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May 11, 2018

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <under Japanese GAAP>


Company name: **KATITAS CO., LTD**
Listing: Tokyo Stock Exchange
Securities code: 8919
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Scheduled date of ordinary general meeting of shareholders: June 26, 2018
Scheduled date to commence dividend payments: June 27, 2018
Scheduled date to file annual securities report: June 26, 2018
Preparation of supplementary material on financial results: None
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, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2018 | 69,202 | 11.9 | 7,374 | 46.9 | 6,789 | 41.2 | 4,548 | 30.2 |
| March 31, 2017 | 61,829 | – | 5,020 | – | 4,807 | – | 3,494 | – |

Note: Comprehensive income Fiscal year ended March 31, 2018: ¥4,548 million [30.2%]
Fiscal year ended March 31, 2017: ¥3,494 million [–%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary profit to total assets | Operating profit to net sales |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2018 | 123.84 | 122.07 | 34.2 | 19.3 | 10.7 |
| March 31, 2017 | 95.95 | – | 33.8 | 14.7 | 8.1 |

Reference: Share of loss (profit) of entities accounted for using equity method
Fiscal year ended March 31, 2018: ¥– million
Fiscal year ended March 31, 2017: ¥– million

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

| | Adjusted operating profit | | EBITDA | | Adjusted EBITDA | | Adjusted profit attributable to owners of parent | | Adjusted basic earnings per share | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | % |
| March 31, 2018 | 7,489 | 17.5 | 7,635 | 44.3 | 7,750 | 16.6 | 4,852 | 15.0 | 132.12 | 14.1 |
| March 31, 2017 | 6,374 | – | 5,290 | – | 6,644 | – | 4,218 | – | 115.83 | – |

Notes: 1. KATITAS CO., LTD (the "Company") uses adjusted operating profit, EBITDA, adjusted EBITDA, 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. The Company conducted a 30-for-1 share split of common shares on September 22, 2017. "Basic earnings per share" and "diluted earnings per share" have been calculated under the assumption that this share split was conducted at the beginning of the previous fiscal year.

(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, 2018 | 38,365 | 15,370 | 39.9 | 409.87 |
| March 31, 2017 | 32,051 | 11,366 | 35.1 | 308.53 |

Reference: Equity As of March 31, 2018: ¥15,321 million
As of March 31, 2017: ¥11,260 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, 2018 | (2,415) | 95 | 1,660 | 4,063 |
| March 31, 2017 | 939 | 614 | (4,886) | 4,723 |

## 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, 2017 | – | 0.00 | – | 821.00 | 821.00 | 998 | 28.5 | 9.6 |
| Fiscal year ended March 31, 2018 | – | 0.00 | – | 26.00 | 26.00 | 971 | 21.0 | 7.2 |
| Fiscal year ending March 31, 2019 (Forecast) | – | 26.00 | – | 26.00 | 52.00 | | 35.2 | |

Note: The Company conducted a 30-for-1 share split of common shares on September 22, 2017. The actual dividend amounts before said share split are shown for the fiscal year ended March 31, 2017.

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2018 | 37,613 | 12.3 | 3,999 | 15.4 | 3,879 | 16.1 | 2,590 | 16.4 | 69.29 |
| Fiscal year ending March 31, 2019 | 77,420 | 11.9 | 8,502 | 15.3 | 8,266 | 21.8 | 5,525 | 21.5 | 147.80 |

*** Notes**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2018 (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.: None

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, 2018 | 39,325,320 shares |
| As of March 31, 2017 | 42,000,000 shares |

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

| | |
|---|---|
| As of March 31, 2018 | 1,944,120 shares |
| As of March 31, 2017 | 5,500,680 shares |

c. Average number of shares outstanding during the period

| | |
|---|---|
| For the fiscal year ended March 31, 2018 | 36,729,743 shares |
| For the fiscal year ended March 31, 2017 | 36,419,130 shares |

Note: The Company conducted a 30-for-1 share split of common shares on September 22, 2017. “Total number of issued shares at the end of the period,” “number of treasury shares at the end of the period,” and “average number of shares outstanding during the period” have been calculated under the assumption that this share split was conducted at the beginning of the previous fiscal year.

