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Non-consolidated Financial Results for the Year Ended February 29, 2024 [Japanese GAAP]

April 12, 2024

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 29, 2024

Scheduled date of commencing dividend payments: May 30, 2024

Scheduled date of filing annual securities report: May 30, 2024

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 29, 2024 (March 1, 2023 to February 29, 2024)

(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 29, 2024	38,825	(9.1)	4,528	3.2	3,820	5.9	2,638	10.8
February 28, 2023	42,712	2.2	4,387	13.0	3,607	14.1	2,382	1.9

	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 29, 2024	237.73	-	8.9	4.1	11.7
February 28, 2023	214.61	-	8.6	3.9	10.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 29, 2024: ¥ - million
Fiscal year ended February 28, 2023: ¥ - 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 29, 2024	101,228	30,658	30.3	2,762.11
February 28, 2023	86,144	28,579	33.2	2,574.79

(Reference) Equity: As of February 29, 2024: ¥ 30,658 million
As of February 28, 2023: ¥ 28,579 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 29, 2024	(1,176)	(458)	7,466	14,970
February 28, 2023	2,153	(1,066)	(6,636)	9,139

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, 2023	-	22.00	-	28.00	50.00	554	23.3	2.0
February 29, 2024	-	26.00	-	34.00	60.00	665	25.2	2.2
Fiscal year ending February 28, 2025 (Forecast)	-	26.00	-	39.00	65.00		26.7	

(Note) Breakdown of the year-end dividend for the fiscal year ended February 29, 2024 :

Ordinary dividend	32.00 yen
Commemorative dividend	2.00 yen

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(% 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, 2024	19,000	(8.6)	1,900	(24.1)	1,400	(34.6)	1,000	(32.5)	90.09
Full year	39,000	0.4	4,700	3.8	3,800	(0.5)	2,700	2.3	243.25

* 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 29, 2024:	11,100,000 shares
February 28, 2023:	11,100,000 shares

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

February 29, 2024:	248 shares
February 28, 2023:	248 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 29, 2024:	11,099,752 shares
Fiscal Year ended February 28, 2023:	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

(Thousands of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	11,756,363	17,345,545
Accounts receivable - trade	5,148	5,559
Lease receivables	816,167	794,384
Real estate for sale	9,779,054	9,610,934
Real estate for sale in process	34,446,854	44,283,350
Prepaid expenses	91,389	83,861
Consumption taxes refund receivable	147,648	66,370
Other	715,686	198,529
Allowance for doubtful accounts	(13,501)	(7,663)
Total current assets	57,744,812	72,380,873
Non-current assets		
Property, plant and equipment		
Buildings	20,820,593	21,109,287
Accumulated depreciation	(8,083,460)	(8,638,700)
Buildings, net	12,737,132	12,470,586
Structures	264,278	270,309
Accumulated depreciation	(185,333)	(193,687)
Structures, net	78,945	76,621
Machinery and equipment	277,711	280,111
Accumulated depreciation	(277,711)	(277,735)
Machinery and equipment, net	0	2,376
Tools, furniture and fixtures	276,830	290,121
Accumulated depreciation	(228,865)	(238,432)
Tools, furniture and fixtures, net	47,964	51,688
Land	13,413,994	13,660,426
Leased assets	17,923	17,923
Accumulated depreciation	(5,180)	(7,335)
Leased assets, net	12,742	10,587
Construction in progress	87,292	427,274
Total property, plant and equipment	26,378,072	26,699,562
Intangible assets		
Leasehold interests in land	598,631	644,837
Software	19,754	15,704
Other	7,601	7,601
Total intangible assets	625,988	668,143
Investments and other assets		
Investment securities	291,867	233,277
Shares of subsidiaries and associates	62,000	62,000
Investments in capital	3,200	3,210
Distressed receivables	15,456	15,506
Deferred tax assets	370,147	466,061
Guarantee deposits	210,794	270,080
Other	457,540	445,502
Allowance for doubtful accounts	(15,576)	(15,609)
Total investments and other assets	1,395,429	1,480,029
Total non-current assets	28,399,489	28,847,735
Total assets	86,144,302	101,228,609

