.1% year on year) and other revenue was ¥67 million (down 8.5% year on year). Meanwhile, operating costs amounted to ¥951 million (up 0.5% year on year). SG&A expenses totaled ¥1,963 million (down 0.6% year on year) due to decreases in equipment maintenance fees and advertising expenses, despite an increase in provision of allowance for doubtful accounts. As a result, the Company reported operating profit of ¥936 million (up 6.9% year on year), ordinary profit of ¥986 million (up 6.6% year on year), and net income of ¥674 million (up 3.4% year on year).

2) Status of 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 previous fiscal year (from April 1, 2022 to March 31, 2023).

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	25	20	13	8	7	73
Closures (Cancellations)	18	31	3	2	2	56
Number of offices at fiscal year-end	462	338	97	79	32	1,008
YoY change (%)	101.5	96.8	111.5	108.2	118.5	101.7

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	1,829,152	1,004,204	212,343	160,180	53,961	3,259,843
YoY change (%)	103.6	107.5	102.7	107.4	122.4	105.2
IT service revenue	305,568	—	—	—	—	305,568
YoY change (%)	89.0	—	—	—	—	89.0
Franchise fee revenue	73,605	53,891	17,562	8,767	4,975	158,802
YoY change (%)	70.0	83.2	76.3	76.8	122.7	76.2
Other	73,535	—	23	—	—	73,559
YoY change (%)	100.6	—	13.7	—	—	97.6
Total operating revenue	2,281,861	1,058,096	229,930	168,948	58,937	3,797,773
YoY change (%)	99.8	105.7	100.0	105.0	122.4	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)	453,344,222	260,551,946	55,015,740	38,308,175	15,169,228	822,389,312
Total number of transactions	356,842	50,746	13,410	16,825	3,673	441,496
Total commission income (Thousands of yen)	30,152,200	16,330,175	3,354,619	2,549,726	862,201	53,248,922

The following are the number of franchised brokerage offices by geographic area and operating revenue by revenue type and geographic area for the current fiscal year (from April 1, 2023 to March 31, 2024).

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	21	12	6	11	7	57
Closures (Cancellations)	38	25	4	2	2	71
Number of offices at fiscal year-end	445	325	99	88	37	994
YoY change (%)	96.3	96.2	102.1	111.4	115.6	98.6

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	1,840,061	995,339	244,726	174,435	58,701	3,313,264
YoY change (%)	100.6	99.1	115.3	108.9	108.8	101.6
IT service revenue	313,230	—	—	—	—	313,230
YoY change (%)	102.5	—	—	—	—	102.5
Franchise fee revenue	75,228	48,589	17,988	9,411	5,807	157,024
YoY change (%)	102.2	90.2	102.4	107.3	116.7	98.9
Other	67,298	—	—	—	—	67,298
YoY change (%)	91.5	—	—	—	—	91.5
Total operating revenue	2,295,818	1,043,928	262,714	183,847	64,509	3,850,817
YoY change (%)	100.6	98.7	114.3	108.8	109.5	101.4

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)	449,120,198	262,268,799	66,245,827	42,288,958	16,091,177	836,014,962
Total number of transactions	360,003	47,751	13,820	16,320	5,127	443,021
Total commission income (Thousands of yen)	30,275,968	16,315,832	3,918,483	2,770,500	946,894	54,227,679

(2) Analysis of financial position

1) Summary of assets, liabilities and net assets

(a) Assets

Current assets increased 3.5% from the end of the previous fiscal year to ¥5,830 million. This increase is attributable predominantly to an increase in cash and deposits.

Non-current assets decreased 13.6% from the end of the previous fiscal year to ¥1,810 million. This decrease is attributable predominantly to a decrease in software.

Consequently, total assets at the end of the current fiscal year decreased 1.1% from the end of the previous fiscal year to ¥7,641 million.

(b) Liabilities

Current liabilities decreased 10.3% from the end of the previous fiscal year to ¥1,109 million. This decrease is attributable predominantly to a decrease in accrued consumption taxes.

Non-current liabilities decreased 1.7% from the end of the previous fiscal year to ¥174 million. This decrease is attributable predominantly to a decrease in provision for renovation warranties.

Consequently, total liabilities at the end of the current fiscal year decreased 9.2% from the end of the previous fiscal year to ¥1,284 million.

