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July 31, 2025

Non-Consolidated Financial Results for the Three Months Ended June 30, 2025 (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: Yusuke Takasaka, Representative Director, President and CEO
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Scheduled date to commence dividend payments: —
Preparation of supplementary materials on financial results: No
Holding of financial results briefing: No

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

1. Financial Results for the Three Months Ended June 30, 2025 (from April 1 to June 30, 2025)

(1) Operating results (Cumulative) (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, 2025	1,054	2.5	272	(12.0)	280	(10.3)	190	(11.3)
June 30, 2024	1,028	9.1	309	27.4	312	27.7	214	32.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	18.52	—
June 30, 2024	20.89	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	7,609	6,515	85.6
March 31, 2025	7,922	6,611	83.4

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

As of June 30, 2025: ¥6,515 million

As of March 31, 2025: ¥6,611 million

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
As of June 30, 2025:	—	20.00	—	30.00	50.00
Ending March 31, 2026	—	—	—	—	—
Fiscal year Ending March 31, 2026 (forecast)	—	25.00	—	25.00	50.00

Note: Revisions to dividend forecast published most recently: No

3. Earnings Forecast for the Fiscal Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Net income		Basic earning per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	4,453	10.1	1,147	7.0	1,193	1.3	810	1.0	78.93

Note: Revisions to business forecast published most recently: No

* 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 : No
- 2) Changes in accounting policies other than 1) above : No
- 3) Changes in accounting estimates : No
- 4) Restatements : No

(3) Number of shares issued (common stock)

1) Number of shares issued (including treasury shares)

As of June 30, 2025: 11,325,000 shares

As of March 31, 2025: 11,325,000 shares

2) Number of treasury shares at end of period

As of June 30, 2025: 1,063,030 shares

As of March 31, 2025: 1,063,015 shares

3) Average number of shares outstanding (QTD)

Three months ended June 30, 2025: 10,261,971 shares

Three months ended June 30, 2024: 10,262,078 shares

* Review of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm :
No

* 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. Qualitative Information on Financial Results for the Quarter Under Review

(1) Explanation of operating results

During the first three months under review, Japan's economy continued to demonstrate signs of moderate recovery, driven by sustained improvements in employment and income conditions, as well as the impact of various implemented policies. However, the outlook is becoming increasingly uncertain due to downside risks to the economy caused by the impact of U.S. trade policy.

In the real estate distribution industry, to which our company belongs, the national average roadside land price in 2025 rose for the fourth consecutive year in terms of standard residential land value, with an increase of 2.7%, exceeding the previous year. Focusing on the situation by prefecture, the number of cities with price increases rose to 35, while the number of cities with price declines decreased. In cities that had previously experienced continuous decline, the rate of decline decreased or the price rate started to increase, indicating an expanding upward trend in land prices nationwide.

Conversely, housing prices are rising due to increased costs of goods and materials, and housing loan interest rates are increasing. Consequently, there are concerns that may impact consumers' purchasing intentions for homes.

In this business environment, our company continues to strive to promote various measures: 1. Increasing new franchisees; 2. Enhancement of support for franchised brokerage offices, including: (i) Strengthening talent; (ii) Reinforcing sales; and (iii) Expansion of business scale; and 3. Promotion of sustainability initiatives. In particular, to strengthen support for franchised brokerage offices, the first step was to enhance recruitment communication through TikTok and other social media platforms as a measure to support their recruitment.

Next, as a measure to reinforce sales, we enhanced the contract system by implementing automatic generation function using AI.

In addition, we have entered into a collaborative agreement with Meikai University to promote sustainability initiatives and cultivate human resources for the real estate industry. This initiative aims to foster professionals from both academic and business backgrounds, contributing to the development of a real estate industry that meets societal demands.

Under these circumstances, our total operating revenue totaled ¥1,054 million (up 2.5% year-on-year). More specifically, service fee revenue was ¥873 million (down 2.3% year-on-year), IT service revenue was ¥129 million (up 65.2% year-on-year), franchise fee revenue was ¥32 million (down 8.9% year-on-year) and other revenue was ¥19 million (down 5.6% year-on-year). The rise in IT service revenue was driven by the start of recording system usage fees associated with the transfer of IT system assets from the Century 21 Franchise Advertising Fund Association. Meanwhile, operating costs amounted to ¥277 million (up 14.3% year-on-year). Selling, general and administrative expenses totaled ¥504 million (up 5.9% year-on-year) due to an increase in personnel expenses and other expenses, including internal training aimed at improving the ability to support franchised brokerage offices and external consulting expenses to strengthen the acquisition of new franchisees. As a result, the Company reported operating profit of ¥272 million (down 12.0% year-on-year), ordinary profit of ¥280 million (down 10.3% year-on-year), and net income of ¥190 million (down 11.3% year-on-year).

(2) Explanation of financial position

As of the end of the first quarter under review, the total assets decreased by ¥313 million from the end of the previous fiscal year, amounting to ¥7,609 million. Total liabilities decreased by ¥217 million from the end of the previous fiscal year to ¥1,093 million. Although net income reached ¥190 million and valuation and translation adjustments increased by ¥22 million, net assets decreased by ¥95 million from the end of the previous fiscal year to ¥6,515 million due to the payment of year-end dividends of ¥307 million.

(3) Explanation of earnings forecasts and other forward-looking information

The full-year earnings forecast for the fiscal year ending March 2026 remains unchanged from the earnings forecast announced on April 30, 2025.

Please note that the forecasts are based on currently available information, but the actual figures may differ from the forecasts due to various factors. Any revisions to our earnings forecasts will be communicated promptly.

