

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 2022

Company name: WAKACHIKU CONSTRUCTION CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 1888 URL <https://www.wakachiku.co.jp/>
 Representative: President and Representative Director Katsuhiko Karasuda
 Director, Managing Executive Officer and General Manager of Finance Yasusuke Hirata TEL 03-3492-0273
 Inquiries: Director, Managing Executive Officer and General Manager of Finance
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	40,872	(4.5)	3,354	6.8	3,723	20.0	2,365	14.7
Six months ended September 30, 2021	42,815	9.9	3,142	–	3,102	–	2,063	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	185.53		–	
Six months ended September 30, 2021	161.79		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	77,405	39,927	49.9	3,026.74
As of March 31, 2022	81,479	38,355	45.5	2,909.00

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	0.00	–	80.00	80.00
Year ending March 31, 2023	–	0.00	–	80.00	80.00
Year ending March 31, 2023 (Forecast)	–	–	–	80.00	80.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	98,000	9.9	5,200	(23.9)	5,000	(26.3)	3,450	(27.2)	270.55

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2022	12,964,993 shares	As of March 31, 2022	12,964,993 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	213,246 shares	As of March 31, 2022	213,135 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	12,751,806 shares	Six months ended September 30, 2021	12,752,044 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	16,399	18,352
Notes receivable, accounts receivable from completed construction contracts and other	39,530	32,310
Real estate for sale	3,093	3,032
Costs on construction contracts in progress	1,126	1,567
Advances paid	2,925	2,535
Other	3,191	4,407
Allowance for doubtful accounts	(43)	(44)
Total current assets	66,222	62,160
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,583	4,641
Machinery, vehicles, tools, furniture and fixtures	4,742	4,866
Vessels	3,326	3,260
Land	6,358	6,364
Other	205	230
Accumulated depreciation	(9,202)	(9,368)
Total property, plant and equipment	10,014	9,994
Intangible assets	306	326
Investments and other assets		
Investment securities	2,774	3,064
Deferred tax assets	1,430	1,076
Retirement benefit asset	272	308
Other	863	872
Allowance for doubtful accounts	(405)	(398)
Total investments and other assets	4,936	4,923
Total non-current assets	15,256	15,244
Total assets	81,479	77,405

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	14,530	13,085
Short-term borrowings	2,398	1,379
Income taxes payable	1,878	1,182
Advances received on uncompleted construction contracts	5,780	4,932
Deposits received	5,839	7,393
Other provisions	1,264	1,160
Provision for warranties for completed construction	73	784
Other	2,934	470
Total current liabilities	34,701	30,389
Non-current liabilities		
Long-term borrowings	3,785	3,311
Deferred tax liabilities for land revaluation	768	768
Provision for warranties for completed construction	947	–
Provision for share awards	36	59
Retirement benefit liability	2,735	2,809
Other	149	138
Total non-current liabilities	8,422	7,088
Total liabilities	43,124	37,478
Net assets		
Shareholders' equity		
Share capital	11,374	11,374
Capital surplus	2,948	2,948
Retained earnings	19,819	21,158
Treasury shares	(337)	(337)
Total shareholders' equity	33,805	35,144
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	360	560
Revaluation reserve for land	1,706	1,706
Remeasurements of defined benefit plans	1,221	1,184
Total accumulated other comprehensive income	3,289	3,451
Non-controlling interests	1,260	1,331
Total net assets	38,355	39,927
Total liabilities and net assets	81,479	77,405

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales		
Net sales of completed construction contracts	41,446	39,280
Net sales in real estate business and other	1,368	1,591
Total net sales	42,815	40,872
Cost of sales		
Cost of sales of completed construction contracts	35,845	33,328
Cost of sales in real estate business and other	940	1,072
Total cost of sales	36,786	34,400
Gross profit		
Gross profit on completed construction contracts	5,600	5,952
Gross profit on real estate business and other	428	519
Total gross profit	6,029	6,472
Selling, general and administrative expenses	2,886	3,117
Operating profit	3,142	3,354
Non-operating income		
Interest income	11	4
Dividend income	63	63
Foreign exchange gains	30	428
Other	13	24
Total non-operating income	119	521
Non-operating expenses		
Interest expenses	81	70
Commission for syndicated loans	66	73
Other	11	8
Total non-operating expenses	159	152
Ordinary profit	3,102	3,723
Extraordinary income		
Gain on sale of non-current assets	0	13
Total extraordinary income	0	13
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on disaster	8	–
Other	1	–
Total extraordinary losses	10	0
Profit before income taxes	3,092	3,736
Income taxes - current	885	1,028
Income taxes - deferred	83	266
Total income taxes	969	1,295
Profit	2,123	2,440
Profit attributable to non-controlling interests	59	75
Profit attributable to owners of parent	2,063	2,365

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,123	2,440
Other comprehensive income		
Valuation difference on available-for-sale securities	201	199
Remeasurements of defined benefit plans, net of tax	(17)	(36)
Total other comprehensive income	183	162
Comprehensive income	2,306	2,603
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,246	2,528
Comprehensive income attributable to non-controlling interests	59	75