

Translation

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

May 10, 2023

Company name: YAHAGI CONSTRUCTION CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 1870 URL <https://www.yahagi.co.jp/>
 Representative: President and Director Mitsuhiro Takayanagi
 Contact: keiri@yahagi.co.jp
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 8, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(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	111,110	19.4	7,212	16.9	7,259	17.6	4,508	(6.9)
Year ended March 31, 2022	93,090	(12.7)	6,169	(16.2)	6,174	(17.1)	4,842	47.1

	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	104.83	–	7.6	5.9	6.5
Year ended March 31, 2022	112.18	–	8.6	5.0	6.6

(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	129,987	60,431	46.5	1,405.10
As of March 31, 2022	116,423	57,532	49.4	1,338.10

(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	4,152	(3,069)	(253)	22,721
Year ended March 31, 2022	15,841	(1,549)	(14,351)	21,891

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	–	17.00	–	21.00	38.00	1,649	33.9	2.9
Year ended March 31, 2023	–	19.00	–	24.00	43.00	1,866	41.0	3.1
Year ending March 31, 2024 (Forecast)	–	30.00	–	30.00	60.00		41.0	

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
Six months ending September 30, 2023	53,000	27.7	500	(71.2)	500	(71.8)	300	(75.1)	6.98
Full year	122,000	9.8	9,500	31.7	9,500	30.9	6,300	39.7	146.48

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	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 March 31, 2023	1,598,789 shares	As of March 31, 2022	1,612,091 shares
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Average number of shares during the period

Year ended March 31, 2023	43,004,282 shares	Year ended March 31, 2022	43,164,454 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	22,011	22,821
Notes receivable, accounts receivable from completed construction contracts and other	32,351	42,427
Electronically recorded monetary claims - operating	457	326
Costs on construction contracts in progress	2,534	2,074
Real estate for sale	19,884	20,239
Merchandise and finished goods	25	26
Raw materials and supplies	452	626
Other	2,804	3,770
Allowance for doubtful accounts	(86)	(88)
Total current assets	80,435	92,223
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,661	15,124
Machinery, vehicles, tools, furniture and fixtures	3,345	3,499
Land	19,091	19,847
Leased assets	103	90
Construction in progress	55	535
Accumulated depreciation	(9,985)	(10,600)
Total property, plant and equipment	27,272	28,497
Intangible assets	390	805
Investments and other assets		
Investment securities	5,298	5,174
Retirement benefit asset	244	247
Deferred tax assets	1,844	2,047
Other	987	1,039
Allowance for doubtful accounts	(49)	(48)
Total investments and other assets	8,326	8,460
Total non-current assets	35,988	37,763
Total assets	116,423	129,987

(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	6,758	10,551
Electronically recorded obligations - operating	3,635	8,145
Short-term borrowings	25,400	28,100
Income taxes payable	1,072	1,058
Advances received on construction contracts in progress	4,780	4,604
Provision for warranties for completed construction	441	447
Provision for loss on construction contracts	0	53
Provision for bonuses for directors (and other officers)	70	69
Other	2,988	3,814
Total current liabilities	45,148	56,843
Non-current liabilities		
Long-term borrowings	5,000	3,800
Deferred tax liabilities for land revaluation	221	221
Retirement benefit liability	4,864	5,178
Asset retirement obligations	353	371
Provision for share-based payments	49	88
Other	3,252	3,050
Total non-current liabilities	13,743	12,712
Total liabilities	58,891	69,556
Net assets		
Shareholders' equity		
Share capital	6,808	6,808
Capital surplus	7,244	7,244
Retained earnings	49,124	51,896
Treasury shares	(897)	(886)
Total shareholders' equity	62,279	65,062
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,224	1,484
Revaluation reserve for land	(5,882)	(5,882)
Remeasurements of defined benefit plans	(90)	(232)
Total accumulated other comprehensive income	(4,747)	(4,630)
Total net assets	57,532	60,431
Total liabilities and net assets	116,423	129,987

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	78,993	94,265
Net sales in real estate business and other	14,096	16,845
Total net sales	93,090	111,110
Cost of sales		
Cost of sales of completed construction contracts	68,613	83,443
Cost of sales in real estate business and other	9,541	11,076
Total cost of sales	78,155	94,520
Gross profit		
Gross profit on completed construction contracts	10,379	10,822
Gross profit on real estate business and other	4,555	5,768
Total gross profit	14,935	16,590
Selling, general and administrative expenses	8,765	9,377
Operating profit	6,169	7,212
Non-operating income		
Interest income	0	0
Dividend income	105	101
Other	51	49
Total non-operating income	157	151
Non-operating expenses		
Interest expenses	127	85
Miscellaneous expenses	24	18
Total non-operating expenses	152	104
Ordinary profit	6,174	7,259
Extraordinary income		
Gain on sale of non-current assets	3	–
Gain on sale of investment securities	899	–
Total extraordinary income	903	–
Extraordinary losses		
Loss on retirement of non-current assets	26	137
Loss on valuation of investment securities	30	501
Impairment losses	–	240
Other	1	–
Total extraordinary losses	58	879
Profit before income taxes	7,019	6,379
Income taxes - current	2,176	2,104
Income taxes - deferred	0	(233)
Total income taxes	2,177	1,871
Profit	4,842	4,508
Profit attributable to owners of parent	4,842	4,508

