

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

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 27, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	37,259	5.9	2,919	32.2	2,518	31.3	1,576	29.5
Year ended March 31, 2022	35,186	27.8	2,208	5.5	1,918	7.1	1,217	4.0

	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, 2023	215.92	214.84	17.9	6.7	7.8
Year ended March 31, 2022	166.82	165.70	15.9	6.4	6.3

(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, 2023	43,441	9,572	21.8	1,302.76
As of March 31, 2022	31,982	8,220	25.4	1,113.80

(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, 2023	(9,307)	(285)	8,504	6,809
Year ended March 31, 2022	127	28	2,560	7,898

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, 2022	—	0.00	—	27.00	27.00	197	16.2	2.6
Year ended March 31, 2023	—	0.00	—	40.00	40.00	290	18.5	3.3
Year ending March 31, 2024 (Forecast)	—	0.00	—	45.00	45.00		25.0	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
	42,000	12.7	2,500	(14.4)	2,120	(15.8)	1,310	(16.9)	180.20

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	7,311,000 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 March 31, 2023	41,277 shares	As of March 31, 2022	688 shares
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Average number of shares during the period

Year ended March 31, 2023	7,301,845 shares	Year ended March 31, 2022	7,295,713 shares
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Consolidated financial statements
Consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,908,014	6,819,005
Accounts receivable - trade	176,710	328,671
Merchandise	13,935	767
Real estate for sale	9,427,375	20,768,036
Real estate for sale in process	12,511,023	13,054,783
Work in process	2,766	5,201
Advance payments to suppliers	415,371	243,894
Prepaid expenses	65,547	127,214
Consumption taxes refund receivable	2,911	401,879
Other	67,457	104,031
Allowance for doubtful accounts	(6,171)	(3,819)
Total current assets	30,584,942	41,849,666
Non-current assets		
Property, plant and equipment		
Buildings, net	110,129	109,599
Structures, net	6,696	6,288
Vehicles, net	0	—
Tools, furniture and fixtures, net	46,933	36,399
Land	22,062	22,062
Total property, plant and equipment	185,822	174,350
Intangible assets		
Software	258,703	221,900
Other	94,464	189,042
Total intangible assets	353,167	410,942
Investments and other assets		
Investment securities	502,364	539,306
Distressed receivables	36,134	26,466
Long-term prepaid expenses	24,540	19,533
Deferred tax assets	143,639	224,766
Other	300,311	335,705
Allowance for doubtful accounts	(148,604)	(138,936)
Total investments and other assets	858,386	1,006,841
Total non-current assets	1,397,377	1,592,134
Total assets	31,982,320	43,441,800

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,172,402	2,179,349
Short-term borrowings	4,272,292	9,833,550
Current portion of bonds payable	468,000	68,000
Current portion of long-term borrowings	2,291,001	7,777,099
Accounts payable - other	157,501	232,900
Accrued expenses	290,458	336,805
Income taxes payable	510,310	666,979
Accrued consumption taxes	211,480	54,892
Advances received	84,037	133,358
Deposits received	965,180	1,040,201
Unearned revenue	29,939	49,647
Provision for bonuses	55,535	65,548
Provision for bonuses for directors (and other officers)	67,000	70,500
Provision for costs after sales	47,526	86,805
Total current liabilities	10,622,667	22,595,639
Non-current liabilities		
Bonds payable	770,000	802,000
Long-term borrowings	12,256,952	10,324,565
Other	112,264	147,445
Total non-current liabilities	13,139,216	11,274,010
Total liabilities	23,761,883	33,869,650
Net assets		
Shareholders' equity		
Share capital	616,119	617,249
Capital surplus	534,223	535,927
Retained earnings	6,907,163	8,286,477
Treasury shares	(502)	(48,732)
Total shareholders' equity	8,057,003	9,390,922
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81,447	79,752
Total accumulated other comprehensive income	81,447	79,752
Share acquisition rights	7,301	7,568
Non-controlling interests	74,683	93,906
Total net assets	8,220,436	9,572,150
Total liabilities and net assets	31,982,320	43,441,800