(c) Net assets

Total net assets at the end of the current fiscal year increased 0.7% to ¥6,356 million. This increase is attributable predominantly to an increase in retained earnings brought forward.

(3) Analysis of cash flows

Cash and cash equivalents ("cash") at the end of the current fiscal year increased ¥237 million or 12.5% from the end of the previous fiscal year to ¥2,137 million.

(a) Cash flows from operating activities

Net cash provided by operating activities was ¥867 million (compared with ¥1,294 million provided for the previous fiscal year). This is attributable predominantly to recording of profit before income taxes of ¥985 million.

(b) Cash flows from investing activities

Net cash provided by investing activities was ¥30 million (compared with ¥526 million used for the previous fiscal year). This is attributable predominantly to collection of long-term loans receivable.

(c) Cash flows from financing activities

Net cash used in financing activities was ¥660 million (compared with ¥418 million used for the previous fiscal year). This is attributable predominantly to payments of dividends and purchase of treasury shares.

(4) Future outlook

With the upward trend in prices persisting, there are concerns about the economic outlook and the possible impact on the purchasing demand from general consumers, which requires us to scrutinize real estate and housing markets and interest rate trend. The Company will bolster support for franchised brokerage offices in hiring and developing human resources, streamlining office operations, and expanding their business scale lead the franchised brokerage offices to improve their performance by flexibly adapting to the changing business environment. Given the above, our outlook for service fee revenue, which is a key pillar of our earnings, is ¥3,445 million (up 4.0% year on year) for the next fiscal year. As for the number of franchised brokerage offices, we aim to acquire 80 new franchised brokerage offices by improving and continuing measures launched in the current fiscal year. Meanwhile, SG&A expenses have been set to ¥2,004 million (up 2.1% year on year), reflecting an increase in expenses associated with measures to attract more customers to strengthen the acquisition of franchised brokerage offices and the enhancement and modification of the security system. As a result, for the next fiscal year, the Company forecasts operating revenue of ¥3,982 million (up 3.4% year on year), operating profit of ¥977 million (up 4.4% year on year), ordinary profit of ¥1,021 million (up 3.6% year on year), and net income of ¥700 million (up 3.8% year on year).

2. Basic Policy on Selection of Accounting Standards

We prepare our financial statements under Japanese GAAP because most of our stakeholders are shareholders and business partners in Japan and our current operations do not require financing in the capital market.

Going forward, nevertheless, we will maintain a policy of considering the adoption of IFRS in light of the status of adoption of IFRS by other companies listed on Standard Market of Tokyo Stock Exchange.

3. Financial Statements and Notes

(1) Balance sheet

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Assets		
Current assets:		
Cash and deposits	1,900,277	2,137,938
Trade accounts receivable	501,235	451,067
Securities	3,200,000	3,200,000
Prepaid expenses	23,176	25,257
Other	54,863	48,110
Allowance for doubtful accounts	(48,514)	(31,805)
Total current assets	5,631,038	5,830,567
Non-current assets:		
Property, plant and equipment:		
Facilities attached to buildings	135,091	135,091
Accumulated depreciation	(48,874)	(55,810)
Facilities attached to buildings, net	86,217	79,280
Tools, furniture and fixtures:	226,501	232,753
Accumulated depreciation	(189,912)	(196,845)
Tools, furniture and fixtures, net	36,588	35,907
Leased assets:	6,246	6,246
Accumulated depreciation	(5,413)	(6,246)
Leased assets, net	832	–
Total property, plant and equipment	123,638	115,187
Intangible assets:		
Software	742,024	546,714
Software in progress	4,332	25,157
Telephone subscription right	1,966	1,966
Total intangible assets	748,323	573,838
Investments and other assets:		
Investment securities	791,250	835,000
Long-term loans receivable	260,184	140,184
Bad debts	35,670	63,273
Long-term prepaid expenses	622	1,390
Deferred tax assets	83,380	58,780
Guarantee deposits	88,359	86,483
Allowance for doubtful accounts	(35,854)	(63,457)
Total investments and other assets	1,223,611	1,121,654
Total non-current assets	2,095,574	1,810,680
Total assets	7,726,613	7,641,247

