

Consolidated Financial Results for the Interim Period of the Fiscal Year ending February 29, 2020 (Japanese GAAP)

October 4, 2019

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 to submit the Quarterly Financial Report: October 11, 2019
Scheduled date to commence dividend payment: –
Supplementary information for quarterly financial results: Not available
Organization of quarterly financial results briefing: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Interim Period of Fiscal 2020 (From March 1, 2019 to August 31, 2019)

(1) Consolidated Results of Operations (Percentage figures indicate changes from the same period of 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	%
Interim Period of Fiscal 2020	39,066	12.8	2,615	(24.5)	2,692	(23.4)	1,653	(27.7)
Interim Period of Fiscal 2019	34,636	6.8	3,461	15.1	3,514	13.8	2,288	9.2

(Note) Comprehensive income: Interim period of fiscal 2020: ¥1,376 million [(30.6)%]
Interim period of fiscal 2019: ¥1,984 million [(18.4)%]

	Profit per share		Fully diluted profit per share	
	Yen		Yen	
Interim Period of Fiscal 2020	31.84		–	
Interim Period of Fiscal 2019	44.02		–	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Interim Period of Fiscal 2020	133,783	92,966	69.2
Fiscal 2019	130,440	93,146	71.2

(Reference) Equity: Interim period of fiscal 2020: ¥92,632 million
Fiscal 2019: ¥92,834 million

(Note) The Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other standards starting from the beginning of the three-month period of fiscal 2020. Accordingly, the standards have been retroactively applied to the consolidated financial position for fiscal 2019.

2. Dividends

	Cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	0.00	—	30.00	30.00
Fiscal 2020	—	0.00			
Fiscal 2020 (Forecast)			—	30.00	30.00

(Note) Revision to the dividend forecast from recently announced figures: None

3. Forecast of Consolidated Financial Results for Fiscal 2020 (From March 1, 2019 to February 29, 2020)

(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	78,500	11.4	5,000	(21.7)	5,100	(22.1)	3,300	(21.1)	63.54

(Note) Revision to the financial forecast from recently announced figures: Yes

* 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) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Not applicable

- (3) 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

- (4) Number of shares issued (common shares)

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

Interim period of fiscal 2020: 52,021,297 shares

Fiscal 2019: 52,021,297 shares

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

Interim period of fiscal 2020: 86,966 shares

Fiscal 2019: 90,218 shares

3) Average number of shares during the period:

Interim period of fiscal 2020: 51,931,932 shares

Interim period of fiscal 2019: 51,982,775 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.

*These Consolidated Financial Results are not subject to quarterly review 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2019	As of August 31, 2019
Assets		
Current assets		
Cash and deposits	23,183	18,366
Notes and accounts receivable - trade	26,820	28,767
Securities	4,983	6,589
Merchandise	3,481	3,465
Supplies	76	91
Other	422	293
Allowance for doubtful accounts	(114)	(187)
Total current assets	58,854	57,386
Non-current assets		
Property, plant and equipment		
Assets for rent, net	8,753	8,929
Real estate for rent, net	38,824	40,238
Land	7,149	7,783
Other, net	4,296	5,349
Total property, plant and equipment	59,024	62,301
Intangible assets		
Goodwill	5,603	7,572
Other	235	243
Total intangible assets	5,839	7,815
Investments and other assets		
Investment securities	4,690	4,092
Net defined benefit asset	423	435
Other	1,821	1,971
Allowance for doubtful accounts	(212)	(220)
Total investments and other assets	6,723	6,278
Total non-current assets	71,586	76,396
Total assets	130,440	133,783

(Millions of yen)

As of February 28, 2019 As of August 31, 2019

Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,810	16,329
Short-term loans payable	2,520	2,600
Current portion of long-term loans payable	36	118
Income taxes payable	1,163	1,329
Provision for bonuses	288	358
Other	5,863	6,202
Total current liabilities	24,684	26,939
Non-current liabilities		
Long-term loans payable	434	425
Provision for directors' retirement benefits-stockBS	—	32
Provision for directors' retirement benefits	10	11
Provision for loss on guarantees	165	165
Net defined benefit liability	159	198
Other	11,841	13,042
Total non-current liabilities	12,610	13,876
Total liabilities	37,294	40,816
Net assets		
Shareholders' equity		
Capital stock	13,821	13,821
Capital surplus	16,627	16,627
Retained earnings	63,311	63,405
Treasury shares	(111)	(107)
Total shareholders' equity	93,649	93,746
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,051	772
Deferred gains or losses on hedges	(10)	(23)
Revaluation reserve for land	(1,914)	(1,914)
Remeasurements of defined benefit plans	58	49
Total accumulated other comprehensive income	(814)	(1,114)
Non-controlling interests	311	334
Total net assets	93,146	92,966
Total liabilities and net assets	130,440	133,783