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

*** 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 and others, (4) Future outlook" 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 operating profit = Operating profit + Increase in cost of sales due to inventory revaluation of REPRICE Co., Ltd. ("REPRICE") + Listing related expenses
2. EBITDA = Operating profit + Depreciation + Amortization of goodwill
3. Adjusted EBITDA = EBITDA + Increase in cost of sales due to REPRICE's inventory revaluation + Listing related expenses
4. Adjusted profit attributable to owners of parent = Profit attributable to owners of parent + Increase in cost of sales due to REPRICE's inventory revaluation + Listing related expenses + Refinance related expenses - Gain on cancellations of insurance policies
5. Adjusted basic earnings per share = Adjusted profit attributable to owners of parent / Average number of shares outstanding during the period
6. Adjusted operating profit, EBITDA, adjusted EBITDA, and adjusted profit attributable to owners of parent are financial indicators that the Company and its subsidiaries (collectively, the "Group") consider useful for evaluating the performance of the Group for investors. Effects of expenses that are not expected to occur after listing or 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 these financial indicators.
7. Adjusted operating profit, EBITDA, adjusted EBITDA, and adjusted profit attributable to owners of parent exclude some items that affect profit, and their respective utilizations as an analysis tool are significantly restricted. Consequently, there is a possibility that the respective indicators 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 respective indicator.

(Means of access to contents of financial results presentation meeting)

The Company plans to hold financial results presentation meeting for institutional investors on Monday, May 14, 2018.

The presentation materials used for the financial results briefing on this date is to be posted on the Company's website promptly after the briefing has concluded.

**Attached Materials**

# Index


1. Overview of operating results and others ..... 2
   (1) Overview of operating results for the fiscal year under review ..... 2
   (2) Overview of financial position for the fiscal year under review ..... 2
   (3) Overview of cash flows for the fiscal year under review ..... 3
   (4) Future outlook ..... 3
   (5) Basic policy on profit distribution and dividends for the years ended March 31, 2018 and ending March 31, 2019 ..... 4
2. Basic approach to the 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 to consolidated financial statements ..... 12
   (Notes on premise of going concern) ..... 12
   (Segment information, etc.) ..... 12
   (Per share information) ..... 13
   (Significant subsequent events) ..... 13

## 1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy held to a path of moderate recovery largely underpinned by an ongoing situation of favorable corporate earnings and improvement in the employment environment.

Nevertheless, an overall state of uncertainty over the future persists amid a host of concerns largely with respect to unstable political climates in other nations, slowing economies in emerging markets, and geopolitical risk. Regarding private consumption, although there have been signs of recovery in consumer sentiment brought about by factors such as a more upbeat employment and income environment, the situation remains where a full-fledged increase in spending has yet to unfold largely due to sluggishness in the growth of income gains.

Amid this type of market environment, in the used housing refurbishing and remodeling business, the Group continued efforts initiated in the previous fiscal year to promote contracts for properties being refurbished through enhanced online advertising and build cooperative sales systems with real estate brokerage companies, and the number of properties sold for the fiscal year under review was 4,773, up 10.3% year on year.

In terms of profit, we lowered acquisition costs by implementing thorough three-party on-site meetings prior to acquisitions to allow acquisitions that consider the amount of refurbishing costs expected to be incurred after the acquisition. Furthermore, we promoted contracts for properties being refurbished and limited reduced profits through discounts by selling properties at the initial offering price, and these efforts resulted in gross profit of ¥15,929 million. Moreover, we promoted online sales activities in the form of open-house notices on our website and on real estate portal sites, continuously working to reduce costs by reducing newspaper insert advertisements, etc.

