

Translation

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

May 11, 2023

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 of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 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	62,319	8.9	5,941	42.5	4,989	57.9	4,415	70.0
Year ended March 31, 2022	57,209	–	4,169	15.0	3,160	5.1	2,597	(4.5)

	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	188.32	–	15.6	4.7	9.5
Year ended March 31, 2022	110.04	–	9.9	3.7	7.3

(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	116,538	29,998	25.7	1,279.38
As of March 31, 2022	95,708	26,568	27.8	1,133.11

(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	419	(2,410)	8,348	33,810
Year ended March 31, 2022	(6,893)	(45)	12,080	27,452

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	–	35.00	35.00	820	31.8	3.2
Year ended March 31, 2023	–	0.00	–	45.00	45.00	1,055	23.9	3.7
Year ending March 31, 2024 (Forecast)	–	0.00	–	50.00	50.00		30.9	

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	83,000	33.2	6,300	6.0	5,200	4.2	3,800	(13.9)	162.06

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): No
- (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	23,447,684 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 March 31, 2023	– shares	As of March 31, 2022	1,446,050 shares
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Average number of shares during the period

Year ended March 31, 2023	23,447,684 shares	Year ended March 31, 2022	23,606,150 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	27,699	34,147
Notes and accounts receivable - trade	278	195
Real estate for sale	8,867	7,015
Real estate for sale in process	47,794	61,371
Operating loans	554	401
Income taxes refund receivable	1	3
Other	644	1,107
Allowance for doubtful accounts	(1)	(0)
Total current assets	85,838	104,242
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,200	8,256
Accumulated depreciation	(5,937)	(6,054)
Buildings and structures, net	2,263	2,202
Land	5,230	5,170
Other	582	601
Accumulated depreciation	(413)	(429)
Other, net	169	172
Total property, plant and equipment	7,662	7,544
Intangible assets		
Software	13	59
Goodwill	17	12
Other	37	179
Total intangible assets	68	251
Investments and other assets		
Investment securities	48	1,932
Deferred tax assets	761	1,107
Retirement benefit asset	238	255
Other	1,147	1,262
Allowance for doubtful accounts	(57)	(59)
Total investments and other assets	2,138	4,499
Total non-current assets	9,869	12,295
Total assets	95,708	116,538

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,164	4,651
Electronically recorded obligations - operating	9,117	15,448
Short-term borrowings	8,690	8,887
Current portion of long-term borrowings	8,189	7,649
Accrued expenses	226	232
Income taxes payable	327	524
Advances received	3,716	4,250
Provision for bonuses	503	444
Provision for bonuses for directors (and other officers)	106	122
Provision for shareholder benefit program	–	69
Other	1,483	1,944
Total current liabilities	36,525	44,225
Non-current liabilities		
Long-term borrowings	31,768	41,321
Provision for retirement benefits for directors (and other officers)	226	243
Retirement benefit liability	195	211
Other	423	537
Total non-current liabilities	32,613	42,314
Total liabilities	69,139	86,539
Net assets		
Shareholders' equity		
Share capital	3,537	3,537
Capital surplus	5,395	5,395
Retained earnings	18,616	21,245
Treasury shares	(965)	–
Total shareholders' equity	26,583	30,178
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	(175)
Remeasurements of defined benefit plans	(14)	(4)
Total accumulated other comprehensive income	(14)	(180)
Total net assets	26,568	29,998
Total liabilities and net assets	95,708	116,538

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	57,209	62,319
Cost of sales	44,276	46,663
Gross profit	12,932	15,656
Selling, general and administrative expenses	8,762	9,714
Operating profit	4,169	5,941
Non-operating income		
Interest income	0	0
Penalty income	39	69
Subsidy income	32	17
Reversal of allowance for doubtful accounts	0	0
Other	57	44
Total non-operating income	129	132
Non-operating expenses		
Interest expenses	607	883
Commission expenses	115	188
Consumption taxes	392	–
Other	24	11
Total non-operating expenses	1,139	1,083
Ordinary profit	3,160	4,989
Extraordinary income		
Gain on sale of golf club membership	6	6
Total extraordinary income	6	6
Extraordinary losses		
Loss on retirement of non-current assets	24	45
Loss on sale of investment securities	–	22
Impairment losses	–	77
Other	0	–
Total extraordinary losses	24	145
Profit before income taxes	3,142	4,850
Income taxes - current	599	783
Income taxes - deferred	(55)	(348)
Total income taxes	544	434
Profit	2,597	4,415
Profit attributable to owners of parent	2,597	4,415