(Thousands of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	811,133	3,783,196
Electronically recorded obligations - operating	6,215,447	4,864,649
Short-term borrowings	9,202,000	7,754,500
Current portion of bonds payable	56,000	56,000
Current portion of long-term borrowings	7,760,099	9,969,623
Accounts payable - other	427,904	255,979
Accounts payable - facilities	138,219	233,899
Accrued expenses	34,893	36,295
Income taxes payable	533,267	853,085
Advances received	3,490,184	6,287,288
Deposits received	32,518	96,522
Lease liabilities	2,370	2,370
Unearned revenue	166,188	190,607
Provision for bonuses	134,239	150,940
Provision for bonuses for directors (and other officers)	9,250	10,275
Provision for warranties for completed construction	19,000	20,000
Asset retirement obligations	-	1,240
Other	29,328	156,832
Total current liabilities	29,062,043	34,723,306
Non-current liabilities		
Bonds payable	232,000	176,000
Long-term borrowings	27,271,451	34,633,089
Long-term guarantee deposits	332,261	338,438
Provision for retirement benefits	235,160	246,116
Provision for retirement benefits for directors (and other officers)	100,974	122,569
Lease liabilities	11,646	9,276
Asset retirement obligations	315,552	315,735
Other	3,695	5,350
Total non-current liabilities	28,502,741	35,846,575
Total liabilities	57,564,785	70,569,882

(Thousands of yen)

	As of February 28, 2023	As of February 29, 2024
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	12,730,853	14,770,232
Total retained earnings	25,750,953	27,790,332
Treasury shares	(121)	(121)
Total shareholders' equity	28,602,203	30,641,581
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(20,120)	20,859
Deferred gains or losses on hedges	(2,565)	(3,714)
Total valuation and translation adjustments	(22,686)	17,145
Total net assets	28,579,516	30,658,726
Total liabilities and net assets	86,144,302	101,228,609

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Net sales		
Real estate sales	39,597,497	35,602,151
Rent income of real estate and other	3,114,682	3,223,702
Total net sales	42,712,180	38,825,853
Cost of sales		
Cost of sales - real estate	32,289,662	28,498,280
Cost of real estate lease revenue	2,035,117	1,838,483
Total cost of sales	34,324,780	30,336,763
Gross profit	8,387,400	8,489,090
Selling, general and administrative expenses		
Advertising expenses	883,852	900,340
Sample room expenses	426,238	373,946
Provision of allowance for doubtful accounts	4,383	-
Remuneration for directors (and other officers)	208,325	208,750
Salaries and allowances	908,648	798,035
Provision for bonuses	134,239	150,940
Provision for bonuses for directors (and other officers)	9,250	10,275
Retirement benefit expenses	42,951	39,996
Provision for retirement benefits for directors (and other officers)	29,866	31,615
Retirement benefits for directors (and other officers)	91,225	-
Welfare expenses	194,813	184,723
Taxes and dues	611,362	753,770
Depreciation	24,972	25,005
Commission expenses	162,371	196,017
Rent expenses	29,963	31,715
Other	237,419	255,310
Total selling, general and administrative expenses	3,999,881	3,960,439
Operating profit	4,387,518	4,528,650
Non-operating income		
Interest income	243	258
Dividend income	5,236	5,676
Gain on investments in capital	8,990	8,136
Commission income	6,720	5,948
Subsidy income	6,733	-
Surrender value of insurance policies	25,888	11,284
Reversal of allowance for doubtful accounts	-	5,787
Other	6,102	4,110
Total non-operating income	59,915	41,203
Non-operating expenses		
Interest expenses	585,429	613,364
Financing expenses	224,097	109,168
Other	30,304	26,974
Total non-operating expenses	839,831	749,508
Ordinary profit	3,607,601	3,820,345

