

# *Yurtec*

## Integrated Report 2024



**Celebrating Our  
80th Anniversary**

# Introduction

Corporate Philosophy/Corporate Statement

## Corporate Philosophy

### Yurtec cooperates with customers in creating value, and contributing to society.

Energy, environment and information that support our daily life and society. This vast and diverse field is the stage for a general facility engineering company like Yurtec. With state-of-art technologies and a humanitarian viewpoint, Yurtec has consolidated performance through reliability. Yurtec aims to foster an affluent and convenient life, a comfortable and safe urban environment, and an advanced and diverse information society. Our reliable technology and humanitarian way with people will create a comfortable life and society in the future.

## Corporate Statement

### In pursuit of safety, quality and reliability.

Yurtec specializes in the construction of power transmission and distribution facilities. We also construct and maintain electrical, air-conditioning and plumbing, and information and telecommunications facilities installed in office buildings, factories, hospitals, and other similar buildings. Our services also include civil engineering work. Our mission is to create safe, secure, and comfortable social and business environments.

To pursue invariable value that is unwavering even in times of change; this is the enduring conviction that we have developed to date.

We will continue to strive to ensure and improve safety, quality, and reliability—things that are always valuable to us—in order to provide support for the everyday lives of our customers and the community at large.

#### Safety

We give utmost priority to safety in our operations.

#### Quality

We constantly improve the quality of our construction work (operations).

#### Reliability

We aim to become a company that is trusted and continuously selected by society and our customers.

## Contents

### Introduction

- 01 Corporate Philosophy/Corporate Statement
- 03 Yurtec's History
- 05 At a Glance
- 06 Our Businesses

### Yurtec's Ideal Future

- 07 Our 2030 Vision
- 09 Message from the President
- 15 Medium-Term Management Plan (2024-2028)
- 21 80th Anniversary Roundtable Discussion (1)

### Value Creation Story

- 25 Yurtec's Value Creation Model
- 27 The Six Capitals Supporting Yurtec
- 29 Financial Strategy and Human Resources Strategy
- 31 Sales Headquarters
- 33 Engineering Headquarters
- 35 Electric Power Infrastructure Headquarters
- 37 Renewable Energy Headquarters
- 39 Technology Development Initiatives

### Sustainability Initiatives

- 41 Materiality
- 45 Environmental Efforts
- 47 Disclosure Based on TCFD Recommendations
- 49 Yurtec's Environmentally-Friendly Facilities
- 50 Initiatives to Promote DX
- 51 Safety and Health Initiatives
- 53 Securing and Developing Human Resources
- 55 Contribution to Society
- 57 80th Anniversary Roundtable Discussion (2)
- 61 80th Anniversary Creating a New TV Commercial

### Corporate Governance

- 63 Corporate Governance
- 67 Risk Management/Adherence to Corporate Ethics and Legal Compliance
- 69 Message from the Representative Director & Chairman of the Board
- 71 Message from External Directors
- 73 List of Board of Directors/Skill Matrix

### Data Section

- 75 Financial and Non-Financial Highlights
- 77 Report on Operating Results and Financial Analysis
- 79 11-Year Financial and Non-Financial Summary (Consolidated)
- 81 Corporate Profile
- 82 Corporate Information

### Editorial Policy

Our goal in publishing this integrated report is to provide insight into the Company by presenting key information, while keeping the editorial policy and editing points listed on the right in mind. We will bring together the elements of each page and the data that supports them to create a story for our integrated report.

- 1. Editorial Policy**
  - Ensure that our value creation system (the overall picture) is conveyed as a story
  - Narrow down the report's selling points and clarify the points the Company wants to convey
- 2. Key Editing Points—The content to be covered in the report**
  - Ensure that company goals (economic value/social value) and the direction of change are specified
  - Ensure that value drivers (financial/non-financial) are identified
  - Ensure that a governance system (function) has been established to support long-term value creation

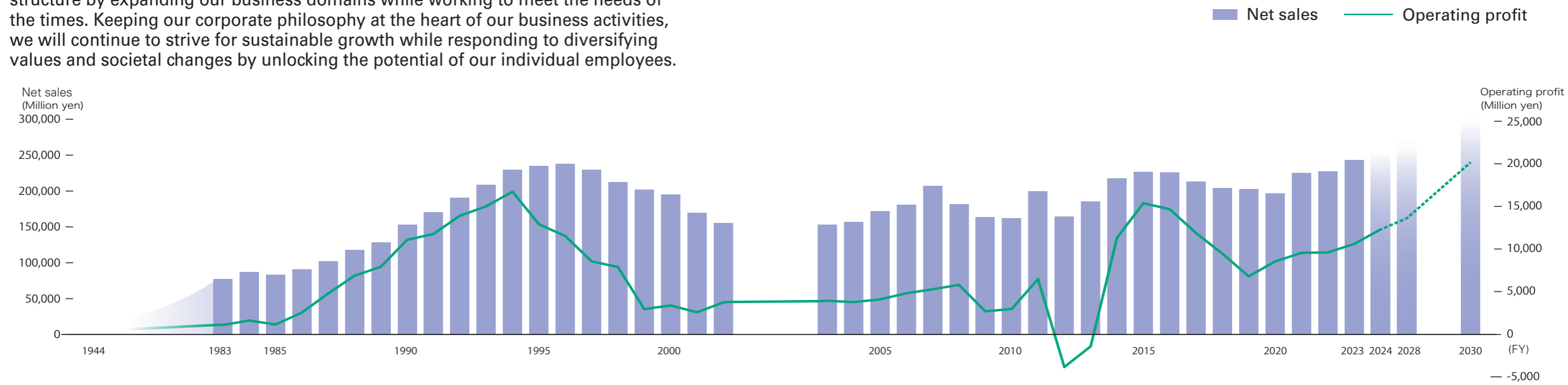
### Important Note Regarding Future Outlooks

Results forecasts and other forward-looking statements presented in this report are based on information available to the Company at present and certain assumptions that the Company has deemed reasonable, and are not intended to be a promise by the Company that they will be realized. Actual business results, etc., are affected by various factors and may differ significantly.

# Introduction

## Yurtec's History

In 80 years since the Company's founding, we have built our current business structure by expanding our business domains while working to meet the needs of the times. Keeping our corporate philosophy at the heart of our business activities, we will continue to strive for sustainable growth while responding to diversifying values and societal changes by unlocking the potential of our individual employees.



**Oct. 1944**



Established as Tohoku Electrical Construction Co., Ltd.

**Dec. 1977**



Listed on the second section of the Tokyo Stock Exchange

**Sep. 1983**

Assigned to the first section of the Tokyo Stock Exchange

**Apr. 1991**



Changed company name to Yurtec Corporation

**Jun. 1992**



Headquarters moved to Sendai Station East Exit (current location)

**Sep. 1995**



Made forays into Vietnam  
Established Vietnam Office (currently called Ho Chi Minh Office)

**Mar. 1997**



Training Center (currently called Human Resource Development Center) moved to Tomiya City, Miyagi Prefecture

**Mar. 2006**



Acquired naming rights of Sendai Stadium and renamed it as "Yurtec Stadium Sendai"

**Mar. 2011**



The Great East Japan Earthquake occurred  
Task force established, with restoration efforts carried out across whole company

**Apr. 2015**

Opened Safety Promotion Center

**Jun. 2021**



Made Sigma Engineering JSC in Vietnam a wholly-owned subsidiary company

**Apr. 2022**

Listed on the Prime Market of the Tokyo Stock Exchange

**Jul. 2023**

Established Renewable Energy Headquarters

**2024**

80th anniversary



# Introduction

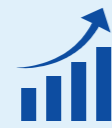
At a Glance (As of March 31, 2024)



Year founded

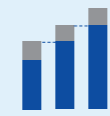
**1944**

80th anniversary



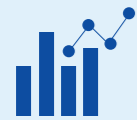
Net sales  
(consolidated)

**243.1** billion yen



Operating profit  
(consolidated)

**10.5** billion yen



Equity ratio

**61.5%**



Total assets

**231.4** billion yen



Payout ratio

**40.1%**



Number of  
employees  
(consolidated)

**5,809**



Sales locations

**77** locations in Japan  
In **3** overseas countries



Construction  
project track  
records  
(including ODA  
projects)

In **32** countries



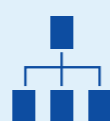
Market  
capitalization

**109.6** billion yen



Dividend  
yield

**2.77%**



Number of  
consolidated  
subsidiaries

**16**  
(incl. **2** overseas)

## Our Businesses

### Indoor wiring, air-conditioning and plumbing, information and telecommunications

We meet our customers' needs and provide comfortable environments through the new installation and expansion of electrical, air conditioning, water supply, and drainage facilities for various buildings, such as office buildings, factories, commercial facilities, and hospitals, along with the renovation of existing facilities. Furthermore, we support information and telecommunications infrastructure by installing optic fiber cabling and by setting up and maintaining mobile communication base stations and other facilities.



### Power distribution, power transmission, power generation and substation, civil engineering and architecture

Our role is to support the social infrastructure of the Tohoku and Niigata areas, such as the electric power facilities, renewable energy-related facilities, and power receiving and transforming equipment in factories and other sites, from a construction standpoint. By doing so, we are contributing to the stable supply of electric power, responding quickly to facilitate the rapid recovery of facilities affected by natural disasters, which are growing in severity, while at the same time contributing to the development of local communities.



### Renewable energy

Efforts toward carbon neutrality are beginning in earnest, and society's need for renewable energy, such as solar and wind power, is on the rise. We have over two decades of construction experience in this segment. With our advanced technical abilities, backed by our extensive experience and track record, we will contribute to creating a more sustainable future.



### Overseas

We do business primarily in Vietnam, where we have a construction track record of roughly 30 years, and in neighboring countries such as Myanmar and Bangladesh. We recently made Sigma Engineering JSC, a major Vietnamese facility engineering company, into a subsidiary, and we are striving to further enhance our overseas business operations. We are also actively pursuing ODA projects in Africa and other regions.



# Yurtec's Ideal Future

## Our 2030 Vision

### Changes in the external environment

The external environment surrounding our Group is constantly changing. We assess the impact of these changes on the construction industry and take on the challenges of sustainable growth and the achievement of our long-term targets and vision.

External environment	Impact on the construction industry
<ul style="list-style-type: none"> <li>Accelerating initiatives for achieving carbon neutrality by 2050</li> <li>Rising share of energy produced from renewable energy sources</li> </ul>	<p>Expansion of charging infrastructure, such as EV chargers and hydrogen stations for FCVs, increase in energy conservation-related construction, such as ZEBs</p>
<ul style="list-style-type: none"> <li>Trends in ESG and SDGs management promotion in response to heightened interest in sustainability</li> </ul>	<p>Increase in renewable energy-related construction</p>
<ul style="list-style-type: none"> <li>Expansion of the national budget in Japan for overseas ODA projects</li> </ul>	<p>Expansion of overseas construction (ODA projects, renewable energy-related construction in Vietnam, increased investment by Japanese companies)</p>
<ul style="list-style-type: none"> <li>Aging of various forms of infrastructure</li> </ul>	<p>Increase in number of maintenance and renewal works to improve resilience of aging various infrastructure</p>
<ul style="list-style-type: none"> <li>Intensification of disasters due to climate change</li> </ul>	<p>Impact of intensification of natural disasters on electricity supply stability</p>
<ul style="list-style-type: none"> <li>Nationwide construction and updating of wide-area interconnected grid</li> </ul>	<p>Increase in main power grid construction</p>
<ul style="list-style-type: none"> <li>Introduction of Beyond 5G (so-called 6G)</li> </ul>	<p>Increase in DX and mobile-related construction</p>
<ul style="list-style-type: none"> <li>Advancement of population decline and aging, concentration of population in the Kanto region</li> </ul>	<p>Decline in construction capacity due to population decline</p>
<ul style="list-style-type: none"> <li>Promotion of diversity and inclusion (advancement of women, hiring and promotion of foreign nationals)</li> </ul>	<p>Tide of active leveraging of female and foreign national employees</p>
<ul style="list-style-type: none"> <li>Digitalization and advancement of DX through introduction and use of AI, IoT, robots, big data, etc.</li> </ul>	<p>Accelerated use of digital technologies (such as AI, IoT, and BIM), in construction sites</p>
<ul style="list-style-type: none"> <li>Possibility of long-term increases in wages and commodity prices</li> </ul>	<p>Soaring construction costs (labor costs and material costs)</p>

### Establishment of our 2030 Vision

**We established “2030 Vision,” our long-term targets and vision, and announced it on March 27, 2024.**

The world faces various issues, and the external environment surrounding our Group is constantly changing. We seek to adapt to these changes in our external environment, to help solve social issues, to contribute to the sustainable development of society, and to increase long-term corporate value.

This vision sets forth “our ideal future” we wish to bring about by the early 2030s. We will work to “find more opportunities in existing businesses and expand growth areas,” to “pursue sustainability management,” and, “invest in human resources that will create future generations,” to “become a company with 300.0 billion yen in consolidated net sales” by the early 2030s.

#### Mission

**Building the Future, Your technology**

#### Vision (Our Ideal Future)



#### Basic Policy

- Find more opportunities in existing businesses and expand growth areas
- Pursue sustainability management
- Invest in human resources that will create future generations

#### Numerical Targets

Metrics	Early 2030s (consolidated)
Net sales	<b>300.0</b> billion yen
Operating profit	<b>20.0</b> billion yen
ROE	<b>8.0</b> %

Toward realizing our 2030 Vision, we aim to actively expand our business into growth areas while placing importance on our relationship with local communities.

Yoshiharu Ota

Representative Director & President,  
Chief Executive Officer



## Background and approach to the formulation of the 2030 Vision

The Company celebrated the 80th anniversary of its founding this year. Under our corporate philosophy, "Yurtec cooperates with customers in creating value, and contributing to society," we believe that our Group's purpose is to create safe, secure, and comfortable social and business environments for our customers by engaging in the development of social infrastructure as a general facility engineering company. Our earnings have reached a record high recently, and we have been progressing smoothly toward our numerical targets. However, we believe that in order to seize the opportunity provided by the changes in the environment and aim for even greater heights, we need to set new long-term targets. By announcing the 2030 Vision, we hope to foster a sense of unity internally to bring together the Group's collective strengths and increase

corporate value, and externally, to clearly indicate to stakeholders our direction towards creating social value and achieving sustainable growth, thereby building relationships of trust.

The 2030 Vision consists of four items: our Mission, Vision (Our Ideal Future), Basic Policy, and Numerical Targets. Our Mission, "Building the Future, Your Technology," embodies our strong desire to leverage our Group's technology, which plays a role in the stable supply of electricity, to build the future for the realization and further development of a sustainable society for our customers and society as a whole. Our targets for the early 2030s are net sales of 300.0 billion yen, operating profit of 20.0 billion yen, and ROE of 8.0%. Our scenario is that in addition to finding more opportunities in existing businesses and expanding business areas, venturing into growth

areas such as overseas business, renewable energy-related construction, and renewal-related work will drive growth in business performance. Alongside the 2030 Vision, we have also announced a new Medium-Term Management Plan (2024-2028) to lay the foundations for achieving the Vision.

Needless to say, to achieve the 2030 Vision and Medium-Term Management Plan (2024-2028), each and every employee must understand the purpose and direction of these plans and work together with management based on a common understanding. To this end, we held briefings at about 80 business locations to provide opportunities for direct dialogue between management and employees. I was able to sense a very enthusiastic attitude among employees, who expressed active opinions on securing and developing the human resources

essential to realizing the 2030 Vision. I believe that the meeting also helped to bridge the gap between management and employees. At a briefing session held for Group companies, I personally explained our Vision to them, helping them understand the importance of working together as a Group to carry out various measures. These initiatives will help to align our vectors by spreading the Vision, and will also lead to the creation of a better workplace culture. We believe that by continuing to implement these measures, we can foster a "culture of speaking up" within the Group and even among partner companies, and build a workplace where people can speak up about anything, which will also contribute to strengthening the organizational capabilities that form the foundation of our Group.

# Yurtec's Ideal Future

## Message from the President

### Perception of the business environment

The population decline in the six Tohoku prefectures and Niigata Prefecture, where our Group is based, is becoming an even more serious issue as the overall population in Japan continues to decline. While it goes without saying that our relationship with the Tohoku and Niigata is important to us, in order to maintain sustainability as a company, it is important not only to expand earnings outside Tohoku and Niigata, but also to expand into growth areas where our Group's technologies and expertise can be utilized. To that end, we have been putting systems in place in all areas. The external environment is packed full of various positive factors, and I personally feel that there are more growth opportunities than ever before. Specific examples include renewable energy-related construction and energy conservation-related construction projects such as ZEBs in preparation for the government's goal of achieving carbon neutrality by 2050, as well as the development of communications infrastructure in line with the deployment of Beyond 5G (6G), and renewal work to address aging in various infrastructures. With regard to renewable energy-related construction in particular, the Hokkaido and Tohoku regions are ideal locations for wind power generation. The government's target for introducing offshore/

wind power in these regions by 2040 is estimated to be approximately 24 million kW at the maximum, equivalent to about 24 nuclear power plants. Some plans have been postponed due to soaring material costs caused by the yen depreciation, but this has not impacted medium- to long-term plans, and the market is expected to grow in the future. In line with this, proposals have been made to reinforce main transmission lines, and the government has announced that investments of approximately 650.0 billion yen in the Tohoku region, and approximately 200.0 billion yen between Tohoku and Tokyo will be needed.

Furthermore, the government has formulated the Regional Decarbonization Roadmap, which sets forth measures related to energy conservation including ZEBs. For us, with our knowledge as a ZEB planner, this represents a great opportunity to expand our share in renewal work.

Our overseas business, centered on Vietnam, which is experiencing remarkable economic growth, has returned to brisk growth as the COVID-19 pandemic subsides. Under the theme of "bringing light to areas with no electricity," the government's budget for overseas ODA projects is also showing signs of expansion.



construction for power transmission and distribution facilities. In particular, in Vietnam, where rapid urban development is underway, our strategy is to incorporate indoor wiring/air-conditioning and plumbing installation work for large hotels and building complexes, as well as renewable energy-related construction, by

strengthening collaboration between our local subsidiaries YURTEC VIETNAM CO., LTD. and Sigma Engineering JSC (a major Vietnamese facility engineering company), which we turned into a subsidiary in June 2021.

As for domestic renewable energy-related construction, we will reinforce our system to accommodate vigorous construction plans for renewable energy-related facilities aimed at achieving carbon neutrality, and aim to expand our business by leveraging our accumulated expertise and geographical advantages.

For renewal-related work, in addition to traditional renewal sales, we will promote proposals to customers for energy conservation and ZEB conversion based on the knowledge we have gained from introducing ZEBs at our own business locations. Not only is renewal-related work a highly profitable business, we have also established a system that enables us to firmly grasp equipment renewal needs by managing the data of existing customers. We expect this to be one of the businesses that will contribute most to improving profitability in the future. With these four focus businesses as the main pillars, we will play a part in the stable supply of electricity and aim to contribute to the sustainable development of society and enhance our corporate value.

### Positioning and strategic themes of the Medium-Term Management Plan (2024-2028)

As mentioned above, the newly launched Medium-Term Management Plan (2024-2028) is positioned as a phase for laying the foundations to realize our 2030 Vision. Accordingly, we identified issues by backcasting from the 2030 Vision (Our Ideal Future), which we then used to formulate numerical targets and basic strategies. While further developing our businesses in Tohoku and Niigata, we have defined four focus business areas as growth areas: "Areas outside Tohoku and Niigata," "Overseas business," "Renewable energy-related construction," and "Renewal-related work." We will also work to secure and swiftly develop human resources to seize growth opportunities, as well as to improve productivity and profitability through DX promotion and other measures.

In addition, we will take on new business ventures in such areas as "offshore wind power and renewable energy-related construction overseas and in Hokkaido," "real estate business" (effective utilization of former sales office sites, etc.), which is highly compatible with the construction industry, and "storage battery-related business" (charging infrastructure/

facilities, etc.). Our targets for FY2028 are net sales of 270.0 billion yen, operating profit of 13.5 billion yen, and ROE of 6.0% or more. Although we are still only halfway there in terms of improving profitability, our scenario is that from FY2029 onwards, our efforts will bear fruit and we will be able to raise our profitability.

In order to achieve our numerical targets, we need to steadily grow our four focus businesses, which will be our future revenue drivers. Turning to the strategic points of each business, for areas outside Tohoku and Niigata, in addition to winning orders for large-scale redevelopment projects, mainly in the Tokyo metropolitan area, which has been our focus so far, we will expand our business by entering new fields such as urban district heating and data centers, which are becoming increasingly important.

In the overseas business, we aim to expand our business in Vietnam, where we have a track record spanning around 30 years, and to enter new markets in neighboring countries, as well as to increase orders for ODA projects (in Africa and Southeast Asia, etc.) through social infrastructure development projects such as

### Future investment policy

The main objectives of our investment plan for the next five years are to find more opportunities in existing businesses, accelerate expansion into growth areas, and strengthen our management base. In order to put the four focus businesses on track and accelerate growth, we plan to allocate management resources to areas expected to grow, and to actively make growth investments, including human capital and DX promotion. In particular, to find more opportunities in existing businesses and accelerate expansion into growth areas, we will expand and strengthen our Group-wide construction systems in Tohoku and Niigata, with an eye toward increasing orders for renewal-related work and renewable energy-related construction. We will also continue to invest in strengthening our systems outside Tohoku and Niigata and in strategic area development, etc.

Furthermore, we are open to expanding our overseas business with high growth potential and participating in new businesses with prospects to generate synergies with our core businesses. In developing these businesses, we may need to acquire new knowledge and expertise about the business, as well as human resources. As such, we will continue to consider utilizing external resources, including M&As.

Meanwhile, in strengthening our management base, which is the foundation that drives our business, securing human capital is the biggest challenge we face amid the decline in the construction workforce due to recent changes in young people's values regarding work and the increasingly difficult recruiting environment, among other factors. For this reason, we will proactively "invest in human resources that will create future generations," such as creating an attractive work environment and strengthening human resource development, to ensure the quality and quantity of human resources and improve engagement, and aim to create an attractive environment that will make people choose to work for us.

Promoting DX is also an important issue for the strategic use of limited human resources and improving productivity. We established the DX Promotion Committee in April 2022, and have been actively promoting measures linked to three themes: expanding use of tablets/smartphones, utilizing the latest digital technology, and creating a paperless office based on optimized business processes. Going forward, we will continue to actively make DX investments that will contribute to improving workplace safety and productivity.

# Yurtec's Ideal Future

## Message from the President

### The desired human resources and initiatives to strengthen human capital

Based on the belief that our human resources are our greatest asset, we view employees, including those of Group companies, as important partners and valuable human assets that support the improvement of our corporate value. The type of human resources we are seeking is someone who not only has basic skills and specialized knowledge, but also has the ability to think outside the box to proactively take on new challenges with a rich imagination, and can create new solutions while respecting and collaborating with customers and the various people involved in construction.

However, as I mentioned earlier, securing human resources is also our biggest challenge, given such factors as the harsh recruiting environment, changing values regarding work, and increasing early turnover rates. One of our basic strategies in the new Medium-Term Management Plan also calls for the creation of an attractive work environment and the strengthening of human resource development, which sets forth the direction we aim to take in

strengthening human capital by carrying out measures that focus on securing human resources, securing construction skills, preventing employee turnover, etc.

We also recognize that promoting the active participation of women and addressing diversity are important issues that need to be tackled over the medium to long term. Although there are few women in our workplace to begin with, due to the nature of our business, we are taking various measures as part of our policy to promote the active participation of women, with the aim of creating opportunities for diverse human resources to demonstrate their individuality and abilities, and realizing a work environment with a good work-life balance that is a comfortable workplace for all. Specifically, we will endeavor to actively hire female engineers, promote highly skilled female employees to managerial positions, allow for diverse work styles and leave styles regardless of gender, and encourage the use of the various childcare systems we provide.

### Sustainability initiatives

We recognize that proactive initiatives toward sustainability are essential for sustainable growth and improved corporate value. With regard to sustainability initiatives, we have identified materiality topics specific to us, and have also included “strengthening our management base by practicing sustainability management” as a basic strategy in our new Medium-Term Management Plan, and are proactively implementing this strategy in the form of activities that will lead to improved corporate value. What is distinctive about our initiatives is that they align with the materiality topics of the Tohoku Electric Power Group, which supports the social infrastructure of Tohoku and Niigata, while also incorporating issues that are in line with our business, such as contributing to overseas infrastructure and pursuing construction quality. However, our goal of halving CO<sub>2</sub> emissions by FY2030 (compared to FY2013) and achieving carbon neutrality by FY2050 remains unchanged. Specifically, in addition to initiatives for achieving carbon neutrality by converting business locations to ZEBs, converting company-owned vehicles to EVs, and providing environmentally friendly facilities through renewable energy-related

construction, we will also contribute to the construction of resilient social infrastructure by ensuring a stable supply of electricity and responding to natural disasters through our core business of facility construction. In particular, renewable energy-related construction will lead not only to the realization of a decarbonized society, but also to the expansion of our own business and improvement of profitability by accelerating development in growth areas.

In terms of our response to natural disasters, we have a track record of restoring electric power facilities as quickly as possible when lifelines are disrupted, such as in the wake of the Great East Japan Earthquake. Following the Noto Peninsula Earthquake on New Year's Day 2024, we dispatched a total of 1,380 support team members from the first to ninth groups immediately after the earthquake hit, contributing to the restoration of electric power facilities by correcting tilted utility poles, and repairing broken high-voltage lines, among other tasks. In recognition of our cooperation in dispatching support for the Tohoku Electric Power Network, we received a letter of appreciation from the Ministry of Economy, Trade and Industry.

### Corporate governance

As a listed subsidiary under our parent company Tohoku Electric Power, we have been placing particular focus on strengthening our governance in order to dispel concerns over conflicts of interest. In June 2022, we transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee to strengthen the supervisory functions and speed up the decision-making of the Board of Directors. In addition, the Company has established an Advisory Committee on Significant Transactions with Parent Company, etc., comprised of Independent External Directors, that deliberates on and considers the protection of the interests of minority shareholders. In light of this, we believe that our governance system is functioning sufficiently.

Furthermore, the Nomination and Remuneration Advisory Committee, a majority of the members of which are Independent External Directors, deliberates on important matters such as the selection of Director candidates and remuneration for Directors, thereby ensuring the independence and objectivity of decision-making processes. With five of the 13 members being Independent External Directors, the Board of Directors as a whole is composed to strike a balance among knowledge, experience, and capabilities, while also taking into account diversity in terms of gender, career, age, etc. At Board of Director meetings, lively discussions take place and questions are asked from various perspectives, including on sustainability initiatives and promoting the active participation of women in the workplace, and from the perspective of those being supervised, I feel that the effectiveness of the Board of Directors is being secured.

### A message to our stakeholders

Once again, this year marks the 80th anniversary of our founding. We owe this entirely to our stakeholders, and as such would like to express our sincere gratitude for your continued support.

This year of our 80th anniversary also marks the start of our efforts to realize our 2030 Vision. Amid a clearly favorable business environment, we are steadily advancing measures to capitalize on these tailwinds. While supporting the sustainable development of local communities and ensuring the comfortable lives of our customers, I am prepared to walk together with our stakeholders, taking the lead myself, and unite the strengths of our employees to pave the way for the future. We will continue our utmost efforts to become a company with consolidated net sales of 300.0 billion yen by the early 2030s, and even beyond that, a 100-year-old company.

With regard to shareholder returns, we intend to implement both dividends and share buybacks, aiming for a total return ratio of 50–60%, and to strengthen the return of generated profits. We would like to increase our corporate value through sustainable profit growth, improved capital efficiency, and fostering expectations for the future.

Last year, we also published our first integrated report, and recently have been receiving an increasing number of interviews from institutional investors. We will continue to strive to enhance information disclosure that will lead to a greater understanding of our Company and improved corporate value.

We hope that all our stakeholders will look forward to our future growth, and continue to offer your support going forward.



# Yurtec's Ideal Future

## Medium-Term Management Plan (2024-2028)

### Formulation of the Medium-Term Management Plan (2024-2028)

To bridge the gap between “2030 Vision” and our current status, we formulated our “Medium-Term Management Plan (2024-2028)” by backcasting from this vision and determining what we needed to do.

To solve the problems we identified through backcasting, we developed basic strategies, and then we developed key measures based on each of these basic strategies. Our whole Group is working as one to implement these initiatives and achieve our numerical targets for FY2028 (consolidated net sales of 270.0 billion yen, operating profit of 13.5 billion yen, and ROE of 6.0% or more).

