

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

Company name: **KATITAS Co., Ltd.** Listing: Tokyo Stock Exchange
 Securities code: 8919 URL: <https://katitas.jp>
 Representative: Katsutoshi Arai, President and CEO
 Inquiries: Kazuhito Yokota, Director, General Manager of Administration Headquarter
 TEL: +81-3-5542-3882 (from overseas)
 Scheduled date of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to commence dividend payments: June 14, 2022
 Scheduled date to file annual securities report: June 28, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	101,269	3.6	13,127	15.7	12,697	14.1	6,845	(8.0)
March 31, 2021	97,735	8.6	11,343	12.1	11,125	12.4	7,440	43.3

Note: Comprehensive income Fiscal year ended March 31, 2022: ¥6,845 million [(8.0)%]
 Fiscal year ended March 31, 2021: ¥7,440 million [43.3%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2022	88.71	87.59	22.6	21.5	13.0
March 31, 2021	96.85	95.35	29.3	20.4	11.6

Reference: Share of profit (loss) of entities accounted for using equity method
 Fiscal year ended March 31, 2022: ¥- million Fiscal year ended March 31, 2021: ¥- million

Reference information: (Percentages indicate year-on-year changes.)

Fiscal year ended	Adjusted profit attributable to owners of parent		Adjusted basic earnings per share	
	Millions of yen	%	Yen	%
March 31, 2022	8,584	15.0	111.25	14.5
March 31, 2021	7,464	11.9	97.16	11.2

Note: The Company uses adjusted profit attributable to owners of parent and adjusted basic earnings per share as important management indicators. Regarding each indicator, please see the following “* Proper use of earnings forecasts, and other special matters, Notes regarding “Reference” in summary information.”

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	62,644	32,752	52.0	421.45
March 31, 2021	55,520	28,243	50.6	364.40

Reference: Equity As of March 31, 2022: ¥32,562 million
As of March 31, 2021: ¥28,091 million

(3) Consolidated 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, 2022	(2,490)	(20)	(3,189)	13,409
March 31, 2021	14,724	(21)	(4,731)	19,109

2. Dividends

	Annual dividends per share					Total amount of cash dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2021	Yen —	Yen 13.50	Yen —	Yen 16.00	Yen 29.50	Millions of yen 2,270	% 30.5	% 8.9
Fiscal year ended March 31, 2022	—	16.00	—	17.50	33.50	2,586	37.8	8.5
Fiscal year ending March 31, 2023 (Forecast)	—	24.00	—	24.50	48.50		40.1	

Note: The Company revised the year-end dividend for the fiscal year ended March 31, 2022 from ¥16.0 to ¥17.5. For further details, please refer to “Notice of Revision of Consolidated Earnings Forecast and Dividend Forecast (Dividend Increase),” published April 28, 2022.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	56,990	15.0	7,282	5.9	7,212	6.4	4,865	6.3	62.98
Fiscal year ending March 31, 2023	113,376	12.0	14,018	6.8	13,875	9.3	9,355	36.7	121.08

* Notes

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	78,650,640 shares
As of March 31, 2021	78,650,640 shares

b. Number of treasury shares at the end of the period

As of March 31, 2022	1,388,308 shares
As of March 31, 2021	1,561,493 shares

c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2022	77,167,351 shares
For the fiscal year ended March 31, 2021	76,828,721 shares

*** Financial results reports are exempt from audit conducted by certified public accountants or audit corporations.**

*** Proper use of earnings forecasts, and other special matters**

Caution regarding forward-looking statements and others

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to "1. Overview of operating results, (4) Forecast" on page 3 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

Notes regarding "Reference" in summary information

1. Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Adjustments (advisory fees, differences in consumption taxes, etc. and related income taxes - deferred)
2. Adjusted basic earnings per share = Adjusted profit attributable to owners of parent / Average number of shares outstanding during the period
3. Adjusted profit attributable to owners of parent is a financial indicator that the Company and its subsidiaries (collectively, the "Group") consider useful for evaluating the performance of the Group for investors. Effects of items that are nonrecurring (items that are not considered to be indicative of the results of ordinary operating activities, or items that do not appropriately indicate the Group's performance to competitors) are excluded from this financial indicator.
4. Adjusted profit attributable to owners of parent excludes some items that affect profit, and its utilization as an analysis tool is significantly restricted. Consequently, there is a possibility that the indicator may not be comparable with the same or similar indicator of other companies in the same industry because of differences in calculation method, thereby decreasing the usefulness of the indicator.

