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May 14, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: Polaris Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3010
 URL: <https://www.polaris-holdings.com/en/>
 Representative: Takahiro Tsujikawa, President & CEO
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 Telephone: +81-3-5822-3010
 Scheduled date of annual general meeting of shareholders: June 26, 2025
 Scheduled date to commence dividend payments: June 27, 2025
 Scheduled date to file annual securities report: June 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Amounts are rounded off to the nearest million yen.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2025	27,881	23.7	2,804	△17.1	1,893	△27.4	2,611	△20.8
March 31, 2024	22,545	221.3	3,382	—	2,609	—	3,297	517.2

Note: Comprehensive income For the fiscal year ended As of March 31, 2025: 2,811 million [△16.4%]
 For the fiscal year ended As of March 31, 2024: 3,362 million [529.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	16.90	16.83	14.8	4.2	10.1
March 31, 2024	26.86	26.44	67.4	10.9	15.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: — million
 For the fiscal year ended March 31, 2024: — million

(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, 2025	67,175	28,329	42.2	121.19
March 31, 2024	23,208	6,885	29.7	55.46

Reference: Equity
 As of March 31, 2025: 28,329 million
 As of March 31, 2024: 6,884 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, 2025	4,285	△3,876	4,043	7,196
March 31, 2024	7,739	△1,659	△6,943	2,723

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of 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, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2025	—	0.00	—	3.00	3.00	701	17.7	3.4
Fiscal year ending March 31, 2026 (Forecast)	—	0.00	—	3.00	3.00		35.0	

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

	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
Full year	45,700	63.9	3,190	13.8	2,100	10.9	2,000	(23.4)	8.56

* For details, please refer to "(4) Future Outlook" on page 6 of the attached document.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 companies (Minacia Co., Ltd. , Minacia Total Service Co., Ltd.)

Excluded: 3 companies (Tenjin Hotel Management General Incorporated Association , Tohoku Early Recovery Support Fund No. 2 LLC , Value The Hotel Fund LLC)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2025	233,754,680 shares
As of March 31, 2024	124,133,889 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	1,674 shares
As of March 31, 2024	1,674 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	154,443,974 shares
Fiscal year ended March 31, 2024	122,771,505 shares

*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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

1 . Overview of Business Results, etc.

(1) Overview of Operating Results

a . Consolidated Results

Unit: JPY Million	FY3/2024	FY3/2025	Change (%)
Sales	22,545	27,881	23.7%
Operating Income	3,382	2,804	△17.1%
Ordinary Income	2,609	1,893	△27.4%
Net Profit Attributed to Parent Company	3,297	2,611	△20.8%

During the consolidated fiscal year, the Japanese economy showed signs of improvement, driven by the improvement in the employment and income and an increase in inbound demand. However, the outlook remains uncertain due to factors such as the impact of trade policies in the United States, rising prices, and unstable exchange rates.

In the hotel industry, the Group's main business, despite there were some temporary effects from the typhoon that cut across the Japanese archipelago in the summer of 2024 and a warning for a possible Nankai Trough earthquake following an earthquake centered in the Hyuuganada region of Miyazaki Prefecture, the hotel market continued to grow due to higher demand for overnight stays throughout the consolidated fiscal year ending March 31, 2025 than in the previous fiscal year.

According to the Lodging Travel Statistics Survey published by the Japan Tourism Agency, the total number of overnight guests in Japan from April 2024 to March 2025 was 655.45 million nights (+4.3% from the same period in the previous year) of which, 483.64 million were Japanese overnight guests (-2.4% from the same period in the previous year), and 171.82 million were foreign overnight guests (+29.2% from the same period in the previous year).

The total number of inbound visitors to Japan for the year 2024, as reported by the Japan National Tourism Organization (JNTO), reached 36.87 million, surpassing the previous record of 31.88 million in 2019 by approximately 5 million. The number of inbound visitors to Japan reached a record high in a single month, mainly during peak seasons such as cherry blossom and autumn foliage seasons and summer school vacations, and the number of inbound visitors from not only East Asia but also Southeast Asia, Europe, the United States, Australia, and the Middle East increased, resulting a new annual record. The number of inbound visitors to Japan continued upward trend, reaching total of 10 million at the fastest pace in the period from January to March 2025, +23.1% from the same period in the previous year.

Furthermore, based on Medium Term Management Plan (hereinafter the "Plan"), Polaris completed Share Exchange and the management integration to make Minacia Co., Ltd. (hereinafter "Minacia"), which has high similarity and compatibility hotel business with Polaris Group's. As a result, the management integration was completed on December 27, 2024, making Minacia a wholly owned subsidiary of the Company. Consequently, Polaris Group's hotel operation platform has expanded to 104 hotels and 15,510 rooms (including planned rooms) as of the end of the current fiscal year.

