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Non-consolidated Financial Results for the Year Ended February 28, 2022 [Japanese GAAP]

April 08, 2022

Company name: WADAKOHSAN CORPORATION

Stock exchange listing: Tokyo

Code number: 8931

URL: <http://www.wadakohsan.co.jp>

Representative: Takero Takashima

President and Representative Director

Contact: Toshiya Mizomoto

Managing Director

Phone: +81-78-361-1510

Scheduled date of Annual General Meeting of Shareholders: May 27, 2022

Scheduled date of commencing dividend payments: May 30, 2022

Scheduled date of filing annual securities report: May 30, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (for institutional investors and analysts, in Japanese)

(Amounts of less than one million yen are rounded down)

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 01, 2021 to February 28, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2022	41,785	5.0	3,883	41.9	3,162	64.9	2,337	84.3
February 28, 2021	39,806	(0.7)	2,737	(16.8)	1,918	(21.5)	1,267	(28.8)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended February 28, 2022	210.55	-	9.1	3.3	9.3
February 28, 2021	114.22	-	5.2	2.1	6.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2022: ¥ - million
Fiscal year ended February 28, 2021: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2022	98,302	26,656	27.1	2,401.56
February 28, 2021	92,335	24,882	26.9	2,241.71

(Reference) Equity: As of February 28, 2022: ¥ 26,656 million
As of February 28, 2021: ¥ 24,882 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended February 28, 2022	8,223	190	(3,116)	14,689
February 28, 2021	3,718	(1)	(587)	9,391

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
February 28, 2021	-	0.00	-	35.00	35.00	388	30.6	1.6
February 28, 2022	-	18.00	-	22.00	40.00	443	19.0	1.7
Fiscal year ending February 28, 2023 (Forecast)	-	21.00	-	21.00	42.00		23.3	

(Note) Breakdown of the year-end dividend for the fiscal year ended February 28, 2022 :

Commemorative dividend - yen

Special dividend - yen

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2023 (March 01, 2022 to February 28, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended August 31, 2022	19,000	8.6	1,700	12.4	1,300	9.3	900	9.6	81.08
Full year	42,000	0.5	3,700	(4.7)	2,900	(8.3)	2,000	(14.4)	180.18

* Notes:

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(2) Total number of issued shares (common shares)

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

February 28, 2022: 11,100,000 shares

February 28, 2021: 11,100,000 shares

2) Total number of treasury shares at the end of the period:

February 28, 2022: 248 shares

February 28, 2021: 248 shares

3) Average number of shares during the period:

Fiscal Year ended February 28, 2022: 11,099,752 shares

Fiscal Year ended February 28, 2021: 11,099,752 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this document, including the forecasts of financial results, etc., are based on the information currently available to the Company and certain assumptions deemed to be reasonable. Actual performance and other results may differ materially from these forecasts are due to various factors.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousand yen)

	As of February 28,2021	As of February 28,2022
Assets		
Current assets		
Cash and deposits	11,835,033	17,007,822
Accounts receivable - trade	13,696	8,011
Lease receivables	855,330	836,448
Real estate for sale	11,145,111	10,478,002
Real estate for sale in process	39,447,762	40,872,549
Prepaid expenses	70,080	90,855
Other	251,483	660,781
Allowance for doubtful accounts	(8,154)	(9,110)
Total current assets	63,610,343	69,945,361
Non-current assets		
Property, plant and equipment		
Buildings	19,832,765	20,049,424
Accumulated depreciation	(7,432,296)	(7,741,740)
Buildings, net	12,400,468	12,307,683
Structures	238,977	256,400
Accumulated depreciation	(176,158)	(181,259)
Structures, net	62,819	75,141
Machinery and equipment	513,311	513,311
Accumulated depreciation	(513,235)	(513,287)
Machinery and equipment, net	75	24
Tools, furniture and fixtures	251,241	265,795
Accumulated depreciation	(209,840)	(225,884)
Tools, furniture and fixtures, net	41,400	39,911
Land	13,651,976	13,220,208
Leased assets	10,705	17,923
Accumulated depreciation	(959)	(3,025)
Leased assets, net	9,745	14,897
Construction in progress	130,924	13,810
Total property, plant and equipment	26,297,411	25,671,676
Intangible assets		
Leasehold interests in land	598,631	598,631
Software	14,525	11,308
Other	7,601	7,934
Total intangible assets	620,759	617,874
Investments and other assets		
Investment securities	311,547	300,318
Shares of subsidiaries and associates	125,000	125,000
Investments in capital	3,090	3,200
Distressed receivables	16,750	15,456
Deferred tax assets	403,402	501,645
Guarantee deposits	216,874	215,600
Other	747,348	921,666
Allowance for doubtful accounts	(16,892)	(15,587)
Total investments and other assets	1,807,120	2,067,300
Total non-current assets	28,725,291	28,356,851
Total assets	92,335,634	98,302,213

