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May 9, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 <under Japanese GAAP>

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 Scheduled date of ordinary general meeting of shareholders: June 27, 2023  
 Scheduled date to commence dividend payments: June 13, 2023  
 Scheduled date to file annual securities report: June 27, 2023  
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	121,341	19.8	14,060	7.1	13,833	9.0	8,539	24.7
March 31, 2022	101,269	3.6	13,127	15.7	12,697	14.1	6,845	(8.0)

Note: Comprehensive income Fiscal year ended March 31, 2023: ¥8,539 million [24.7%]  
 Fiscal year ended March 31, 2022: ¥6,845 million [(8.0)%]

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, 2023	110.26	109.32	24.2	21.2	11.6
March 31, 2022	88.71	87.59	22.6	21.5	13.0

Reference: Share of profit (loss) of entities accounted for using equity method  
 Fiscal year ended March 31, 2023: ¥- million Fiscal year ended March 31, 2022: ¥- million

Reference information 1: (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, 2023	9,441	10.0	121.91	9.6
March 31, 2022	8,584	15.0	111.25	14.5

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.”

Reference information 2:

As stated in “Notice Concerning Receipt of Written Notice of Reassessment Order from Nagoya-Naka Tax Office Directed at Subsidiary and Revisions to Earnings Forecasts” announced on April 27, 2023, the Company has filed a lawsuit seeking the revocation of a reassessment order, etc. (the “Lawsuit”) from the tax authorities. The Lawsuit is awaiting the first instance verdict at the Tokyo District Court on May 25, 2023.

If the Company wins the Lawsuit, there will be no effect on the consolidated earnings for the fiscal year ended March 31, 2023. On the other hand, if the Company loses the Lawsuit, it may impact the consolidated earnings for the fiscal year ended March 31, 2023. The amount of that effect is as follows.

Amount of effect on consolidated earnings for the fiscal year ended March 31, 2023

- Net sales: ¥– million
- Operating profit: ¥– million
- Ordinary profit: ¥– million
- Decrease in profit attributable to owners of parent: ¥(2,447) million
- Decrease in basic earnings per share: ¥(31.60)

## (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, 2023	67,616	38,216	56.4	490.18
March 31, 2022	62,644	32,752	52.0	421.45

Reference: Equity As of March 31, 2023: ¥38,103 million  
As of March 31, 2022: ¥32,562 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, 2023	(1,467)	(85)	(3,128)	8,728
March 31, 2022	(2,490)	(20)	(3,189)	13,409

## 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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	16.00	–	17.50	33.50	2,586	37.8	8.5
Fiscal year ended March 31, 2023	–	24.00	–	25.00	49.00	3,799	44.4	10.7
Fiscal year ending March 31, 2024 (Forecast)	–	27.00	–	27.00	54.00		40.3	

Note: The Company revised the year-end dividend for the fiscal year ended March 31, 2023 from ¥24.5 to ¥25.0. For further details, please refer to “Notice of Revision of Dividend Forecast (Dividend Increase),” published April 27, 2023.

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	65,788	11.2	7,706	3.6	7,602	3.4	5,215	4.9	67.10
Fiscal year ending March 31, 2024	132,464	9.2	15,466	10.0	15,204	9.9	10,416	22.0	134.00

Reference information:

As mentioned above, the Lawsuit that the Company has filed is awaiting the first instance verdict at the Tokyo District Court on May 25, 2023.

If the Company wins the Lawsuit, there will be no effect on the consolidated earnings forecasts for the fiscal year ending March 31, 2024. On the other hand, if the Company loses the Lawsuit, it may impact the figures of the consolidated earnings forecasts for the fiscal year ending March 31, 2024.

On the other hand, if the Company loses the Lawsuit, it may impact the consolidated earnings forecasts for the fiscal year ending March 31, 2024. Note that the amount of this effect is the total amount for the Company and its subsidiaries.

The amount of that effect is as follows.

Amount of effect on consolidated earnings forecasts for the fiscal year ending March 31, 2024

- Net sales: ¥– million
- Decrease in operating profit: ¥(2,250) million
- Decrease in ordinary profit: ¥(2,250) million

- Decrease in profit attributable to owners of parent: ¥(1,550) million
- Decrease in basic earnings per share: ¥(19.94)

\* **Notes**

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes
  - Changes in accounting policies due to other reasons: None
  - Changes in accounting estimates: None
  - 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, 2023	78,650,640 shares
As of March 31, 2022	78,650,640 shares

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

As of March 31, 2023	916,916 shares
As of March 31, 2022	1,388,308 shares

- c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2023	77,444,586 shares
For the fiscal year ended March 31, 2022	77,167,351 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*

- Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Adjustments ("differences in consumption taxes, etc." and "income taxes - current")
- Adjusted basic earnings per share = Adjusted profit attributable to owners of parent / Average number of shares outstanding during the period
- 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.
- 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 Tuesday, May 9, 2023.

