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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Based on Japanese GAAP]



February 12, 2025

Company name: YAMAURA CORPORATION
 Stock exchange listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities code: 1780
 URL: <http://www.yamaura.co.jp/>
 Representative: Masaki Yamaura, Representative Director and President
 Contact: Jun Kamata, General Manager of Business Administration.
 Phone: +81-265-81-6070
 Scheduled date of commencing dividend payments: -
 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 nine months ended December 31, 2024 (April 1, 2024 to December 31, 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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	25,090	(14.1)	2,910	(31.7)	2,968	(30.3)	2,029	(31.8)
December 31, 2023	29,210	37.0	4,264	85.7	4,260	162.1	2,976	239.7

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥2,123 million [(31.6) %]
 Nine months ended December 31, 2023: ¥3,103 million [240.6 %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	107.24	-
December 31, 2023	157.27	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	29,915	22,316	74.6
As of March 31, 2024	31,981	20,477	64.0

(Reference) Equity: As of December 31, 2024: ¥22,316 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 March 31, 2024	Yen -	Yen 2.50	Yen -	Yen 7.50	Yen 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: None

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 nine months ended December 31, 2024: None

(2) Application of special accounting methods for preparing quarterly consolidated financial statement: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements.

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) Restatement of prior period financial statements : None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes. (3) Notes to quarterly consolidated financial statements (Notes on changes in accounting policies)” in the attachments on page 8.

(4) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares):

As of December 31, 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 December 31, 2024: 2,176,287 shares

As of March 31, 2024: 2,176,286 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 18,927,227 shares

Nine months ended December 31, 2023: 18,927,320 shares

* Review of the quarterly consolidated financial results reports by certified public accountants or an audit firms:
None

* 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. Summary of operating results etc.” (3) Explanation of future forecast information such as forecast of consolidated financial results” in the attachments on page 3.

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1. Summary of operating results etc.

(1) Summary of operating results for the quarter

During the current quarterly consolidated accounting period, the Japanese economy saw a gradual recovery trend as social and economic activities have normalized. On the other hand, in the U.S, a partial rollback of environment-related policies is expected with the transition to the “Trump 2.0” administration. However, we believe that the global trend toward Decarbonization will not change. 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 accounting 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, The Company continued to 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 while striving to reduce costs. Amid these continuing 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 ¥3,966 million (12.4%) from the previous corresponding period to ¥27,985 million; net sales decreased by ¥4,119 million (14.1%) to ¥25,090 million; operating profit decreased by ¥1,353 million (31.7%) to ¥2,910 million; ordinary profit decreased by ¥1,292 million (30.3%) to ¥2,968 million; and profit attributable to owners of parent decreased by ¥946 million (31.8%) to ¥2,029 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 Kitahodaka Industrial Park, which is developed through a public- private partnership agreement, and actively developed new business clients by utilizing information on commercial land and worked hard to win orders for large-scale projects.

As a result, orders received decreased by ¥2,712 million (10.5%) from the previous corresponding period to ¥23,163 million, net sales of completed construction contracts decreased by ¥1,937 million (8.3%) to ¥21,342million, and operating profit decreased by ¥278 million (7.8%) to ¥3,309 million.

(Engineering business)

The Engineering business integrated the sales activities with the Construction Division, leveraging the technology and extensive construction 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 ¥995 million (40.3%) from the previous corresponding period to ¥3,464 million, net sales of completed construction contracts increased by ¥69 million (3.0%) to ¥2,391

million, and operating profit decreased by ¥135 million (33.4%) to ¥270 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 these 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 ¥2,251 million (62.0%) from the previous corresponding period to ¥1,377 million, and operating profit decreased by ¥837 million (91.9%) to ¥73million.

(2) Explanation of financial position

Total assets as of the end of the period under review amounted to ¥29,915 million. Liabilities amounted to ¥7,598 million. Net assets amounted to ¥22,316 million. As a result, equity ratio as of the end of the period under review was 74.6%.

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

There have been no changes to the revisions to the forecast of consolidated financial results from the forecast of consolidated financial results announced on May 15, 2024.

