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Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



January 30, 2024

Company name: Yurtec Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1934
 URL: <http://www.yurtec.co.jp/>
 Representative: Yoshiharu Ota, Representative Director & President, Chief Executive Officer
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 Scheduled date of filing quarterly securities report: February 7, 2024
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	172,973	7.2	5,221	12.2	6,390	11.9	4,107	18.1
December 31, 2022	161,321	0.6	4,655	(11.6)	5,712	1.8	3,477	(4.7)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥4,525 million [1.2%]

Nine months ended December 31, 2022: ¥4,472 million [26.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	57.35	–
December 31, 2022	48.60	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	219,763	137,060	62.3
As of March 31, 2023	221,400	134,488	60.7

(Reference) Equity: As of December 31, 2023: ¥137,001 million

As of March 31, 2023: ¥134,432 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	14.00	–	14.00	28.00
Fiscal year ending March 31, 2024	–	14.00	–		
Fiscal year ending March 31, 2024 (Forecast)				16.00	30.00

(Note) Revision to the dividend forecast announced most recently: Yes

For revision to the dividend forecast, please see the “Notice Concerning Revisions to Financial Results Forecast and Dividend Forecast (Dividend Increase)” announced today.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	241,000	6.0	9,600	0.6	10,700	1.9	7,000	6.7	97.72

(Note) Revision to the financial results forecast announced most recently: Yes

For revision to the consolidated financial results forecast, please see the “Notice Concerning Revisions to Financial Results Forecast and Dividend Forecast (Dividend Increase)” announced today.

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – (Company name: –)
Excluded: – (Company name: –)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
(Note) For more details, please see page 8 of the attachment, “(3) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” in “2. Quarterly Consolidated Financial Statements and Primary Notes.”
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

As of December 31, 2023:	72,224,462 shares
As of March 31, 2023:	72,224,462 shares
 - 2) Total number of treasury shares at the end of the period:

As of December 31, 2023:	565,966 shares
As of March 31, 2023:	630,544 shares
 - 3) Average number of shares during the period (cumulative total):

Nine months ended December 31, 2023:	71,632,753 shares
Nine months ended December 31, 2022:	71,561,267 shares

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

*** Explanation of the proper use of financial results forecast and other notes**

- The forward-looking statements, including earnings forecasts, contained in this document are based on the information currently available to the Company and certain assumptions that it deems to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections due to various factors. For matters regarding financial results forecast, please see page 3 of the attachment, “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” in “1. Qualitative Information on Quarterly Financial Results.”
- The supplementary explanatory materials on quarterly financial results will be posted on the Company’s website on the same day.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	158,368	6.7	4,574	3.0	5,859	4.6	3,992	5.1
December 31, 2022	148,491	0.8	4,440	(4.2)	5,603	0.3	3,796	(4.5)

	Basic earnings per share
Nine months ended December 31, 2023	Yen 55.73
December 31, 2022	53.06

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	193,833	120,042	61.9
As of March 31, 2023	195,060	117,748	60.4

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	220,000	5.0	9,100	0.3	10,600	1.2	6,800	(5.6)	94.93

(Note) Revision to the financial results forecast announced most recently: Yes

For revision to the non-consolidated financial results forecast, please see the “Notice Concerning Revisions to Financial Results Forecast and Dividend Forecast (Dividend Increase)” announced today.

* Explanation of the proper use of financial results forecast and other notes

- The forward-looking statements, including earnings forecasts, contained in this document are based on the information currently available to the Company and certain assumptions that it deems to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections due to various factors.
- The supplementary explanatory materials on quarterly financial results will be posted on the Company’s website on the same day.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The Japanese economy during the third quarter of the fiscal year ending March 31, 2024 showed a modest recovery trend, such as indications of improvements in personal consumption and the employment and wages conditions, thanks to the effects of the various government policies.

In the construction industry, public-sector investments continued to be firm, and the recovery of private-sector capital investment came to a standstill.

Under these circumstances, the Company has been pursuing business expansion, based on the FY2023 Medium-Term Management Plan, by promoting the basic strategies of increasing earnings in the Kanto region, strengthening renewal sales, and strengthening overseas business, while building on our relationships with our clients in the Tohoku and Niigata regions.

Specifically, in the Kanto region, in addition to increasing orders received for large-scale commercial facilities and indoor wiring, air-conditioning, and plumbing installation work mainly for R & D facilities, we have been working to increase earnings through measures including turnkey orders for work including information and telecommunications installation work.

In terms of renewal sales, we are making efforts to increase orders received by actively offering proposals that meet clients' equipment updating needs and proposing technology to reduce CO₂ emissions to our clients.

In the overseas business, efforts are being made, primarily by Sigma Engineering JSC, our consolidated subsidiary, to increase orders received for indoor wiring, air-conditioning, and plumbing installation work of large hotels and building complex projects, as well as renewable energy-related construction.

In electric power infrastructure construction work, the Company has been striving to increase orders received for maintenance work on main power grids and planned renewal work on power transmission and distribution facilities, while being committed to contributing to the stable supply of electricity, which is indispensable in social life.

Furthermore, considering that many projects for the construction of wind-power generation plants are planned in various parts of the Tohoku region, we are making efforts, including increasing personnel required for research and design, to increase orders received for renewable energy-related construction.

