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Non-consolidated Financial Results for the Year Ended February 28, 2023 [Japanese GAAP]

April 7, 2023

Company name: WADAKOHSAN CORPORATION

Stock exchange listing: Tokyo

Code number: 8931

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

Representative: Toshiya Mizomoto

President and Representative Director

Contact: Hiroyuki Kurokawa

Director

Phone: +81-78-361-1510

Scheduled date of Annual General Meeting of Shareholders: May 26, 2023

Scheduled date of commencing dividend payments: May 29, 2023

Scheduled date of filing annual securities report: May 29, 2023

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 millions of yen are rounded down.)

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 28, 2023	42,712	2.2	4,387	13.0	3,607	14.1	2,382	1.9
February 28, 2022	41,785	5.0	3,883	41.9	3,162	64.9	2,337	84.3

	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, 2023	214.61	-	8.6	3.9	10.3
February 28, 2022	210.55	-	9.1	3.3	9.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2023: ¥ - million
Fiscal year ended February 28, 2022: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2023	86,144	28,579	33.2	2,574.79
February 28, 2022	98,302	26,656	27.1	2,401.56

(Reference) Equity: As of February 28, 2023: ¥ 28,579 million
As of February 28, 2022: ¥ 26,656 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended February 28, 2023	2,153	(1,066)	(6,636)	9,139
February 28, 2022	8,223	190	(3,116)	14,689

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	Millions of yen	%	%
February 28, 2022	-	18.00	-	22.00	40.00	443	19.0	1.7
February 28, 2023	-	22.00	-	28.00	50.00	554	23.3	2.0
Fiscal year ending February 29, 2024 (Forecast)	-	25.00	-	25.00	50.00		29.2	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2023	19,000	(1.9)	1,800	(14.7)	1,500	(18.0)	1,000	(21.3)	90.09
Full year	39,000	(8.7)	3,600	(17.9)	2,800	(22.4)	1,900	(20.2)	171.17

* 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: Yes
- 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, 2023:	11,100,000 shares
February 28, 2022:	11,100,000 shares

2) Number of treasury shares at the end of the period:

February 28, 2023:	248 shares
February 28, 2022:	248 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 28, 2023:	11,099,752 shares
Fiscal Year ended February 28, 2022:	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 due to various factors.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	17,007,822	11,756,363
Accounts receivable - trade	8,011	5,148
Lease receivables	836,448	816,167
Real estate for sale	10,478,002	9,779,054
Real estate for sale in process	40,872,549	34,446,854
Prepaid expenses	90,855	91,389
Consumption taxes refund receivable	-	147,648
Other	660,781	715,686
Allowance for doubtful accounts	(9,110)	(13,501)
Total current assets	69,945,361	57,744,812
Non-current assets		
Property, plant and equipment		
Buildings	20,049,424	20,820,593
Accumulated depreciation	(7,741,740)	(8,083,460)
Buildings, net	12,307,683	12,737,132
Structures	256,400	264,278
Accumulated depreciation	(181,259)	(185,333)
Structures, net	75,141	78,945
Machinery and equipment	513,311	277,711
Accumulated depreciation	(513,287)	(277,711)
Machinery and equipment, net	24	0
Tools, furniture and fixtures	265,795	276,830
Accumulated depreciation	(225,884)	(228,865)
Tools, furniture and fixtures, net	39,911	47,964
Land	13,220,208	13,413,994
Leased assets	17,923	17,923
Accumulated depreciation	(3,025)	(5,180)
Leased assets, net	14,897	12,742
Construction in progress	13,810	87,292
Total property, plant and equipment	25,671,676	26,378,072
Intangible assets		
Leasehold interests in land	598,631	598,631
Software	11,308	19,754
Other	7,934	7,601
Total intangible assets	617,874	625,988
Investments and other assets		
Investment securities	300,318	291,867
Shares of subsidiaries and associates	125,000	62,000
Investments in capital	3,200	3,200
Distressed receivables	15,456	15,456
Deferred tax assets	501,645	370,147
Guarantee deposits	215,600	210,794
Other	921,666	457,540
Allowance for doubtful accounts	(15,587)	(15,576)
Total investments and other assets	2,067,300	1,395,429
Total non-current assets	28,356,851	28,399,489
Total assets	98,302,213	86,144,302

