

Consolidated Financial Results for the Fiscal Year ended February 28, 2023 (Japanese GAAP)

April 7, 2023

Company Name: Wakita & Co., LTD.

Code Number: 8125

(URL: <https://www.wakita.co.jp/>)

Stock Exchange Listing: Tokyo Stock Exchange Prime Market

Representative: Teiji Wakita, President and Representative Director

Contact: Atsuhiko Nariyama, Executive Officer, General Manager of General Affairs Division

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Scheduled date of Ordinary General Shareholders' Meeting: May 25, 2023

Scheduled date to commence dividend payment: May 26, 2023

Scheduled date to submit the Securities Report: May 29, 2023

Supplementary information for financial results: Available

Organization of financial results briefing: Available

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for Fiscal 2023 (From March 1, 2022 to February 28, 2023)

(1) Consolidated Results of Operations

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2023	78,870	5.2	5,765	4.7	5,880	3.9	3,901	9.2
Fiscal 2022	74,989	1.3	5,506	1.5	5,661	(0.0)	3,573	12.0

(Note) Comprehensive income: Fiscal 2023: ¥3,965 million [1.5%]
Fiscal 2022: ¥3,908 million [4.1%]

	Profit per share	Fully diluted profit per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal 2023	76.44	–	4.0	4.2	7.3
Fiscal 2022	68.84	–	3.7	4.0	7.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal 2023: ¥ - million
Fiscal 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2023	138,652	99,574	71.2	1,968.96
Fiscal 2022	144,376	99,093	68.1	1,895.93

(Reference) Equity: Fiscal 2023: ¥98,709 million
Fiscal 2022: ¥98,373 million

(3) 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 the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2023	4,168	(5,555)	(9,214)	23,142
Fiscal 2022	15,502	(2,135)	(6,168)	33,724

2. Dividends

	Cash dividends per share					Total dividends paid (total)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2022	–	0.00	–	33.00	33.00	1,716	47.9	1.8
Fiscal 2023	–	0.00	–	38.00	38.00	1,909	49.7	2.0
Fiscal 2024 (Forecast)	–	0.00	–	43.00	43.00		51.3	

3. Forecast of Consolidated Financial Results for Fiscal 2024 (From March 1, 2023 to February 29, 2024)

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	90,000	14.1	6,400	11.0	6,550	11.4	4,200	7.6	83.78

* Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): None

Companies added to the scope: None

Companies removed from the scope: None

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards, etc.: Applicable

2) Any changes in accounting policies other than 1) above: Not applicable

3) Changes in accounting estimates: Not applicable

4) Restatements: Not applicable

(3) Number of shares issued (common shares)

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

Fiscal 2023: 52,021,297 shares

Fiscal 2022: 52,021,297 shares

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

Fiscal 2023: 1,888,341 shares

Fiscal 2022: 134,756 shares

3) Average number of shares during the period:

Fiscal 2023: 51,046,848 shares

Fiscal 2022: 51,918,501 shares

(Reference) Summary of Non-consolidated Financial Results

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

(1) Non-consolidated Results of Operations

(Percentage figures indicate changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2023	53,682	0.5	4,761	5.1	5,120	4.2	3,916	3.1
Fiscal 2022	53,430	(1.1)	4,529	0.4	4,915	0.2	3,798	18.7

	Profit per share	Fully diluted profit per share
	Yen	Yen
Fiscal 2023	76.71	—
Fiscal 2022	73.16	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2023	126,074	97,914	77.7	1,953.10
Fiscal 2022	131,564	97,683	74.2	1,882.63

(Reference) Equity: Fiscal 2023: ¥97,914 million
Fiscal 2022: ¥97,683 million

2. Forecast of Non-consolidated Financial Results for Fiscal 2024 (From March 1, 2023 to February 29, 2024)

(Percentage figures indicate changes from the previous year)

	Net sales		Ordinary profit		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	59,000	9.9	5,800	13.3	4,000	2.1	79.79

*These Consolidated Financial Results are not subject to audits by certified public accountants or an auditing firm.

*Explanation for the appropriate use of performance forecasts and other special notes:

The performance forecasts and other descriptions on future events presented in this material are based on information that was available at the time of preparation of this material and based on certain assumptions considered to be reasonable, and not intended to guarantee their achievement. The actual performance, etc. may differ materially from these forecasts due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

