



WAKACHIKU CONSTRUCTION CO., LTD.

WAKACHIKU CONSTRUCTION CO.,LTD

FY2023 Full Year Results

May 17,2024

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.

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1. FY2023 Full Year Summary

Financial Summary - Status of Profit and Loss -

Consolidated

	2023/3		2024/3		Change YOY
	JPY Million	Sales ratio	JPY Million	Sales ratio	
Net Sales	84,004	—	94,917	—	13.0
Gross Profit	12,725	15.1	14,103	14.9	10.8
Selling, General and Administrative Expenses	6,489	7.7	7,126	7.5	9.8
Operating Profit	6,236	7.4	6,976	7.3	11.9
Ordinary Profit	6,546	7.8	7,699	8.1	17.6
Profit Attributable to owners of parent	5,442	6.5	5,092	5.4	△6.4

Non-Consolidated

Orders Received	90,242	—	100,873	—	11.8
Net Sales	81,194	—	92,126	—	13.5
Gross Profit	11,822	14.6	13,316	14.5	12.6
Selling, General and Administrative Expenses	6,141	7.6	6,782	7.4	10.4
Operating Profit	5,680	7.0	6,534	7.1	15.0
Ordinary Profit	6,084	7.5	7,345	8.0	20.7
Quarterly Net Profit	5,271	6.5	4,968	5.4	-5.7
ROE		14.2%		12.1%	

Highlights by Business Segment

Non-Consolidated

Net Sales

(JPY Million)

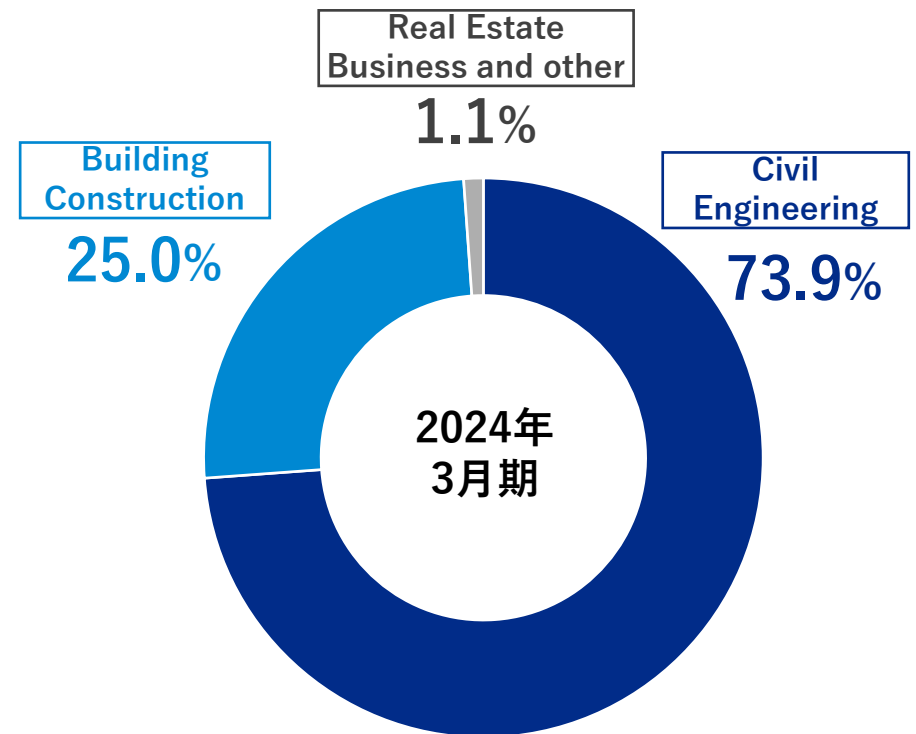
	2023/3	2024/3	Rate of change
Completed Construction Contracts	80,011	91,086	13.8
Civil Engineering	57,133	68,025	19.1
Building Construction	22,877	23,060	0.8
Real Estate Business and other	1,182	1,040	△12.0
Total	81,194	92,126	13.5

Gross Profit

(JPY Million)

	2023/3	2024/3	Rate of change
Completed Construction Contracts	11,598	13,117	13.1
Civil Engineering	11,018	12,385	12.4
Building Construction	580	732	26.3
Real Estate Business and other	223	198	△11.1
Total	11,822	13,316	12.6

