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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



April 26, 2023

Company name: Yurtec Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1934
 URL: <http://www.yurtec.co.jp/>
 Representative: Yoshiharu Ota, Representative Director & President, Chief Executive Officer
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 Phone: +81-22-296-2111
 Scheduled date of general shareholders' meeting: June 27, 2023
 Scheduled date of commencing dividend payments: June 28, 2023
 Scheduled date of filing securities report: June 27, 2023
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	227,366	0.9	9,538	0.5	10,501	4.6	6,561	(2.1)
March 31, 2022	225,317	14.3	9,492	11.9	10,040	9.5	6,700	16.3

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥7,176 million [1.5%]

Fiscal year ended March 31, 2022: ¥7,071 million [7.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	91.67	–	5.0	4.8	4.2
March 31, 2022	93.70	–	5.3	4.8	4.2

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2023: ¥– million

Fiscal year ended March 31, 2022: ¥– million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	221,400	134,488	60.7	1,877.71
As of March 31, 2022	216,016	129,546	59.9	1,810.82

(Reference) Equity: As of March 31, 2023: ¥134,432 million

As of March 31, 2022: ¥129,496 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	9,692	(5,303)	(5,450)	36,334
March 31, 2022	7,930	(9,808)	(1,455)	37,039

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	–	10.00	–	18.00	28.00	2,002	29.9	1.6
Fiscal year ended March 31, 2023	–	14.00	–	14.00	28.00	2,004	30.5	1.5
Fiscal year ending March 31, 2024 (Forecast)	–	14.00	–	14.00	28.00		31.8	

(Note) Revision to the dividend forecast announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	235,000	3.4	9,200	(3.5)	9,600	(8.6)	6,300	(4.0)	88.03

* Notes:

(1) Changes in significant subsidiaries during the period under review: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: – (Company name: –)

Excluded: – (Company name: –)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

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

As of March 31, 2023 72,224,462 shares

As of March 31, 2022 72,224,462 shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2023 630,544 shares

As of March 31, 2022 712,100 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023 71,568,795 shares

Fiscal year ended March 31, 2022 71,512,498 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	209,474	1.2	9,075	9.7	10,477	9.9	7,206	5.7
March 31, 2022	206,991	10.7	8,273	20.7	9,535	19.1	6,814	28.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	100.70	—
March 31, 2022	95.30	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	195,060	117,748	60.4	1,644.68
As of March 31, 2022	185,761	112,701	60.7	1,575.98

(Reference) Equity: As of March 31, 2023: ¥117,748 million

As of March 31, 2022: ¥112,701 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	211,000	0.7	8,200	(9.7)	9,200	(12.2)	6,300	(12.6)	88.03

* These financial results are outside the scope of audit by certified public accountants or an audit firm.

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

Cautionary note on forward-looking statements, etc.

The forward-looking statements, including earnings forecasts, contained in this document are based on the information currently available to the Company and certain assumptions that it deems to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections due to various factors. For matters regarding financial results forecast, please see page 4 of the attachment, “(4) Future Outlook” in “1. Overview of Operating Results, etc.”

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1. Overview of Operating Results, etc.

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

The Japanese economy during the fiscal year ended March 31, 2023, amid the prolonged impact of the COVID-19 pandemic, showed signs of recovery thanks to the effects of the various government policies. Meanwhile, soaring energy and raw material prices caused by the Russian invasion of Ukraine, rapid exchange rate fluctuations, and other conditions that must be carefully watched continued.

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

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

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

In terms of renewal projects, the Company concentrated its efforts on increasing the number of orders received by making well-timed proposals to clients based on historical information on constructed properties and offering one-stop services ranging from design and construction to maintenance, servicing, and management. Additionally, we worked to propose technology to reduce CO2 emissions to our clients, including our registration as a “ZEB Planner” in September 2022, which provides business support, namely ZEB (Net Zero Energy Building) consulting and designs for achieving a zero-energy balance in the annual energy consumption of buildings, in an effort to achieve carbon neutrality by 2050.

In the overseas business, efforts were made, primarily by Sigma Engineering JSC, our consolidated subsidiary, to increase orders received for electrical, air-conditioning, and plumbing installation work of large hotels and building complex projects, as well as renewable energy-related construction.

