

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



January 30, 2023

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
 Contact: Tomohiro Moriyama, General Manager of Accounting Department
 Phone: +81-22-296-2111
 Scheduled date of filing quarterly securities report: February 7, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Not 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, 2022 (April 1, 2022 - December 31, 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	%
Nine months ended December 31, 2022	161,321	0.6	4,655	(11.6)	5,712	1.8	3,477	(4.7)
December 31, 2021	160,433	21.5	5,269	121.1	5,613	106.7	3,649	137.2

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥4,472 million [26.8%]

Nine months ended December 31, 2021: ¥3,526 million [129.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	48.60	–
December 31, 2021	51.03	–

(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 nine months ended December 31, 2021.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	212,026	131,784	62.1
As of March 31, 2022	216,016	129,546	59.9

(Reference) Equity: As of December 31, 2022: ¥131,730 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 December 31, 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 December 31, 2022:	630,630 shares
As of March 31, 2022:	712,100 shares
 - 3) Average number of shares during the period (cumulative total):

Nine months ended December 31, 2022:	71,561,267 shares
Nine months ended December 31, 2021:	71,512,532 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.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information ...	3
2. Quarterly Consolidated Financial Statements and Primary Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes on going concern assumption)	8
(Notes in case of significant changes in shareholders' equity)	8
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)	8
(Business combinations, etc.)	8
3. (Reference) Summary of Non-consolidated Financial Results	9
(1) Non-consolidated Results for the Nine Months Ended December 31, 2022	9
1) Non-consolidated Operating Results	9
2) Non-consolidated Financial Position	9
(2) Breakdown of Non-consolidated Results by Business Category and Client	10
1) Value of work orders received by business category	10
2) Value of work completed by business category	10
3) Value of work in hand by business category	10
4) Value of work orders received by client	11
5) Value of work completed by client	11
6) Projected value of work orders received and work completed in the fiscal year ending March 31, 2023	11

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, 2023 showed signs of recovery mainly in personal consumption and the employment situation, thanks to the effects of the various government policies in light of the prolonged impact of the COVID-19 pandemic.

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, while building on our relationships with our clients in the Tohoku and Niigata regions.

Specifically, in the Kanto region, we have been working to increase earnings by strengthening sales to clients that are performing well in growth areas, with the aim of obtaining turnkey orders for electrical, air-conditioning, and plumbing installation work and increasing orders received for information and telecommunications installation work incidental to construction.

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. While at the same time, we have been working to propose technology to reduce CO₂ 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 an effort to achieve carbon neutrality by 2050.

In the overseas business, 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 are making efforts to further increase revenue by working to increase orders received for construction related to the large-scale wind-power generation plants planned for various parts of the Tohoku region, and 5G-related work in the information and telecommunications division.

Furthermore, the DX Promotion Committee, established in April 2022, has been taking the lead in raising business efficiency and increasing revenue through the promotion of digital technology-driven business transformation and reinforcing our corporate competitiveness.

As for the business results of the Group for the nine months ended December 31, 2022, work orders received decreased by ¥2,816 million (down 1.7% year on year) to ¥159,954 million (on a non-consolidated basis), due to the decrease in civil engineering and architecture works, despite increases in the number of indoor wiring and air-conditioning and plumbing installation works. Meanwhile, consolidated net sales increased by ¥888 million (up 0.6% year on year) to ¥161,321 million, due to the increased number of works for indoor wiring and power distribution lines.

In terms of profit and loss, consolidated operating profit of ¥4,655 million (a decrease of ¥613 million year on year), consolidated ordinary profit of ¥5,712 million (an increase of ¥98 million year on year), and profit attributable to owners of parent of ¥3,477 million (a decrease of ¥171 million year on year) were reported.

(2) Explanation of Financial Position

Total assets were ¥212,026 million as of December 31, 2022, a decrease of ¥3,989 million compared with the end of the previous fiscal year. This is mainly attributable to an increase of ¥2,257 million in costs on construction contracts in progress and a decrease of ¥5,674 million in cash and deposits.

Total liabilities were ¥80,241 million, a decrease of ¥6,228 million compared with the end of the previous fiscal year. This is mainly attributable to decreases of ¥3,604 million in notes payable, accounts payable for construction contracts and other and ¥2,874 million in short-term borrowings.

Total net assets were ¥131,784 million, an increase of ¥2,238 million compared with the end of the previous

fiscal year. This is mainly attributable to increases of ¥1,112 million in foreign currency translation adjustment and ¥1,190 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 October 27, 2022.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	33,000	27,326
Notes receivable, accounts receivable from completed construction contracts and other	73,608	71,298
Electronically recorded monetary claims - operating	9,509	10,831
Costs on construction contracts in progress	1,304	3,561
Other	23,656	21,290
Allowance for doubtful accounts	(33)	(35)
Total current assets	141,045	134,273
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,567	19,707
Land	17,924	17,913
Other, net	9,084	9,187
Total property, plant and equipment	46,577	46,807
Intangible assets		
Goodwill	3,856	4,111
Other	3,080	3,521
Total intangible assets	6,937	7,633
Investments and other assets		
Other	21,604	23,550
Allowance for doubtful accounts	(148)	(238)
Total investments and other assets	21,455	23,311
Total non-current assets	74,970	77,752
Total assets	216,016	212,026

