

Consolidated Financial Results for the Fiscal Year Ended August 31, 2021 [Japanese GAAP]



October 15, 2021

Company name: West Holdings Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 1407

URL: <https://www.west-gr.co.jp/>

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Scheduled date of general shareholders' meeting: November 26, 2021

Scheduled date of commencing dividend payments: November 29, 2021

Scheduled date of filing securities report: November 26, 2021

Availability of supplementary explanatory materials on annual financial results: None

Schedule of annual financial results briefing session: Scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2021 (September 1, 2020 - August 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2021	67,938	9.7	10,148	41.3	9,648	45.9	6,495	47.1
August 31, 2020	61,947	(3.1)	7,180	22.4	6,615	21.9	4,417	21.6

Note: Comprehensive income: Fiscal year ended August 31, 2021: ¥6,476 million [45.4%]

Fiscal year ended August 31, 2020: ¥4,453 million [25.8%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
August 31, 2021	159.70	—	28.5	10.7	14.9
August 31, 2020	107.66	—	23.3	8.0	11.6

(Reference) Equity in earnings of affiliated companies: Fiscal year ended August 31, 2021: ¥—million

Fiscal year ended August 31, 2020: ¥—million

Notes: 1. On March 1, 2021, the Company carried out a 1.3-for-1 stock split for its common stock.

Basic earnings per share is calculated on the assumption that the said stock split was implemented at the beginning of the previous consolidated fiscal year.

2. Diluted earnings per share has not been presented since there are no potential shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2021	97,278	25,331	26.0	622.66
As of August 31, 2020	82,299	20,359	24.7	500.02

(Reference) Equity: As of August 31, 2021: ¥25,315 million

As of August 31, 2020: ¥20,343 million

Note: On March 1, 2021, the Company carried out a 1.3-for-1 stock split for its common stock.

Net assets per share is calculated on the assumption that the said stock split was implemented at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended August 31, 2021	Million yen 5,127	Million yen (4,037)	Million yen 3,315	Million yen 34,349
August 31, 2020	1,333	(669)	(3,412)	29,913

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended August 31, 2020	Yen —	Yen 0.00	Yen —	Yen 45.00	Yen 45.00	Million yen 1,408	% 32.3	% 7.5
Fiscal year ended August 31, 2021	—	0.00	—	50.00	50.00	2,032	31.3	8.9
Fiscal year ending August 31, 2022 (Forecast)	—	0.00	—	55.00	55.00		31.4	

Note: On March 1, 2020, the Company carried out a 1.3-for-1 stock split for its common stock. On March 1, 2021, the Company also carried out a 1.3-for-1 stock split for its common stock. The dividends for both the fiscal year ended August 31, 2020 and for the fiscal year ended August 31, 2021 are the amounts after the stock split.

If the stock split is not considered, the total annual dividends for the fiscal year ended August 31, 2021 will be 65.00 yen, which is actually an increase of 15.00 yen.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2022 (September 1, 2021 - August 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	37,907	43.5	3,978	18.5	3,628	20.1	2,358	18.4	57.97
Full year	91,250	34.3	11,672	15.0	10,972	13.7	7,132	9.8	175.34

* Notes:

(1) Changes in significant subsidiaries during the fiscal year under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: — (Company name:)

Excluded: — (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

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

August 31, 2021: 46,027,488 shares

August 31, 2020: 46,027,488 shares

2) Total number of treasury shares at the end of the year:
 August 31, 2021: 5,369,813 shares
 August 31, 2020: 5,342,900 shares

3) Average number of shares during the year:
 Year ended August 31, 2021: 40,674,580 shares
 Year ended August 31, 2020: 41,026,800 shares
 On March 1, 2021, the Company carried out a 1.3-for-1 stock split for its common stock.
 Total number of issued shares (common shares) is calculated on the assumption that the said stock split was implemented at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended August 31, 2021 (September 1, 2020 - August 31, 2021)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2021	4,925	24.3	3,442	61.0	3,420	60.5	2,928	56.0
August 31, 2020	3,961	13.0	2,138	31.3	2,132	39.5	1,877	25.8

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
August 31, 2021	71.99	—
August 31, 2020	45.76	—

Notes: 1. On March 1, 2021, the Company carried out a 1.3-for-1 stock split for its common stock.
 Basic earnings per share is calculated on the assumption that the said stock split was implemented at the beginning of the previous consolidated fiscal year.
 2. Diluted earnings per share has not been presented since there are no potential shares.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2021	43,152	12,675	29.4	311.76
As of August 31, 2020	42,794	11,244	26.3	276.39

(Reference) Equity: As of August 31, 2021: ¥12,662 million

As of August 31, 2020: ¥11,244 million

Note: On March 1, 2021, the Company carried out a 1.3-for-1 stock split for its common stock.
 Net assets per share is calculated on the assumption that the said stock split was implemented at the beginning of the previous consolidated fiscal year.