### Summary of the Medium-Term Management Plan (2024-2028)

To realize our “2030 Vision,” we performed a future-looking analysis based on our external environment, identified issues, and formulated our Medium-Term Management Plan (2024-2028). We seek to achieve sustainable growth and to increase our corporate value.

(FY2022).....(FY2024).....(FY2025).....(FY2028).....(Early 2030s)

#### 2030 Vision

Basic Policy: Find more opportunities in existing businesses and expand growth areas, pursue sustainability management, and invest in human resources that will create future generations

#### Medium-Term Management Plan (2024–2028)

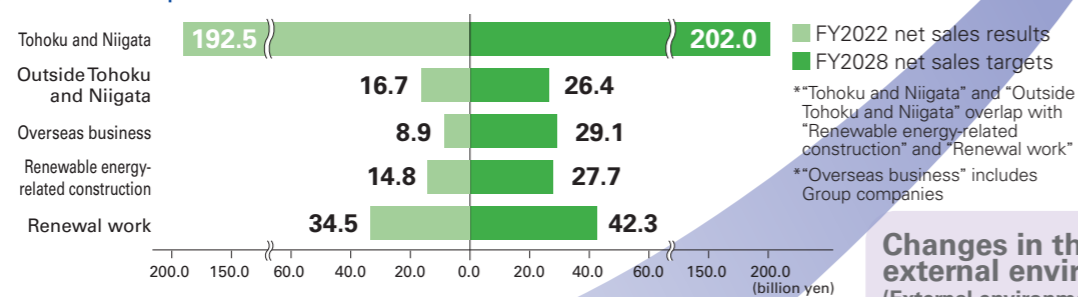
##### Basic strategies

- Pursue “Safety, Quality, and Reliability” Group-wide
- Respond to changes in the business environment based on maintaining and strengthening trust relationships with clients in Tohoku and Niigata
- Further expand the scale of business by accelerating expansion into growth areas
- Create an attractive working environment and strengthen human resource development
- Strengthen management base by practicing sustainability management

##### Direction of investments

- Find more opportunities in existing businesses
- Accelerate expansion into growth areas
- Strengthen management base

##### Business portfolio



#### Changes in the external environment (External environment in 2030s)

- [Domestic market]**
  - Advancement of population decline and aging, concentration of population in the Kanto region
  - Aging of various forms of infrastructure, nationwide construction and updating of wide-area interconnected grid
- [Overseas market]**
  - Expansion of the national budget in Japan for overseas ODA projects
- [Technologies and innovation]**
  - Digitalization
  - Advancement of technologies such as DX
- [Sustainability]**
  - Acceleration of initiatives for achieving carbon neutrality and trends in SDGs management promotion

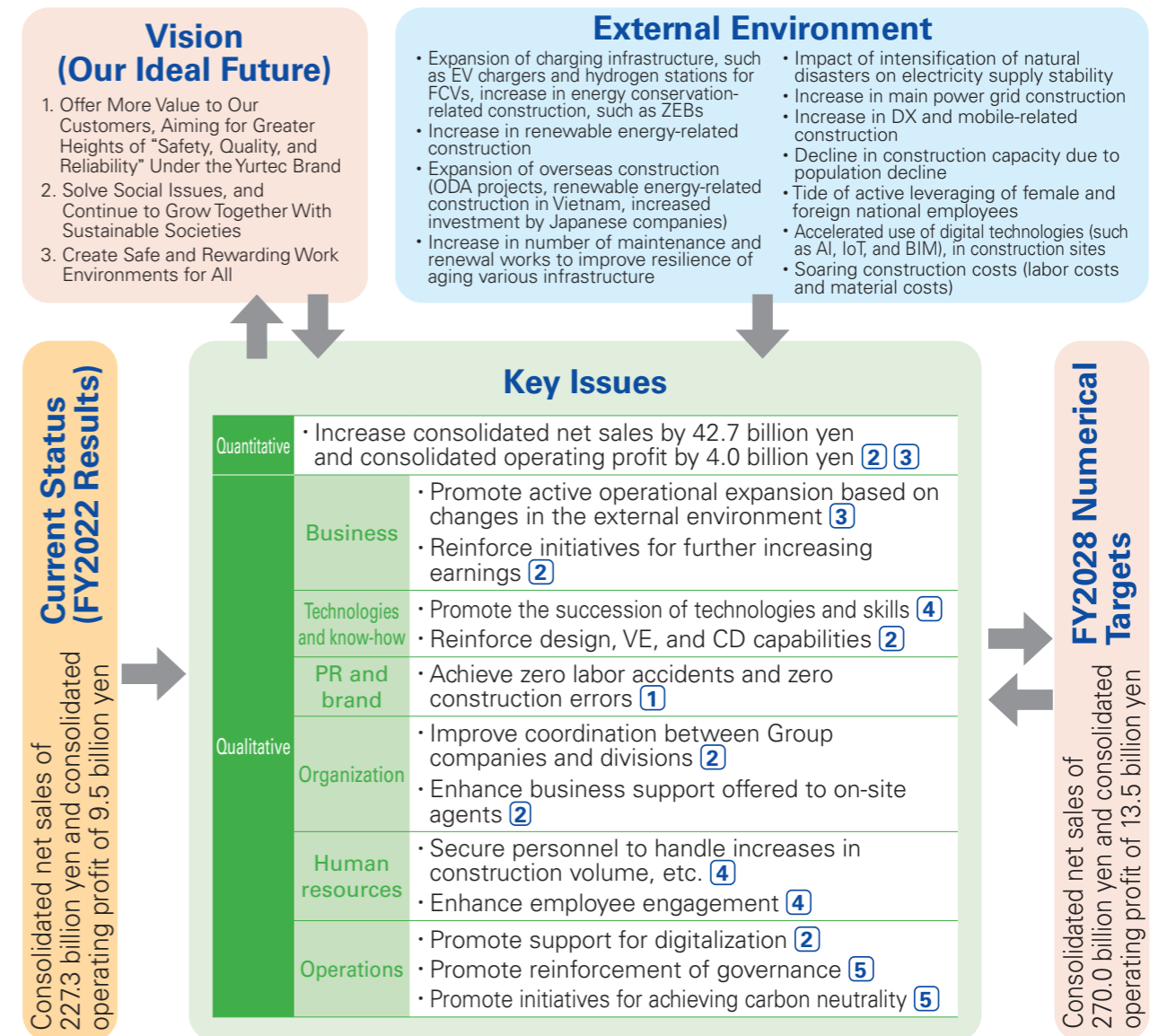
**Current status (FY2022 results)**  
 Numerical results (consolidated)  
 Net sales 227.3 billion yen  
 Operating profit 9.5 billion yen

**Medium-Term Management Policy (2021-2025)**  
 Numerical targets (consolidated)  
 Net sales 240.0 billion yen  
 Operating profit 12.0 billion yen

**Medium-Term Management Plan (2024-2028)**  
 Numerical targets (consolidated)  
 Net sales 270.0 billion yen  
 Operating profit 13.5 billion yen  
 ROE 6.0% or more

### Basic strategies

We backcast from changes in the external environment and from our vision to identify issues, both from quantitative and qualitative perspectives, and developed five basic strategies.



### Five Basic Strategies

- 1** Pursue “Safety, Quality, and Reliability” Group-wide
- 2** Respond to changes in the business environment based on maintaining and strengthening trust relationships with clients in Tohoku and Niigata
- 3** Further expand the scale of business by accelerating expansion into growth areas
- 4** Create an attractive working environment and strengthen human resource development
- 5** Strengthen management base by practicing sustainability management

# Yurtec's Ideal Future

## Medium-Term Management Plan (2024-2028)

### Basic strategies and key measures

# 1

## Pursue "Safety, Quality, and Reliability" Group-wide

- Further improve the safety culture of the Group as a whole, including partner companies, and eliminate fatal or serious injuries and serious accidents by enriching and enhancing site safety and construction management
- Eliminate construction errors by adhering to basic rules and thoroughly making confirmations before, during, and after each construction work
- Improve construction quality by introducing new technologies and refining quality management methods



# 2

## Respond to changes in the business environment based on maintaining and strengthening trust relationships with clients in Tohoku and Niigata

- Demonstrate comprehensive capabilities by further strengthening cooperation between headquarters, divisions, and Group companies
- Expand orders for information and telecommunications construction in conjunction with indoor wiring/air-conditioning/plumbing installation work
- Expand orders through further engagements in renewal sales and by broadening approach methods
- Expand orders through technical proposals for reducing CO<sub>2</sub> emissions, such as proposals for ZEBs and the use of renewable energy facilities
- Ensure receipt of orders for construction to address aging of facilities and steady promotion of main power grid maintenance work
- Reinforce one-stop service, including surveying, design, installation, and maintenance
- Strengthen sales targeting the general public and government offices and promote a thorough cost reduction
- Promote a cost reduction by expanding range of fields in which the Material Procurement Division is involved
- Improve operational efficiency and reduce costs through utilization of outsourcing, etc.
- Strive to establish an organization structure that is agile and adaptable to changes in the business environment
- Reinforce construction systems through collaborations with other companies
- Make sweeping revisions to operations, improve efficiency by accelerating DX initiatives and using new technologies, and increase productivity
- Improve Group-wide efficiency by leveraging more sophisticated information system environments



# 3

## Further expand the scale of business by accelerating expansion into growth areas

- Expand orders and increase earnings by reinforcing area expansion in areas other than Tohoku and Niigata
- Expand orders and increase earnings by reinforcing renewable energy-related construction system
- Expand orders and increase earnings from overseas business, beginning with business in Vietnam, including ODA projects
- Expand orders in growth fields such as data centers (DCs) and district heating and cooling (DHC)
- Expand orders for mobile-related construction, such as Beyond 5G
- Acquire construction projects related to smart-society building projects in collaboration with Tohoku Electric Power
- Take on the challenges of new business fields with high potential for synergy with the construction industry, such as real estate or PFI businesses
- Venture into new construction fields where we can leverage our expertise suited to the times



# 4

## Create an attractive working environment and strengthen human resource development

- Implement personnel system reforms to improve employee engagement
- Promote diverse working styles and create comfortable working environments
- Promote health management aimed at promoting physical and mental health and organizational revitalization
- Promote measures to secure human resources in anticipation of acceleration of expansion into growth areas
- Rapidly bring young employees up to speed, implement measures to improve the skills of employees of all ages, and promote the succession of knowledge, technologies, and skills by veteran employees
- Increase technical capabilities by supporting acquisition of certifications
- Provide support for securing human resources and strengthening construction systems at Group companies and partner companies



# 5

## Strengthen management base by practicing sustainability management

- Promote carbon neutrality measures such as switching to ZEBs for business sites and using EVs as company cars
- Enhance crisis management and response capabilities for dealing with large-scale natural disasters, etc.
- Earn trust of stakeholders through timely and appropriate communications, etc.
- Strengthen corporate governance by implementing thorough risk management
- Thoroughly adhere to corporate ethics and legal compliance by fostering a free and open workplace culture

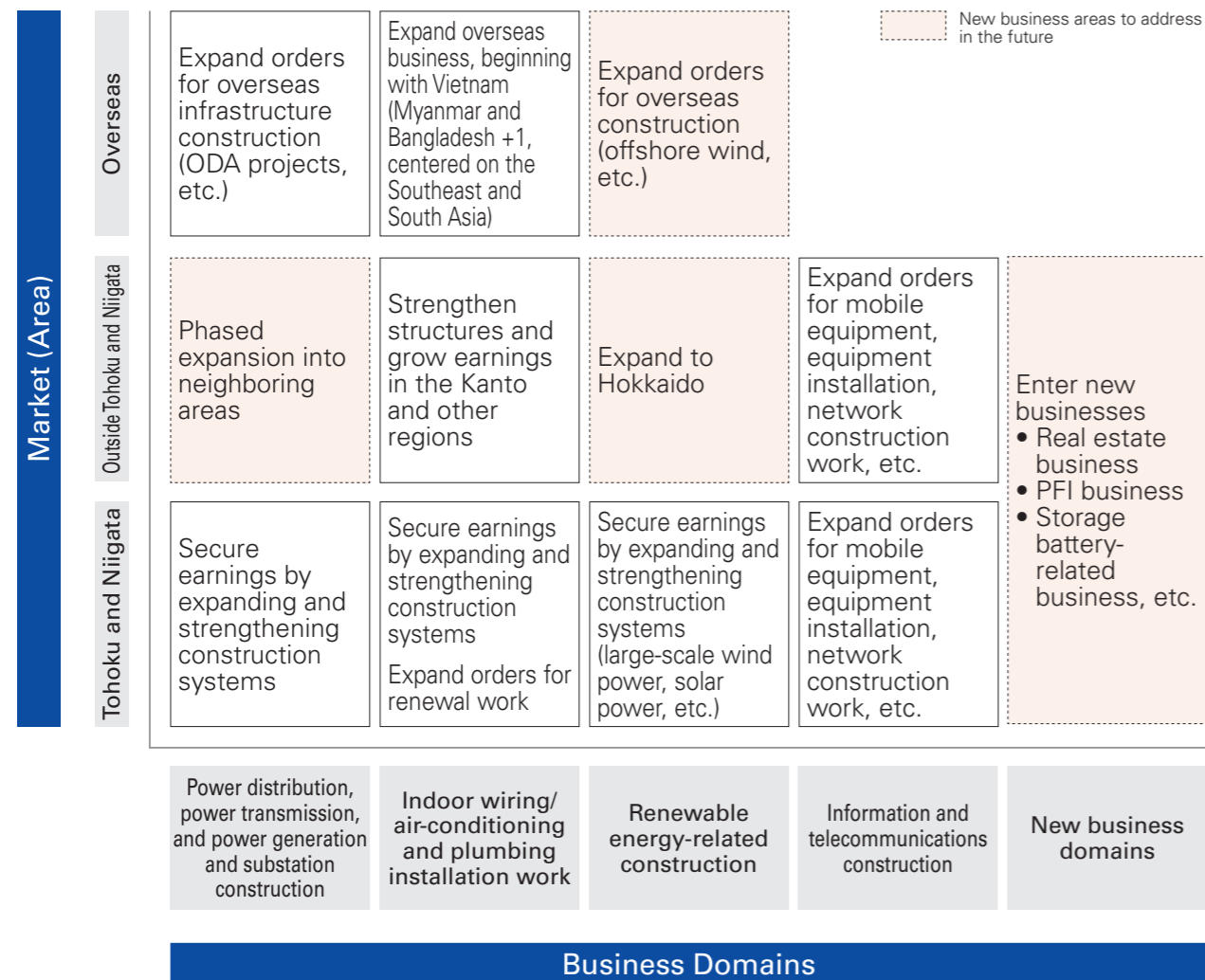


# Yurtec's Ideal Future

## Medium-Term Management Plan (2024-2028)

### Business portfolio

In creating our business portfolio, based on the premise of finding more business opportunities in Tohoku and Niigata—our main areas of business since our foundation—we focus on four priority businesses, considering business scale and growth in major business areas: (1) Areas outside Tohoku and Niigata; (2) Overseas business; (3) Renewable energy-related construction; and (4) Renewal work



	Business Analysis Results		Overview
	FY2022 Results (Net Sales)	FY2028 Plan Growth Potential (Net Sales)	
Tohoku and Niigata	192.5 billion yen	202.0 billion yen	• Strengthen our business foundation by increasing competitiveness in Tohoku and Niigata, areas where we have operated since our founding
(1) Outside Tohoku and Niigata	16.7 billion yen	26.4 billion yen	• Expand businesses in areas other than Tohoku and Niigata, focusing on the Kanto region (a continuing area of focus)
(2) Overseas business	8.9 billion yen	29.1 billion yen	• Expand business with a focus on Vietnam and increase orders for ODA and other projects through social infrastructure development projects
(3) Renewable energy-related construction	14.8 billion yen	27.7 billion yen	• In response to the growing momentum for the construction of renewable energy-related facilities toward carbon neutrality, we intend to strengthen our business structure and expand business a synergistic combination of expertise and geographical superiority
(4) Renewal work	34.5 billion yen	42.3 billion yen	• In addition to conventional renewal sales, we intend to expand orders by proposing energy conservation and ZEB projects to customers (based on ZEB expertise through installations in our own business sites)

\*"Tohoku and Niigata" and "(1) Outside Tohoku and Niigata" overlap with "(3) Renewable energy-related construction" and "(4) Renewal work." "(2) Overseas business" includes Group companies.

### Direction of future investments

We will strengthen our management base by allocating management resources to find more opportunities in existing businesses and accelerate expansion into growth areas, and invest in human capital value enhancement and DX promotion.

#### 1 Find more opportunities in existing businesses

- Expand orders by finding more renewal work
- Expand and strengthen the Group-wide construction system

#### 2 Accelerate expansion into growth areas

- Accelerate carbon neutral initiatives (ZEB conversion, storage battery-related business, etc.)
- Expand overseas business
- Strengthen structures outside of Tohoku and Niigata (Kanto region and others), and develop strategic areas looking to the future
- Consider and enter new business fields where we expect synergies with our core businesses (e.g., real estate and PFI businesses)

#### 3 Strengthen management base

- Invest in human resources to increase the value of human capital
- Promote DX and transform business operations through digital technologies

# Special Feature: 80th Anniversary Roundtable Discussion (1)

## Yurtec's Purpose and Ideal Future



**Misato Kosawa**  
Odate Sales Office,  
Akita Office

**Hayato Sajima**  
Sales Department,  
Tokyo Headquarters

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

**Yuka Kobayashi**  
Facilities Section,  
Fukushima Sales Office,  
Fukushima Office

**Tomo Yokoo**  
Distribution Section,  
Distribution Engineering  
Department,  
Niigata Office

“What should Yurtec do to become a 100-year-old company?”  
“How do we want to contribute to that?”  
President Yoshiharu Ota and four young employees  
in their twenties talked about their goals and dreams.

### Important points in working to realize the long-term vision

**Ota:** To realize our long-term vision, I want Yurtec to be a flexible organization where employees can exercise their initiative. In other words, an organization where each and every employee can think independently, make decisions, and act proactively on their own initiative. Amid the rapidly changing business environment, I believe that if employees work to realize our vision as if it were their own business, the entire organization can come together to achieve sustainable growth.

It is also important to foster a workplace culture where everyone can freely discuss anything, that is, a “culture of speaking up.” As part of this effort, we have started holding Office Manager Management Meetings since 2023. The meeting aims to bring management and office managers together for face-to-face discussions to share the views of management

and concerns of their offices, and to promote the horizontal expansion of good practices.

What do you all think is important in achieving the long-term vision? Also, how do you see your role in this process?

**Yokoo:** I am currently involved in education-related work. My role is to create a safe working environment, such as by thoroughly



disseminating knowledge about power distribution and information instructed by the head office throughout the division. To improve the Yurtec brand, preventing accidents is vital. While it is important to learn about past accidents and safety, I think communication is more important than anything. For that reason, I place importance on “confirmation conversations” to make sure the other person has properly understood what I have said.

**Sajima:** I am in charge of sales to general contractors. As a sales representative, my first priority is to gain the trust of my customers. Since I represent the Company when dealing with customers, I make sure to meet deadlines and not give ambiguous statements.

**Kosawa:** I am involved in general affairs, accounting, and labor affairs. I work to provide on-site support by acting as a liaison between divisions at a sales office with about 50 employees. It may go without saying, but my most important role is to conduct proper accounting procedures.



**Kobayashi:** As an on-site agent, I manage safety, quality, and work processes, and create construction charts. To realize our vision, I believe it is important to build trust through safe, high-quality construction work. To achieve this, I try to broaden my horizons and think flexibly about my work without being bound by stereotypes, as there may be new ideas.

**Ota:** The “confirmation conversations” Mr. Yokoo mentioned are very meaningful. Instead of simply repeating what the other person said, asking “Is this what you meant?” in a different way can help prevent misunderstandings and assumptions. Creating a safe and secure workplace is extremely important to Yurtec.

### Gaining skills to be trusted both inside and outside the company

**Ota:** In order to realize our long-term vision, I want you all to have the drive to be “second to none in terms of knowledge and technology in your field” in the work you are given, in other words, to become a “professional.” I expect you to gain skills to be trusted both inside and outside the company. You each talked about your own roles just now. Is there anything you usually keep in mind to fulfill your roles, or any challenges you face, and anything you are working on to solve them?

**Yokoo:** I want to acquire the “responsiveness” to act quickly, regardless of whether the task is routine or unexpected. To this end, I would like to accumulate not only knowledge, but also my own expertise through my day-to-day work, such as extracting data from sales offices and finding ways to improve.

**Sajima:** Like Mr. Yokoo, I want to acquire “responsiveness.” I always keep my eyes and ears peeled so that I can respond to any situation.

**Kosawa:** My motto is to take on challenges without fear of failure. If you don’t go out and get it yourself, you won’t achieve much. Whenever I get the chance, I make it a point to say, “Please let me do it” or “I’d love to participate.” I strive to approach my day-to-day work with a proactive attitude so that I can gain as many opportunities as possible.

**Kobayashi:** I often get the chance to give instructions to workers on-site, but sometimes I have trouble getting my point across. I feel that I still lack the skills to put into words what I’m thinking and what I want to communicate. I would like to improve my communication skills so that I can properly convey what I want to say to others.

### Yurtec's growth story toward becoming a 100-year-old company

**Ota:** Yurtec has a major role to play in ensuring the stable supply of electricity, which is an essential part of our daily lives, mainly in Tohoku and Niigata which have been our business area since our founding. Following natural disasters in particular, we have supported the lives of local communities by participating in restoration efforts. I want to continue to protect this DNA and contribute to the enrichment of people’s lives and the realization of a sustainable society. Our goal is to continue to be a company that is loved by local communities and our customers.



What do you think is necessary for Yurtec in the future to become a 100-year-old company?

**Yokoo:** In 2022, we responded to snow damage caused by heavy snowfall along the coast of the Sea of Japan. When we went to the affected area, a customer told us, "We're so glad the power is back on. Thank you." At that moment, I realized that our job of "protecting electric power infrastructure in the event of natural disasters as a general facility engineering company" was a very rewarding job in terms of contributing to the local community, and it gave me a renewed sense of pride in my work. I felt that this is exactly what Yurtec should be.

Meanwhile, in order to become a 100-year-old company, I believe it is important to step up our expansion into areas other than Tohoku and Niigata. However, there are some issues to be addressed, such as differences in the facilities of each electric power company. I also believe that raising brand awareness and securing human resources will be issues in expanding nationwide.

**Sajima:** I also think we should ramp up our efforts to increase orders in the Kanto region. We should make use of the expertise we have cultivated through our operations in Tohoku to become a company that is loved by many people in the Kanto region as well.

**Kosawa:** I think an important issue is to prevent young people who will lead Yurtec's future from quitting. Yurtec has a comfortable work environment and many growth opportunities that help employees thrive. However, amid labor shortages due to the declining birthrate and aging population, recruitment and turnover are pressing issues also for Yurtec. Through roundtable discussions like this one, I hope to contribute to the prevention of employee turnover by clearly conveying Yurtec's vision and strategies to the

younger generation.

**Kobayashi:** In order to sustain growth over the medium to long term, we also need to establish a wide range of new technologies in line with changes in the times. I think it would be prudent to enhance Yurtec's competitive advantage through the launch of new technologies.

**Ota:** As we celebrate our 80th anniversary this year, we have decided to create a new TV commercial. To do so, we set up a project team made up of young employees in their twenties who will support the 100-year-old Yurtec in 20 years' time. We left everything to the young sensibilities of the team. I believe that if we can convey the appeal of Yurtec both internally and externally through the production of the new TV commercial, it will help raise brand awareness and prevent employee turnover. I intend to continue to incorporate the ideas and opinions of young people and entrust the future of Yurtec in their hands.

### "Go-getter attitude"

**Ota:** When I was a young man myself, I was allowed to work freely and gain a variety of experiences. I want young employees to not be afraid of failure, learn from their experiences overcoming difficult situations, and use them to grow as people. For this reason, I would like all of you to proactively challenge yourselves to do what you want to do with a go-getter attitude.

**Yokoo:** I would like to be involved in technology development someday. As Japan's labor shortage is an area of concern, I want to develop construction methods and tools that can be operated by a small number of people and contribute to ensuring safety, reducing workloads at construction sites, and improving work efficiency and productivity. I also have a



strong desire to reduce accidents and disasters to zero. My goal is to help create a safe environment where no accidents or labor accidents occur under any circumstances,



thereby making Yurtec synonymous with safety.

**Sajima:** In the near future, I would like to try to obtain a qualification. A senior colleague of mine works in a clerical position but is a qualified electrician, in addition to other qualifications. Talking to him makes me painfully aware of my own lack of knowledge. I feel that certain work site discussions and ways of thinking can only be understood by having the knowledge gained from studying for a qualification. In the future, I'd like to be involved in the construction of commercial and educational facilities that will be used by many people to give back to Sendai, where I was born and raised.

**Kosawa:** I'm also working hard to obtain qualifications. A few months ago, I got a qualification in mental health management. By

learning about my own mental health and how to respond when employees face mental health issues, I hope to help create a comfortable workplace environment for all employees. Yurtec has recently been promoting the active participation of women, which I believe will lead to an increase in the percentage of female employees in the future. I want to be someone that makes people think, "Women can work like that too. I want to be like her."

**Kobayashi:** I want to learn the latest site management techniques. Doing so will make it easier not only to manage construction sites, but also to maintain and manage buildings after completion, which will improve work efficiency as well as ensure higher construction quality. I also want to be involved in large-scale construction projects, build up successful experiences, and become someone my juniors aspire to be. As I'm also interested in working overseas, I hope to help spread the name of Yurtec around the world.

**Ota:** We are currently also working on projects in Vietnam. I think it would be great for you to experience working abroad. Since Yurtec is focusing on promoting the active participation of women, I would like Ms. Kosawa and Ms. Kobayashi to serve as role models in their respective administrative and technical divisions. I also want you to continue proactively communicating what you want to do. As we have launched the Human Resources Strategy Project as a company, we plan to continue examining how to create an environment that enables all employees to realize their full potential.

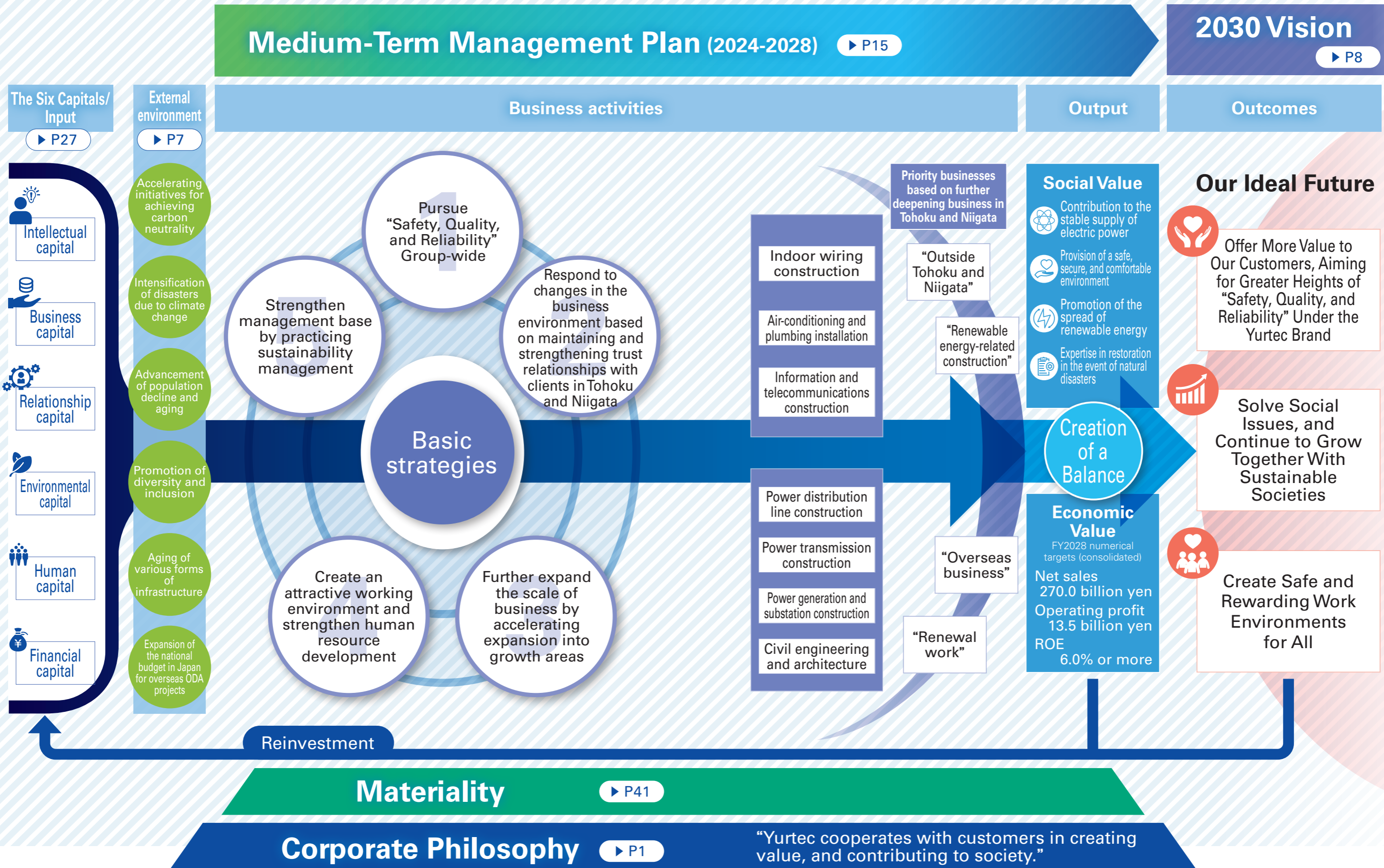
## The human resources that Yurtec seeks

### Working to build a better future

Yoshiharu Ota, Representative Director & President

Although we pursue profits as a company, we must not lose sight of our essential values in the process. I think it is important to first make decisions based on what is right and what is wrong, and then consider the pros and cons, to gain the trust of customers and make them say "We definitely want Yurtec to do our work." It is important that you all take on your work proactively as if it is your business, and pave the way for Yurtec's future.