Sales by Segment

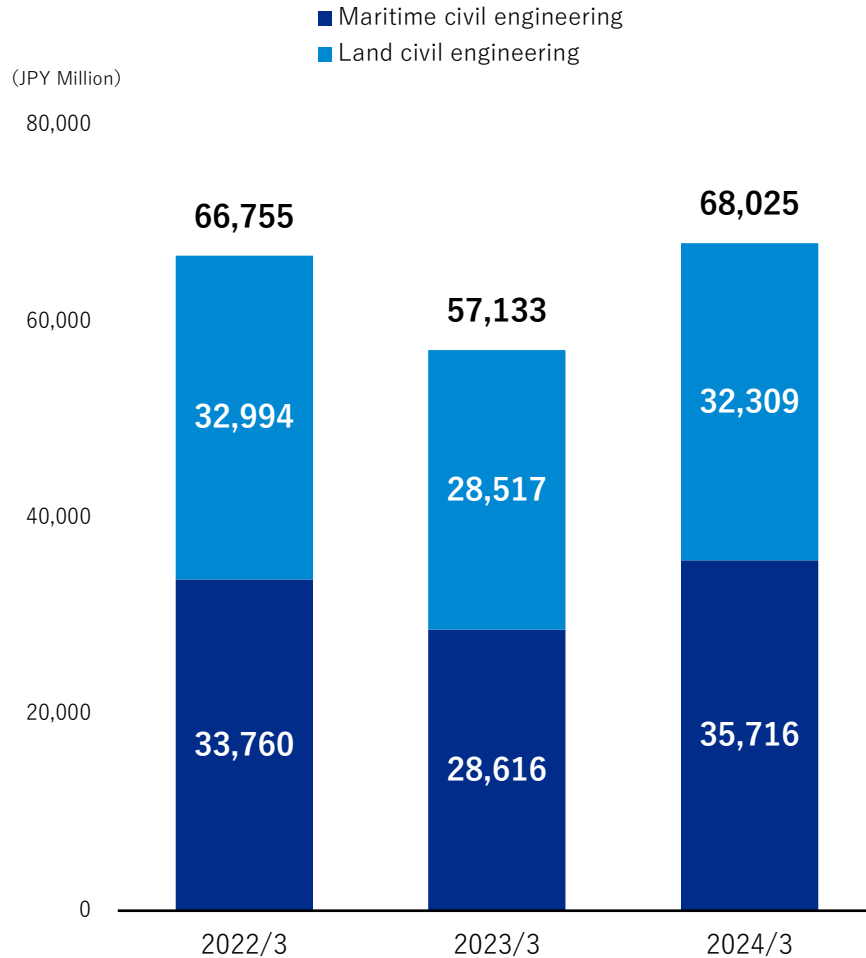


Highlights by Business Segment

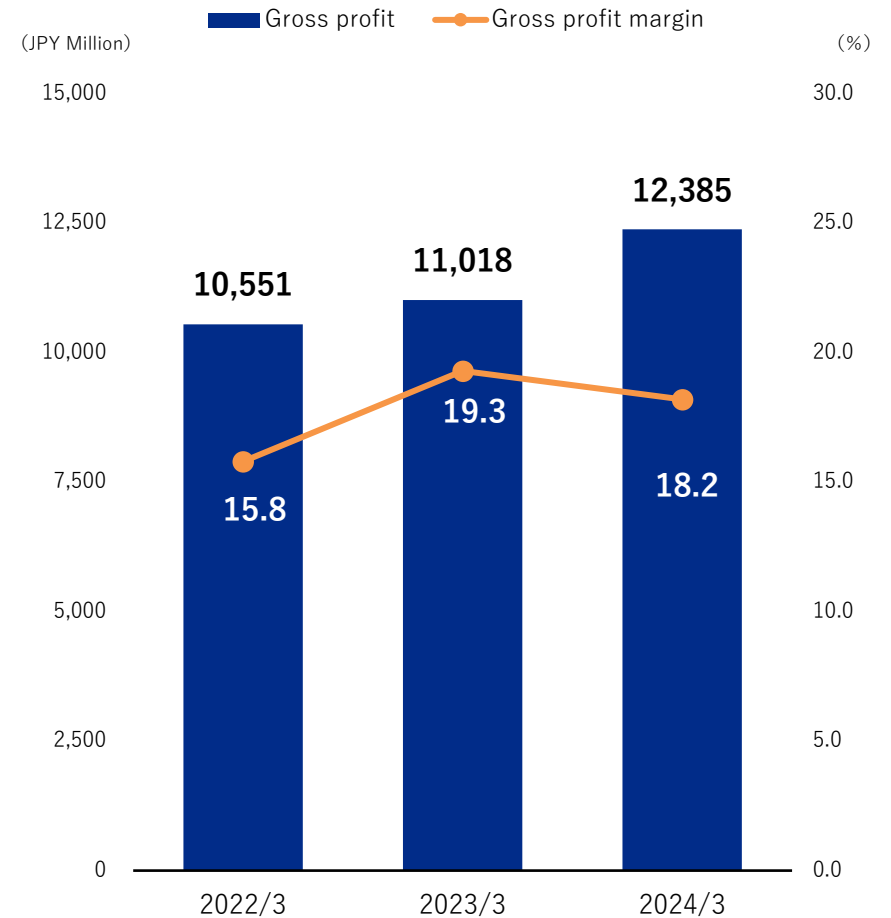
① Civil Engineering

Non-Consolidated

Net Sales



Gross Profit



