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July 28, 2023

Non-Consolidated Financial Results for the Three Months Ended June 30, 2023 (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
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 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary materials on quarterly financial results: No
 Holding of quarterly financial results briefing: No

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

1. Financial Results for the Three Months Ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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

	Operating revenue		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	942	1.0	243	13.8	244	12.4	161	9.5
June 30, 2022	932	(0.5)	213	(14.5)	217	(14.9)	147	(16.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	15.48	–
June 30, 2022	14.14	–

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	7,348	6,260	85.2
March 31, 2023	7,726	6,312	81.7

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

As of June 30, 2023: ¥6,260 million

As of March 31, 2023: ¥6,312 million

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year Ended March 31, 2023	–	20.00	–	25.00	45.00
Ending March 31, 2024	–				
Fiscal year Ending March 31, 2024 (forecast)		20.00	–	25.00	45.00

Note: Revisions to dividend forecast published most recently: None

3. Earnings Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	3,923	3.3	927	5.9	971	4.9	660	1.2	63.33

Note: Revisions to earnings forecast published most recently: None

*** Notes**

(1) Application of accounting methods used specifically for preparing the quarterly 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 June 30, 2023:	11,325,000 shares
As of March 31, 2023:	11,325,000 shares

2) Number of treasury shares:

As of June 30, 2023:	902,642 shares
As of March 31, 2023:	902,642 shares

3) Average number of shares outstanding:

Three months ended June 30, 2023:	10,422,358 shares
Three months ended June 30, 2022:	10,422,402 shares

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

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

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.

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1. Quarterly Financial Statements and Notes

(1) Quarterly balance sheet

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current quarter (As of June 30, 2023)
Assets		
Current assets:		
Cash and deposits	1,900,277	1,658,089
Trade accounts receivable	501,235	381,946
Securities	3,200,000	3,200,000
Other	78,039	74,912
Allowance for doubtful accounts	(48,514)	(30,527)
Total current assets	5,631,038	5,284,421
Non-current assets:		
Property, plant and equipment	123,638	121,121
Intangible assets:		
Software	742,024	685,035
Other	6,298	16,631
Total intangible assets	748,323	701,667
Investments and other assets:		
Investment securities	791,250	860,000
Other	468,216	446,609
Allowance for doubtful accounts	(35,854)	(65,023)
Total investments and other assets	1,223,611	1,241,586
Total non-current assets	2,095,574	2,064,375
Total assets	7,726,613	7,348,796
Liabilities		
Current liabilities:		
Trade accounts payable	159,770	136,111
Income taxes payable	203,471	85,001
Provision for bonuses	87,010	40,250
Other	786,265	664,370
Total current liabilities	1,236,517	925,732
Non-current liabilities:		
Provision for retirement benefits	147,707	132,380
Provision for renovation warranties	27,839	27,676
Asset retirement obligations	2,400	2,400
Total non-current liabilities	177,946	162,456
Total liabilities	1,414,464	1,088,188
Net assets		
Shareholders' equity:		
Share capital	517,750	517,750
Capital surplus	168,570	168,570
Retained earnings	6,059,605	5,960,365
Treasury shares	(698,873)	(698,873)
Total shareholders' equity	6,047,052	5,947,812
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	265,097	312,795
Total valuation and translation adjustments	265,097	312,795
Total net assets	6,312,149	6,260,608
Total liabilities and net assets	7,726,613	7,348,796

(2) Quarterly statement of income

	(Thousands of yen)	
	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Operating revenue	932,897	942,534
Operating costs	237,151	224,329
Operating gross profit	695,746	718,204
Selling, general and administrative expenses	482,230	475,202
Operating profit	213,516	243,002
Non-operating income:		
Interest income	117	141
Administrative service fee income	3,337	1,950
Compensation for delay damages	1,947	3
Other	1,110	807
Total non-operating income	6,512	2,903
Non-operating expenses:		
Interest expenses	13	5
Foreign exchange losses	2,377	1,364
Total non-operating expenses	2,390	1,369
Ordinary profit	217,637	244,535
Extraordinary losses:		
Loss on retirement of property, plant and equipment	1,592	–
Total extraordinary losses	1,592	–
Profit before income taxes	216,045	244,535
Income taxes	68,716	83,216
Net income	147,328	161,319

(3) Notes to quarterly financial statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholders' equity)

Not applicable.

(Application of accounting methods used specifically for preparing the quarterly 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.

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 quarter of the previous fiscal year (from April 1, 2022 to June 30, 2022).

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	4	3	2	1	1	11
Closures (Cancellations)	4	7	0	0	0	11
Number of offices at first quarter-end	455	345	89	74	28	991
YoY change (%)	99.8	97.7	96.7	104.2	116.7	99.5

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	455,271	242,347	48,246	35,500	12,458	793,824
YoY change (%)	100.7	102.6	96.0	110.9	133.9	101.8
IT service revenue	78,509	–	–	–	–	78,509
YoY change (%)	89.5	–	–	–	–	89.5
Franchise fee revenue	18,133	15,315	3,537	2,216	882	40,086
YoY change (%)	80.5	85.5	90.7	84.8	89.8	83.6
Other	20,474	–	4	–	–	20,478
YoY change (%)	100.3	–	6.8	–	–	94.0
Total operating revenue	572,388	257,663	51,788	37,716	13,340	932,897
YoY change (%)	98.2	100.9	95.6	108.1	129.7	99.5

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)	112,461,607	65,254,070	12,105,921	8,612,046	3,558,133	201,991,779
Total number of transactions	89,699	12,727	3,305	4,272	841	110,844
Total commission income (Thousands of yen)	7,529,424	3,953,585	747,449	559,739	199,759	12,989,958

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

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	3	2	0	0	0	5
Closures (Cancellations)	15	8	1	0	2	26
Number of offices at first quarter-end	450	332	96	79	30	987
YoY change (%)	98.9	96.2	107.9	106.8	107.1	99.6

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	444,261	243,997	56,439	37,437	14,783	796,919
YoY change (%)	97.6	100.7	117.0	105.5	118.7	100.4
IT service revenue	79,341	–	–	–	–	79,341
YoY change (%)	101.1	–	–	–	–	101.1
Franchise fee revenue	23,743	12,291	5,290	2,207	2,449	45,982
YoY change (%)	130.9	80.3	149.5	99.6	277.6	114.7
Other	20,290	–	–	–	–	20,290
YoY change (%)	99.1	–	–	–	–	99.1
Total operating revenue	567,636	256,289	61,729	39,645	17,233	942,534
YoY change (%)	99.2	99.5	119.2	105.1	129.2	101.0

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)	109,935,484	63,428,531	14,906,898	8,321,705	3,762,299	200,354,919
Total number of transactions	89,290	11,782	3,374	3,922	1,156	109,524
Total commission income (Thousands of yen)	7,317,718	4,001,319	898,725	594,127	228,899	13,040,790