As a result, in the fiscal year under review, net sales were ¥69,202 million, up 11.9% year on year, operating profit was ¥7,374 million, up 46.9% year on year, ordinary profit was ¥6,789 million, up 41.2% year on year and profit attributable to owners of parent was ¥4,548 million, up 30.2% year on year. Furthermore, adjusted operating profit was ¥7,489 million, up 17.5% year on year, EBITDA was ¥7,635 million, up 44.3% year on year, adjusted EBITDA was ¥7,750 million, up 16.6% year on year, and adjusted profit attributable to owners of parent was ¥4,852 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 position for the fiscal year under review

(i) Current assets

Current assets as of March 31, 2018 amounted to ¥36,383 million, an increase of ¥6,685 million compared to ¥29,697 million at the end of the previous fiscal year. This is mainly due to an increase of ¥7,106 million in real estate for sale and real estate for sale in process, and a decrease of ¥659 million in cash and deposits.

(ii) Non-current assets

Non-current assets as of March 31, 2018 amounted to ¥1,982 million, a decrease of ¥371 million compared to ¥2,354 million at the end of the previous fiscal year. This is mainly due to decreases of ¥33 million in property, plant and equipment, ¥221 million in intangible assets and ¥116 million in investments and other assets.

(iii) Current liabilities

Current liabilities as of March 31, 2018 amounted to ¥9,191 million, an increase of ¥3,261 million compared to ¥5,929 million at the end of the previous fiscal year. This is mainly due to increases of ¥295 million in accounts payable - trade and ¥3,000 million in short-term loans payable.

(iv) Non-current liabilities

Non-current liabilities as of March 31, 2018 amounted to ¥13,803 million, a decrease of ¥951 million compared to ¥14,755 million at the end of the previous fiscal year. This is mainly due to decreases of ¥750 million in long-term loans payable and ¥190 million in provision for directors' retirement benefits.

(v) Net assets

Net assets as of March 31, 2018 amounted to ¥15,370 million, an increase of ¥4,003 million compared to ¥11,366 million at the end of the previous fiscal year. This is mainly due to the recording of ¥4,548 million in profit attributable to owners of parent, and payment of dividends of surplus of ¥998 million. As a result, the equity-to-asset ratio was 39.9%.

(3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents (hereinafter, "cash") as of March 31, 2018 decreased by ¥659 million from the end of the previous fiscal year to ¥4,063 million.

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

(Cash flows from operating activities)

Net cash used in operating activities was ¥2,415 million in the fiscal year ended March 31, 2018, compared to net cash provided by operating activities of ¥939 million in the fiscal year ended March 31, 2017. This was mainly due to having posted ¥6,835 million in profit before income taxes and an increase of ¥295 million in notes and accounts payable - trade, against an increase of ¥7,110 million in inventories as a result of steady progress made in property acquisitions, outlays of ¥364 million for going public expenses and payment of ¥2,510 million for income taxes.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥95 million in the fiscal year ended March 31, 2018, compared to net cash provided by investing activities of ¥614 million in the fiscal year ended March 31, 2017. This was mainly due to proceeds of ¥17 million from sales of property, plant and equipment, proceeds of ¥23 million from transfer of investment, and proceeds of ¥89 million from cancellation of insurance policies, against payment of ¥11 million for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥1,660 million in the fiscal year ended March 31, 2018, compared to net cash used in financing activities ¥4,886 million in the fiscal year ended March 31, 2017. This was mainly due to a net increase of ¥3,000 million in short-term loans payable, and proceeds of ¥417 million in disposal of treasury shares, against repayments of ¥750 million for long-term loans payable and payments of dividends of ¥998 million.

(4) Future outlook

With respect to the future outlook, the used housing refurbishing and remodeling business field is poised for robust performance, underpinned particularly by national policy including government moves to extend coverage of the measures for reducing the real estate acquisition tax to include taxation on land, tax decreases on other home mortgages, and the government's "Sumai-Kyufukin" housing allowance scheme. Amid this environment, we will endeavor to heighten our profitability and operating efficiency, through further bolstering a variety of initiatives that involve making acquisitions on the basis of three-party on-site inspections prior to acquisitions, promoting contracts for properties being refurbished by accumulating client information, boosting name recognition through television commercials and strengthening relationships with real estate brokerage companies.