Antoni Gaudi, the architect who designed the Sagrada Familia cathedral in Spain, would always say at the end of the day, "Tomorrow we will do beautiful things." We should always keep his words in mind.



# Value Creation Story

## The Six Capitals Supporting Yurtec

We conduct business as a general facility engineering company while playing a part in developing regional infrastructure, mainly in the Tohoku and Niigata areas. In this section we will outline the six capitals that support our business and our strengths in these areas.

### Management capital and strengths

Management capital		Strengths	
<b>Intellectual capital</b> Industrial property rights: 47 R&D expenses: 154 million yen	We strive to ensure and improve the Yurtec brand of “safety,” “quality,” and “reliability,” and boast an ample construction project track record and strong technical capabilities. We own 47 industrial property rights, and are working to develop technologies that ensure safety, improve quality, increase work efficiency, and reduce workloads. We will also utilize the infrastructure restoration expertise gained in our efforts following the Great East Japan Earthquake in the event of a natural disaster.	<ul style="list-style-type: none"> <li>● <b>Creation of new technologies and products</b>                              • A general facility engineering company that works in a wide variety of fields, including indoor wiring, air-conditioning and plumbing, and information and telecommunications construction (diverse business portfolio and corporate strength)                              • Constructive R&amp;D system in four categories: Safety assurance, construction technologies, economic efficiency, and new markets</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Expertise in infrastructure restoration in the event of natural disasters</b>                              Made all-out efforts to restore electric power facilities as quickly as possible in the aftermath of the Great East Japan Earthquake and other natural disasters that disrupted Japan’s lifelines</li> </ul>
<b>Business capital</b> Number of business locations in Japan: 77 (as of March 31, 2024) Consolidated subsidiaries: 16 (incl. 2 overseas) No. 1 market share as a general facility engineering company in the Tohoku and Niigata areas	As a general facility engineering company under the Tohoku Electric Power Group umbrella, we have a strong business network centered on the Tohoku and Niigata areas. We are carrying out business activities at 77 locations in Japan, mainly in the Tohoku area, our home base, and Niigata, and 3 overseas countries. Overseas, we have approximately 30 years of experience in Vietnam. We will continue to earn the trust of our customers while pursuing “safety,” “quality,” and “reliability.”	<ul style="list-style-type: none"> <li>● <b>Solid business foundation in the Tohoku and Niigata areas</b>                              Nationwide business network (77 business locations in Japan), comprehensive strength that enables us to offer one-stop construction solutions across a wide range of fields, relationships of trust with clients built over many years, win-win relationships with partner companies (about 450 companies)</li> <li>● <b>Overseas business base</b>                              Strong presence in Vietnam with a track record spanning approximately 30 years, strong partnership with Sigma Engineering JSC (major facility construction company in Vietnam)</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Reliable technology based on construction project track record</b>                              Overwhelming track record of undertaking local projects as a company with roots in the Tohoku and Niigata regions and a framework that accumulates expertise and turns it into competitive strength (organizing and accumulating various information obtained through construction management undertaken thus far, then thoroughly examining this information leads to further improvement of technology proposal capabilities and utilization in new construction work)</li> <li>● <b>Mobility of construction workforce</b>                              Provision of facility construction that meets the needs of our customers and the times via our network of 77 business locations in Japan and offices in three overseas countries</li> </ul>
<b>Relationship capital</b> Partner companies: Approx. 450 Client companies: Approx. 79,000	We are a member of the Tohoku Electric Power Group and carry out our operations in cooperation with approximately 450 partner companies. We have around 79,000 client companies. Our main clients include Tohoku Electric Power and Tohoku Electric Power Network, as well as general contractors, government agencies, and general corporations.	<ul style="list-style-type: none"> <li>● <b>Stable business transactions with the Tohoku Electric Power Group</b>                              Robust order pipeline and strong reliability within the industry for work ordered by Tohoku Electric Power and Tohoku Electric Power Network, such as for constructions on aging facilities and main power grids</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Ability to execute work in unison with partner companies</b>                              Expertise cultivated through electric power facility construction carried out together with our company and strong engineering network rooted in the local community</li> </ul>
<b>Environmental capital</b> Medium- to long-term targets related to environmental management Striving to achieve carbon neutrality by FY2050 Endorsement of TCFD Recommendations	The Tohoku area has been deemed a suitable site for offshore wind power, for which the Japanese government has set high introduction targets. As a local company, we also have a home-field advantage built up over the years. We will contribute to the realization of a low-carbon society through the construction of energy-saving, ZEB, and other facilities, and will actively work to cut our CO <sub>2</sub> emissions in half by FY2030 compared to FY2013, and achieve carbon neutrality by FY2050.	<ul style="list-style-type: none"> <li>● <b>Over 20 years of experience in renewable energy-related construction</b>                              Marketing prowess and construction expertise gained through collaboration between the Sales Headquarters and the Renewable Energy Headquarters</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Technical capabilities that contribute to carbon neutrality</b>                              Technology proposal capabilities to reduce CO<sub>2</sub> emissions, such as registering as a “ZEB Planner,” which provides business support for ZEB, such as consulting and design</li> </ul>
<b>Human capital</b> Number of employees (consolidated): 5,809 (as of March 31, 2024) Number of employees with construction-related qualifications: 2,062 (No. 1 among general facility engineering companies in Tohoku area)	We believe that technical capabilities and human resources are the foundation that supports our high reliability. We are thus establishing a safety culture through the Safety Promotion Center and handing down technology through the Human Resource Development Center. In order to further expand our business, we aim to hire around 120 to 150 new employees every year through regular recruitment activities. Moreover, during the period of the new Medium-Term Management Plan, we aim to increase the number of employees by around 350, mainly technical personnel.	<ul style="list-style-type: none"> <li>● <b>Reliable technical base</b>                              Technical personnel that work in a wide range of construction fields, such as indoor wiring, air-conditioning and plumbing, and information and telecommunications construction</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Ample facilities and systems for developing human resource</b>                              System that develops independent human resources capable of flexibly responding to the management environment and solving issues via regular training at the Human Resources Development Center</li> </ul>
<b>Financial capital</b> Net assets: 142.4 billion yen (as of March 31, 2024) Consolidated net sales: 243.1 billion yen (FY2023) Growth investment: approx. 80 billion yen Shareholder return: approx. 30 billion yen	Under our stable financial base, we will make investments for future growth totaling 80.0 billion yen during the period encompassing the new Medium-Term Management Plan. During this same period, we will also look to improve shareholder returns, aiming for a total return ratio of 50% to 60%.	<ul style="list-style-type: none"> <li>● <b>Stable financial base</b>                              Sound financial position with an equity ratio of 61.5%</li> <li>● <b>Aggressive investments targeting improved profitability</b>                              Investments totaling 80.0 billion yen in the form of “business investment,” “capital investment,” “human resource investment,” and “IT/DX investment.”</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Improving shareholder returns</b>                              • Consolidated payout ratio (40% or more)                              • Acquiring of treasury shares to a value of around 10% to 20% of the profits realized during the period of the new Medium-Term Management Plan</li> </ul>



## Financial Strategy and Human Resources Strategy

**Yasuhiro Suzuki**  
Director  
Managing Executive Officer

### Working to improve capital efficiency

In March 2024, we formulated our “2030 Vision” and “Medium-Term Management Plan (2024-2028)” and newly set ROE as a numerical target in an aim to practice management with an awareness of capital efficiency.

The Company’s ROE has consistently been below 8%, which is considered the general level, and we believe that improving ROE requires efforts to improve profitability and optimize our capital structure.

In order to improve profitability, we will strengthen our management foundation through growth investments totaling 80 billion yen in “business investment,” “capital investment,” “human resource investment,” and “IT/DX investment.”

In an aim to optimize the capital structure, as a measure to strengthen shareholder returns, we revised our dividends policy to a “consolidated dividend payout ratio of 40% or more” in April 2024, and we plan to increase the annual dividends by 4 yen to 46 yen compared to the previous fiscal year for FY2024.

Furthermore, we will work to further improve shareholder returns by acquiring treasury shares, aiming for a total return ratio of 50–60%.

In addition, we believe that continued dialogue with the market will lead to an improvement in our stock price and PBR, and thereby enhance our corporate value.

We are committed to achieving our long-term vision and continuously improving our corporate value.

### Capital allocation (within the period of the Medium-Term Management Plan (2024-2028))

<b>Growth investment</b> Total of approx. <b>80</b> billion yen	<b>Business investment</b> Approx. 28 billion yen	<ul style="list-style-type: none"> <li>Find more opportunities in existing businesses</li> <li>Accelerate expansion into growth areas</li> </ul>
	<b>Capital investment</b> Approx. 27 billion yen	<ul style="list-style-type: none"> <li>Offices and construction equipment</li> <li>Invest <b>over 130 billion yen</b> in environmental investments, including ZEB-specification offices and EV adoption</li> </ul>
	<b>Human resources investment</b> Approx. 15 billion yen	<ul style="list-style-type: none"> <li>Secure and develop human resources</li> <li>Improve the working environment and enhance engagement</li> </ul>
	<b>IT/DX investment</b> Approx. 10 billion yen	<ul style="list-style-type: none"> <li>Promote IT/DX initiatives that contribute to strengthening corporate competitiveness</li> </ul>
<b>Shareholder return</b> Total of approx. <b>30</b> billion yen	<b>Dividends*</b> Approx. 20 billion yen	<ul style="list-style-type: none"> <li>Plan to continue the basic policy of a “dividend payout ratio of 40% or more”</li> <li>Implement stable dividends</li> </ul>
	<b>Acquire treasury shares*</b> Approx. 10 billion yen	<ul style="list-style-type: none"> <li>Plan to acquire treasury shares equivalent to <b>approximately 10–20%</b> of profits during the period of the Medium-Term Management Plan</li> </ul>

\*The amount stated is an estimate by the Company as of October 31, 2024 and may vary depending on the amount of future profits.

### Investment in human capital

The source of our value creation is our human resources, and in order to achieve the targets described above, we believe it is important to create a system that allows a diverse range of human resources to actively participate, and to create an environment where all employees can continue to actively take on challenges with dreams and pride and work with peace of mind.

Based on this stance, we formulated the “Yurtec Human Resources Strategy” in October 2024, and set four themes as our key measures: securing human resources, developing human resources, working environment, and engagement. We are considering and developing various measures for these themes.

In the realization of each measure, we recognize that the steady growth of young employees and the insights provided by veteran (senior) employees are important elements indispensable for the Company’s development,

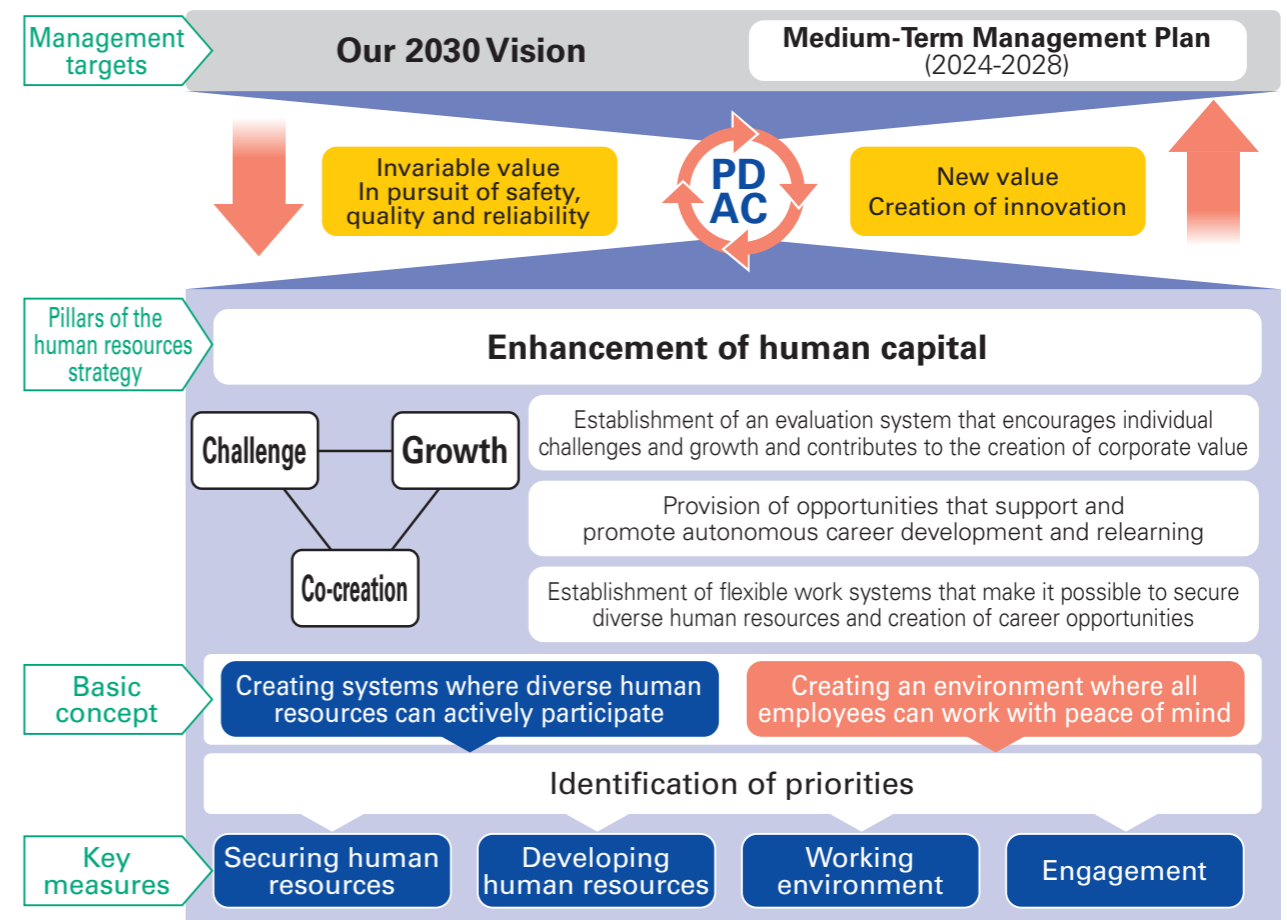
especially amid the increasingly severe issues of a declining birthrate and aging population, making it important to systematically secure human resources. Based on this recognition, the main achievements include the introduction of the “New Scholarship Repayment Support System,” which aims to reduce the financial burden on young employees, from FY2024, and the introduction of the “Young Employee Active Support Team,” which aims to support the growth of young employees in line with their abilities and goals through means such as “one-on-one meetings,” from FY2025. In addition, by extending the retirement age and introducing a new re-employment system, we are creating an environment where veteran employees with abundant knowledge, skills, expertise, and motivation toward work can actively participate while finding satisfaction in their work.

#### Aims of the human resources strategy

Going forward, the Company will develop new systems that are not just extensions of those up until now, so that each employee, through working at the Company, can have their hard work rewarded with fair evaluation through a treatment system, have opportunities for skill

development that enable them to build a career true to themselves, have their individuality respected, and strive towards their ideal image while demonstrating their uniqueness and potential within an organization they lead.

#### Overall image of the human resources strategy





**Sales Headquarters**  
 Business & Sales Planning Department,  
 Sales Department, Solutions Sales  
 Department, Overseas Business Department

**Ikumi Kobayashi**  
 Representative Director & Executive Vice President  
 General Manager of Sales Headquarters

## Business activities

The Sales Headquarters is primarily engaged in sales activities aimed at securing orders for electrical, air conditioning, water supply and drainage, and information and telecommunications facilities for general corporate buildings, as well as renewable energy-related construction. It also engages in oversight operations for sales activities in building renewal work (one-stop service for surveys, diagnosis, preparation of estimates, and construction planning), and oversees overseas construction (mainly in Vietnam and ODA projects). We support the business of customers from the planning stage of each project to construction, always from the customer's point of view.

### Growth opportunities and strengths

- Increase in special orders and favorable orders by developing sales activities that focus on the region and customer relationships
- Establishment of unique methods for acquiring renewal work
- Increase in large-scale investments such as manufacturing plants in the Tohoku area

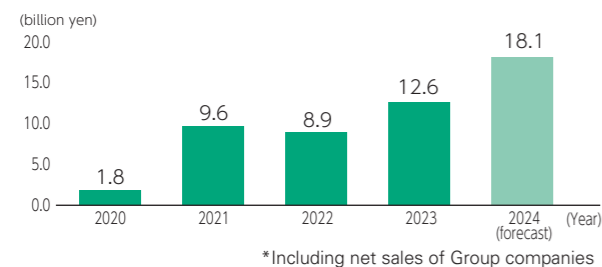
### Risks and issues

- Lack of recognition outside of the Tohoku and Niigata regions
- Ceiling on the volume of orders due to a shortage of personnel at the Company, Group companies, partner companies, etc.
- Difficulties in hiring employees due to the declining birthrate and aging population in the Tohoku and Niigata regions

## Trends in net sales

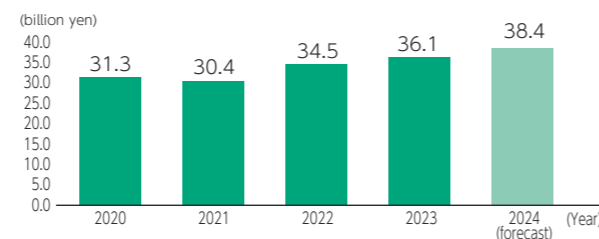
### FY2023 Overseas construction\*

Net sales **12.6 billion yen**  
 (140.9% YoY)



### FY2023 Renewal work

Net sales **36.1 billion yen**  
 (104.6% YoY)



## Review of FY2023

Thanks to robust capital investment at various companies and the establishment of good relationships with customers, orders were strong. Orders received stood at approximately 121.7 billion yen, which significantly exceeded those of the previous fiscal year, mainly due to orders for large factories, including those related to semiconductors and commercial facilities in the Tohoku and Niigata regions, as well as large-scale redevelopment and research facilities in the Kanto region. Another positive factor was the gradual price pass-through of increased material and labor costs. In terms of renewal work, we actively offered proposals that meet clients' equipment updating needs and

deepened its methods of making such proposals in an effort to increase orders. Although we were approached by many customers for projects, there were cases where we had to decline due to issues with our construction system, so we will continue efforts in securing human resources, improving efficiency, and further promoting DX. In the overseas business, efforts were made, primarily by Sigma Engineering JSC, our consolidated subsidiary in Vietnam, to increase orders for indoor wiring, air-conditioning, and plumbing installation work of large hotels and building complex projects. Furthermore, we engaged in government development assistance (ODA) projects in Africa.

## Business environment and initiatives (focus initiatives)

The order environment in the Tohoku and Niigata areas has been favorable, and as the manufacturing industry continues to return to its production bases in Japan, we have been involved in a large number of properties, including not only large factories, but also commercial facilities, public facilities, and redevelopment properties. It can be said that this is the result of the Company's efforts up until now to strengthen inter-organizational cooperation and actively engage in sales activities. We will continue to leverage all the sales networks we have built up until now to support our customers, accurately capture their needs, and carefully respond to the process up until receiving orders.

Recently, the needs of society as a whole and customers for building facilities have become increasingly diverse and sophisticated with each passing year, and with rising concerns of global warming, an era has arrived where the concept of ZEB is required for all buildings. In order to respond to this, it is necessary for us to participate in projects from the planning stage utilizing our advanced skills and experience. We will create a database of the results of past construction work and engage in efforts to promptly provide customers with the best proposals at the best time. Going forward, we aim to further build up our track record in ZEB and combine our cultivated technical and construction capabilities with proposal capabilities enriched by the ZEB concept to become a company that contributes to the resolution of social issues.



Flamingo Cat Ba Beach Resort (Hai Phong, Vietnam)



Ben Tre V1-3 Offshore Wind Power Plant (Ben Tre, Vietnam)

## Future strategy

The Company celebrated the 80th anniversary of its founding this year. Building on the foundation of the 80 years we have established up until now, we are striving toward a clear vision, with an awareness of management aiming to become a 100-year-old company in the future.

We recognize that there are still many projects we should pursue, such as the construction of large manufacturing plants, redevelopment projects mainly in Sendai City, and offshore wind power renewable energy projects mainly off the Sea of Japan. Although we don't currently have any plans for data center construction in the Tohoku region, it is only a matter of time, considering the cool climate and abundant power supply, which would contribute to reduced operating costs. While there are concerns about population decline in the future, we feel that the region holds the potential to counter such trends when viewed from various perspectives. The Company will continue to develop community-based sales activities, expand our business further in the Kanto region, and strengthen efforts to win orders in growth areas such as data centers.

We will also focus on contributing to the local community and coexisting with the local society.

Specifically, we will actively engage in renewable energy projects such as wind and solar power generation-related construction. Efforts are currently underway to develop main power grids for wind power generation towards the goal of achieving carbon neutrality by 2050, and we will also be actively involved in the construction of other feeder routes for the wind power itself, substations, and monitoring facilities. In terms of solar power generation, local production for local consumption is currently a trend, and companies are shifting to self-consumption models. There is stable demand for installations on structures such as factory roofs, and by adding the ZEB concept to renovation methods that we excel in, we will enhance our proposal capabilities, offer proposals that enable installation and operation without initial costs, and secure orders. In terms of solving issues in the local society, we will also consider participating in PFI projects and engage in initiatives that contribute to regional revitalization. Although the business environment continues to change daily, we will strive to improve our corporate value by identifying changes in global trends and actively taking on challenges in growth areas.



## Engineering Headquarters

Electrical Installation Department, Air Conditioning and Plumbing Installation Department, Information & Communications Department

**Koji Miura**  
Director & Managing Executive Officer  
General Manager of Engineering Headquarters

### Business activities

Recently, in addition to various corporate buildings, we have expanded our business domains to include all types of facility engineering related to civil engineering, including data centers, district heating facilities, roads, and other infrastructure information and telecommunications facilities. Specifically, in addition to providing electrical equipment that makes daily life comfortable, convenient, and safe, air conditioning equipment that makes indoor air quality comfortable, and water supply and drainage equipment that ensures the hygienic use of water, which is indispensable for daily life, we also provide information and telecommunications facilities indispensable for daily life, such as the Internet and mobile phones, as well as social infrastructure.

### Growth opportunities and strengths

- Respond with one-stop service for electrical, air-conditioning and plumbing, and information and telecommunications facilities
- Cover a wide area of eastern Japan, including the Kanto region in addition to Tohoku and Niigata
- Contribute to extending the service life of facilities through planning, design, construction, and maintenance
- Holds an extensive track record in construction for various building applications and equipment systems

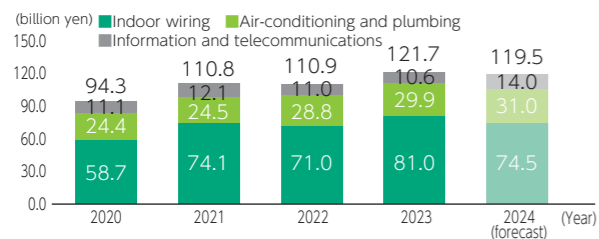
### Risks and issues

- Delays in responding to customers due to a drastic increase in construction volume
- Respond to the price pass-through of soaring and persistently high costs of materials and labor
- Respond immediately with concrete measures to address the aging of skilled workers and shortage of personnel for the future
- Rapid response to the latest and unfamiliar building applications and equipment systems

### Trends in orders received and net sales

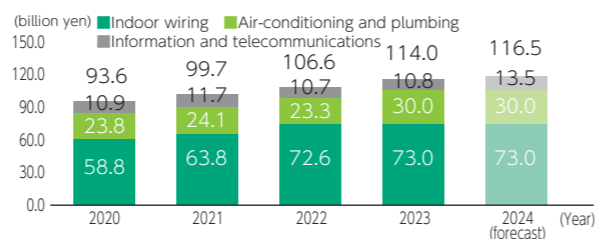
#### FY2023 Orders received

**121.7 billion yen**  
(109.7% YoY)



#### FY2023 Net sales

**114.0 billion yen**  
(106.9% YoY)



### Review of FY2023

Net sales were 114,043 million yen (an increase of 7,387 million yen year-on-year), which exceeded the previous fiscal year, mainly due to an abundance of on-hand construction projects at the beginning of FY2023 and progress made as planned on the constructions of a large-scale plant in the Tohoku region and a large-scale commercial facility in the Kanto region. This achievement was the result of thorough work management a year ahead of schedule, with an awareness of the overtime work cap regulations that came into effect this fiscal year.

On the other hand, as we strongly experienced the problem of labor shortages both internally and externally from the beginning

of the fiscal year, it was a year where we fundamentally reconsidered and reviewed how we have conducted work up until now, including construction management. The Business Support Centers and Construction Chart Support Teams set up in our head office and branch office organizations promote the use of tools and systems to reduce the workload of on-site representatives and improve the efficiency of on-site work, while focusing on DX to maintain and strengthen corporate competitiveness, in order to create an environment in which young employees, in particular, can perform construction management work with a sense of fulfillment, job satisfaction, and a peace of mind.

### Business environment and initiatives (focus initiatives)

Currently, the business environment remains favorable due to the stable securing of construction volume. However, we will not remain satisfied with our current situation, and proactively take measures against even minor challenges with a sense of urgency in order to achieve further growth. One of the initiatives being focused on is technology proposals for customers through the utilization of proprietary data obtained in our track record of construction projects. As building facilities become more diverse and sophisticated, the Company must respond to each and every customer request with flexibility and precision. To do so, it is necessary to effectively utilize data obtained through our experience and track record. The Company will refine its skills even more as a good advisor and builder to its customers by creating records of customers' buildings it has previously worked on, and by proposing the most appropriate technology in accordance with the time of renovation of facilities and equipment, as well as for application in future new construction projects. Another initiative is nurturing human resources. Currently, an internal project team is taking the lead in reviewing our previously standardized in-house education and establishing a new education system by introducing e-learning and other education systems. By improving the quality of education, we will aim for early training and improved competitiveness.



Kitakami Factory, TDK Electronics Factories Corporation (Iwate Prefecture)



LF Tsukuba (large-scale logistics center) (Ibaraki Prefecture)

### Future strategy

As a company with roots in the Tohoku and Niigata regions, we will actively engage in local projects and enhance our track record. Construction plans for large-scale manufacturing plants and data centers are expected to continue in the future. In particular, demand for the construction of data centers is expected to grow both in Japan and overseas. Accordingly, the Company will build its know-how by accumulating more results than ever before, thereby improving our competitiveness. In addition, from the perspective of risk distribution for manufacturing bases, we believe that construction of manufacturing plants will continue in various parts of Tohoku, and we will make concerted efforts to this end. At the same time, the Company will actively participate in the Sendai City Center Redevelopment Project which is currently being promoted by Sendai City to realize the city's vision as a New City of Trees. We recognize that one of our social contributions is to play a role in the development of the region by working together with the government as a local company.