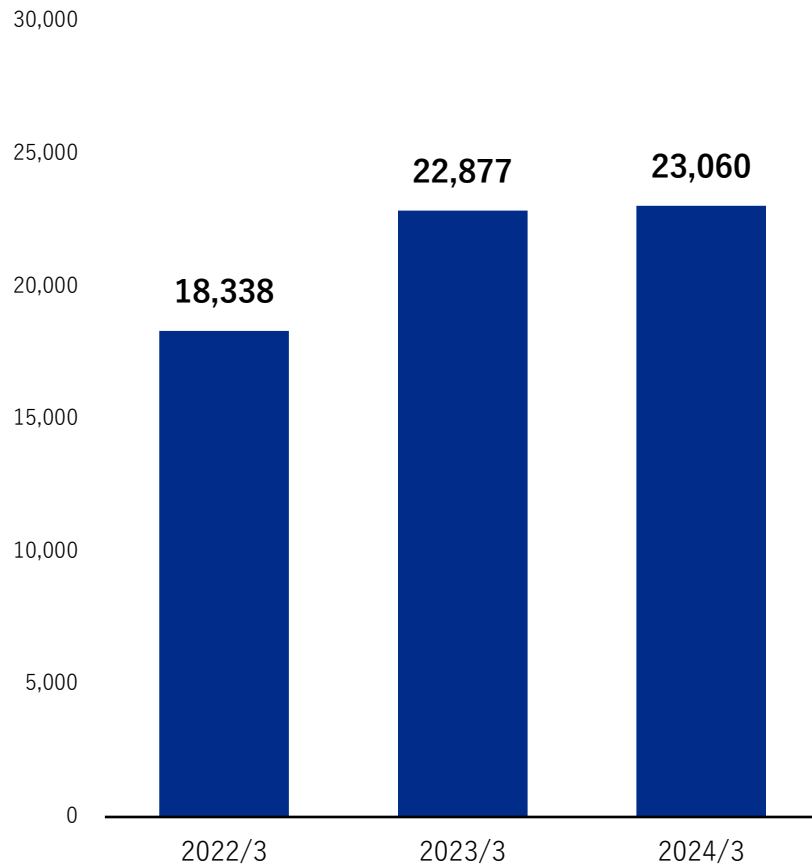
Highlights by Business Segment

② Building Construction

Non-Consolidated

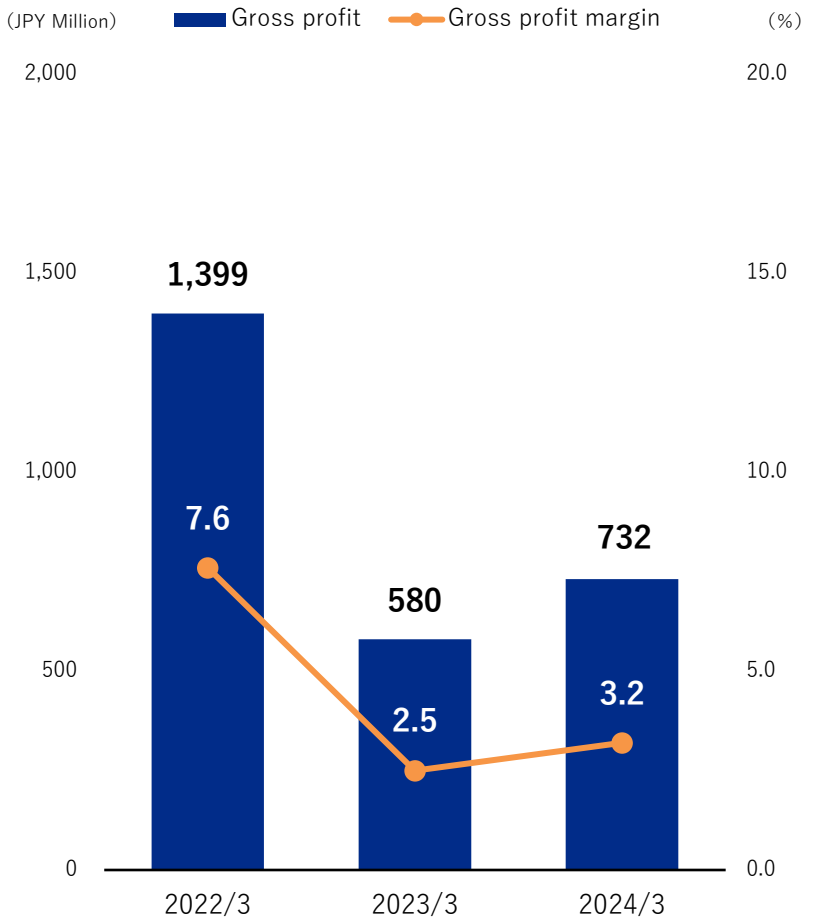
Net Sales

(JPY Million)



Gross Profit

(JPY Million)



