

Translation

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

November 7, 2022

Company name: YAHAGI CONSTRUCTION CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 1870 URL <https://www.yahagi.co.jp/>
 Representative: President and Director Mitsuhiko Takayanagi
 Contact: keiri@yahagi.co.jp
 Scheduled date to file Quarterly Securities Report: November 8, 2022
 Scheduled date to commence dividend payments: November 29, 2022
 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	41,495	(11.4)	1,738	(20.4)	1,775	(19.7)	1,206	(23.5)
Six months ended September 30, 2021	46,852	1.3	2,184	(26.6)	2,211	(27.7)	1,577	(25.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	28.06		-	
Six months ended September 30, 2021	36.40		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	112,834	57,841	51.3
As of March 31, 2022	116,423	57,532	49.4

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	-	17.00	-	21.00	38.00
Year ending March 31, 2023	-	19.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	19.00	38.00

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	107,000	14.9	6,000	(2.7)	6,000	(2.8)	4,150	(14.3)	96.52

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	44,607,457 shares	As of March 31, 2022	44,607,457 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,598,691 shares	As of March 31, 2022	1,612,091 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	42,999,833 shares	Six months ended September 30, 2021	43,333,543 shares
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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	22,011	20,584
Notes receivable, accounts receivable from completed construction contracts and other	32,351	28,497
Electronically recorded monetary claims - operating	457	192
Costs on construction contracts in progress	2,534	4,613
Real estate for sale	19,884	19,987
Merchandise and finished goods	25	39
Raw materials and supplies	452	650
Other	2,804	2,477
Allowance for doubtful accounts	(86)	(85)
Total current assets	80,435	76,957
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,661	14,722
Machinery, vehicles, tools, furniture and fixtures	3,345	3,395
Land	19,091	19,092
Leased assets	103	99
Construction in progress	55	72
Accumulated depreciation	(9,985)	(10,235)
Total property, plant and equipment	27,272	27,145
Intangible assets	390	380
Investments and other assets		
Investment securities	5,298	5,303
Retirement benefit asset	244	246
Deferred tax assets	1,844	1,876
Other	987	972
Allowance for doubtful accounts	(49)	(48)
Total investments and other assets	8,326	8,350
Total non-current assets	35,988	35,876
Total assets	116,423	112,834

(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	6,758	7,797
Electronically recorded obligations - operating	3,635	5,098
Short-term borrowings	25,400	21,000
Income taxes payable	1,072	465
Advances received on construction contracts in progress	4,780	4,055
Provision for warranties for completed construction	441	447
Provision for loss on construction contracts	0	20
Provision for bonuses for directors (and other officers)	70	45
Other	2,988	2,564
Total current liabilities	45,148	41,495
Non-current liabilities		
Long-term borrowings	5,000	4,900
Deferred tax liabilities for land revaluation	221	221
Retirement benefit liability	4,864	4,894
Asset retirement obligations	353	355
Provision for share-based compensation	49	63
Other	3,252	3,062
Total non-current liabilities	13,743	13,497
Total liabilities	58,891	54,992
Net assets		
Shareholders' equity		
Share capital	6,808	6,808
Capital surplus	7,244	7,244
Retained earnings	49,124	49,419
Treasury shares	(897)	(886)
Total shareholders' equity	62,279	62,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,224	1,225
Revaluation reserve for land	(5,882)	(5,882)
Remeasurements of defined benefit plans	(90)	(87)
Total accumulated other comprehensive income	(4,747)	(4,744)
Total net assets	57,532	57,841
Total liabilities and net assets	116,423	112,834

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	42,614	35,715
Net sales in real estate business and other	4,237	5,779
Total net sales	46,852	41,495
Cost of sales		
Cost of sales of completed construction contracts	38,010	31,712
Cost of sales in real estate business and other	2,827	3,787
Total cost of sales	40,838	35,500
Gross profit		
Gross profit on completed construction contracts	4,603	4,003
Gross profit on real estate business and other	1,410	1,992
Total gross profit	6,013	5,995
Selling, general and administrative expenses	3,829	4,257
Operating profit	2,184	1,738
Non-operating income		
Interest income	2	0
Dividend income	72	56
Other	32	32
Total non-operating income	106	89
Non-operating expenses		
Interest expenses	71	42
Other	8	10
Total non-operating expenses	79	52
Ordinary profit	2,211	1,775
Extraordinary income		
Gain on sale of investment securities	105	–
Total extraordinary income	105	–
Extraordinary losses		
Loss on retirement of non-current assets	2	67
Loss on valuation of investment securities	30	–
Total extraordinary losses	32	67
Profit before income taxes	2,283	1,707
Income taxes - current	752	545
Income taxes - deferred	(46)	(44)
Total income taxes	706	501
Profit	1,577	1,206
Profit attributable to non-controlling interests	0	–
Profit attributable to owners of parent	1,577	1,206

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,577	1,206
Other comprehensive income		
Valuation difference on available-for-sale securities	64	0
Remeasurements of defined benefit plans, net of tax	14	2
Total other comprehensive income	78	3
Comprehensive income	1,656	1,209
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,656	1,209
Comprehensive income attributable to non-controlling interests	0	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,283	1,707
Depreciation	420	459
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Interest and dividend income	(74)	(56)
Interest expenses	71	42
Loss (gain) on sale and retirement of property, plant and equipment	2	67
Decrease (increase) in trade receivables	12,437	4,118
Decrease (increase) in inventories	(4,764)	(2,393)
Increase (decrease) in trade payables	(3,826)	2,501
Increase (decrease) in advances received on construction contracts in progress	(213)	(724)
Other, net	(367)	(20)
Subtotal	5,969	5,699
Interest and dividends received	79	56
Interest paid	(67)	(42)
Income taxes paid	(1,248)	(1,133)
Net cash provided by (used in) operating activities	4,732	4,580
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,144)	(592)
Proceeds from sale of property, plant and equipment and intangible assets	0	–
Other, net	129	6
Net cash provided by (used in) investing activities	(2,014)	(586)
Cash flows from financing activities		
Proceeds from short-term borrowings	300	2,600
Repayments of short-term borrowings	(4,000)	(7,000)
Proceeds from long-term borrowings	500	–
Repayments of long-term borrowings	(826)	(100)
Net decrease (increase) in treasury shares	(254)	–
Dividends paid	(737)	(911)
Other, net	(4)	(9)
Net cash provided by (used in) financing activities	(5,023)	(5,420)
Net increase (decrease) in cash and cash equivalents	(2,305)	(1,426)
Cash and cash equivalents at beginning of period	21,951	21,891
Cash and cash equivalents at end of period	19,646	20,464