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May 10, 2019

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 <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 25, 2019
Scheduled date to commence dividend payments: June 11, 2019
Scheduled date to file annual securities report: June 25, 2019
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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	81,356	17.6	9,104	23.5	8,740	28.7	5,926	30.3
March 31, 2018	69,202	11.9	7,374	46.9	6,789	41.2	4,548	30.2

Note: Comprehensive income Fiscal year ended March 31, 2019: ¥5,926 million [30.3%]
Fiscal year ended March 31, 2018: ¥4,548 million [30.2%]

	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, 2019	157.62	152.24	34.3	20.4	11.2
March 31, 2018	123.84	122.07	34.2	19.3	10.7

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended March 31, 2019: ¥– million
Fiscal year ended March 31, 2018: ¥– 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, 2019	9,104	21.6	9,368	22.7	9,368	20.9	5,926	22.1	157.62	19.3
March 31, 2018	7,489	17.5	7,635	44.3	7,750	16.6	4,852	15.0	132.12	14.1

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, 2019	47,406	19,348	40.7	506.37
March 31, 2018	38,365	15,370	39.9	409.87

Reference: Equity As of March 31, 2019: ¥19,273 million
As of March 31, 2018: ¥15,321 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, 2019	2,069	(20)	1,283	7,395
March 31, 2018	(2,415)	95	1,660	4,063

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, 2018	–	0.00	–	26.00	26.00	971	21.0	7.2
Fiscal year ended March 31, 2019	–	26.00	–	26.00	52.00	1,968	33.0	12.3
Fiscal year ending March 31, 2020 (Forecast)	–	27.00	–	27.00	54.00		30.2	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2019	43,842	10.5	5,045	12.0	4,915	11.6	3,312	10.2	87.62
Fiscal year ending March 31, 2020	89,872	10.5	10,356	13.7	10,094	15.5	6,805	14.8	178.79

*** Notes**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2019 (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, 2019	39,325,320 shares
As of March 31, 2018	39,325,320 shares

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

As of March 31, 2019	1,261,981 shares
As of March 31, 2018	1,944,120 shares

   c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2019	37,600,935 shares
For the fiscal year ended March 31, 2018	36,729,743 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 Wednesday, May 15, 2019.

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, 2019 and ending March 31, 2020 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
      (Changes in accounting policies) 12
      (Changes in presentation method) 12
      (Segment information, etc.) 12
      (Per share information) 14
      (Significant subsequent events) 14

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 saw a trend of improvement in the employment and income environment through sustained strong levels of corporate earnings, as well as a gradual track of recovery in private consumption.

The Group pursued its vision of providing a “Fourth Option” as an alternative to newly built, “as-is” pre-owned, and rental houses, mainly targeting the middle- and lower- income market in regional cities and rural areas. We refurbished pre-owned single-family houses that competitors find challenging to bring to market, adding value to the properties and then selling them.

Under these conditions, in terms of sales, the Group continued efforts initiated in the previous fiscal year to improve productivity. These included promoting contracts for properties being refurbished by accumulating client information and building cooperative systems with real estate brokerage companies.

In terms of profit, we have continuously implemented policies to increase profits on each property through initiatives at the time of acquisition, such as three-party inspections prior to acquisitions including sales representatives of the Company, renovation contractors, and termite exterminators to reduce risk, and initiatives at the time of sale, such as promoting contracts for properties being refurbished and limiting reduced profits through discounts by selling properties at the initial offering price. Moreover, we recorded a special year-end bonus of ¥209 million under selling, general and administrative expenses, which we paid as an investment in human resources for stable growth going forward. In addition, a one-time expense of ¥137 million was recorded in non-operating expenses in relation to refinancing under more favorable conditions to secure long-term stable funding for the next five years.