(Thousand yen)

	As of February 28,2021	As of February 28,2022
Liabilities		
Current liabilities		
Accounts payable - trade	3,974,482	4,012,434
Electronically recorded obligations - operating	3,699,557	9,191,830
Short-term borrowings	9,114,200	7,307,600
Current portion of bonds payable	324,500	224,300
Current portion of long-term borrowings	10,094,998	20,855,637
Accounts payable - other	222,131	408,836
Accounts payable - facilities	4,433	10,773
Accrued expenses	57,398	40,542
Income taxes payable	266,149	672,171
Accrued consumption taxes	78,646	508,326
Advances received	4,028,325	4,202,226
Deposits received	91,901	96,894
Lease obligations	1,576	2,237
Unearned revenue	155,445	155,523
Provision for bonuses	119,865	121,507
Provision for bonuses for directors (and other officers)	8,075	8,475
Provision for warranties for completed construction	13,000	21,000
Asset retirement obligations	4,738	-
Other	10,110	8,424
Total current liabilities	32,269,534	47,848,740
Non-current liabilities		
Bonds payable	610,050	385,750
Long-term borrowings	33,049,655	21,893,935
Long-term guarantee deposits	409,986	362,419
Provision for retirement benefits	229,244	232,631
Provision for retirement benefits for directors (and other officers)	516,185	547,883
Lease obligations	9,208	14,149
Asset retirement obligations	290,259	324,277
Other	69,132	35,736
Total non-current liabilities	35,183,723	23,796,782
Total liabilities	67,453,257	71,645,523

(Thousand yen)

	As of February 28,2021	As of February 28,2022
Net assets		
Shareholders' equity		
Share capital	1,403,091	1,403,091
Capital surplus		
Legal capital surplus	1,448,280	1,448,280
Total capital surplus	1,448,280	1,448,280
Retained earnings		
Legal retained earnings	20,100	20,100
Other retained earnings		
General reserve	13,000,000	13,000,000
Retained earnings brought forward	9,088,356	10,837,073
Total retained earnings	22,108,456	23,857,173
Treasury shares	(121)	(121)
Total shareholders' equity	24,959,705	26,708,423
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(29,336)	(26,924)
Deferred gains or losses on hedges	(47,991)	(24,808)
Total valuation and translation adjustments	(77,328)	(51,733)
Total net assets	24,882,377	26,656,690
Total liabilities and net assets	92,335,634	98,302,213

Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Net sales		
Real estate sales	36,551,204	38,545,808
Rent income of real estate and other	3,255,574	3,240,003
Total net sales	39,806,779	41,785,812
Cost of sales		
Cost of sales - real estate	31,380,981	32,006,668
Cost of real estate lease revenue	1,737,115	1,793,017
Total cost of sales	33,118,097	33,799,685
Gross profit	6,688,681	7,986,127
Selling, general and administrative expenses		
Advertising expenses	942,438	979,142
Sample room expenses	507,945	484,286
Provision of allowance for doubtful accounts	200	924
Remuneration for directors (and other officers)	216,800	226,025
Salaries and allowances	728,071	832,339
Provision for bonuses	119,865	121,507
Provision for bonuses for directors (and other officers)	8,075	8,475
Retirement benefit expenses	36,177	38,473
Provision for retirement benefits for directors (and other officers)	31,150	34,097
Welfare expenses	157,839	177,386
Taxes and dues	746,749	760,820
Depreciation	22,168	26,667
Commission expenses	175,492	167,913
Rent expenses	23,364	26,403
Other	234,610	217,953
Total selling, general and administrative expenses	3,950,948	4,102,415
Operating profit	2,737,732	3,883,712
Non-operating income		
Interest income	526	233
Dividend income	4,578	4,868
Foreign exchange gains	-	9,415
Commission income	4,152	12,104
Surrender value of insurance policies	4,439	11,213
Interest on tax refund	3,275	-
Other	4,418	9,878
Total non-operating income	21,391	47,713
Non-operating expenses		
Interest expenses	680,137	636,865
Financing expenses	103,235	102,746
Other	57,705	29,383
Total non-operating expenses	841,078	768,995
Ordinary profit	1,918,045	3,162,430

(Thousand yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Extraordinary income		
Gain on sale of non-current assets	153,878	125,145
Total extraordinary income	153,878	125,145
Extraordinary losses		
Loss on sale of non-current assets	65,134	2,850
Impairment losses	73,330	93,766
Loss on retirement of non-current assets	24,221	1,630
Loss on valuation of investment securities	-	12,780
Total extraordinary losses	162,686	111,028
Profit before income taxes	1,909,237	3,176,548
Income taxes - current	664,000	948,000
Income taxes - deferred	(22,529)	(108,455)
Total income taxes	641,470	839,544
Profit	1,267,767	2,337,004

Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended February 28,2021

(Thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Total capital surplus		Other retained earnings	Retained earnings brought forward	Total retained earnings
				General reserve			
Balance at beginning of period	1,403,091	1,448,280	1,448,280	20,100	13,000,000	8,209,080	21,229,180
Changes during period							
Dividends of surplus						(388,491)	(388,491)
Profit						1,267,767	1,267,767
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	879,276	879,276
Balance at end of period	1,403,091	1,448,280	1,448,280	20,100	13,000,000	9,088,356	22,108,456

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(121)	24,080,429	(24,099)	(77,634)	(101,734)	23,978,695
Changes during period						
Dividends of surplus		(388,491)				(388,491)
Profit		1,267,767				1,267,767
Net changes in items other than shareholders' equity			(5,236)	29,642	24,406	24,406
Total changes during period	-	879,276	(5,236)	29,642	24,406	903,682
Balance at end of period	(121)	24,959,705	(29,336)	(47,991)	(77,328)	24,882,377

For the fiscal year ended February 28,2022

(Thousand yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	1,403,091	1,448,280	1,448,280	20,100	13,000,000	9,088,356	22,108,456
Changes during period							
Dividends of surplus						(588,286)	(588,286)
Profit						2,337,004	2,337,004
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	1,748,717	1,748,717
Balance at end of period	1,403,091	1,448,280	1,448,280	20,100	13,000,000	10,837,073	23,857,173

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(121)	24,959,705	(29,336)	(47,991)	(77,328)	24,882,377
Changes during period						
Dividends of surplus		(588,286)				(588,286)
Profit		2,337,004				2,337,004
Net changes in items other than shareholders' equity			2,411	23,183	25,595	25,595
Total changes during period	-	1,748,717	2,411	23,183	25,595	1,774,312
Balance at end of period	(121)	26,708,423	(26,924)	(24,808)	(51,733)	26,656,690

Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Cash flows from operating activities		
Profit before income taxes	1,909,237	3,176,548
Depreciation	708,163	733,537
Impairment losses	73,330	93,766
Increase (decrease) in allowance for doubtful accounts	200	(348)
Increase (decrease) in provision for bonuses	3,102	1,642
Increase (decrease) in provision for bonuses for directors (and other officers)	175	400
Increase (decrease) in provision for warranties for completed construction	5,000	8,000
Increase (decrease) in provision for retirement benefits	4,713	3,387
Increase (decrease) in provision for retirement benefits for directors (and other officers)	31,150	31,697
Interest and dividend income	(5,105)	(5,101)
Interest expenses	680,137	636,865
Loss (gain) on sale of property, plant and equipment	(88,743)	(122,294)
Loss (gain) on valuation of investment securities	-	12,780
Loss on retirement of property, plant and equipment	33,335	2,378
Decrease (increase) in trade receivables	(1,629)	5,684
Decrease (increase) in lease receivables	17,580	18,882
Decrease (increase) in inventories	(555,416)	(1,019,120)
Increase (decrease) in trade payables	928,111	5,530,225
Increase (decrease) in advances received	1,232,562	173,900
Increase (decrease) in long-term guarantee deposits received	(42,036)	(47,567)
Decrease (increase) in other assets	255,418	(428,615)
Increase (decrease) in other liabilities	31,613	630,495
Subtotal	5,220,900	9,437,143
Interest and dividends received	4,410	5,193
Interest paid	(676,525)	(665,146)
Income taxes paid	(830,519)	(553,626)
Net cash provided by (used in) operating activities	3,718,265	8,223,563
Cash flows from investing activities		
Net decrease (increase) in time deposits	219,902	(5,029)
Purchase of property, plant and equipment	(847,950)	(695,058)
Proceeds from sale of property, plant and equipment	710,190	932,153
Purchase of intangible assets	(8,836)	(1,860)
Other payments	(110,650)	(122,258)
Other proceeds	36,288	82,644
Net cash provided by (used in) investing activities	(1,055)	190,589

(Thousand yen)

	For the fiscal year ended February 28,2021	For the fiscal year ended February 28,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	583,700	(1,806,600)
Proceeds from long-term borrowings	13,057,400	12,891,604
Repayments of long-term borrowings	(14,231,403)	(13,286,685)
Proceeds from issuance of bonds	400,000	-
Redemption of bonds	(8,500)	(324,500)
Dividends paid	(388,565)	(587,938)
Repayments of lease obligations	-	(2,272)
Net cash provided by (used in) financing activities	(587,368)	(3,116,392)
Net increase (decrease) in cash and cash equivalents	3,129,841	5,297,760
Cash and cash equivalents at beginning of period	6,261,495	9,391,337
Cash and cash equivalents at end of period	9,391,337	14,689,097