

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 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: Yasusuke Hirata  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022  
 Scheduled date to file Securities Report: June 30, 2022  
 Scheduled date to commence dividend payments: June 8, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	89,164	(0.7)	6,834	134.2	6,781	125.2	4,736	161.3
Year ended March 31, 2021	89,822	(16.7)	2,917	(42.1)	3,011	(36.6)	1,812	(38.8)

	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, 2022	371.47	–	13.6	7.8	7.7
Year ended March 31, 2021	142.14	–	5.7	3.4	3.2

(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, 2022	81,479	38,355	45.5	2,909.00
As of March 31, 2021	91,474	33,844	35.7	2,563.79

(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, 2022	16,030	(1,475)	(12,747)	16,399
Year ended March 31, 2021	(5,308)	(651)	4,988	14,376

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, 2021	–	0.00	–	55.00	55.00	701	38.7	2.2
Year ended March 31, 2022	–	0.00	–	80.00	80.00	1,026	21.5	2.9
Year ending March 31, 2023 (Forecast)	–	0.00	–	80.00	80.00		29.6	

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 year ended March 31, 2022

(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: Yes

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, 2022	12,964,993 shares	As of March 31, 2021	12,964,993 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	213,135 shares	As of March 31, 2021	212,936 shares
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Average number of shares during the period

Year ended March 31, 2022	12,751,980 shares	Year ended March 31, 2021	12,752,096 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	14,376	16,399
Notes receivable, accounts receivable from completed construction contracts and other	49,397	39,530
Real estate for sale	3,345	3,093
Costs on construction contracts in progress	963	329
Costs on real estate business	897	797
Advances paid	2,749	2,925
Other	6,110	3,191
Allowance for doubtful accounts	(53)	(43)
Total current assets	<u>77,787</u>	<u>66,222</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,151	4,583
Machinery, vehicles, tools, furniture and fixtures	4,660	4,742
Vessels	3,318	3,326
Land	5,951	6,358
Leased assets	149	160
Construction in progress	3	44
Accumulated depreciation	(8,916)	(9,202)
Total property, plant and equipment	<u>9,318</u>	<u>10,014</u>
Intangible assets	248	306
Investments and other assets		
Investment securities	2,555	2,774
Deferred tax assets	1,101	1,430
Retirement benefit asset	–	272
Other	931	863
Allowance for doubtful accounts	(468)	(405)
Total investments and other assets	<u>4,119</u>	<u>4,936</u>
Total non-current assets	<u>13,686</u>	<u>15,256</u>
Total assets	<u>91,474</u>	<u>81,479</u>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	18,802	14,530
Short-term borrowings	13,979	2,398
Lease liabilities	30	33
Income taxes payable	595	1,878
Advances received on uncompleted construction contracts	6,454	5,780
Deposits received	7,334	5,839
Provision for bonuses	793	1,211
Provision for warranties for completed construction	59	73
Provision for loss on construction contracts	62	52
Other	483	2,901
Total current liabilities	48,594	34,701
Non-current liabilities		
Long-term borrowings	4,132	3,785
Lease liabilities	71	67
Deferred tax liabilities for land revaluation	768	768
Provision for warranties for completed construction	1,167	947
Provision for share awards	–	36
Retirement benefit liability	2,817	2,735
Other	79	82
Total non-current liabilities	9,035	8,422
Total liabilities	57,630	43,124
Net assets		
Shareholders' equity		
Share capital	11,374	11,374
Capital surplus	2,924	2,948
Retained earnings	15,800	19,819
Treasury shares	(312)	(337)
Total shareholders' equity	29,786	33,805
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	254	360
Revaluation reserve for land	1,705	1,706
Remeasurements of defined benefit plans	947	1,221
Total accumulated other comprehensive income	2,907	3,289
Non-controlling interests	1,150	1,260
Total net assets	33,844	38,355
Total liabilities and net assets	91,474	81,479