(Thousands of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Extraordinary income		
Gain on sale of non-current assets	2	-
Gain on sale of investment securities	-	4,610
Total extraordinary income	2	4,610
Extraordinary losses		
Loss on sale of non-current assets	4,220	2,597
Loss on retirement of non-current assets	77,515	-
Loss on valuation of shares of subsidiaries and associates	63,000	-
Total extraordinary losses	144,735	2,597
Profit before income taxes	3,462,868	3,822,357
Income taxes - current	959,000	1,279,000
Income taxes - deferred	121,699	(95,407)
Total income taxes	1,080,699	1,183,592
Profit	2,382,169	2,638,765

Non-consolidated Statements of Changes in Equity

For the fiscal year ended February 28, 2023

(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	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

For the fiscal year ended February 29, 2024

(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	12,730,853	25,750,953
Changes during period							
Dividends of surplus						(599,386)	(599,386)
Profit						2,638,765	2,638,765
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	2,039,378	2,039,378
Balance at end of period	1,403,091	1,448,280	1,448,280	20,100	13,000,000	14,770,232	27,790,332

	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)	28,602,203	(20,120)	(2,565)	(22,686)	28,579,516
Changes during period						
Dividends of surplus		(599,386)				(599,386)
Profit		2,638,765				2,638,765
Net changes in items other than shareholders' equity			40,980	(1,148)	39,831	39,831
Total changes during period	-	2,039,378	40,980	(1,148)	39,831	2,079,210
Balance at end of period	(121)	30,641,581	20,859	(3,714)	17,145	30,658,726

Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	3,462,868	3,822,357
Depreciation	706,915	681,461
Increase (decrease) in allowance for doubtful accounts	4,379	(5,805)
Increase (decrease) in provision for bonuses	12,732	16,701
Increase (decrease) in provision for bonuses for directors (and other officers)	775	1,025
Increase (decrease) in provision for warranties for completed construction	(2,000)	1,000
Increase (decrease) in provision for retirement benefits	2,529	10,956
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(446,908)	21,595
Interest and dividend income	(5,479)	(5,935)
Interest expenses	585,429	613,364
Loss (gain) on sale of property, plant and equipment	4,218	2,597
Loss (gain) on sale of investment securities	-	(4,610)
Loss on valuation of shares of subsidiaries and associates	63,000	-
Loss on retirement of property, plant and equipment	95,536	6,016
Decrease (increase) in trade receivables	2,862	(410)
Decrease (increase) in lease receivables	20,280	21,783
Decrease (increase) in inventories	7,051,187	(9,907,391)
Increase (decrease) in trade payables	(6,177,683)	1,621,264
Increase (decrease) in advances received	(712,041)	2,797,104
Increase (decrease) in long-term guarantee deposits received	(30,157)	6,177
Decrease (increase) in other assets	(270,131)	637,807
Increase (decrease) in other liabilities	(535,920)	20,431
Subtotal	3,832,389	357,491
Interest and dividends received	5,946	6,144
Interest paid	(585,890)	(615,260)
Income taxes paid	(1,098,943)	(925,303)
Net cash provided by (used in) operating activities	2,153,501	(1,176,928)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(128,019)	241,399
Purchase of property, plant and equipment	(1,258,955)	(693,647)
Proceeds from sale of property, plant and equipment	11,119	14,665
Purchase of intangible assets	(12,989)	(48,743)
Proceeds from sale of investment securities	-	104,647
Other payments	(92,150)	(107,030)
Other proceeds	414,597	30,216
Net cash provided by (used in) investing activities	(1,066,397)	(458,494)

(Thousands of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,894,400	(1,447,500)
Proceeds from long-term borrowings	18,791,800	21,517,600
Repayments of long-term borrowings	(26,509,821)	(11,946,438)
Redemption of bonds	(322,050)	(56,000)
Dividends paid	(488,540)	(599,287)
Repayments of lease liabilities	(2,370)	(2,370)
Net cash provided by (used in) financing activities	(6,636,582)	7,466,004
Net increase (decrease) in cash and cash equivalents	(5,549,479)	5,830,582
Cash and cash equivalents at beginning of period	14,689,097	9,139,618
Cash and cash equivalents at end of period	9,139,618	14,970,200