Means of access to contents of financial results presentation meeting

The Company plans to hold a briefing for institutional investors on Friday, May 13, 2022.

The presentation materials will be posted on the Company's website on the day of the presentation meeting.

Attached Materials

Index

1. Overview of Operating Results	2
(1) Overview of Operating Results in the Fiscal Year Under Review	2
(2) Overview of Financial Condition in the Fiscal Year Under Review	2
(3) Overview of Cash Flow During the Fiscal Year.....	3
(4) Forecast.....	3
(5) Basic Policy on Distribution of Earnings and Dividends in the Fiscal Year Under Review and Coming Fiscal Year	3
2. Basic Approach to Selection of Accounting Standards.....	4
3. Consolidated financial statements and significant notes thereto	5
(1) Consolidated balance sheet.....	5
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	7
Consolidated statement of income	7
Consolidated statement of comprehensive income.....	8
(3) Consolidated statements of changes in equity	9
(4) Consolidated statement of cash flows.....	10
(5) Notes on the Consolidated Financial Statements.....	11
(Notes on premise of going concern).....	11
(Changes in accounting policies).....	11
(Additional information).....	11
(Segment information, etc.)	11
(Per-share information).....	12
(Significant subsequent events)	12

1. Overview of Operating Results

(1) Overview of Operating Results in the Fiscal Year Under Review

During the fiscal year under review, the prospects for the Japanese economy remained uncertain, despite signs of recovery in economic activity as a result of the progress in vaccination and measures to prevent infection amid the prolonged impact of the coronavirus disease (COVID-19).

However, because the Group conducts sales activities mainly in regional cities and in suburban areas, the impact of measures to prevent the spread of COVID-19, which have been focused on heavily populated urban areas, is relatively limited.

The Group aims to provide a “Fourth Option” as an alternative to newly built, “as-is” pre-owned, and rental houses, mainly targeting the middle- and lower-income market. We deal with older pre-owned single-family detached houses that competitors find challenging to bring to market and sell them after refurbishing and adding value to the properties that are difficult to live in as they are.

In terms of sales, families living in rental homes, in particular, have a strong desire to buy inexpensive, high-quality houses or to improve their living environments, and the number of customer inquiries has increased in comparison with the previous fiscal year. High customer demand for properties reduced the Group’s need to offer discounts and price revisions during sales discussions, and sale prices rose due to measures such as option sales. As a result, net sales increased year on year. On the other hand, due to the shortage of real estate for sale and real estate for sale in process caused by supply delays in the previous fiscal year, the number of properties sold fell year on year due to operations that focused more on purchasing activities than on sales activities.

In terms of purchases, the number of properties purchased increased year on year as a result of a recovery in the number of purchase assessment requests and continued focus on purchasing activities, reflecting the trend of improvement in the sentiment of sellers who were avoiding contact with third parties for purchase assessments. Real estate for sale and real estate for sale in process also increased year on year compared to the end of the previous fiscal year, due to an increase in the number of purchases.

In terms of profit, the gross margin improved 1.6 points from the previous fiscal year due to an increase in contracts for properties being refurbished and the aforementioned limited discounts and price reductions. Selling, general and administrative expenses increased due to an increase in personnel expenses as a result of a special bonus of ¥269 million paid to employees to improve their motivation. Advertising and marketing expenses are increasing, mainly due to internet-based advertising to increase purchases. These are due to measures for stable growth going forward. Additionally, non-operating expenses include one-time expenses of ¥223 million for the refinancing of a syndicated loan to make it unsecured. In terms of expenses, the Group operates with continuous strong cost awareness.