2. Quarterly Financial Statements and Notes

(1) Quarterly balance sheet

	(Thousands of yen)	
	Previous fiscal year (As of March 31, 2025)	Current quarter (As of June 30, 2025)
Assets		
Current assets:		
Cash and deposits	761,769	458,987
Trade accounts receivable	455,060	378,564
Securities	5,100,000	5,100,000
Other	196,746	112,830
Allowance for doubtful accounts	(28,379)	(24,956)
Total current assets	6,485,196	6,025,425
Non-current assets:		
Property, plant and equipment	117,924	120,531
Intangible assets:		
Software	403,084	458,996
Other	5,891	71,903
Total intangible assets	408,976	530,899
Investments and other assets:		
Investment securities	715,500	748,000
Other	271,298	256,059
Allowance for doubtful accounts	(75,982)	(71,223)
Total investments and other assets	910,815	932,835
Total non-current assets	1,437,716	1,584,266
Total assets	7,922,913	7,609,692
Liabilities		
Current liabilities:		
Trade accounts payable	195,139	191,660
Income taxes payable	240,578	97,183
Provision for bonuses	90,100	48,200
Other	623,788	591,782
Total current liabilities	1,149,607	928,825
Non-current liabilities:		
Provision for retirement benefits	134,493	137,874
Provision for renovation warranties	24,938	24,644
Asset retirement obligations	2,400	2,400
Total non-current liabilities	161,831	164,918
Total liabilities	1,311,438	1,093,743
Net assets		
Shareholders' equity:		
Share capital	517,750	517,750
Capital surplus	168,570	168,570
Retained earnings	6,605,538	6,487,772
Treasury shares	(890,168)	(890,185)
Total shareholders' equity	6,401,690	6,283,907
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	209,784	232,040
Total valuation and translation adjustments	209,784	232,040
Total net assets	6,611,474	6,515,948
Total liabilities and net assets	7,922,913	7,609,692

(2) Quarterly statement of income

	(Thousands of yen)	
	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)
Operating revenue	1,028,726	1,054,735
Operating costs	243,028	277,832
Operating gross profit	785,698	776,903
Selling, general and administrative expenses	476,112	504,440
Operating profit	309,585	272,462
Non-operating income		
Interest income	245	4,545
Administrative service fee income	1,938	1,858
Compensation for delay damages	148	13
Foreign exchange gains	-	450
Other	837	927
Total non-operating income	3,169	7,793
Non-operating expenses:		
Foreign exchange losses	379	-
Total non-operating expenses	379	-
Ordinary profit	312,375	280,256
Profit before income taxes	312,375	280,256
Income taxes	98,004	90,163
Net income	214,371	190,093

(3) Notes to quarterly financial statements

(Note regarding the going concern assumption)

Not applicable.

(Note on 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.

(Notes to the segment information)

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

(Notes to the statement of cash flows)

The Company has not prepared the quarterly statement of cash flows for the three months ended June 30, 2025.

The depreciation (including amortization of intangible assets) for the three months ended June 30, 2025 is as follows.

	(Thousands of yen)	
	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025)
Depreciation	64,565	71,470

(Material subsequent events)

Not applicable.

3. 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, 2024 to June 30, 2024).

(Unit: Store)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	2	3	3	2	1	11
Closures (Cancellations)	6	2	2	1	0	11
Number of offices at first quarter-end	441	326	100	89	38	994
YoY change (%)	98.0	98.2	104.2	112.7	126.7	100.7

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	506,570	256,062	59,400	54,393	17,774	894,201
YoY change (%)	114.0	104.9	105.2	145.3	120.2	112.2
IT service revenue	78,348	-	-	-	-	78,348
YoY change (%)	98.7	-	-	-	-	98.7
Franchise fee revenue	14,950	13,084	3,725	2,499	1,355	35,614
YoY change (%)	63.0	106.4	70.4	113.2	55.3	77.5
Other	20,563	-	-	-	-	20,563
YoY change (%)	101.3	-	-	-	-	101.3
Total operating revenue	620,432	269,146	63,125	56,893	19,129	1,028,726
YoY change (%)	109.3	105.0	102.3	143.5	111.0	109.1

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)	117,028,301	67,666,798	15,342,544	12,472,586	4,999,561	217,509,791
Total number of transactions	90,969	14,079	3,583	4,171	1,501	114,303
Total commission income (Thousands of yen)	8,364,983	4,178,255	940,251	873,058	287,066	14,643,614

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, 2025 to June 30, 2025).

(Unit: Store)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Openings	1	1	0	0	0	2
Closures (Cancellations)	5	9	0	0	0	14
Number of offices at first quarter-end	406	313	99	93	37	948
YoY change (%)	92.1	96.0	99.0	104.5	97.4	95.4

(Thousands of yen)

	Greater Tokyo	Kansai	Chubu	Kyushu	Hokkaido	Total
Service fee revenue	468,082	269,796	61,062	55,081	19,444	873,465
YoY change (%)	92.4	105.4	102.8	101.3	109.4	97.7
IT service revenue	129,392	-	-	-	-	129,392
YoY change (%)	165.2	-	-	-	-	165.2
Franchise fee revenue	12,248	12,810	3,577	2,466	1,356	32,458
YoY change (%)	81.9	97.9	96.0	98.7	100.1	91.1
Other	19,418	-	-	-	-	19,418
YoY change (%)	94.4	-	-	-	-	94.4
Total operating revenue	629,141	282,606	64,639	57,547	20,800	1,054,735
YoY change (%)	101.4	105.0	102.4	101.1	108.7	102.5

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)	114,017,672	73,052,906	15,895,214	12,973,825	5,079,960	221,019,580
Total number of transactions	89,624	13,990	3,643	4,690	1,432	113,379
Total commission income (Thousands of yen)	7,734,382	4,681,339	976,652	885,846	309,787	14,588,008