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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



July 30, 2024

Company name: Yurtec Corporation

Stock exchange listing: Tokyo Stock Exchange

Code number: 1934

URL: <https://www.yurtec.co.jp/>

Representative: Yoshiharu Ota, Representative Director & President, Chief Executive Officer

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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, 2024 (April 1, 2024 -June 30, 2024)

(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, 2024	48,994	1.2	499	–	1,098	264.8	569	–
June 30, 2023	48,412	10.2	(169)	–	301	–	(65)	–

(Note) Comprehensive income: Three months ended June 30, 2024: ¥523 million [–%]

Three months ended June 30, 2023: ¥28 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	7.95	–
June 30, 2023	(0.92)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	210,318	140,920	67.0
As of March 31, 2024	231,479	142,406	61.5

(Reference) Equity: As of June 30, 2024: ¥140,860 million

As of March 31, 2024: ¥142,345 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, 2024	—	14.00	—	28.00	42.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		23.00	—	23.00	46.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% 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	252,000	3.6	12,200	15.9	12,800	7.7	8,200	9.2	114.46

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

*** Notes:**

(1) Changes in significant subsidiaries during the period under review: None

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 7 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, 2024: 72,224,462 shares

As of March 31, 2024: 72,224,462 shares

2) Total number of treasury shares at the end of the period:

As of June 30, 2024: 566,336 shares

As of March 31, 2024: 566,064 shares

3) Average number of shares during the period (cumulative total):

Three months ended June 30, 2024: 71,658,234 shares

Three months ended June 30, 2023: 71,593,817 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: 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. For matters regarding financial results forecast, please see page 2 of the attachment, “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” in “1. Overview of Operating 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, 2024 (April 1, 2024 - June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	43,948	(2.5)	373	—	1,286	45.4	870	57.1
June 30, 2023	45,082	10.7	(96)	—	884	66.6	553	80.3

	Basic earnings per share
Three months ended	Yen
June 30, 2024	12.14
June 30, 2023	7.74

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	183,154	122,526	66.9
As of March 31, 2024	204,381	123,612	60.5

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% 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	226,000	1.8	10,800	9.9	12,000	4.2	8,000	8.4	111.67

(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. Overview of Operating Results, etc.

(1) Overview of Consolidated Operating Results for the Period under Review

For the three months ended June 30, 2024, work orders received increased by ¥7,012 million (up 10.0% year on year) to ¥77,184 million (on a non-consolidated basis), thanks to the increased number of works for air-conditioning and plumbing, and power distribution lines.

Net sales increased by ¥581 million (up 1.2% year on year) to ¥48,994 million, due to steady progress made on ongoing construction projects by our overseas subsidiaries.

Operating profit of ¥499 million (operating loss was ¥169 million in the same period of the previous fiscal year) was reported thanks to improved profitability of construction contracts caused by efforts including appropriate transfer of increased labor costs and outsourcing expenses to product prices and thorough cost management.

Ordinary profit increased by ¥797 million (up 264.8% year on year) to ¥1,098 million due to an increase in foreign exchange gains resulting from the yen's depreciation, and profit attributable to owners of parent of ¥569 million (loss attributable to owners of parent was ¥65 million in the same period of the previous fiscal year) was reported.

Operating results by segment are as follows.

(Facilities engineering business)

The operating results of the facilities engineering business, which forms the core of the Group, were net sales to outside customers of ¥48,216 million, an increase of ¥612 million (up 1.3%) year on year, and segment profit of ¥319 million (segment loss was ¥339 million in the same period of the previous fiscal year).

(Security business)

In the security business, centered on traffic control and facility security at construction sites, net sales to outside customers amounted to ¥106 million, a decrease of ¥28 million (down 20.8%) year on year, and segment profit was ¥85 million, an increase of ¥34 million (up 68.7%) year on year.

(Other)

In other businesses, centered on leasing businesses such as vehicles, office equipment, and construction machinery, as well as the production of mineral water, net sales to outside customers amounted to ¥671 million, a decrease of ¥3 million (down 0.5%) year on year, and segment profit was ¥120 million, a decrease of ¥36 million (down 23.4%) year on year.

(2) Overview of Consolidated Financial Position for the Period under Review

Total assets were ¥210,318 million, a decrease of ¥21,160 million compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥27,939 million in notes receivable, accounts receivable from completed construction contracts and other.

Total liabilities were ¥69,397 million, a decrease of ¥19,675 million compared with the end of the previous fiscal year. This is mainly attributable to decreases of ¥12,402 million in notes payable, accounts payable for construction contracts and other and ¥4,461 million in electronically recorded obligations - operating.