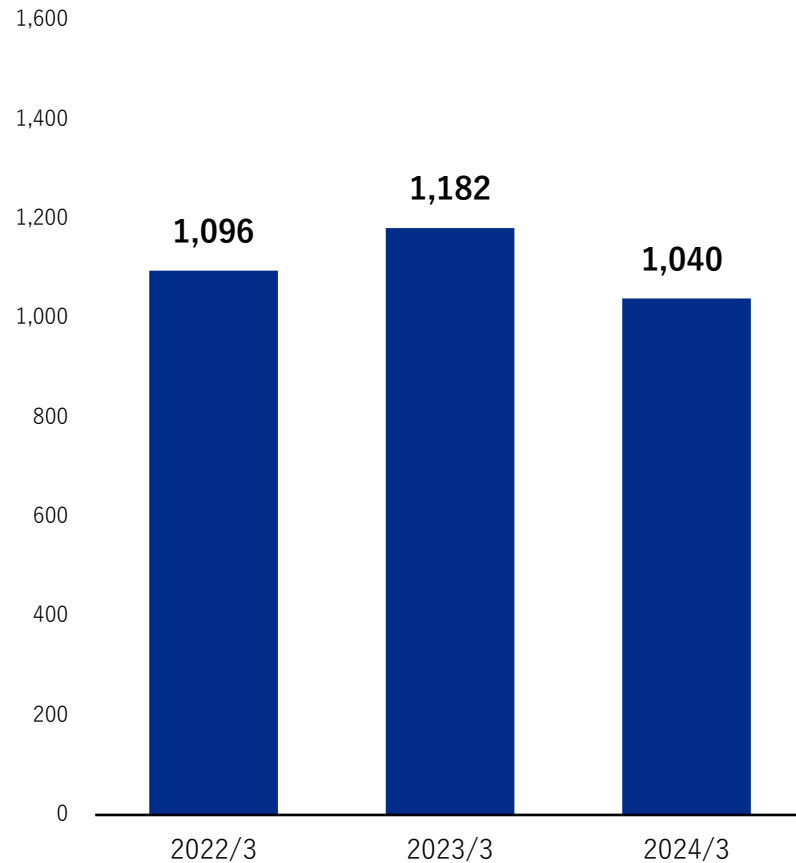
Highlights by Business Segment

③ Real Estate Business

Non-Consolidated

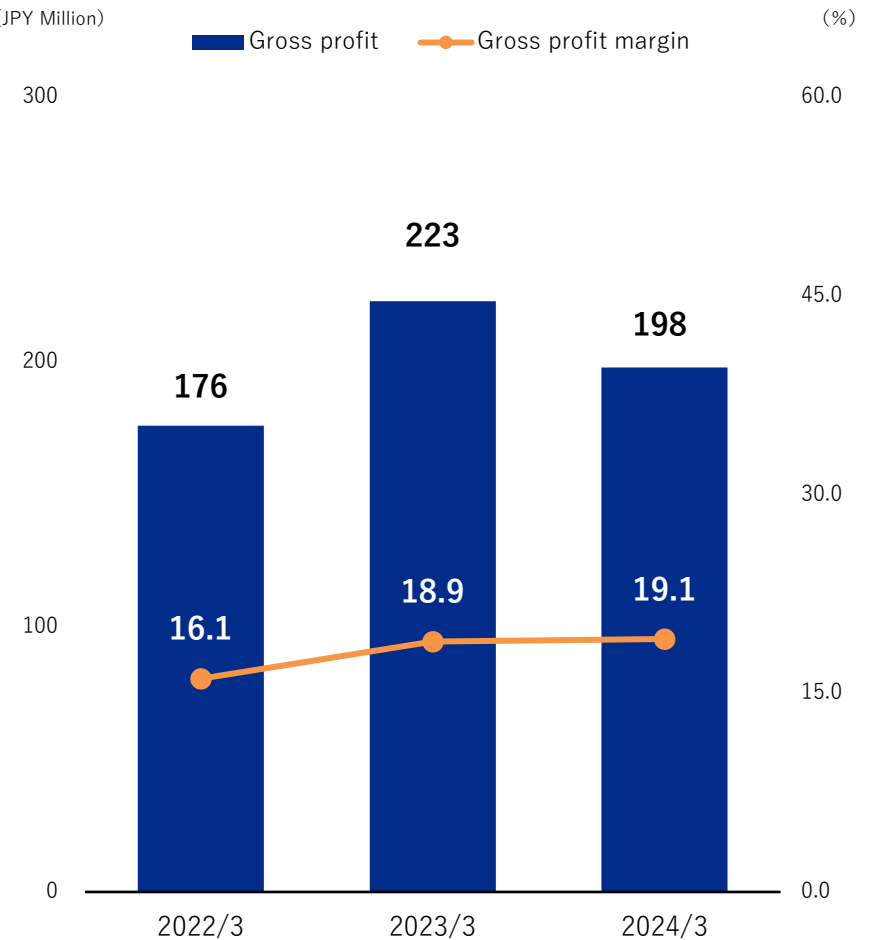
Net Sales

(JPY Million)



Gross Profit

(JPY Million)



Changes in Orders Received

Non-Consolidated

Orders Received

(JPY Million)

		2022/3	2023/3	2024/3	Change YOY
Domestic Total	Government	47,176	57,463	67,047	16.7
	Private	32,666	26,441	31,855	20.5
	Total	79,842	83,904	98,902	17.9
	Domestic Civil Engineering				
	Government	39,395	52,109	48,642	△6.7
	Private	13,065	13,100	9,162	△30.1
	Total	52,460	65,209	57,804	△11.4
	Domestic Building Engineering				
	Government	7,780	5,353	18,405	243.8
	Private	19,601	13,341	22,692	70.1
	Total	27,382	18,694	41,098	119.8
Overseas		11,737	5,667	762	△86.5
Real Estate Business and other		691	671	1,208	79.9
Total		92,272	90,242	100,873	11.8

Financial Position

Consolidated

Condensed Consolidated Balance Sheet

(JPY Million)

		2023/3	2024/3
Assets	Current Assets	71,526	70,364
	Non-current Assets	16,800	20,411
	Total Assets	88,326	90,775
Liabilities	Current Liabilities	39,081	38,207
	Non-current Liabilities	6,551	5,183
	Total Liabilities	45,632	43,391
Nets Assets	Shareholder's Equity	38,220	42,037
	Accumulated Other Comprehensive Income	3,102	3,893
	Non-Controlling Interests	1,370	1,453
	Total Net Assets	42,694	47,384
Total Liabilities and Net Assets		88,326	90,775

Condensed Consolidated Statements of Cash Flows

(JPY Million)

	2023/3	2024/3
Net cash flows from operating activities	15,140	△3,964
Net cash flows from investing activities	△1,328	△3,606
Net cash flows from financing activities	△2,970	△1,380
Effect of exchange rate change on cash and cash equivalents	78	523
Net increase in cash and cash equivalents	10,920	△8,427
Cash and cash equivalents at the beginning of the period	16,399	27,319
Cash and cash equivalents at the end of the period	27,319	18,891

Progress of Management Targets and Investment Plans

Consolidated

Non-Consolidated

Management target figures (non-consolidated)

	Medium-term-plan (2021-2023)	FY 2021 (Result)	FY 2022 (Result)	FY 2023 (Result)
Orders Received (billion yen)	100	922	902	1,008
Operating Profit (billion yen)	5.0	6.2	5.6	6.5
ROE	9.0%	13.9%	14.2%	12.1%
Dividend payout ratio	30.0%	22.3%	24.2%	30.8%
Capital adequacy ratio	40.0%	45.3%	47.0%	50.5%

Progress of Investment Plans

Investment Areas		Plan	FY 2021 (result)	FY 2022 (result)	FY 2023 (result)	Three-year total
Investment	Marine machinery, real estate for profit, etc.	8,000	1,330	310	230	3,950
R&D	Ground engineering, Concrete Construction, Offshore construction ICT construction related, Environmental field, etc.		200	250	530	990
DX	ICT, Streamlining of core systems, etc.		260	80	250	600
HR, Branding	Hierarchical training, scholarship system, Strengthened recruitment, etc.		140	380	170	690
Total			1,930	1,040	3,260	6,240