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

## Attached Materials

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## 1. Overview of Operating Results

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

During the fiscal year under review, the Japanese economy was moving toward normalization of socioeconomic activities as the impact of the COVID-19 eased and inbound demand and service consumption began to recover. However, the economic outlook remains uncertain due to concerns about declining consumption demand caused by rising price of raw materials and imported goods.

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. We add value by refurbishing properties that are difficult to live in as they are, and sell them to customers.

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 (hereinafter the “number of responses”) remained at a high level. The number of properties sold increased compared to the previous fiscal year as a result of strength in the number of responses from customers and a steady increase in the sellable inventory. Also, net sales increased compared to the previous fiscal year as a result of revising selling prices in line with rising raw material prices, and of higher selling prices, mainly in suburban areas.

In terms of purchases, sales assessment requests, which were temporarily suppressed by the impact of the COVID-19 pandemic, have now exceeded their pre-pandemic level. As a result of proactive purchasing to prepare for continued stable growth, real estate for sale and real estate for sale in process also increased from the end of the previous fiscal year.

In terms of profit, the gross margin declined 2.2 points from the previous fiscal year, due to higher installation work expenses from advanced refurbishing, such as rising purchasing prices and seismic retrofitting to meet the earthquake resistance standards, despite an increase in the selling price per property, mainly in suburban areas. In addition, selling, general and administrative expenses increased due to an increase in personnel expenses as a result of a special bonus of ¥305 million paid to employees to improve their motivation, and brokerage commissions increased as net sales increased. In addition, we continue to operate the business with a strong awareness of costs including other expenses.

As stated in the “Notice Concerning Receipt of Written Notice of Reassessment Order from Nagoya-Naka Tax Office Directed at Subsidiary and Revisions to Earnings Forecasts” released on April 27, 2023, the Company recorded ¥1,332 million in extraordinary losses as differences in consumption taxes, etc. in the fiscal year under review, while it recorded ¥429 million in income taxes - refund.

As a result, in the fiscal year under review, the number of properties sold was 6,927, up 13.2% year on year, net sales were ¥121,341 million, up 19.8% year on year, operating profit was ¥14,060 million, up 7.1% year on year, ordinary profit was ¥13,833 million, up 9.0% year on year, and profit attributable to owners of parent was ¥8,539 million, up 24.7% year on year. Also, adjusted profit attributable to owners of parent was ¥9,441 million, up 10.0% 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 ¥65,745 million, an increase of ¥4,971 million compared to ¥60,773 million at the end of the previous fiscal year. This was mainly due to an increase in real estate for sale and real estate for sale in process of ¥9,281 million, despite a ¥4,681 million decrease in cash and deposits.

#### (ii) Non-current assets

Non-current assets at the end of the fiscal year under review were ¥1,870 million, unchanged compared to ¥1,870 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥198 million in goodwill, while deferred tax assets increased by ¥103 million.

#### (iii) Current liabilities

Current liabilities at the end of the fiscal year under review were ¥10,809 million, a decrease of ¥443 million compared to ¥11,252 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥1,413 million in accrued consumption taxes, despite increases of ¥571 million in accounts payable - trade and ¥206 million in income taxes payable.

(iv) Non-current liabilities

Non-current liabilities at the end of the fiscal year under review were ¥18,590 million, a decrease of ¥48 million compared to ¥18,639 million at the end of the previous fiscal year. This was mainly due to a decrease of ¥26 million in provision for retirement benefits for directors (and other officers).

(v) Net assets

Net assets at the end of the fiscal year under review were ¥38,216 million, an increase of ¥5,463 million compared to ¥32,752 million at the end of the previous fiscal year. This was mainly due to the recording of ¥8,539 million in profit attributable to owners of parent while paying out dividends of surplus of ¥3,208 million. As a result, the equity-to-asset ratio was 56.4%.

(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 ¥4,681 million from the end of the previous fiscal year to ¥8,728 million.

