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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



October 27, 2022

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: November 8, 2022

Scheduled date of commencing dividend payments: December 1, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(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	%
Six months ended September 30, 2022	100,208	1.5	834	109.2	1,837	165.6	864	213.2
September 30, 2021	98,719	21.6	398	—	691	177.5	275	—

(Note) Comprehensive income: Six months ended September 30, 2022: ¥1,712 million [—%]

Six months ended September 30, 2021: ¥64 million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	12.08	—
September 30, 2021	3.86	—

(Note) The Company carried out a provisional accounting treatment pertaining to business combinations at the end of the fiscal year ended March 31, 2022, and reflected the provisional accounting treatment on the figures for the six months ended September 30, 2021.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	202,804	130,026	64.1
As of March 31, 2022	216,016	129,546	59.9

(Reference) Equity: As of September 30, 2022: ¥129,974 million

As of March 31, 2022: ¥129,496 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, 2022	–	10.00	–	18.00	28.00
Fiscal year ending March 31, 2023	–	14.00			
Fiscal year ending March 31, 2023 (Forecast)			–	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, 2023 (April 1, 2022 - March 31, 2023)

(% 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	231,000	2.5	10,000	5.3	10,400	3.6	6,800	1.5	95.09

(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 September 30, 2022:	72,224,462 shares
As of March 31, 2022:	72,224,462 shares
  - 2) Total number of treasury shares at the end of the period:

As of September 30, 2022:	630,580 shares
As of March 31, 2022:	712,100 shares
  - 3) Average number of shares during the period (cumulative total):

Six months ended September 30, 2022:	71,547,297 shares
Six months ended September 30, 2021:	71,512,562 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.”

**(Reference) Non-consolidated Financial Results Forecast**

**Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)**

(% 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	208,000	0.5	8,700	5.2	9,900	3.8	6,900	1.2	96.49

(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.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

The Japanese economy during the second quarter of the fiscal year ending March 31, 2023, amid the prolonged impact of the COVID-19 pandemic, showed signs of recovery thanks to the effects of the various government policies, as certain segments including capital investments and production trended toward recovery.

In the construction industry, public-sector investments continued to be firm, and private-sector capital investment also continued to show signs of recovery, on the back of an improvement trend in corporate earnings.

Under these circumstances, the Company pursued business expansion, based on the FY2022 Medium-Term Management Plan, by promoting the basic strategies of increasing earnings in the Kanto region, strengthening renewal sales, and strengthening overseas business, underpinned by clients in the Tohoku and Niigata regions as its foundations.

Specifically, in the Kanto region, we have been strengthening sales to clients that are performing well in growth areas to obtain turnkey orders for electrical, air-conditioning, and plumbing installation work and to increase orders received for information and telecommunications installation work incidental to construction, while at the same time reinforcing the system of cooperation with construction companies based in the Kanto region, in an effort to increase earnings.

In terms of renewal projects, the Company has been concentrating its efforts on increasing the number of orders received by making well-timed proposals to clients based on historical information on constructed properties and offering one-stop services ranging from design and construction to maintenance, servicing, and management. Additionally, to achieve carbon neutrality by 2050, we have been making efforts to propose technology to reduce CO<sub>2</sub> emissions to our clients, including our registration as a “ZEB Planner,” which provides business support, namely ZEB (Net Zero Energy Building) consulting and designs for achieving a zero-energy balance in the annual energy consumption of buildings.

In the overseas business, despite the impact of the COVID-19 pandemic which continues to plague the facilities engineering industry in Vietnam, efforts are being made, primarily by Sigma Engineering JSC, our consolidated subsidiary, to increase orders received for electrical, air-conditioning, and plumbing installation work of large hotels and building complex projects, as well as renewable energy-related construction.

Additionally, we conducted proactive sales activities resulting in winning orders received for the construction related to the large-scale wind-power generation plants planned for various parts of the Tohoku region, and information and telecommunications installation work incidental to construction in the information and telecommunications division.

