

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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: Yasusuke Hirata  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023  
 Scheduled date to file Securities Report: June 30, 2023  
 Scheduled date to commence dividend payments: June 8, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	84,004	(5.8)	6,236	(8.8)	6,546	(3.5)	5,442	14.9
Year ended March 31, 2022	89,164	(0.7)	6,834	134.2	6,781	125.2	4,736	161.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	426.78	–	13.9	7.7	7.4
Year ended March 31, 2022	371.47	–	13.6	7.8	7.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	88,326	42,694	46.8	3,240.62
As of March 31, 2022	81,479	38,355	45.5	2,909.00

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	15,140	(1,328)	(2,970)	27,319
Year ended March 31, 2022	16,030	(1,475)	(12,747)	16,399

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	0.00	–	80.00	80.00	1,026	21.5	2.9
Year ended March 31, 2023	–	0.00	–	100.00	100.00	1,283	23.4	3.3
Year ending March 31, 2024 (Forecast)	–	0.00	–	80.00	80.00		32.9	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	16.7	4,900	(21.4)	4,750	(27.4)	3,100	(43.0)	243.11

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	12,964,993 shares	As of March 31, 2022	12,964,993 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	213,328 shares	As of March 31, 2022	213,135 shares
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Average number of shares during the period

Year ended March 31, 2023	12,751,759 shares	Year ended March 31, 2022	12,751,980 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	16,399	27,319
Notes receivable, accounts receivable from completed construction contracts and other	39,530	33,434
Real estate for sale	3,093	2,938
Costs on construction contracts in progress	329	801
Costs on real estate business	797	1,183
Advances paid	2,925	1,907
Other	3,191	3,987
Allowance for doubtful accounts	(43)	(45)
Total current assets	66,222	71,526
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,583	4,659
Machinery, vehicles, tools, furniture and fixtures	4,742	4,868
Vessels	3,326	3,277
Land	6,358	6,510
Leased assets	160	162
Construction in progress	44	254
Accumulated depreciation	(9,202)	(9,346)
Total property, plant and equipment	10,014	10,387
Intangible assets	306	366
Investments and other assets		
Investment securities	2,774	3,380
Deferred tax assets	1,430	1,874
Retirement benefit asset	272	310
Other	863	885
Allowance for doubtful accounts	(405)	(404)
Total investments and other assets	4,936	6,046
Total non-current assets	15,256	16,800
Total assets	81,479	88,326

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	14,530	18,866
Short-term borrowings	2,398	1,550
Lease liabilities	33	33
Income taxes payable	1,878	919
Advances received on uncompleted construction contracts	5,780	7,741
Deposits received	5,839	7,277
Provision for bonuses	1,211	1,073
Provision for warranties for completed construction	73	324
Provision for loss on construction contracts	52	421
Other	2,901	871
Total current liabilities	34,701	39,081
Non-current liabilities		
Long-term borrowings	3,785	2,794
Lease liabilities	67	53
Deferred tax liabilities for land revaluation	768	768
Provision for warranties for completed construction	947	–
Provision for share awards	36	83
Retirement benefit liability	2,735	2,767
Other	82	83
Total non-current liabilities	8,422	6,551
Total liabilities	43,124	45,632
Net assets		
Shareholders' equity		
Share capital	11,374	11,374
Capital surplus	2,948	2,948
Retained earnings	19,819	24,235
Treasury shares	(337)	(337)
Total shareholders' equity	33,805	38,220
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	360	575
Revaluation reserve for land	1,706	1,706
Remeasurements of defined benefit plans	1,221	819
Total accumulated other comprehensive income	3,289	3,102
Non-controlling interests	1,260	1,370
Total net assets	38,355	42,694
Total liabilities and net assets	81,479	88,326

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	86,091	80,890
Net sales in real estate business and other	3,073	3,114
Total net sales	89,164	84,004
Cost of sales		
Cost of sales of completed construction contracts	73,963	69,131
Cost of sales in real estate business and other	2,136	2,123
Lose on valuation of realestate for sale	94	24
Total cost of sales	76,194	71,279
Gross profit		
Gross profit on completed construction contracts	12,128	11,758
Gross profit on real estate business and other	842	966
Total gross profit	12,970	12,725
Selling, general and administrative expenses	6,135	6,489
Operating profit	6,834	6,236
Non-operating income		
Interest income	14	21
Dividend income	65	65
Foreign exchange gains	75	434
Other	44	36
Total non-operating income	199	558
Non-operating expenses		
Interest expenses	151	159
Commission for syndicated loans	85	73
Other	15	14
Total non-operating expenses	252	248
Ordinary profit	6,781	6,546
Extraordinary income		
Gain on sale of non-current assets	0	14
Total extraordinary income	0	14
Extraordinary losses		
Loss on retirement of non-current assets	3	15
Impairment losses	20	2
Loss on disaster	8	–
Other	1	–
Total extraordinary losses	35	18
Profit before income taxes	6,746	6,541
Income taxes - current	2,268	1,884
Income taxes - deferred	(370)	(899)
Total income taxes	1,898	984
Profit	4,848	5,557
Profit attributable to non-controlling interests	111	114
Profit attributable to owners of parent	4,736	5,442

