



November 7, 2022

To whom it may concern:

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IR Material: Current Management Status of the Group

Consolidated Financial Results for the Six Months Ended September 30, 2022

The outline of the consolidated financial results and the current management status of the Group for the six months ended September 30, 2022 are shown below:

○Contents

I. Consolidated profit and loss.....	1
II. Overall status by business.....	3
1. Building construction.....	3
2. Civil engineering.....	3
3. Real estate business.....	4
III. Consolidated financial position.....	5
IV. Forecasts for the fiscal year ending March 31, 2023.....	6
V. Dividends.....	6
VI. Reference information.....	7
1. Orders received, net sales, and carry forward to the second half (consolidated).....	7

* This document has been translated from the Japanese original for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

I. Consolidated profit and loss

☐ Consolidated operating results

(Millions of Yen)

	Six months ended Sept. 30, 2018 Actual	Six months ended Sept. 30, 2019 Actual	Six months ended Sept. 30, 2020 Actual	Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
						Increase/ decrease	Change
Net sales	39,452	37,823	46,247	46,852	41,495	▲ 5,356	▲ 11.4%
Net sales of completed construction contracts	36,434	33,419	38,418	42,614	35,715	▲ 6,898	▲ 16.2%
Net sales in real estate business and other	3,017	4,403	7,829	4,237	5,779	1,541	36.4%
Gross profit	6,389	6,143	6,943	6,013	5,995	▲ 18	▲ 0.3%
<i>(Gross profit margin)</i>	<i>(16.2%)</i>	<i>(16.2%)</i>	<i>(15.0%)</i>	<i>(12.8%)</i>	<i>(14.4%)</i>		<i>1.6pt</i>
Gross profit on completed construction contracts	5,037	4,785	4,827	4,603	4,003	▲ 600	▲ 13.0%
Gross profit on real estate business and other	1,351	1,357	2,115	1,410	1,992	582	41.3%
Selling, general, and administrative expenses	3,799	3,855	3,967	3,829	4,257	427	11.2%
Operating profit	2,590	2,287	2,975	2,184	1,738	▲ 446	▲ 20.4%
<i>(Operating profit margin)</i>	<i>(6.6%)</i>	<i>(6.0%)</i>	<i>(6.4%)</i>	<i>(4.7%)</i>	<i>(4.2%)</i>		<i>▲ 0.5pt</i>
Ordinary profit	2,645	2,357	3,058	2,211	1,775	▲ 435	▲ 19.7%
<i>(Ordinary profit margin)</i>	<i>(6.7%)</i>	<i>(6.2%)</i>	<i>(6.6%)</i>	<i>(4.7%)</i>	<i>(4.3%)</i>		<i>▲ 0.4pt</i>
Profit attributable to owners of parent	1,780	1,522	2,104	1,577	1,206	▲ 370	▲ 23.5%
<i>(Return on sales)</i>	<i>(4.5%)</i>	<i>(4.0%)</i>	<i>(4.5%)</i>	<i>(3.4%)</i>	<i>(2.9%)</i>		<i>▲ 0.5pt</i>

☐ Summary of orders received

(Millions of Yen)

	Six months ended Sept. 30, 2018 Actual	Six months ended Sept. 30, 2019 Actual	Six months ended Sept. 30, 2020 Actual	Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
						Increase/ decrease	Change
Building construction	17,650	39,447	38,580	7,474	17,444	9,969	133.4%
Civil engineering	15,051	12,922	9,648	16,432	11,978	▲ 4,453	▲ 27.1%
Total	32,702	52,370	48,228	23,906	29,422	5,516	23.1%

☐ Summary of carry forward to the second half

(Millions of Yen)

	Six months ended Sept. 30, 2018 Actual	Six months ended Sept. 30, 2019 Actual	Six months ended Sept. 30, 2020 Actual	Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
						Increase/ decrease	Change
Building construction	34,453	63,012	70,751	30,144	56,955	26,810	88.9%
Civil engineering	32,934	34,378	28,556	28,405	27,079	▲ 1,325	▲ 4.7%
Total	67,387	97,390	99,307	58,549	84,034	25,484	43.5%

[Comparison with the results for the previous fiscal year]

(Net sales)

Construction business	... Decrease
(Factor)	Among incomplete work at the beginning of the current six month period, a high proportion of orders were received around the end of the fiscal year ended March 31, 2022, and those projects are expected to gain momentum in the second half of the current fiscal year.
Real estate business	... Increase
(Factor)	The sales of self-developed industrial land contributed to revenue.
Total	... Decrease
(Factor)	Revenue from construction business decreased significantly.