In addition to these initiatives, in April 2022, the DX Promotion Committee, chaired by the President, was established to promote the utilization of digital technology, thereby raising business efficiency, increasing revenue, and reinforcing our corporate competitiveness.

As for the business results of the Group for the six months ended September 30, 2022, work orders received increased by ¥1,955 million (up 1.7% year on year) to ¥120,275 million (on a non-consolidated basis), thanks to the increased number of indoor wiring and air-conditioning and plumbing installation works. In addition, consolidated net sales increased by ¥1,489 million (up 1.5% year on year) to ¥100,208 million, due to the increased number of indoor wiring works and other factors.

In terms of profit and loss, consolidated operating profit of ¥834 million (an increase of ¥435 million year on year), consolidated ordinary profit of ¥1,837 million (an increase of ¥1,145 million year on year), and profit attributable to owners of parent of ¥864 million (an increase of ¥588 million year on year) were reported.

### (2) Explanation of Financial Position

Total assets were ¥202,804 million as of September 30, 2022, a decrease of ¥13,211 million compared with the end of the previous fiscal year. This is mainly attributable to decreases of ¥8,813 million in notes receivable, accounts receivable from completed construction contracts and other, and ¥5,804 million in cash and deposits.

Total liabilities were ¥72,778 million, a decrease of ¥13,691 million compared with the end of the previous fiscal year. This is mainly attributable to decreases of ¥4,102 million in notes payable, accounts payable for

construction contracts and other, ¥2,944 million in electronically recorded obligations - operating, and ¥2,800 million in short-term borrowings.

Total net assets were ¥130,026 million, an increase of ¥480 million compared with the end of the previous fiscal year. This is mainly attributable to an increase of ¥979 million in foreign currency translation adjustment and a decrease of ¥421 million in retained earnings.

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

With respect to the forecast for the Japanese economy, as we enter a new stage of living alongside COVID-19, expectations are high for the economy to recover as a result of the effects of the various policies implemented by the government. However, uncertainty towards the future continues to prevail as risks materialize, in which the downturn in the overseas economies impacted by global monetary tightening and other factors put downward pressure on the Japanese economy.

In the construction industry, public-sector investments are expected to remain firm, while the recovery trend of private-sector capital investment is also expected to continue.

Under such a business environment, the Company, by implementing the four key measures (focus areas) based on the FY2022 Medium-Term Management Plan, will work to increase orders received and improve productivity, and strive to achieve the quantitative targets of the plan.

#### <FY2022 Medium-Term Management Plan>

##### [Medium-Term Management Goal]

Creating a New Era with Proactive Initiatives and Challenges for Change

— Adapting to environment changes and achieving speedy management —

##### [Quantitative Targets (FY2025)]

(Consolidated) Net sales: 240 billion yen / Operating profit: 12 billion yen

(Non-consolidated) Net sales: 220 billion yen / Operating profit: 10 billion yen

##### [Investment Pool Based on Growth Strategies]

30 billion yen by FY2024

##### [Key Measures (Focus Areas)]

Focus Area 1: Sharing and practicing “Safety, Quality, and Reliability” Group-wide

Focus Area 2: Building stronger local trust relationships and responding to business environment changes

- o Business development based on maintaining and strengthening trust relationships with clients in Tohoku and Niigata

- o Ensuring profitability of the Electric Power Infrastructure Division to address the efficiency improvement policy of Tohoku Electric Power Network

Focus Area 3: Improving corporate value by accelerating expansion into growth areas

Focus Area 4: Ongoing talent cultivation and business transformation to support growth

- o Cultivating talent and construction systems to support growth

- o Strengthening competitiveness and addressing work style reform through ongoing business transformation