Renewal work in building facilities is expected to continue accelerating as a growth area from the viewpoint of achieving carbon neutrality in 2050 and sustainability, and considering issues such as labor shortages due to the declining birthrate and aging society. Under these

circumstances, we believe that companies that have the ability and track record of proposing energy-saving, energy-generating, and energy-storing technologies will have an advantage in the planning and design stages and construction of building facilities for customers aiming to realize a decarbonized society. Since we completed registration with the ZEB Planner System and the ZEB Leading Owner System in 2022, we will strive to expand our business as a ZEB planner by utilizing our knowledge in the future. By organizing and accumulating various information that the Company has obtained up until now, and further deepening our understanding of them, we hope to further improve our technology proposal capabilities, provide equipment with high cost performance and satisfaction, and utilize it for new on-site work, as well as connecting it to AI technology.

As the importance of human capital management is being emphasized, further reforms and measures are needed to improve employee engagement and development. We view this as a theme that should be addressed perpetually, so we will not stop at what is being considered currently. We aim to boost the entire construction industry by developing this theme into an initiative involving both the Company and partner companies as one in the near future.



**Electric Power Infrastructure Headquarters**  
 Power Sector Governance Department, Distribution Engineering Department, Power Transmission Department, Power Generation and Substation Department, Civil Engineering Department

**Kazuo Takasugi**  
 Representative Director & Senior Managing Executive Officer  
 General Manager of Electric Power Infrastructure Headquarters

## Business activities

Our Headquarters' role is to support the social infrastructure in Tohoku and Niigata, such as the electric power facilities, renewable energy-related facilities, and power receiving and transforming equipment in factories and other sites, from the construction side. By doing so, we are contributing to the stable supply of electric power, responding quickly to facilitate rapid recovery in the event of natural disasters, which are growing in severity, while at the same time contributing to the development of local communities.

In addition, we have been securing orders and executing work including renewal work of aging of facilities that contribute to resilience, as well as main power grid construction and renewable energy-related construction with a view toward achieving carbon neutrality in 2050, by utilizing the technical capabilities and experience we have accumulated over the years, as well as our construction capabilities, including those of Group companies and partner companies.

### Growth opportunities and strengths

- Construction capability and adaptability gained from experience in recovery and reconstruction work following the Great East Japan Earthquake
- Broad business foundation and organizational strength in the Tohoku and Niigata areas to adapt to medium- to long-term plans for renewal work of aging facilities
- Technical capabilities and proposal capabilities developed through a construction track record applied in main power grid construction and renewable energy-related construction
- Technical development capabilities for special equipment vehicles and tools, etc., that contribute to improved work safety and productivity

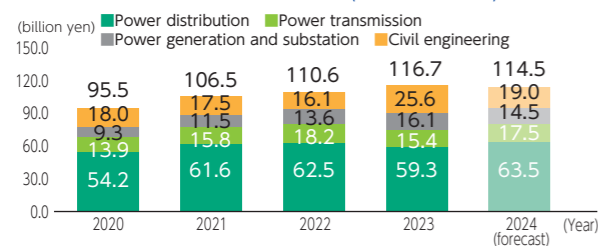
### Risks and issues

- Decline in the working population due to the declining birthrate, aging population, and outflow of population to the Tokyo metropolitan area
- Deterioration of work environment due to climate change (extreme heat and intensification of natural disasters)

## Trends in orders received and net sales

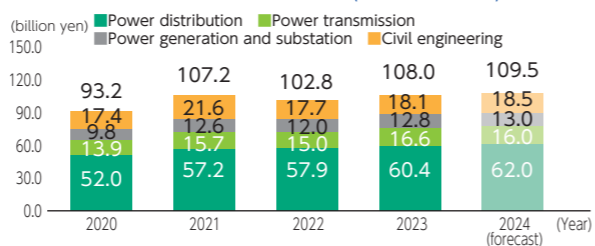
### FY2023 Orders received

**116.7 billion yen**  
 (105.5% YoY)



### FY2023 Net sales

**108.0 billion yen**  
 (105.1% YoY)



## Review of FY2023

In FY2023, both orders received and net sales exceeded those of the previous fiscal year. This was due to factors including the steady progress of renewal work for aging facilities and main power grid construction by Tohoku Electric Power Network, as well as strong orders received for large-scale wind power projects.

Looking back at each division, the Power Distribution Division responded appropriately to the restoration of power facilities following the New Year's Noto Peninsula Earthquake and the heavy snowfall in the northern Pacific side of Japan in February. In addition, we steadily secured orders for renewal work for aging facilities and made systematic progress in construction by improving the efficiency of utility pole replacement work.

In the Power Transmission Division, we received an order for main power grid construction. We are also engaged in construction work while utilizing new technologies, such as the use of drones for the construction and inspection of transmission lines.

In the Power Generation and Substation Division, we steadily received orders for renewal work for aging facilities at power plants and substations and large-scale wind power projects, as well as numerous orders for renewal work of power receiving and transforming equipment at facilities such as plants.

In the Civil Engineering Division, we received orders for underground pipeline work and large-scale wind power projects, and we were able to make efficient progress in construction by establishing a construction system with local companies.

## Business environment and initiatives (focus initiatives)

Against the backdrop of a need for strengthening resilience due to aging electric power facilities, Tohoku Electric Power Network is expected to advance renewal work for aging facilities under the new revenue cap scheme on wheeling charges over the medium to long term.

In addition, in order to expand the introduction of renewable energy with a view to carbon neutrality, main power grid construction is in full swing, including the construction for two-route conversion for the 500 kV Tohoku-Tokyo interconnection power transmission line on the Pacific side, the construction of a new 500 kV transmission and substation facility on the Sea of Japan side, and reinforcement construction on interconnection facilities between Hokkaido and Honshu.

Furthermore, as damage to electric power facilities due to increasingly severe natural disasters such as torrential rains and wind storms is occurring sporadically, we believe it is necessary to respond more accurately than ever to social expectations for early power recovery at times of disasters.

In addition, the coastal areas of Tohoku and Niigata have been identified as suitable sites for renewable energy such as offshore wind, and with active requests for route surveys and design work for interconnection lines, related construction is expected to increase more and more in the future.

In light of this business environment, we will contribute to the stable power supply and the development of local societies by accurately responding to each construction project.



2024 Noto Peninsula Earthquake restoration work (Ishikawa Prefecture)



Miyagi Marumori Main Line steel tower foundation work (Miyagi Prefecture)

## Future strategy

As our future strategy, we will work to receive orders to secure a best mix of general and public sector projects, including renewable energy-related construction, based on electric power facility works. When receiving orders for each construction project, we will conduct fair and credible price negotiations with customers based on relationships of trust, and earnestly work to realize cost pass-throughs throughout the whole supply chain, including partner companies and other business partners. In terms of construction, we aim to increase earnings on the premise of ensuring safety and quality through the securing of construction capabilities, improvement of the work environment, and enhancement of productivity.

With regard to orders for electric power facility construction, we expect orders for renewal work for aging facilities and main power grid-related construction to remain strong in order to promote the new revenue cap scheme on wheeling charges and achieve carbon neutrality, so we will actively engage in design cooperation, technical support, and construction method proposals to ensure successful order acquisition.

In terms of orders for renewable energy-related constructions, although there are signs of construction plans being postponed due to factors such as the sharp depreciation of the yen

causing a rise in material prices and delays in delivery times, as there are many large-scale wind power generation projects planned in the Tohoku area, which is the foundation of our business, we aim to increase orders such as by cooperating with the Sales Headquarters and the Renewable Energy Headquarters to make technical proposals that take into account safety and efficiency during construction, as well as the durability and cost of the equipment.

It is essential to ensure construction capabilities by maintaining and improving technical skills and the number of personnel, including those of Group companies and partner companies, in order to ensure the planned and smooth progress of construction projects.

To achieve this, we will strengthen hiring efforts such as by creating PR videos to communicate the attractiveness of the industry, as well as enhance each technical training and education. In addition, in an aim to create a workplace that young people, who will be the future leaders, find attractive and comfortable, we will work on securing appropriate project timelines and improving the working environment while enhancing productivity through the use of new technologies such as the utility pole base location reconstruction vehicle, drones, as well as DX, and focus on ensuring construction capabilities.



## Renewable Energy Headquarters Renewable Energy Department

**Hideaki Yoshizaki**  
Managing Executive Officer  
General Manager of Renewable Energy Headquarters

### Business activities

Under the Japanese government's policy aiming for carbon neutrality by 2050, we see the designation of the Tohoku region as a suitable area for offshore wind power in the Ministry of Economy, Trade and Industry's Offshore Wind Power Industry Vision as a business opportunity for the Company. Against this backdrop, we are leveraging the technical and construction capabilities we have accumulated up until now to expand our business in the design, construction, and maintenance of renewable energy generation facilities, including offshore wind power generation facilities.

We recognize our strengths and challenges, etc., as shown on the right, and we are working to further enhance our strengths while conducting risk assessments and resolving issues without omission.

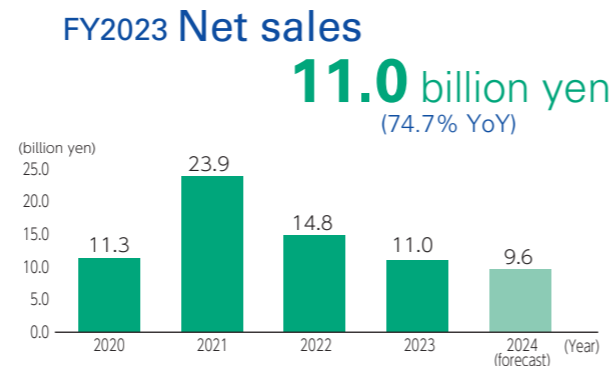
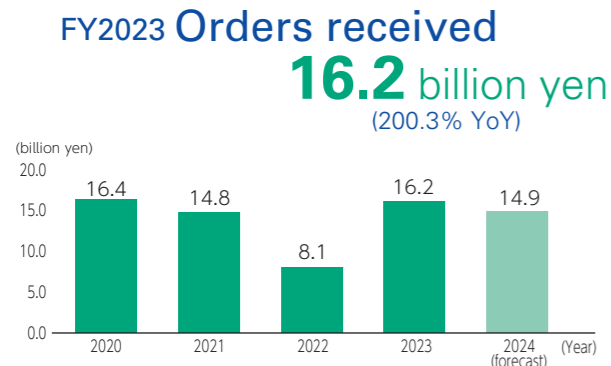
### Growth opportunities and strengths

- High technical capabilities ranging from design to construction, and maintenance of renewable energy-related facilities
- Constructions of many large-scale wind power generation facilities, mainly offshore wind power, are planned in the Tohoku and Niigata regions
- Utilize the home-field advantage as a local company

### Risks and issues

- Renewable energy-related facility projects often take approximately ten years from the start of planning, design, and construction commencement to the start of operations, during which the price level may increase
- Establishment of a construction management system and securing of construction capabilities required for the increasing scale in the construction of renewable energy-related facilities and simultaneous start of construction for multiple projects

### Trends in orders received and net sales



### Review of FY2023

FY2023 was a year during which many projects were delayed mainly due to soaring material and equipment costs and delivery delays, triggered by the situation in Ukraine and yen depreciation.

Against this backdrop, our dedicated efforts in order-taking activities resulted in securing a new order for a large-scale wind power generation facility-related construction, and as a result, orders received totaled 16,258 million yen (up 8,140 million yen year-on-year), a significant increase over the previous fiscal year.

Net sales decreased significantly from the previous fiscal year to 11,090 million yen (down 3,759 million yen year-on-year) due to a decrease in construction work carried over from the

previous fiscal year, despite new orders received.

However, with the determination of the power generation operator for offshore wind power generation facilities in the three areas off the coasts of Akita and Niigata Prefectures through public bidding conducted by the Ministry of Economy, Trade and Industry, we have received many requests for estimates from the relevant operator, etc., as well as for design work related to onshore wind power generation facilities from other operators. The market remains active, so we will continue to cooperate with design work as much as possible and work towards winning orders for future projects.

### Business environment and initiatives (focus initiatives)

The future power generation energy policy is aimed at shifting away from reliance on fossil fuel energy sources and, along with increased environmental awareness, expanding the use of environmentally-friendly renewable energy. The Company provides services from the design and construction to the maintenance of renewable energy generation facilities, including solar and wind power generation.

Attention to renewable energy is increasing along with the international move toward carbon neutrality and the expansion of the energy-saving market. We aim to take advantage of these market trends to increase orders for construction work related to the renewable energy market, such as wind power generation, and the energy-saving market, and we anticipate further growth by capturing these large markets.

In addition, by proposing systems using storage batteries to address the issue of fluctuations in power generation output, we will achieve a stable energy supply and meet customer needs.

In this manner, we will support the realization of an environmentally-friendly energy supply and adapt to changes in the environment, while continuing to expand renewable energy-related constructions and innovate technologies.



Akita Araya Wind Farm (Akita Prefecture)



Miyagi Kawasaki Solar Power Plant (Miyagi Prefecture)

### Future strategy

In large-scale renewable energy generation facilities, private power transmission lines, which link the generated electricity to power transmission lines of power transmission and distribution companies, have become longer by several tens of kilometers, and private power transmission lines using underground cables have become mainstream. In the construction of private power transmission lines using underground cables, many of them will be buried under public roads such as prefectural and municipal roads and it is necessary to consult meticulously with local governments and give due consideration to local communities in order to obtain permission. We believe we can fully leverage our value as a local company, which is our strength. In addition, this work involves a wide range of types of work, including civil engineering, power transmission, substation, and telecommunications work, and we can leverage our strength in handling all of this work at our company.

Against the backdrop of aiming for carbon neutrality, it is expected in the future that power generation companies will want to start operation as soon as possible, and we recognize that the greatest challenge lies in securing and strengthening our construction capabilities. To this end, we are working to establish a system that makes it possible to respond when needed by regularly sharing information to foster close collaboration among relevant internal departments.

In addition, because the amount of power generated from renewable energy is susceptible

to weather conditions, the need for storage batteries as a means to adjust fluctuating power supply and demand is expected to grow, and we will continue to focus on incorporating stable power supply into our design and construction based on our experience in building power generation facilities.

Moreover, we will contribute to the sustainable operation of power generation facilities and other equipment by not only conducting regular inspections of constructed power generation facilities, but also by leveraging our strengths as a local company to handle responses in the event of accidents or disasters.

On the other hand, although we expect that it will be some time before business will pick up for the renewal and disposal of solar power and wind power generation facilities at the end of the FIT (feed-in tariff) period, we will continue to collect information so that we can demonstrate the technical capabilities and know-how we have accumulated from our construction experience when such opportunity arises, and work to contribute to these businesses.

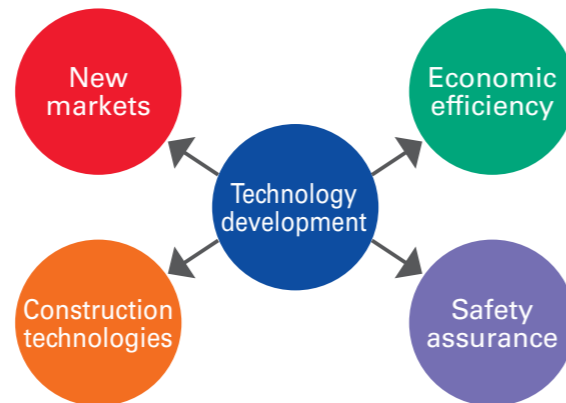
Human resource development, including design personnel, is also a major challenge in order to respond to these issues. In July 2023, we established the Renewable Energy Headquarters, and began reinforcing our internal system to enable design across multiple construction projects. We will work to secure new hires, and will also put in efforts to nurture human resources to develop their skills at an early stage.

# Value Creation Story

## Technology Development Initiatives

### Basic concepts on technology development

As a pioneer in technology, Yurtec considers technology development to be its core business. This business drives the construction of more sophisticated and quality facilities and the development of systems, and allows our corporate activities to advance to the next stage. It is essential for us to pioneer new concepts in a flexible manner with a great deal of forethought and creativity. We enthusiastically strive to build new markets and enhance economic efficiency by launching our technologies, while improving our construction technologies and assuring safety in response to the demands from our clients and society.

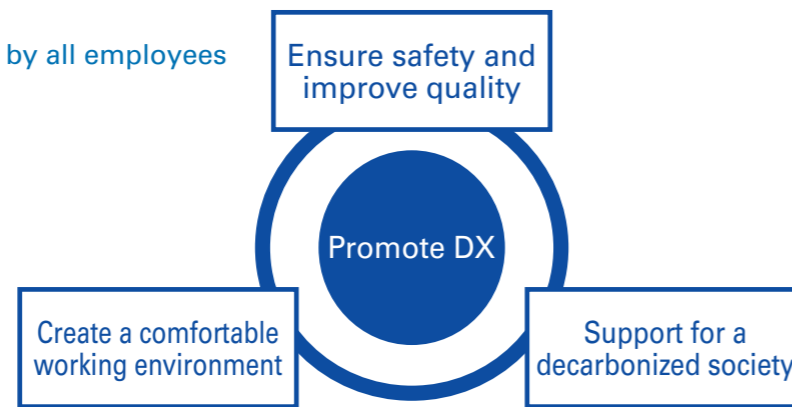


### Basic policies in the Medium-Term Management Plan

The environment surrounding the Company continues to change, with trends such as corporate initiatives for decarbonization becoming incentives when bidding on public construction projects and a growing interest in sustainability.

In addition, efforts to streamline on-site operations through the use of the latest digital technologies (promotion of DX) are also important. In order to respond to these changes in the business environment and refine the Yurtec brand, we will develop technologies based on the three perspectives and utilize a business improvement proposal system by all employees to ensure safety and improve quality. Furthermore, we will promote the reduction of workload and the response to decarbonization, and increase earnings through these efforts.

#### Business improvement proposals by all employees

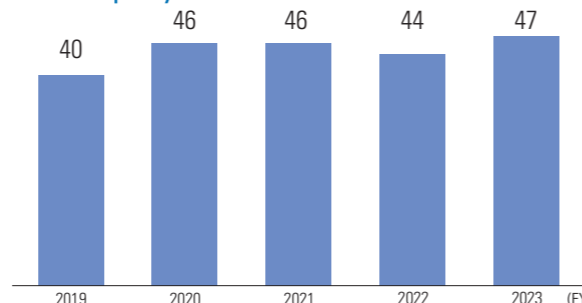


### Initiatives for industrial property rights

We are promoting the acquisition of rights through industrial property rights to protect and utilize the results of technological development (patents, utility models, designs and trademarks).

As of March 31, 2024, the Company holds 47 industrial property rights (33 patents, 4 utility models, 8 designs, and 2 trademarks).

Number of industrial property rights held by the Company



### Specific technological development initiatives

We are working on the development of technologies related to tools and construction methods that ensure safety by physically preventing accidents and disasters, while also improving work efficiency and reducing the workload. We are also developing technologies to improve productivity while incorporating customer demands, such as shortening construction periods and saving labor through the use of robots. This section introduces the Company's specific technological development results.

#### Line-side grounding fittings

##### Development of grounding fittings with wire detachment prevention and locking mechanisms

When performing power feeder line work, measures are taken to ground (earth) the working line to structures such as steel towers to prevent electric shock to workers. A line-side grounding fitting is a mechanism where the electric wire is clamped with a drop prevention plate and secured with a knocker to prevent its detachment. It also has a locking mechanism that prevents the knocker from being released unless an operation rod is inserted, thus ensuring more secure gripping of the wire. This mechanism is expected to make a significant contribution to the prevention of electric shock disasters.



● Major industrial property rights: Patent No. 7390460 "Short-circuit grounding instrument and grounding construction method using the same"

#### Utility pole replacement method using the original hole: Utility pole base location reconstruction vehicle (SQUIP)

##### Development of a relocation device that can complete the long-term construction for utility pole replacement using the original hole as fast as half a day

The replacement work for utility poles using the original hole was a two-step work, as we would relocate the distribution line to the temporary pole built near the original utility pole, then reinstall distribution lines back to the new pole. Therefore, in order to eliminate the simultaneous use of temporary poles and new poles, as well as to reduce the number of work blackouts and shorten the construction period, we have developed three types of tool in phases: a weight type original hole tool, a sloping ground compatible (jack type) original hole tool, and a utility pole base location reconstruction vehicle (SQUIP). In particular, SQUIP can minimize the impact on surrounding residents by significantly shortening the construction period, and it has been deployed in 16 business locations for use in construction as of March 31, 2024.



● Major industrial property rights: Patent No. 6499789 "Device for utility pole replacement using the original hole, vehicle for utility pole replacement using the original hole, and utility pole replacement method using the original hole"

#### Automatic illuminance measuring robot (for indoor and outdoor use)

##### Development of a labor-saving robot to measure illuminance of lighting equipment

Measuring illuminance is part of quality inspections for lighting equipment in electrical installation work, and it has been traditionally performed with several people working together. To reduce the labor required for such measurement work, we have developed an illuminance measuring robot (for indoor and outdoor use) that automates the process from illuminance measurement to report creation. By simply setting the measurement points on a drawing, this robot starts autonomous operation, and measures the illuminance. Once the illuminance measurement is complete, it automatically inputs the measurement values into the drawings and report forms.

This robot is expected to significantly reduce the labor required for illuminance measurement and report creation. (Photo: automatic illuminance measuring robot for outdoor use)



● Major industrial property rights: Patent No. 7003210 "Self-propelled device, measurement method, and program"

# Sustainability Initiatives

## Materiality

As a member of the Tohoku Electric Power Group, we have identified materiality topics (sustainability priorities) based on the Tohoku Electric Power Group Sustainability Policy. These materiality topics are to be prioritized in order to contribute to the medium- to long-term improvement of corporate value and the sustainable development of society as a whole.

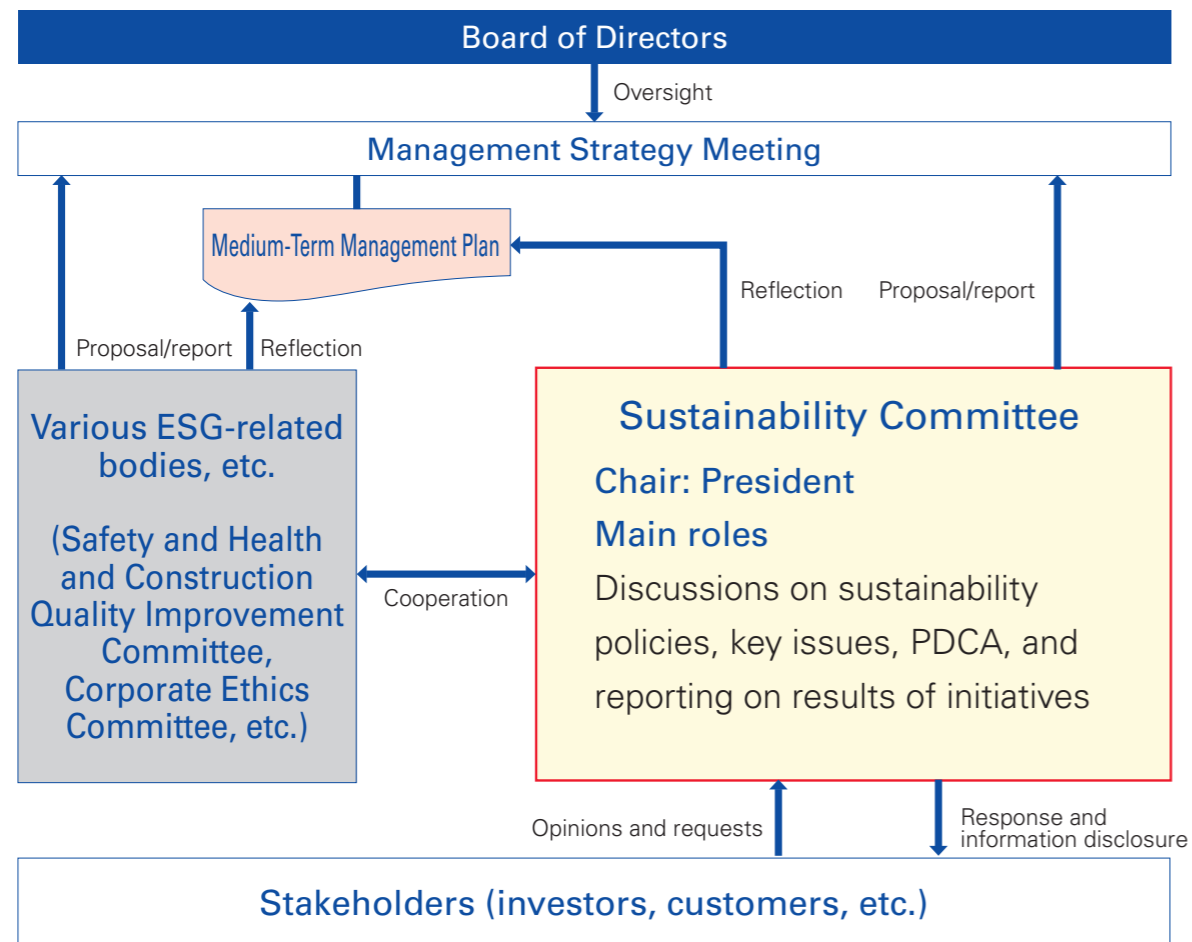
The Company will work to resolve these materiality topics and aim to co-create social and economic value with future generations of stakeholders in order to realize “2030 Vision,” the Yurtec Group’s long-term vision.

### Sustainability promotion system

The Company positions sustainability promotion as a key management issue that should be addressed with priority. The Sustainability Committee, which is chaired by the President and Chief Executive Officer, takes into account societal trends and the perspectives of stakeholders as it comprehensively reviews the sustainability issues the Company should prioritize and reflects the future direction in our Medium-Term Management Plan.

The roles of the Sustainability Committee include deliberating sustainability policies, key issues, and PDCA, and reporting on the results of Company-wide sustainability initiatives. The contents of its deliberations and reports are reported to the Board of Directors, which thereby supervises its activities.