2. Quarterly consolidated financial statements and primary notes

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	12,970,707	7,591,965
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	6,435,154	8,968,619
Electronically recorded monetary claims - operating	2,376,049	693,737
Real estate for sale	1,231,077	2,112,586
Costs on construction contracts in progress	1,362,068	2,305,684
Costs on development business and other	939,634	1,320,736
Raw materials and supplies	37,412	27,456
Accounts receivable	527,435	704,343
Other	276,411	70,776
Total current assets	26,155,951	23,795,906
Non-current assets		
Property, plant and equipment		
Buildings and structures (Net)	1,388,532	1,402,315
Land	1,320,437	1,320,437
Other (Net)	616,556	714,442
Total property, plant and equipment	3,325,526	3,437,195
Intangible assets	88,322	74,886
Investments and other assets		
Other	5,163,810	5,359,514
Allowance for doubtful accounts	(2,751,954)	(2,751,954)
Total investments and other assets	2,411,856	2,607,560
Total non-current assets	5,825,705	6,119,642
Total assets	31,981,657	29,915,549

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	4,264,343	2,511,464
Income taxes payable	912,360	268,658
Contract liabilities	3,876,366	2,991,047
Provision for bonuses	529,000	227,000
Provision for bonuses for directors (and other officers)	169,000	—
Provision for warranties for completed construction	288,673	80,063
Provision for shareholder benefit program	177,442	30,867
Other	1,154,659	1,346,192
Total current liabilities	11,371,845	7,455,293
Non-current liabilities		
Long-term accounts payable - other	24,139	24,139
Asset retirement obligations	3,411	13,142
Retirement benefit liability	38,448	42,353
Other	66,413	64,070
Total non-current liabilities	132,412	143,705
Total liabilities	11,504,258	7,598,999
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	17,217,289
Treasury shares	(831,158)	(831,160)
Total shareholders' equity	19,524,294	21,270,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	952,592	1,046,629
Remeasurements of defined benefit plans	512	(303)
Total accumulated other comprehensive income	953,104	1,046,325
Total net assets	20,477,399	22,316,549
Total liabilities and net assets	31,981,657	29,915,549

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales		
Net sales of completed construction contracts	25,603,251	23,733,475
Net sales in development business and other	3,606,990	1,357,106
Total net sales	29,210,242	25,090,581
Cost of sales		
Cost of sales of completed construction contracts	19,971,253	18,966,657
Cost of sales in development business and other	3,076,105	1,106,002
Total cost of sales	23,047,358	20,072,659
Gross profit		
Gross profit on completed construction contracts	5,631,998	4,766,817
Gross profit on development business and other	530,885	251,104
Total gross profit	6,162,884	5,017,921
Selling, general and administrative expenses	1,898,299	2,107,265
Operating profit	4,264,584	2,910,656
Non-operating income		
Interest income	7,964	8,725
Dividend income	34,737	45,892
Commission income	1,013	1,006
Other	11,364	15,004
Total non-operating income	55,080	70,628
Non-operating expenses		
Interest expenses	4,290	12,816
Provision of allowance for doubtful accounts	55,000	—
Other	2	177
Total non-operating expenses	59,293	12,994
Ordinary profit	4,260,371	2,968,290
Extraordinary income		
Gain on sales of non-current assets	22,299	—
Gain on return of bonuses for directors (and other officers)	100,000	—
Total extraordinary income	122,299	—
Extraordinary losses		
Loss on retirement of non-current assets	5,203	—
Expenses related to correction of past year's financial statements	78,293	—
Total extraordinary losses	83,497	—
Quarterly profit before income taxes	4,299,173	2,968,290
Income taxes - current	1,322,529	938,451
Quarterly profit	2,976,644	2,029,839
Quarterly profit attributable to non-controlling interests	—	—
Quarterly profit attributable to owners of parent	2,976,644	2,029,839

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Quarterly profit	2,976,644	2,029,839
Other comprehensive income		
Valuation difference on available-for-sale securities	121,837	94,036
Remeasurements of defined benefit plans, net of tax	4,780	(816)
Total other comprehensive income	126,618	93,220
Quarterly comprehensive income	3,103,262	2,123,060
Quarterly comprehensive income attributable to		
Quarterly comprehensive income attributable to owners of parent	3,103,262	2,123,060
Quarterly comprehensive income attributable to non-controlling interests	—	—

(3) Notes to quarterly 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 quarterly consolidated financial statements)

(Calculation of tax expense)

Tax expense is calculated by multiplying the quarterly 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 first quarter of this fiscal year.

(Segment information)

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

Nine months ended December 31, 2023

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated financial statements (Note 2)
	Construction business	Engineering business	Development business and others	Total		
Net sales						
Net sales to external customers	23,279,631	2,322,295	3,608,315	29,210,242	—	29,210,242
Inter-segment net sales or transfers	—	—	21,062	21,062	(21,062)	—
Total	23,279,631	2,322,295	3,629,378	29,231,305	(21,062)	29,210,242
Segment profit	3,588,078	406,123	911,832	4,906,033	(641,449)	4,264,584

(Notes) 1. The segment profit adjustment of negative¥641,449 thousand includes ¥8,836 thousand in eliminations of inter-segment transactions and negative ¥650,285 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 quarterly consolidated statements of income.