Based on the above initiatives, for fiscal year ending March 31, 2019, the Company forecasts consolidated net sales of ¥77,420 million, up 11.9% year on year, operating profit of ¥8,502 million, up 15.3%, ordinary profit of ¥8,266 million, up 21.8%, and profit attributable to owners of parent of ¥5,525 million up 21.5% year on year.

The forecasts of business results above are prepared based on the information available as of the date of announcement of these materials. The actual results may differ from the forecasts stated herein due to various factors.

(5) Basic policy on profit distribution and dividends for the years ended March 31, 2018 and ending March 31, 2019

The Company recognizes the return of profit to its shareholders as a key management priority. The Company proposes to pay a year-end dividend of ¥26 per share for the current fiscal year.

With respect to dividends for the fiscal year ending March 31, 2019, the Company will target a consolidated dividend payout ratio of 30% or more, thereby achieving ongoing profit distributions paid out twice annually in the form of an interim dividend and a fiscal year-end dividend.

## 2. Basic approach to the selection of accounting standards

The Group uses Japanese accounting standards to facilitate comparison with sector peer companies in Japan.

## 3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,723 | 4,063 |
| Real estate for sale | 16,985 | 21,154 |
| Real estate for sale in process | 6,963 | 9,900 |
| Deferred tax assets | 341 | 345 |
| Other | 685 | 920 |
| Allowance for doubtful accounts | (1) | (2) |
| Total current assets | 29,697 | 36,383 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 187 | 174 |
| Land | 563 | 551 |
| Other, net | 34 | 25 |
| Total property, plant and equipment | 785 | 752 |
| Intangible assets | | |
| Goodwill | 1,190 | 991 |
| Other | 72 | 50 |
| Total intangible assets | 1,263 | 1,042 |
| Investments and other assets | | |
| Deferred tax assets | 112 | 45 |
| Other | 224 | 159 |
| Allowance for doubtful accounts | (31) | (16) |
| Total investments and other assets | 305 | 188 |
| Total non-current assets | 2,354 | 1,982 |
| Total assets | 32,051 | 38,365 |

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 2,203 | 2,498 |
| Short-term loans payable | – | 3,000 |
| Current portion of long-term loans payable | 750 | 750 |
| Income taxes payable | 1,536 | 1,242 |
| Provision for bonuses | 39 | 106 |
| Construction warranty reserve | 235 | 245 |
| Provision for loss on litigation | 0 | – |
| Other | 1,163 | 1,347 |
| Total current liabilities | 5,929 | 9,191 |
| Non-current liabilities | | |
| Long-term loans payable | 14,474 | 13,724 |
| Provision for directors' retirement benefits | 227 | 36 |
| Other | 53 | 42 |
| Total non-current liabilities | 14,755 | 13,803 |
| Total liabilities | 20,684 | 22,995 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,778 | 3,778 |
| Capital surplus | 17,061 | 3,640 |
| Retained earnings | 7,762 | 9,392 |
| Treasury shares | (17,342) | (1,490) |
| Total shareholders' equity | 11,260 | 15,321 |
| Share acquisition rights | 105 | 49 |
| Total net assets | 11,366 | 15,370 |
| Total liabilities and net assets | 32,051 | 38,365 |