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,012,434	811,133
Electronically recorded obligations - operating	9,191,830	6,215,447
Short-term borrowings	7,307,600	9,202,000
Current portion of bonds payable	224,300	56,000
Current portion of long-term borrowings	20,855,637	7,760,099
Accounts payable - other	408,836	427,904
Accounts payable - facilities	10,773	138,219
Accrued expenses	40,542	34,893
Income taxes payable	672,171	533,267
Accrued consumption taxes	508,326	-
Advances received	4,202,226	3,490,184
Deposits received	96,894	32,518
Lease liabilities	2,237	2,370
Unearned revenue	155,523	166,188
Provision for bonuses	121,507	134,239
Provision for bonuses for directors (and other officers)	8,475	9,250
Provision for warranties for completed construction	21,000	19,000
Other	8,424	29,328
Total current liabilities	47,848,740	29,062,043
Non-current liabilities		
Bonds payable	385,750	232,000
Long-term borrowings	21,893,935	27,271,451
Long-term guarantee deposits	362,419	332,261
Provision for retirement benefits	232,631	235,160
Provision for retirement benefits for directors (and other officers)	547,883	100,974
Lease liabilities	14,149	11,646
Asset retirement obligations	324,277	315,552
Other	35,736	3,695
Total non-current liabilities	23,796,782	28,502,741
Total liabilities	71,645,523	57,564,785

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
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	10,837,073	12,730,853
Total retained earnings	23,857,173	25,750,953
Treasury shares	(121)	(121)
Total shareholders' equity	26,708,423	28,602,203
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(26,924)	(20,120)
Deferred gains or losses on hedges	(24,808)	(2,565)
Total valuation and translation adjustments	(51,733)	(22,686)
Total net assets	26,656,690	28,579,516
Total liabilities and net assets	98,302,213	86,144,302

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Net sales		
Real estate sales	38,545,808	39,597,497
Rent income of real estate and other	3,240,003	3,114,682
Total net sales	41,785,812	42,712,180
Cost of sales		
Cost of sales - real estate	32,006,668	32,289,662
Cost of real estate lease revenue	1,793,017	2,035,117
Total cost of sales	33,799,685	34,324,780
Gross profit	7,986,127	8,387,400
Selling, general and administrative expenses		
Advertising expenses	979,142	883,852
Sample room expenses	484,286	426,238
Provision of allowance for doubtful accounts	924	4,383
Remuneration for directors (and other officers)	226,025	208,325
Salaries and allowances	832,339	908,648
Provision for bonuses	121,507	134,239
Provision for bonuses for directors (and other officers)	8,475	9,250
Retirement benefit expenses	38,473	42,951
Provision for retirement benefits for directors (and other officers)	34,097	29,866
Retirement benefits for directors (and other officers)	-	91,225
Welfare expenses	177,386	194,813
Taxes and dues	760,820	611,362
Depreciation	26,667	24,972
Commission expenses	167,913	162,371
Rent expenses	26,403	29,963
Other	217,953	237,419
Total selling, general and administrative expenses	4,102,415	3,999,881
Operating profit	3,883,712	4,387,518
Non-operating income		
Interest income	233	243
Dividend income	4,868	5,236
Foreign exchange gains	9,415	-
Gain on investments in capital	-	8,990
Commission income	12,104	6,720
Subsidy income	-	6,733
Surrender value of insurance policies	11,213	25,888
Other	9,878	6,102
Total non-operating income	47,713	59,915
Non-operating expenses		
Interest expenses	636,865	585,429
Financing expenses	102,746	224,097
Other	29,383	30,304
Total non-operating expenses	768,995	839,831
Ordinary profit	3,162,430	3,607,601