As of February 28, 2022 As of February 28, 2023

Assets		
Current assets		
Cash and deposits	27,774	20,210
Notes and accounts receivable - trade	22,430	-
Bills receivable		7,739
Accounts receivable		12,442
Securities	6,150	3,713
Merchandise	2,930	5,305
Supplies	111	150
Other	631	975
Allowance for doubtful accounts	(78)	(69)
Total current assets	59,950	50,467
Non-current assets		
Property, plant and equipment		
Assets for rent	40,479	43,942
Accumulated depreciation	(29,159)	(31,484)
Assets for rent, net	11,320	12,457
Real estate for rent		
Buildings and accompanying facilities for rent	34,171	33,355
Accumulated depreciation	(10,682)	(11,262)
Buildings and accompanying facilities for rent, net	23,488	22,092
Land for rent	20,319	20,585
Buildings and structures	12,612	13,836
Accumulated depreciation	(6,831)	(7,231)
Buildings and structures, net	5,781	6,604
Land	8,413	11,079
Leased assets	44	125
Accumulated depreciation	(28)	(86)
Leased assets, net	15	38
Other	2,705	4,915
Accumulated depreciation	(1,887)	(2,057)
Other, net	818	2,858
Total property, plant and equipment	70,157	75,716
Intangible assets		
Goodwill	7,163	6,070
Other	634	636
Total intangible assets	7,797	6,706
Investments and other assets		
Investment securities	4,041	2,991
Retirement benefit asset	689	787
Deferred tax assets	271	223
Other	1,911	2,260
Allowance for doubtful accounts	(443)	(503)
Total investments and other assets	6,470	5,761
Total non-current assets	84,425	88,184
Total assets	144,376	138,652

(Millions of yen)

As of February 28, 2022 As of February 28, 2023

Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,524	10,626
Short-term borrowings	1,103	920
Current portion of long-term borrowings	77	122
Lease liabilities	5	20
Income taxes payable	1,569	1,201
Provision for bonuses	373	405
Other	7,255	7,552
Total current liabilities	28,910	20,848
Non-current liabilities		
Long-term borrowings	172	543
Lease liabilities	15	22
Deferred tax liabilities	899	814
Deferred tax liabilities for land revaluation	435	435
Provision for share based compensation expenses for directors	84	106
Provision for retirement benefits for directors (and other officers)	18	21
Retirement benefit liability	252	283
Long-term accounts payable - facilities	10,434	11,969
Other	4,058	4,032
Total non-current liabilities	16,372	18,229
Total liabilities	45,282	39,078
Net assets		
Shareholders' equity		
Share capital	13,821	13,821
Capital surplus	16,627	16,627
Retained earnings	68,675	71,092
Treasury shares	(154)	(2,154)
Total shareholders' equity	98,969	99,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,288	1,086
Deferred gains or losses on hedges	94	185
Revaluation reserve for land	(2,144)	(2,144)
Remeasurements of defined benefit plans	164	195
Total accumulated other comprehensive income	(596)	(676)
Non-controlling interests	720	864
Total net assets	99,093	99,574
Total liabilities and net assets	144,376	138,652

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2022 (From March 1, 2021 to February 28, 2022)	Fiscal 2023 (From March 1, 2022 to February 28, 2023)
Net sales	74,989	78,870
Cost of sales	55,189	57,374
Provision of unrealized income on installment sales	81	–
Reversal of unrealized income on installment sales	247	–
Gross profit	19,965	21,495
Selling, general and administrative expenses	14,459	15,730
Operating profit	5,506	5,765
Non-operating income		
Interest income	13	5
Dividend income	119	136
Purchase discounts	47	38
Foreign exchange gains	37	53
Gain on investments in investment partnerships	22	31
Other	68	81
Total non-operating income	308	347
Non-operating expenses		
Interest expenses	105	144
Compensation for damages	4	61
Loss on cancellation of insurance policies	24	–
Other	19	26
Total non-operating expenses	153	231
Ordinary profit	5,661	5,880
Extraordinary income		
Gain on sale of non-current assets	541	29
Gain on sale of investment securities	28	410
Total extraordinary income	570	440
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	7	8
Impairment losses	144	25
Other	–	1
Total extraordinary losses	151	35
Profit before income taxes	6,080	6,285
Income taxes - current	2,611	2,407
Income taxes - deferred	(236)	(145)
Total income taxes	2,375	2,262
Profit	3,704	4,023
Profit attributable to non-controlling interests	131	121
Profit attributable to owners of parent	3,573	3,901

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2022 (From March 1, 2021 to February 28, 2022)	Fiscal 2023 (From March 1, 2022 to February 28, 2023)
Profit	3,704	4,023
Other comprehensive income		
Valuation difference on available-for-sale securities	35	(202)
Deferred gains or losses on hedges	138	113
Remeasurements of defined benefit plans, net of tax	29	30
Total other comprehensive income	203	(57)
Comprehensive income	3,908	3,965
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,750	3,821
Comprehensive income attributable to non-controlling interests	157	144

