

Translation

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

November 10, 2022

Company name: MEIWA ESTATE Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8869 URL <https://www.meiwajisyo.co.jp/corp/>
 Representative: President & CEO Hideaki Harada
 Inquiries: Executive Director, Executive Officer Shunsuke Yoshizawa TEL 03(5489)0111
 Scheduled date to file Quarterly Securities Report: November 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(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	17,684	(25.7)	71	(93.6)	(527)	–	(421)	–
Six months ended September 30, 2021	23,801	–	1,109	(56.2)	717	(68.9)	563	(70.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	(18.00)		–	
Six months ended September 30, 2021	23.70		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	97,207	25,333	26.1	1,080.43
As of March 31, 2022	95,708	26,568	27.8	1,133.11

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	0.00	–	35.00	35.00
Year ending March 31, 2023	–	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	35.00	35.00

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	61,600	7.7	5,000	19.9	3,700	17.1	3,100	19.3	132.21

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): No
- (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	24,893,734 shares	As of March 31, 2022	24,893,734 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,446,050 shares	As of March 31, 2022	1,446,050 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	23,447,684 shares	Six months ended September 30, 2021	23,763,750 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	27,699	17,876
Notes and accounts receivable - trade	278	137
Real estate for sale	8,867	6,395
Real estate for sale in process	47,794	61,289
Operating loans	554	392
Income taxes refund receivable	1	61
Other	644	720
Allowance for doubtful accounts	(1)	(0)
Total current assets	85,838	86,873
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,263	2,297
Land	5,230	5,230
Other, net	169	200
Total property, plant and equipment	7,662	7,728
Intangible assets		
Software	13	27
Goodwill	17	15
Other	37	187
Total intangible assets	68	230
Investments and other assets		
Investment securities	48	48
Deferred tax assets	761	879
Retirement benefit asset	238	246
Other	1,147	1,257
Allowance for doubtful accounts	(57)	(56)
Total investments and other assets	2,138	2,375
Total non-current assets	9,869	10,333
Total assets	95,708	97,207

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,164	3,895
Electronically recorded obligations - operating	9,117	4,465
Short-term borrowings	8,690	9,516
Current portion of long-term borrowings	8,189	12,565
Accrued expenses	226	233
Income taxes payable	327	58
Advances received	3,716	4,750
Provision for bonuses	503	429
Provision for bonuses for directors (and other officers)	106	46
Other	1,483	939
Total current liabilities	36,525	36,901
Non-current liabilities		
Long-term borrowings	31,768	34,006
Provision for retirement benefits for directors (and other officers)	226	222
Retirement benefit liability	195	205
Other	423	537
Total non-current liabilities	32,613	34,972
Total liabilities	69,139	71,873
Net assets		
Shareholders' equity		
Share capital	3,537	3,537
Capital surplus	5,395	5,395
Retained earnings	18,616	17,373
Treasury shares	(965)	(965)
Total shareholders' equity	26,583	25,340
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(14)	(7)
Total accumulated other comprehensive income	(14)	(7)
Total net assets	26,568	25,333
Total liabilities and net assets	95,708	97,207

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	23,801	17,684
Cost of sales	18,395	13,190
Gross profit	5,405	4,493
Selling, general and administrative expenses	4,296	4,422
Operating profit	1,109	71
Non-operating income		
Interest income	1	0
Penalty income	18	31
Subsidy income	15	9
Reversal of allowance for doubtful accounts	0	2
Other	13	22
Total non-operating income	50	64
Non-operating expenses		
Interest expenses	277	404
Consumption taxes	131	187
Other	33	71
Total non-operating expenses	441	662
Ordinary profit (loss)	717	(527)
Extraordinary income		
Gain on sale of golf membership	–	6
Total extraordinary income	–	6
Extraordinary losses		
Loss on retirement of non-current assets	19	2
Total extraordinary losses	19	2
Profit (loss) before income taxes	698	(522)
Income taxes - current	154	19
Income taxes - deferred	(19)	(120)
Total income taxes	134	(100)
Profit (loss)	563	(421)
Profit (loss) attributable to owners of parent	563	(421)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	563	(421)
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	2	7
Total other comprehensive income	2	7
Comprehensive income	565	(414)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	565	(414)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	698	(522)
Depreciation	100	102
Amortization of goodwill	–	2
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in retirement benefit liability	6	9
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	(4)
Increase (decrease) in provision for bonuses	101	(73)
Increase (decrease) in provision for bonuses for directors (and other officers)	(40)	(60)
Interest and dividend income	(1)	(0)
Interest expenses	277	404
Loss on retirement of non-current assets	19	2
Loss (gain) on sale of golf club membership	–	(6)
Decrease (increase) in trade receivables	217	304
Decrease (increase) in inventories	3,511	(11,180)
Decrease (increase) in retirement benefit asset	(8)	(8)
Decrease (increase) in other assets	20	172
Decrease (increase) in consumption taxes refund receivable	–	(161)
Increase (decrease) in trade payables	(6,557)	(4,920)
Increase (decrease) in other liabilities	304	424
Increase (decrease) in accrued consumption taxes	(444)	(99)
Other, net	19	72
Subtotal	(1,772)	(15,544)
Interest and dividends received	1	0
Interest paid	(286)	(473)
Income taxes refund (paid)	(431)	(162)
Other, net	(21)	(62)
Net cash provided by (used in) operating activities	(2,510)	(16,243)
Cash flows from investing activities		
Payments into time deposits	(232)	(264)
Proceeds from withdrawal of time deposits	230	180
Purchase of property, plant and equipment	(89)	(130)
Purchase of intangible assets	(3)	(16)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(45)	–
Other, net	(2)	(35)
Net cash provided by (used in) investing activities	(142)	(267)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,302	826
Proceeds from long-term borrowings	5,592	12,329
Repayments of long-term borrowings	(5,693)	(5,713)
Dividends paid	(870)	(819)
Repayments of finance lease liabilities	(12)	(18)
Purchase of treasury shares	(965)	–
Net cash provided by (used in) financing activities	1,351	6,603
Net increase (decrease) in cash and cash equivalents	(1,301)	(9,907)
Cash and cash equivalents at beginning of period	22,311	27,452
Cash and cash equivalents at end of period	21,010	17,544