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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Based on Japanese GAAP]

November 14, 2024

Company name: YAMAURA CORPORATION
Stock exchange listing: Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code: 1780
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Scheduled date of filing semi-annual securities report: November 14, 2024
Scheduled date of commencing dividend payments: December 6, 2024
Availability of supplementary material on financial results: Not available
Schedule of financial results briefing session: Not scheduled

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

1. Consolidated financial results for the six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	14,845	(28.4)	1,580	(42.5)	1,611	(40.9)	1,059	(44.2)
September 30, 2023	20,740	65.2	2,748	141.3	2,726	273.8	1,899	449.0

(Note) Comprehensive income: Six months ended September 30, 2024: ¥1,136 million [(41.9)%]
Six months ended September 30, 2023: ¥1,957 million [404.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	55.99	-
September 30, 2023	100.33	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	28,461	21,472	75.4
As of March 31, 2024	31,981	20,477	64.0

(Reference) Equity: As of September 30, 2024: ¥21,472 million
As of March 31, 2024: ¥20,477 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	-	2.50	-	7.50	10.00
March 31, 2025	-	7.50	-		
Fiscal year ending March 31, 2025 (Forecast)			-	7.50	15.00

(Note) Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	37,530	0.0	4,110	(5.0)	4,200	1.2	2,920	(1.9)	154.27

(Note) Revisions to the forecast of consolidated financial results most recently announced: None

*** Notes:**

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: None

(2) Application of special accounting methods for preparing semi-annual consolidated financial statement: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement.
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(Note) For details, please refer to "2. Semi-annual Consolidated Financial Statements and primary notes. (4) Notes to semi-annual consolidated financial statements (Notes on changes in accounting policies)" in the attachments on page 9.

(4) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares):
As of September 30, 2024: 21,103,514 shares
As of March 31, 2024: 21,103,514 shares

2) Number of treasury shares at the end of the period:
As of September 30, 2024: 2,176,286 shares
As of March 31, 2024: 2,176,286 shares

3) Average number of shares outstanding during the period:
Six months ended September 30, 2024: 18,927,228 shares
Six months ended September 30, 2023: 18,927,321 shares

* These quarterly (Semi-annual) consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and not intended to guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For the conditions that form the premises of the forecasts and the points to be noted in the use of the forecasts, please refer to “1. Qualitative information regarding semi-annual business results. (3) Explanation of future forecast information such as forecast of consolidated financial results” in the attachments on page 3.

Table of Contents - Attachments

1. Qualitative information regarding semi-annual financial results..... 2
(1) Explanation of operating results..... 2
(2) Overview of financial position for the six months under review..... 3
(3) Explanation of future forecast information such as forecast of consolidated financial results.. 3
2. Semi-annual consolidated financial statements and primary notes..... 4
(1) Semi-annual consolidated balance sheets..... 4
(2) Semi-annual consolidated statements of income and comprehensive income..... 6
Semi-annual consolidated statements of income..... 6
Semi-annual consolidated statements of comprehensive income..... 7
(3) Semi-annual consolidated statements of cash flows..... 8
(4) Notes to semi-annual consolidated financial statements..... 9
(Notes on going concern assumption)..... 9
(Notes in the case of significant changes in amount of shareholders' equity)..... 9
(Notes on special accounting methods for preparing semi-annual consolidated financial statements)..... 9
(Notes on changes in accounting policies)..... 9
(Segment information)..... 10
(Matters related to revenue recognition)..... 11
3. Supplementary information..... 12
(1) Status of orders received..... 12

1. Qualitative information regarding Semi-annual financial results.

(1) Explanation of Operating results

In the six months under review, the Japanese economy saw a gradual recovery trend as social and economic activities have normalized. On the other hand, the outlook is expected uncertain because of economic trends in the domestic market in the consequence of the U.S. presidential election, geopolitical risks such as the prolonged situation in the Middle East, downward risks to the overseas economy due to global monetary tightening, and inflation due to the depreciation of the yen.

In the domestic construction industry, both public investment and private capital investment are steady and remain strong. However, high prices of construction materials, equipment, and energy, and a shortage of labor continues to make the difficult business environment and remains unpredictable.