There have been no changes from the full-year consolidated financial forecast announced on July 28, 2022.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	33,000	27,195
Notes receivable, accounts receivable from completed construction contracts and other	73,608	64,794
Electronically recorded monetary claims - operating	9,509	6,267
Costs on construction contracts in progress	1,304	3,179
Other	23,656	25,628
Allowance for doubtful accounts	(33)	(30)
Total current assets	141,045	127,035
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,567	19,171
Land	17,924	17,922
Other, net	9,084	9,359
Total property, plant and equipment	46,577	46,454
Intangible assets		
Goodwill	3,856	4,110
Other	3,080	3,498
Total intangible assets	6,937	7,609
Investments and other assets		
Other	21,604	21,908
Allowance for doubtful accounts	(148)	(202)
Total investments and other assets	21,455	21,706
Total non-current assets	74,970	75,769
<b>Total assets</b>	<b>216,016</b>	<b>202,804</b>



(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,536	28,434
Electronically recorded obligations - operating	11,442	8,497
Short-term borrowings	6,268	3,467
Provision for loss on construction contracts	529	460
Provision for bonuses for directors (and other officers)	89	–
Provision for loss on disaster	68	28
Other	11,506	8,601
Total current liabilities	62,441	49,489
Non-current liabilities		
Long-term borrowings	4,794	4,571
Provision for retirement benefits for directors (and other officers)	170	26
Retirement benefit liability	15,780	15,925
Other	3,282	2,764
Total non-current liabilities	24,028	23,288
<b>Total liabilities</b>	<b>86,469</b>	<b>72,778</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,803	7,803
Capital surplus	7,849	7,864
Retained earnings	114,413	113,992
Treasury shares	(376)	(333)
Total shareholders' equity	129,690	129,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	157	156
Revaluation reserve for land	(2,158)	(2,160)
Foreign currency translation adjustment	242	1,221
Remeasurements of defined benefit plans	1,564	1,430
Total accumulated other comprehensive income	(193)	647
Non-controlling interests	49	52
<b>Total net assets</b>	<b>129,546</b>	<b>130,026</b>
<b>Total liabilities and net assets</b>	<b>216,016</b>	<b>202,804</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	98,719	100,208
Cost of sales	88,575	89,358
Gross profit	10,143	10,849
Selling, general and administrative expenses	9,744	10,014
Operating profit	398	834
Non-operating income		
Foreign exchange gains	34	816
Other	382	352
Total non-operating income	417	1,169
Non-operating expenses		
Interest expenses	85	85
Provision of allowance for doubtful accounts	–	58
Other	39	22
Total non-operating expenses	124	166
Ordinary profit	691	1,837
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	330	–
Total extraordinary income	331	0
Extraordinary losses		
Loss on valuation of investment securities	11	21
Other	101	28
Total extraordinary losses	112	49
Profit before income taxes	910	1,788
Income taxes - current	786	1,002
Income taxes - deferred	(158)	(83)
Total income taxes	628	918
Profit	281	869
Profit attributable to non-controlling interests	5	5
Profit attributable to owners of parent	275	864

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	281	869
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	(1)
Foreign currency translation adjustment	(120)	979
Remeasurements of defined benefit plans, net of tax	(56)	(134)
Total other comprehensive income	(217)	842
Comprehensive income	64	1,712
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	58	1,707
Comprehensive income attributable to non-controlling interests	5	5

### (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 second 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.

(Business combinations, etc.)

(Significant revision of the initial allocation amounts of the acquisition cost in comparative information)

Provisional accounting treatment was used in the first quarter of the previous fiscal year for the acquisition of Sigma Engineering JSC implemented on June 11, 2021, which was finalized at the end of the previous fiscal year.

In conjunction with this finalization of provisional accounting treatment, the comparative information in the quarterly consolidated financial statements for the first six months ended September 30, 2022 reflects a significant revision of the initial allocation amounts of the acquisition cost. The amount of goodwill provisionally calculated at ¥4,280 million has decreased by ¥937 million to ¥3,342 million, as a result of an increase of ¥1,337 in "Other" under intangible assets primarily due to the recognition of client-related assets as of the time of acquisition (deemed acquisition date: March 31, 2021).