Furthermore, in electric power infrastructure construction work, we reliably received orders for maintenance work on main power grids and planned renewal work on power transmission and distribution facilities, which were fully under way, and strove to improve productivity especially by proposing efficient methods of construction and using mechanical power such as a vehicle for replacement of a power pole at the original position, suction excavators, and drones.

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

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

As for the business results of the Group for the fiscal year ended March 31, 2023, net sales increased due to the increased number of works for indoor wiring and power distribution lines.

In terms of profit and loss, operating profit and ordinary profit increased due to the recording of foreign exchange gains as well as an increase in net sales. However, profit attributable to owners of parent decreased due to factors such as the recording of gain on sale of investment securities in the previous fiscal year and the effect of income taxes - deferred.

[Consolidated results]

Net sales	¥227,366 million	(Up 0.9% year-on-year)
Operating profit	¥9,538 million	(Up 0.5% year-on-year)
Ordinary profit	¥10,501 million	(Up 4.6% year-on-year)
Profit attributable to owners of parent	¥6,561 million	(Down 2.1% year-on-year)

[Non-consolidated results]

Net sales	¥209,474 million	(Up 1.2% year-on-year)
Operating profit	¥9,075 million	(Up 9.7% year-on-year)
Ordinary profit	¥10,477 million	(Up 9.9% year-on-year)
Profit	¥7,206 million	(Up 5.7% year-on-year)

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

Total assets were ¥221,400 million, an increase of ¥5,384 million compared with the end of the previous fiscal year. This is mainly attributable to increases of ¥4,170 million in notes receivable, accounts receivable from completed construction contracts and other, ¥2,978 million in cash and deposits, and ¥1,539 million in electronically recorded monetary claims - operating and a decrease of ¥3,960 million in deposits paid.

Total liabilities were ¥86,912 million, an increase of ¥442 million compared with the end of the previous fiscal year. This is mainly attributable to increases of ¥2,166 million in notes payable, accounts payable for construction contracts and other, and ¥1,605 million in advances received on construction contracts in progress and a decrease of ¥2,540 million in short-term borrowings.

Total net assets were ¥134,488 million, an increase of ¥4,941 million compared with the end of the previous fiscal year. This is mainly attributable to increases of ¥4,299 million in retained earnings and ¥595 million in foreign currency translation adjustment.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year under review amounted to ¥36,334 million, a decrease of ¥705 million from the end of the previous fiscal year.

Cash flows in each area of activity and their respective contributing factors for the fiscal year under review are as follows.

(Cash flows from operating activities)

Cash provided by operating activities was ¥9,692 million, an increase of ¥1,761 million from the previous fiscal year. The main contributing factors were the recording of profit before income taxes and payment of income taxes.

(Cash flows from investing activities)

Cash used in investing activities was ¥5,303 million, a decrease of ¥4,504 million from the previous fiscal year. The main contributing factor was purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash used in financing activities was ¥5,450 million, an increase of ¥3,995 million from the previous fiscal year. The main contributing factors were repayments of short-term borrowings and payment of dividends.

(4) Future Outlook

In forecasts for the Japanese economy, economic conditions are expected to improve as the legal status of COVID-19 is downgraded to Class 5 and the normalization of economic activities proceeds accordingly. However, soaring energy and raw material prices, material supply constraints, fluctuations in forex markets, and other conditions that must be carefully watched are likely to continue.

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 such circumstances, the Company reviewed some of the policies in its FY2022 Medium-Term Management Plan and formulated its FY2023 Medium-Term Management Plan, based on the business environment these days.

Underpinned by clients in the Tohoku and Niigata regions as its foundations and pursuing its basic strategies of increasing earnings in the Kanto region, strengthening renewal sales, and strengthening overseas business, the Company is aiming to achieve the quantitative targets of ¥240.0 billion in consolidated net sales, ¥12.0 billion in consolidated operating profit, ¥220.0 billion in non-consolidated net sales, and ¥10.0 billion in non-consolidated operating profit in FY2025.

Specifically, in the Kanto region, in addition to further increasing orders received for electrical, air-

conditioning, and plumbing installation work, we will expand sales activities to win turnkey orders for work including information and telecommunications installation work and make efforts to reinforce our system by encouraging construction companies to become partner companies and increasing new construction companies.

