

Consolidated Financial Results for the Fiscal Year ended February 29, 2020 (Japanese GAAP)

April 10, 2020

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 28, 2020
Scheduled date to commence dividend payment: May 29, 2020
Scheduled date to submit the Securities Report: May 29, 2020
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 2020 (From March 1, 2019 to February 29, 2020)

(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 2020	82,275	16.7	5,889	(7.7)	6,029	(8.0)	3,607	(13.8)
Fiscal 2019	70,479	10.6	6,381	9.8	6,550	10.6	4,184	6.9

(Note) Comprehensive income: Fiscal 2020: ¥3,521 million [(3.6)%]
Fiscal 2019: ¥3,651 million [(20.2)%]

	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 2020	69.46	—	3.8	4.5	7.2
Fiscal 2019	80.54	—	4.6	5.2	9.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal 2020: ¥ - million
Fiscal 2019: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2020	137,855	95,112	68.7	1,823.71
Fiscal 2019	130,440	93,146	71.2	1,787.65

(Reference) Equity: Fiscal 2020: ¥94,713 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 fiscal 2020. Accordingly, the standards have been retroactively applied to the consolidated financial position for fiscal 2019.

(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 2020	9,374	(7,347)	(6,187)	24,007
Fiscal 2019	10,596	(10,325)	(4,881)	28,167

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 2019	—	0.00	—	30.00	30.00	1,560	37.2	1.7
Fiscal 2020	—	0.00	—	33.00	33.00	1,716	47.5	1.8
Fiscal 2021 (Forecast)	—	0.00	—	30.00	30.00		41.0	

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

(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	86,000	4.5	6,000	1.9	6,100	1.2	3,800	5.3	73.17

* 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 2020: 52,021,297 shares

Fiscal 2019: 52,021,297 shares

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

Fiscal 2020: 86,966 shares

Fiscal 2019: 90,218 shares

3) Average number of shares during the period:

Fiscal 2020: 51,933,039 shares

Fiscal 2019: 51,958,926 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 2020 (From March 1, 2019 to February 29, 2020)

(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 2020	65,679	10.4	5,448	(2.1)	5,761	(1.9)	3,851	(4.2)
Fiscal 2019	59,507	0.7	5,563	6.0	5,873	2.9	4,019	2.7

	Profit per share	Fully diluted profit per share
	Yen	Yen
Fiscal 2020	74.16	—
Fiscal 2019	77.35	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2020	126,702	93,599	73.9	1,802.26
Fiscal 2019	120,509	91,477	75.9	1,761.52

(Reference) Equity: Fiscal 2020: ¥93,599 million
Fiscal 2019: ¥91,477 million

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

(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	66,400	1.1	5,800	0.7	3,900	1.3	75.09

*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.

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	23,183	17,498
Notes and accounts receivable - trade	26,820	30,370
Securities	4,983	7,112
Merchandise	3,481	2,952
Supplies	76	105
Other	422	478
Allowance for doubtful accounts	(114)	(136)
Total current assets	58,854	58,381
Non-current assets		
Property, plant and equipment		
Assets for rent	28,927	33,530
Accumulated depreciation	(20,174)	(23,607)
Assets for rent, net	8,753	9,923
Real estate for rent		
Buildings and accompanying facilities for rent	27,233	28,927
Accumulated depreciation	(7,166)	(8,327)
Buildings and accompanying facilities for rent, net	20,066	20,599
Land for rent	18,758	19,646
Buildings and structures	9,815	11,147
Accumulated depreciation	(5,873)	(6,202)
Buildings and structures, net	3,942	4,944
Land	7,149	7,809
Leased assets	28	25
Accumulated depreciation	(18)	(20)
Leased assets, net	10	5
Other	1,418	2,455
Accumulated depreciation	(1,074)	(1,636)
Other, net	343	819
Total property, plant and equipment	59,024	63,748
Intangible assets		
Goodwill	5,603	9,121
Other	235	246
Total intangible assets	5,839	9,367
Investments and other assets		
Investment securities	4,690	4,169
Retirement benefit asset	423	454
Deferred tax assets	176	268
Other	1,645	1,769
Allowance for doubtful accounts	(212)	(304)
Total investments and other assets	6,723	6,357
Total non-current assets	71,586	79,474
Total assets	130,440	137,855

(Millions of yen)

As of February 28, 2019 As of February 29, 2020

Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,810	16,916
Short-term loans payable	2,520	2,180
Current portion of long-term loans payable	36	6
Lease obligations	21	18
Income taxes payable	1,163	1,432
Provision for bonuses	288	319
Other	5,842	6,798
Total current liabilities	24,684	27,670
Non-current liabilities		
Long-term loans payable	434	6
Lease obligations	25	7
Deferred tax liabilities	754	678
Deferred tax liabilities for land revaluation	537	537
Provision For Share Based Compensation Expenses For Directors	—	46
Provision for retirement benefits for directors (and other officers)	10	12
Provision for loss on guarantees	165	233
Retirement benefit liability	159	215
Long-term accounts payable - facilities	7,061	9,627
Other	3,461	3,706
Total non-current liabilities	12,610	15,072
Total liabilities	37,294	42,743
Net assets		
Shareholders' equity		
Capital stock	13,821	13,821
Capital surplus	16,627	16,627
Retained earnings	63,311	65,358
Treasury shares	(111)	(107)
Total shareholders' equity	93,649	95,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,051	877
Deferred gains or losses on hedges	(10)	7
Revaluation reserve for land	(1,914)	(1,914)
Remeasurements of defined benefit plans	58	41
Total accumulated other comprehensive income	(814)	(987)
Non-controlling interests	311	399
Total net assets	93,146	95,112
Total liabilities and net assets	130,440	137,855