(Profit)

Construction business	... Decrease
(Factor)	The decrease in revenue in the construction business.
Real estate business	... Increase
(Factor)	The sales of self-developed industrial land brought about a revenue increasing effect.
Total	... Although gross profit decreased only slightly, selling, general, and administrative expenses increased since personnel expenses increased due to improvement of wage level and renewal expenses for head office building were recorded, and therefore, profit decreased for profit line items of operating profit and below.

[Orders received and carry forward to the second half]

Orders received	... Increase
(Factor)	Orders received for large logistics facility and factories in building construction.
Carry forward to the second half	... Increase
(Factor)	In addition to large-scale incomplete work for which order was received late in the fiscal year ended March 31, 2022, orders received increased.

[Comparison with the financial forecasts]

(Reference) Consolidated financial forecasts and results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Financial forecasts (released on May 10, 2022)	41,500	1,800	1,800	1,200
Actual	41,495	1,738	1,775	1,206

(Millions of Yen)

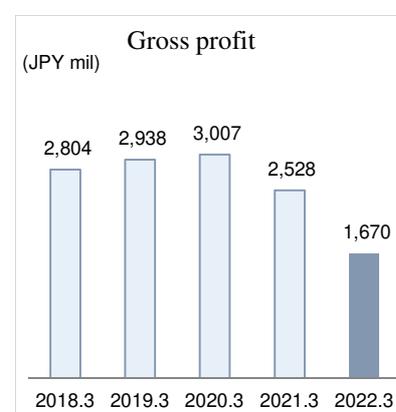
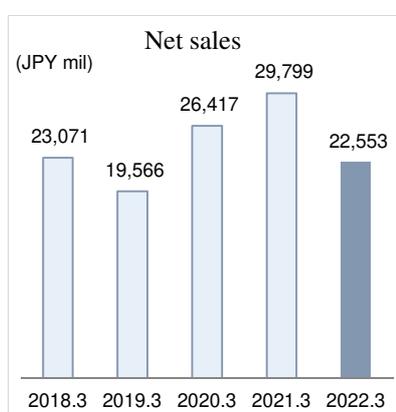
II. Overall status by business

1. Building construction

☐ Orders received, net sales, gross profit, etc.

(Millions of Yen)

	Six months ended Sept. 30, 2018 Actual	Six months ended Sept. 30, 2019 Actual	Six months ended Sept. 30, 2020 Actual	Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
						Increase/ decrease	Change
Consolidated orders received	17,650	39,447	38,580	7,474	17,444	9,969	133.4%
Consolidated net sales	23,071	19,566	26,417	29,799	22,553	▲ 7,246	▲ 24.3%
Consolidated gross profit	2,804	2,938	3,007	2,528	1,670	▲ 858	▲ 33.9%
Consolidated gross profit margin	12.2%	15.0%	11.4%	8.5%	7.4%		▲ 1.1pt

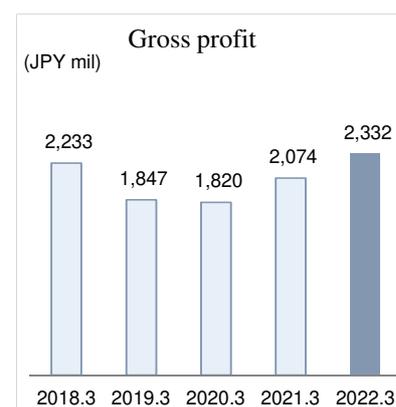
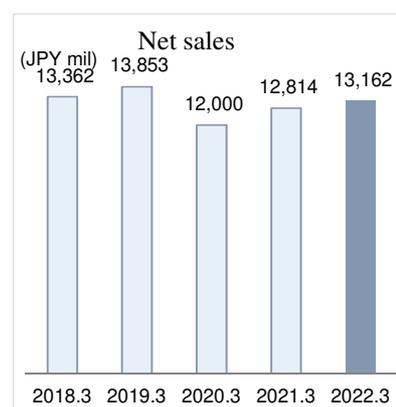


2. Civil engineering

☐ Orders received, net sales, gross profit, etc.

(Millions of Yen)

	Six months ended Sept. 30, 2018 Actual	Six months ended Sept. 30, 2019 Actual	Six months ended Sept. 30, 2020 Actual	Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
						Increase/ decrease	Change
Consolidated orders received	15,051	12,922	9,648	16,432	11,978	▲ 4,453	▲ 27.1%
Consolidated net sales	13,362	13,853	12,000	12,814	13,162	347	2.7%
Consolidated gross profit	2,233	1,847	1,820	2,074	2,332	257	12.4%
Consolidated gross profit margin	16.7%	13.3%	15.2%	16.2%	17.7%		1.5pt

