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Non-consolidated Financial Results for the Six Months Ended August 31, 2023 [Japanese GAAP]

October 6, 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 filing quarterly securities report: October 13, 2023

Scheduled date of commencing dividend payments: November 8, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly 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 Six Months Ended August 31, 2023 (March 1, 2023 to August 31, 2023)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2023	20,789	7.3	2,502	18.5	2,141	17.1	1,481	16.6
August 31, 2022	19,367	10.7	2,111	39.6	1,829	53.8	1,270	54.7

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2023	133.47	-
August 31, 2022	114.46	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
August 31, 2023	94,584	29,751	31.5
February 28, 2023	86,144	28,579	33.2

(Reference) Equity: As of August 31, 2023: ¥ 29,751 million

As of February 28, 2023: ¥ 28,579 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2023	-	22.00	-	28.00	50.00
Fiscal year ending February 29, 2024	-	26.00			
Fiscal year ending February 29, 2024 (Forecast)			-	26.00	52.00

(Note) Revision to the forecast for dividends announced most recently: No

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
Full year	39,000	(8.7)	4,100	(6.6)	3,300	(8.5)	2,200	(7.6)	198.20

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly Non-consolidated financial statements:

(2) 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

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

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

August 31, 2023: 11,100,000 shares

February 28, 2023: 11,100,000 shares

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

August 31, 2023: 248 shares

February 28, 2023: 248 shares

3) Average number of shares outstanding during the period:

Six months ended August 31, 2023: 11,099,752 shares

Six months ended August 31, 2022: 11,099,752 shares

* Quarterly results reports are exempt from quarterly review 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.

Quarterly Non-consolidated Financial Statements
Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	11,756,363	15,411,050
Accounts receivable - trade	5,148	6,025
Lease receivables	816,167	805,470
Real estate for sale	9,779,054	10,520,358
Real estate for sale in process	34,446,854	39,278,456
Other	954,725	186,719
Allowance for doubtful accounts	(13,501)	(7,734)
Total current assets	57,744,812	66,200,347
Non-current assets		
Property, plant and equipment		
Buildings, net	12,737,132	12,420,804
Land	13,413,994	13,534,145
Other, net	226,945	339,980
Total property, plant and equipment	26,378,072	26,294,931
Intangible assets	625,988	670,493
Investments and other assets		
Deferred tax assets	370,147	343,905
Other	1,040,858	1,089,980
Allowance for doubtful accounts	(15,576)	(15,563)
Total investments and other assets	1,395,429	1,418,322
Total non-current assets	28,399,489	28,383,746
Total assets	86,144,302	94,584,094

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	811,133	1,125,286
Electronically recorded obligations - operating	6,215,447	4,071,012
Short-term borrowings	9,202,000	8,466,000
Current portion of bonds payable	56,000	56,000
Current portion of long-term borrowings	7,760,099	12,859,074
Income taxes payable	533,267	679,005
Advances received	3,490,184	3,291,533
Provision for bonuses	134,239	136,636
Provision for bonuses for directors (and other officers)	9,250	10,275
Provision for warranties for completed construction	19,000	20,000
Other	831,422	564,944
Total current liabilities	29,062,043	31,279,767
Non-current liabilities		
Bonds payable	232,000	204,000
Long-term borrowings	27,271,451	32,325,520
Provision for retirement benefits	235,160	238,420
Provision for retirement benefits for directors (and other officers)	100,974	107,684
Asset retirement obligations	315,552	316,264
Other	347,603	361,129
Total non-current liabilities	28,502,741	33,553,019
Total liabilities	57,564,785	64,832,786
Net assets		
Shareholders' equity		
Share capital	1,403,091	1,403,091
Capital surplus	1,448,280	1,448,280
Retained earnings	25,750,953	26,921,653
Treasury shares	(121)	(121)
Total shareholders' equity	28,602,203	29,772,902
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(20,120)	(17,289)
Deferred gains or losses on hedges	(2,565)	(4,305)
Total valuation and translation adjustments	(22,686)	(21,594)
Total net assets	28,579,516	29,751,307
Total liabilities and net assets	86,144,302	94,584,094

Quarterly Non-consolidated Statements of Income

Quarterly Non-consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Net sales	19,367,544	20,789,461
Cost of sales	15,378,410	16,315,469
Gross profit	3,989,134	4,473,992
Selling, general and administrative expenses	1,877,776	1,971,072
Operating profit	2,111,357	2,502,919
Non-operating income		
Interest income	145	149
Dividend income	4,698	7,758
Surrender value of insurance policies	25,240	9,693
Commission income	3,510	4,613
Other	9,661	5,132
Total non-operating income	43,256	27,346
Non-operating expenses		
Interest expenses	308,739	302,741
Financing expenses	10,066	78,749
Other	6,607	7,675
Total non-operating expenses	325,413	389,166
Ordinary profit	1,829,200	2,141,099
Extraordinary income		
Gain on sale of non-current assets	2	-
Total extraordinary income	2	-
Extraordinary losses		
Loss on sale of non-current assets	4,220	2,597
Total extraordinary losses	4,220	2,597
Profit before income taxes	1,824,982	2,138,501
Income taxes - current	388,000	630,000
Income taxes - deferred	166,512	27,008
Total income taxes	554,512	657,008
Profit	1,270,469	1,481,492

Quarterly Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,824,982	2,138,501
Depreciation	348,669	340,925
Increase (decrease) in allowance for doubtful accounts	(16)	(5,780)
Increase (decrease) in provision for bonuses	2,377	2,397
Increase (decrease) in provision for bonuses for directors (and other officers)	775	1,025
Increase (decrease) in provision for warranties for completed construction	(3,000)	1,000
Increase (decrease) in provision for retirement benefits	(7,641)	3,260
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(461,138)	6,710
Interest and dividend income	(4,843)	(7,907)
Interest expenses	308,739	302,741
Loss (gain) on sale of property, plant and equipment	4,218	2,597
Loss on retirement of property, plant and equipment	1,607	542
Decrease (increase) in trade receivables	616	(876)
Decrease (increase) in lease receivables	9,959	10,696
Decrease (increase) in inventories	4,636,613	(5,810,921)
Increase (decrease) in trade payables	(7,455,296)	(1,830,282)
Increase (decrease) in advances received	(485,713)	(198,651)
Other, net	(657,217)	626,997
Subtotal	(1,936,307)	(4,417,023)
Interest and dividends received	4,912	7,697
Interest paid	(306,047)	(305,823)
Income taxes paid	(574,416)	(444,694)
Net cash provided by (used in) operating activities	(2,811,858)	(5,159,844)
Cash flows from investing activities		
Net decrease (increase) in time deposits	69,988	77,988
Purchase of property, plant and equipment	(158,522)	(152,719)
Proceeds from sale of property, plant and equipment	11,119	14,665
Purchase of intangible assets	(2,119)	(47,753)
Other, net	366,432	(76,698)
Net cash provided by (used in) investing activities	286,898	(184,518)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,157,300	(736,000)
Proceeds from long-term borrowings	3,739,800	15,154,600
Repayments of long-term borrowings	(6,142,187)	(5,001,556)
Redemption of bonds	(192,050)	(28,000)
Dividends paid	(244,968)	(310,820)
Repayments of lease liabilities	(1,185)	(1,185)
Net cash provided by (used in) financing activities	(1,683,291)	9,077,038
Net increase (decrease) in cash and cash equivalents	(4,208,251)	3,732,675
Cash and cash equivalents at beginning of period	14,689,097	9,139,618
Cash and cash equivalents at end of period	10,480,846	12,872,294