Non-financial Information KPI Targets by 2030

GHG emissions during construction stage

Target Compared to fiscal 2013
40% decrease  **Achievement** **17.7% decrease**

Annual cumulative total of power generated through construction of renewable energy-related facilities

Target **10 billion kWh**  **Achievement** **4.1 billion kWh**

Technical development to boost work productivity by 20%

Target **5 projects or more**  **Achievement** **5 completed**
5 under development

(Million Yen)

2. Medium-Term Business Plan 2024-2026 (Digest)

Long-Term Vision 2030

Pursuing sustainability: Looking toward Wakachiku Construction's 140th anniversary

Pursuing three components of sustainability underpinned by construction centered on quality and safety

2030

Serve as a company that meets the expectations of all of its stakeholders

SUSTAINABLE DEVELOPMENT GOALS

 若築建設

Wakachiku Construction's 140th anniversary

Sustainability I
Market sustainability



- Increase corporate value
- Achieve consistent shareholder returns

Sustainability II
Organizational sustainability



- Ensure business continuity in the after-corona era
- Increase employee satisfaction

Sustainability III
Social sustainability



- Social contribution to communities
- Address global environmental challenges

Medium-Term Business Plan

Phase1 (2021-2023)

Strengthen business foundations and promote ESG management

Phase2 (2024-2026)

Pursuing sustainability through greater coordination with stakeholders

Phase3 (2027-2029)

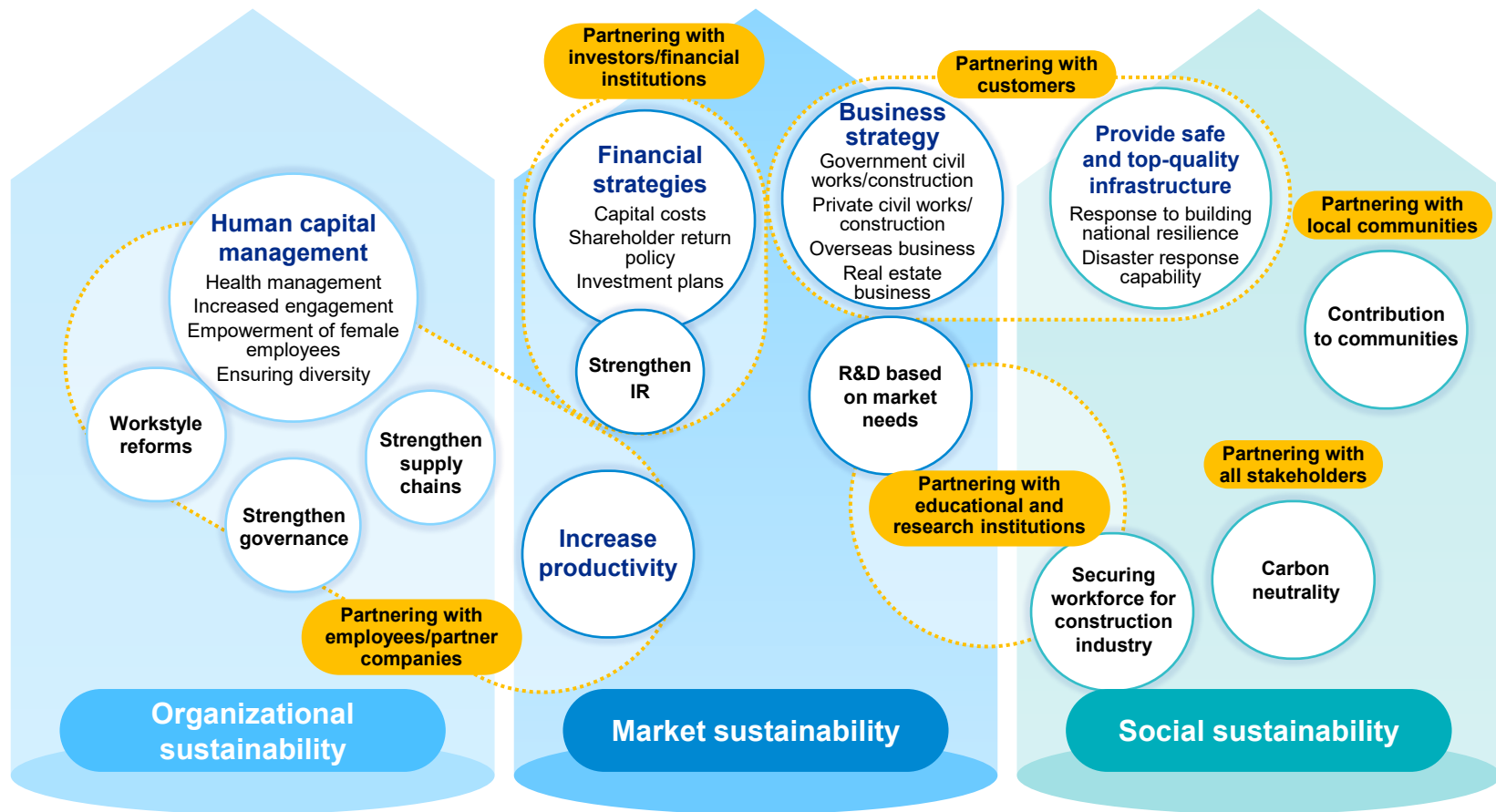
Medium-Term Business Plan <2024 to 2026> Basic Policies

Phase 2: Strengthening foundation for growth

Pursuing sustainability through greater coordination with stakeholders

Ideal vision in 10 years

Serve as a company that meets the expectations of all of its stakeholders



Business Strategy — Achieve larger scale and greater profitability of projects through business development that leverages the strengths of each division

Government

Greater technical proposal capabilities
Greater response to ECI systems
Greater comprehensive evaluation proposal capabilities

Civil works

- Cover a wide range of infrastructure development projects with a focus on harbors and airports (including defense applications)
- Greater response to large-scale onshore works (rivers, roads, rail, land improvement projects, etc.)