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

Consolidated statement of income

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Net sales | 61,829 | 69,202 |
| Cost of sales | 48,716 | 53,272 |
| Gross profit | 13,112 | 15,929 |
| Selling, general and administrative expenses | 8,091 | 8,555 |
| Operating profit | 5,020 | 7,374 |
| Non-operating income | | |
| Commission fee | 13 | 11 |
| Insurance income | 4 | 12 |
| Other | 14 | 7 |
| Total non-operating income | 32 | 31 |
| Non-operating expenses | | |
| Interest expenses | 185 | 183 |
| Commission for syndicate loan | 34 | 36 |
| Going public expenses | – | 364 |
| Other | 25 | 31 |
| Total non-operating expenses | 246 | 616 |
| Ordinary profit | 4,807 | 6,789 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 46 | 4 |
| Gain on transfer of investment | – | 11 |
| Gain on cancellations of insurance policies | 310 | 38 |
| Total extraordinary income | 357 | 53 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 4 | – |
| Loss on retirement of non-current assets | – | 7 |
| Impairment loss | 24 | – |
| Loss on disaster | 14 | – |
| Directors' retirement benefits | 30 | – |
| Loss on sales of shares of subsidiaries and associates | 21 | – |
| Other | 0 | – |
| Total extraordinary losses | 95 | 7 |
| Profit before income taxes | 5,069 | 6,835 |
| Income taxes - current | 2,102 | 2,223 |
| Income taxes - deferred | (527) | 62 |
| Total income taxes | 1,575 | 2,286 |
| Profit | 3,494 | 4,548 |
| Profit attributable to owners of parent | 3,494 | 4,548 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Profit | 3,494 | 4,548 |
| Other comprehensive income | | |
| Total other comprehensive income | – | – |
| Comprehensive income | 3,494 | 4,548 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,494 | 4,548 |

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Millions of yen)

| | Shareholders' equity | | | | | Share acquisition rights | Total net assets |
|---|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | | |
| Balance at beginning of current period | 3,778 | 17,108 | 5,967 | (17,425) | 9,429 | – | 9,429 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | (1,699) | | (1,699) | | (1,699) |
| Profit attributable to owners of parent | | | 3,494 | | 3,494 | | 3,494 |
| Disposal of treasury shares | | (46) | | 82 | 36 | | 36 |
| Net changes of items other than shareholders' equity | | | | | | 105 | 105 |
| Total changes of items during period | – | (46) | 1,794 | 82 | 1,830 | 105 | 1,936 |
| Balance at end of current period | 3,778 | 17,061 | 7,762 | (17,342) | 11,260 | 105 | 11,366 |

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | | Share acquisition rights | Total net assets |
|---|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | | |
| Balance at beginning of current period | 3,778 | 17,061 | 7,762 | (17,342) | 11,260 | 105 | 11,366 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | (998) | | (998) | | (998) |
| Profit attributable to owners of parent | | | 4,548 | | 4,548 | | 4,548 |
| Disposal of treasury shares | | (15,175) | | 15,175 | | | – |
| Exercise of share acquisition rights | | (165) | | 676 | 510 | | 510 |
| Transfer to capital surplus from retained earnings | | 1,919 | (1,919) | | | | – |
| Net changes of items other than shareholders' equity | | | | | | (56) | (56) |
| Total changes of items during period | | (13,421) | 1,629 | 15,851 | 4,060 | (56) | 4,003 |
| Balance at end of current period | 3,778 | 3,640 | 9,392 | (1,490) | 15,321 | 49 | 15,370 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,069 | 6,835 |
| Depreciation | 71 | 62 |
| Impairment loss | 24 | – |
| Amortization of goodwill | 198 | 198 |
| Increase (decrease) in allowance for doubtful accounts | (9) | (14) |
| Increase (decrease) in provision for bonuses | 18 | 67 |
| Increase (decrease) in construction warranty reserve | 29 | 9 |
| Increase (decrease) in provision for directors' retirement benefits | 5 | (190) |
| Increase (decrease) in provision for loss on litigation | 0 | (0) |
| Interest expenses | 185 | 183 |
| Loss (gain) on sales of property, plant and equipment | (41) | (4) |
| Loss on retirement of non-current assets | – | 7 |
| Loss (gain) on transfer of investment | – | (11) |
| Gain on cancellations of insurance policies | (310) | (38) |
| Loss on disaster | 14 | – |
| Going public expenses | – | 364 |
| Share-based compensation expenses | 50 | 36 |
| Loss (gain) on sales of shares of subsidiaries and associates | 21 | – |
| Decrease (increase) in inventories | (2,589) | (7,110) |
| Decrease (increase) in notes and accounts receivable - trade | (3) | (0) |
| Increase (decrease) in notes and accounts payable - trade | 374 | 295 |
| Other, net | (285) | (46) |
| Subtotal | 2,824 | 644 |
| Interest expenses paid | (179) | (185) |
| Payments for going public expenses | – | (364) |
| Payments for loss on disaster | (9) | – |
| Income taxes paid | (1,695) | (2,510) |
| Net cash provided by (used in) operating activities | 939 | (2,415) |
| Cash flows from investing activities | | |
| Proceeds from withdrawal of time deposits | 50 | – |
| Purchase of property, plant and equipment | (29) | (11) |
| Proceeds from sales of property, plant and equipment | 114 | 17 |
| Proceeds from transfer of investment | – | 23 |
| Collection of loans receivable | 200 | 0 |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | (54) | – |
| Proceeds from cancellation of insurance policies | 318 | 89 |
| Other, net | 14 | (23) |
| Net cash provided by (used in) investing activities | 614 | 95 |