In the domestic construction industry, both public investment and private capital investment are steady and remain strong. However, high prices of construction materials, equipment, and energy, and a shortage of labor continues to make the business environment difficult and outlook remains unpredictable.

Under these circumstances, the Company promoted the business activities based on the fundamental policies of strengthening cooperation between the Construction business and the Engineering business, which are the Company's strength, enhancing domains, bolstering the brand power, active sales expansion in Yamanashi Prefecture area. As a result, although the previous corresponding period was the best performance ever and there was a decline as a reaction, the Group company's performance remains steady. In terms of profits, while continuing to strive to reduce costs, the Company utilize the latest ICT technologies such as BIM, CIM, machine control, machine guidance, VR,AR, 3D laser scanner, and robot teaching effectively, and worked on company-wide expansion of KAIZEN activities primarily focused on Industrial Engineering (IE), and improving productivity through man-hour reduction and other initiatives. Amid these challenging conditions, the Group company's operating profit, ordinary profit, and quarterly profit attributable to owners of parent all remained at a relatively high level.

As a result, business performance of the Group company for the period under review was as follows: orders received (including the Development business and others) decreased by ¥2,873 million (12.7%) from the previous corresponding period to ¥19,766 million; net sales decreased by ¥5,895 million (28.4%) to ¥14,845 million; operating profit decreased by ¥1,168 million (42.5%) to ¥1,580 million; ordinary profit decreased by ¥1,114 million (40.9%) to ¥1,611 million; and profit attributable to owners of parent decreased by ¥839 million (44.2%) to ¥1,059 million.

Operating results for each segment of the business units are as follows.

(Construction business)

The Construction business focused on order acquisition activities that leverage the Company's strengths by enhancing information sharing and collaboration among sales, design, and construction within the business divisions, and also strengthening the sales and proposal capabilities through collaboration with the Engineering business division.

Additionally, the Company started to attract companies to the Kitahotaka Industrial Park, which is developed through a public- private partnership agreement, and actively developed new business clients by utilizing information on commercial land and made effort to win orders for large-scale projects.

As a result, orders received decreased by ¥1,393 million (8.0%) from the previous corresponding period to ¥16,130 million, net sales of completed construction contracts decreased by ¥3,261 million (20.6%) to ¥12,533 million, and operating profit decreased by ¥285 million (13.5%) to ¥1,837 million.

(Engineering business)

The Engineering business integrated the sales activities with the Construction Division, leveraging the technology and experience in hydroelectric power equipment-related work since the company's founding, and the company's strength in consistent system from proposal to production, construction, and maintenance such as

composite floor slabs, large-scale precision plate working. And the Company actively promoted customer-oriented initiatives such as development of new products and tours of small hydroelectric power plants.

As a result, orders received increased by ¥963 million (52.7%) from the previous corresponding period to ¥2,791 million, net sales of completed construction contracts decreased by ¥192 million (11.6%) to ¥1,466 million, and operating profit decreased by ¥211 million (75.1%) to ¥70 million.

(Development business and others)

As real estate transactions price in the Tokyo metropolitan area continue to soar, the acquisition cost for new development land and construction cost continue to escalate. In light of this situation, number of new properties for acquisition and sale decreased and the Development business worked to revise the sales and strategy of completed properties.

As a result, net sales in the Development business and others decreased by ¥2,440 million (74.0%) from the previous corresponding period to ¥859 million, and operating profit decreased by ¥726 million (93.9%) to ¥47 million.

(2) Overview of financial position for the six months under review

Total assets as of the end of the period under review amounted to ¥28,461 million. Liabilities amounted to ¥6,989 million. Net assets as of the six months under review amounted to ¥21,472 million. As a result, equity ratio as of the end of the period under review was 75.4%.

(3) Explanation of future forecast information such as forecast of consolidated financial results

There has been no changes to the full year forecast of consolidated financial results for the fiscal year ending March 31, 2025 from the forecast of financial results announced on May 15, 2024.

For the cash dividends, please refer to the “Notice Regarding the Revision of Interim Dividends of Surplus and the Forecast of Final Dividends for the Fiscal Year” announced on November 14, 2024.