As stated in the “Notice of Recording Extraordinary Losses Related to Tax Investigation by Kanto Shinetsu Regional Taxation Bureau” released on April 28, 2022, the Company recorded ¥2,385 million in extraordinary losses as consumption tax difference in the fiscal year under review, while it recorded ¥646 million in income tax refund.

As a result, in the fiscal year under review, the number of properties sold was 6,120, down 0.6% year on year, net sales were ¥101,269 million, up 3.6% year on year, operating profit was ¥13,127 million, up 15.7% year on year, ordinary profit was ¥12,697 million, up 14.1% year on year, and profit attributable to owners of parent was ¥6,845 million, down 8.0% year on year. Also, adjusted profit attributable to owners of parent was ¥8,584 million, up 15.0% year on year.

The Group’s sole reportable segment is the “used housing refurbishing and remodeling business.” Other businesses have been omitted due to a lack of materiality.

(2) Overview of Financial Condition in the Fiscal Year Under Review

(i) Current Assets

Current assets at the end of the fiscal year under review were ¥60,773 million, an increase of ¥7,306 million compared to ¥53,467 million at the end of the previous fiscal year. This was mainly due to an increase of ¥11,432 million in real estate for sale and real estate for sale in process, and ¥657 million in outstanding corporation-tax refunds, and a decrease of ¥5,700 million in cash and deposits.

(ii) Non-current assets

Non-current assets at the end of the fiscal year under review were ¥1,870 million, a decrease of ¥182 million compared to ¥2,053 million at the end of the previous fiscal year. A key factor in this result was a decline of ¥198 million in goodwill.

(iii) Current liabilities

Current liabilities at the end of the fiscal year under review were ¥11,252 million, an increase of ¥2,637 million compared to ¥8,615 million at the end of the previous fiscal year. This was mainly due to decreases of

¥730 million in the current portion of long-term borrowings, ¥111 million in income taxes payable, despite increases of ¥718 million in accounts payable - trade, ¥2,361 million in consumption taxes payable.

(iv) Non-current liabilities

Non-current liabilities at the end of the fiscal year under review were ¥18,639 million, a decrease of ¥23 million compared to ¥18,662 million at the end of the previous fiscal year. A major factor in this result was a decrease in long-term borrowings of ¥20 million, which arose from refinancing of syndicated loans.

(v) Net Assets

Current assets at the end of the fiscal year under review were ¥32,752 million, an increase of ¥4,509 million compared to ¥28,243 million at the end of the previous fiscal year. This was mainly due to the recording of ¥6,845 million in profit attributable to owners of the parent company and payment of dividends of surplus of ¥2,467 million. As a result, the equity-to-asset ratio was 52.0%.

(3) Overview of Cash Flow During the Fiscal Year

The balance of cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review decreased by ¥5,700 million from the end of the previous fiscal year to ¥13,409 million.

The situation and factors related to cash flows for the end of the fiscal year under review are as follow.

(Cash flows from operating activities)

Funds used as a result of operations in the fiscal year under review amounted to ¥2,490 million, compared with revenues of ¥14,724 million in the previous fiscal year. Among major factors in this result, although profit before income taxes of ¥10,311 million was appropriated, accounts payable increased ¥718 million and unpaid consumption tax, etc., rose ¥2,361 million, inventory grew ¥11,432 million and income taxes paid of ¥4,225 million were paid.

(Cash flows from investing activities)

Funds used as a result of investment activities in the fiscal year under review amounted to ¥20 million, down 6.6% from the previous fiscal year. This was mainly due to purchase of property, plant, and equipment of ¥12 million.