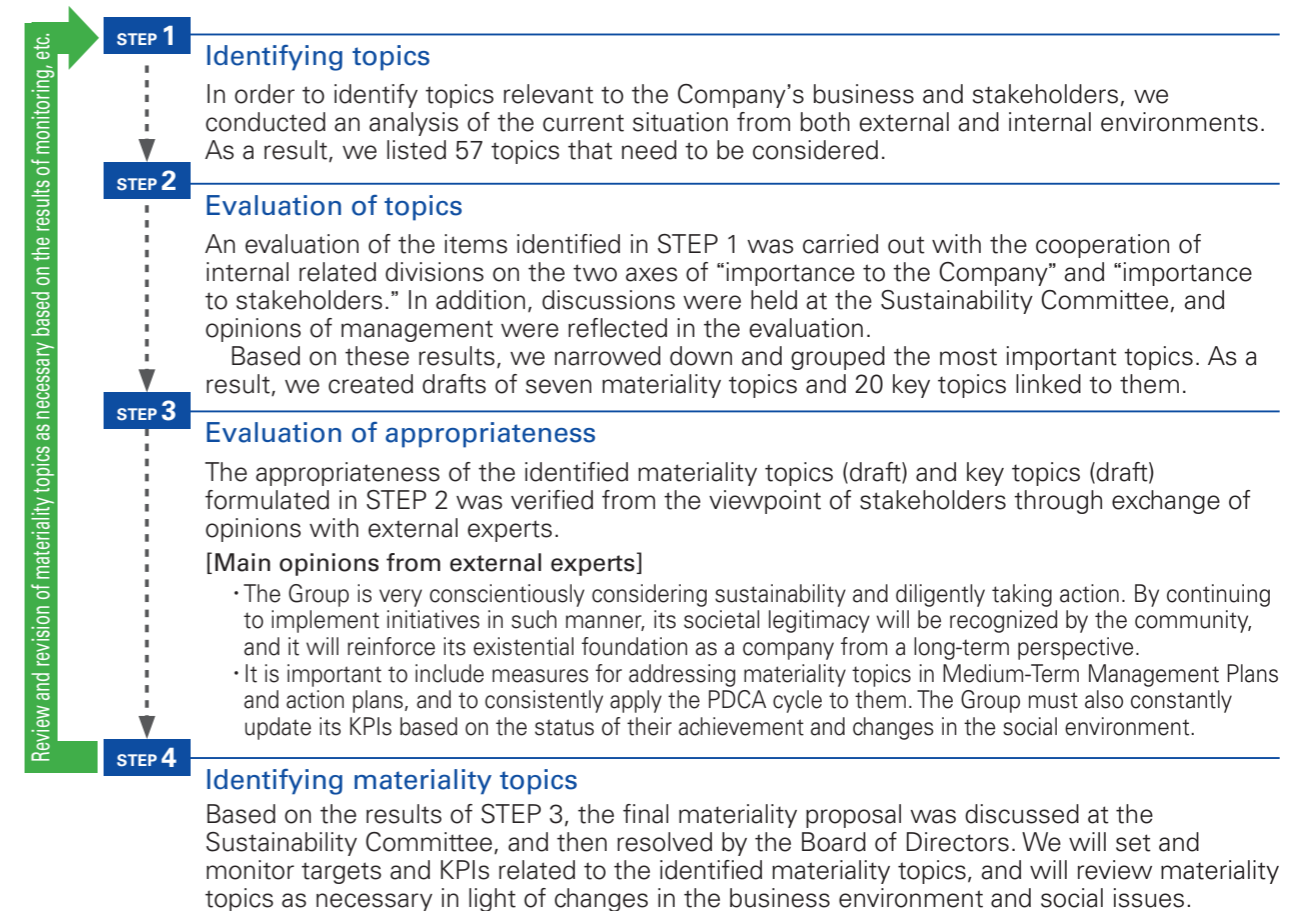
### Diagram of sustainability promotion system



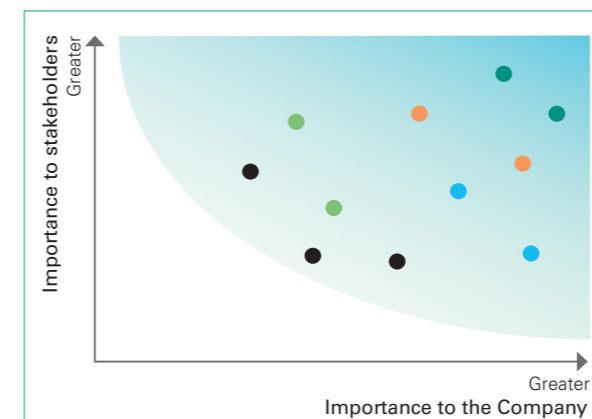
### Process for identifying materiality topics

An important part of promoting sustainability is clearly identifying specific topics that should be addressed with priority (materiality topics). Based on this concept, we used the following process to identify seven materiality topics that should be addressed while taking into account deliberations by the Sustainability Committee and advice from external experts.

Going forward, we will monitor our targets and KPIs related to these identified materiality topics through the Sustainability Committee and the Board of Directors, and we will promote initiatives aimed at realizing our “2030 Vision.”



### Conceptual image of evaluation and grouping using two axes






























### Materiality topics identification and related SDGs

Category	Materiality topics	Related SDGs
E	The Challenge of Becoming Carbon Neutral	13, 17
	Environmental Conservation	13, 14, 15, 17
S	Building Resilient Communities and Social Infrastructure	11, 13, 17
	Contributing to Overseas Infrastructure	9, 13, 17
	Pursuing Employee Engagement by Creating More Lively Workplaces	8, 10, 17
G	Respecting Human Rights	8, 10, 17
	Sound and Transparent Corporate Management	17

# Sustainability Initiatives

## Materiality topics

### Materiality topics and targets/KPIs

Materiality topics	Key topics	Targets	Metrics	Target year	Numerical targets	Related SDGs	
E Environment	The Challenge of Becoming Carbon Neutral	Achieve carbon neutrality	CO <sub>2</sub> emissions from businesses	FY2050	0 t-CO <sub>2</sub>	  	
		Reduce by 50% in comparison to FY2013 CO <sub>2</sub> emissions (14,809 t-CO <sub>2</sub> )		FY2030	Reduce 7,405 t-CO <sub>2</sub>		
		Promote systematic conversion of company-owned vehicles to EVs	Number of EVs provided as company-owned vehicles	FY2029	60		
		Promote ZEB consulting proposals	Number of ZEB proposals	Every year	—		
	Environmental Conservation	Increasing number of energy-saving proposals to customers and amount of renewable energy-related construction	Promote ZEB consulting proposals	Net sales	FY2028	27.7 billion yen	    
		Forming a recycling-oriented society	Promote recycling of all types of industrial waste	Recycling rate	Every year	95% or more	
S Social	Building Resilient Communities and Social Infrastructure	Continuously carry out infrastructure-related construction projects	Net sales from infrastructure-related construction projects	Every year	—	    	
		Conduct emergency disaster response drills for large-scale disasters	Number of Company-wide drills conducted	Every year	Once per year or more		
	Contributing to Overseas Infrastructure	Expand business with a focus on Vietnam and increase orders for ODA projects through social infrastructure development projects	Net sales	FY2028	29.1 billion yen	   	
		Systematically hire female engineers	Number of people hired (from FY2024)	FY2028	40 or more		
	Pursuing Employee Engagement by Creating More Lively Workplaces	Promoting diversity, equity, and inclusion	Actively promote female employees to management and line management positions	Number of employees promoted (from FY2024)	FY2028	30 or more female managers, including 10 or more female line managers	    
			Improve childcare leave usage rates of male employees (paternal leave and leave taken for childcare purposes)	Childcare leave usage rates of male employees	FY2025	90% or more	
		Improving comfort of working environments, job satisfaction, and productivity	Promote usage of annual paid leave and planned special leave (average days of leave taken per person)	Number of days of annual paid leave taken per person	FY2030	18 days or more	
			Steadily implement DX initiatives that contribute to improved operational efficiency	DX initiative implementation rate	FY2025	100%	
		Nurturing human resources and passing on technology	Develop human resources as laid out in human resources development plans and pass on skills and technology	Amount spent on training per person	Every year	—	
	Promoting health management	Secure personnel with qualifications by promoting and providing support for the acquisition of qualifications required for construction management	Total number of personnel who acquired qualifications	Every year	—		
			Prevent lifestyle-related diseases among employees by carrying out health management on an organizational basis	Obesity rate	FY2026	32.0% or less	
	Respecting Human Rights	Preventing discrimination and harassment	Provide periodic training regarding human rights, including discrimination and harassment	Smoking rate	FY2026	25.0% or less	
Number of accidents resulting in fatalities or serious injuries				Every year	Zero		
G Governance	Sound and Transparent Corporate Management	Strengthening sound management base	Achieve numerical consolidated financial targets (net sales, operating profit, ROE)	Consolidated net sales	FY2028	270.0 billion yen	    
			Improve the effectiveness of the Board of Directors	Consolidated operating profit	FY2028	13.5 billion yen	
			Zero serious construction errors with impact on society	ROE (consolidated)	FY2028	6.0% or more	
		Pursuing greater construction quality	Number of serious construction errors	Every year	Zero		
			Zero serious compliance violations with impact on corporate management	Number of serious compliance violations	Every year	Zero	
		Thoroughly adhering to corporate ethics and legal compliance	Adhere to fair and proper transactions with partner companies and suppliers	—	Every year	—	
	Carrying out risk identification, management, and response		Appropriately manage and respond to risks	Number of risks analyzed and reported	Every year	Three times per year	
	Ensuring information security	Expand communication with local communities through social contribution activities	Zero serious information security accidents with an impact on business operations	Number of serious information security accidents	Every year	Zero	
Enrich dialogue with shareholders and institutional investors, etc.			Number of dialogues	Every year	—		

# Sustainability Initiatives

## Environmental Efforts

### Environmental Policy

As a general facility engineering company, the Company operates and manages business spanning from research, planning, design, construction, to maintenance services in the fields of electric power distribution facilities, electrical, air conditioning, water supply and drainage, information and telecommunication facilities, and civil engineering.

We are also actively engaged in the research and development of efficient use of natural energy that is in harmony with the global environment, and the reuse of waste through the establishment of a recycling business company.

We will conduct our business activities with due consideration of reducing our environmental impact based on our Basic Environmental Policy of "We will actively promote environmental management activities and implement continuous improvement in consideration of the impact on the environment, while complying with environmental regulations and agreements for the future of people and the planet."

### Yurtec's Action Guidelines

1. We promote the application of the environment management system in an effort to continuously enhance environment management activities, prevent environmental contamination, and work toward environmental conservation.
2. We strictly observe environmental laws, ordinances, regulations, agreements, etc.
3. We promote the reduction of environmental burdens by recognizing the impact on the environment, which is brought about by business activities and affairs relating to design, construction work and work management, and implementing a variety of activities relating to the prevention of environmental pollution, reduction of waste, recycling, resources, and energy-saving.
4. To alleviate the impact on the environment, we designate environmental goals and objectives, and revise and improve them from time to time.
5. As a member of the community, we attempt to cooperate and live together with local residents, and preserve the environment.
6. We ensure that the entire personnel of our head office and branch offices as well as our suppliers are aware of our environmental policies, strive to reinforce their awareness for environmental issues, and disclose such policies to the public.
7. We deploy various efforts to reduce environmental burdens, and implement environmental management activities on a company-wide basis.

### International Standard ISO Certification

The Company operates and manages business based on our Corporate Philosophy of "We cooperate with customers in creating value, and contributing to society."

We consider initiatives for environmental issues as one of our key management issues for fulfilling corporate social responsibility, and we are engaging in activities utilizing a variety of environmentally friendly technologies for the future of humanity and the planet.

Out of this commitment to the environment, we have obtained the international standard certification ISO 14001 Environment Management System, and are resolved to further improve and enhance our environmental initiatives.

#### ISO 14001 Certification

Certification date: December 20, 2001

Certification body: Management System Assessment Center (MSA)

Certified systems: Headquarters operations related to the design and construction of electrical, air conditioning, water supply and drainage, power distribution, power transmission, power generation and substation, civil structures, buildings, information and telecommunication facilities

Related organizations included in the scope of certification: all departments within Headquarters

## Participation in Environment-Related Initiatives and External Evaluation

### Task Force on Climate-related Financial Disclosures (TCFD)

TCFD is a task force established by FSB in December 2015. TCFD encourages companies to disclose climate-related financial information and has published their final report (TCFD recommendations) in 2017 that provides a framework for information disclosure.

We have expressed our endorsement for the TCFD recommendations in 2022. Related information: page 47-48



### Plastics Smart

Plastics Smart is a campaign aimed at resolving the issue of marine plastics that is implemented by the Ministry of the Environment.

We have been participating in the campaign since February 2024.



### CDP

CDP is committed to seeing "a thriving economy that works for people and planet." In their activities to achieve their goal, they encourage companies to disclose information on climate change, water, forests, and other environmental factors.

We have been responding to their questionnaires since FY2023. [FY2023 Evaluation Result: "Climate Change" B]



### Examples of Efforts to Achieve SDGs (Selected FSC Certified Product to Commemorate Our 80th Anniversary)

Amid the recent trend of severely rapid forest depletion, it is important not only to slow the loss of natural forests that need to be protected, but also to sustainably and appropriately manage forests we require for production.

To contribute to the achievement of the 14 goals of the SDGs including goal 15 "Life on land," the Company has adopted a "Wooden Multi-stand" made from lumber sourced in Minamisanriku-cho, which received the first FSC certification\* in Miyagi Prefecture in 2015, as a commemorative souvenir for our 80th anniversary.

#### -Commemorative souvenir for our 80th anniversary (Wooden Multi-stand)-



The product is branded with the FSC certification label at the front, and the 80th anniversary stamp at the back.

[The 14 SDG goals, which FSC certification contributes to]

\*FSC certification is an international system that certifies sustainable and appropriate forest management. FSC certification consists of a chain of certifications: Forest Management (FM) certification, which certifies appropriate forest management, and Chain of Custody (CoC) certification, which certifies the management of the processing and distribution processes.

# Sustainability Initiatives

## Disclosure Based on TCFD Recommendations

### Disclosure based on TCFD recommendations Task Force on Climate-related Financial Disclosures

As a member of the Tohoku Electric Power Group, based on the Tohoku Electric Power Group Sustainability Policy, we are actively promoting sustainability initiatives through the realization of "Working alongside next," the Tohoku Electric Power Group's Medium- to Long-Term Vision and the Carbon Neutral Challenge 2050. We recognize that addressing climate change is a key issue in realizing a sustainable social environment. As such, we endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and are advancing initiatives and information disclosures in line with the TCFD framework.



## Governance

The Company positions sustainability promotion as a key management issue that should be addressed with priority, and under the Sustainability Committee which is chaired by the President and Chief Executive Officer, the General Affairs Department and related departments (Corporate Planning Department, Solutions Sales Department, Renewable Energy Department, etc.) take the lead to conduct cross-organizational discussions aimed at information disclosure in accordance with TCFD recommendations.

Analysis and discussions with each related department are conducted regularly (at least once a year), discussing various environmental issues including responses to climate change, and these issues are brought to the Management Strategy Meeting.

In addition, climate-related agenda items at the Management Strategy Meeting are reported to the Board of Directors.

## Strategy

The Company refers to impact scenarios for the energy situation and social aspects under multiple temperature bands of 1.5°C to 4°C researched and published by public institutions. It has selected "1.5°C, 2°C scenarios" (a worldview where more stringent measures are taken than at present) and the "4°C scenario" (a worldview where no more significant measures for global warming are taken than at present) to identify climate-related risks and opportunities. With regard to the identification of risks and opportunities, the General Affairs Department and related departments led the analysis and discussions on how climate-related issues and social responses to these issues could potentially impact the Company's business and the entire supply chain, under the oversight of the Board of Directors.

## Risks

The scenario analysis identified that the introduction of policy measures to advance climate change mitigation, such as the implementation of decarbonization measures and the enhancement of energy-saving policies, as well as risks such as extreme weather events and the rise in average temperatures, could significantly impact the Company's performance.

## Opportunities

As a result of the scenario analysis, we identified that providing products that meet the low-carbon needs of society and customers, and offering services aimed at adapting to climate change, could have a significant impact on the Company's performance.

▶ Results of Scenario Analysis of TCFD Recommendations  
<https://www.yurtec.co.jp/sustainability/tcfd.html>  
 (in Japanese only)



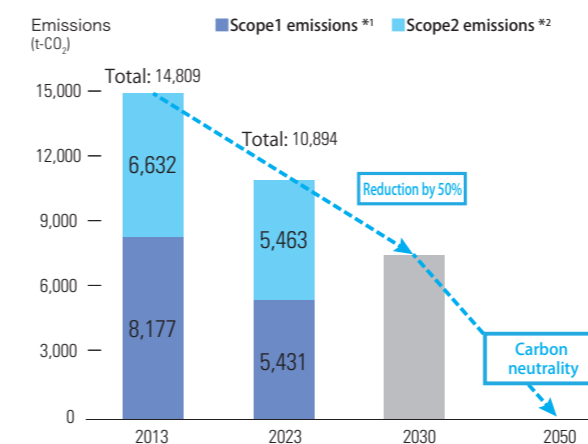
## Risk Control

With regard to climate change-related risks, the General Affairs Department and related departments are leading cross-organizational discussions, identifying and evaluating risks, and analyzing and discussing the appropriateness of response measures to minimize impacts in the event that risks materialize. The details of such risks are submitted to the Sustainability Committee and reported to the Board of Directors, while they are identified, evaluated, and managed in the same way as other business risks.

## Metrics and Targets

While emission of greenhouse gases (CO<sub>2</sub>) could become a significant risk factor for the Company's finance due to the impact of carbon pricing, it could also lead to business opportunities if we could provide products that are accepted in a decarbonized society. Therefore, we have set Company-wide medium to long-term CO<sub>2</sub> emission reduction as one of our materiality topics and aim to achieve reductions in CO<sub>2</sub> emissions.

### CO<sub>2</sub> emission reduction target of the Company



\*1 Scope 1: Direct greenhouse gas emissions by the business operator (vehicle fuel, etc.)  
 \*2 Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies

- FY2030 targets  
Aim to reduce CO<sub>2</sub> emissions by **50%** compared to FY2013
- FY2050 targets  
Aim to achieve **carbon neutrality**

#### 【Issues to be considered towards achieving targets】

- Energy-saving through ZEB conversion at the time of reconstruction of offices owned by the Company and facility updates
- EV conversion of vehicles owned by the Company during updates, etc. (excluding special vehicles that cannot be electrified)



The Tohoku Electric Power Group will take on the challenge of achieving carbon neutrality by 2050, on the premise of securing S+3E\*. We will accelerate CO<sub>2</sub> emission reduction efforts for the Tohoku Electric Power Group and contribute to the decarbonization of local communities, by reducing customer CO<sub>2</sub> emissions in the Tohoku and Niigata regions through the realization of a smart society.

\*S+3E: Simultaneous achievement of environmental sustainability, economy, and stable supply on the premise of safety

# Sustainability Initiatives

## Yurtec's Environmentally-Friendly Facilities

### Results of Initiatives for ZEB Promotion

We will fulfil customer needs while contributing to the realization of a low-carbon society that is friendly to people and the planet.

#### Construction examples Installation of multiple highly energy-saving systems (new construction)



Akita Prefecture Civilian Association Central Kitchen (Akita Prefecture)



Kitchen equipped with a ceiling ventilation system (top of the photo)



High-efficiency heat pump external air conditioner

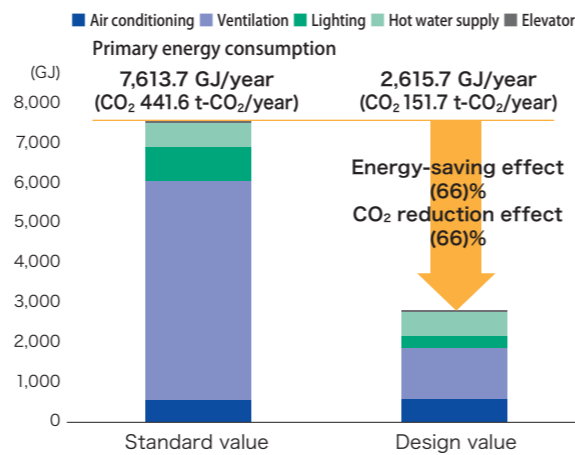
Due to the effects from introduction of ZEB Ready\*

\*As a building with advanced construction looking towards ZEB, it is equipped with high-insulated building envelope and high-efficiency energy-saving equipment

Energy saved: **4,998GJ/year**  
CO<sub>2</sub> emission reduction rate: **66%**



\*BELS is an objective evaluation of energy-saving performance by registered BELS institutions registered with the Association for Evaluating and Labeling Housing Performance. Primary energy consumption is shown using a five-star mark system based on the amount.



### Results of ZEB Introduction at Ofunato Sales Office

We have considered the introduction of ZEB to our Ofunato Sales Office, and **acquired the ZEB Ready status by achieving a 51% reduction in the design primary energy consumption value** excluding renewable energy compared to the standard primary energy consumption value.



Appearance of Ofunato Sales Office



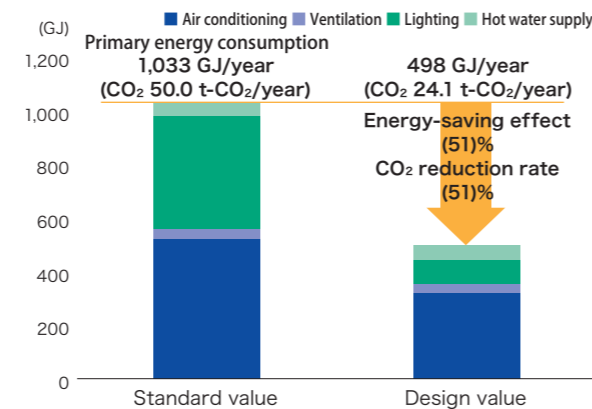
Multi-air conditioner for buildings with high-performance cold climate specifications



High-efficiency high-ceiling LED fixtures



Ofunato Sales Office BELS evaluation report



\*Evaluation results excluding energy use by outlets and other energy sources.

## Initiatives to Promote DX

### Improving Operational Efficiency by Promoting DX

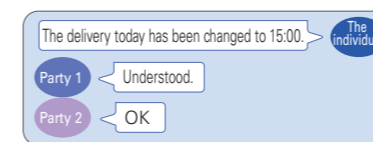
The Company is promoting DX based on three themes with the aim of reducing on-site workload and improving operational efficiency.

1. Expand use of tablets/smartphones

System operations from the field and out of the office

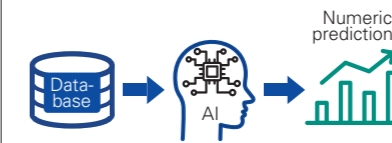


Communication with external members via chat

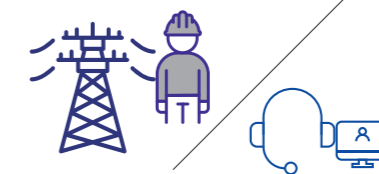


2. Utilize the latest digital technology

AI predicts numbers

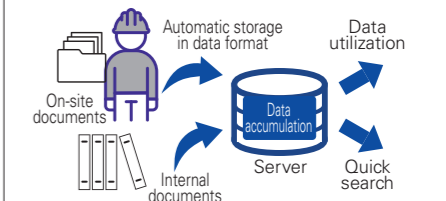


Remote on-site support



3. Paperless office based on optimized business processes

Automation of file organization by subject

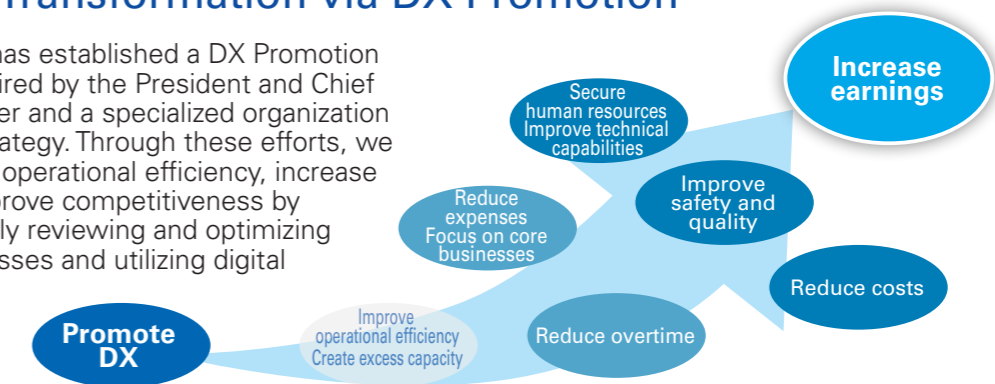


Allow employees to choose their work style (telecommuting, non-assigned spaces, etc.)



### Business Transformation via DX Promotion

The Company has established a DX Promotion Committee chaired by the President and Chief Executive Officer and a specialized organization related to IT strategy. Through these efforts, we aim to improve operational efficiency, increase profits, and improve competitiveness by comprehensively reviewing and optimizing business processes and utilizing digital technology.



Our Digital Transformation	
Specific measures	A. Expand use of tablets/smartphones
	B. Utilize the latest digital technology
	C. Paperless office based on optimized business processes
Common to A-C	1. Expand tablet/smartphone app compatibility and usage with internal systems
	2. Review security restrictions to improve convenience
	3. Utilize data, including AI
	4. Streamline on-site operations by utilizing the latest digital technology
	5. Digitize on-site documents
	6. Digitize accounting-related operations
	7. Digitize documents stored upon the completion of construction
	8. Simplify decision-making and reporting
	9. Digitize contract-related administration
	10. Raise employee awareness

# Sustainability Initiatives

## Safety and Health Initiatives

Based on our philosophy of respecting human life by protecting the lives of our colleagues, we recognize that safety and health are the foundation of corporate activities, and strive to ensure safety and maintain and enhance health, with the aim to further improve our safety culture and promote health management through the united efforts of the Yurtec Group.

By prioritizing safety above all else and creating an environment where our colleagues can work comfortably with peace of mind, we will secure and enhance human resources and aim for further development as a company.

Specifically, to ensure our colleagues can work safely, we are promoting initiatives to ensure safety in our corporate activities, based on action plans considered and developed by each construction department that contribute to safety.

### Safety and Health Targets for FY2024

(Safety) Zero fatal accidents, zero serious accidents (\*1), zero major accidents  
A 30% reduction in work related traffic accidents compared to the previous fiscal year

(Health) Obesity rate (\*2) 33% or less (at the time of checkup in April 2025)  
Latest figure 37.0% (April 2024)  
Smoking rate of no more than 28% (at the time of checkup in April 2025)  
Latest figure 34.5% (April 2024)

\*1 Extremely severe impact on life (excerpted from the Ministry of Health, Labour and Welfare website), conditions such as a comatose state or similar symptoms where the patient has lost their consciousness, with no prospect of recovery (as determined by a doctor)

\*2 Percentage of people with a BMI of 25 or higher.

### Priority Implementation Items

(Safety)

1. Support, guidance, and development of site managers by higher organizations, supervisors, etc.
2. Fostering communication among construction workers
3. Elimination of risks through compliance with laws, regulations and basic rules, and hazard prediction
4. Promotion of traffic safety awareness and efforts to prevent accidents
5. Support and guidance for the independent safety management activities of Group companies and partner companies

(Health)

1. Maintenance and promotion of health and prevention of physical and mental diseases
2. Initiatives to prevent health issues in the workplace and improve the work environment
3. Support for the health management activities of Group companies and partner companies

### Safety Promotion Activities

We have established a "Safety Promotion Center" on the premises of our Human Resource Development Center in Tomiya City, Miyagi Prefecture, to provide practical (hands-on) training based on the concept of "see, touch, feel." This training uses equipment that simulates the dangers and fears faced at work sites.

▶ Safety Promotion Center  
<https://www.yurtec.co.jp/comp/anzen.html>  
(in Japanese only)



### Safety Education Using VR Equipment to Simulate Hazards

Using VR equipment to simulate hazards, we conduct education to enhance sensitivity to hazards by experiencing dangerous operations from the perspective of the victims, such as disasters including falling from scaffolding, electric shock, and heavy machinery disasters caused by vehicle construction machinery, which cannot be experienced in real life. By using VR equipment to simulate hazards, it is possible to experience case studies of disasters and accidents at various construction sites faithfully reproduced in the VR space through virtual reality.



Safety education using VR equipment that simulate hazard experience

### Initiatives to Improve On-site Capabilities (Five On-site Capabilities)

We recognize once again that safety must take precedence over everything else, and are working daily on our tasks towards the eradication of major accidents by ensuring that each employee practices the five on-site capabilities.

Five on-site capabilities	Overview
1. Observe the site well	Carefully observe the site conditions to fully understand where the hazardous areas are, such as openings or no-entry zones during crane operations.
2. Follow the basic rules	Strictly follow the basic rules that have been established for work sites.
3. Follow the work procedures	Adhere to prescribed work procedures without any omissions.
4. Learning from past disasters	Many accidents are recurring disasters, and by learning from the lessons of the past and implementing countermeasures, disasters can be significantly reduced.
5. Cultivate a sensitivity to perceive danger as danger	Young and inexperienced people do not possess this sensitivity. It is important to call out dangers to colleagues to prompt awareness at the sight of danger and cultivate this sensitivity.

### Health and Productivity Management Initiatives

Based on the belief that maintenance and enhancement of employees' health is essential for the development of the company, we issued a Health Management Declaration in April 2021 and have started health management, in which we strategically implement health management from a managerial perspective.

《Recognized as a 2024 Health & Productivity Management Outstanding Organization (Large Enterprise Category)》

As a result of these initiatives, the Company has been recognized for the third consecutive fiscal year since FY2022, under the Certified Health & Productivity Management Outstanding Organizations Recognition Program of the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, as a 2024 Health & Productivity Management Outstanding Organization (Large Enterprise Category) as of March 11, 2024.



▶ Health and Productivity Management Initiatives  
<https://www.yurtec.co.jp/sustainability/health.html>  
(in Japanese only)



《A total non-smoking policy across all premises》

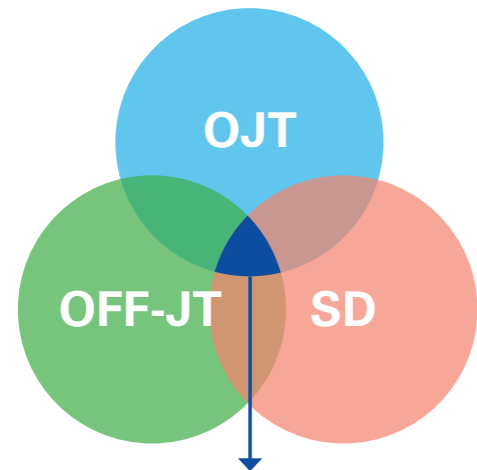
To further promote health management and prevent diseases and second-hand smoke exposure among employees, we implemented a total non-smoking policy across all business premises on October 1, 2024.



