

Consolidated Financial Results for the Fiscal Year ended February 28, 2021 (Japanese GAAP)

April 9, 2021

Company Name: Wakita & Co., LTD.

Code Number: 8125

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

Stock Exchange Listing: Tokyo Stock Exchange First Section

Representative: Teiji Wakita, President and Representative Director

Contact: Toshio Oda, Managing Director

Phone: 06-6449-1901

Scheduled date of Ordinary General Shareholders' Meeting: May 27, 2021

Scheduled date to commence dividend payment: May 28, 2021

Scheduled date to submit the Securities Report: May 28, 2021

Supplementary information for financial results: Not available

Organization of financial results briefing: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal 2021 (From March 1, 2020 to February 28, 2021)

(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 2021	74,015	(10.0)	5,422	(7.9)	5,661	(6.1)	3,191	(11.5)
Fiscal 2020	82,275	16.7	5,889	(7.7)	6,029	(8.0)	3,607	(13.8)

(Note) Comprehensive income: Fiscal 2021: ¥3,754 million [6.6%]

Fiscal 2020: ¥3,521 million [(3.6)%]

	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 2021	61.46	–	3.3	4.1	7.3
Fiscal 2020	69.46	–	3.8	4.5	7.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal 2021: ¥ - million

Fiscal 2020: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2021	137,477	97,150	70.3	1,860.68
Fiscal 2020	137,855	95,112	68.7	1,823.71

(Reference) Equity: Fiscal 2021: ¥96,632 million

Fiscal 2020: ¥94,713 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 2021	13,228	(4,274)	(6,458)	26,498
Fiscal 2020	9,374	(7,347)	(6,187)	24,007

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 2020	–	0.00	–	33.00	33.00	1,716	47.5	1.8
Fiscal 2021	–	0.00	–	30.00	30.00	1,560	48.8	1.6
Fiscal 2022 (Forecast)	–	0.00	–	33.00	33.00		49.0	

3. Forecast of Consolidated Financial Results for Fiscal 2022 (From March 1, 2021 to February 28, 2022)

(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	75,200	1.6	5,700	5.1	5,800	2.4	3,500	9.7	67.39

* 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.: Not 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 2021: 52,021,297 shares

Fiscal 2020: 52,021,297 shares

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

Fiscal 2021: 87,176 shares

Fiscal 2020: 86,966 shares

3) Average number of shares during the period:

Fiscal 2021: 51,934,330 shares

Fiscal 2020: 51,933,039 shares

(Note) Treasury shares at the end of period are presented including the Company shares held by the Board Benefit Trust. Average numbers of shares during the period are calculated deducting treasury shares which include the Company shares held by the Board Benefit Trust.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for Fiscal 2021 (From March 1, 2020 to February 28, 2021)

(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 2021	54,006	(17.8)	4,511	(17.2)	4,906	(14.8)	3,199	(16.9)
Fiscal 2020	65,679	10.4	5,448	(2.1)	5,761	(1.9)	3,851	(4.2)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Fiscal 2021	61.60	—
Fiscal 2020	74.16	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2021	125,778	95,451	75.9	1,837.93
Fiscal 2020	126,702	93,599	73.9	1,802.26

(Reference) Equity: Fiscal 2021: ¥95,451 million
Fiscal 2020: ¥93,599 million

2. Forecast of Non-consolidated Financial Results for Fiscal 2022 (From March 1, 2021 to February 28, 2022)

(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	53,200	(1.5)	5,000	1.9	3,400	6.3	65.47

*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 29, 2020 As of February 28, 2021