On the back of this positive environment, the Group's financial results for the consolidated fiscal year ended March 31, 2025 were net sales JPY 27,881 million (of which, domestic net sales JPY 24,925 million, overseas net sales JPY 2,957 million) and operating income JPY 2,804 million (of which, domestic net sales JPY 2,489 million, overseas net sales JPY 316 million). The major factors are as described in section "b. Results by Segment."

Ordinary income was JPY 1,893 million (of which, domestic ordinary income JPY 1,997 million, overseas ordinary income JPY -104 million).

Profit attributable to owners of parent on a consolidated basis was JPY 2,611 million (of which, profit attributable to owners parent for the domestic operation JPY 2,637 million, profit attributable to owners of parent for the overseas operation JPY -26 million).

Polaris disclosed the Plan (FY2024-FY2026) through the fiscal year ending March 31, 2027 on May 14, 2024 and to achieve the business strategy on the Plan, executed a Comprehensive Support Agreement for Hotel Management, etc. with Star Asia Investment Management Co., Ltd. (hereinafter the "SAIM") and Star Asia Investment Corporation which has entrusted the management of its

assets to SAIM which both belong to the Star Asia Group, the parent company group of Polaris, on the same date.

b. Results by Segment

Effective from the current consolidated fiscal year ended March 31, 2025, “Hotel Business” and “Real Estate Business” have been renamed “Hotel Operation Business” and “Hotel Investment Business” respectively in order to make the names of the segments more appropriate to the actual business. The changes are only in the names of the reporting segments and has no impact on segment information, including prior fiscal years.

< Hotel Operations Business > (Formerly Hotel Business)

Unit: JPY Million	FY3/2024	FY3/2025	Change (%)
Sales	14,507	27,147	87.1%
Operating Income	1,746	2,944	68.6%

The Hotel Operations Business recorded net sales of JPY 27,147 million and operating income of JPY 2,944 million. Polaris has maintained high occupancy rates and increase of room rates through precise revenue management in a favorable hotel market. The management integration with Minacia, completed in December 2024, resulted a substantial increase in both net sales and operating income due to the inclusion of business performance of Minacia for the three-month period from October to December 2024 during the current consolidated fiscal year.

Polaris Group started to operate KOKO HOTEL Residence Kyoto Nijo Castle in December 2024 following KAYA Kyoto Nijo Castle BW Signature Collection by Best Western, KOKO HOTEL Sendai Kōtōdai Park, KOKO HOTEL Sendai Ekimae South, and KOKO HOTEL Sendai Ekimae West Red Planet BGC The Fort, and Best Western Plus Nagoya Sakae and improved business performance by continuous expansion of new operating hotel platform.

In addition, Fino Hotel Sapporo Odori was rebranded to KOKO HOTEL Sapporo Odori in order to further expand recognition of original brand, KOKO HOTEL in April 2024. Furthermore, in August 2024, the hotel management structure of KOKO HOTEL Residence Asakusa Kappabashi, KOKO HOTEL Residence Asakusa Tawaramachi, KOKO HOTEL Tsukiji Ginza, KOKO HOTEL Osaka Shinsaibashi, and in December 2024, KOKO HOTEL Sendai Station South, KOKO HOTEL Sendai Station West, KOKO HOTEL Sendai Kotodai Park, KOKO HOTEL Premier Kanazawa Korinbo, KOKO HOTEL Nagoya Sakae, KOKO HOTEL Premier Kumamoto was changed from fee-type hotel management to fixed and variable rent-type hotel management in order to secure long-term operation and improve profitability.

< Hotel Investment Business > (Formerly Real Estate Business)

Unit: JPY Million	FY3/2024	FY3/2025	Change (%)
Sales	8,318	734	△91.2%
Operating Income	2,324	733	△68.5%

Note: Change (%) is omitted due to exceeding 1,000%

The Hotel Investment Business recorded net sales of JPY 734 million and operating income of JPY 733 million. The sales and operating income decreased from the same period of the previous fiscal year due to a significant increase in revenue and profit following the sale of properties of Best Western PLUS Fukuoka Tenjin-minami and Fino Hotels Sapporo Odori (currently named KOKO HOTEL Sapporo Odori), which Polaris Group held as real estate for sale in the previous consolidated fiscal year. In the current consolidated fiscal year, the Group recognized a gain of JPY 728 million on dividend distribution from a silent partnership as a result of the sale of KOKO Tsukiji Ginza Hotel property, held as trust beneficiary rights by a Special Purpose Company, in which the Company has a silent partnership interest.