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2019 (From March 1, 2018 to February 28, 2019)	Fiscal 2020 (From March 1, 2019 to February 29, 2020)
Net sales	70,479	82,275
Cost of sales	54,404	63,906
Provision of unrealized income on installment sales	266	340
Reversal of unrealized income on installment sales	352	314
Gross profit	16,160	18,343
Selling, general and administrative expenses	9,779	12,453
Operating profit	6,381	5,889
Non-operating income		
Interest income	24	23
Dividend income	91	95
Purchase discounts	50	50
Foreign exchange gains	7	12
Other	115	83
Total non-operating income	289	264
Non-operating expenses		
Interest expenses	91	98
Other	29	25
Total non-operating expenses	120	124
Ordinary profit	6,550	6,029
Extraordinary income		
Gain on sales of non-current assets	3	8
Gain on sales of investment securities	5	9
Total extraordinary income	9	18
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	9	4
Loss on valuation of investment securities	—	15
Loss on valuation of shares of subsidiaries and associates	15	—
Provision for loss on guarantees	—	68
Total extraordinary losses	24	88
Profit before income taxes	6,535	5,958
Income taxes - current	2,030	2,430
Income taxes - deferred	238	(161)
Total income taxes	2,269	2,268
Profit	4,266	3,690
Profit attributable to non-controlling interests	81	82
Profit attributable to owners of parent	4,184	3,607

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2019 (From March 1, 2018 to February 28, 2019)	Fiscal 2020 (From March 1, 2019 to February 29, 2020)
Profit	4,266	3,690
Other comprehensive income		
Valuation difference on available-for-sale securities	(563)	(173)
Deferred gains or losses on hedges	(13)	22
Remeasurements of defined benefit plans, net of tax	(38)	(17)
Total other comprehensive income	(614)	(168)
Comprehensive income	3,651	3,521
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,572	3,434
Comprehensive income attributable to non-controlling interests	78	87

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,821	16,627	60,686	(19)	91,116
Changes of items during period					
Dividends of surplus			(1,560)		(1,560)
Profit attributable to owners of parent			4,184		4,184
Purchase of treasury shares				(91)	(91)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	2,624	(91)	2,533
Balance at end of current period	13,821	16,627	63,311	(111)	93,649

	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 current period	1,614	—	(1,914)	96	(202)	—	90,913
Changes of items during period							
Dividends of surplus							(1,560)
Profit attributable to owners of parent							4,184
Purchase of treasury shares							(91)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	(563)	(10)	—	(38)	(611)	311	(300)
Total changes of items during period	(563)	(10)	—	(38)	(611)	311	2,232
Balance at end of current period	1,051	(10)	(1,914)	58	(814)	311	93,146

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

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	13,821	16,627	63,311	(111)	93,649
Changes of items 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
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,047	4	2,051
Balance at end of current 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 current period	1,051	(10)	(1,914)	58	(814)	311	93,146
Changes of items 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
Net changes of items other than shareholders' equity	(173)	18	—	(17)	(172)	87	(85)
Total changes of items during period	(173)	18	—	(17)	(172)	87	1,966
Balance at end of current period	877	7	(1,914)	41	(987)	399	95,112

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal 2019 (From March 1, 2018 to February 28, 2019)	Fiscal 2020 (From March 1, 2019 to February 29, 2020)
Cash flows from operating activities		
Profit before income taxes	6,535	5,958
Depreciation	3,816	4,641
Amortization of goodwill	369	788
Increase (decrease) in allowance for doubtful accounts	(33)	111
Increase (decrease) in provision for bonuses	27	17
Increase (decrease) in net defined benefit asset and liability	(53)	(45)
Increase (decrease) in provision for loss on guarantees	—	68
Interest and dividend income	(116)	(118)
Interest expenses	91	98
Loss (gain) on sales and retirement of property, plant and equipment	5	(3)
(Gain) loss on sales or redemption of investment securities	(5)	(9)
Loss (gain) on valuation of investment securities	—	15
Loss on valuation of shares of subsidiaries and associates	15	—
Decrease (increase) in notes and accounts receivable - trade	195	(2,930)
Decrease (increase) in inventories	(73)	533
Increase (decrease) in notes and accounts payable - trade	905	2,020
Transfer cost from sales of real estate for rent	982	—
Other, net	267	485
Subtotal	12,931	11,632
Interest and dividend income received	116	117
Interest expenses paid	(92)	(98)
Income taxes paid	(2,360)	(2,276)
Net cash provided by (used in) operating activities	10,596	9,374
Cash flows from investing activities		
Purchase of securities	—	(100)
Proceeds from redemption of securities	1,000	100
Purchase of property, plant and equipment	(4,790)	(2,485)
Proceeds from sales of property, plant and equipment	4	14
Purchase of investment securities	(976)	(388)
Proceeds from sales and redemption of investment securities	718	63
Payments of loans receivable	(10)	(6)
Collection of loans receivable	25	29
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,971)	(4,539)
Other payments	(380)	(58)
Other proceeds	55	24
Net cash provided by (used in) investing activities	(10,325)	(7,347)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,970	(640)
Repayments of long-term loans payable	(2,199)	(549)
Repayments of lease obligations	(22)	(21)
Payments for installment payables - property and equipment	(2,980)	(3,413)
Purchase of treasury shares	(91)	(0)
Cash dividends paid	(1,558)	(1,562)
Proceeds from sales of treasury shares	0	—
Net cash provided by (used in) financing activities	(4,881)	(6,187)
Effect of exchange rate change on cash and cash equivalents	(2)	(0)
Net increase (decrease) in cash and cash equivalents	(4,613)	(4,159)
Cash and cash equivalents at beginning of period	32,780	28,167
Cash and cash equivalents at end of period	28,167	24,007