

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

Company name: PROPERTY AGENT Inc.
 Stock exchange listing: Tokyo
 Stock code: 3464 URL <http://www.propertyagent.co.jp>
 Representative: CEO Sei Nakanishi
 Inquiries: CFO Koji Iwase TEL 03-6302-3627
 Scheduled date of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to file Securities Report: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

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

(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	%
Year ended March 31, 2022	35,186	27.8	2,208	5.5	1,918	7.1	1,217	4.0
Year ended March 31, 2021	27,523	—	2,093	—	1,790	—	1,170	—

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	166.82	165.70	15.9	6.4	6.3
Year ended March 31, 2021	161.72	160.42	16.4	6.4	7.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	31,982	8,220	25.4	1,113.80
As of March 31, 2021	27,961	7,150	25.5	982.61

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	127	28	2,560	7,898
Year ended March 31, 2021	236	(578)	823	5,181

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	0.00	—	26.00	26.00	189	16.1	2.6
Year ended March 31, 2022	—	0.00	—	27.00	27.00	197	16.2	2.6
Year ending March 31, 2023 (Forecast)	—	0.00	—	28.00	28.00		14.6	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	38,000	8.0	2,500	13.2	2,150	11.8	1,400	15.0	191.60

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of March 31, 2022	7,307,600 shares	As of March 31, 2021	7,277,600 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	688 shares	As of March 31, 2021	688 shares
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Average number of shares during the period

Year ended March 31, 2022	7,295,713 shares	Year ended March 31, 2021	7,235,241 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,191,973	7,908,014
Accounts receivable - trade	2,165	176,710
Merchandise	–	13,935
Real estate for sale	11,976,010	9,427,375
Real estate for sale in process	9,157,480	12,511,023
Work in process	–	2,766
Advance payments to suppliers	375,788	415,371
Prepaid expenses	71,417	65,547
Consumption taxes refund receivable	712	2,911
Other	20,463	67,457
Allowance for doubtful accounts	(2,415)	(6,171)
Total current assets	26,793,596	30,584,942
Non-current assets		
Property, plant and equipment		
Buildings, net	107,803	110,129
Structures, net	7,131	6,696
Vehicles, net	464	0
Tools, furniture and fixtures, net	57,529	46,933
Land	22,062	22,062
Total property, plant and equipment	194,991	185,822
Intangible assets		
Software	259,011	258,703
Other	49,087	94,464
Total intangible assets	308,098	353,167
Investments and other assets		
Investment securities	303,724	502,364
Shares of subsidiaries and associates	57,491	–
Distressed receivables	86,354	36,134
Long-term prepaid expenses	26,539	24,540
Deferred tax assets	100,693	143,639
Other	263,744	300,311
Allowance for doubtful accounts	(173,714)	(148,604)
Total investments and other assets	664,833	858,386
Total non-current assets	1,167,923	1,397,377
Total assets	27,961,520	31,982,320

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	2,344,392	1,172,402
Short-term borrowings	3,758,400	4,272,292
Current portion of bonds payable	28,000	68,000
Current portion of long-term borrowings	5,453,423	4,774,001
Accounts payable - other	156,365	157,501
Accrued expenses	200,988	290,458
Income taxes payable	285,224	510,310
Accrued consumption taxes	64,144	211,480
Advances received	60,940	84,037
Deposits received	528,265	965,180
Unearned revenue	25,382	29,939
Provision for bonuses	49,128	55,535
Provision for bonuses for directors (and other officers)	65,000	67,000
Provision for costs after sales	10,727	47,526
Total current liabilities	13,030,383	12,705,667
Non-current liabilities		
Bonds payable	1,058,000	1,170,000
Long-term borrowings	6,641,915	9,773,952
Other	80,829	112,264
Total non-current liabilities	7,780,744	11,056,216
Total liabilities	20,811,127	23,761,883
Net assets		
Shareholders' equity		
Share capital	609,356	616,119
Capital surplus	559,356	534,223
Retained earnings	5,898,598	6,907,163
Treasury shares	(502)	(502)
Total shareholders' equity	7,066,808	8,057,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,519	81,447
Total accumulated other comprehensive income	74,519	81,447
Share acquisition rights	9,065	7,301
Non-controlling interests	—	74,683
Total net assets	7,150,392	8,220,436
Total liabilities and net assets	27,961,520	31,982,320

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	27,523,846	35,186,178
Cost of sales	22,183,108	29,555,497
Gross profit	5,340,737	5,630,680
Selling, general and administrative expenses	3,247,670	3,421,965
Operating profit	2,093,066	2,208,715
Non-operating income		
Interest income	81	61
Dividend income	1,456	2,915
Commission income	1,474	1,596
Penalty income	1,150	7,740
Subsidies for employment adjustment	—	43,315
Other	207	1,751
Total non-operating income	4,369	57,381
Non-operating expenses		
Interest expenses	219,132	234,217
Commission expenses	79,207	99,228
Other	8,320	14,038
Total non-operating expenses	306,660	347,484
Ordinary profit	1,790,776	1,918,612
Extraordinary income		
Gain on step acquisitions	—	16,019
Total extraordinary income	—	16,019
Profit before income taxes	1,790,776	1,934,632
Income taxes - current	557,252	756,725
Income taxes - deferred	63,431	(46,536)
Total income taxes	620,684	710,188
Profit	1,170,092	1,224,443
Profit attributable to non-controlling interests	—	7,390
Profit attributable to owners of parent	1,170,092	1,217,053