Assets		
Current assets		
Cash and deposits	17,498	21,124
Notes and accounts receivable - trade	30,370	24,958
Securities	7,112	5,373
Merchandise	2,952	2,880
Supplies	105	114
Other	478	404
Allowance for doubtful accounts	(136)	(102)
Total current assets	58,381	54,754
Non-current assets		
Property, plant and equipment		
Assets for rent	33,530	35,363
Accumulated depreciation	(23,607)	(25,589)
Assets for rent, net	9,923	9,773
Real estate for rent		
Buildings and accompanying facilities for rent	28,927	31,633
Accumulated depreciation	(8,327)	(9,510)
Buildings and accompanying facilities for rent, net	20,599	22,123
Land for rent	19,646	21,017
Buildings and structures	11,147	11,648
Accumulated depreciation	(6,202)	(6,454)
Buildings and structures, net	4,944	5,193
Land	7,809	8,281
Leased assets	25	39
Accumulated depreciation	(20)	(25)
Leased assets, net	5	13
Other	2,455	2,447
Accumulated depreciation	(1,636)	(1,628)
Other, net	819	819
Total property, plant and equipment	63,748	67,222
Intangible assets		
Goodwill	9,121	8,030
Other	246	358
Total intangible assets	9,367	8,388
Investments and other assets		
Investment securities	4,169	4,703
Retirement benefit asset	454	620
Deferred tax assets	268	285
Other	1,769	1,906
Allowance for doubtful accounts	(304)	(403)
Total investments and other assets	6,357	7,111
Total non-current assets	79,474	82,722
Total assets	137,855	137,477

(Millions of yen)

As of February 29, 2020 As of February 28, 2021

Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,916	14,771
Short-term borrowings	2,180	1,540
Current portion of long-term borrowings	6	3
Lease obligations	18	11
Income taxes payable	1,432	1,309
Provision for bonuses	319	350
Other	6,798	7,224
Total current liabilities	27,670	25,210
Non-current liabilities		
Long-term borrowings	6	3
Lease obligations	7	14
Deferred tax liabilities	678	780
Deferred tax liabilities for land revaluation	537	435
Provision For Share Based Compensation Expenses For Directors	46	74
Provision for retirement benefits for directors (and other officers)	12	15
Provision for loss on guarantees	233	—
Retirement benefit liability	215	213
Long-term accounts payable - facilities	9,627	9,459
Other	3,706	4,118
Total non-current liabilities	15,072	15,116
Total liabilities	42,743	40,327
Net assets		
Shareholders' equity		
Share capital	13,821	13,821
Capital surplus	16,627	16,627
Retained earnings	65,358	67,064
Treasury shares	(107)	(107)
Total shareholders' equity	95,700	97,406
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	877	1,251
Deferred gains or losses on hedges	7	(16)
Revaluation reserve for land	(1,914)	(2,144)
Remeasurements of defined benefit plans	41	135
Total accumulated other comprehensive income	(987)	(773)
Non-controlling interests	399	517
Total net assets	95,112	97,150
Total liabilities and net assets	137,855	137,477

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2020 (From March 1, 2019 to February 29, 2020)	Fiscal 2021 (From March 1, 2020 to February 28, 2021)
Net sales	82,275	74,015
Cost of sales	63,906	55,413
Provision of unrealized income on installment sales	340	171
Reversal of unrealized income on installment sales	314	316
Gross profit	18,343	18,747
Selling, general and administrative expenses	12,453	13,325
Operating profit	5,889	5,422
Non-operating income		
Interest income	23	22
Dividend income	95	89
Purchase discounts	50	48
Foreign exchange gains	12	16
Gain on investments in investment partnerships	22	43
Subsidy income	—	71
Other	61	61
Total non-operating income	264	352
Non-operating expenses		
Interest expenses	98	101
Other	25	12
Total non-operating expenses	124	113
Ordinary profit	6,029	5,661
Extraordinary income		
Gain on sales of non-current assets	8	25
Gain on sales of investment securities	9	—
Total extraordinary income	18	25
Extraordinary losses		
Loss on sales of non-current assets	0	223
Loss on retirement of non-current assets	4	11
Loss on valuation of investment securities	15	—
Provision for loss on guarantees	68	—
Total extraordinary losses	88	235
Profit before income taxes	5,958	5,451
Income taxes – current	2,430	2,334
Income taxes – deferred	(161)	(198)
Total income taxes	2,268	2,136
Profit	3,690	3,315
Profit attributable to non-controlling interests	82	123
Profit attributable to owners of parent	3,607	3,191

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2020 (From March 1, 2019 to February 29, 2020)	Fiscal 2021 (From March 1, 2020 to February 28, 2021)
Profit	3,690	3,315
Other comprehensive income		
Valuation difference on available-for-sale securities	(173)	375
Deferred gains or losses on hedges	22	(30)
Remeasurements of defined benefit plans, net of tax	(17)	94
Total other comprehensive income	(168)	439
Comprehensive income	3,521	3,754
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,434	3,635
Comprehensive income attributable to non-controlling interests	87	118