Total net assets were ¥140,920 million, a decrease of ¥1,485 million compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥1,462 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 25, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	33,911	35,133
Notes receivable, accounts receivable from completed construction contracts and other	88,413	60,473
Electronically recorded monetary claims - operating	8,486	9,002
Securities	10,978	16,468
Costs on construction contracts in progress	1,120	2,241
Raw materials and supplies	2,288	2,317
Other	8,510	8,056
Allowance for doubtful accounts	(823)	(846)
Total current assets	152,886	132,846
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,808	19,500
Land	20,030	19,941
Other, net	8,442	8,183
Total property, plant and equipment	48,281	47,625
Intangible assets		
Goodwill	3,333	3,214
Other	3,202	3,705
Total intangible assets	6,536	6,920
Investments and other assets		
Other	24,002	23,174
Allowance for doubtful accounts	(227)	(248)
Total investments and other assets	23,775	22,926
Total non-current assets	78,592	77,471
Total assets	231,479	210,318

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	33,120	20,717
Electronically recorded obligations - operating	16,673	12,212
Short-term borrowings	2,431	2,838
Provision for loss on construction contracts	526	522
Provision for bonuses for directors (and other officers)	82	—
Other	14,064	10,963
Total current liabilities	66,898	47,254
Non-current liabilities		
Long-term borrowings	4,490	4,490
Provision for retirement benefits for directors (and other officers)	43	29
Retirement benefit liability	15,395	15,519
Other	2,245	2,104
Total non-current liabilities	22,174	22,143
Total liabilities	89,073	69,397
Net assets		
Shareholders' equity		
Share capital	7,803	7,803
Capital surplus	7,885	7,885
Retained earnings	124,259	122,797
Treasury shares	(299)	(300)
Total shareholders' equity	139,648	138,185
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	667	719
Revaluation reserve for land	(2,228)	(2,203)
Foreign currency translation adjustment	1,184	1,179
Remeasurements of defined benefit plans	3,073	2,979
Total accumulated other comprehensive income	2,697	2,674
Non-controlling interests	60	60
Total net assets	142,406	140,920
Total liabilities and net assets	231,479	210,318

(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, 2023	For the three months ended June 30, 2024
Net sales	48,412	48,994
Cost of sales	43,536	43,088
Gross profit	4,875	5,905
Selling, general and administrative expenses	5,044	5,406
Operating profit (loss)	(169)	499
Non-operating income		
Foreign exchange gains	263	386
Other	224	227
Total non-operating income	488	614
Non-operating expenses		
Idle assets expenses	9	7
Other	8	7
Total non-operating expenses	18	15
Ordinary profit	301	1,098
Extraordinary income		
Gain on sale of non-current assets	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on removal of non-current assets	0	0
Other	0	—
Total extraordinary losses	1	0
Profit before income taxes	299	1,098
Income taxes - current	407	524
Income taxes – deferred	(44)	2
Total income taxes	363	527
Profit (loss)	(64)	571
Profit attributable to non-controlling interests	1	1
Profit (loss) attributable to owners of parent	(65)	569

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit (loss)	(64)	571
Other comprehensive income		
Valuation difference on available-for-sale securities	115	52
Foreign currency translation adjustment	53	(5)
Remeasurements of defined benefit plans, net of tax	(75)	(94)
Total other comprehensive income	92	(47)
Comprehensive income	28	523
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26	521
Comprehensive income attributable to non-controlling interests	1	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.

(Notes to segment information, etc.)

I. For the three months ended June 30, 2023

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Facilities Engineering Business	Security Business	Total				
Net sales							
Net sales to outside customers	47,603	134	47,738	674	48,412	–	48,412
Inter-segment net sales or transfers	33	1,522	1,556	1,303	2,859	(2,859)	–
Total	47,636	1,657	49,294	1,977	51,272	(2,859)	48,412
Segment profit (loss)	(339)	50	(288)	157	(131)	(37)	(169)

(Notes) 1. The “Other” category refers to business segments that are not included in the reportable segments and includes the leasing business, real estate business, manufacturing business, waste treatment business, and electricity business.

2. The adjustment amount for segment profit (loss) is the elimination of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating profit (loss) in the quarterly consolidated statements of income.

II. For the three months ended June 30, 2024

1. Information on net sales and income by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Facilities Engineering Business	Security Business	Total				
Net sales							
Net sales to outside customers	48,216	106	48,322	671	48,994	–	48,994
Inter-segment net sales or transfers	5	1,734	1,740	1,239	2,979	(2,979)	–
Total	48,222	1,840	50,063	1,910	51,973	(2,979)	48,994
Segment profit (loss)	319	85	405	120	526	(26)	499

(Notes) 1. The “Other” category refers to business segments that are not included in the reportable segments and includes the leasing business, real estate business, manufacturing business, waste treatment business, and electricity business.

2. The adjustment amount for segment profit is the elimination of inter-segment transactions.

3. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

2. Matters concerning changes, etc. to reportable segments

During the three months ended June 30, 2023, the Company stated the facilities engineering business, leasing business, security business, and waste treatment business as reportable segments. However, in the financial

results for the three months ended June 30, 2024, the leasing business and waste treatment business are included in the “Other” category since they have lacked quantitative materiality.

The segment information for the three months ended June 30, 2023 is stated using the classification after the change.

(Notes to statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the three months ended June 30, 2024.

Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for three months ended June 30 are as follows.

	(Million yen)	
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	1,135	1,090
Amortization of goodwill	45	14