2. Semi-annual Consolidated Financial Statements and primary notes

(1) Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	12,970,707	10,416,409
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	6,435,154	5,801,411
Electronically recorded monetary claims - operating	2,376,049	708,292
Real estate for sale	1,231,077	1,578,902
Costs on construction contracts in progress	1,362,068	2,257,685
Costs on development business and other	939,634	658,151
Raw materials and supplies	37,412	32,160
Accounts receivable - other	527,435	614,166
Other	276,411	292,526
Total current assets	26,155,951	22,359,706
Non-current assets		
Property, plant and equipment		
Buildings and structures (Net)	1,388,532	1,406,087
Land	1,320,437	1,320,437
Other (Net)	616,556	743,633
Total property, plant and equipment	3,325,526	3,470,158
Intangible assets	88,322	78,378
Investments and other assets		
Other	5,163,810	5,305,375
Allowance for doubtful accounts	(2,751,954)	(2,751,954)
Total investments and other assets	2,411,856	2,553,421
Total non-current assets	5,825,705	6,101,957
Total assets	31,981,657	28,461,664

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	4,264,343	2,776,390
Income taxes payable	912,360	564,470
Contract liabilities	3,876,366	2,527,581
Provision for bonuses	529,000	210,000
Provision for bonuses for directors (and other officers)	169,000	—
Provision for warranties for completed construction	288,673	112,982
Provision for shareholder benefit program	177,442	116,744
Other	1,154,659	538,210
Total current liabilities	11,371,845	6,846,379
Non-current liabilities		
Long-term accounts payable - other	24,139	24,139
Asset retirement obligations	3,411	13,129
Retirement benefit liability	38,448	41,229
Other	66,413	64,690
Total non-current liabilities	132,412	143,188
Total liabilities	11,504,258	6,989,568
Net assets		
Shareholders' equity		
Share capital	2,888,492	2,888,492
Capital surplus	1,995,602	1,995,602
Retained earnings	15,471,358	16,389,060
Treasury shares	(831,158)	(831,158)
Total shareholders' equity	19,524,294	20,441,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	952,592	1,030,132
Remeasurements of defined benefit plans	512	(31)
Total accumulated other comprehensive income	953,104	1,030,100
Total net assets	20,477,399	21,472,096
Total liabilities and net assets	31,981,657	28,461,664

(2) Semi-annual Consolidated Statements of Income and Comprehensive income

Semi-annual Consolidated Statements of Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales		
Net sales of completed construction contracts	17,454,177	14,000,413
Net sales in development business and other	3,286,557	845,104
Total net sales	20,740,735	14,845,518
Cost of sales		
Cost of sales of completed construction contracts	13,949,541	11,236,048
Cost of sales in development business and other	2,771,404	688,454
Total cost of sales	16,720,945	11,924,502
Gross profit		
Gross profit on completed construction contracts	3,504,636	2,764,365
Gross profit on development business and other	515,153	156,650
Total gross profit	4,019,789	2,921,015
Selling, general and administrative expenses	1,270,893	1,340,922
Operating profit	2,748,896	1,580,092
Non-operating income		
Interest income	8,121	5,628
Dividend income	24,042	29,769
Commission income	677	699
Other	5,355	4,428
Total non-operating income	38,196	40,525
Non-operating expenses		
Interest expenses	5,655	8,848
Provision of allowance for doubtful accounts	55,000	—
Other	2	239
Total non-operating expenses	60,657	9,088
Ordinary profit	2,726,434	1,611,530
Extraordinary income		
Gain on return of bonuses for directors (and other officers)	100,000	—
Total extraordinary income	100,000	—
Extraordinary losses		
Loss on retirement of non-current assets	6,383	—
Expenses related to correction of past year's financial statements	78,293	—
Total extraordinary losses	84,677	—
Semi-annual profit before income taxes	2,741,757	1,611,530
Income taxes - current	842,672	551,874
Semi-annual profit	1,899,084	1,059,655
Semi-annual profit attributable to non-controlling interests	—	—
Semi-annual profit attributable to owners of parent	1,899,084	1,059,655