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales		
Net sales of completed construction contracts	86,613	86,091
Net sales in real estate business and other	3,208	3,073
Total net sales	89,822	89,164
Cost of sales		
Cost of sales of completed construction contracts	78,988	73,963
Cost of sales in real estate business and other	2,225	2,136
Lose on valuation of realestate for sale	16	94
Total cost of sales	81,230	76,194
Gross profit		
Gross profit on completed construction contracts	7,624	12,128
Gross profit on real estate business and other	966	842
Total gross profit	8,591	12,970
Selling, general and administrative expenses	5,673	6,135
Operating profit	2,917	6,834
Non-operating income		
Interest income	38	14
Dividend income	56	65
Dividend income of insurance	20	–
Foreign exchange gains	223	75
Other	96	44
Total non-operating income	435	199
Non-operating expenses		
Interest expenses	174	151
Commission for syndicated loans	137	85
Other	30	15
Total non-operating expenses	342	252
Ordinary profit	3,011	6,781
Extraordinary income		
Gain on sale of non-current assets	2	0
Total extraordinary income	2	0
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	3	3
Impairment losses	0	20
Loss on disaster	3	8
Other	0	1
Total extraordinary losses	8	35
Profit before income taxes	3,006	6,746
Income taxes - current	1,119	2,268
Income taxes - deferred	(25)	(370)
Total income taxes	1,094	1,898
Profit	1,912	4,848
Profit attributable to non-controlling interests	99	111
Profit attributable to owners of parent	1,812	4,736

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,912	4,848
Other comprehensive income		
Valuation difference on available-for-sale securities	172	106
Remeasurements of defined benefit plans, net of tax	1,086	274
Total other comprehensive income	1,258	380
Comprehensive income	3,170	5,229
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,070	5,117
Comprehensive income attributable to non-controlling interests	99	111

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	14,752	(312)	28,738
Cumulative effects of changes in accounting policies					–
Restated balance	11,374	2,924	14,752	(312)	28,738
Changes during period					
Dividends of surplus			(765)		(765)
Profit attributable to owners of parent			1,812		1,812
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,047	(0)	1,047
Balance at end of period	11,374	2,924	15,800	(312)	29,786

	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	82	1,705	(138)	1,649	1,053	31,441
Cumulative effects of changes in accounting policies						–
Restated balance	82	1,705	(138)	1,649	1,053	31,441
Changes during period						
Dividends of surplus						(765)
Profit attributable to owners of parent						1,812
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	172	–	1,086	1,258	97	1,355
Total changes during period	172	–	1,086	1,258	97	2,403
Balance at end of period	254	1,705	947	2,907	1,150	33,844

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



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,006	6,746
Depreciation	627	677
Impairment losses	0	20
Increase (decrease) in allowance for doubtful accounts	(7)	(72)
Increase (decrease) in retirement benefit liability	154	(79)
Increase (decrease) in other provisions	809	200
Interest and dividend income	(95)	(79)
Interest expenses	174	151
Syndicate loan charges	137	85
Loss (gain) on sale and retirement of non-current assets	1	3
Decrease (increase) in trade receivables	(4,042)	9,867
Decrease (increase) in costs on construction contracts in progress	59	734
Decrease (increase) in real estate for sale	361	252
Increase (decrease) in trade payables	(2,117)	(4,272)
Increase (decrease) in advances received on uncompleted construction contracts and other	695	(673)
Decrease (increase) in other assets	(2,827)	2,832
Increase (decrease) in other liabilities	(324)	911
Other, net	(325)	(169)
Subtotal	(3,711)	17,136
Interest and dividends received	95	79
Interest paid	(160)	(145)
Income taxes paid	(1,530)	(1,039)
Net cash provided by (used in) operating activities	(5,308)	16,030
Cash flows from investing activities		
Purchase of property, plant and equipment	(560)	(1,278)
Proceeds from sale of property, plant and equipment	18	18
Purchase of investment securities	(1)	(1)
Other, net	(108)	(213)
Net cash provided by (used in) investing activities	(651)	(1,475)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,500	(11,400)
Proceeds from long-term borrowings	5,790	1,037
Repayments of long-term borrowings	(1,376)	(1,565)
Purchase of treasury shares	(0)	(150)
Proceeds from disposal of treasury shares	–	149
Dividends paid	(761)	(698)
Dividends paid to non-controlling interests	(2)	(2)
Repayments of finance lease liabilities	(24)	(32)
Syndicate loan charges paid	(137)	(85)
Net cash provided by (used in) financing activities	4,988	(12,747)
Effect of exchange rate change on cash and cash equivalents	271	214
Net increase (decrease) in cash and cash equivalents	(700)	2,022
Cash and cash equivalents at beginning of period	15,077	14,376
Cash and cash equivalents at end of period	14,376	16,399