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

(Cash flows from operating activities)

Net cash used in operating activities was ¥1,467 million in the fiscal year under review, compared to net cash used in operating activities of ¥2,490 million in the previous fiscal year. This was mainly due to an increase in inventories of ¥9,294 million, a decrease in accrued consumption taxes of ¥1,413 million, and income taxes paid of ¥4,246 million, while recording ¥12,496 million in profit before income taxes and an increase in trade payables of ¥571 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥85 million in the fiscal year under review, up 324.2% from the previous fiscal year. This was mainly due to purchase of property, plant and equipment of ¥69 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,128 million in the fiscal year under review, down 1.9% from the previous fiscal year. This was mainly due to dividends paid of ¥3,207 million.

(4) Forecast

As for the future outlook, although the impact of COVID-19 is easing and socioeconomic activities are beginning to normalize, the economic outlook is expected to remain uncertain due to soaring raw material prices and fluctuations in financial and capital markets.

Under these circumstances, 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 that it can realize stable growth going forward in order to improve the Group’s supply capacity.

On May 13, 2022, the Group announced its third medium-term management plan (FY2022 – FY2024), with the aim of achieving an average annual growth rate of 10% for both sales and operating profit, aiming for sales of ¥134.0 billion and operating profit of ¥17.5 billion. The third medium-term management plan includes measures to increase the number of sales staff, improve productivity, and secure remodeling partner construction companies. We aim to achieve an annual sales volume of over 10,000 properties going forward.

For the current fiscal year (ended March 31, 2023), we have achieved stable growth as described in “(1) Overview of Operating Results in the Fiscal Year Under Review,” and we will continue to aim for stable growth in the coming fiscal year (fiscal year ending March 31, 2024), which is the second year of the third medium-term management plan, as there are no significant changes to the environment surrounding the Group going forward.

In view of the above, the Group’s forecast of consolidated business results in the coming fiscal year (fiscal year ending March 31, 2024), consists of net sales of ¥132,464 million (up 9.2% year on year), operating profit of ¥15,466 million (up 10.0% year on year), ordinary profit of ¥15,204 million (up 9.9% year on year), and profit attributable to owners of parent of ¥10,416 million (up 22.0% 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 ¥49.0 per share (consisting of an interim dividend of ¥24.0 per share and a year-end dividend of ¥25.0 per share). As stated in the “Notice of Revision of Dividend

Forecast (Dividend Increase)” published on April 27, 2023, the year-end dividend has been increased from ¥24.5 per share yen to ¥25.0 per share yen.

In the coming fiscal year (fiscal year ending March 31, 2024), in view of its forecast of operating results, the Company intends to distribute dividends of ¥54.0 per share (consisting of an interim dividend of ¥27.0 per share and a year-end dividend of ¥27.0 per share).

In order to return earnings to shareholders linked with consolidated earnings, the Company has set a consolidated dividend payout ratio of 40% or greater, and unless there are special circumstances, the Company’s policy for shareholder return is to maintain total annual dividends at or above the level of the previous fiscal year, thereby providing a stable return to shareholders.

## **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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	13,409	8,728
Real estate for sale	25,440	34,064
Real estate for sale in process	19,422	20,079
Income taxes refund receivable	671	531
Other	1,833	2,346
Allowance for doubtful accounts	(3)	(4)
Total current assets	60,773	65,745
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	140	124
Land	527	579
Other, net	29	23
Total property, plant and equipment	697	726
Intangible assets		
Goodwill	198	–
Other	31	51
Total intangible assets	230	51
Investments and other assets		
Deferred tax assets	731	834
Other	217	261
Allowance for doubtful accounts	(4)	(3)
Total investments and other assets	943	1,093
Total non-current assets	1,870	1,870
Total assets	62,644	67,616



(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,769	4,340
Contract liabilities	453	370
Income taxes payable	2,330	2,537
Accrued consumption taxes	2,409	995
Provision for bonuses	390	429
Construction warranty reserve	305	348
Provision for loss on litigation	2	2
Provision for loss on disaster	5	53
Other	1,585	1,731
Total current liabilities	11,252	10,809
Non-current liabilities		
Long-term borrowings	18,500	18,500
Provision for retirement benefits for directors (and other officers)	98	71
Other	40	19
Total non-current liabilities	18,639	18,590
Total liabilities	29,891	29,400
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,778	3,778
Capital surplus	3,649	3,640
Retained earnings	25,813	31,132
Treasury shares	(679)	(448)
Total shareholders' equity	32,562	38,103
Share acquisition rights	190	112
Total net assets	32,752	38,216
Total liabilities and net assets	62,644	67,616