(Millions of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (2,275) | 3,000 |
| Repayments of long-term loans payable | (785) | (750) |
| Redemption of bonds | (191) | – |
| Repayments of finance lease obligations | (26) | (8) |
| Cash dividends paid | (1,699) | (998) |
| Proceeds from disposal of treasury shares | 36 | 417 |
| Proceeds from issuance of share acquisition rights | 55 | – |
| Net cash provided by (used in) financing activities | (4,886) | 1,660 |
| Net increase (decrease) in cash and cash equivalents | (3,332) | (659) |
| Cash and cash equivalents at beginning of period | 8,056 | 4,723 |
| Cash and cash equivalents at end of period | 4,723 | 4,063 |

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

(Segment information, etc.)

*a. 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.

*b. Related Information*

1. Information by product and service
   This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.
2. Information by region
   (1) Net sales
   This information has been omitted as net sales to external customers in Japan is more than 90% of net sales recorded in the consolidated statement of income.
   (2) Property, plant and equipment
   This information has been omitted as the amount of property, plant and equipment located in Japan is more than 90% of property, plant and equipment in the consolidated balance sheet.
3. Information by major customer
   This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded in the consolidated statement of income.

*c. Information regarding impairment loss of non-current assets by reportable segment*

The Group designates the used housing refurbishing and remodeling business as a single reportable segment, and information about the other businesses has been omitted owing to lack of quantitative materiality.

*d. Information regarding amortization of goodwill and unamortized balance by reportable segment*

The Group designates the used housing refurbishing and remodeling business as a single reportable segment, and information about the other businesses has been omitted owing to lack of quantitative materiality.

(Per share information)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Net assets per share (yen) | 308.53 | 409.87 |
| Basic earnings per share (yen) | 95.95 | 123.84 |
| Diluted earnings per share (yen) | – | 121.55 |

Notes: 1. For the fiscal year ended March 31, 2017, despite the existence of potential shares with dilutive effects, amounts of diluted earnings per share have not been presented because it is not possible to determine the average share price for the fiscal year given that the Company's shares were not listed on any stock exchange.

2. The Company conducted a 30-for-1 share split of common shares on September 22, 2017. Net assets per share and basic earnings per share have been calculated under the assumption that this share split was conducted at the beginning of the previous fiscal year.

3. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (millions of yen) | 3,494 | 4,548 |
| Amounts not attributable to common shareholders (millions of yen) | – | – |
| Profit attributable to owners of parent related to common shares (millions of yen) | 3,494 | 4,548 |
| Average number of common shares outstanding during the period (share) | 36,419,130 | 36,729,743 |
| | | |
| Diluted earnings per share | | |
| Increase in the number of common shares (share) | – | 532,100 |
| Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect. | There are five types of subscription rights to shares (90,946 subscription rights to shares). An overview of the subscription rights to shares is presented under the section titled, "4. Status of Submitting Company, 1. Status of shares, etc., (2) Status of subscription rights to shares, etc." | – |

(Significant subsequent events)

No items to report.