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	35,186,178	37,259,570
Cost of sales	29,555,497	30,258,628
Gross profit	5,630,680	7,000,942
Selling, general and administrative expenses	3,421,965	4,080,947
Operating profit	2,208,715	2,919,994
Non-operating income		
Interest income	61	225
Dividend income	2,915	3,700
Commission income	1,596	1,774
Penalty income	7,740	1,256
Subsidies for employment adjustment	43,315	13,858
Other	1,751	11,323
Total non-operating income	57,381	32,138
Non-operating expenses		
Interest expenses	234,217	280,024
Commission expenses	99,228	82,896
Loss on valuation of investment securities	—	49,999
Other	14,038	20,626
Total non-operating expenses	347,484	433,547
Ordinary profit	1,918,612	2,518,586
Extraordinary income		
Gain on step acquisitions	16,019	—
Total extraordinary income	16,019	—
Profit before income taxes	1,934,632	2,518,586
Income taxes - current	756,725	1,006,171
Income taxes - deferred	(46,536)	(80,377)
Total income taxes	710,188	925,793
Profit	1,224,443	1,592,792
Profit attributable to non-controlling interests	7,390	16,191
Profit attributable to owners of parent	1,217,053	1,576,600

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,224,443	1,592,792
Other comprehensive income		
Valuation difference on available-for-sale securities	6,928	(1,695)
Total other comprehensive income	6,928	(1,695)
Comprehensive income	1,231,371	1,591,096
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,223,981	1,574,905
Comprehensive income attributable to non-controlling interests	7,390	16,191

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(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	616,119	534,223	6,907,163	(502)	8,057,003	81,447	81,447	7,301	74,683	8,220,436
Changes during period										
Issuance of new shares - exercise of share acquisition rights	1,130	1,130			2,260					2,260
Dividends of surplus			(197,286)		(197,286)					(197,286)
Profit attributable to owners of parent			1,576,600		1,576,600					1,576,600
Purchase of treasury shares				(48,229)	(48,229)					(48,229)
Change of scope of consolidation and equity method					—					—
Capital increase of consolidated subsidiaries		573			573					573
Net changes in items other than shareholders' equity						(1,695)	(1,695)	267	19,222	17,795
Total changes during period	1,130	1,703	1,379,314	(48,229)	1,333,918	(1,695)	(1,695)	267	19,222	1,351,713
Balance at end of period	617,249	535,927	8,286,477	(48,732)	9,390,922	79,752	79,752	7,568	93,906	9,572,150

Consolidated statements of cash flows

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,934,632	2,518,586
Depreciation	96,143	98,768
Share-based payment expenses	(147)	(196)
Amortization of lease deposits	4,969	5,973
Amortization of long-term prepaid expenses	5,498	6,388
Increase (decrease) in allowance for doubtful accounts	(21,854)	(12,019)
Increase (decrease) in provision for bonuses	4,838	10,012
Increase (decrease) in provision for bonuses for directors (and other officers)	2,000	3,500
Increase (decrease) in provision for costs after sales	36,798	39,279
Interest income	(61)	(225)
Interest expenses	234,217	280,024
Commission expenses	99,228	82,896
Loss (gain) on step acquisitions	(16,019)	—
Decrease (increase) in trade receivables	(99,316)	(135,060)
Decrease (increase) in inventories	(808,327)	(11,873,688)
Decrease (increase) in advance payments to suppliers	(38,182)	171,447
Increase (decrease) in trade payables	(1,189,728)	1,000,169
Other, net	806,060	(221,112)
Subtotal	1,050,748	(8,025,255)
Interest received	61	225
Interest paid	(239,515)	(281,395)
Amount of payment of commission	(99,228)	(82,896)
Income taxes paid	(584,581)	(918,029)
Net cash provided by (used in) operating activities	127,485	(9,307,351)

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of investment securities	(194,914)	(89,969)
Purchase of property, plant and equipment	(15,355)	(21,578)
Purchase of intangible assets	(59,343)	(49,352)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(100,349)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	333,417	—
Payments of guarantee deposits	(35,479)	(32,532)
Other, net	(137)	7,948
Net cash provided by (used in) investing activities	28,187	(285,833)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	513,892	5,561,257
Proceeds from long-term borrowings	9,286,600	9,208,900
Repayments of long-term borrowings	(7,219,835)	(5,655,189)
Proceeds from issuance of bonds	200,000	100,000
Redemption of bonds	(48,000)	(468,000)
Proceeds from issuance of shares	11,909	1,868
Purchase of treasury shares	—	(48,229)
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	2,560,367	8,504,176
Net increase (decrease) in cash and cash equivalents	2,716,040	(1,089,008)
Cash and cash equivalents at beginning of period	5,181,973	7,898,014
Cash and cash equivalents at end of period	7,898,014	6,809,005