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	101,269	121,341
Cost of sales	76,621	94,485
Gross profit	24,647	26,855
Selling, general and administrative expenses	11,519	12,795
Operating profit	13,127	14,060
Non-operating income		
Commission income	6	5
Insurance claim income	15	8
Discount revenue	4	7
Other	12	17
Total non-operating income	40	39
Non-operating expenses		
Interest expenses	173	190
Commission for syndicated loans	278	58
Other	18	16
Total non-operating expenses	470	265
Ordinary profit	12,697	13,833
Extraordinary income		
Gain on sale of non-current assets	0	1
Insurance claim income	–	52
Total extraordinary income	0	53
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Impairment losses	0	4
Loss on disaster	–	4
Provision for loss on disaster	–	49
Differences in consumption taxes, etc.	2,385	1,332
Total extraordinary losses	2,385	1,391
Profit before income taxes	10,311	12,496
Income taxes - current	4,129	4,489
Income taxes - refund	(646)	(429)
Income taxes - deferred	(17)	(103)
Total income taxes	3,466	3,957
Profit	6,845	8,539
Profit attributable to owners of parent	6,845	8,539

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	6,845	8,539
Comprehensive income	6,845	8,539
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,845	8,539

## (3) Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	3,649	25,813	(679)	32,562	190	32,752
Changes during period							
Dividends of surplus			(3,208)		(3,208)		(3,208)
Profit attributable to owners of parent			8,539		8,539		8,539
Purchase of treasury shares				(0)	(0)		(0)
Exercise of share acquisition rights		(19)		230	211		211
Transfer from retained earnings to capital surplus		10	(10)		–		–
Net changes in items other than shareholders' equity					–	(78)	(78)
Total changes during period	–	(8)	5,319	230	5,541	(78)	5,463
Balance at end of period	3,778	3,640	31,132	(448)	38,103	112	38,216

## (4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,311	12,496
Depreciation	36	37
Impairment losses	0	4
Amortization of goodwill	198	198
Increase (decrease) in allowance for doubtful accounts	(2)	(0)
Increase (decrease) in provision for bonuses	60	39
Increase (decrease) in construction warranty reserve	18	42
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	(26)
Increase (decrease) in provision for loss on litigation	2	(0)
Increase (decrease) in provision for loss on disaster	(3)	47
Interest expenses	173	190
Loss (gain) on sale of property, plant and equipment	(0)	(1)
Loss on retirement of non-current assets	0	0
Share-based payment expenses	64	33
Decrease (increase) in inventories	(11,432)	(9,294)
Decrease (increase) in trade receivables	(0)	(0)
Increase (decrease) in trade payables	718	571
Increase (decrease) in accrued consumption taxes	2,361	(1,413)
Other, net	(601)	45
Subtotal	1,908	2,969
Interest paid	(173)	(190)
Income taxes paid	(4,225)	(4,246)
Net cash provided by (used in) operating activities	(2,490)	(1,467)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12)	(69)
Proceeds from sale of property, plant and equipment	0	13
Proceeds from collection of loans receivable	2	0
Other, net	(10)	(29)
Net cash provided by (used in) investing activities	(20)	(85)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	18,500	–
Repayments of long-term borrowings	(19,250)	–
Repayments of finance lease liabilities	(5)	(5)
Dividends paid	(2,466)	(3,207)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	33	85
Net cash provided by (used in) financing activities	(3,189)	(3,128)
Net increase (decrease) in cash and cash equivalents	(5,700)	(4,681)
Cash and cash equivalents at beginning of period	19,109	13,409
Cash and cash equivalents at end of period	13,409	8,728

- (5) Notes on the consolidated financial statements  
(Notes on premise of going concern)  
No items to report.

(Changes in accounting policies)

*Application of Guidance on Accounting Standard for Measurement of Fair Value*

The “Guidance on Accounting Standard for Measurement of Fair Value” (ASBJ Guidance No. 31, June 17, 2021) is applied from the beginning of the first three months of the fiscal year ended March 31, 2023, and the new accounting policy will be applied prospectively in accordance with the transitional treatment stipulated in Paragraph 27-2 of Guidance on Accounting Standard for Measurement of Fair Value. This has no effect on the consolidated financial statements for the current fiscal year under review.