Construction

- Cater to defense-related facility business
- Expressway facilities (service areas, etc.)
- Construction of environment-related facilities such as waste processing plants

Overseas business

- Focus on ODA projects
- Increase sales to private Japanese companies in the new energy sector, etc.
- Develop new markets such as coastal regions of Africa
- Build employee system for expanding business, including education of management personnel and training of local engineers and supervisors



Private

Greater design proposal capabilities
Business development centered on the renewable energy sector

Civil works

- Strengthen organization by creating new energy division
- Cover extensive renewable energy business such as offshore wind power, onshore wind power, biomass, and small hydroelectric power businesses
- Provide comprehensive engineering, from surveys, design and construction to maintenance

Construction

- Proactive approach to large-scale projects such as logistics facilities and renewable energy facilities
- Greater planning proposal capabilities leveraging BIM, etc.
- Expand design division with a view to increasing projects

Real estate business

- Continue investment into rental properties with stable income
- Effective use of existing assets

Partnerships



Customers



Partner companies

Business Strategy — Business development in new energy sector

As a key player in offshore wind power generation business



JWFC SUNRISE

- Preparing to respond to 2nd round and 3rd round of the project based on extensive achievements such as development of wind hub ports and undersea seabed surveys
- Joint ownership between 6 companies of jack-up vessel “JWFC SUNRISE”
- Studies for construction and ownership of offshore wind power jack-up vessels
- Streamlining and cost-cutting construction
- GI Fund: Participation in floating offshore wind power projects

Other renewable energy businesses



Wind-blade-install construction method

- Onshore wind power generation — development of wind-blade-install construction method, capability for replacement work
- Small hydro power generation, biomass power generation, etc. — business development based on construction achievements
- Ocean thermal energy conversion, wave power generation, tidal power generation, geothermal power generation, etc. — extensive R&D and support

Initiatives as a renewable energy business operator

- Participation in Akita small hydro power generation business

Extensive construction achievements



Offshore wind power hub ports



Onshore wind power



Mega solar



Biomass



Small hydro power

Partnerships



Customers



Partner companies



Local communities

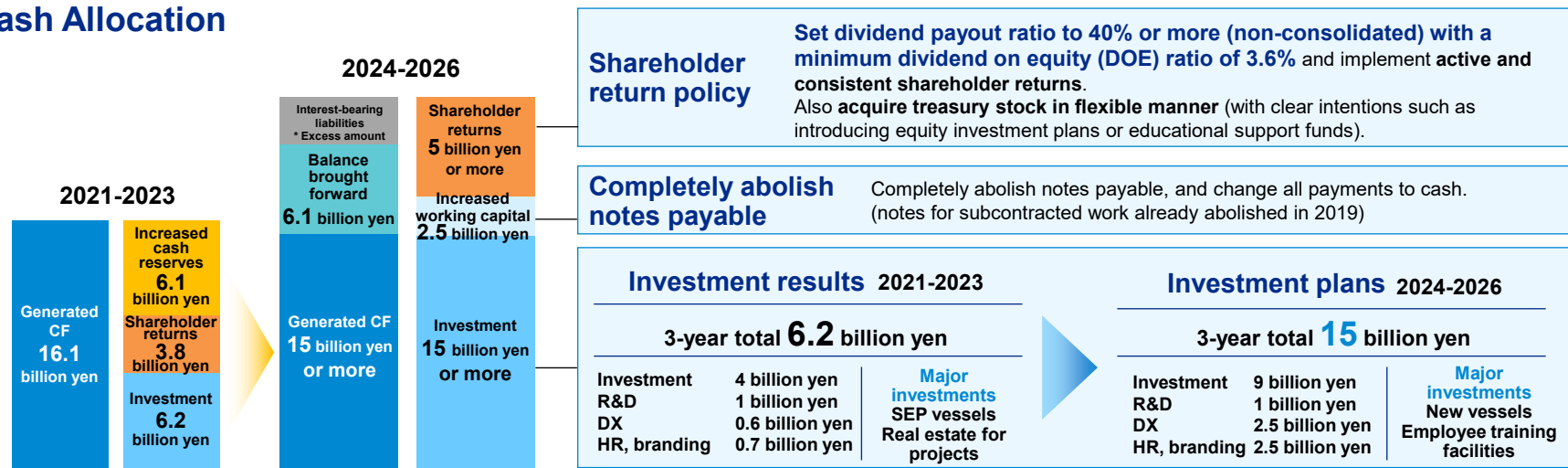
Financial Strategies/Strengthen IR

Financial strategies

Capital Efficiency

Achieve “consistent and active shareholder returns” and “effective investments” to secure operating profits, with the aim of maintaining a reliable ROE of 9%

Cash Allocation



Strengthen IR

Enhanced IR activities

- Financial briefing by top management
- Hold active dialogue with investors and provide feedback to the Board of Directors **KPI**
- Comprehensive corporate report
- Enhance information disclosed in English

Environmental-related information disclosure

- Continue TCFD disclosures
- Acquire third party certification for GHG emissions

Actively introduce external sustainability-related evaluations



Human Capital Management



Create a rewarding and comfortable environment

- Continue promoting health management
- Conduct work engagement surveys **KPI**
- Increase ratio of male employees taking childcare leave **KPI**
- Consider rolling out share incentive plan for employees



Secure human resources

- Bolster recruitment efforts **KPI**
(develop appealing personnel system, promote corporate branding)
- Promote diversity **KPI**
- Appoint female managers, employ the physically challenged, diverse workstyles, etc.
- Employment system for harnessing “work abilities” of seniors
- Increase recruitment of ship crew for group companies