(Cash flows from financing activities)

Funds used as a result of financial activities in the fiscal year under review amounted to ¥3,189 million, down 32.6% from the previous fiscal year. Among the key factors in this result, revenue of ¥18,500 million in long-term borrowings from refinancing of syndicated loans was more than offset by expenditures on repayment of long-term borrowings of ¥19,250 million and dividend paid of ¥2,466 million.

(4) Forecast

As for the future outlook regarding COVID-19, we assume that the progress in vaccination and measures to prevent infection will gradually establish a balance between the prevention of the spread of infection and economic activity. However, the Company expects that the economic outlook will remain uncertain due to soaring raw material prices and fluctuations in financial and capital markets since the end of the fiscal year under review.

Under such circumstances, the Group has formulated its third medium-term management plan (FY2022-FY2024) with the aim of achieving an annual sales volume of over 10,000 properties going forward. Considering that customer demand for “low-cost, high-quality housing to live in” is firm and that there are many properties, mainly vacant houses, that the Group can purchase, the Company has determined improving the Group’s supply capacity as a key issue. Therefore, the Company aims to achieve an average annual growth rate of 10% for both sales and operating profit by increasing the number of sales staff, improving productivity, as well as securing remodeling partner construction companies, aiming for sales of ¥134.0 billion and operating profit of ¥17.5 billion.

In view of the above, the Group’s forecast of consolidated business results in the coming fiscal year (fiscal year ending March 31, 2023) consists of net sales of ¥113,376 million (up 12.0% year on year), operating profit of ¥14,018 million (up 6.8% year on year), ordinary profit of ¥13,875 million (up 9.3% year on year), and profit attributable to owners of parent of ¥9,355 million (up 36.7% year on year).

(5) Basic Policy on Distribution of Earnings and Dividends in the Fiscal Year Under Review and Coming Fiscal Year

The Company positions the return of earnings to shareholders as one of its most important management issues.

The body that determines distribution of the Company's surplus is the Board of Directors. For the fiscal year under review, the Company is distributing dividends of ¥33.5 per share (consisting of an interim dividend of ¥16.0 per share and a year-end dividend of ¥17.5 per share). As stated in "Notice of Revision of Consolidated Earnings Forecast and Dividend Forecast (Dividend Increase)" published April 28, 2022, the year-end dividend is increased from ¥16.0 per share to ¥17.5 per share.

In the coming fiscal year (fiscal year ending March 31, 2023), in view of its forecast of operating results, the Company intends to distribute dividends of ¥48.5 per share (consisting of an interim dividend of ¥24.0 per share and a year-end dividend of ¥24.5 per share).

The Company has made it a policy to distribute earnings twice a year, through interim dividends and year-end dividends, aiming for a dividend payout ratio of 40% or greater.

2. Basic Approach to Selection of Accounting Standards

To ensure ease of comparison with other companies in the same industry, the Group applies J-GAAP as its accounting standard.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	19,109	13,409
Real estate for sale	19,656	25,440
Real estate for sale in process	13,774	19,422
Income taxes refund receivable	13	671
Other	916	1,833
Allowance for doubtful accounts	(2)	(3)
Total current assets	53,467	60,773
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	149	140
Land	528	527
Other, net	36	29
Total property, plant and equipment	714	697
Intangible assets		
Goodwill	396	198
Other	29	31
Total intangible assets	426	230
Investments and other assets		
Deferred tax assets	713	731
Other	207	217
Allowance for doubtful accounts	(8)	(4)
Total investments and other assets	912	943
Total non-current assets	2,053	1,870
Total assets	55,520	62,644

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	3,051	3,769
Current portion of long-term borrowings	730	–
Contract liabilities	–	453
Income taxes payable	2,441	2,330
Accrued consumption taxes	48	2,409
Provision for bonuses	329	390
Construction warranty reserve	287	305
Provision for loss on litigation	0	2
Provision for loss on disaster	9	5
Other	1,716	1,585
Total current liabilities	8,615	11,252
Non-current liabilities		
Long-term borrowings	18,520	18,500
Provision for retirement benefits for directors (and other officers)	94	98
Other	47	40
Total non-current liabilities	18,662	18,639
Total liabilities	27,277	29,891
Net assets		
Shareholders' equity		
Share capital	3,778	3,778
Capital surplus	3,640	3,649
Retained earnings	21,435	25,813
Treasury shares	(763)	(679)
Total shareholders' equity	28,091	32,562
Share acquisition rights	152	190
Total net assets	28,243	32,752
Total liabilities and net assets	55,520	62,644