# Sustainability Initiatives

## Securing and Developing Human Resources

In the belief that Yurtec owns the wealth called "human resources," we develop human resources willing to strive for an objective by raising the level of technical skill of younger generations, improving clients' satisfaction, and amplifying and reinforcing training opportunities with the aim of firmly entrenching safety culture. To develop human resources, attempts are made to enhance the potential of sites and workplaces based on the 3 core precepts: on-the-job training (OJT), self-development (SD), and off-the-job training (OFF-JT).



The effects of education and training are integrated through OJT, and converted into the potential of sites.

### On-the-job training

On-the-job training is conducted based on the "objective-specific development system." Also, a variety of response capabilities are developed by experiencing job rotation to ensure that younger generations are effectively trained through the OJT Program.

### Off-the-job training

Training plans are drawn up in accordance with the basic education system and departmental basic education system. Hierarchically organized training programs such as those for new employees, mid-career employees and supervisory employees, as well as technical and skill training programs, that is, professional training programs, are conducted in an integrated manner.

### Self-development

Trainees are allowed to enhance their professional skills by voluntarily attending correspondence courses. To ensure that employees acquire qualifications which are required for professional reasons, the Company proactively supports them by paying the necessary costs.

## Secure and Cultivate Talent to Support Growth

While securing human resources that support medium- to long-term growth, we will refine the Yurtec brand of "Safety, Quality and Reliability" further through the succession of technology to the next generation.

### Planned number of increase in sales and technical personnel

Planning an increase of approximately 350 people in five years

#### Sales and technical personnel

Indoor wiring

An increase of 92 people

Air-conditioning and plumbing

An increase of 67 people

Sales

An increase of 19 people

Information and telecommunications

An increase of 34 people

Power distribution

An increase of 34 people

Power transmission

An increase of 36 people

Power generation and substation

An increase of 25 people

Civil engineering

An increase of 22 people

Renewable energy

An increase of 22 people

#### Focused businesses and growth markets

- Combination orders of indoor wiring/air-conditioning and plumbing installation
- Overseas construction
- Renewal work

- Mobile-related construction such as Beyond 5G

- Construction to address aging of facilities

- Renewable energy-related construction
- Main power grid construction

- Renewable energy-related construction

### Human Resource Development Center



### A center for the succession of technology



The Human Resource Development Center is a facility designed to develop human resources capable of adapting to advanced and specialized technology and to develop their abilities. We provide basic education to develop the necessary skills by job level, and specialized education aimed at strengthening construction capabilities and the succession of technology. It includes the main building, which serves as training and accommodation facilities (with lodging capacity of 300), along with a practical training building including power transmission line, power distribution line, indoor electrical equipment and substations, the Safety Promotion Center, a gymnasium, and a sports ground.

## Initiatives to Promote the Active Participation of Women

### Policy on promoting the active participation of women

We aim to create opportunities for diverse human resources to demonstrate their individuality and abilities, and create a work environment which achieves work-life balance to provide a comfortable workplace for all.

### Yurtec Action Plan

■ Plan period April 1, 2024 to March 31, 2029 (5 years)

### ■ Target and details of initiatives

	Target	Details of initiatives
1	Hire at least 40 female engineers during the plan period (Scope: (1) Regular hires: Employed from FY2025 to FY2029 (2) Experienced hires: Employed from FY2024 to FY2028)	<ul style="list-style-type: none"> <li>• We will make an active promotion for the hiring of female engineers by introducing their experiences and model cases of career development</li> <li>• We will provide opportunities for information exchange among female engineers and further enhance the environment for career development and employment</li> </ul>
2	We will increase the number of female managers (special managers in the Company) to at least 30, with at least 10 serving as line managers (section chief or higher, including General Managers, office managers, and group leaders)	<ul style="list-style-type: none"> <li>• We will provide training opportunities female managers and future leader candidates to develop a mindset and awareness to enable female managers to demonstrate their leadership</li> <li>• We will implement job rotations focused on the early career development of young female employees, appropriately evaluate highly capable female employees, and actively promote them to managerial and leadership positions</li> </ul>
3	We will raise childcare leave usage rates of male employees (including paternal leave at birth) to at least 50%* within the plan period	<ul style="list-style-type: none"> <li>• Through the activities of the Work-life Balance Promotion Committee, we will aim to achieve diverse work styles and leave styles, and encourage the use of various childcare systems regardless of gender</li> </ul>

\* Not including leave for childcare purposes

## Information Disclosure on the Active Participation of Women (as of April 1, 2024)

### (1) Percentage of female workers among all workers (unit: persons)

Category	Male (A)	Female (B)	Total (C = A + B)	Percentage of women (B/C)
Employees and permanent staff	3,433	305	3,738	8.2%
Re-employed staff	231	21	252	8.3%
Temporary staff	288	119	407	29.2%
Dispatched worker	201	217	418	51.9%
All workers	4,153	662	4,815	13.7%

### (2) Childcare leave usage rates of male employees (including paternal leave at birth) (FY2023) 32.0%

### (3) Difference in average years of continuous employment between men and women (unit: years)

Category	Male (A)	Female (B)	Difference (A-B)
Workers with no fixed term contract of employment	18.6	15.8	2.8

### (4) Gender wage gap (ratio of women's wages to men's wages)

Category	Gender wage gap
All workers	67.4%
Employees, permanent staff, re-employed staff	77.1%
Temporary staff	72.0%

The gender wage gap is due to the higher male ratio in higher-paying positions and roles, although there is no difference in wages between the same positions and roles.

## Toward Further Advancement of Women

We host "Female Engineer Meetings" where female engineers can share information and exchange opinions about their experiences and challenges in on-site situations, along with training for female leader candidates.



Female Engineer Meetings

# Sustainability Initiatives

## Contribution to Society

We aspire to be a company that supports a comfortable livelihood for the people in our business regions, and is trusted as a close partner. As one of the means to put this philosophy into practice, we participate in regional activities in various locations.

We conduct initiatives that contribute to solving regional issues and truly benefit the region and contribute to the sustainable development of the community, while each employee builds a relationship of trust with the region through constant communication and coordination.

### “Yurtec Group ‘Zero Marine Waste’ Activity” (Company-wide Simultaneous Cleanup Activity)

We are engaged in environmental preservation activities to protect the rich nature in areas where the Group operates, such as Tohoku and Niigata.

In FY2024, as a commemorative project for our 80th anniversary, we conducted “Yurtec Group ‘Zero Marine Waste’ Activity” (Company-wide simultaneous cleanup activity). Approximately 1,600 employees from the Company and Group companies participated in this cleanup activity mainly along rivers and beaches near each office. We are committed to contributing to the realization of a society where nature and humans coexist in harmony.



Group photo of the joint event held by the Head Office, Miyagi Office and Group companies



President Ota participating in the cleanup activity

### Community Coordination Activities

In order to create opportunities to deepen interactions with local residents, we have established a Local Festival holiday unique to the Company.

By utilizing Local Festival holidays, we are contributing to further revitalization as a member of the community through participation in regional events held in the locations of each of our offices, including the Hanagasa Festival in Yamagata and the Donto Matsuri, Hadaka Mairi in Sendai.



Hanagasa Festival in Yamagata



Donto Matsuri, Hadaka Mairi in Sendai

### Learning and Employment Support Activities

We participate in the “Miyagi Craftsmen 21” project, aimed at developing and securing manufacturing talent for the future and passing on skills and techniques to the next generation, as well as the “Wakuwaku School,” where companies from various fields provide on-site classes.

Our employees leverage their technical skills cultivated to date to provide opportunities for understanding the appeal of manufacturing and acquiring knowledge about electricity.



Miyagi Craftsmen 21



Wakuwaku School

### Contribution to Local Communities

Since 2016, in collaboration with Miyagi Prefecture, we have been providing the grounds within the Human Resource Development Center premises as a temporary landing and takeoff site for doctor helicopters, playing a role in local medical care.

In addition, every year we donate public street lights and crime prevention lights in various places, contributing to the crime prevention and safe community building in the region.



Provision of a temporary landing and takeoff site for doctor helicopters



Letters of appreciation for the donation of public street lights

### Project for Supporting the Local Professional Sports Team

We obtained the naming rights for an exclusive football stadium owned by Sendai City in 2006, which is familiarly known as Yurtec Stadium Sendai (Yursta).

By supporting the local professional sports team, we are contributing to the development of the region and backing the people who love sports.



Acquisition of naming rights



Sponsorship for local professional sports

# Special Feature: 80th Anniversary Roundtable Discussion (2)

## Creating a workplace where diverse human resources can thrive



**Honoka Yoshida** Transmission Work Center  
**Mao Kawata** Electrical Installation Section, Installation Department Yamagata Office  
**Yoko Noro** General Manager Business Audit Department  
**Tokuko Yashima** External Director  
**Miki Tanno** Electrical Installation Section, Installation Department Miyagi Office  
**Reona Izumidate** Power Generation and Substation Section, Engineering Department Miyagi Office

Yurtec is well on its way to creating “an environment where diverse human resources, including female employees, can work on construction sites.” Four female technical employees, Ms. Yashima, an External Director, and Ms. Noro, General Manager of the Business Audit Department, talked candidly about the current situation, issues, their requests, and more.

**Yashima:** “Diversity” and “promotion of women’s active participation in the workforce” are important themes for corporate management going forward. In an environment where diverse individuality is respected, employee motivation increases and new perspectives and ideas are born. Then and only then, can a company’s competitiveness, and subsequently, its corporate value increase. However, Yurtec is seen as a more male-dominated company. Actual figures show that women account for 8.3%\* of all employees and 2.1%\* of managers, which is low compared to the broader industry.

How do we increase these numbers? That is the issue we need to tackle. It is said that the reason behind the lack of female employees in technical fields is that not many women go on to study science and engineering, but does Yurtec really provide a comfortable work environment for women in the first place? I believe that this is not the case in some respects.

\*Percentage of female employees as of July 1, 2024



**Noro:** When I first joined the company, the work of female employees was limited to supportive duties. Many women would resign due to marriage or childbirth, which I think made it difficult to entrust important jobs to them. And there may have been many female employees who accepted such situation as it was. Now, however, we are implementing measures that emphasize the active

participation of women, which has led to an increase in the number of female technical employees. I would like to get some input from you all who have gathered here today on the actual situations at your workplaces and what you hope to see from Yurtec.

### Yurtec has a team spirit of “working together”

**Yoshida:** I am involved in construction management. I was told on-site that I was their first female technical employee. However, I never felt that I was treated any differently in my actual work for being a woman.

I wanted to work at Yurtec partly because my experience in the Great East Japan Earthquake made me interested in working to protect electric power infrastructure. But my interest in steel towers I’ve had since I was a child also played a large part. I majored in humanities at university, so I studied hard after joining the company, and even now, I strive to acquire new knowledge each day by learning from my seniors. Yurtec also has extensive training programs that encourage us to improve our skills.

**Izumidate:** The Earthquake was also what inspired me to join. My experience of the disaster made me realize the importance of infrastructure. Having studied electrical engineering at university, I figured that a job protecting infrastructure would be a good way to put that knowledge to use and give back to the people who supported me at the time. I applied to Yurtec also because I wanted to contribute to Miyagi Prefecture, which is dear to me.

I was anxious because there wasn’t a single female technical employee in the Power Generation and Substation Division I was assigned to, but the workers from partner companies were kind enough to listen to me, and I was able to work in an environment with no gender discrimination, and I am very grateful for that. When I first joined the company in particular, I felt that my superiors were very considerate. There were some women-specific problems, such as the lack of a female restroom, but they resolved the issue immediately after I consulted about it.

**Tanno:** I studied electrical engineering at a technical high school. When I was looking for a job, I found out that Yurtec was the only company recruiting women to work on-site, and I immediately knew this was it! At first, I was prepared for most of the employees to be difficult and craftsmen-like, but I was pleasantly surprised this was not the case. Everyone is supportive and energetic. I also feel the spirit of “working together” as a team.



**Kawata:** I also joined the company after graduating from the electrical engineering department of a technical high school. At the time, I participated in a competition for industrial technology and skills called the High School Student *Monozukuri* (Manufacturing) Contest. One of the judges was from Yurtec, and I had the opportunity to talk to him. That’s when I learned about construction management and became interested in it. My current job is mainly to create blueprints and manage the site. Yurtec provides an environment that allows women to work in a way that suits our physical needs, which I find is very helpful.

### Creating “role models for female employees”

**Yashima:** I’m surprised to hear how you all work so excitedly and happily. It’s been an eye-opener. You really can’t tell just by looking at the numbers. It seems that Yurtec has already laid the groundwork for female technical employees to work on construction sites.

**Noro:** As the majority of workers on-site are men, I expected women to feel out of place, but that doesn’t seem to be the case at all. I got the impression that you all enjoy your work. I would like you to continue to openly speak your mind if there’s anything you’d like to see done.

**Yashima:** First of all, we need to increase the number of women we hire (the denominator), but we also need to create a system that prevents female employees from quitting their jobs. Furthermore, in order to increase the percentage of women in management positions, it is first necessary for people to gain a variety of experiences from a young age, just like all of you here today. It is also essential to improve remuneration regardless of gender and to eliminate unconscious biases not only among those around them, but also among female employees themselves.

**Noro:** I believe there must not be any unfairness in career development when taking childcare leave. Previously, quite a few women



had to quit their jobs to raise children. Cooperation between the three parties—those taking childcare leave, those who support those taking leave, and those who manage those taking leave and their supporters—is important. In terms of reducing the number of women who leave the company, a future challenge is to create a system that allows adjustments of work duties while respecting the work-life balance of individual employees. Do any of you have suggestions for how this can be done?

**Yoshida:** I think that having role models of working women will attract more interest, so I would like to become one myself. When I joined the company, the people around me were very considerate, and even more than that, I was told, “As the first female technical employee, we want you to become a role model for the other women working in the Power Transmission Department. We want to help you do that,” so I would like to embody that from here on out.

**Izumidate:** When women work on-site, the first problem they encounter is the restroom. Many of the substations I work at are located in the mountains, and even within these facilities, women-friendly restrooms have been installed. I think this is because Ms. Yoshida has been a role model. I believe that when it becomes easier for women to work, it will also become easier for men to work as well. I think it is essential to create a work environment where all employees with various attributes can work comfortably.

**Tanno:** When it comes to recruiting female employees, I think it is important to proactively visit schools and hold information sessions. I believe that it will be more effective if not only the recruiting staff, but also female employees like us that work on-site are present during these visits. When I visited my alma mater as a lecturer some time ago, I told the students, “The moment a light is turned on, it becomes bright and vivid, and results are easy to see. This is what makes our work worthwhile.” When I did so, I seemed to have grabbed their attention, and their eyes lit up.

**Kawata:** I think it is important to create an environment where employees can work for a long time. If life events are respected regardless of gender, I believe it will lead to a more comfortable work environment. As mentioned earlier, if the environment and support systems allowing women to work according to their physical needs are improved further, I think motivation at work will increase.

**Tanno:** There is a female manager in the Electrical Installation Division at the Miyagi Office. I often go to her for advice, and she has really helped me out. Now it’s our turn. As the number of junior female employees increases, they sometimes come to me for advice. I enjoy being close to everyone and working hard together with them, so I would like to continue supporting my junior colleagues.

**Yoshida:** Regardless of whether I can become a manager or not, I want to be someone that my junior colleagues can rely on. It is our responsibility to create such a company.

#### Updating internal regulations to suit the modern era

**Noro:** From the perspective of diversity, we need to create mechanisms and design systems that allow employees to be evaluated and supported equally, regardless of gender.

**Izumidate:** Some internal regulations like company housing, allowance for unaccompanied transfers, vacation systems, and childcare support are not necessarily in line with today’s times. The Company needs to respond flexibly to changes in female employees’ life stages, such as transfers, marriage between company employees, and whether or not they have children. This also applies to male employees. Internal regulations must also be changed to suit the times.



**Tanno:** Perhaps that’s because the systems are based on company-wide averages. If there are various ways of working, I think it’s necessary to design systems that correspond to them. Amid the labor shortage, fair incentives must be set to secure human resources.



**Kawata:** I have only been with Yurtec for two years, but I feel that it is a company with a good work environment in terms of the systems in place. On the other hand, on a site-by-site basis, there are still problems like the lack of women’s restrooms and changing rooms. I think it would be easier for women to work here if the Company provided support for these issues. The environment is changing, with restrictions on overtime hours and more diversity, so I want Yurtec to adapt to these changes and become an even better company.

**Izumidate:** I want to help Yurtec grow into a nationwide company. In that process, I would like to take the lead and play a role in teaching various things to young and new employees. I am grateful to the people who chose to join Yurtec from among the many other companies out there. The construction industry is said to be 3K (*kitsui*, *kitanai*, and *kiken*, i.e., demanding, dirty, and dangerous), but I want people to know that this is a job that anyone can thrive in.

**Tanno:** The construction industry is also making moves to utilize digital technology to carry out operations. I myself want to be involved in improving work efficiency and promoting work style reforms by utilizing such digital technologies.

**Yoshida:** 20 years from now, I think Yurtec will be a more diverse company than it is today. In an industry with great potential for further growth, I would like to continue to take on many challenges and work hard together with my colleagues.

**Yashima:** I was able to receive a lot of valuable input from everyone here today. I feel that the future direction of the Company has begun to take shape. By embracing diversity, the value of the Company will increase and become a company needed by society. That’s what I think.

**Noro:** Thank you very much for today. I can now envision a brighter future.



#### The human resources that Yurtec seeks

##### Companies with people who respect one another become sought after by society

Tokuko Yashima, External Director

My impression is that Yurtec employees approach their work with a truly positive attitude. It made me realize that the workplace is changing. A company is strong when people can recognize and respect those with different backgrounds from their own. As long as they have skills and motivation, anyone can stand on the same starting line. Creating such an environment is the essence of diversity. As a result, we can increase corporate value and become a presence needed by society. For Yurtec specifically, I realized that having the “joy of creating things” is a necessary quality. I would like each and every employee to combine their strengths to help make Yurtec a 100-year-old company.

## Special Feature: 80th Anniversary Creating a New TV Commercial

To mark our 80th anniversary, we have produced a new TV commercial for the first time in approximately seven years.

In the previously mentioned 2030 Vision, we have established our Basic Policy to “find more opportunities in existing businesses and expand growth areas,” “pursue sustainability management,” and “invest in human resources that will create future generations.” To achieve this vision, we believe it is essential to reaffirm our technological capabilities to stakeholders and to sustainably secure and develop the human resources that will lead the next generation, in order to firmly capture future growth opportunities.

Based on the above, the new TV commercial was created with the following in mind: (1) enhancement of corporate brand image and recognition, (2) increase in recruitment benefits, and (3) improved employee engagement.

### Behind the production

In producing the new TV commercial for the first time in approximately seven years, we established a project team of 12 young employees, primarily in their 20s, who will lead the next generation. They lead the production with fresh perspectives, freely exchanging opinions and ideas.

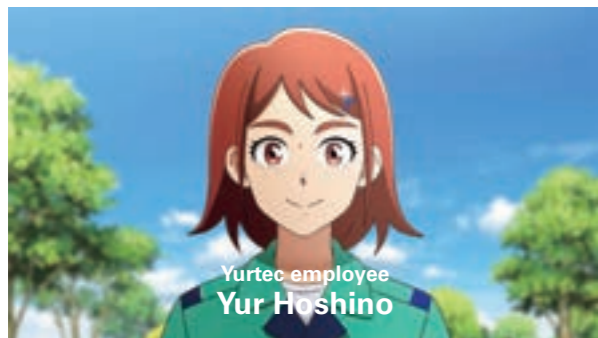


CM production project meetings

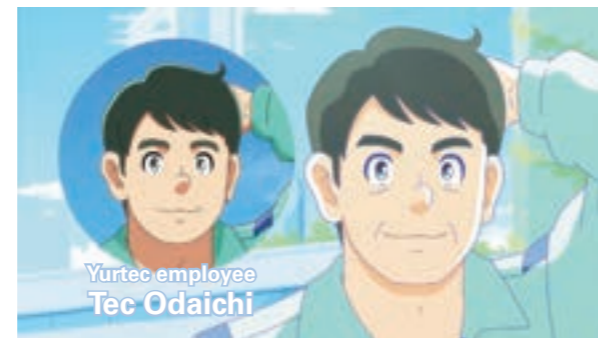
### Outline of the new TV commercial

Yur Hoshino travels 20 years into the future, when Yurtec will celebrate its 100th anniversary, and her now-dependable colleague, Tec Odaichi, introduces the Company’s future development.

Yur Hoshino affirms that while Yurtec’s technology continues to evolve, its commitment to supporting society remains unchanged, and she feels proud working for the Company. The commercial tells the story of her working vigorously, focused on the future.



Name: Yur Hoshino  
Division: Electrical Installation



Name: Tec Odaichi  
Division: Distribution Engineering

### Concept tagline

The concept tagline, “Tec to the Future: Supporting the Future” reflects our commitment to continually supporting people’s lives through our ever-evolving technologies as we celebrate our 80th anniversary and look toward becoming a 100-year-old company and beyond.

To express this desire, we chose anime for our TV commercial, as it has the ability to portray the region, the world, and the future.



### Available on special website

The new TV commercial began airing on October 1, 2024, in six Tohoku prefectures and Niigata Prefecture. The commercial, along with behind-the-scenes footage, is also available on the special website below.

The special website provides additional details about the story, the main characters, and our business featured in the commercial, which we could not fully convey through the commercial alone.

► Special website (in Japanese only)

<https://www.yurtec.co.jp/80th/>

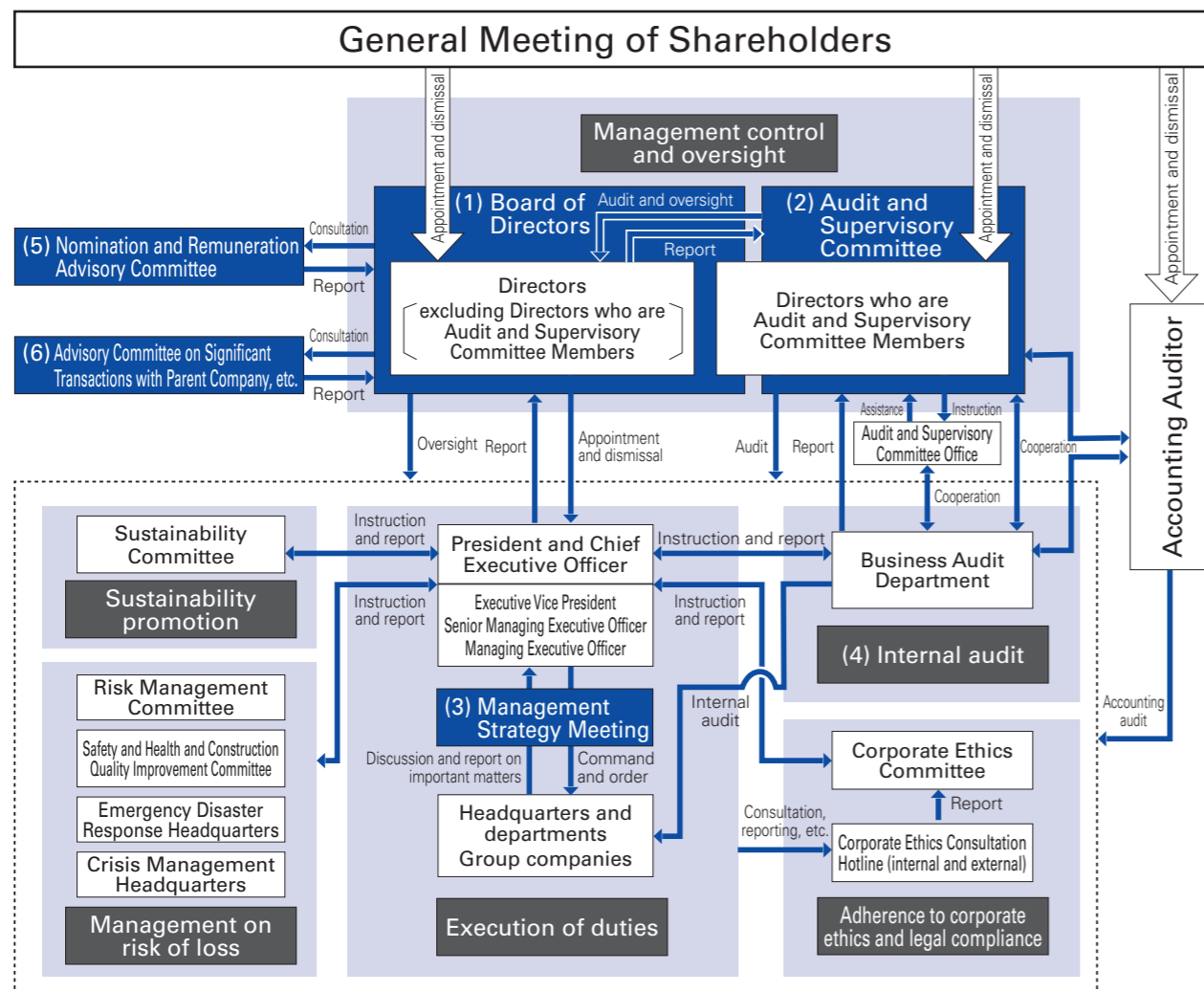


### Basic Approach to Corporate Governance

The Company is committed to the sustainable development and improvement of corporate value as a total supporter of the lifeline that supports daily life, while building a deep relationship of trust with the community and society, with the aim of cooperating with customers in creating value and contributing to society. Based on this philosophy, to properly conduct business operations, we are dedicated to thoroughly adhering to corporate ethics and legal compliance, strengthening internal control and risk management, and continuing to further enhance corporate governance with the aim of improving the soundness, fairness, and transparency of management.

In addition, the Company established the Basic Policy on Corporate Governance, in which our basic approach to corporate governance and operational policies are set forth, and discloses it on Sustainability section of its Japanese version of website.

### Internal Control and Corporate Governance Schematic Diagram



### Reasons for Adopting the Current Corporate Governance Structure

The Company aims to enhance the supervisory function of the Board of Directors as well as speed up its decision-making, by including Audit and Supervisory Committee Members among the members of the Board of Directors to supervise the execution of duties of Directors. With the purpose of further enhancing corporate governance, we transitioned to a company with an Audit and Supervisory Committee based on the resolution at the 108th Annual General Meeting of Shareholders held on June 24, 2022. In addition, in order to separate the decision-making and oversight functions of management from the business execution function, and in terms of improving fairness and transparency, we have introduced an executive officer system with management positions. Furthermore, as voluntary committees equivalent to the Nomination Committee and Remuneration Committee in a company with a Nomination Committee, etc., we have established a Nomination and Remuneration Advisory Committee. By having a majority of its members comprised of Independent External Directors, we are ensuring the independence and objectivity of the nomination process of candidates for Director and Executive Officer as well as determination process of their remuneration. In this manner, our corporate governance structure ensures adequate soundness, fairness, and transparency in our management, and thus we will continue to adopt the current system.

#### (1) Board of Directors

The Board of Directors consists of 13 members, including five Independent External Directors who do not have a risk of conflict of interest with general shareholders, and convenes as necessary in accordance with the Companies Act and internal regulations. At these meetings, the Board makes decisions on important matters regarding the execution of the Company's business, including important management plans, and has Directors oversee each other's execution of duties, with regular reports on business execution from the Directors and Executive Officers.

#### (2) Audit and Supervisory Committee

Three of the four Directors who are Audit and Supervisory Committee Members are Independent External Directors, ensuring objectivity and neutrality in the management oversight function. The Audit and Supervisory Committee appoints Audit and Supervisory Committee Members who exercise their rights to audit and supervise (Selected Audit and Supervisory Committee Members). In accordance with the basic audit policy outlined in the Audit and Supervisory Committee audit plan, which is decided at the Audit and Supervisory Committee meetings, as well as with the division of duties and other policies, the committee audits the execution of duties by Directors, the establishment and operation of the internal control system, safety and quality management, the independence of the Accounting Auditor, the quality and method of accounting audit, and reasonableness of the audit results.