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

Forward-looking statements in this document, including earnings projections, are based on currently available information and certain premises that are judged to be rational, and the Company does not in any way guarantee the achievement of the projections. Actual results may therefore differ materially depending on various factors. For assumptions used in forecasting financial results and precautions in using the financial results forecast, please refer to “1. Overview of Operating Results (4) Future Outlook” on page 4 of the financial results (Attachments).

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of August 31, 2020	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	31,000	35,937
Notes and accounts receivable - trade	7,017	7,847
Lease receivables	4,278	5,102
Accounts receivable from completed construction contracts	4,493	7,696
Merchandise	4,946	6,613
Real estate for sale	2,785	2,167
Costs on construction contracts in progress	11,142	11,863
Raw materials and supplies	26	0
Other	1,951	2,611
Allowances for doubtful accounts	(198)	(290)
Total current assets	67,446	79,550
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,109	2,358
Accumulated depreciation	(1,000)	(1,105)
Buildings and structures, net	1,109	1,253
Machinery, equipment and vehicles	14,923	14,248
Accumulated depreciation	(6,247)	(4,669)
Machinery, equipment and vehicles, net	8,675	9,579
Land	1,510	3,521
Other	2,913	2,997
Accumulated depreciation	(1,893)	(2,265)
Other, net	1,020	731
Total property, plant and equipment	12,315	15,086
Intangible assets	234	353
Investments and other assets		
Investment securities	467	329
Long-term loans receivable	110	109
Deferred tax assets	504	497
Other	1,319	1,457
Allowances for doubtful accounts	(98)	(104)
Total investments and other assets	2,303	2,288
Total non-current assets	14,853	17,728
Total assets	82,299	97,278

(Million yen)

	As of August 31, 2020	As of August 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,818	6,095
Accounts payable for construction contracts	1,444	2,061
Current portion of bonds payable	140	190
Short-term borrowings	14,775	20,725
Income taxes payable	718	2,083
Provision for warranties for completed construction	441	194
Other	5,772	6,668
Total current liabilities	27,112	38,018
Non-current liabilities		
Bonds payable	190	450
Long-term borrowings	33,531	32,409
Asset retirement obligations	553	705
Deferred tax liabilities	178	37
Other	374	325
Total non-current liabilities	34,828	33,928
Total liabilities	61,940	71,946
Net assets		
Shareholders' equity		
Share capital	2,020	2,020
Capital surplus	728	728
Retained earnings	20,737	25,824
Treasury shares	(3,121)	(3,216)
Total shareholders' equity	20,365	25,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(44)	(37)
Deferred gains or losses on hedges	19	—
Foreign currency translation adjustment	2	(3)
Total accumulated other comprehensive income	(22)	(40)
Non-controlling interests	15	15
Total net assets	20,359	25,331
Total liabilities and net assets	82,299	97,278

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended August 31, 2020	For the fiscal year ended August 31, 2021
Net sales	61,947	67,938
Cost of sales	48,256	51,278
Gross profit	13,691	16,660
Selling, general and administrative expenses	6,510	6,511
Operating profit	7,180	10,148
Non-operating income		
Interest income	9	4
Dividend income	12	10
Subsidy income	—	20
Consumption tax difference	18	19
Other	14	26
Total non-operating income	55	81
Non-operating expenses		
Interest expenses	465	414
Commission expenses	122	145
Other	31	21
Total non-operating expenses	620	580
Ordinary profit	6,615	9,648
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	—	29
Loss on valuation of investment securities	—	119
Total extraordinary losses	—	149
Profit before distributions of profit or loss on silent partnerships and income taxes	6,615	9,499
Distributions of profit or loss on silent partnerships	16	26
Profit before income taxes	6,598	9,472
Income taxes - current	1,977	3,115
Income taxes - deferred	203	(138)
Total income taxes	2,181	2,977
Profit	4,417	6,495
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	4,417	6,495