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,842	4,508
Other comprehensive income		
Valuation difference on available-for-sale securities	(102)	259
Remeasurements of defined benefit plans, net of tax	(25)	(142)
Total other comprehensive income	(128)	116
Comprehensive income	4,714	4,624
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,714	4,624

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	6,808	7,244	45,783	(576)	59,259
Cumulative effects of changes in accounting policies			(25)		(25)
Restated balance	6,808	7,244	45,757	(576)	59,233
Changes during period					
Dividends of surplus			(1,475)		(1,475)
Profit attributable to owners of parent			4,842		4,842
Purchase of treasury shares				(320)	(320)
Disposal of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,366	(320)	3,045
Balance at end of period	6,808	7,244	49,124	(897)	62,279

	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	1,327	(5,882)	(64)	(4,619)	–	54,639
Cumulative effects of changes in accounting policies						(25)
Restated balance	1,327	(5,882)	(64)	(4,619)	–	54,614
Changes during period						
Dividends of surplus						(1,475)
Profit attributable to owners of parent						4,842
Purchase of treasury shares						(320)
Disposal of treasury shares						
Net changes in items other than shareholders' equity	(102)		(25)	(128)		(128)
Total changes during period	(102)	–	(25)	(128)	–	2,917
Balance at end of period	1,224	(5,882)	(90)	(4,747)	–	57,532

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,808	7,244	49,124	(897)	62,279
Cumulative effects of changes in accounting policies					
Restated balance	6,808	7,244	49,124	(897)	62,279
Changes during period					
Dividends of surplus			(1,736)		(1,736)
Profit attributable to owners of parent			4,508		4,508
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				10	10
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,771	10	2,782
Balance at end of period	6,808	7,244	51,896	(886)	65,062

	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	1,224	(5,882)	(90)	(4,747)	–	57,532
Cumulative effects of changes in accounting policies						
Restated balance	1,224	(5,882)	(90)	(4,747)	–	57,532
Changes during period						
Dividends of surplus						(1,736)
Profit attributable to owners of parent						4,508
Purchase of treasury shares						(0)
Disposal of treasury shares						10
Net changes in items other than shareholders' equity	259		(142)	116		116
Total changes during period	259	–	(142)	116	–	2,899
Balance at end of period	1,484	(5,882)	(232)	(4,630)	–	60,431

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	7,019	6,379
Depreciation	858	950
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for bonuses for directors (and other officers)	(42)	(1)
Increase (decrease) in retirement benefit liability	70	106
Interest and dividend income	(106)	(101)
Interest expenses	127	85
Impairment losses	–	240
Loss (gain) on sale and retirement of property, plant and equipment	24	137
Loss (gain) on sale of investment securities	(899)	–
Loss (gain) on valuation of investment securities	30	501
Decrease (increase) in trade receivables	16,843	(9,408)
Decrease (increase) in inventories	(2,686)	73
Increase (decrease) in trade payables	(6,014)	7,501
Increase (decrease) in advances received on construction contracts in progress	1,063	(449)
Increase (decrease) in accrued consumption taxes	2,082	250
Other, net	(107)	15
Subtotal	18,266	6,281
Interest and dividends received	110	101
Interest paid	(125)	(86)
Income taxes paid	(2,411)	(2,144)
Net cash provided by (used in) operating activities	15,841	4,152
Cash flows from investing activities		
Decrease (increase) in time deposits	20	20
Proceeds from sale of property, plant and equipment	5	–
Purchase of property, plant and equipment and intangible assets	(2,600)	(2,682)
Proceeds from sale of investment securities	1,041	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(413)
Other, net	(16)	6
Net cash provided by (used in) investing activities	(1,549)	(3,069)
Cash flows from financing activities		
Proceeds from short-term borrowings	600	13,600
Repayments of short-term borrowings	(12,700)	(12,000)
Proceeds from long-term borrowings	900	–
Repayments of long-term borrowings	(1,340)	(100)
Net decrease (increase) in treasury shares	(320)	(0)
Dividends paid	(1,475)	(1,736)
Other, net	(14)	(17)
Net cash provided by (used in) financing activities	(14,351)	(253)
Net increase (decrease) in cash and cash equivalents	(59)	829
Cash and cash equivalents at beginning of period	21,951	21,891
Cash and cash equivalents at end of period	21,891	22,721