(Additional information)

*Receipt of Written Notice of Reassessment Order from the Kantoshinetsu Regional Taxation Bureau*

The Company was subject to a tax examination covering the fiscal years ended March 31, 2020 and March 31, 2021, and on July 11, 2022, the Company received a “Notice of Reassessment Order for Consumption Tax and Local Consumption Tax and Notice of Decision to Impose Additional Tax” (hereinafter the “Reassessment Order, etc.”). As of March 31, 2022, the Company expected to receive the Reassessment Order, etc., and accordingly, the Company recorded the estimated differences in consumption taxes, etc. in the fiscal year ended March 31, 2022. Therefore, the impact of the Reassessment Order, etc. on the consolidated financial statements for the current fiscal year under review was immaterial.

The Company has prepared an appeal and other necessary procedures against the Reassessment Order, etc. by the tax authorities, as the Company views it as unacceptable. The Company has appointed Mori Hamada & Matsumoto to represent the Company, and on October 4, 2022, filed a request for reconsideration to the Director-General of the National Tax Tribunal seeking revocation of the reassessment order, etc., and it was accepted on October 5, 2022.

Note that the Company received a similar reassessment order, etc. from the tax authorities for the four-year period from the fiscal year ended March 31, 2016 to the fiscal year ended March 31, 2019. In response to said reassessment order, etc., the Company appointed Mori Hamada & Matsumoto and others to represent the Company and filed a lawsuit against the tax authorities seeking the revocation of said reassessment order, etc. (the “Lawsuit”). The Lawsuit is currently pending.

*Receipt of Written Notice of Reassessment Order from Nagoya-Naka Tax Office for a subsidiary of the Company*

The Company’s subsidiary REPRICE Co., Ltd. (“REPRICE”) was subject to a tax examination by Nagoya-Naka Tax Office in September 2022, and has received the “Reassessment Order, etc.”

As a result of REPRICE receiving this Reassessment Order, etc., for its settlement of accounts of the fiscal year ended March 31, 2023, the Company recorded ¥1,332 million in extraordinary losses of as differences in consumption taxes, etc. for the five years corresponding to the period subject to the tax examination and ¥429 million for the refund of income taxes (reduction of income taxes).

The Company will prepare an appeal and other necessary procedures against the Reassessment Order, etc. by the tax authorities, as the Company views it as unacceptable.

*Impact from the ruling of in the lawsuit filed by the Company*

As described above in “Receipt of Written Notice of Reassessment Order from the Kantoshinetsu Regional Taxation Bureau,” the Company has filed the Lawsuit, and the Lawsuit is currently pending. The first instance judgment in this lawsuit is scheduled to be handed down at the Tokyo District Court on May 25, 2023. The outcome of the trial may affect the consolidated financial figures for the fiscal year ended March 31, 2023.

If the Company wins the Lawsuit, there will be no effect on the consolidated earnings for the fiscal year ended March 31, 2023. On the other hand, if the Company loses the Lawsuit, it may impact the consolidated earnings for the fiscal year ended March 31, 2023. The amount of that effect is as follows.

(Millions of yen)

Target period	For the fiscal year ended March 31, 2022 portion	For the fiscal year ended March 31, 2023 portion	Impact on earnings of the financial results for the fiscal year ended March 31, 2023, if lawsuit is lost
Impacted company	KATITAS	KATITAS, REPRICE	
Differences in consumption taxes, etc.	1,361	2,083	3,445
Income taxes - current	–	(700)	(700)
Income taxes - refund	(368)	–	(368)
Income taxes - deferred	–	72	72
Impact on profit attributable to owners of parent	992	1,454	2,447

(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, plant and equipment in Japan exceeds 90% of the value of property, plant and equipment 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, 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.

Fiscal year under review (from April 1, 2022 to March 31, 2023)

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, 2021 to March 31, 2022)	Fiscal year under review (from April 1, 2022 to March 31, 2023)
Net assets per share (yen)	421.45	490.18
Basic earnings per share (yen)	88.71	110.26
Diluted earnings per share (yen)	87.59	109.32

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

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Fiscal year under review (from April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	6,845	8,539
Amount not returned to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent and applicable to common shares (millions of yen)	6,845	8,539
Average number of common shares during the period (shares)	77,167,351	77,444,586
Diluted earnings per share		
Increase in number of common shares (shares)	990,124	667,265
(Of which: Share acquisition rights (shares))	(990,124)	(667,265)
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.