(2) Overview of Financial Condition

Total assets amounted to JPY 67,175 million, which increased by JPY 43,967 million from the end of the previous consolidated

fiscal year. Major factors included a JPY 25,750 million recognition of goodwill resulting from the management integration with Minacia, a JPY 7,735 million recognition of lease assets (net), and a JPY 4,130 million increase in cash and cash equivalents.

Total liabilities amounted to JPY 38,845 million, which increase by JPY 22,522 million from the end of the previous consolidated fiscal year. Major factors included a JPY 11,104 million increase in long-term debt (including the current portion) due to the syndicate loan raised for the management integration with Minacia, and a JPY 9,882 million increase in lease liabilities.

Total net assets amounted to JPY 28,329 million, which increased by JPY 21,445 million from the end of the previous consolidated fiscal year. Major factors included a JPY 18,690 million increase in capital surplus due to issuance of new shares through the share exchange for the management integration with Minacia, and a JPY 2,611 million increase in retained earnings due to the recognition of quarterly net income attributable to owners of the parent.

(3) Overview of Cash Flows

The fiscal year-end balance of cash and cash equivalents for the Polaris Group increased by JPY 4,473 million compared to the end of the previous consolidated fiscal year, amounting to JPY 7,196 million.

(Cash flows from operating activities)

The cash flows from operating activities in the consolidated fiscal year amounted to a positive JPY 4,285 million (a positive JPY 7,739 million in the previous fiscal year). Major factors of increases included a JPY 1,889 million in net profit before tax adjustment, a JPY 1,146 million in depreciation, a JPY 718 million in interest expense, a JPY 712 million in advances and major factors of decrease included a JPY 832 million in interest payments and a JPY 721 million in revenue account receivables.

(Cash flows from investing activities)

The cash flows from investing activities in the consolidated fiscal year amounted to a negative JPY 3,876 million (a negative JPY 1,659 million in the previous fiscal year). Major factors of decrease included a JPY 3,424 million in acquisition of subsidiaries' shares resulting in a change in scope of consolidation and a JPY 480 million in purchase of fixed assets.

(Cash flows from financing activities)

The cash flows from financing activities in the consolidated fiscal year amounted to a positive JPY 4,043 million (a negative JPY 6,943 million in the previous fiscal year). Major factors of increase included a JPY 14,555 million in proceeds from long-term borrowing, and major factors of decrease included a JPY 5,769 million in repayments of long-term borrowings and a JPY 4,808 million in repayments of short-term borrowings.

With regard to financial resources for capital and liquidity of funds, the Polaris Group manages funds by monitoring future cash flow, taking into account the business environment and operational conditions. The Group plans to procure funds primarily through borrowings from financial institutions when demand for funds arises.

(4) Outlook

Unit: JPY Million	FY3/2025	FY3/2025 (Note.1)	FY3/2026	FY3/2026 (Note.1)	Change (%) (Note.2)
Sales	27,881	27,881	45,700	45,700	+63.9%
Operating Income	2,804	3,130	3,190	4,494	+43.6%
Ordinary Income	1,893	2,219	2,100	3,404	+53.4%
Net Profit Attributed to Parent Company	2,611	2,937	2,000	3,304	+12.5%

Note.1 : Excluding the impact of goodwill amortization

Note.2 : Adjusted comparison excluding amortization of goodwill

The full-year performance forecast for the fiscal year ending in March 2026 is expected to increase both sales and earnings resulted by the management integration with Minacia and growth in the hotel market due to active inbound and to exceed the operating income target in the revised Medium Term Management Plan announced on January 10, 2025.

Note: Performance forecast is based on the information available at the present time, and actual performance may differ from the forecasted figures due to various factors in the future.

2 . The fundamental approach to selecting accounting standards

The Polaris group applies Japanese accounting standards, considering the comparability of period-to-period consolidated financial statements and inter-company comparability. Polaris will consider the application of IFRS, taking into account various conditions in Japan and overseas, international comparability, and the need for greater convenience.