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2020 (From March 1, 2019 to February 29, 2020)

(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	63,311	(111)	93,649
Changes during period					
Dividends of surplus			(1,560)		(1,560)
Profit attributable to owners of parent			3,607		3,607
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				4	4
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,047	4	2,051
Balance at end of period	13,821	16,627	65,358	(107)	95,700

	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	1,051	(10)	(1,914)	58	(814)	311	93,146
Changes during period							
Dividends of surplus							(1,560)
Profit attributable to owners of parent							3,607
Purchase of treasury shares							(0)
Disposal of treasury shares							4
Reversal of revaluation reserve for land							—
Net changes in items other than shareholders' equity	(173)	18	—	(17)	(172)	87	(85)
Total changes during period	(173)	18	—	(17)	(172)	87	1,966
Balance at end of period	877	7	(1,914)	41	(987)	399	95,112

Fiscal 2021 (From March 1, 2020 to February 28, 2021)

(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	65,358	(107)	95,700
Changes during period					
Dividends of surplus			(1,716)		(1,716)
Profit attributable to owners of parent			3,191		3,191
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		0	0
Reversal of revaluation reserve for land			229		229
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	1,705	(0)	1,705
Balance at end of period	13,821	16,627	67,064	(107)	97,406

	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	877	7	(1,914)	41	(987)	399	95,112
Changes during period							
Dividends of surplus							(1,716)
Profit attributable to owners of parent							3,191
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Reversal of revaluation reserve for land							229
Net changes in items other than shareholders' equity	374	(24)	(229)	94	214	118	332
Total changes during period	374	(24)	(229)	94	214	118	2,037
Balance at end of period	1,251	(16)	(2,144)	135	(773)	517	97,150

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal 2020 (From March 1, 2019 to February 29, 2020)	Fiscal 2021 (From March 1, 2020 to February 28, 2021)
Cash flows from operating activities		
Profit before income taxes	5,958	5,451
Depreciation	4,641	4,942
Amortization of goodwill	788	1,090
Increase (decrease) in allowance for doubtful accounts	111	(167)
Increase (decrease) in provision for bonuses	17	30
Increase (decrease) in net defined benefit asset and liability	(45)	(31)
Increase (decrease) in provision for loss on guarantees	68	—
Interest and dividend income	(118)	(111)
Interest expenses	98	101
Loss (gain) on sales and retirement of property, plant and equipment	(3)	210
(Gain) loss on sales or redemption of investment securities	(9)	—
Loss (gain) on valuation of investment securities	15	—
Decrease (increase) in trade receivables	(2,930)	5,412
Decrease (increase) in inventories	533	62
Increase (decrease) in trade payables	2,020	(2,145)
Other, net	485	1,036
Subtotal	11,632	15,882
Interest and dividends received	117	113
Interest paid	(98)	(101)
Income taxes paid	(2,276)	(2,432)
Payment for execution of a guarantee	—	(233)
Net cash provided by (used in) operating activities	9,374	13,228
Cash flows from investing activities		
Purchase of securities	(100)	(200)
Proceeds from redemption of securities	100	200
Purchase of property, plant and equipment	(2,485)	(5,078)
Proceeds from sales of property, plant and equipment	14	363
Purchase of investment securities	(388)	(1)
Proceeds from sales and redemption of investment securities	63	603
Loan advances	(6)	(3)
Collection of loans receivable	29	27
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,539)	—
Other payments	(58)	(206)
Other proceeds	24	20
Net cash provided by (used in) investing activities	(7,347)	(4,274)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(640)	(640)
Repayments of long-term borrowings	(549)	(6)
Repayments of lease obligations	(21)	(17)
Payments for installment payables - property and equipment	(3,413)	(4,074)
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	—	0
Dividends paid	(1,562)	(1,720)
Net cash provided by (used in) financing activities	(6,187)	(6,458)
Effect of exchange rate change on cash and cash equivalents	(0)	(3)
Net increase (decrease) in cash and cash equivalents	(4,159)	2,491
Cash and cash equivalents at beginning of period	28,167	24,007
Cash and cash equivalents at end of period	24,007	26,498