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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



July 28, 2023

Company name: Yurtec Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1934
 URL: <http://www.yurtec.co.jp/>
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 Scheduled date of filing quarterly securities report: August 4, 2023
 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 Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 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	%
Three months ended June 30, 2023	48,412	10.2	(169)	–	301	–	(65)	–
June 30, 2022	43,936	(0.1)	(500)	–	(160)	–	(450)	–

(Note) Comprehensive income: Three months ended June 30, 2023: ¥28 million [–%]

Three months ended June 30, 2022: ¥(165) million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	(0.92)	–
June 30, 2022	(6.30)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	206,384	133,511	64.7
As of March 31, 2023	221,400	134,488	60.7

(Reference) Equity: As of June 30, 2023: ¥133,456 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
Fiscal year ended March 31, 2023	Yen —	Yen 14.00	Yen —	Yen 14.00	Yen 28.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		14.00	—	14.00	28.00

(Note) Revision to the dividend forecast announced most recently: None

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	235,000	3.4	9,200	(3.5)	9,600	(8.6)	6,300	(4.0)	88.03	

(Note) Revision to the financial results forecast announced most recently: None

*** 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 June 30, 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 June 30, 2023:	630,746 shares
As of March 31, 2023:	630,544 shares
 - 3) Average number of shares during the period (cumulative total):

Three months ended June 30, 2023:	71,593,817 shares
Three months ended June 30, 2022:	71,512,312 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 Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 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	%
Three months ended June 30, 2023	45,082	10.7	(96)	–	884	66.6	553	80.3
June 30, 2022	40,709	(2.1)	(411)	–	530	268.8	307	–

	Basic earnings per share
Three months ended June 30, 2023	Yen 7.74
June 30, 2022	4.30

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	181,435	117,414	64.7
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	211,000	0.7	8,200	(9.7)	9,200	(12.2)	6,300	(12.6)	88.03

(Note) Revision to the financial results forecast announced most recently: None

* 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 first 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 private-sector capital investment showed signs of recovery, on the back of an improvement trend in corporate earnings.

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 indoor wiring, air-conditioning, and plumbing installation work, we have been working to increase earnings by winning 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 will contribute to the stable supply of electricity especially through recovery in response to a natural disaster. We have been striving to increase orders received for maintenance work on main power grids and planned renewal work on power transmission and distribution facilities.

Additionally, we are making efforts to further increase revenue, including increasing orders received for construction related to the large-scale wind-power generation plants planned for various parts of the Tohoku region and setting up the Mobile Communications Engineering Center in April 2023 in an effort to increase orders received for mobile phone-related construction in the information and telecommunications division.

As for the business results of the Group for the three months ended June 30, 2023, work orders received increased by ¥4,197 million (up 6.4% year on year) to ¥70,171 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 ¥4,476 million (up 10.2% year on year) to ¥48,412 million, due to the increased number of works for indoor wiring, air-conditioning and plumbing, and power distribution lines.

In terms of profit and loss, consolidated operating loss of ¥169 million (consolidated operating loss was ¥500 million in the same period of the previous fiscal year), consolidated ordinary profit of ¥301 million (consolidated ordinary loss was ¥160 million in the same period of the previous fiscal year), and loss attributable to owners of parent of ¥65 million (loss attributable to owners of parent was ¥450 million in the same period of the previous fiscal year) were reported.

(2) Explanation of Financial Position

Total assets were ¥206,384 million as of June 30, 2023, a decrease of ¥15,016 million compared with the end of the previous fiscal year. This is mainly attributable to an increase of ¥1,622 million in costs on construction contracts in progress and a decrease of ¥21,225 million in notes receivable, accounts receivable from completed construction contracts and other.

Total liabilities were ¥72,872 million, a decrease of ¥14,039 million compared with the end of the previous fiscal year. This is mainly attributable to decreases of ¥9,771 million in notes payable, accounts payable for construction contracts and other and ¥514 million in short-term borrowings.

Total net assets were ¥133,511 million, a decrease of ¥976 million compared with the end of the previous fiscal year. This is mainly attributable to an increase of ¥115 million in valuation difference on available-for-sale

securities and a decrease of ¥1,068 million in retained earnings.

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

There have been no changes from the full-year consolidated financial results forecast announced on April 26, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	35,979	36,796
Notes receivable, accounts receivable from completed construction contracts and other	77,778	56,552
Electronically recorded monetary claims - operating	11,048	9,679
Costs on construction contracts in progress	1,070	2,693
Other	19,112	24,772
Allowance for doubtful accounts	(310)	(311)
Total current assets	144,679	130,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,428	19,717
Land	17,859	17,858
Other, net	9,318	8,478
Total property, plant and equipment	46,605	46,055
Intangible assets		
Goodwill	3,707	3,565
Other	3,342	3,334
Total intangible assets	7,050	6,899
Investments and other assets		
Other	23,301	23,483
Allowance for doubtful accounts	(236)	(234)
Total investments and other assets	23,065	23,248
Total non-current assets	76,721	76,203
Total assets	221,400	206,384

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	34,702	24,931
Electronically recorded obligations - operating	12,129	12,816
Short-term borrowings	3,728	3,213
Provision for loss on construction contracts	156	155
Provision for bonuses for directors (and other officers)	92	–
Provision for loss on disaster	18	18
Other	13,148	9,197
Total current liabilities	63,976	50,333
Non-current liabilities		
Long-term borrowings	4,529	4,528
Provision for retirement benefits for directors (and other officers)	34	32
Retirement benefit liability	15,730	15,793
Other	2,641	2,185
Total non-current liabilities	22,936	22,539
Total liabilities	86,912	72,872
Net assets		
Shareholders' equity		
Share capital	7,803	7,803
Capital surplus	7,864	7,864
Retained earnings	118,713	117,645
Treasury shares	(333)	(333)
Total shareholders' equity	134,047	132,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	230	345
Revaluation reserve for land	(2,186)	(2,187)
Foreign currency translation adjustment	838	891
Remeasurements of defined benefit plans	1,502	1,427
Total accumulated other comprehensive income	384	476
Non-controlling interests	55	55
Total net assets	134,488	133,511
Total liabilities and net assets	221,400	206,384

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	43,936	48,412
Cost of sales	39,584	43,536
Gross profit	4,351	4,875
Selling, general and administrative expenses	4,851	5,044
Operating loss	(500)	(169)
Non-operating income		
Foreign exchange gains	318	263
Other	150	224
Total non-operating income	469	488
Non-operating expenses		
Interest expenses	58	5
Provision of allowance for doubtful accounts	58	—
Idle assets expenses	8	9
Other	4	2
Total non-operating expenses	129	18
Ordinary profit (loss)	(160)	301
Extraordinary losses		
Loss on sale of non-current assets	7	—
Loss on retirement of non-current assets	2	0
Loss on removal noncurrent assets	0	0
Loss on valuation of investment securities	17	—
Other	0	0
Total extraordinary losses	29	1
Profit (loss) before income taxes	(189)	299
Income taxes - current	295	407
Income taxes - deferred	(38)	(44)
Total income taxes	257	363
Loss	(447)	(64)
Profit attributable to non-controlling interests	3	1
Loss attributable to owners of parent	(450)	(65)

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Loss	(447)	(64)
Other comprehensive income		
Valuation difference on available-for-sale securities	19	115
Foreign currency translation adjustment	330	53
Remeasurements of defined benefit plans, net of tax	(67)	(75)
Total other comprehensive income	281	92
Comprehensive income	(165)	28
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(168)	26
Comprehensive income attributable to non-controlling interests	3	1

(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 first 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.