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	97,735	101,269
Cost of sales	75,545	76,621
Gross profit	22,189	24,647
Selling, general and administrative expenses	10,845	11,519
Operating profit	11,343	13,127
Non-operating income		
Commission income	7	6
Insurance claim income	3	15
Discount revenue	8	4
Income of compensation	13	–
Other	12	12
Total non-operating income	45	40
Non-operating expenses		
Interest expenses	208	173
Commission for syndicated loans	34	278
Other	20	18
Total non-operating expenses	262	470
Ordinary profit	11,125	12,697
Extraordinary income		
Gain on sale of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Impairment losses	3	0
Differences in consumption taxes, etc.	48	2,385
Total extraordinary losses	51	2,385
Profit before income taxes	11,073	10,311
Income taxes - current	3,786	4,129
Income taxes - refund	–	(646)
Income taxes - deferred	(152)	(17)
Total income taxes	3,633	3,466
Profit	7,440	6,845
Profit attributable to owners of parent	7,440	6,845

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,440	6,845
Comprehensive income	7,440	6,845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,440	6,845

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	3,778	3,640	16,154	(950)	22,623	113	22,737
Cumulative effects of changes in accounting policies					–		–
Restated balance	3,778	3,640	16,154	(950)	22,623	113	22,737
Changes during period							
Dividends of surplus			(2,072)		(2,072)		(2,072)
Profit attributable to owners of parent			7,440		7,440		7,440
Purchase of treasury shares				(0)	(0)		(0)
Exercise of share acquisition rights		(87)		186	99		99
Transfer from retained earnings to capital surplus		87	(87)		–		–
Net changes in items other than shareholders' equity						38	38
Total changes during period	–	–	5,280	186	5,467	38	5,505
Balance at end of period	3,778	3,640	21,435	(763)	28,091	152	28,243

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	3,778	3,640	21,435	(763)	28,091	152	28,243
Cumulative effects of changes in accounting policies					–		–
Restated balance	3,778	3,640	21,435	(763)	28,091	152	28,243
Changes during period							
Dividends of surplus			(2,467)		(2,467)		(2,467)
Profit attributable to owners of parent			6,845		6,845		6,845
Purchase of treasury shares				(0)	(0)		(0)
Exercise of share acquisition rights		8		84	93		93
Transfer from retained earnings to capital surplus					–		–
Net changes in items other than shareholders' equity						38	38
Total changes during period	–	8	4,377	84	4,470	38	4,509
Balance at end of period	3,778	3,649	25,813	(679)	32,562	190	32,752

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	11,073	10,311
Depreciation	40	36
Impairment losses	3	0
Amortization of goodwill	198	198
Increase (decrease) in allowance for doubtful accounts	(3)	(2)
Increase (decrease) in provision for bonuses	216	60
Increase (decrease) in construction warranty reserve	31	18
Increase (decrease) in provision for retirement benefits for directors (and other officers)	14	4
Increase (decrease) in provision for loss on litigation	(0)	2
Increase (decrease) in provision for loss on disaster	9	(3)
Interest expenses	208	173
Loss (gain) on sale of property, plant and equipment	–	(0)
Loss on retirement of non-current assets	0	0
Share-based payment expenses	42	64
Decrease (increase) in inventories	7,065	(11,432)
Decrease (increase) in trade receivables	(2)	(0)
Increase (decrease) in trade payables	141	718
Increase (decrease) in accrued consumption taxes	(1,985)	2,361
Other, net	868	(601)
Subtotal	17,920	1,908
Interest paid	(208)	(173)
Income taxes paid	(2,988)	(4,225)
Net cash provided by (used in) operating activities	14,724	(2,490)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13)	(12)
Proceeds from sale of property, plant and equipment	–	0
Proceeds from collection of loans receivable	0	2
Other, net	(8)	(10)
Net cash provided by (used in) investing activities	(21)	(20)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,000)	–
Proceeds from long-term borrowings	–	18,500
Repayments of long-term borrowings	(750)	(19,250)
Repayments of finance lease liabilities	(7)	(5)
Dividends paid	(2,072)	(2,466)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	99	33
Net cash provided by (used in) financing activities	(4,731)	(3,189)
Net increase (decrease) in cash and cash equivalents	9,971	(5,700)
Cash and cash equivalents at beginning of period	9,137	19,109
Cash and cash equivalents at end of period	19,109	13,409