Moreover, we have appointed one full-time Audit and Supervisory Committee Member and by having the member attend important meetings such as the Management Strategy Meeting, listen to reports on the execution of duties from business execution departments, conduct visiting audits of offices, and coordinating with the internal audit department, we are enhancing the effectiveness of our auditing and oversight functions.

We have also positioned one Audit and Supervisory Officer to assist the duties of the Audit and Supervisory Committee and have established an Audit and Supervisory Committee Office (with four dedicated staff members) as an organization dedicated to support the Committee in its duties.

#### (3) Management Strategy Meeting

In principle, the meeting is held weekly to deliberate on the general policy and plan for business management and the execution of important business based on the resolutions of the Board of Directors.

#### (4) Internal audit

The Business Audit Department, which is directly under the President and Chief Executive Officer, conducts internal audits based on the examination plan, promoting the appropriateness of business processing and enhancing and strengthening internal checks and balances. The Department prompts the relevant departments to take corrective actions for each identified case, and the results of the examinations are reported to the President and Chief Executive Officer, as well as to the Board of Directors and Audit and Supervisory Committee. Furthermore, we strive to improve the effectiveness of internal audits by coordinating and cooperating with the Audit and Supervisory Committee and the Accounting Auditor.

#### (5) Nomination and Remuneration Advisory Committee

As an advisory body to the Board of Directors, we have established a Nomination and Remuneration Advisory Committee, which performs the functions of both a voluntary committee equivalent to the Nomination Committee and a voluntary committee equivalent to the Remuneration Committee. This Committee, from the perspective of ensuring independence and objectivity in nomination and remuneration, has a majority of its members as Independent External Directors, and receives and deliberates on consultations related to nomination and remuneration for Directors from the Board of Directors and provides reports.

#### (6) Advisory Committee on Significant Transactions with Parent Company, etc.

As an advisory body to the Board of Directors, the Company has established an Advisory Committee on Significant Transactions with Parent Company, etc., which deliberates on and considers matters for the purpose of protecting interests of minority shareholders. The Committee is composed of Independent External Directors to ensure independent and objective procedures, and deliberates and reports on the appropriateness and fairness of significant conflict of interest transactions and exceptional transactions with the parent company and its wholly-owned subsidiaries, upon consultation from the Board of Directors.

### Approach to the Overall Balance, Diversity, and Scale of the Board of Directors

The Company has set its policy of building an effective management structure required for a company engaged in the construction business, and for its Board of Directors to be composed of the number of members necessary and appropriate to ensure substantial discussion and monitoring functions on business execution. The number of Directors shall be not more than seventeen (17) and Independent External Directors shall be appointed, as stipulated in the Company's Articles of Incorporation.

By composing the Board of Directors based on the criteria mentioned to the right, while considering diversity such as gender, internationality, career background, and age, we ensure a balance of knowledge, experience, and capabilities across the Board of Directors as a whole and strive for efficient business execution and appropriate business management. In addition, Directors who are Audit and Supervisory Committee Members are striving to strengthen the oversight function by being involved in the audit function and in the nomination and remuneration of Directors.

If a Director concurrently serves as an officer at another listed company, they shall do so within reasonable limits and the status of such concurrent positions is to be disclosed annually.

The Company has identified the skills that should be possessed by the Board of Directors, and has created a Skill Matrix showing the list of skills possessed by the current Directors based on their career backgrounds, which is disclosed in the Notice of the Annual General Meeting of Shareholders.

#### [Composition members]

- (1) Internal Directors (excluding Directors who are Audit and Supervisory Committee Members) Individuals who are suitable for appointment as officers of the Company in terms of personality, insight, competence, experience, and ethics, who were selected among those who are knowledgeable about their respective fields, taking into account the balance of expertise, extensive business experience, knowledge on management overall, etc.
- (2) External Directors (excluding Directors who are Audit and Supervisory Committee Members) Individuals who are capable of appropriate decision making and management oversight at the Board of Directors, with their practical experience based on corporate management, etc., and their extensive knowledge on social and economic trends, etc.
- (3) Directors who are Audit and Supervisory Committee Members Individuals who are capable of properly carrying out their duties as Audit and Supervisory Committee Members using their experiences and knowledge, performing audits of and overseeing the execution of Directors' duties. Of which, those who are External Directors who are Audit and Supervisory Committee Members shall be capable of performing audits and overseeing those matters objectively and impartially.

### Effectiveness Evaluation of the Board of Directors

The Company conducts an annual questionnaire on Directors regarding the overall effectiveness of the Board of Directors, and reports the results to the Board of Directors. The Board of Directors evaluates its overall effectiveness based on the questionnaire results, and confirms initiatives for further enhancing effectiveness.

#### [Initiatives for enhancing the effectiveness of the Board of Directors in FY2023]

In FY2023, we advanced the following initiatives toward enhancing the effectiveness of the Board of Directors.

- (1) Timely verify the PDCA cycle concerning important management matters and implement monitoring of management control
- (2) Continuously conduct training, briefings, and site tours that contribute to a better understanding of the management and business of the Company and its Group companies
- (3) Share information with the Board of Directors about the criteria for nominating Directors and the nomination process, which are deliberated by the Nomination and Remuneration Advisory Committee

#### [Summary of effectiveness evaluation results for FY2023]

In the questionnaire conducted in March 2024, five main categories (composition and operation of the Board of Directors, management strategy and business strategy, corporate ethics and risk management, performance monitoring and evaluation and remuneration of management, dialogue with shareholders, etc.) were set, and evaluations were made for each question in each category.

Following a review of the results of this questionnaire at the Board of Directors meeting held in May 2024, it was evaluated that the overall effectiveness of the Board of Directors was generally secured. Nonetheless, we will undertake the following measures in FY2024 to further enhance the effectiveness of the Board of Directors.

- (1) Timely verify the PDCA cycle concerning important management matters and implement monitoring of management control
- (2) Continuously conduct training, briefings, and site tours that contribute to a better understanding of the management and business of the Company and its Group companies
- (3) While leveraging the benefits of digitalizing Board of Directors meeting materials, carefully review the content to facilitate deeper discussions
- (4) Continuously share information with the Board of Directors about the nomination process of Directors, which is deliberated by the Nomination and Remuneration Advisory Committee

### Support System for External Directors

The Company provides support through various communication mediums for the execution of duties of External Directors (excluding Directors who are Audit and Supervisory Committee Members) and External Directors who are Audit and Supervisory Committee Members, via the Secretariat Group of Human Resources Department and the Audit and Supervisory Committee Office as their respective contact points.

Furthermore, to enhance discussions at the Board of Directors, we provide External Directors with opportunities as needed to understand the content of our operations through preliminary distribution and explanation of materials for the Board of Directors, provision of related information, explanations of our business at the time of appointment, visits to our offices, and dialogue and discussions with the Representative Directors, and we will continue these initiatives going forward.

### Policies, etc. for Determining Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

- (1) Basic policy on remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) The remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) consists of a fixed remuneration, bonuses as performance-linked remuneration, and restricted stock remuneration. However, only fixed remuneration will be provided for External Directors in view of their roles and independence.
- (2) Policy on determining the amount or calculation method of individual remuneration and the timing of payments
  - a. Fixed remuneration The amount of individual remuneration will be set at an appropriate level according to the position, giving comprehensive consideration to the medium- to long-term management environment and management policies, and will be paid monthly in cash.
  - b. Bonuses A variable remuneration system is set based on consolidated operating profit, an important indicator under the Medium-Term Management Plan. The amount of individual remuneration will be determined based on a set standard amount according to the fixed remuneration corresponding to the position, adjusted within the range of 75% to 125% according to the degree of achievement of the target value of consolidated operating profit for each fiscal year, and will be paid in cash after the expiration of the Directors' terms of office in June every year.
  - c. Restricted stock remuneration The number of shares granted to each individual is determined based on a standard amount according to the fixed remuneration corresponding to the position, decided upon using the stock price on the business day prior to the Board of Directors' resolution date concerning the share allocation. The Board of Directors will resolve the share allocation within one month of a Director's appointment, and issue the shares within another month from the said resolution date.
- (3) Policy on determining the proportion of individual remuneration payments To ensure that the remuneration effectively functions as an incentive for improving corporate value, the payment ratio of fixed remuneration and performance-linked remuneration (bonuses and restricted stock remuneration) for Directors (excluding Directors who are Audit and Supervisory Committee Members) will be approximately 70% and 30% respectively (approximately 20% for bonus and approximately 10% for restricted stock remuneration) upon achieving targets. However, External Directors shall only be provided fixed remuneration.
- (4) Method of determining individual remuneration Fixed remuneration and performance-linked remuneration, etc. (bonuses and restricted stock remuneration) for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be determined by a resolution of the Board of Directors within the total amount approved at the General Meeting of Shareholders, after deliberation by the Nomination and Remuneration Advisory Committee, the majority of whose members consist of Independent External Directors.
- (5) Method of determining the decision-making policy The policy regarding the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined by a resolution of the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, the majority of whose members consist of Independent External Directors.
- (6) Content of resolution by the General Meeting of Shareholders
  - a. Fixed remuneration For Directors (excluding Directors who are Audit and Supervisory Committee Members), up to 200 million yen in total per year (including up to 20 million yen for External Directors)
  - b. Bonuses For Directors (excluding Directors who are Audit and Supervisory Committee Members and External Directors), up to 100 million yen in total per year
  - c. Restricted stock remuneration For Directors (excluding Directors who are Audit and Supervisory Committee Members and External Directors), up to 50 million yen and 100,000 shares in total per year

# Corporate Governance

## Risk Management/Adherence to Corporate Ethics and Legal Compliance

### Policies, etc. for Determining Remuneration for Directors Who Are Audit and Supervisory Committee Members

The policy for determining the content of remuneration for Directors who are Audit and Supervisory Committee Members is determined by the discussion among the Directors who are Audit and Supervisory Committee Members.

- The remuneration for Directors who are Audit and Supervisory Committee Members shall consist only of a monthly fixed remuneration and shall be paid in cash each month.
- The remuneration for Directors who are Audit and Supervisory Committee Members is determined by the discussion of the Directors who are Audit and Supervisory Committee Members within the total amount approved at the General Meeting of Shareholders.

[Contents of resolutions by the General Meeting of Shareholders]

Up to 60 million yen in total per year

### Approach and Policies of the Parent Company on Group Management

The parent company of the Company is Tohoku Electric Power. In April 2024, the Tohoku Electric Power Group introduced "Working alongside next +PLUS" as its future management development plan to achieve its medium- to long-term vision. Each business will independently pursue earnings and growth across five areas and 11 business segments, with a focus on electricity and energy. Within the business segments outlined in "Working alongside next +PLUS," the Company is positioned as playing a key role in "power transmission/distribution," and "comprehensive facility engineering."

### Views and Measures on Ensuring Independence from the Parent Company Necessary from the Viewpoint of Protecting Interests of Minority Shareholders

Based on the fact that there are potential for conflicts of interest between our parent company, Tohoku Electric Power, and minority shareholders of the Company, they have a policy of respecting the Company's managerial independence. We recognize that a certain degree of independence is ensured for us. Specifically, in decision-making on matters such as the creation of management plans and the promotion of each business, Directors concurrently serving at Tohoku Electric Power have deliberated based on the policy of respecting the Company's independence, and thus we believe that they do not hinder the Company's ability to make its own decisions.

In addition, by establishing Nomination and Remuneration Advisory Committee, a majority of the members of which are Independent External Directors, the Company ensures independence and objectivity regarding decisions on nomination and remuneration. Furthermore, Independent External Directors attend the Board of Directors meetings as objective parties to monitor the management. We believe that these measures also secure the Company's independence.

Furthermore, in order to further protect the interests of minority shareholders, material transactions with conflict of interests and unusual transactions with the parent company and its wholly-owned subsidiaries are reviewed by the "Advisory Committee on Significant Transactions with Parent Company, etc.," which is composed of Independent External Directors.

### Risk Management System

#### System for managing risk of loss

- (1) Organizations, job authorities, and internal regulations are maintained to ensure that risk management is carried out appropriately at both the Company-wide and departmental levels.
- (2) For risks that could have a significant impact on management, each department regularly identifies and evaluates risks related to business activities and incorporates their countermeasures into the business plan formulated each year, practicing risk management within the management cycle.
- (3) For risks related to natural disasters, regular training is conducted, and in the event that such events occur, an Emergency Disaster Response Headquarters is established based on internal regulations in order to respond appropriately.
- (4) We have established a safety and construction quality management system, and we have defined internal regulations and set up an internal committee to enhance employees' awareness of safety and construction quality, prevent labor accidents before they occur, and ensure

construction quality. In addition, we have established internal regulations to prevent the occurrence of nonperforming loans that could have a significant impact on our earnings.

- (5) We have established a Risk Management Committee and engage in training and information sharing to improve our risk response capabilities, in order to prevent crises that could significantly impact the Company's assets and social trust and to minimize damage in the event of a crisis. In the event of any of these events, we will establish a response headquarters based on internal regulations and respond appropriately.
- (6) The status of risk management is regularly reported to the Board of Directors.

### Recognized Risks for Business, etc. and Countermeasures

Risks	Countermeasures
① <b>Curtailed investment in electric power facilities</b> Controlled construction orders by Tohoku Electric Power and Tohoku Electric Power Network, which account for approximately 40% of sales, and expanded competitive ordering, resulting in decreased construction orders received and intensified competition for orders	Expand areas outside Tohoku and Niigata and increase orders received for general and government construction
② <b>Curtailed investment in private sector capital investment</b> Decreased construction orders received and intensified competition for orders in the event of a downturn in construction demand due to factors such as the progression of a declining birthrate, aging population, declining population, and economic trends	Maintain and enhance relationships with existing customers, and strengthen sales and construction systems, etc.
③ <b>Occurrence of natural disasters, etc.</b> Possibility of work interruptions or significant delays, or substantial damage to the Group's business offices due to natural disasters such as earthquakes and typhoons or the spread of new infectious diseases, etc.	Regarding natural disasters, review and strengthen disaster prevention plans for each business site based on hazard maps designated by the national and local governments Regarding infectious diseases, despite a reduced risk of COVID-19, continue efforts to prevent infection and the spread of disease
④ <b>Rising material and labor costs, etc.</b> Significant additional costs due to construction delays, amid rising material and labor costs owing to increases in material prices and labor shortages	Discuss methods to reflect matters in construction contracts, and expand competitive ordering and volume discounts through centralized purchasing as cost reduction measures
⑤ <b>Earnings related to construction contracts</b> Fluctuations in construction conditions on which estimates are based	Continue to ensure reliability of revenue recognition by calculating estimates appropriately and reasonably
⑥ <b>Compliance with laws and regulations</b> Revision or abolition of legal requirements under the Construction Business Act, the Antimonopoly Act, the Labor Standards Act, the Industrial Safety and Health Act, etc., establishment of new acts, or changes in applicable standards, etc., or if an event against compliance occurs	While closely monitoring legal revisions, etc., establish the Corporate Ethics Committee, assign officers in charge of corporate ethics, and establish and implement the Yurtec Corporate Code of Conduct and the Corporate Ethics Code, which describe the code of conduct in the course of operations
⑦ <b>Risks associated with M&amp;A, etc.</b> Business deterioration, construction errors, or misconduct at investee companies	Ensure that external experts conduct pre-investment surveys (due diligence), post-investment management, and provides guidance and support
⑧ <b>Goodwill impairment risk</b> Significant revisions to the business plans of investee companies due to changes in their business environment, preventing the expected generation of cash flow	Regularly monitor investee companies' business plans, and provide guidance and support

### System for Adherence to Corporate Ethics and Legal Compliance

To become a company trusted by stakeholders such as customers, business partners, shareholders, investors, local communities, and society, the Company has established the Yurtec Corporate Code of Conduct to serve as a guideline for our officers and employees in the course of operations.

We have also established a Corporate Ethics Consultation Hotline both internally and externally with the purpose of early detection and resolution of legal violations or issues regarding corporate ethics within the Group, accepting consultations and reports not only from the Group's officers and employees but also from people in companies with business relations with the Group.

# Corporate Governance

Message from the Representative Director & Chairman of the Board



Leveraging our strengths of our close ties with local communities, our advanced technical capabilities, and our ability to take on new challenges, we strive to become a 100-year-old company that contributes to the development of a sustainable society.

**Toshinori Abe**

Representative Director & Chairman of the Board

## Celebrating our 80th anniversary

October 1, 2024 marked the 80th anniversary of our Company's founding. Since our establishment in 1944 as Tohoku Electrical Construction, we have played an important role in ensuring the stable supply of electricity in Tohoku and Niigata, and have expanded orders for general construction work, contributing to the construction of social infrastructure as a general facility engineering company.

I would like to express my sincere gratitude to our many customers, our Group's employees and partner companies, as well as our shareholders and business partners for their support over our 80-year history.

We will continue to strive to become a 100-year-old company that contributes to the development of a sustainable society, driven by our strengths of our close ties with local communities, our advanced technical capabilities, and our ability to take on new challenges.

## This past year as Chairman of the Board

I was appointed Chairman of the Board in June 2023. Yurtec is a listed company with a long history that represents Tohoku, so this past year has been one of great responsibility for me.

In the belief that the first step is to understand the Group's business and actual conditions of work sites, as well as the employees working there, over the past year I have visited more than 20 construction

sites, spoken to employees on more than 40 occasions, and visited our customers. I really felt the trust and expectations of our customers and the local community, and was deeply impressed by our employees' dedication to their work and their sense of mission amid the harsh natural environment. However, I also keenly felt the serious lack of construction capability relative to the robust demand for construction. Safety, quality, and reliability are the lifelines of our Company, and our human resources are our greatest asset. This remains unchanged. Going forward, we will continue to pursue management that values and makes the most of our people.

## Continuous improvement of corporate governance

We are continuously striving to improve our corporate governance by reflecting on our past achievements.

Most recently, we introduced an executive officer system with management positions in June 2019, transitioned to a company with an Audit and Supervisory Committee in June 2022, and downsized the Board of Directors by reducing the number of its members being Internal Directors by two in June 2023. These revisions are aimed at strengthening the supervisory function of the Board of Directors, invigorating deliberations, and accelerating decision-making on business execution.

The Board of Directors currently consists of 13 Directors, with five External Directors (including

Directors who are Audit and Supervisory Committee Members), two of whom are women. This composition ensures diversity in terms of gender, expertise, practical experience, insight, etc. We will continue to consider the composition of our Board of Directors to enable more multifaceted and in-depth discussions that take into account changes in society and the business environment.

While Internal Directors fulfill their accountability for proposals, External Directors with high levels of expertise and abundant experience are free to express their opinions from various perspectives, which eliminates predetermined harmonious discussions, enhances deliberations, and increases objectivity and transparency. As Chairman of the Board, I make every effort to ensure high-quality deliberations by selecting appropriate agenda items and eliciting diverse opinions from Internal and External Directors.

In addition, in order to help External Directors gain a deeper understanding of the Company's management and be on the same page as Internal Directors, we implement a variety of initiatives, including (1) meetings on management issues several times a year, (2) inspections of new employee training and technical training sessions in the Power Transmission Division, (3) visits to major construction sites such as the Tohoku-Tokyo interconnection line and dialogue with frontline employees, and (4) participation in presentations on compliance, safety, technology development, etc.

From the perspective of the systematic development of management personnel, we have clarified the type of talent we require of Directors, etc., and have introduced a new external training, Executive Officer Training Program, in FY2023.

The Board of Directors will focus on its supervisory function and strive to further enhance discussions on the Company's overall direction, such as the Yurtec Group's ideal future and the medium- to long-term improvement of corporate value, with the aim of further enhancing the soundness of corporate management and corporate value.

## Dialogue with our stakeholders

I believe that dialogue with our stakeholders provides a valuable opportunity for us to gain new insights and learn from them.

In March of this year, we announced our 2030 Vision, our long-term targets for the early 2030s, and our Medium-Term Management Plan (2024-2028). We have received valuable, thought-provoking advice from our stakeholders so far, which we have incorporated into our management approach that is conscious of cost of capital and stock price, as well as in the formulation of our growth strategies that utilize our capital. We will continue to listen to the opinions of our stakeholders with an open mind and incorporate them into our management. We kindly ask for your continued guidance and encouragement for our Group.

# Corporate Governance

## Message from External Directors



**I look forward to taking on new ventures in growth areas under the new Medium-Term Management Plan and contributing to the sustainable development of society.**

**Keiichi Takano**  
Director

■ Career summary  
April 1976 Joined Nippon Zenyaku Kogyo Co., Ltd.  
April 2009 President and Director, Nippon Zenyaku Kogyo Co., Ltd.  
June 2018 Director and Corporate Adviser, Nippon Zenyaku Kogyo Co., Ltd.  
June 2019 Corporate Adviser, Nippon Zenyaku Kogyo Co., Ltd. (left office in June 2021)  
April 2021 Director, ZENOAO HOLDINGS CO., LTD.  
June 2021 Director, the Company (to present)

### About my role and the effectiveness of the Board of Directors

I was appointed External Director of the Company in 2021. As a member of the Nomination and Remuneration Advisory Committee, I deliberate on decision-making processes such as for the selection of Director candidates and Directors' remuneration. Additionally, since being appointed chair of the Advisory Committee on Significant Transactions with Parent Company, etc. in June 2024, I have been responsible for verifying the fairness and rationality of transactions with the parent company, Tohoku Electric Power, to supervise conflicts of interest and protect the interests of minority shareholders.

The Board of Directors maintains an appropriate ratio of External Directors and conducts high-quality deliberations with Directors that include corporate executives, academic experts, and members with expertise in finance and legal affairs. There are opportunities for explanations and questions about resolutions and report items prior to Board meetings, enabling us to give input with a deeper understanding of the Company's management strategies, earnings performance, issues, etc. I pay particular attention to whether there are any deviations from plans regarding priority businesses (areas outside Tohoku and Niigata, overseas businesses, renewable energy-related construction, and renewal work), human capital, and DX promotion, and make recommendations as appropriate. The effectiveness of the Board of Directors is determined as being generally maintained at a high level, with questionnaires being conducted every year and improvements being made.

### Toward medium- to long-term growth

"Our ideal future" outlined in the 2030 Vision conveys the ideal image of Yurtec and the value we will provide to employees and customers in the future. We have backcast from this Vision to formulate the Medium-Term Management Plan (2024-2028), which sets forth our targets, basic strategies, and key measures.


We are also actively working on sustainability. Strengthening our crisis management response capabilities in the face of damage from major earthquakes and natural disasters thought to be caused by climate change that have occurred in recent years is something society expects of us as a company that supports social infrastructure, and is also an important task that we must accomplish. Although sufficient safety and construction management measures are being taken on-site, we closely monitor the effectiveness of preventive measures and recurrence prevention measures to eliminate labor accidents, and make recommendations as appropriate.

Our human resource strategy calls for each and every employee to challenge themselves to realize their own "ideal futures," achieve growth, and create new value together with the Company, i.e. co-create value. From my own experience, I believe that when our (Yurtec's) ideal future and my (each employee's) ideal future resonate with each other and our exciting visions for the future overlap, we can create a vibrant workplace full of hope.

### Expectations for Yurtec

Our new Medium-Term Management Plan calls for expanding business into the Kanto region and strengthening our overseas businesses. In addition, we are actively taking on challenges in growth areas with a sound financial position, such as establishing the Renewable Energy Headquarters in July 2023, and I would like to contribute to further growth in these areas.

I believe that the Yurtec Group's technical capabilities will help resolve social issues likely to arise in the near future, and that the value provided to customers will contribute to the sustainable development of society. Through proactive IR activities, I hope that we can deepen people's understanding of the Company and that more people will support us in the medium to long term.



**I look forward to the steady promotion of sustainability initiatives and further enhancement of the Yurtec brand.**

### ■ Career summary

April 2001 Lecturer, Department of Management, Nagoya University of Commerce & Business  
April 2004 Assistant Professor, Department of Management, Nagoya University of Commerce & Business  
April 2006 Assistant Professor, The Graduate School of Economics and Management and Faculty of Economics at Tohoku University  
April 2007 Associate Professor, The Graduate School of Economics and Management and Faculty of Economics at Tohoku University  
June 2018 Corporate Auditor, the Company  
June 2022 Director who is an Audit and Supervisory Committee Member (to present)

**Yasunari Takaura**  
Director & Audit and Supervisory Committee Member

### About my role

I was appointed as an External Corporate Auditor of the Company in 2018, and then appointed as an External Director and Audit and Supervisory Committee Member in 2022 following the transition to a company with an Audit and Supervisory Committee. I believe that my role is to check whether the Company is being run under appropriate governance, and also to encourage the executive team to make management decisions that will lead to increased corporate value while identifying risks.

When attending the Board of Directors deliberations, the relevant department's general manager provides detailed explanations of each agenda item in advance, and opportunities for dialogue are secured among the Audit and Supervisory Committee Members, allowing us to gain a deeper understanding of agenda items. With the number of female Directors increasing to two in June 2024, opinions and proposals are offered at Board meetings from Directors of diverse backgrounds, leading to lively discussions focused on key points in an open atmosphere.

Since I specialize in business administration, particularly in corporate ethics and CSR, in university, I try to give input and ask questions from an external perspective, such as whether the Company's management is in line with sustainability and other social norms, and whether it meets the expectations of stakeholders. I believe it is of the utmost importance to deepen discussions for achieving medium- to long-term growth.

### The Medium-Term Management Plan (2024-2028)

We launched our new Medium-Term Management Plan in FY2024. In addition to net sales and operating profit, we have now set ROE as a numerical target, which is a prudent move in response to the plan's focus on more effective use of shareholder capital. Moreover, to secure and develop human resources, the Human Resources Strategy Project was launched

in FY2023, and various support measures have been put in place. By improving work-life balance, there will be more opportunities for women to play an active role, and a diverse range of human resources can be expected to be promoted.

In terms of sustainability initiatives, we have identified materiality topics with the help of external experts and others since FY2024, and are working to further raise the level of our sustainability initiatives.

As a general facility engineering company, our business structure is based on the provision of technology and labor from a multi-layered network of partner companies. With material prices and labor costs continuing to soar, our partner companies are likely facing difficult operating conditions. Against this backdrop, it is important that we reexamine our relationships with partner companies, our important partners, and aim to grow together in order to ensure the sustainability of our business.

### Expectations for Yurtec

Through visits to branch offices, participation in construction site tours, and attending presentations of new employees' technical training results, I have come to realize that the Company has accumulated technology over many years, and that the succession of skills from veteran to younger employees is what supports its reliable construction capabilities. I hope that Yurtec will continue to leverage the credibility it has built up thus far and its solid business foundation, which extends to the six Tohoku prefectures and Niigata Prefecture, as well as to Kanto and other regions, to further hone its technical capabilities and further enhance the Yurtec brand, known for its safety, quality, and reliability.

In FY2023, coverage of the Company by institutional investors increased about fivefold year on year. Yurtec has been publishing an integrated report since FY2023, and I hope that it will make full use of the media and tools at its disposal to widely communicate its vision and business goals to all stakeholders.

# Corporate Governance

## List of Board of Directors/Skill Matrix

### List of Board of Directors (\*) Representative Director



**Toshinori Abe** (\*)  
Representative Director & Chairman of the Board



**Yoshiharu Ota** (\*)  
Representative Director & President, Chief Executive Officer



**Ikumi Kobayashi** (\*)  
Representative Director & Executive Vice President  
In charge of Business Operation Overall, General Manager of Sales Headquarters; In charge of Corporate Ethics; In charge of IR



**Kazuo Takasugi** (\*)  
Representative Director & Senior Managing Executive Officer  
General Manager of Electric Power Infrastructure Headquarters



**Koji Miura**  
Director & Managing Executive Officer  
General Manager of Engineering Headquarters; Deputy General Manager of Electric Power Infrastructure Headquarters



**Yasuhiro Suzuki**  
Director & Managing Executive Officer



**Hiromitsu Takano**  
Director



**Keiichi Takano**  
Director  
(Independent External Director)



**Akemi Kato**  
Director  
(Independent External Director)



**Takeshi Sato**  
Director & Audit and Supervisory Committee Member



**Koichi Ono**  
Director & Audit and Supervisory Committee Member  
(Independent External Director)



**Yasunari Takaura**  
Director & Audit and Supervisory Committee Member  
(Independent External Director)



**Tokuko Yashima**  
Director & Audit and Supervisory Committee Member  
(Independent External Director)

### Skill Matrix

Name	Position	External Director/Independent Officer	Member of the Nomination and Remuneration Advisory Committee	Member of the Advisory Committee on Significant Transactions with Parent Company, etc.	Directors' Skills						
					Corporate management/Management strategy	Sales/Marketing	Technology/Safety & Quality	Legal matters/Risk control	Finance/Accounting	Global understanding	Sustainability promotion
Toshinori Abe	Representative Director & Chairman of the Board		◎		●	●		●			
Yoshiharu Ota	Representative Director & President, Chief Executive Officer		○		●	●	●	●			●
Ikumi Kobayashi	Representative Director & Executive Vice President				●	●	●			●	●
Kazuo Takasugi	Representative Director & Senior Managing Executive Officer				●		●	●			●
Koji Miura	Director & Managing Executive Officer				●	●	●			●	●
Yasuhiro Suzuki	Director & Managing Executive Officer				●	●			●		●
Hiromitsu Takano	Director				●	●		●			
Keiichi Takano	Director (External)	○	○	◎	●	●				●	
Akemi Kato	Director (External)	○	○		●	●					●
Takeshi Sato	Director & Audit and Supervisory Committee Member							●	●		
Koichi Ono	Director & Audit and Supervisory Committee Member (External)	○	○	○				●	●		
Yasunari Takaura	Director & Audit and Supervisory Committee Member (External)	○		○					●		●
Tokuko Yashima	Director & Audit and Supervisory Committee Member (External)	○		○				●	●		

(Notes) 1. ● indicates the main skills possessed by each Director.  
2. This table does not show all the skills possessed by each Director.  
3. ◎ indicates the Chair, and ○ indicates the members of each committee.