In terms of renewal projects, the Company will actively offer proposals that meet clients' equipment updating needs and strengthen sales of energy saving-related construction work including the facilitation of ZEBs that helps to achieve carbon neutrality by 2050 in an effort to increase orders received.

In the overseas business, the Company will continue efforts to strengthen and expand operations primarily in Vietnam by strengthening its alliances with its local subsidiaries, YURTEC VIETNAM CO., LTD. and Sigma Engineering JSC.

Furthermore, in electric power infrastructure construction work, we will contribute to the stable supply of electricity by ensuring construction capacity that takes disaster recovery response into consideration. While monitoring the impact of the newly introduced revenue cap scheme, we will strive to increase orders received by making provisions for maintenance work on main power grids, planned renewal work on power transmission and distribution facilities, and other such work for which orders are expected to be placed based on the electric supply plans of Tohoku Electric Power Network Co., Inc.

Additionally, we have been working to further promote our operations. We set up the Mobile Communications Engineering Center in April 2023 to win orders for mobile phone-related construction. The Renewable Energy Business Division is scheduled to be established in July 2023, with the aim of expanding our renewable energy business and further strengthening our systems.

In addition, through the use of investment pool based on its growth strategies, the Company will actively pursue investments in quality projects to strengthen its business foundations and improve corporate value. At the same time, the Company will push forward with its efforts for sustainability, contributing to the sustainable growth of society as a whole.

Our forecast for the business results in the fiscal year ending March 31, 2024 are as follows:

[Forecast consolidated results]

Net sales	¥235,000 million	(Up 3.4% year-on-year)
Operating profit	¥9,200 million	(Down 3.5% year-on-year)
Ordinary profit	¥9,600 million	(Down 8.6% year-on-year)
Profit attributable to owners of parent	¥6,300 million	(Down 4.0% year-on-year)

[Forecast non-consolidated results]

Net sales	¥211,000 million	(Up 0.7% year-on-year)
Operating profit	¥8,200 million	(Down 9.7% year-on-year)
Ordinary profit	¥9,200 million	(Down 12.2% year-on-year)
Profit	¥6,300 million	(Down 12.6% year-on-year)

[Medium-Term Management Goal]

Creating a New Era with Proactive Initiatives and Challenges for Change

— Adapting to environment changes and achieving speedy management —

[Quantitative Targets (FY2025)]

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

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

[Investment Pool Based on Growth Strategies]

30 billion yen by FY2024

[Key Measures (Focus Areas)]

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

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

- o Business development based on maintaining and strengthening trust relationships with clients in Tohoku and Niigata
- o Ensuring profitability of the Electric Power Infrastructure Division on the basis of Tohoku Electric Power Network’s response to the new revenue cap scheme

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

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

- o Cultivating talent and construction systems to support growth
- o Strengthening competitiveness and addressing work style reform through ongoing business transformation

(5) Basic Policy for the Distribution of Profit and the Dividend Payout for the Current and Next Fiscal Years

The Company considers the return of profits to shareholders to be an important management strategy.

Taking into account the balance with internal reserves for business development and growth in the future, the Company's basic policy is to issue annual dividends of not less than ¥24 per share, with the aim of a consolidated payout ratio of 30%, in accordance with business results.

Pursuant to the above policy, the Company will provide year-end dividends of ¥14 per share for the fiscal year ended March 31, 2023. Accordingly, together with the interim dividend of ¥14 per share already provided, the annual dividend for the fiscal year under review will be ¥28 per share.

The Company also plans to provide annual dividends of ¥28 per share (interim: ¥14; year-end: ¥14) in the next fiscal year, based on current business results forecasts for the fiscal year ending March 31, 2024.

2. Basic Policy on Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Company will maintain its policy of preparing its consolidated financial statements under Japanese GAAP for the immediate future.