As a result, in the fiscal year under review, the number of properties sold was 5,352, up 12.1% year on year, net sales were ¥81,356 million, up 17.6% year on year, operating profit was ¥9,104 million, up 23.5% year on year, ordinary profit was ¥8,740 million, up 28.7% year on year and profit attributable to owners of parent was ¥5,926 million, up 30.3% year on year. Furthermore, adjusted operating profit was ¥9,104 million, up 21.6% year on year, EBITDA was ¥9,368 million, up 22.7% year on year, adjusted EBITDA was ¥9,368 million, up 20.9% year on year, and adjusted profit attributable to owners of parent was ¥5,926 million, up 22.1% 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, 2019 amounted to ¥45,058 million, an increase of ¥9,020 million compared to ¥36,037 million at the end of the previous fiscal year. This is mainly due to increases of ¥3,331 million in cash and deposits, and ¥5,761 million in real estate for sale and real estate for sale in process.

(ii) Non-current assets

Non-current assets as of March 31, 2019 amounted to ¥2,348 million, an increase of ¥19 million compared to ¥2,328 million at the end of the previous fiscal year. This is mainly due to an increase of ¥218 million in deferred tax assets, and decreases of ¥23 million in property, plant and equipment and ¥198 million in goodwill.

(iii) Current liabilities

Current liabilities as of March 31, 2019 amounted to ¥7,964 million, a decrease of ¥1,227 million compared to ¥9,191 million at the end of the previous fiscal year. This is mainly due to increases of ¥606 million in accounts payable - trade and ¥752 million in income taxes payable, and a decrease of ¥3,000 million in short-term loans payable due to the refinancing of a syndicate loan.

(iv) Non-current liabilities

Non-current liabilities as of March 31, 2019 amounted to ¥20,093 million, an increase of ¥6,289 million compared to ¥13,803 million at the end of the previous fiscal year. This is mainly due to an increase of ¥6,275 million in long-term loans payable due to the refinancing of the syndicate loan.

(v) Net assets

Net assets as of March 31, 2019 amounted to ¥19,348 million, an increase of ¥3,978 million compared to ¥15,370 million at the end of the previous fiscal year. This is mainly due to the recording of ¥5,926 million in profit attributable to owners of parent, and payment of dividends of surplus of ¥1,950 million. As a result, the equity-to-asset ratio was 40.7%.

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

The balance of cash and cash equivalents (hereinafter, "cash") as of March 31, 2019 increased by ¥3,331 million from the end of the previous fiscal year to ¥7,395 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 provided by operating activities was ¥2,069 million in the fiscal year ended March 31, 2019, compared to net cash used in operating activities of ¥2,415 million in the fiscal year ended March 31, 2018. This was mainly due to having posted ¥8,725 million in profit before income taxes and an increase of ¥603 million in notes and accounts payable – trade, against an increase of ¥5,762 million in inventories as a result of steady progress made in property acquisitions and payment of ¥2,273 million for income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was ¥20 million in the fiscal year ended March 31, 2019, compared to net cash provided by investing activities of ¥95 million in the fiscal year ended March 31, 2018. This was mainly due to proceeds of ¥30 million from sales of property, plant and equipment, against payment of ¥42 million for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥1,283 million in the fiscal year ended March 31, 2019, down 22.7% year on year. This was mainly due to an increase of ¥6,275 million in long-term loans payable due to the refinancing of a syndicate loan, against a decrease of ¥3,000 million in short-term loans payable and payments of dividends of ¥1,949 million.

(4) Future outlook

With respect to the future outlook, despite concerns over the potential impact of a consumption tax hike planned for October 2019, the used housing refurbishing and remodeling business field is poised for robust performance, underpinned particularly by national measures to address the growing problem of empty houses. In this situation, the Group formulated its new Mid-Term Business Plan (FY2019 – FY2021), which aims to leverage the Group's strengths and enhance its existing business strategies, while promoting area marketing and pioneering new markets, aiming to supply 10,000 properties a year in the long-term. Rather than seeking rapid growth, we will endeavor to achieve stable growth while maintaining and improve the quality and value of the houses we provide. We are therefore targeting net sales of around ¥110,000 million, representing a CAGR of about 10%, and operating profit of around ¥13,000 million, representing a CAGR of over 10%.

Based on the above initiatives, for fiscal year ending March 31, 2020, the Company forecasts consolidated net sales of ¥89,872 million, up 10.5 % year on year, operating profit of ¥10,356 million, up 13.7%, ordinary profit of ¥10,094 million, up 15.5% year on year, and profit attributable to owners of parent of ¥6,805 million, up 14.8% 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, 2019 and ending March 31, 2020

The Company recognizes the return of profit to its shareholders as a key management priority.