Semi-annual Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Semi-annual profit	1,899,084	1,059,655
Other comprehensive income		
Valuation difference on available-for-sale securities	54,771	77,539
Remeasurements of defined benefit plans, net of tax	3,187	(544)
Total other comprehensive income	57,958	76,995
Semi-annual comprehensive income	1,957,042	1,136,651
Semi-annual comprehensive income attributable to		
Semi-annual comprehensive income attributable to owners of parent	1,957,042	1,136,651
Semi-annual comprehensive income attributable to non-controlling interests	—	—

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Quarterly profit before income taxes	2,741,757	1,611,530
Depreciation	177,215	158,409
Increase (decrease) in provisions	(270,543)	(724,388)
Increase (decrease) in retirement benefit asset	7,070	2,237
Interest and dividend income	(32,164)	(35,398)
Insurance claim income	—	(699)
Interest expenses	5,655	8,848
Loss (gain) on sale of non-current assets	—	(363)
Decrease (increase) in trade receivables	(2,029,283)	2,301,499
Decrease (increase) in costs on construction contracts in progress	(453,950)	(895,616)
Decrease (increase) in real estate for sale	273,100	(347,824)
Decrease (increase) in other inventories	1,232,039	273,730
Increase (decrease) in trade payables	2,619,310	(1,487,952)
Increase (decrease) in contract liabilities	(1,325,665)	(1,348,785)
Increase (decrease) in accrued consumption taxes	(123,625)	(246,963)
Decrease (increase) in accounts receivable - other	166,694	(144,771)
Other, net	163,162	(419,443)
Subtotal	3,150,773	(1,295,953)
Interest and dividends received	32,164	30,573
Proceeds from insurance income	—	699
Interest paid	(5,655)	(267)
Income taxes paid	(430,440)	(947,245)
Net cash provided by (used in) operating activities	2,746,841	(2,212,193)
Cash flows from investing activities		
Purchase of property, plant and equipment	(149,044)	(273,912)
Proceeds from sale of property, plant and equipment	0	363
Purchase of intangible assets	(16,654)	(5,344)
Purchase of investment securities	(771)	(1,645)
Net cash provided by (used in) investing activities	(166,469)	(280,538)
Cash flows from financing activities		
Dividends paid	(47,318)	(141,567)
Purchase of treasury shares	(3)	—
Net cash provided by (used in) financing activities	(47,321)	(141,567)
Net increase (decrease) in cash and cash equivalents	2,533,051	(2,634,300)
Cash and cash equivalents at beginning of period	8,809,315	12,960,570
Cash and cash equivalents at end of period	11,342,366	10,326,270

(4) Notes to semi-annual consolidated financial statements

(Notes on going concern assumption)

There is no relevant information.

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

There is no relevant information.

(Notes on special accounting methods for preparing semi-annual consolidated financial statements)

(Calculation of tax expense)

Tax expense is calculated by multiplying profit before income taxes by the estimated effective tax rate, which is reasonably estimated by applying tax effect accounting to profit before income taxes for the fiscal year including the period under review

(Notes on changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes")

The Company have applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No27 issued on October 28, 2022) from the beginning of the interim consolidated accounting period.

(Segment information)

1. Information on the amounts of net sales, profit or loss for each reportable segment

Six months ended September 30, 2023 (Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in semi-annual consolidated financial statements (Note 2)
	Construction business	Engineering business	Development business and others	Total		
Net sales						
Net sales to external customers	15,795,341	1,658,836	3,286,557	20,740,735	—	20,740,735
Inter-segment net sales or transfers	—	—	13,080	13,080	(13,080)	—
Total	15,795,341	1,658,836	3,299,637	20,753,815	(13,080)	20,740,735
Segment profit	2,122,661	282,207	773,942	3,178,810	(429,914)	2,748,896

(Notes) 1. The segment profit adjustment of negative ¥429,914 thousand includes ¥5,890 thousand in eliminations of inter-segment transactions and negative ¥435,805 thousand in corporate expenses that are not allocated to the reportable segments. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