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Liabilities		
Current liabilities:		
Trade accounts payable	159,770	174,216
Lease obligations	880	–
Accounts payable – other	126,281	108,605
Accrued expenses	115,120	127,475
Income taxes payable	203,471	166,298
Accrued consumption taxes	107,372	58,057
Contract liabilities	399,369	368,488
Deposits received	37,241	28,280
Provision for bonuses	87,010	78,000
Total current liabilities	1,236,517	1,109,422
Non-current liabilities:		
Provision for retirement benefits	147,707	147,000
Provision for renovation warranties	27,839	25,583
Asset retirement obligations	2,400	2,400
Total non-current liabilities	177,946	174,983
Total liabilities	1,414,464	1,284,406
Net assets		
Shareholders' equity:		
Share capital	517,750	517,750
Capital surplus:		
Legal capital surplus	168,570	168,570
Total capital surplus	168,570	168,570
Retained earnings:		
Legal retained earnings	30,724	30,724
Other retained earnings:		
Retained earnings brought forward	6,028,881	6,234,360
Total retained earnings	6,059,605	6,265,084
Treasury shares	(698,873)	(890,013)
Total shareholders' equity	6,047,052	6,061,390
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	265,097	295,450
Total valuation and translation adjustments	265,097	295,450
Total net assets	6,312,149	6,356,841
Total liabilities and net assets	7,726,613	7,641,247

(2) Statement of income

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Operating revenue:		
Service fee revenue	3,259,843	3,313,264
IT service revenue	305,568	313,230
Franchise fee revenue	158,802	157,024
Other	73,559	67,298
Total operating revenue	3,797,773	3,850,817
Operating costs	946,322	951,493
Operating gross profit	2,851,451	2,899,323
Selling, general and administrative expenses	1,975,720	1,963,239
Operating profit	875,730	936,084
Non-operating income:		
Interest income	480	620
Dividend income	31,390	29,375
Administrative service fee income	13,651	12,261
Compensation for delay damages	2,461	448
Settlement income	–	6,500
Other	3,641	3,405
Total non-operating income	51,625	52,610
Non-operating expenses:		
Interest expenses	41	8
Commission expenses	–	286
Foreign exchange losses	1,690	1,661
Other	–	0
Total non-operating expenses	1,731	1,956
Ordinary profit	925,624	986,738
Extraordinary income		
Gain on sale of investment securities	29,142	–
Total extraordinary income	29,142	–
Extraordinary losses:		
Loss on retirement of property, plant and equipment	1,635	–
Loss on retirement of intangible assets	–	1,541
Total extraordinary losses	1,635	1,541
Profit before income taxes	953,131	985,197
Income taxes – current	283,082	299,508
Income taxes – deferred	17,678	11,203
Total income taxes	300,760	310,711
Net income	652,370	674,485

Schedule of operating costs

		Previous fiscal year (From April 1, 2022 to March 31, 2023)		Current fiscal year (From April 1, 2023 to March 31, 2024)	
Category	Note	Amount (Thousands of yen)	Composition (%)	Amount (Thousands of yen)	Composition (%)
Costs of service fee revenue		337,637	35.7	345,224	36.3
Contributions to advertising fund		325,984	34.5	331,426	34.8
Costs of IT service revenue		226,469	23.9	210,420	22.1
Personnel costs		45,509	4.8	44,803	4.7
Other		10,721	1.1	19,619	2.1
Operating costs		946,322	100.0	951,493	100.0

(3) Statement of changes in equity

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	517,750	168,570	168,570	30,724	5,793,405	5,824,130	(698,827)	5,811,623
Changes during period								
Dividends of surplus					(416,895)	(416,895)		(416,895)
Net income					652,370	652,370		652,370
Purchase of treasury shares							(46)	(46)
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	235,475	235,475	(46)	235,428
Balance at end of period	517,750	168,570	168,570	30,724	6,028,881	6,059,605	(698,873)	6,047,052

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	338,756	338,756	6,150,379
Changes during period			
Dividends of surplus			(416,895)
Net income			652,370
Purchase of treasury shares			(46)
Net changes in items other than shareholders' equity	(73,659)	(73,659)	(73,659)
Total changes during period	(73,659)	(73,659)	161,769
Balance at end of period	265,097	265,097	6,312,149

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	517,750	168,570	168,570	30,724	6,028,881	6,059,605	(698,873)	6,047,052
Changes during period								
Dividends of surplus					(469,006)	(469,006)		(469,006)
Net income					674,485	674,485		674,485
Purchase of treasury shares							(191,140)	(191,140)
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	205,479	205,479	(191,140)	14,338
Balance at end of period	517,750	168,570	168,570	30,724	6,234,360	6,265,084	(890,013)	6,061,390