- (5) Notes on the Consolidated Financial Statements
(Notes on premise of going concern)
No items to report.

(Changes in accounting policies)

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As a result of this application, the Company recognizes revenue from the used housing refurbishing and remodeling business at the time the control of property is transferred to a customer based on the content and consideration that are clarified in a real estate sales contract concluded with the customer.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance.

Also, the item “Advances received” under “Current liabilities” in the consolidated balance sheet for the previous fiscal year is included in “Contract liabilities” in the fiscal year under review. However, in accordance with the transitional treatment in Paragraph 89-2 of the Earnings Recognition Accounting Standard, reclassification in accordance with the new listing method is not done for the previous fiscal year.

As a result, there is no impact on the consolidated financial statements for the fiscal year under review. In addition, there is no impact on the opening balance of retained earnings of the fiscal year under review.

(Additional information)

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc., prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). As a result, there is no impact on the consolidated financial statements for the fiscal year under review.

(Segment information, etc.)

Segment information

The Group’s sole reportable segment is the “used housing refurbishing and remodeling business.” Other businesses have been omitted due to a lack of materiality.

Related information

1. Information by Product and Service

Net sales to outside customers in a single product/service category exceed 90% of net sales in the consolidated income statement, so this information is omitted from this report.

2. Information by Region

(1) Net sales

Net sales to outside customers in Japan exceed 90% of net sales in the consolidated income statement, so this information is omitted from this report.

(2) Property, plant, and equipment

The value of property in Japan exceeds 90% of the value of property on the consolidated balance sheet, so this information is omitted from this report.

3. Information by Main Customer

Of net sales to outside customers, no customer exceeds 10% of net sales in the consolidated income statement, so this information is omitted from this report.

Impairment Loss on Non-current assets by Reporting Segment

Previous fiscal year (from April 1, 2020 to March 31, 2021)

The Group’s sole reportable segment is the “used housing refurbishing and remodeling business.” Other businesses have been omitted due to a lack of materiality.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

The Group's sole reportable segment is the "used housing refurbishing and remodeling business." Other businesses have been omitted due to a lack of materiality.

Amortization of Goodwill and Unamortized Balance by Reporting Segment

The Group's sole reportable segment is the "used housing refurbishing and remodeling business." Other businesses have been omitted due to a lack of materiality.

Gain on Negative Goodwill by Reporting Segment

No items to report.

(Per-share information)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Net assets per share (yen)	364.40	421.45
Basic earnings per share (yen)	96.85	88.71
Diluted earnings per share (yen)	95.35	87.59

Note: The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	7,440	6,845
Amount not returned to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent and applicable to common shares (millions of yen)	7,440	6,845
Average number of common shares during the period (shares)	76,828,721	77,167,351
Diluted earnings per share		
Increase in number of common shares (shares)	1,208,335	990,124
(Of which: Share acquisition rights (shares))	(1,208,335)	(990,124)
Overview of dilutive shares which have not been included in the calculation of diluted earnings per share during the period as they have no diluting effect	–	–

(Significant subsequent events)

No items to report.