As a result, in the quarterly consolidated statements of income for the six months ended September 30, 2021, selling, general and administrative expenses increased by ¥25 million, and operating profit, ordinary profit, and profit before income taxes each decreased by ¥25 million. Additionally, due to the decrease of ¥9 million in income taxes - deferred, profit and profit attributable to owners of parent also decreased by ¥15 million each.

### 3. (Reference) Summary of Non-consolidated Financial Results

(1) Non-consolidated Results for the Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)

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	%
Six months ended								
September 30, 2022	92,720	1.4	938	105.2	2,199	73.0	1,444	48.1
September 30, 2021	91,464	17.9	457	–	1,271	261.6	975	488.3

	Basic earnings per share	
Six months ended	Yen	
September 30, 2022	20.19	
September 30, 2021	13.64	

2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	175,780	112,915	64.2
As of March 31, 2022	185,761	112,701	60.7

(2) Breakdown of Non-consolidated Results by Business Category and Client

1) Value of work orders received by business category

Business category \ Year	Six months ended September 30, 2021		Six months ended September 30, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring	36,584	30.9	44,357	36.9	7,773	21.2
Power distribution lines	32,648	27.6	30,905	25.7	(1,743)	(5.3)
Power transmission/generation plant and substation, civil engineering and architecture, information and communications	37,484	31.7	29,971	24.9	(7,512)	(20.0)
Air-conditioning and plumbing	11,602	9.8	15,040	12.5	3,438	29.6
Total	118,319	100	120,275	100	1,955	1.7

2) Value of work completed by business category

Business category \ Year	Six months ended September 30, 2021		Six months ended September 30, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring	27,777	30.4	31,562	34.1	3,784	13.6
Power distribution lines	26,824	29.3	27,804	30.0	979	3.7
Power transmission/generation plant and substation, civil engineering and architecture, information and communications	26,943	29.5	24,237	26.1	(2,706)	(10.0)
Air-conditioning and plumbing	9,918	10.8	9,117	9.8	(801)	(8.1)
Total	91,464	100	92,720	100	1,256	1.4

3) Value of work in hand by business category

Business category \ Year	Six months ended September 30, 2021		Six months ended September 30, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring	55,114	39.7	69,413	46.3	14,299	25.9
Power distribution lines	22,298	16.1	23,984	16.0	1,686	7.6
Power transmission/generation plant and substation, civil engineering and architecture, information and communications	44,581	32.2	34,998	23.4	(9,582)	(21.5)
Air-conditioning and plumbing	16,698	12.0	21,397	14.3	4,699	28.1
Total	138,691	100	149,795	100	11,103	8.0

4) Value of work orders received by client

Year Client	Six months ended September 30, 2021		Six months ended September 30, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Tohoku Electric Power Group	47,850	40.4	51,554	42.9	3,703	7.7
General clients	70,469	59.6	68,721	57.1	(1,748)	(2.5)
Total	118,319	100	120,275	100	1,955	1.7

5) Value of work completed by client

Year Client	Six months ended June 30, 2021		Six months ended September 30, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Tohoku Electric Power Group	39,213	42.9	40,355	43.5	1,142	2.9
General clients	52,250	57.1	52,365	56.5	114	0.2
Total	91,464	100	92,720	100	1,256	1.4

(Note) Tohoku Electric Power Group: Tohoku Electric Power Co., Inc., Tohoku Electric Power Network Co., Inc.

6) Projected value of work orders received and work completed in the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

Category Business category	Value of work orders received		Value of work completed	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)
Indoor wiring	71,000	32.9	70,500	33.9
Power distribution lines	53,000	24.5	53,000	25.5
Power transmission/generation plant and substation, civil engineering and architecture, information and communications	63,500	29.4	57,500	27.6
Air-conditioning and plumbing	28,500	13.2	27,000	13.0
Total	216,000	100	208,000	100

\* Notes on proper use of forecasts and other matters

Forward-looking statements contained in this document, including financial results forecasts, are based on information currently available to the Company and certain assumptions that the Company regards as reasonable, and are not intended as a guarantee of their realization. Actual results may differ significantly from these forecasts due to various factors.