As for the business results of the Group for the nine months ended December 31, 2023, work orders received increased by ¥32,144 million (up 20.1% year on year) to ¥192,098 million (on a non-consolidated basis), thanks to the orders received for construction related to the large-scale wind-power generation plants. In addition, consolidated net sales increased by ¥11,652 million (up 7.2% year on year) to ¥172,973 million, due to the increased number of works for air-conditioning and plumbing, power distribution lines, and power transmission.

In terms of profit and loss, consolidated operating profit of ¥5,221 million (an increase of ¥565 million year on year), consolidated ordinary profit of ¥6,390 million (an increase of ¥678 million year on year), and profit attributable to owners of parent of ¥4,107 million (an increase of ¥630 million year on year) were reported.

(2) Explanation of Financial Position

Total assets were ¥219,763 million as of December 31, 2023, a decrease of ¥1,637 million compared with the end of the previous fiscal year. This is mainly attributable to increases of ¥4,015 million in notes receivable, accounts receivable from completed construction contracts and other and ¥2,018 million in costs on construction contracts in progress and a decrease of ¥14,206 million in cash and deposits.

Total liabilities were ¥82,702 million, a decrease of ¥4,210 million compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥4,342 million in notes payable, accounts payable for construction contracts and other.

Total net assets were ¥137,060 million, an increase of ¥2,572 million compared with the end of the previous fiscal year. This is mainly attributable to increases of ¥2,144 million in retained earnings and ¥386 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company has made changes to the full-year consolidated financial results forecast announced on October 30, 2023. For details, please see the “Notice Concerning Revisions to Financial Results Forecast and Dividend Forecast (Dividend Increase)” announced today.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	35,979	21,773
Notes receivable, accounts receivable from completed construction contracts and other	77,778	81,793
Electronically recorded monetary claims - operating	11,048	10,317
Costs on construction contracts in progress	1,070	3,089
Other	19,112	26,484
Allowance for doubtful accounts	(310)	(309)
Total current assets	144,679	143,149
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,428	19,919
Land	17,859	19,354
Other, net	9,318	8,720
Total property, plant and equipment	46,605	47,994
Intangible assets		
Goodwill	3,707	3,547
Other	3,342	3,272
Total intangible assets	7,050	6,819
Investments and other assets		
Other	23,301	22,029
Allowance for doubtful accounts	(236)	(230)
Total investments and other assets	23,065	21,799
Total non-current assets	76,721	76,613
Total assets	221,400	219,763

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	34,702	30,360
Electronically recorded obligations - operating	12,129	16,367
Short-term borrowings	3,728	2,544
Provision for loss on construction contracts	156	85
Provision for bonuses for directors (and other officers)	92	–
Provision for loss on disaster	18	18
Other	13,148	10,583
Total current liabilities	63,976	59,960
Non-current liabilities		
Long-term borrowings	4,529	4,584
Provision for retirement benefits for directors (and other officers)	34	39
Retirement benefit liability	15,730	15,965
Other	2,641	2,152
Total non-current liabilities	22,936	22,742
Total liabilities	86,912	82,702
Net assets		
Shareholders' equity		
Share capital	7,803	7,803
Capital surplus	7,864	7,885
Retained earnings	118,713	120,857
Treasury shares	(333)	(299)
Total shareholders' equity	134,047	136,246
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	230	483
Revaluation reserve for land	(2,186)	(2,228)
Foreign currency translation adjustment	838	1,224
Remeasurements of defined benefit plans	1,502	1,275
Total accumulated other comprehensive income	384	755
Non-controlling interests	55	58
Total net assets	134,488	137,060
Total liabilities and net assets	221,400	219,763

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	161,321	172,973
Cost of sales	141,586	152,326
Gross profit	19,734	20,647
Selling, general and administrative expenses	15,079	15,425
Operating profit	4,655	5,221
Non-operating income		
Foreign exchange gains	780	574
Other	516	666
Total non-operating income	1,296	1,240
Non-operating expenses		
Interest expenses	95	20
Provision of allowance for doubtful accounts	96	–
Idle assets expenses	26	26
Other	22	24
Total non-operating expenses	240	71
Ordinary profit	5,712	6,390
Extraordinary income		
Gain on sale of non-current assets	2	1
Other	–	0
Total extraordinary income	2	1
Extraordinary losses		
Loss on sale of non-current assets	14	20
Loss on removal of non-current assets	21	12
Loss on valuation of investment securities	21	–
Other	21	7
Total extraordinary losses	77	39
Profit before income taxes	5,636	6,351
Income taxes - current	2,248	2,265
Income taxes – deferred	(96)	(26)
Total income taxes	2,151	2,238
Profit	3,484	4,112
Profit attributable to non-controlling interests	6	4
Profit attributable to owners of parent	3,477	4,107

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	3,484	4,112
Other comprehensive income		
Valuation difference on available-for-sale securities	77	253
Foreign currency translation adjustment	1,112	386
Remeasurements of defined benefit plans, net of tax	(202)	(226)
Total other comprehensive income	988	412
Comprehensive income	4,472	4,525
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,465	4,520
Comprehensive income attributable to non-controlling interests	6	4

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Tax expense calculation)

The Company calculates tax expenses by making a reasonable estimate of the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the third quarter of the fiscal year under review and multiplying the profit before income taxes by the estimated effective tax rate. However, the statutory effective tax rate will be applied if such tax expenses are found to be very unreasonable after calculation based on the relevant estimated effective tax rate.