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2022 (From March 1, 2021 to February 28, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,821	16,627	67,064	(107)	97,406
Cumulative effects of changes in accounting policies					—
Restated balance	13,821	16,627	67,064	(107)	97,406
Changes during period					
Dividends of surplus			(1,560)		(1,560)
Profit attributable to owners of parent			3,573		3,573
Purchase of treasury shares				(60)	(60)
Disposal of treasury shares		(0)		13	13
Net increase (decrease) in surplus by change of consolidated scope			(403)		(403)
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	1,610	(46)	1,563
Balance at end of period	13,821	16,627	68,675	(154)	98,969

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,251	(16)	(2,144)	135	(773)	517	97,150
Cumulative effects of changes in accounting policies							—
Restated balance	1,251	(16)	(2,144)	135	(773)	517	97,150
Changes during period							
Dividends of surplus							(1,560)
Profit attributable to owners of parent							3,573
Purchase of treasury shares							(60)
Disposal of treasury shares							13
Net increase (decrease) in surplus by change of consolidated scope							(403)
Net changes in items other than shareholders' equity	36	111	—	29	176	202	379
Total changes during period	36	111	—	29	176	202	1,943
Balance at end of period	1,288	94	(2,144)	164	(596)	720	99,093

Fiscal 2023 (From March 1, 2022 to February 28, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,821	16,627	68,675	(154)	98,969
Cumulative effects of changes in accounting policies			231		231
Restated balance	13,821	16,627	68,906	(154)	99,201
Changes during period					
Dividends of surplus			(1,716)		(1,716)
Profit attributable to owners of parent			3,901		3,901
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares		(0)		0	0
Net increase (decrease) in surplus by change of consolidated scope					—
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	2,185	(2,000)	185
Balance at end of period	13,821	16,627	71,092	(2,154)	99,386

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,288	94	(2,144)	164	(596)	720	99,093
Cumulative effects of changes in accounting policies						0	231
Restated balance	1,288	94	(2,144)	164	(596)	720	99,324
Changes during period							
Dividends of surplus							(1,716)
Profit attributable to owners of parent							3,901
Purchase of treasury shares							(2,000)
Disposal of treasury shares							0
Net increase (decrease) in surplus by change of consolidated scope							—
Net changes in items other than shareholders' equity	(202)	91	—	30	(80)	144	64
Total changes during period	(202)	91	—	30	(80)	144	249
Balance at end of period	1,086	185	(2,144)	195	(676)	864	99,574

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal 2022 (From March 1, 2021 to February 28, 2022)	Fiscal 2023 (From March 1, 2022 to February 28, 2023)
Cash flows from operating activities		
Profit before income taxes	6,080	6,285
Depreciation	5,086	6,140
Amortization of goodwill	1,090	1,113
Increase (decrease) in allowance for doubtful accounts	1	28
Increase (decrease) in provision for bonuses	22	27
Increase (decrease) in net defined benefit asset and liability	(5)	(49)
Interest and dividend income	(133)	(141)
Interest expenses	105	144
Loss (gain) on sale and retirement of property, plant and equipment	(533)	(21)
Loss (gain) on sale of investment securities	(28)	(409)
Impairment losses	144	25
Decrease (increase) in trade receivables	2,739	2,342
Decrease (increase) in inventories	200	(1,231)
Increase (decrease) in trade payables	3,314	(7,998)
Other, net	(225)	656
Subtotal	17,857	6,914
Interest and dividends received	133	141
Interest paid	(105)	(144)
Income taxes paid	(2,382)	(2,744)
Net cash provided by (used in) operating activities	15,502	4,168
Cash flows from investing activities		
Purchase of securities	(200)	(300)
Proceeds from redemption of securities	200	300
Purchase of property, plant and equipment	(4,079)	(5,938)
Proceeds from sale of property, plant and equipment	3,237	57
Purchase of investment securities	(33)	(208)
Proceeds from sale and redemption of investment securities	39	950
Loan advances	(3)	(104)
Proceeds from collection of loans receivable	7	5
Purchase of shares of subsidiaries	(537)	(160)
Proceeds of shares of subsidiaries resulting in change in scope of consolidation	-	95
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(637)	-
Other payments	(357)	(286)
Other proceeds	228	33
Net cash provided by (used in) investing activities	(2,135)	(5,555)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(440)	(243)
Repayments of long-term borrowings	(2)	(148)
Repayments of lease liabilities	(33)	(9)
Repayments of installment payables - property and equipment	(4,081)	(5,094)
Purchase of treasury shares	(60)	(2,000)
Proceeds from sale of treasury shares	13	0
Dividends paid	(1,564)	(1,716)
Net cash provided by (used in) financing activities	(6,168)	(9,214)
Effect of exchange rate change on cash and cash equivalents	8	19
Net increase (decrease) in cash and cash equivalents	7,206	(10,582)
Cash and cash equivalents at beginning of period	26,498	33,724
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	19	-
Cash and cash equivalents at end of period	33,724	23,142