Nine months ended December 31, 2024

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in quarterly consolidated financial statements (Note 2)
	Construction business	Engineering business	Development business and others	Total		
Net sales						
Net sales to external customers	21,342,017	2,391,367	1,357,196	25,090,581	—	25,090,581
Inter-segment net sales or transfers	—	—	20,244	20,244	(20,244)	—
Total	21,342,017	2,391,367	1,377,440	25,110,826	(20,244)	25,090,581
Segment profit	3,309,091	270,298	73,920	3,653,310	(742,654)	2,910,656

(Notes) 1. The segment profit adjustment of negative ¥742,654 thousand includes ¥45,495 thousand in eliminations of inter-segment transactions and negative ¥788,149 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 quarterly consolidated statements of income.

3. Matters related to changes in reportable segment

Traditionally, unallocated expenses had categorized under the “Adjustment” section, however, from the second quarter consolidated accounting period, the allocation criteria including adjustment amount was revised and 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 corresponding consolidated cumulative period has been prepared based on the revised reporting segment classification.

(Note on quarterly consolidated statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the nine months ended December 31, 2024. Depreciation (including depreciation of intangible assets) for the nine months under review is as follows:

	Nine months ended December 31, 2023	Nine months ended December 30, 2024
Depreciation	¥273,132 thousand	¥244,048 thousand

(Matters related to revenue recognition)

The breakdown by timing of the Group's revenue recognition is as follows.

Nine months ended December 31, 2023

(Thousands of yen)

	Reportable segment			
	Construction business	Engineering business	Development business and others	Total
Net sales				
Goods and services transferred over time	22,772,211	2,312,550	—	25,084,761
Goods and services transferred at a point in time	507,420	9,745	3,553,196	4,070,361
Revenue from contracts with customers	23,279,631	2,322,295	3,553,196	29,155,123
Revenue from other sources	—	—	76,181	76,181
Net sales among consolidated companies	—	—	(21,062)	(21,062)
Net sales to external customers	23,279,631	2,322,295	3,608,315	29,210,242

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

Nine months ended December 31, 2024

(Thousands of yen)

	Reportable segment			
	Construction business	Engineering business	Development business and others	Total
Net sales				
Goods and services transferred over time	20,882,942	2,379,017	—	23,261,959
Goods and services transferred at a point in time	459,075	12,350	1,300,906	1,772,332
Revenue from contracts with customers	21,342,017	2,391,367	1,300,906	25,034,292
Revenue from other sources	—	—	76,533	76,533
Net sales among consolidated companies	—	—	(20,244)	(20,244)
Net sales to external customers	21,342,017	2,391,367	1,357,196	25,090,581

(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, (Millions of yen)

	Net orders
Nine months ended December 31, 2024	26,873 (6.3) %
Nine months ended December 31, 2023	28,686 5.1 %

- (Notes) 1. % indicates changes from the previous corresponding period.
2. Amounts of less than one million yen are rounded down.
3. Consumption tax is not included in the amount of Net orders above.

Public and private sector breakdown of construction orders received

Business category			Nine months ended December 31, 2024		Nine months ended December 31, 2023		changes from the previous corresponding period (%)
			Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)	
Construction	Building construction	Public	1,234	4.6	1,932	6.7	(36.1)
		Private	20,190	75.1	21,706	75.7	(7.0)
		Total	21,425	79.7	23,638	82.4	(9.4)
	Civil work	Public	1,575	5.9	2,019	7.0	(22.0)
		Private	163	0.6	218	0.8	(25.2)
		Total	1,738	6.5	2,237	7.8	(22.3)
	Subtotal	Public	2,810	10.5	3,951	13.7	(28.9)
		Private	20,353	75.7	21,924	76.5	(7.2)
		Total	23,163	86.2	25,876	90.2	(10.5)
Engineering		Public	1,242	4.6	409	1.4	203.7
		Private	2,221	8.3	2,059	7.2	7.9
		Total	3,464	12.9	2,469	8.6	40.3
Total		Public	4,052	15.1	4,360	15.2	(7.1)
		Private	22,575	84.0	23,984	83.6	(5.9)
		Total	26,628	99.1	28,345	98.8	(6.1)
Development business and others			245	0.9	341	1.2	(28.2)
Total			26,873	100.0	28,686	100.0	(6.3)

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