(Thousands of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Extraordinary income		
Gain on sale of non-current assets	125,145	2
Total extraordinary income	125,145	2
Extraordinary losses		
Loss on sale of non-current assets	2,850	4,220
Impairment losses	93,766	-
Loss on retirement of non-current assets	1,630	77,515
Loss on valuation of investment securities	12,780	-
Loss on valuation of shares of subsidiaries and associates	-	63,000
Total extraordinary losses	111,028	144,735
Profit before income taxes	3,176,548	3,462,868
Income taxes - current	948,000	959,000
Income taxes - deferred	(108,455)	121,699
Total income taxes	839,544	1,080,699
Profit	2,337,004	2,382,169

Non-consolidated Statements of Changes in Equity

For the fiscal year ended February 28, 2022

(Thousands of 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	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

For the fiscal year ended February 28, 2023

(Thousands of 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	10,837,073	23,857,173
Changes during period							
Dividends of surplus						(488,389)	(488,389)
Profit						2,382,169	2,382,169
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	1,893,779	1,893,779
Balance at end of period	1,403,091	1,448,280	1,448,280	20,100	13,000,000	12,730,853	25,750,953

	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)	26,708,423	(26,924)	(24,808)	(51,733)	26,656,690
Changes during period						
Dividends of surplus		(488,389)				(488,389)
Profit		2,382,169				2,382,169
Net changes in items other than shareholders' equity			6,803	22,243	29,046	29,046
Total changes during period	-	1,893,779	6,803	22,243	29,046	1,922,826
Balance at end of period	(121)	28,602,203	(20,120)	(2,565)	(22,686)	28,579,516

Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	3,176,548	3,462,868
Depreciation	733,537	706,915
Impairment losses	93,766	-
Increase (decrease) in allowance for doubtful accounts	(348)	4,379
Increase (decrease) in provision for bonuses	1,642	12,732
Increase (decrease) in provision for bonuses for directors (and other officers)	400	775
Increase (decrease) in provision for warranties for completed construction	8,000	(2,000)
Increase (decrease) in provision for retirement benefits	3,387	2,529
Increase (decrease) in provision for retirement benefits for directors (and other officers)	31,697	(446,908)
Interest and dividend income	(5,101)	(5,479)
Interest expenses	636,865	585,429
Loss (gain) on sale of property, plant and equipment	(122,294)	4,218
Loss (gain) on valuation of investment securities	12,780	-
Loss on valuation of shares of subsidiaries and associates	-	63,000
Loss on retirement of property, plant and equipment	2,378	95,536
Decrease (increase) in trade receivables	5,684	2,862
Decrease (increase) in lease receivables	18,882	20,280
Decrease (increase) in inventories	(1,019,120)	7,051,187
Increase (decrease) in trade payables	5,530,225	(6,177,683)
Increase (decrease) in advances received	173,900	(712,041)
Increase (decrease) in long-term guarantee deposits received	(47,567)	(30,157)
Decrease (increase) in other assets	(428,615)	(270,131)
Increase (decrease) in other liabilities	630,495	(535,920)
Subtotal	9,437,143	3,832,389
Interest and dividends received	5,193	5,946
Interest paid	(665,146)	(585,890)
Income taxes paid	(553,626)	(1,098,943)
Net cash provided by (used in) operating activities	8,223,563	2,153,501
Cash flows from investing activities		
Net decrease (increase) in time deposits	(5,029)	(128,019)
Purchase of property, plant and equipment	(695,058)	(1,258,955)
Proceeds from sale of property, plant and equipment	932,153	11,119
Purchase of intangible assets	(1,860)	(12,989)
Other payments	(122,258)	(92,150)
Other proceeds	82,644	414,597
Net cash provided by (used in) investing activities	190,589	(1,066,397)

(Thousands of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,806,600)	1,894,400
Proceeds from long-term borrowings	12,891,604	18,791,800
Repayments of long-term borrowings	(13,286,685)	(26,509,821)
Redemption of bonds	(324,500)	(322,050)
Dividends paid	(587,938)	(488,540)
Repayments of lease liabilities	(2,272)	(2,370)
Net cash provided by (used in) financing activities	(3,116,392)	(6,636,582)
Net increase (decrease) in cash and cash equivalents	5,297,760	(5,549,479)
Cash and cash equivalents at beginning of period	9,391,337	14,689,097
Cash and cash equivalents at end of period	14,689,097	9,139,618