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	265,097	265,097	6,312,149
Changes during period			
Dividends of surplus			(469,006)
Net income			674,485
Purchase of treasury shares			(191,140)
Net changes in items other than shareholders' equity	30,353	30,353	30,353
Total changes during period	30,353	30,353	44,692
Balance at end of period	295,450	295,450	6,356,841

(4) Statement of cash flows

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	953,131	985,197
Depreciation	260,105	248,774
Increase (decrease) in provision for bonuses	15,210	(9,010)
Increase (decrease) in provision for retirement benefits	14,070	(707)
Increase (decrease) in provision for renovation warranties	(947)	(2,255)
Increase (decrease) in allowance for doubtful accounts	517	10,894
Interest and dividend income	(31,870)	(29,995)
Interest expenses	41	8
Commission expenses	—	286
Loss (gain) on sale of investment securities	(29,142)	—
Loss on retirement of property, plant and equipment	1,635	—
Loss on retirement of intangible assets	—	1,541
Decrease (increase) in accounts receivable - other	(133)	(645)
Decrease (increase) in trade receivables	(35,953)	22,565
Decrease (increase) in prepaid expenses	6,671	(2,081)
Decrease (increase) in consumption taxes refund receivable	61,017	—
Increase (decrease) in trade payables	16,218	14,445
Increase (decrease) in accounts payable - other	5,022	4,152
Increase (decrease) in accrued expenses	(550)	12,355
Increase (decrease) in accrued consumption taxes	107,372	(49,314)
Decrease (increase) in other assets	2,413	6,540
Increase (decrease) in other liabilities	24,480	(40,227)
Subtotal	1,369,312	1,172,524
Interest and dividends received	31,521	30,854
Interest paid	(41)	(8)
Income taxes paid	(106,707)	(336,294)
Net cash provided by (used in) operating activities	1,294,085	867,075
Cash flows from investing activities		
Purchase of securities	(500,000)	—
Purchase of property, plant and equipment	(2,995)	(10,853)
Purchase of intangible assets	(99,302)	(76,683)
Proceeds from sale of investment securities	61,875	—
Collection of long-term loans receivable	16,000	120,000
Purchase of long-term prepaid expenses	(1,118)	(1,353)
Proceeds from refund of guarantee deposits	1,217	264
Payments of guarantee deposits	(1,734)	(468)
Net cash provided by (used in) investing activities	(526,057)	30,905
Cash flows from financing activities		
Repayments of lease obligations	(1,292)	(880)
Purchase of treasury shares	(46)	(191,426)
Dividends paid	(416,848)	(468,012)
Net cash provided by (used in) financing activities	(418,187)	(660,320)
Net increase (decrease) in cash and cash equivalents	349,840	237,660
Cash and cash equivalents at beginning of period	1,550,437	1,900,277
Cash and cash equivalents at end of period	1,900,277	2,137,938

(5) Notes to financial statements

(Going concern assumption)

Not applicable.

(Changes in accounting estimates)

(Change in estimates of asset retirement obligations)

With the planned relocation of the Kansai Branch, we obtained new information on cost of restoring the site on which it is located, and changed the estimate of asset retirement obligations in the current fiscal year, regarding obligation to restore the property to its original condition under the lease contracts that the Kansai Branch has.

We used a simple method to reasonably estimate the amount of security deposit related to the lease agreement that is unexpected to be recovered in the end and to record the amount to be borne in the current fiscal year as expenses, instead of recording the asset retirement obligations of the Kansai Branch as liabilities.

The impact of this change on operating income, ordinary income, and net income before tax for the current fiscal year is minimal.

(Segment information)

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

(Share of profit (loss) of entities accounted for using equity method)

Not applicable because the Company has no associates.

(Per-share information)

Item	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share	605.64	619.45
Basic earnings per share	62.59	64.86

Notes: 1. Diluted earnings per share is not presented because there are no potentially dilutive shares.

2. The basis of calculating the basic earnings per share is as follows:

(Thousands of yen, unless otherwise stated)

Item	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net income	652,370	674,485
Net income not attributable to common shareholders	—	—
Net income attributable to common shares	652,370	674,485
Average number of shares outstanding during the period (shares)	10,422,369	10,399,138

(Material subsequent events)

Not applicable.