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,536	28,932
Electronically recorded obligations - operating	11,442	14,643
Short-term borrowings	6,268	3,393
Provision for loss on construction contracts	529	294
Provision for bonuses for directors (and other officers)	89	–
Provision for loss on disaster	68	28
Other	11,506	9,735
Total current liabilities	62,441	57,027
Non-current liabilities		
Long-term borrowings	4,794	4,418
Provision for retirement benefits for directors (and other officers)	170	30
Retirement benefit liability	15,780	16,059
Other	3,282	2,705
Total non-current liabilities	24,028	23,213
Total liabilities	86,469	80,241
Net assets		
Shareholders' equity		
Share capital	7,803	7,803
Capital surplus	7,849	7,864
Retained earnings	114,413	115,603
Treasury shares	(376)	(333)
Total shareholders' equity	129,690	130,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	157	235
Revaluation reserve for land	(2,158)	(2,160)
Foreign currency translation adjustment	242	1,354
Remeasurements of defined benefit plans	1,564	1,362
Total accumulated other comprehensive income	(193)	792
Non-controlling interests	49	53
Total net assets	129,546	131,784
Total liabilities and net assets	216,016	212,026

(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, 2021	For the nine months ended December 31, 2022
Net sales	160,433	161,321
Cost of sales	140,528	141,586
Gross profit	19,905	19,734
Selling, general and administrative expenses	14,636	15,079
Operating profit	5,269	4,655
Non-operating income		
Foreign exchange gains	69	780
Other	489	516
Total non-operating income	558	1,296
Non-operating expenses		
Interest expenses	162	95
Provision of allowance for doubtful accounts	–	96
Other	52	48
Total non-operating expenses	214	240
Ordinary profit	5,613	5,712
Extraordinary income		
Gain on sale of non-current assets	13	2
Gain on sale of investment securities	330	–
Total extraordinary income	344	2
Extraordinary losses		
Loss on retirement of non-current assets	15	18
Loss on removal noncurrent assets	37	21
Loss on valuation of investment securities	11	21
Other	72	17
Total extraordinary losses	137	77
Profit before income taxes	5,820	5,636
Income taxes - current	2,343	2,248
Income taxes - deferred	(179)	(96)
Total income taxes	2,163	2,151
Profit	3,657	3,484
Profit attributable to non-controlling interests	7	6
Profit attributable to owners of parent	3,649	3,477

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit	3,657	3,484
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	77
Foreign currency translation adjustment	(6)	1,112
Remeasurements of defined benefit plans, net of tax	(84)	(202)
Total other comprehensive income	(131)	988
Comprehensive income	3,526	4,472
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,518	4,465
Comprehensive income attributable to non-controlling interests	7	6

(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.

(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 nine months ended December 31, 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 million 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 nine months ended December 31, 2021, selling, general and administrative expenses increased by ¥50 million, and operating profit, ordinary profit, and profit before income taxes each decreased by ¥50 million. Additionally, due to the decrease of ¥19 million in income taxes - deferred, profit and profit attributable to owners of parent also decreased by ¥30 million each.

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

(1) Non-consolidated Results for the Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 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	%
Nine months ended								
December 31, 2022	148,491	0.8	4,440	(4.2)	5,603	0.3	3,796	(4.5)
December 31, 2021	147,270	17.2	4,633	211.1	5,589	143.1	3,976	164.9

	Basic earnings per share	
Nine months ended	Yen	
December 31, 2022	53.06	
December 31, 2021	55.61	

2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	185,435	114,344	61.7
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	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring	51,870	31.8	55,030	34.4	3,159	6.1
Power distribution lines	47,320	29.1	46,464	29.1	(856)	(1.8)
Power transmission/generation plant and substation, civil engineering and architecture, information and communications	46,511	28.6	39,257	24.5	(7,254)	(15.6)
Air-conditioning and plumbing	17,067	10.5	19,202	12.0	2,135	12.5
Total	162,770	100	159,954	100	(2,816)	(1.7)

2) Value of work completed by business category

Business category \ Year	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring	44,501	30.2	51,589	34.7	7,087	15.9
Power distribution lines	41,473	28.2	42,192	28.4	719	1.7
Power transmission/generation plant and substation, civil engineering and architecture, information and communications	44,586	30.3	39,167	26.4	(5,419)	(12.2)
Air-conditioning and plumbing	16,708	11.3	15,541	10.5	(1,167)	(7.0)
Total	147,270	100	148,491	100	1,221	0.8

3) Value of work in hand by business category

Business category \ Year	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring	53,676	42.2	60,059	44.9	6,382	11.9
Power distribution lines	22,321	17.5	25,154	18.8	2,833	12.7
Power transmission/generation plant and substation, civil engineering and architecture, information and communications	35,965	28.2	29,354	22.0	(6,611)	(18.4)
Air-conditioning and plumbing	15,373	12.1	19,135	14.3	3,761	24.5
Total	127,336	100	133,703	100	6,366	5.0

4) Value of work orders received by client

Year	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Tohoku Electric Power Group	68,629	42.2	73,617	46.0	4,987	7.3
General clients	94,141	57.8	86,337	54.0	(7,804)	(8.3)
Total	162,770	100	159,954	100	(2,816)	(1.7)

5) Value of work completed by client

Year	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Year-on-year Change	
	Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Tohoku Electric Power Group	61,990	42.1	63,984	43.1	1,993	3.2
General clients	85,279	57.9	84,506	56.9	(772)	(0.9)
Total	147,270	100	148,491	100	1,221	0.8

(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	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.