

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 7, 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 to file Quarterly Securities Report: November 7, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	18,149	21.2	1,963	85.1	1,815	100.9	1,165	93.1
Six months ended September 30, 2021	14,971	–	1,060	–	903	–	603	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	159.49		158.54	
Six months ended September 30, 2021	82.85		82.21	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	35,000	9,178	26.0
As of March 31, 2022	31,982	8,220	25.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	27.00	27.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	40.00	40.00

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,000	8.0	2,550	15.5	2,200	14.7	1,430	17.5	195.66

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

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

Newly included: One company (CB Lab inc.) , Excluded: –

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	7,309,200 shares	As of March 31, 2022	7,307,600 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	777 shares	As of March 31, 2022	688 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	7,307,325 shares	Six months ended September 30, 2021	7,286,840 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	7,908,014	7,525,426
Accounts receivable - trade	176,710	230,688
Merchandise	13,935	18,989
Real estate for sale	9,427,375	10,754,419
Real estate for sale in process	12,511,023	14,513,996
Work in process	2,766	4,141
Other	551,288	533,041
Allowance for doubtful accounts	(6,171)	(5,094)
Total current assets	30,584,942	33,575,608
Non-current assets		
Property, plant and equipment	185,822	173,850
Intangible assets	353,167	384,514
Investments and other assets		
Other	1,006,990	1,014,718
Allowance for doubtful accounts	(148,604)	(148,604)
Total investments and other assets	858,386	866,114
Total non-current assets	1,397,377	1,424,479
Total assets	31,982,320	35,000,088
Liabilities		
Current liabilities		
Accounts payable - trade	1,172,402	885,547
Short-term borrowings	4,272,292	4,500,440
Current portion of bonds payable	468,000	468,000
Current portion of long-term borrowings	2,291,001	6,514,871
Income taxes payable	510,310	680,688
Provision for bonuses	55,535	28,181
Provision for bonuses for directors (and other officers)	67,000	—
Provision for costs after sales	47,526	61,564
Other	1,738,598	1,689,574
Total current liabilities	10,622,667	14,828,866
Non-current liabilities		
Bonds payable	770,000	736,000
Long-term borrowings	12,256,952	10,136,343
Other	112,264	120,123
Total non-current liabilities	13,139,216	10,992,466
Total liabilities	23,761,883	25,821,332

	(Thousands of yen)	
	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	616,119	617,012
Capital surplus	534,223	535,117
Retained earnings	6,907,163	7,875,344
Treasury shares	(502)	(639)
Total shareholders' equity	8,057,003	9,026,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81,447	63,469
Total accumulated other comprehensive income	81,447	63,469
Share acquisition rights	7,301	7,617
Non-controlling interests	74,683	80,833
Total net assets	8,220,436	9,178,755
Total liabilities and net assets	31,982,320	35,000,088

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	14,971,288	18,149,239
Cost of sales	12,345,974	14,343,125
Gross profit	2,625,313	3,806,114
Selling, general and administrative expenses	1,564,676	1,843,020
Operating profit	1,060,637	1,963,094
Non-operating income		
Interest income	28	63
Dividend income	2	4
Commission income	769	881
Penalty income	6,290	500
Subsidies for employment adjustment	—	11,487
Other	45	6,684
Total non-operating income	7,135	19,621
Non-operating expenses		
Interest expenses	107,584	125,589
Commission expenses	49,507	36,314
Other	6,711	5,099
Total non-operating expenses	163,802	167,003
Ordinary profit	903,970	1,815,711
Profit before income taxes	903,970	1,815,711
Income taxes - current	291,041	643,703
Income taxes - deferred	12,829	390
Total income taxes	303,871	644,094
Profit	600,099	1,171,617
Profit (loss) attributable to non-controlling interests	(3,613)	6,149
Profit attributable to owners of parent	603,712	1,165,467

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	600,099	1,171,617
Other comprehensive income		
Valuation difference on available-for-sale securities	45,263	(17,978)
Total other comprehensive income	45,263	(17,978)
Comprehensive income	645,362	1,153,638
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	648,976	1,147,489
Comprehensive income attributable to non-controlling interests	(3,613)	6,149

Consolidated statements of cash flows

	(Thousands of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	903,970	1,815,711
Depreciation	45,573	48,344
Share-based payment expenses	(98)	(147)
Amortization of lease deposits	1,896	2,925
Amortization of long-term prepaid expenses	2,763	3,289
Increase (decrease) in allowance for doubtful accounts	(25,686)	(1,077)
Increase (decrease) in provision for bonuses	(29,852)	(27,353)
Increase (decrease) in provision for bonuses for directors (and other officers)	(65,000)	(67,000)
Increase (decrease) in provision for costs after sales	8,286	14,038
Interest income	(28)	(63)
Interest expenses	107,584	125,589
Commission expenses	49,507	36,314
Decrease (increase) in trade receivables	(835)	(53,977)
Decrease (increase) in inventories	(1,073,263)	(3,336,445)
Decrease (increase) in advance payments to suppliers	(53,931)	127,355
Increase (decrease) in trade payables	(1,581,435)	(286,855)
Other, net	751,123	(109,836)
Subtotal	(959,426)	(1,709,186)
Interest received	28	63
Interest paid	(109,348)	(125,097)
Amount of payment of commission	(49,507)	(36,314)
Income taxes paid	(285,229)	(510,310)
Net cash provided by (used in) operating activities	(1,403,482)	(2,380,845)
Cash flows from investing activities		
Purchase of investment securities	(165,164)	(30,001)
Purchase of property, plant and equipment	(540)	—
Purchase of intangible assets	(54,680)	(29,226)
Purchase of shares of subsidiaries and associates	(69,743)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(49,000)
Payments of guarantee deposits	(35,479)	—
Other, net	(2,102)	4,249
Net cash provided by (used in) investing activities	(327,710)	(103,977)

	(Thousands of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	72,770	228,147
Proceeds from long-term borrowings	5,703,100	4,798,700
Repayments of long-term borrowings	(3,042,396)	(2,695,439)
Proceeds from issuance of bonds	200,000	—
Redemption of bonds	(14,000)	(34,000)
Proceeds from issuance of shares	8,103	1,395
Purchase of treasury shares	—	(136)
Dividends paid	(189,199)	(197,286)
Proceeds from share issuance to non-controlling shareholders	5,000	—
Other, net	—	855
Net cash provided by (used in) financing activities	2,743,377	2,102,236
Net increase (decrease) in cash and cash equivalents	1,012,184	(382,587)
Cash and cash equivalents at beginning of period	5,181,973	7,898,014
Cash and cash equivalents at end of period	6,194,158	7,515,426