The distribution of surplus by the Company is determined by the Board of Directors. For the fiscal year ended March 31, 2019, the Company will pay an annual dividend of ¥52 per share (interim dividend of ¥26 and year-end dividend of ¥26).

With respect to dividends for the fiscal year ending March 31, 2020, in light of the forecast results, the Company plans to increase the annual dividend by ¥2 to ¥54 per share (interim dividend of ¥27 and year-end dividend of ¥27).

We 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, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	4,063	7,395
Real estate for sale	21,154	25,652
Real estate for sale in process	9,900	11,164
Other	920	846
Allowance for doubtful accounts	(2)	(1)
Total current assets	36,037	45,058
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	174	165
Land	551	524
Other, net	25	39
Total property, plant and equipment	752	729
Intangible assets		
Goodwill	991	793
Other	50	29
Total intangible assets	1,042	822
Investments and other assets		
Deferred tax assets	390	608
Other	159	201
Allowance for doubtful accounts	(16)	(14)
Total investments and other assets	534	796
Total non-current assets	2,328	2,348
Total assets	38,365	47,406

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	2,498	3,105
Short-term loans payable	3,000	–
Current portion of long-term loans payable	750	750
Income taxes payable	1,242	1,995
Provision for bonuses	106	262
Construction warranty reserve	245	255
Provision for loss on litigation	–	1
Other	1,347	1,593
Total current liabilities	9,191	7,964
Non-current liabilities		
Long-term loans payable	13,724	20,000
Provision for retirement benefits for directors (and other officers)	36	62
Other	42	31
Total non-current liabilities	13,803	20,093
Total liabilities	22,995	28,057
Net assets		
Shareholders' equity		
Capital stock	3,778	3,778
Capital surplus	3,640	3,640
Retained earnings	9,392	13,088
Treasury shares	(1,490)	(1,233)
Total shareholders' equity	15,321	19,273
Share acquisition rights	49	74
Total net assets	15,370	19,348
Total liabilities and net assets	38,365	47,406

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	69,202	81,356
Cost of sales	53,272	62,802
Gross profit	15,929	18,553
Selling, general and administrative expenses	8,555	9,448
Operating profit	7,374	9,104
Non-operating income		
Commission income	11	10
Insurance income	12	12
Other	7	19
Total non-operating income	31	41
Non-operating expenses		
Interest expenses	183	196
Commission for syndicate loan	36	187
Going public expenses	364	–
Other	31	21
Total non-operating expenses	616	406
Ordinary profit	6,789	8,740
Extraordinary income		
Gain on sales of non-current assets	4	10
Gain on transfer of investment	11	–
Surrender value of insurance	38	–
Total extraordinary income	53	10
Extraordinary losses		
Loss on retirement of non-current assets	7	4
Impairment loss	–	5
Loss on disaster	–	15
Total extraordinary losses	7	25
Profit before income taxes	6,835	8,725
Income taxes - current	2,223	3,016
Income taxes - deferred	62	(218)
Total income taxes	2,286	2,798
Profit	4,548	5,926
Profit attributable to owners of parent	4,548	5,926

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	4,548	5,926
Comprehensive income	4,548	5,926
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,548	5,926

(3) Consolidated statements of changes in equity

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
Retirement 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

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	3,640	9,392	(1,490)	15,321	49	15,370
Changes of items during period							
Dividends of surplus			(1,950)		(1,950)		(1,950)
Profit attributable to owners of parent			5,926		5,926		5,926
Purchase of treasury shares				(479)	(479)		(479)
Exercise of share acquisition rights		(279)		736	456		456
Transfer to capital surplus from retained earnings		279	(279)		–		–
Net changes of items other than shareholders' equity						25	25
Total changes of items during period	–	–	3,695	256	3,952	25	3,978
Balance at end of current period	3,778	3,640	13,088	(1,233)	19,273	74	19,348