Nurture human resources

- “Hagukumi” education program
(enhance skills of young employees)
- Enhance hierarchy-specific training
- Support acquisition of qualifications
- Develop employee training facilities



Partnerships



Employees

Provide Safe and Top-quality Infrastructure/Achieve Carbon Neutrality

Contribute to building national resilience with our businesses and resources

- Construct and develop national land conservation infrastructure and basic industrial infrastructure through businesses
- Respond to disasters by harnessing our technologies and personnel, such as efforts after the Noto Peninsula Earthquake and pumice removal work at Unten Port
- Maintain disaster response capabilities, such as concluding disaster response agreement, revising BCP functions, and protecting data



River disaster prevention work



Emergency reopening work



Disaster restoration work

Diligent pursuit of safety and quality that underpins business

- Thorough risk management at worksites
- Multi-tiered safety and quality patrols
- Enhance assessments of technical risks by utilizing BIM/CIM
- Meticulous worksite leadership by quality advisors



President patrols



Partner company patrols



Outside director patrols

Partnerships



Employees

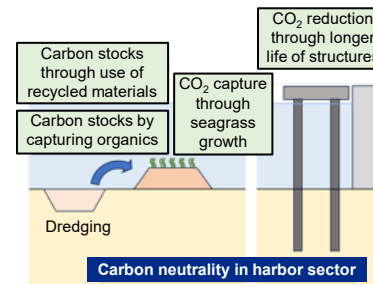


Partner companies

Carbon neutrality during construction



- Use hybrid work vessels and electric heavy machinery
- Use efficient GTL fuel
- Install solar power



R&D for carbon neutrality

- Research into carbon capture and storage using dredged material and recycled material
- Quantify effects of LCCO₂ reduction through increased durability and longer life of port facilities



Activities as an eco-first company

- 100% use of Shabondama Soap (soap that is completely free from chemicals and synthetic additives)
- Aim for 90% acquisition rate of Certification Test for Environment Specialists (Eco Test)

Partnerships



All stakeholders

Numerical Targets

Targets in 3 Years (non-consolidated)

Orders

**110 billion yen
or more**

Net sales

**110 billion yen
or more**

Operating profit

**6.5 billion yen
or more**

Profit

**4.5 billion yen
or more**

ROE

**9%
or more**

Non-financial Information KPI

Targets by 2030

GHG emissions
during
construction stage

40% reduction
compared to FY2013
(17.7% actual reduction)

Annual cumulative
total of power
generated through
construction of
renewable energy-
related facilities

10 billion kWh
(4.1 billion kWh)

Technical
development to
boost work
productivity by 20%

**15 projects
or more**
(5 projects completed,
5 projects under
development)

Targets in 3 Years

Work engagement
score

2.70
(2.63 in 2023)
(National average 2.52)

Ratio of Saturday
closures

100%
(66% in 2023)

No. of employees
recruited

80/year
(61 in 2023)

Ratio of newly hired
female graduates

30%
(26% in 2023)

Ratio of male
employees taking
childcare leave

100%
(25% in 2023)

No. of meetings
with investors
and analysts

30/year
(15 in 2023)

3. FY 2024 Full Year Outlook

FY 2024 Full Year Forecast

Consolidated

	2024/3 Results		2025/3 Forecast		Change YOY
	JPY Million	Sales ratio	JPY Million	Sales ratio	
Net Sales	94,917	—	98,800	—	4.1
Operating Profit	6,976	7.3	6,100	6.2	△12.6
Ordinary Profit	7,699	8.1	6,100	6.2	△20.8
Profit Attributable to owners of Parent	5,092	5.4	4,100	4.1	△19.5

Non-Consolidated

Orders Received	100,873	—	100,000	—	△0.9
Net Sales	92,126	—	96,500	—	4.7
Operating Profit	6,534	7.1	5,750	6.0	△12.0
Ordinary Profit	7,345	8.0	5,850	6.1	△20.4
Profit	4,968	5.4	4,000	4.1	△19.5

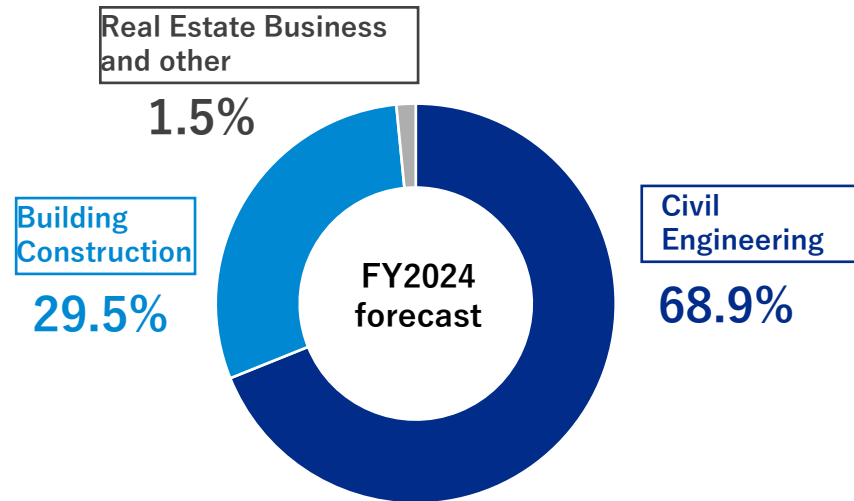
FY2024 Full Year Forecast by Segment

Non-Consolidated

Sales

(Million Yen)