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,170,092	1,224,443
Other comprehensive income		
Valuation difference on available-for-sale securities	74,519	6,928
Total other comprehensive income	74,519	6,928
Comprehensive income	1,244,611	1,231,371
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,244,611	1,223,981
Comprehensive income attributable to non-controlling interests	—	7,390

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	596,109	546,109	4,908,318	(426)	6,050,112	—	—	10,339	—	6,060,451
Changes during period										
Issuance of new shares - exercise of share acquisition rights	13,246	13,246			26,492					26,492
Dividends of surplus			(179,812)		(179,812)					(179,812)
Profit attributable to owners of parent			1,170,092		1,170,092					1,170,092
Purchase of treasury shares				(76)	(76)					(76)
Change of scope of consolidation and equity method					—					—
Capital increase of consolidated subsidiaries					—					—
Net changes in items other than shareholders' equity						74,519	74,519	(1,274)		73,245
Total changes during period	13,246	13,246	990,279	(76)	1,016,696	74,519	74,519	(1,274)	—	1,089,941
Balance at end of period	609,356	559,356	5,898,598	(502)	7,066,808	74,519	74,519	9,065	—	7,150,392

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	609,356	559,356	5,898,598	(502)	7,066,808	74,519	74,519	9,065	—	7,150,392
Changes during period										
Issuance of new shares - exercise of share acquisition rights	6,763	6,763			13,526					13,526
Dividends of surplus			(189,199)		(189,199)					(189,199)
Profit attributable to owners of parent			1,217,053		1,217,053					1,217,053
Purchase of treasury shares					—					—
Change of scope of consolidation and equity method			(19,288)		(19,288)					(19,288)
Capital increase of consolidated subsidiaries		(31,895)			(31,895)					(31,895)
Net changes in items other than shareholders' equity						6,928	6,928	(1,764)	74,683	79,847
Total changes during period	6,763	(25,132)	1,008,564	—	990,195	6,928	6,928	(1,764)	74,683	1,070,043
Balance at end of period	616,119	534,223	6,907,163	(502)	8,057,003	81,447	81,447	7,301	74,683	8,220,436

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,790,776	1,934,632
Depreciation	56,247	96,143
Share-based payment expenses	(49)	(147)
Amortization of lease deposits	3,141	4,969
Amortization of long-term prepaid expenses	3,430	5,498
Increase (decrease) in allowance for doubtful accounts	(11,048)	(21,854)
Increase (decrease) in provision for bonuses	3,299	4,838
Increase (decrease) in provision for bonuses for directors (and other officers)	(5,000)	2,000
Increase (decrease) in provision for costs after sales	4,807	36,798
Interest income	(81)	(61)
Interest expenses	219,132	234,217
Commission expenses	79,207	99,228
Loss (gain) on step acquisitions	—	(16,019)
Decrease (increase) in trade receivables	1,040	(99,316)
Decrease (increase) in inventories	(2,012,631)	(808,327)
Decrease (increase) in advance payments to suppliers	(197,573)	(38,182)
Increase (decrease) in trade payables	968,814	(1,189,728)
Other, net	368,598	806,060
Subtotal	1,272,113	1,050,748
Interest received	81	61
Interest paid	(221,588)	(239,515)
Amount of payment of commission	(79,207)	(99,228)
Income taxes paid	(734,736)	(584,581)
Net cash provided by (used in) operating activities	236,662	127,485

	(Thousands of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of investment securities	(3,570)	(194,914)
Purchase of property, plant and equipment	(149,336)	(15,355)
Purchase of intangible assets	(265,882)	(59,343)
Purchase of shares of subsidiaries and associates	(57,491)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	333,417
Payments of guarantee deposits	(101,170)	(35,479)
Other, net	(752)	(137)
Net cash provided by (used in) investing activities	(578,202)	28,187
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(351,505)	513,892
Proceeds from long-term borrowings	7,867,300	9,286,600
Repayments of long-term borrowings	(7,208,960)	(7,219,835)
Proceeds from issuance of bonds	700,000	200,000
Redemption of bonds	(29,000)	(48,000)
Proceeds from issuance of shares	25,267	11,909
Purchase of treasury shares	(76)	–
Dividends paid	(179,812)	(189,199)
Proceeds from share issuance to non-controlling shareholders	–	5,000
Net cash provided by (used in) financing activities	823,213	2,560,367
Net increase (decrease) in cash and cash equivalents	481,674	2,716,040
Cash and cash equivalents at beginning of period	4,700,299	5,181,973
Cash and cash equivalents at end of period	5,181,973	7,898,014