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended August 31, 2020	For the fiscal year ended August 31, 2021
Profit	4,417	6,495
Other comprehensive income		
Valuation difference on available-for-sale securities	28	7
Deferred gains or losses on hedges	4	(19)
Foreign currency translation adjustment	3	(6)
Total other comprehensive income	36	(18)
Comprehensive income	4,453	6,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,453	6,476
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal year ended August 31, 2020 (from September 1, 2019 to August 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,020	728	17,420	(2,542)	17,627
Changes during period					
Dividends of surplus			(1,100)		(1,100)
Profit attributable to owners of parent			4,417		4,417
Purchase of treasury shares				(578)	(578)
Net changes of items other than shareholders' equity					
Total changes during period	—	—	3,316	(578)	2,738
Balance at end of period	2,020	728	20,737	(3,121)	20,365

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(72)	15	(1)	(58)	15	17,584
Changes during period						
Dividends of surplus						(1,100)
Profit attributable to owners of parent						4,417
Purchase of treasury shares						(578)
Net changes of items other than shareholders' equity	28	4	3	36		36
Total changes during period	28	4	3	36	—	2,774
Balance at end of period	(44)	19	2	(22)	15	20,359

Fiscal year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,020	728	20,737	(3,121)	20,365
Changes during period					
Dividends of surplus			(1,408)		(1,408)
Profit attributable to owners of parent			6,495		6,495
Purchase of treasury shares				(95)	(95)
Net changes of items other than shareholders' equity					
Total changes during period	—	—	5,087	(95)	4,991
Balance at end of period	2,020	728	25,824	(3,216)	25,356

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(44)	19	2	(22)	15	20,359
Changes during period						
Dividends of surplus						(1,408)
Profit attributable to owners of parent						6,495
Purchase of treasury shares						(95)
Net changes of items other than shareholders' equity	7	(19)	(6)	(18)		(18)
Total changes during period	7	(19)	(6)	(18)	—	4,972
Balance at end of period	(37)	—	(3)	(40)	15	25,331

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended August 31, 2020	For the fiscal year ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,598	9,472
Depreciation	1,566	1,295
Increase (decrease) in allowance for doubtful accounts	94	98
Increase (decrease) in provision for warranties for completed construction	(210)	(247)
Interest and dividend income	(21)	(14)
Interest expenses	465	414
Loss on valuation of shares of subsidiaries and associates	—	29
Loss (gain) on valuation of investment securities	—	119
Decrease (increase) in trade receivables	818	(4,838)
Decrease (increase) in inventories	(4,546)	(2,244)
Decrease (increase) in advance payments to suppliers	299	(872)
Increase (decrease) in trade payables	(1,289)	2,944
Increase (decrease) in advances received on construction contracts in progress	(8)	19
Decrease (increase) in accounts receivable - other	(222)	123
Increase (decrease) in accounts payable - other	(117)	41
Increase (decrease) in accrued consumption taxes	(159)	330
Increase (decrease) in advances received	1,009	356
Other, net	(115)	442
Subtotal	4,160	7,469
Interest and dividends received	22	15
Interest paid	(472)	420
Income taxes paid	(2,377)	(1,936)
Income taxes refund	—	—
Net cash provided by (used in) operating activities	1,333	5,127
Cash flows from investing activities		
Purchase of investment securities	(14)	(3)
Purchase of property, plant and equipment	(669)	(3,256)
Purchase of intangible assets	(123)	(138)
Payments into time deposits	—	(500)
Proceeds from refund of leasehold and guarantee deposits	6	16
Payments of leasehold and guarantee deposits	(5)	(27)
Proceeds from collection of long-term loans receivable	14	20
Long-term loan advances	(11)	(24)
Decrease (Increase) in derivative deposits	123	—
Other, net	8	(122)
Net cash provided by (used in) investing activities	(669)	(4,037)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	—	4,500
Proceeds from issuance of bonds	200	500
Redemption of bonds	(420)	(190)
Proceeds from long-term borrowings	12,900	15,768
Repayments of long-term borrowings	(14,212)	(15,521)
Purchase of treasury shares	(578)	(95)
Dividends paid	(1,101)	(1,408)
Other, net	(200)	(237)
Net cash provided by (used in) financing activities	(3,412)	3,315
Effect of exchange rate change on cash and cash equivalents	(10)	29
Net increase (decrease) in cash and cash equivalents	(2,759)	4,435
Cash and cash equivalents at beginning of period	32,672	29,913
Cash and cash equivalents at end of period	29,913	34,349