2. Segment profit is adjusted with operating profit in the semi-annual consolidated statements of income.

Six months ended September 30, 2024 (Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in semi-annual consolidated financial statements (Note 2)
	Construction business	Engineering business	Development business and others	Total		
Net sales						
Net sales to external customers	12,533,712	1,466,701	845,104	14,845,518	—	14,845,518
Inter-segment net sales or transfers	—	—	14,113	14,113	(14,113)	—
Total	12,533,712	1,466,701	859,217	14,859,631	(14,113)	14,845,518
Segment profit	1,837,127	70,372	47,073	1,954,573	(374,480)	1,580,092

(Notes) 1. The segment profit adjustment of negative ¥374,480 thousand includes ¥42,754 thousand in eliminations of inter-segment transactions and negative ¥417,235 thousand in corporate expenses that are not allocated to the reportable segments. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

2. Segment profit is adjusted with operating profit in the semi-annual consolidated statements of income.

3. Matters related to changes in reportable segment

Traditionally, unallocated expenses had categorized under the “Adjustment” section, however, from this interim consolidated accounting period, aggregate has been changed to each respective segment categories due to a partial review of the management divisions within the Group company. Additionally, the segment information for the previous interim consolidated cumulative period has been prepared based on the revised reporting segment classification.

(Matters related to revenue recognition)

The following are details broken down by the timing when the Group company recognizes revenue.

Six months ended September 30, 2023 (Thousands of yen)

	Reportable segment			
	Construction business	Engineering business	Development business and others	Total
Net sales				
Goods and services transferred over time	15,439,833	1,652,206	—	17,092,040
Goods and services transferred at a point in time	355,507	6,629	3,252,737	3,614,875
Revenue from contracts with customers	15,795,341	1,658,836	3,252,737	20,706,915
Revenue from other sources	—	—	46,900	46,900
Net sales among consolidated companies	—	—	(13,080)	(13,080)
Net sales to external customers	15,795,341	1,658,836	3,286,557	20,740,735

(Note) The revenue from other sources consists of real estate lease revenue.

Six months ended September 30, 2024 (Thousands of yen)

	Reportable segment			
	Construction business	Engineering business	Development business and others	Total
Net sales				
Goods and services transferred over time	12,221,470	1,458,557	—	13,680,028
Goods and services transferred at a point in time	312,241	8,143	809,589	1,129,974
Revenue from contracts with customers	12,533,712	1,466,701	809,589	14,810,003
Revenue from other sources	—	—	49,628	49,628
Net sales among consolidated companies	—	—	(14,113)	(14,113)
Net sales to external customers	12,533,712	1,466,701	845,104	14,845,518

(Notes) 1. The revenue from other sources consists of real estate lease revenue.

3. Supplementary information

(1) Status of orders received

Non-consolidated orders received,

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

	Net orders	
Six months ended September 30, 2024	¥19,042 million	(minus 2.7%)
Six months ended September 30, 2023	¥19,575 million	(0.4%)

(Notes) 1. % indicates changes from the previous corresponding period.
2. Consumption tax is not included in the amount of Net orders above.

Public and private sector breakdown of construction orders received

Business category			Six months ended September 30, 2024		Six months ended September 30, 2023		changes from the previous corresponding period (%)
			Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)	
Construction	Building construction	Public	932	4.9	1,146	5.9	(18.6)
		Private	14,488	76.1	14,765	75.4	(1.9)
		Total	15,421	81.0	15,911	81.3	(3.1)
	Civil work	Public	634	3.3	1,478	7.5	(57.1)
		Private	74	0.4	134	0.7	(44.6)
		Total	708	3.7	1,613	8.2	(56.1)
	Subtotal	Public	1,567	8.2	2,625	13.4	(40.3)
		Private	14,563	76.5	14,899	76.1	(2.3)
		Total	16,130	84.7	17,524	89.5	(8.0)
Engineering		Public	1,189	6.3	384	2.0	209.4
		Private	1,601	8.4	1,444	7.4	10.9
		Total	2,791	14.7	1,828	9.4	52.6
Total		Public	2,756	14.5	3,009	15.4	(8.4)
		Private	16,164	84.9	16,344	83.5	(1.1)
		Total	18,921	99.4	19,353	98.9	(2.2)
Development business and others			120	0.6	222	1.1	(45.5)
Total			19,042	100.0	19,575	100.0	(2.7)

(Notes) 1.Amounts of less than one million yen are rounded down.
2. Consumption tax is not included in the amount above.