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,597	4,415
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(175)
Remeasurements of defined benefit plans, net of tax	(9)	(4)
Total other comprehensive income	(9)	(180)
Comprehensive income	2,587	4,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,587	4,235

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,537	5,395	16,889	(0)	25,823
Changes during period					
Dividends of surplus			(871)		(871)
Profit attributable to owners of parent			2,597		2,597
Purchase of treasury shares				(965)	(965)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,726	(965)	760
Balance at end of period	3,537	5,395	18,616	(965)	26,583

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(5)	(5)	25,818
Changes during period			
Dividends of surplus			(871)
Profit attributable to owners of parent			2,597
Purchase of treasury shares			(965)
Net changes in items other than shareholders' equity	(9)	(9)	(9)
Total changes during period	(9)	(9)	750
Balance at end of period	(14)	(14)	26,568

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,537	5,395	18,616	(965)	26,583
Changes during period					
Dividends of surplus			(820)		(820)
Profit attributable to owners of parent			4,415		4,415
Cancellation of treasury shares		(965)		965	–
Transfer from retained earnings to capital surplus		965	(965)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,629	965	3,595
Balance at end of period	3,537	5,395	21,245	–	30,178

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	–	(14)	(14)	26,568
Changes during period				
Dividends of surplus				(820)
Profit attributable to owners of parent				4,415
Cancellation of treasury shares				–
Transfer from retained earnings to capital surplus				–
Net changes in items other than shareholders' equity	(175)	10	(165)	(165)
Total changes during period	(175)	10	(165)	3,429
Balance at end of period	(175)	(4)	(180)	29,998

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,142	4,850
Depreciation	195	213
Impairment losses	–	77
Amortization of goodwill	2	5
Increase (decrease) in allowance for doubtful accounts	2	1
Increase (decrease) in retirement benefit liability	11	15
Increase (decrease) in provision for retirement benefits for directors (and other officers)	26	17
Increase (decrease) in provision for shareholder benefit program	–	69
Increase (decrease) in provision for bonuses	248	(58)
Increase (decrease) in provision for bonuses for directors (and other officers)	19	15
Interest and dividend income	(0)	(0)
Interest expenses	607	883
Loss (gain) on sale of investment securities	–	22
Loss on retirement of non-current assets	24	48
Loss (gain) on sale of golf club membership	(6)	(6)
Decrease (increase) in trade receivables	108	233
Decrease (increase) in inventories	(12,604)	(11,903)
Decrease (increase) in retirement benefit asset	(25)	(23)
Decrease (increase) in other assets	(36)	(221)
Decrease (increase) in consumption taxes refund receivable	18	(142)
Increase (decrease) in trade payables	2,187	6,818
Increase (decrease) in other liabilities	1,075	1,129
Increase (decrease) in accrued consumption taxes	(664)	(73)
Other, net	197	208
Subtotal	(5,468)	2,180
Interest and dividends received	0	0
Interest paid	(557)	(952)
Income taxes refund (paid)	(752)	(619)
Other, net	(115)	(188)
Net cash provided by (used in) operating activities	(6,893)	419
Cash flows from investing activities		
Payments into time deposits	(387)	(419)
Proceeds from withdrawal of time deposits	502	330
Purchase of property, plant and equipment	(117)	(152)
Purchase of intangible assets	(2)	(52)
Purchase of investment securities	–	(2,044)
Proceeds from sale of investment securities	–	414
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(45)	–
Purchase of shares of subsidiaries	–	(453)
Decrease (increase) in investments and other assets	4	(31)
Net cash provided by (used in) investing activities	(45)	(2,410)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,389	196
Proceeds from long-term borrowings	31,567	31,070
Repayments of long-term borrowings	(20,009)	(22,056)
Dividends paid	(870)	(820)
Repayments of finance lease liabilities	(30)	(41)
Purchase of treasury shares	(965)	–
Net cash provided by (used in) financing activities	12,080	8,348
Net increase (decrease) in cash and cash equivalents	5,140	6,358
Cash and cash equivalents at beginning of period	22,311	27,452
Cash and cash equivalents at end of period	27,452	33,810