With regard to the application of International Financial Reporting Standards (IFRS), the Company's policy is to take appropriate measures after consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	33,000	35,979
Deposits paid	14,250	10,290
Notes receivable, accounts receivable from completed construction contracts and other	73,608	77,778
Electronically recorded monetary claims - operating	9,509	11,048
Lease receivables and investments in leases	3,351	3,551
Securities	1,000	–
Costs on construction contracts in progress	1,304	1,070
Other	5,054	5,271
Allowance for doubtful accounts	(33)	(310)
Total current assets	141,045	144,679
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,396	48,022
Machinery, vehicles, tools, furniture and fixtures	23,531	23,552
Land	17,924	17,859
Other	1,180	1,631
Accumulated depreciation	(43,456)	(44,459)
Total property, plant and equipment	46,577	46,605
Intangible assets		
Goodwill	3,856	3,707
Other	3,080	3,342
Total intangible assets	6,937	7,050
Investments and other assets		
Investment securities	11,265	11,367
Retirement benefit asset	2,424	2,366
Deferred tax assets	6,950	6,860
Other	963	2,707
Allowance for doubtful accounts	(148)	(236)
Total investments and other assets	21,455	23,065
Total non-current assets	74,970	76,721
Total assets	216,016	221,400

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,536	34,702
Electronically recorded obligations - operating	11,442	12,129
Short-term borrowings	6,268	3,728
Income taxes payable	3,586	3,489
Advances received on construction contracts in progress	1,927	3,533
Provision for loss on construction contracts	529	156
Provision for bonuses for directors (and other officers)	89	92
Provision for loss on disaster	68	18
Other	5,992	6,125
Total current liabilities	62,441	63,976
Non-current liabilities		
Long-term borrowings	4,794	4,529
Deferred tax liabilities for land revaluation	1,309	1,297
Provision for retirement benefits for directors (and other officers)	170	34
Retirement benefit liability	15,780	15,730
Other	1,972	1,344
Total non-current liabilities	24,028	22,936
Total liabilities	86,469	86,912
Net assets		
Shareholders' equity		
Share capital	7,803	7,803
Capital surplus	7,849	7,864
Retained earnings	114,413	118,713
Treasury shares	(376)	(333)
Total shareholders' equity	129,690	134,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	157	230
Revaluation reserve for land	(2,158)	(2,186)
Foreign currency translation adjustment	242	838
Remeasurements of defined benefit plans	1,564	1,502
Total accumulated other comprehensive income	(193)	384
Non-controlling interests	49	55
Total net assets	129,546	134,488
Total liabilities and net assets	216,016	221,400

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	225,317	227,366
Cost of sales	195,933	196,972
Gross profit	29,383	30,393
Selling, general and administrative expenses	19,890	20,855
Operating profit	9,492	9,538
Non-operating income		
Interest income	216	230
Rental income	225	198
Commission income	132	162
Foreign exchange gains	117	432
Other	188	204
Total non-operating income	880	1,228
Non-operating expenses		
Interest expenses	245	102
Provision of allowance for doubtful accounts	–	96
Idle assets expenses	28	34
Other	59	31
Total non-operating expenses	332	264
Ordinary profit	10,040	10,501
Extraordinary income		
Gain on sale of non-current assets	13	70
Other	331	0
Total extraordinary income	345	71
Extraordinary losses		
Loss on sale of non-current assets	9	14
Impairment losses	60	61
Provision for loss on disaster	68	–
Loss on retirement of non-current assets	16	24
Loss on removal of non-current assets	39	21
Loss on valuation of investment securities	11	21
Other	3	–
Total extraordinary losses	209	142
Profit before income taxes	10,175	10,430
Income taxes - current	3,957	3,898
Income taxes - deferred	(491)	(37)
Total income taxes	3,465	3,860
Profit	6,710	6,569
Profit attributable to non-controlling interests	9	8
Profit attributable to owners of parent	6,700	6,561

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	6,710	6,569
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	72
Foreign currency translation adjustment	223	595
Remeasurements of defined benefit plans, net of tax	141	(62)
Total other comprehensive income	360	606
Comprehensive income	7,071	7,176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,061	7,167
Comprehensive income attributable to non-controlling interests	9	8

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,803	7,849	109,131	(376)	124,408
Changes during period					
Dividends of surplus			(1,430)		(1,430)
Profit attributable to owners of parent			6,700		6,700
Reversal of revaluation reserve for land			11		11
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	5,282	(0)	5,282
Balance at end of period	7,803	7,849	114,413	(376)	129,690