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,848	5,557
Other comprehensive income		
Valuation difference on available-for-sale securities	106	214
Remeasurements of defined benefit plans, net of tax	274	(401)
Total other comprehensive income	380	(186)
Comprehensive income	5,229	5,370
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,117	5,255
Comprehensive income attributable to non-controlling interests	111	114

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,374	2,924	15,800	(312)	29,786
Cumulative effects of changes in accounting policies			(14)		(14)
Restated balance	11,374	2,924	15,785	(312)	29,771
Changes during period					
Dividends of surplus			(701)		(701)
Profit attributable to owners of parent			4,736		4,736
Purchase of treasury shares				(150)	(150)
Disposal of treasury shares		24		125	149
Reversal of revaluation reserve for land			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	24	4,034	(25)	4,034
Balance at end of period	11,374	2,948	19,819	(337)	33,805

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	254	1,705	947	2,907	1,150	33,844
Cumulative effects of changes in accounting policies						(14)
Restated balance	254	1,705	947	2,907	1,150	33,829
Changes during period						
Dividends of surplus						(701)
Profit attributable to owners of parent						4,736
Purchase of treasury shares						(150)
Disposal of treasury shares						149
Reversal of revaluation reserve for land						(1)
Net changes in items other than shareholders' equity	106	1	274	382	109	491
Total changes during period	106	1	274	382	109	4,525
Balance at end of period	360	1,706	1,221	3,289	1,260	38,355

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,374	2,948	19,819	(337)	33,805
Cumulative effects of changes in accounting policies					
Restated balance	11,374	2,948	19,819	(337)	33,805
Changes during period					
Dividends of surplus			(1,026)		(1,026)
Profit attributable to owners of parent			5,442		5,442
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,415	(0)	4,414
Balance at end of period	11,374	2,948	24,235	(337)	38,220

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	360	1,706	1,221	3,289	1,260	38,355
Cumulative effects of changes in accounting policies						
Restated balance	360	1,706	1,221	3,289	1,260	38,355
Changes during period						
Dividends of surplus						(1,026)
Profit attributable to owners of parent						5,442
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	214	–	(401)	(186)	110	(75)
Total changes during period	214	–	(401)	(186)	110	4,338
Balance at end of period	575	1,706	819	3,102	1,370	42,694



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,746	6,541
Depreciation	677	721
Impairment losses	20	2
Increase (decrease) in allowance for doubtful accounts	(72)	0
Increase (decrease) in retirement benefit liability	(79)	(45)
Increase (decrease) in other provisions	200	(466)
Interest and dividend income	(79)	(86)
Interest expenses	151	159
Syndicate loan charges	85	73
Loss (gain) on sale and retirement of non-current assets	3	1
Decrease (increase) in trade receivables	9,867	6,095
Decrease (increase) in costs on construction contracts in progress	734	(858)
Decrease (increase) in real estate for sale	252	154
Increase (decrease) in trade payables	(4,272)	4,336
Increase (decrease) in advances received on uncompleted construction contracts and other	(673)	1,961
Decrease (increase) in other assets	2,832	254
Increase (decrease) in other liabilities	911	(714)
Other, net	(169)	(176)
Subtotal	17,136	17,956
Interest and dividends received	79	86
Interest paid	(145)	(153)
Income taxes paid	(1,039)	(2,749)
Net cash provided by (used in) operating activities	16,030	15,140
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,278)	(901)
Proceeds from sale of property, plant and equipment	18	35
Purchase of investment securities	(1)	(295)
Other, net	(213)	(166)
Net cash provided by (used in) investing activities	(1,475)	(1,328)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(11,400)	(1,000)
Proceeds from long-term borrowings	1,037	510
Repayments of long-term borrowings	(1,565)	(1,348)
Purchase of treasury shares	(150)	(0)
Proceeds from disposal of treasury shares	149	-
Dividends paid	(698)	(1,021)
Dividends paid to non-controlling interests	(2)	(4)
Repayments of finance lease liabilities	(32)	(31)
Syndicate loan charges paid	(85)	(73)
Net cash provided by (used in) financing activities	(12,747)	(2,970)
Effect of exchange rate change on cash and cash equivalents	214	78
Net increase (decrease) in cash and cash equivalents	2,022	10,920
Cash and cash equivalents at beginning of period	14,376	16,399
Cash and cash equivalents at end of period	16,399	27,319