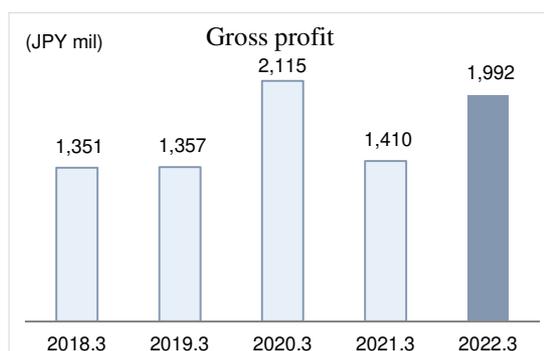
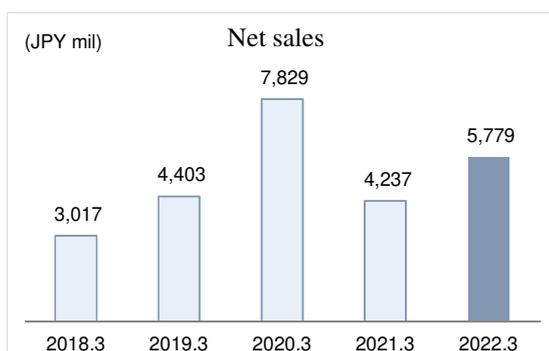


3. Real estate business

Net sales, gross profit, etc.

(Millions of Yen)

	Six months ended Sept. 30, 2018 Actual	Six months ended Sept. 30, 2019 Actual	Six months ended Sept. 30, 2020 Actual	Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
						Increase /decrease	Change
Consolidated net sales	3,017	4,403	7,829	4,237	5,779	1,541	36.4%
Consolidated gross profit	1,351	1,357	2,115	1,410	1,992	582	41.3%
Consolidated gross profit margin	44.8%	30.8%	27.0%	33.3%	34.5%		1.2pt



Results of condominiums for sale

(Company's share)

	Six months ended Sept. 30, 2018 Actual	Six months ended Sept. 30, 2019 Actual	Six months ended Sept. 30, 2020 Actual	Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
						Increase/ decrease	Change
Number of delivered units	30	39	103	47	38	▲ 9	▲ 19.1%
Number of contracted units	110	107	62	71	106	35	49.3%

III. Consolidated financial position

□ Consolidated balance sheets

Assets		As of March 31, 2022 Actual	As of September 30, 2022 Actual	Changes
Current assets	Cash and deposits	22,011	20,584	▲ 1,426
	Trade receivables	32,808	28,690	▲ 4,118
	Costs on construction contracts in progress	2,534	4,613	2,078
	Real estate for sale	19,884	19,987	102
	Other	3,195	3,082	▲ 113
	Total	80,435	76,957	▲ 3,477
Fixed assets	Property, plant and equipment	27,272	27,145	▲ 127
	Intangible assets	390	380	▲ 9
	Investments and other assets	8,326	8,350	24
	Total	35,988	35,876	▲ 112
Total assets	116,423	112,834	▲ 3,589	

(Millions of Yen)

Liabilities		As of March 31, 2022 Actual	As of September 30, 2022 Actual	Changes
Current liabilities	Accounts payable	10,394	12,896	2,501
	Short-term borrowings	25,400	21,000	▲ 4,400
	Advances received on construction contracts in progress	4,780	4,055	▲ 724
	Other	4,573	3,543	▲ 1,029
	Total	45,148	41,495	▲ 3,652
Long-term liabilities	Long-term borrowings	5,000	4,900	▲ 100
	Other	8,743	8,597	▲ 145
	Total	13,743	13,497	▲ 245
Total liabilities	58,891	54,992	▲ 3,898	
Net assets	57,532	57,841	309	
Total liabilities and net assets	116,423	112,834	▲ 3,589	

[Comparison with the results for the previous fiscal year]

- Total assets ... Decreased by approximately ¥3.5 billion.
- Current assets ... Decreased by approximately ¥3.4 billion as trade receivables decreased by approximately ¥4.1 billion.
- Fixed assets ... Decreased by approximately ¥0.1 billion due to depreciation.
- Liabilities ... Decreased by approximately ¥3.8 billion mainly due to progress in repayment of borrowings.
- Net assets ... Increased by approximately ¥0.3 billion mainly due to the recognition of profit.