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	6,835	8,725
Depreciation	62	63
Impairment loss	–	5
Amortization of goodwill	198	198
Increase (decrease) in allowance for doubtful accounts	(14)	(2)
Increase (decrease) in provision for bonuses	67	156
Increase (decrease) in construction warranty reserve	9	9
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(190)	25
Increase (decrease) in provision for loss on litigation	(0)	1
Interest expenses	183	196
Loss (gain) on sales of property, plant and equipment	(4)	(10)
Loss on retirement of non-current assets	7	4
Loss (gain) on transfer of investment	(11)	–
Surrender value of insurance	(38)	–
Loss on disaster	–	15
Going public expenses	364	–
Share-based compensation expenses	36	38
Decrease (increase) in inventories	(7,110)	(5,762)
Decrease (increase) in notes and accounts receivable - trade	(0)	(1)
Increase (decrease) in notes and accounts payable - trade	295	603
Other, net	(46)	282
Subtotal	644	4,549
Interest expenses paid	(185)	(196)
Payments for going public expenses	(364)	-
Payments for loss on disaster	–	(11)
Income taxes paid	(2,510)	(2,273)
Net cash provided by (used in) operating activities	(2,415)	2,069
Cash flows from investing activities		
Purchase of property, plant and equipment	(11)	(42)
Proceeds from sales of property, plant and equipment	17	30
Proceeds from transfer of investment	23	–
Collection of loans receivable	0	0
Proceeds from cancellation of insurance fund	89	–
Other, net	(23)	(9)
Net cash provided by (used in) investing activities	95	(20)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,000	(3,000)
Repayments of long-term loans payable	(750)	(14,474)
Proceeds from long-term loans payable	–	20,750
Repayments of finance lease obligations	(8)	(7)
Cash dividends paid	(998)	(1,949)
Purchase of treasury shares	–	(479)
Proceeds from disposal of treasury shares	417	443
Net cash provided by (used in) financing activities	1,660	1,283
Net increase (decrease) in cash and cash equivalents	(659)	3,331
Cash and cash equivalents at beginning of period	4,723	4,063
Cash and cash equivalents at end of period	4,063	7,395

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

Application of "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, Which Involve Considerations, with Vesting Conditions" and relevant accounting standards

The Group has applied the "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, Which Involve Considerations, with Vesting Conditions" (ASBJ PITF No. 36, January 12, 2018; hereinafter "PITF No. 36") effective from April 1, 2018. Accordingly, transactions granting employees and certain persons share acquisition rights that involve considerations and are with vesting conditions, are now accounted for in accordance with the "Accounting Standard for Share-based Payments (ASBJ Statement No. 8, December 27, 2005) and relevant accounting standards.

However, as the application of PITF No. 36 by the Group is subject to the transitional treatment provided for in paragraph 10 (3) of said PITF, transactions where share acquisition rights that involve considerations and are with vesting conditions were granted to employees and certain persons before the date of its application, are still accounted for in accordance with the accounting treatment previously adopted.

(Changes in presentation method)

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances

The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were presented under "Investments and other assets."

As a result, ¥345 million that was presented as" deferred tax assets" under "current assets" in the consolidated balance sheet in the fiscal year ended March 31, 2018, has now been included in the ¥390 million presented as "deferred tax assets" under "investments and other assets."

(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

   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.

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

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

No items to report.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

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.

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.

Information regarding gain on negative goodwill by reporting segment

No items to report.

(Per share information)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets per share (yen)	409.87	506.37
Basic earnings per share (yen)	123.84	157.62
Diluted earnings per share (yen)	122.07	152.24

Notes: 1. The Company conducted a 30-for-1 share split of common shares on September 22, 2017. Net assets per share, 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. The basis for calculating basic earnings per share and diluted earnings per share is as follows. The number of common shares has been converted to show the number after the share split.

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	4,548	5,926
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent related to common shares (millions of yen)	4,548	5,926
Average number of common shares outstanding during the period (share)	36,729,743	37,600,935
Diluted earnings per share		
Increase in the number of common shares (share)	532,100	1,328,335
(Share acquisition rights in the above (share))	(532,100)	(1,328,335)
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect.	–	–

(Significant subsequent events)

No items to report.