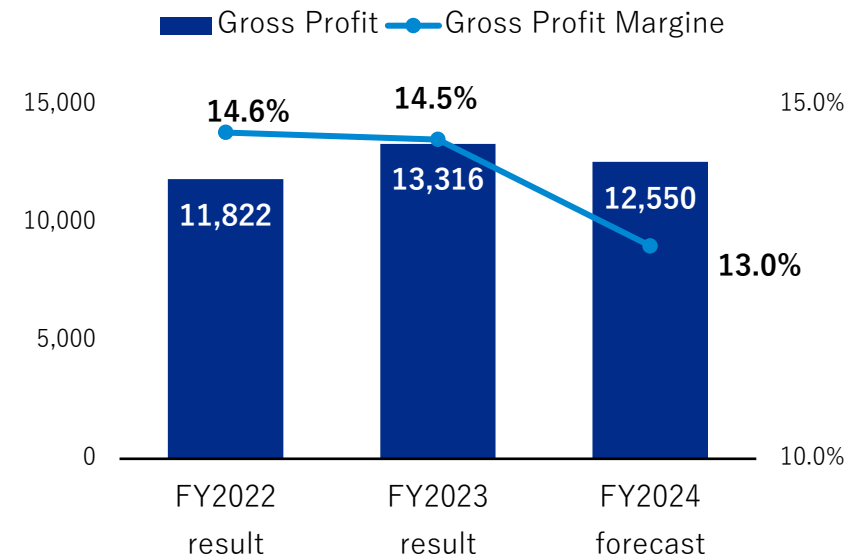
	FY 2023 result	FY 2024 forecast	Change YOY
Completed Construction Contracts	91,086	95,000	4.3
Civil Engineering	68,025	66,500	△2.2
Building Construction	23,060	28,500	23.6
Real Estate Business and other	1,040	1,500	44.2
Total	92,126	96,500	4.7



Gross Profit

(Million Yen)

FY 2023 result	Sales ratio	FY 2024 forecast	Sales ratio	Change YOY
13,117	14.4	12,250	12.9	△6.6
12,385	18.2	10,160	15.3	△18.0
732	3.2	2,090	7.3	185.3
198	19.1	300	20.0	50.8
13,316	14.5	12,550	13.0	△5.8



Capital Efficiency and Shareholder Returns

Capital Efficiency

Achieve “consistent and active shareholder returns” and “effective investments” to secure operating profits, with the aim of maintaining a reliable ROE of 9%

Share Holders Returns

2024/3
scheduled

120Yen (per share)

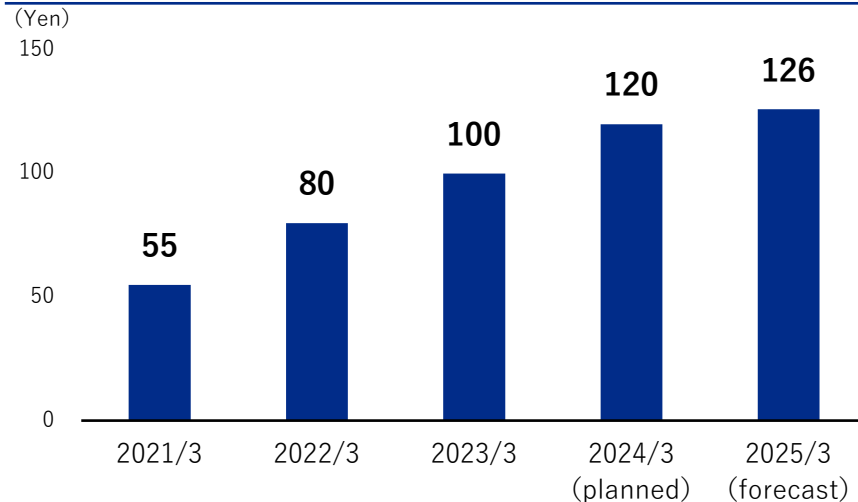
Dividend payout ratio 30.8%
(non-consolidated)

2025/3
forecast

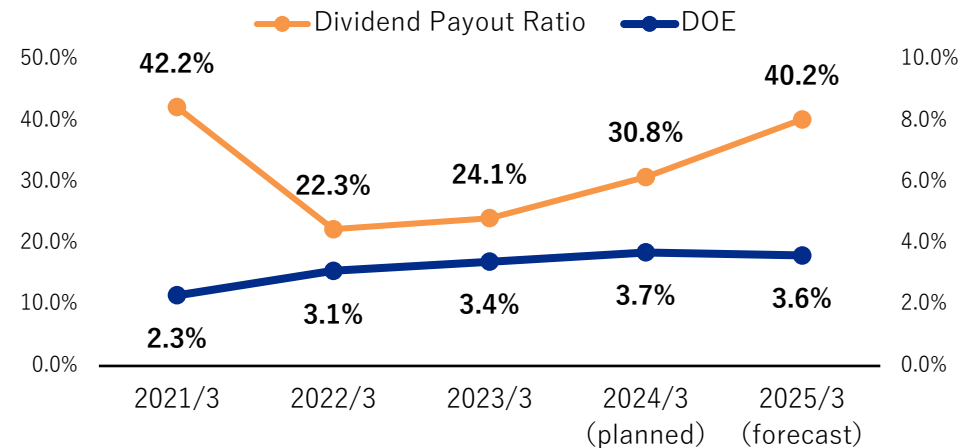
126Yen (per share)

Dividend payout ratio to 40% or more
with a minimum DOE ratio of 3.6%
(non-consolidated)

Dividend per share



Dividend Payout Ratio / DOE (non-consolidated)





WAKACHIKU CONSTRUCTION CO., LTD.

Disclaimer

The forward-looking statements, such as performance forecasts, contained in this document are based on information currently available to us and certain assumptions that we consider reasonable, and are not intended to be a commitment by us to achieve them. Please also note that actual performance may vary significantly due to various factors.