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Interim Period of Consolidated Fiscal Year)

(Millions of yen)

	Interim Period of Fiscal 2019 (From March 1, 2018 to August 31, 2018)	Interim Period of Fiscal 2020 (From March 1, 2019 to August 31, 2019)
Net sales	34,636	39,066
Cost of sales	26,747	30,671
Provision of unrealized income on installment sales	184	180
Reversal of unrealized income on installment sales	207	190
Gross profit	7,912	8,404
Selling, general and administrative expenses	4,450	5,789
Operating profit	3,461	2,615
Non-operating income		
Interest income	11	11
Dividend income	59	62
Purchase discounts	20	21
Foreign exchange gains	1	0
Gain on investments in partnership	10	11
Other	16	29
Total non-operating income	120	135
Non-operating expenses		
Interest expenses	48	47
Settlement package	16	—
Other	2	10
Total non-operating expenses	68	58
Ordinary profit	3,514	2,692
Extraordinary income		
Gain on sales of non-current assets	2	3
Gain on sales of investment securities	5	—
Total extraordinary income	8	3
Extraordinary losses		
Loss on retirement of non-current assets	6	2
Loss on valuation of shares of subsidiaries and associates	15	—
Total extraordinary losses	21	2
Profit before income taxes	3,501	2,694
Income taxes - current	1,137	1,134
Income taxes - deferred	60	(120)
Total income taxes	1,198	1,014
Profit	2,303	1,680
Profit attributable to non-controlling interests	15	26
Profit attributable to owners of parent	2,288	1,653

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Interim Period of Fiscal 2019 (From March 1, 2018 to August 31, 2018)	Interim Period of Fiscal 2020 (From March 1, 2019 to August 31, 2019)
Profit	2,303	1,680
Other comprehensive income		
Valuation difference on available-for-sale securities	(340)	(278)
Deferred gains or losses on hedges	31	(15)
Remeasurements of defined benefit plans, net of tax	(9)	(9)
Total other comprehensive income	(318)	(303)
Comprehensive income	1,984	1,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,963	1,353
Comprehensive income attributable to non-controlling interests	21	23

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Interim Period of Fiscal 2019 (From March 1, 2018 to August 31, 2018)	Interim Period of Fiscal 2020 (From March 1, 2019 to August 31, 2019)
Cash flows from operating activities		
Profit before income taxes	3,501	2,694
Depreciation	1,871	2,235
Amortization of goodwill	150	330
Increase (decrease) in allowance for doubtful accounts	7	80
Increase (decrease) in provision for bonuses	(22)	56
Increase (decrease) in net defined benefit asset and liability	(20)	(18)
Interest and dividend income	(71)	(73)
Interest expenses	48	47
Loss (gain) on sales and retirement of property, plant and equipment	3	(1)
Loss (gain) on valuation of investment securities	15	—
(Gain) loss on sales or redemption of investment securities	(5)	—
Decrease (increase) in notes and accounts receivable - trade	(455)	(1,583)
Decrease (increase) in inventories	292	22
Increase (decrease) in notes and accounts payable - trade	(1,340)	1,435
Transfer cost from sales of real estate for rent	982	—
Other, net	178	226
Subtotal	5,135	5,453
Interest and dividend income received	72	73
Interest expenses paid	(48)	(47)
Income taxes paid	(1,283)	(1,055)
Net cash provided by (used in) operating activities	3,875	4,424
Cash flows from investing activities		
Proceeds from redemption of securities	700	—
Purchase of property, plant and equipment	(123)	(2,074)
Proceeds from sales of property, plant and equipment	2	5
Purchase of investment securities	(969)	(43)
Proceeds from sales and redemption of investment securities	717	41
Payments of loans receivable	(7)	(1)
Collection of loans receivable	12	13
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,101)	(2,266)
Other, net	(305)	(18)
Net cash provided by (used in) investing activities	(3,074)	(4,343)

	(Millions of yen)	
	Interim Period of Fiscal 2019 (From March 1, 2018 to August 31, 2018)	Interim Period of Fiscal 2020 (From March 1, 2019 to August 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(220)
Repayments of long-term loans payable	(105)	(18)
Repayments of lease obligations	(9)	(11)
Payments for installment payables - property and equipment	(1,365)	(1,682)
Purchase of treasury shares	(91)	(0)
Cash dividends paid	(1,556)	(1,555)
Net cash provided by (used in) financing activities	(3,128)	(3,487)
Effect of exchange rate change on cash and cash equivalents	1	(5)
Net increase (decrease) in cash and cash equivalents	(2,326)	(3,413)
Cash and cash equivalents at beginning of period	32,780	28,167
Cash and cash equivalents at end of period	30,454	24,753