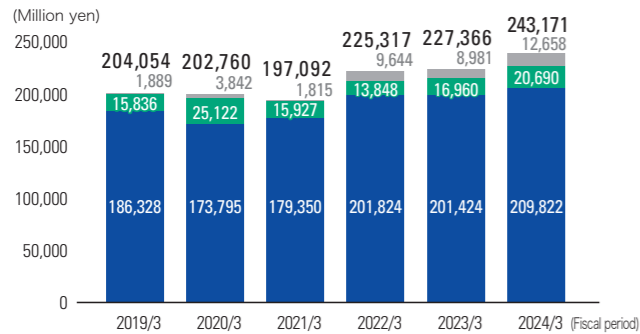
# Data Section

## Financial and Non-Financial Highlights

### Financial information

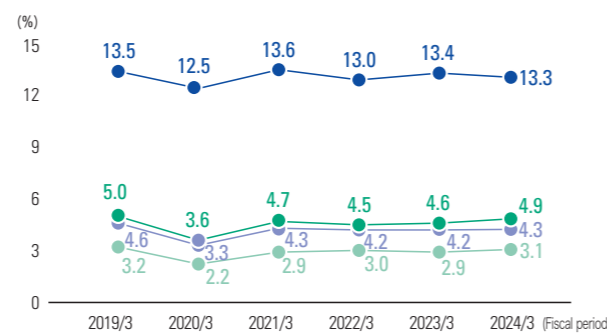
#### Net sales by region (consolidated)

■ Tohoku region and Niigata ■ Kanto region and others ■ Overseas



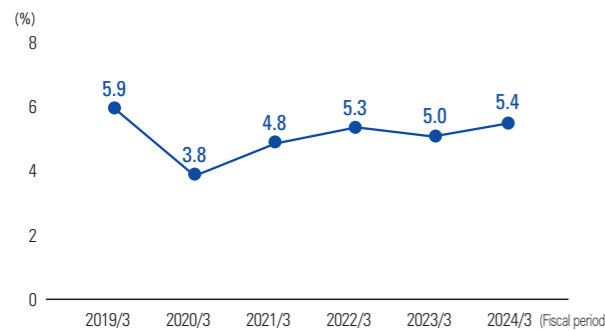
#### Profit margin (consolidated)

● Gross profit ratio ● Operating profit ratio  
● Ordinary profit ratio ● Net profit margin attributable to owners of parent



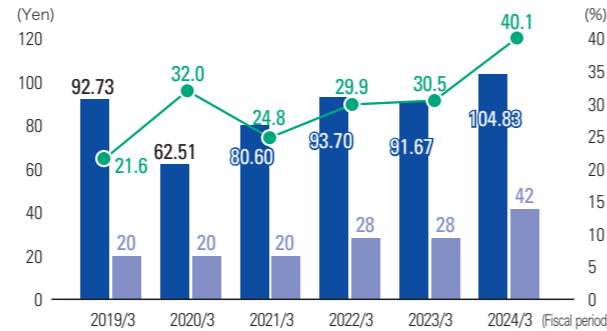
#### ROE (consolidated)

● ROE



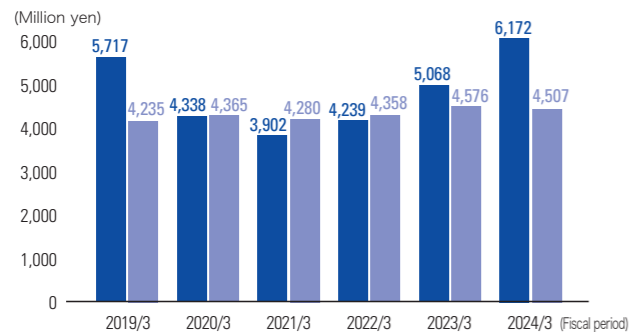
#### EPS, dividends (consolidated)

■ EPS (basic earnings per share) ■ Dividend per share  
● Consolidated payout ratio



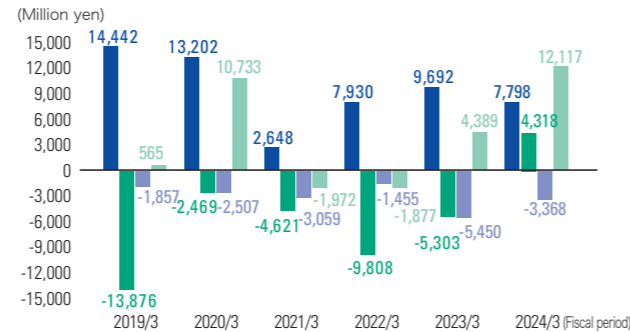
#### Capital investment, depreciation (consolidated)

■ Capital investment ■ Depreciation



#### Cash flows (consolidated)

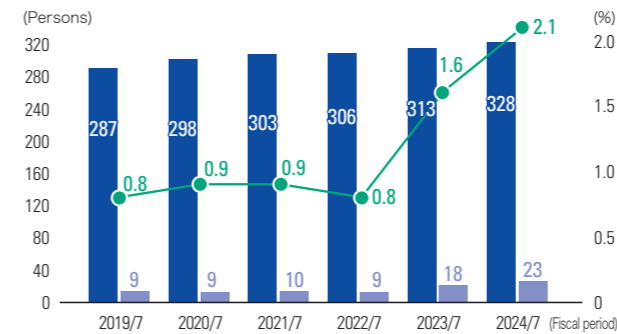
■ Cash flows from operating activities  
■ Cash flows from investing activities  
■ Cash flows from financing activities  
■ Free cash flows



### Non-financial information

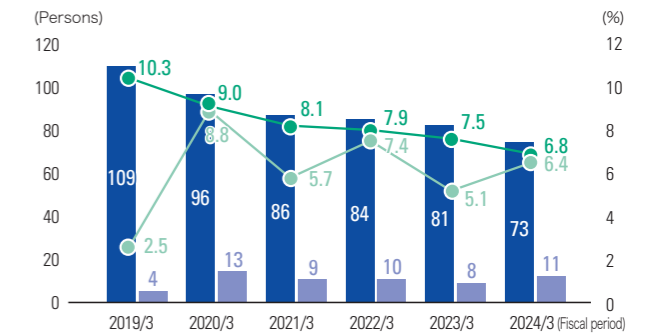
#### Percentage of women in management positions (non-consolidated)

■ Number of female employees ■ Number of women in management positions  
● Percentage of women in management positions and above



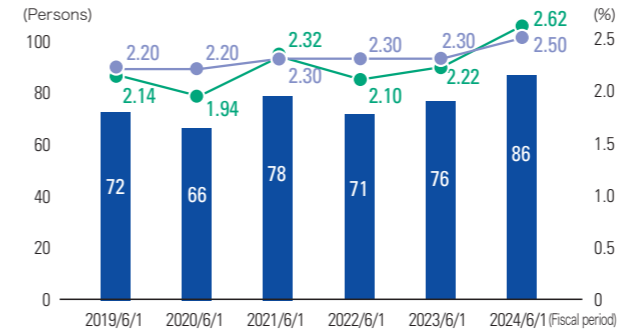
#### Mid-career hires promoted to management positions/ mid-career hiring results (non-consolidated)

■ Number of mid-career hires in management positions ■ Number of mid-career hires  
● Percentage of mid-career hires in management positions and above ● Employment rate of mid-career hire



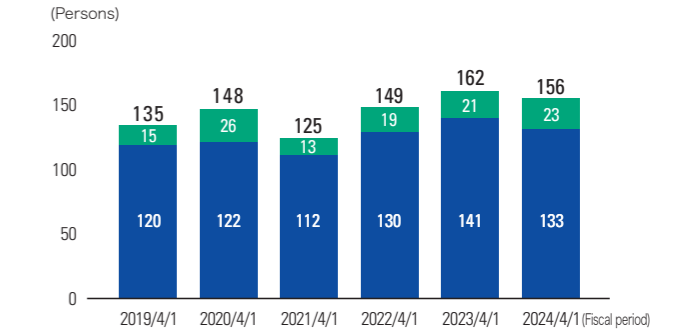
#### Employment rate of people with disabilities (non-consolidated)

■ Number of employees with disabilities  
● Employment rate of people with disabilities ● Statutory employment rate



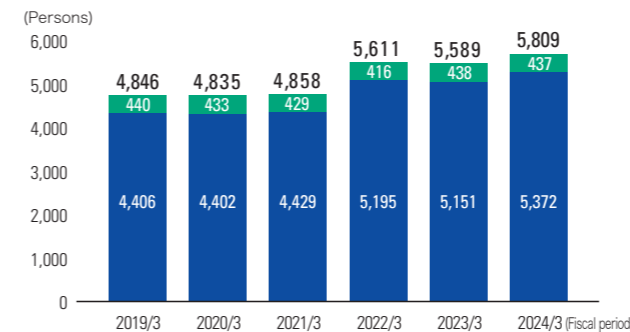
#### Regular employment results (non-consolidated)

■ Technical position ■ Clerical position



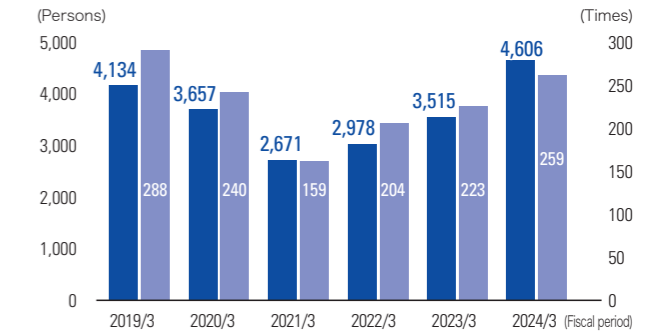
#### Number of employees (consolidated)

■ Facility engineering business ■ Other businesses



#### Number of training sessions and participants

■ Number of participants in group training  
■ Number of group training sessions held



\* Training sessions conducted at Human Resource Development Center

### (1) Overview of Operating Results for the Fiscal Year under Review (FY2023)

The Japanese economy during the fiscal year ended March 31, 2024 showed a modest recovery trend under the improving employment and wages conditions thanks partly to the effects of various government policies, although the recovery of personal consumption came to a standstill. In the construction industry, public-sector investments continued to be firm, and private-sector capital investment showed signs of recovery. Under these circumstances, in Tohoku and Niigata, where the level of capital investment has been high, we strove to increase orders received for large-scale factories, commercial facilities, etc. and worked to further increase earnings through measures including active sales activities for information and telecommunications construction combined with indoor wiring/air-conditioning and plumbing installation work. In addition, we pursued business expansion, based on the FY2023 Medium-Term Management Plan, by promoting the basic strategies of increasing earnings in the Kanto region, strengthening renewal sales, and strengthening the overseas business. Specifically, in the Kanto region, in addition to increasing orders received for large-scale redevelopment, R&D facilities, etc., we have worked to increase earnings by strengthening sales in data centers and other growth areas. In terms of renewal sales, we made efforts to increase orders received through active proposal activities to meet customers' equipment update needs and technology proposals to reduce CO<sub>2</sub> emissions. In the overseas business, efforts were made, primarily by Sigma Engineering JSC, our consolidated subsidiary, to increase orders received for indoor wiring/air-conditioning and plumbing installation work of large hotels and building complexes, as well as renewable energy-related construction. In electric power infrastructure construction work, we have increased orders received for planned renewal work on power transmission and distribution facilities and maintenance work on main power grids, and have contributed to the stable supply of electricity, which is indispensable for social life. Additionally, in order to respond flexibly to wind power plant-related constructions being planned throughout Tohoku, we have been pursuing business expansion, including strengthening our organization through the establishment of the Renewable Energy Headquarters in July 2023. Furthermore, we have been working to strengthen our management base through such initiatives as establishing the Human Resources Strategy Project in July 2023 to improve the engagement of young employees and those working on-site and to improve their working environment, as well as building an internal promotion system for

sustainability management and promoting ongoing DX. During the fiscal year ended March 31, 2024, the Group's construction work orders received (non-consolidated basis) was ¥238,477 million, an increase of ¥16,877 million (up 7.6%) year on year. Net sales were ¥243,171 million, an increase of ¥15,805 million (up 7.0%) year on year. As for profits, operating profit was ¥10,523 million, an increase of ¥985 million (up 10.3%) year on year, ordinary profit was ¥11,885 million, an increase of ¥1,383 million (up 13.2%) year on year, and profit attributable to owners of parent was ¥7,510 million, an increase of ¥949 million (up 14.5%) year on year.

Performance by segment is as follows.

#### Facility engineering business

In the facility engineering business, which forms the core of the Group, net sales to outside customers were ¥239,963 million, an increase of ¥15,888 million (up 7.1%) year on year, and segment profit was ¥9,983 million, an increase of ¥1,233 million (up 14.1%) year on year.

#### Other

In other businesses, centered on the leasing business of vehicles, office equipment, construction machinery, etc., as well as security services and the production of mineral water, net sales to outside customers were ¥3,208 million, a decrease of ¥83 million (down 2.5%) year on year, and segment profit was ¥641 million, a decrease of ¥233 million (down 26.7%) year on year.

### (2) Overview of Financial Position for the Fiscal Year under Review (FY2023)

#### Assets

Total assets were ¥231,479 million, an increase of ¥10,078 million compared with the end of the previous fiscal year. This is mainly attributable to a decrease of ¥10,290 million in deposits paid and increases of ¥10,634 million in notes receivable, accounts receivable from completed construction contracts and other and ¥10,978 million in securities.

#### Liabilities

Total liabilities were ¥89,073 million, an increase of ¥2,160 million compared with the end of the previous fiscal year. This is mainly attributable to decreases of ¥1,582 million in notes payable, accounts payable for construction contracts and other and ¥1,296 million in short-term borrowings and an increase of ¥4,543 million in electronically recorded obligations - operating.

#### Net assets

Total net assets were ¥142,406 million, an increase of ¥7,917 million compared with the end of the previous fiscal year. This is mainly attributable to increases of ¥5,546 million in retained earnings and ¥1,570 million in remeasurements of defined benefit plans.

### (3) Cash Flows for the Fiscal Year under Review (FY2023)

#### Cash flows from operating activities

Cash provided by operating activities was ¥7,798 million (compared to cash provided of ¥9,692 million in the previous fiscal year), due to factors such as profit before income taxes of ¥11,700 million and income taxes paid of ¥3,896 million. Compared to the previous fiscal year, this is a decrease in income of ¥1,894 million, mainly due to a decrease in advances received on construction contracts in progress by ¥2,093 million.

#### Cash flows from investing activities

Cash provided by investing activities was ¥4,318 million (compared to cash used of ¥5,303 million in the previous fiscal year), due to factors such as proceeds from withdrawal of deposit in TDG Business Support Co., Inc. (net amount), of ¥10,290 million, purchase of property, plant and equipment, including land and buildings, of ¥6,093 million and purchase of intangible assets of ¥632 million. Compared to the previous fiscal year, this is an increase in income of ¥9,622 million, mainly due to an increase in proceeds from withdrawal of deposit (net amount) of ¥9,080 million following the cessation of group finance business at TDG Business Support Co., Inc.

#### Cash flows from financing activities

Cash used in financing activities was ¥3,368 million (compared to cash used of ¥5,450 million in the previous fiscal year), due to factors such as the net decrease in short-term borrowings of ¥1,017 million and dividends paid of ¥2,003 million. Compared to the previous fiscal year, there was a decrease in expenditures of ¥2,082 million, mainly due to the progress in replacement of Sigma Engineering JSC's borrowings with intercompany loans, resulting in a reduction of short-term borrowings by ¥1,678 million.

### (4) Future Outlook

There are concerns about the future outlook for the Japanese economy, including the effects of rising prices depressing consumption and labor shortages delaying capital investment, but economic conditions are expected to improve due to the mitigation of these factors by steady wage increases and other reasons. In the construction industry, public-sector investments are expected to remain firm due in part to the effectiveness of a supplementary budget set by the government, while the recovery trend of private-sector capital investment is also expected to continue on the back of strong corporate earnings. Under these circumstances, we have formulated the new 2030 Vision (details on pages 7 to 8), which specifies our long-term goals and long-term vision, to adapt to changes in the external environment surrounding the

Group, contribute to the resolution of social issues, and achieve the sustainable growth of society and long-term enhancement of our corporate value. At the same time, we have backcast from the 2030 Vision to identify what we need to do now to fill the gap with the current situation, and have formulated the Medium-Term Management Plan 2024 - 2028 (details on pages 15 to 20), which outlines numerical targets and five basic strategies and key measures. Based on the five basic strategies and key measures, we aim to achieve our numerical targets by implementing measures in a unified Group effort.

To achieve the numerical targets in the new Medium-Term Management Plan, we will strive to strengthen our business foundations by further enhancing competitiveness in Tohoku and Niigata, where we have conducted business since our founding. Specifically, we will expand orders received by strengthening sales to the general public and government offices and promoting engagement in renewal sales. For construction to address the aging of facilities and construction of the main power grid, etc. of electric power infrastructure construction work, we will build a construction system through the early collection of information on construction plans, contributing to the stable supply of electricity and the strengthening of resilience, while working to increase earnings. We have established four priority businesses ((1) Outside Tohoku and Niigata, (2) Overseas business, (3) Renewable energy-related construction, and (4) Renewal work) under the new Medium-Term Management Plan, aiming to further increase orders received, increase earnings, and pursue business expansion. Furthermore, we will strive to secure new sources of profit by strengthening efforts for new businesses expected to generate synergies with our core businesses, and aim to further pursue business expansion.

As for the direction of future investment, we will actively allocate our management resources to "find more opportunities in existing businesses" and "accelerate expansion into growth areas," and will strengthen our management base by investing in the promotion of human capital management and DX promotion. Additionally, based on the belief that "Yurtec's greatest assets are our human resources," we will make efforts to develop and implement various measures that help to improve employee engagement, including recruiting human resources to secure necessary personnel, reforming our personnel system, and enhancing human resource development, primarily through the Human Resources Strategy Project, aiming to create an attractive work environment.

# Data Section

## 11-Year Financial and Non-Financial Summary (Consolidated)

### Financial data

(Million yen)

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
<b>Fiscal year</b>											
Net sales	185,823	217,712	227,067	226,042	213,251	204,054	202,760	197,092	225,317	227,366	243,171
Ordinary profit	(252)	12,324	15,677	15,121	12,435	10,176	7,338	9,172	10,040	10,501	11,885
Ordinary profit ratio (%)	(0.1)	5.7	6.9	6.7	5.8	5.0	3.6	4.7	4.5	4.6	4.9
Profit attributable to owners of parent	3,503	12,160	10,470	10,118	8,378	6,631	4,470	5,763	6,700	6,561	7,510
Comprehensive income	3,525	14,088	8,831	11,325	9,269	6,550	4,528	6,606	7,071	7,176	9,871
Total assets	157,021	180,723	187,598	190,390	191,201	195,444	197,050	200,116	216,016	221,400	231,479
Net assets	74,431	92,564	99,801	109,601	110,490	115,608	118,734	123,908	129,546	134,488	142,406
Net assets per share (yen)	928.67	1,156.70	1,254.40	1,377.91	1,544.57	1,616.11	1,659.80	1,732.08	1,810.82	1,877.71	1,986.45
Basic earnings per share (yen)	44.02	152.81	131.62	127.23	118.69	92.73	62.51	80.60	93.70	91.67	104.83
Equity ratio (%)	47.1	50.9	53.2	57.6	57.8	59.1	60.2	61.9	59.9	60.7	61.5
Return on equity (ROE) (%)	4.8	14.7	10.9	9.7	7.6	5.9	3.8	4.8	5.3	5.0	5.4
Price earnings ratio (times)	9.0	5.2	7.1	6.0	7.1	8.7	9.8	10.1	7.4	9.0	14.5
Cash flows from operating activities	908	16,706	(218)	14,389	12,501	14,442	13,202	2,648	7,930	9,692	7,798
Cash flows from investing activities	3,209	(13,104)	(508)	(7,206)	(7,072)	(13,876)	(2,469)	(4,621)	(9,808)	(5,303)	4,318
Cash flows from financing activities	(1,378)	(609)	(861)	(12)	(7,886)	(1,857)	(2,507)	(3,059)	(1,455)	(5,450)	(3,368)
Cash and cash equivalents at end of period	32,153	35,494	33,709	40,855	38,316	37,123	45,301	40,284	37,039	36,334	45,406

### Non-financial data

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Number of employees (persons)	5,219	5,342	4,719	4,742	4,806	4,846	4,835	4,858	5,611	5,589	5,809

# Data Section

## Corporate Profile

### Basic Information (As of March 31, 2024)

Company name	Yurtec Corporation
Established	October 1944
Location	Sendai City, Miyagi Prefecture
Business segment	Construction (Facility engineering business)
Number of employees	5,809 (Consolidated) 3,796 (Non-consolidated)
Consolidated subsidiaries	16 (incl. 2 overseas)
Capital	7.8039 billion yen
Market	Tokyo Stock Exchange (Prime Market)
Securities code	1934
Parent company	Tohoku Electric Power Co., Inc.



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

Logo



A stroke of the initial letter of the corporate name "Yurtec" is stressed with three sharp lines symbolizing "technology," "creation" and "challenge" to give an image of dynamic extension

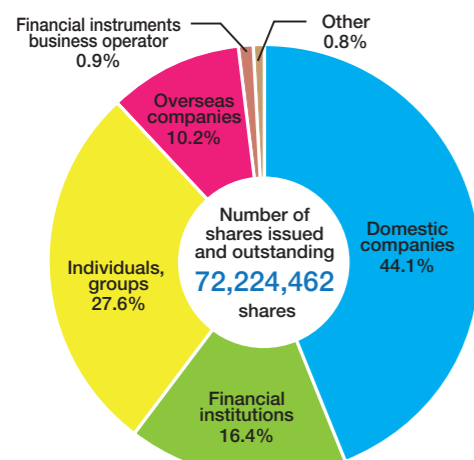
### Stock Information

Fiscal closing date	March 31
Annual General Meeting of Shareholders	June
Date of record for year-end dividends	March 31
Date of record for interim dividends	September 30
Number of shares issued and outstanding	72,224,462 shares
Number of shareholders	7,768
Major shareholder	Tohoku Electric Power Co., Inc. (Holdings: 41.75%)

### Stock Information

(As of March 31, 2024)

#### Shareholdings by shareholder



(Note) Treasury shares are included in "Other."

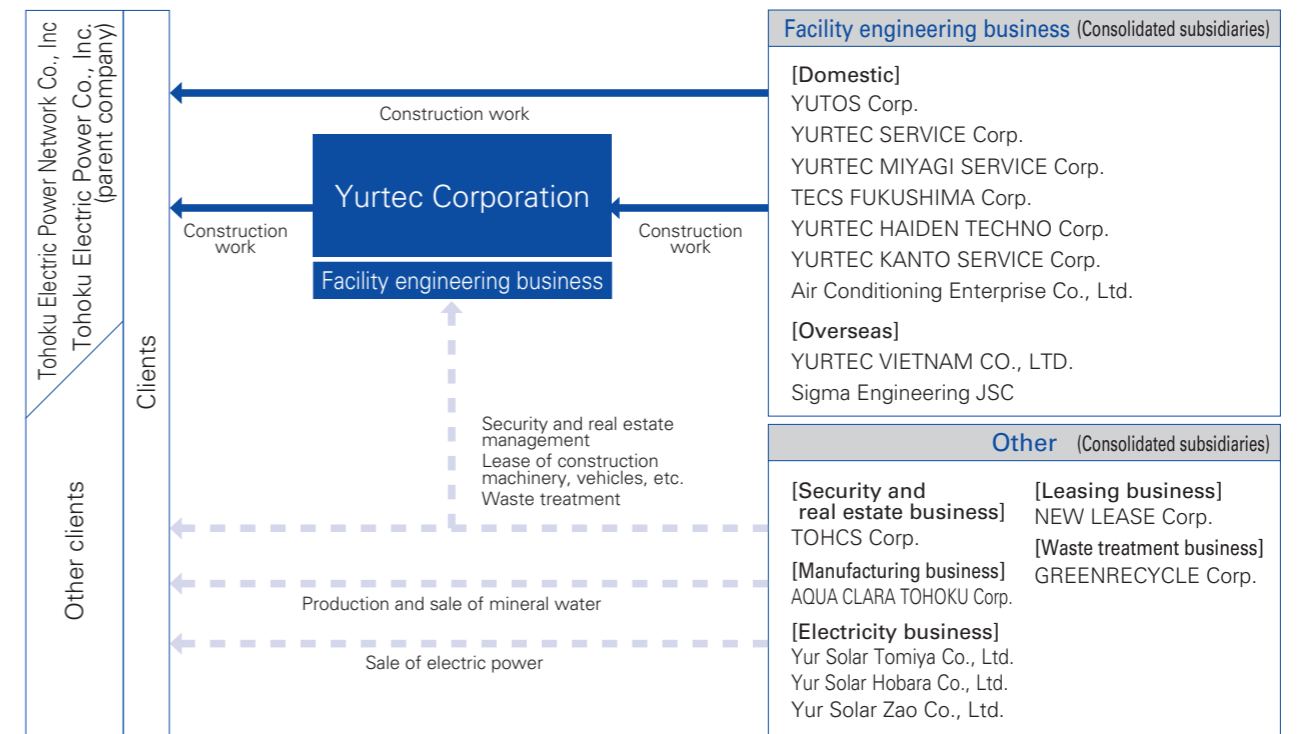
Major shareholders	No. of shares (thousand shares)	Ownership (%)
1 Tohoku Electric Power Co., Inc.	29,915	41.75
2 Yurtec Employee Stock Ownership Plan	5,465	7.63
3 The Master Trust Bank of Japan, Ltd. (Trust Account)	5,354	7.47
4 Custody Bank of Japan, Ltd. (Trust Account)	2,156	3.01
5 Nippon Life Insurance Company	1,381	1.93
6 DFA International Small Cap Value Portfolio	963	1.34
7 The 77 Bank, Ltd.	942	1.31
8 HIKARI TSUSHIN, INC.	628	0.88
9 JP Morgan Chase Bank 385781	481	0.67
10 Meiji Yasuda Life Insurance Company	459	0.64

(Notes) 1. The Company holds 566 thousand treasury shares, which are excluded from the above major shareholders.  
Ownership ratio is calculated by deducting treasury shares.  
2. The above shareholder names are based on the notice to all shareholders.

## Corporate Information

### The Yurtec Corporate Group

Total consolidated subsidiaries: 16



### Service Area

There are 77 business locations in Japan, primarily in the Tohoku region and Niigata Prefecture, as well as the Kanto region, Hokkaido, and Osaka Prefecture, and offices in 3 overseas countries (Vietnam, Myanmar, Bangladesh). We have established a system capable of quickly responding to customer needs with technical expertise that totally supports lifelines through a community-based network.



Head Office Building  
Sendai City, Miyagi Prefecture



**Yurtec Corporation**

4-1-1 Tsutsujigaoka, Miyagino-ku, Sendai City, Miyagi 983-8622, Japan

Phone: +81-22-296-2111 FAX: +81-22-296-2121