Consolidated Financial Statements

1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	3,384,374	7,514,013
Accounts receivable - trade	1,761,216	3,815,875
Raw materials and supplies	126,576	211,570
Other	2,690,186	1,573,771
Allowance for doubtful accounts	△5,926	△13,402
Total current assets	7,956,426	13,101,826
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,608,854	17,276,041
Accumulated depreciation	△4,832,292	△6,469,917
Buildings and structures, net	9,776,563	10,806,124
Machinery, equipment and vehicles	494,546	538,880
Accumulated depreciation	△394,355	△438,533
Machinery, equipment and vehicles, net	100,191	100,347
Tools, furniture and fixtures	1,001,038	2,396,013
Accumulated depreciation	△686,873	△1,808,059
Tools, furniture and fixtures, net	314,165	587,954
Land	493,725	510,860
Leased assets	—	11,430,160
Accumulated depreciation	—	△3,695,022
Leased assets, net	—	7,735,138
Right-of-use assets	2,876,243	3,036,568
Accumulated depreciation	△788,817	△1,010,111
Right-of-use assets, net	2,087,426	2,026,457
Construction in progress	37,247	45,810
Total property, plant and equipment	12,809,316	21,812,688
Intangible assets		
Software	11,578	49,359
Goodwill	—	25,750,263
Other	18,655	36,831
Total intangible assets	30,234	25,836,453
Investments and other assets		
Investment securities	179,909	2,415
Long-term prepaid expenses	243,404	256,808
Leasehold and guarantee deposits	1,258,893	2,543,431
Deferred tax assets	727,862	3,070,022
Other	2,065	551,172
Total investments and other assets	2,412,131	6,423,848
Total non-current assets	15,251,681	54,072,989
Total assets	23,208,107	67,174,815

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	362,824	486,270
Short-term borrowings	984,000	—
Current portion of long-term borrowings	849,308	1,690,887
Lease liabilities	102,943	755,349
Accounts payable - other	1,846,072	2,804,949
Accrued expenses	618,407	1,720,229
Income taxes payable	18,071	84,745
Provision for bonuses	—	109,223
Provision for shareholder benefit program	6,235	—
Other	992,490	577,601
Total current liabilities	5,780,350	8,229,253
Non-current liabilities		
Long-term borrowings	6,016,982	16,279,788
Subordinated capital loans	950,000	950,000
Lease liabilities	2,925,280	12,155,112
Deferred tax liabilities	210,463	123,523
Retirement benefit liability	32,897	53,022
Asset retirement obligations	169,000	227,677
Other	238,352	827,019
Total non-current liabilities	10,542,975	30,616,141
Total liabilities	16,323,325	38,845,394
Net assets		
Shareholders' equity		
Share capital	65,571	10,000
Capital surplus	2,317,803	21,007,884
Retained earnings	4,438,943	7,049,615
Treasury shares	△2,992	△2,992
Total shareholders' equity	6,819,325	28,064,507
Accumulated other comprehensive income		
Foreign currency translation adjustment	64,735	264,914
Total accumulated other comprehensive income	64,735	264,914
Share acquisition rights	722	—
Total net assets	6,884,782	28,329,421
Total liabilities and net assets	23,208,107	67,174,815

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	22,545,288	27,881,446
Cost of sales	6,590,491	1,062,838
Gross profit	15,954,797	26,818,607
Selling, general and administrative expenses	12,572,610	24,014,512
Operating profit	3,382,187	2,804,095
Non-operating income		
Interest income	29,550	23,581
Dividend income	4	—
Subsidy income	8,423	7,153
Foreign exchange gains	1,857	3,680
Other	5,277	11,335
Total non-operating income	45,111	45,748
Non-operating expenses		
Interest expenses on bonds	78,834	—
Interest expenses	652,642	718,326
Commission expenses	86,355	212,294
Other	721	25,961
Total non-operating expenses	818,552	956,581
Ordinary profit	2,608,746	1,893,262
Extraordinary income		
Gain on cancellation of lease contract	405,568	—
Reversal of provision for loss on store closings	57,125	—
Other	6,297	—
Total extraordinary income	468,990	—
Extraordinary losses		
Loss on valuation of investment securities	2,585	—
Loss on retirement of non-current assets	17,700	—
Impairment losses	—	3,889
Bad debts expenses	47,166	—
Other	2,477	—
Total extraordinary losses	69,928	3,889
Profit before income taxes	3,007,808	1,889,373
Income taxes - current	14,095	59,085
Income taxes - deferred	△303,486	△780,384
Total income taxes	△289,391	△721,299
Profit	3,297,199	2,610,672
Profit attributable to owners of parent	3,297,199	2,610,672

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	3,297,199	2,610,672
Other comprehensive income		
Valuation difference on available-for-sale securities	△145	—
Foreign currency translation adjustment	64,735	200,179
Total other comprehensive income	64,590	200,179
Comprehensive income	3,361,789	2,810,851
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,361,789	2,810,851

3) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,155	2,528,713	366,725	△2,992	2,904,601
Changes during period					
Issuance of new shares - exercise of share acquisition rights	308,763	308,763			617,525
Capital reduction	△255,346	255,346			—
Deficit disposition		△775,019	775,019		—
Profit (loss) attributable to owners of parent			3,297,199		3,297,199
Net changes in items other than shareholders' equity					
Total changes during period	53,416	△210,909	4,072,218	—	3,914,725
Balance at end of period	65,571	2,317,803	4,438,943	△2,992	6,819,325

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	145	—	145	5,826	2,910,571
Changes during period					
Issuance of new shares - exercise of share acquisition rights				△5,104	612,422
Capital reduction					—
Deficit disposition					—
Profit (loss) attributable to owners of parent					3,297,199
Net changes in items other than shareholders' equity	△145	64,735	64,590		64,590
Total changes during period	△145	64,735	64,590	△5,104	3,974,211
Balance at end of period	—	64,735	64,735	722	6,884,782

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	65,571	2,317,803	4,438,943	△2,992	6,819,325
Changes during period					
Issuance of new shares - exercise of share acquisition rights	163,765	163,765			327,531
Capital reduction	△219,336	219,336			—
Increase by share exchanges		18,306,980			18,306,980
Profit (loss) attributable to owners of parent			2,610,672		2,610,672
Net changes in items other than shareholders' equity					
Total changes during period	△55,571	18,690,081	2,610,672	—	21,245,182
Balance at end of period	10,000	21,007,884	7,049,615	△2,992	28,064,507

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	64,735	64,735	722	6,884,782
Changes during period				
Issuance of new shares - exercise of share acquisition rights			△722	326,809
Capital reduction				—
Increase by share exchanges				18,306,980
Profit (loss) attributable to owners of parent				2,610,672
Net changes in items other than shareholders' equity	200,179	200,179		200,179
Total changes during period	200,179	200,179	△722	21,444,639
Balance at end of period	264,914	264,914	—	28,329,421

4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	3,007,808	1,889,373
Depreciation	703,732	1,145,598
Impairment losses	—	3,889
Amortization of goodwill	—	325,953
Increase (decrease) in allowance for doubtful accounts	47,166	6,399
Increase (decrease) in provision for shareholder benefit program	2,320	△6,235
Increase (decrease) in provision for loss on store closings	△94,350	—
Increase (decrease) in retirement benefit liability	△15,825	9,234
Interest and dividend income	△29,554	△23,581
Interest expenses on bonds	78,834	—
Interest expenses	652,642	718,326
Decrease (increase) in trade receivables	△629,928	△720,501
Decrease (increase) in inventories	△43,296	△13,025
Decrease (increase) in real estate for sale	5,826,098	—
Increase (decrease) in trade payables	△196,930	43,074
Increase (decrease) in accounts payable - other	547,872	197,772
Gain on cancellation of lease contract	△405,568	—
Reversal of provision for loss on store closings	△57,125	—
Decrease (increase) in advances paid	△566,284	711,726
Decrease (increase) in consumption taxes refund receivable	△45,965	45,701
Other, net	△300,344	334,241
Subtotal	8,481,303	4,667,944
Interest and dividends received	29,554	16,725
Interest paid	△647,240	△831,945
Income taxes paid	△124,118	△18,976
Income taxes refund	—	451,571
Net cash provided by (used in) operating activities	7,739,499	4,285,318
Cash flows from investing activities		
Purchase of property, plant and equipment	△235,498	△480,437
Payments for asset retirement obligations	△167,700	—
Payments of leasehold and guarantee deposits	△549,154	△21,584
Proceeds from refund of leasehold and guarantee deposits	271,551	5,243
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△22,836	△3,423,620
Payments for purchases of long-term loans receivable	△936,571	△74,825
Other, net	△18,905	119,159
Net cash provided by (used in) investing activities	△1,659,113	△3,876,064
Cash flows from financing activities		
Proceeds from short-term borrowings	450,000	—
Repayments of short-term borrowings	△53,200	△4,808,315
Proceeds from long-term borrowings	521,000	14,555,000
Repayments of long-term borrowings	△6,405,680	△5,769,368
Refund of long-term deposits received	△1,060,676	—
Redemption of bonds	△900,000	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	612,422	326,809
Repayments of lease liabilities	△91,979	△260,781
Other, net	△15,094	—
Net cash provided by (used in) financing activities	△6,943,207	4,043,345

Effect of exchange rate change on cash and cash equivalents	14,865	19,998
Net increase (decrease) in cash and cash equivalents	$\Delta 847,955$	4,472,597
Cash and cash equivalents at beginning of period	3,571,227	2,723,271
Cash and cash equivalents at end of period	2,723,271	7,195,869