IV. Forecasts for the fiscal year ending March 31, 2023

(Millions of Yen)

	FYE March 2022	FYE March 2023	Year on year	
	Actual	Full-year forecasts	Increase/decrease	Change
Net sales	93,090	107,000	13,910	14.9%
Operating profit	6,169	6,000	▲ 169	▲ 2.7%
<i>(Operating profit margin)</i>	<i>(6.6%)</i>	<i>(5.6%)</i>		▲ 1.0pt
Ordinary profit	6,174	6,000	▲ 174	▲ 2.8%
<i>(Ordinary profit margin)</i>	<i>(6.6%)</i>	<i>(5.6%)</i>		▲ 1.0pt
Profit attributable to owners of parent	4,842	4,150	▲ 692	▲ 14.3%
<i>(Return on sales)</i>	<i>(5.2%)</i>	<i>(3.9%)</i>		▲ 1.3pt

[Full-year consolidated financial forecasts for the fiscal year ending March 31, 2023]

The full-year forecasts of net sales, operating profit and profit for the fiscal year ending March 31, 2023 are ¥107.0 billion (highest ever), ¥6.0 billion and ¥4.15 billion, respectively. No changes have been made to the forecast since its announcement in May 2022.

(Net sales)

Construction business	... Increase	
(Factor)		The current fiscal year started with abundant incomplete work as of the beginning of the year, and the large-scale logistics facility and other projects are expected to gain momentum in the second half of the current fiscal year and onward.
Real estate business	... Same level	
(Factor)		Although increased deliveries of condominiums are expected in the condominiums for sale business, the real estate business as a whole is expected to maintain the same level year on year.
Total	... Significant increase	
(Factor)		Revenue in the construction business is expected to increase significantly.

(Profit)

Construction business	... Same level	
(Factor)		Profit is expected to be at the same level year on year due to the impact of the surge in prices of materials, etc. in spite of an expected revenue increasing effect.
Real estate business	... Increase	
(Factor)		Revenue in the condominiums for sale business is expected to increase.
Total	... While gross profit is expected to increase year on year, selling, general, and administrative expenses are expected to increase mainly owing to the increase in personnel expenses due to improvement of wage level, and operating profit and ordinary profit are expected to be at the same level year on year. Profit is expected to fall below that of the previous fiscal year-end, which recorded extraordinary income.	

V. Dividends

	FYE March 2018 Actual	FYE March 2019 Actual	FYE March 2020 Actual	FYE March 2021 Actual	FYE March 2022 Actual	FYE March 2023 Forecast
Interim dividend	¥12	¥12	¥16	¥17	¥17	(Actual) ¥19
Year-end dividend	¥12	¥16	¥18	¥17	¥21	¥19
Annual dividends	¥24	¥28	(*) ¥34	¥34	¥38	¥38
Payout ratio (consolidate)	25.5%	27.1%	28.6%	44.8%	33.9%	39.4%

(*) Including commemorative dividend of ¥4 for the 70th anniversary of foundation

VI. Reference information

1. Orders received, net sales, and carry forward to the second half (consolidated)

Orders received

(Millions of Yen)

Category			Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
					Increase/decrease	Change
Construction	Building construction	Public	—	—	—	—
		Private	7,474	17,444	9,969	133.4%
		Total	7,474	17,444	9,969	133.4%
	Civil engineering	Public	4,311	5,388	1,076	25.0%
		Private	12,120	6,589	▲ 5,530	▲ 45.6%
		Total	16,432	11,978	▲ 4,453	▲ 27.1%
		Public	4,311	5,388	1,076	25.0%
		Private	19,594	24,034	4,439	22.7%
		Total	23,906	29,422	5,516	23.1%

Net sales

(Millions of Yen)

Category			Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
					Increase/decrease	Change
Construction	Building construction	Public	—	—	—	—
		Private	29,799	22,553	▲ 7,246	▲ 24.3%
		Total	29,799	22,553	▲ 7,246	▲ 24.3%
	Civil engineering	Public	4,203	4,819	615	14.6%
		Private	8,611	8,343	▲ 267	▲ 3.1%
		Total	12,814	13,162	347	2.7%
	Subtotal	Public	4,203	4,819	615	14.6%
		Private	38,411	30,896	▲ 7,514	▲ 19.6%
		Total	42,614	35,715	▲ 6,898	▲ 16.2%
Real estate business and other			4,237	5,779	1,541	36.4%
Total			46,852	41,495	▲ 5,356	▲ 11.4%

Carry forward to the second half

(Millions of Yen)

Category			Six months ended Sept. 30, 2021 Actual	Six months ended Sept. 30, 2022 Actual	Year on year	
					Increase/decrease	Change
Construction	Building construction	Public	—	—	—	—
		Private	30,144	56,955	26,810	88.9%
		Total	30,144	56,955	26,810	88.9%
	Civil engineering	Public	9,426	10,510	1,083	11.5%
		Private	18,978	16,569	▲ 2,409	▲ 12.7%
		Total	28,405	27,079	▲ 1,325	▲ 4.7%
	Total	Public	9,426	10,510	1,083	11.5%
		Private	49,123	73,524	24,401	49.7%
		Total	58,549	84,034	25,484	43.5%

End