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	162	(2,147)	18	1,423	(543)	43	123,908
Changes during period							
Dividends of surplus							(1,430)
Profit attributable to owners of parent							6,700
Reversal of revaluation reserve for land							11
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Net changes in items other than shareholders' equity	(4)	(11)	223	141	349	6	355
Total changes during period	(4)	(11)	223	141	349	6	5,637
Balance at end of period	157	(2,158)	242	1,564	(193)	49	129,546

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,803	7,849	114,413	(376)	129,690
Changes during period					
Dividends of surplus			(2,289)		(2,289)
Profit attributable to owners of parent			6,561		6,561
Reversal of revaluation reserve for land			28		28
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		14		43	58
Net changes in items other than shareholders' equity					
Total changes during period	–	14	4,299	43	4,357
Balance at end of period	7,803	7,864	118,713	(333)	134,047

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	157	(2,158)	242	1,564	(193)	49	129,546
Changes during period							
Dividends of surplus							(2,289)
Profit attributable to owners of parent							6,561
Reversal of revaluation reserve for land							28
Purchase of treasury shares							(0)
Disposal of treasury shares							58
Net changes in items other than shareholders' equity	72	(28)	595	(62)	578	5	584
Total changes during period	72	(28)	595	(62)	578	5	4,941
Balance at end of period	230	(2,186)	838	1,502	384	55	134,488

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	10,175	10,430
Depreciation	4,358	4,576
Impairment losses	60	61
Loss on retirement of property, plant and equipment	16	24
Amortization of goodwill	324	441
Increase (decrease) in allowance for doubtful accounts	(125)	363
Increase (decrease) in retirement benefit liability	146	(81)
Increase (decrease) in provision for loss on construction contracts	90	(373)
Increase (decrease) in provision for loss on disaster	68	(49)
Interest and dividend income	(263)	(274)
Interest expenses	245	102
Foreign exchange losses (gains)	(111)	(438)
Loss (gain) on sale of property, plant and equipment	(4)	(55)
Decrease (increase) in trade receivables	(6,500)	(5,204)
Decrease (increase) in costs on construction contracts in progress	1,737	242
Increase (decrease) in trade payables	2,899	2,600
Increase (decrease) in advances received on construction contracts in progress	(796)	1,589
Other, net	(555)	(236)
Subtotal	11,767	13,719
Interest and dividends received	260	279
Interest paid	(245)	(102)
Income taxes paid	(3,852)	(4,202)
Net cash provided by (used in) operating activities	7,930	9,692
Cash flows from investing activities		
Payments into time deposits	(774)	(686)
Proceeds from withdrawal of time deposits	1,219	708
Payments of deposit	(11,500)	(10,502)
Proceeds from withdrawal of deposit	10,250	11,712
Purchase of securities	–	(999)
Proceeds from sale and redemption of securities	1,000	999
Purchase of property, plant and equipment	(4,051)	(3,863)
Proceeds from sale of property, plant and equipment	60	205
Purchase of intangible assets	(896)	(823)
Purchase of investment securities	(2,505)	(4)
Proceeds from sale and redemption of investment securities	2,063	5
Proceeds from collection of long-term loans receivable	148	3
Payments for long-term deposits paid	–	(1,600)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,462)	–
Payments of the outstanding balance from the previous fiscal year for purchases of investments in subsidiaries with changes in scope of consolidation	–	(690)
Other, net	(360)	230
Net cash provided by (used in) investing activities	(9,808)	(5,303)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(284)	(2,695)
Repayments of lease liabilities	(18)	(20)
Proceeds from long-term borrowings	3,300	2,400
Repayments of long-term borrowings	(3,019)	(2,846)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	0
Dividends paid	(1,429)	(2,285)
Dividends paid to non-controlling interests	(2)	(2)
Net cash provided by (used in) financing activities	(1,455)	(5,450)
Effect of exchange rate change on cash and cash equivalents	87	356
Net increase (decrease) in cash and cash equivalents	(3,245)	(705)
Cash and cash equivalents at beginning of period	40,284	37,039
Cash and cash equivalents at end of period	37,039	36,334

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on important matters for the preparation of consolidated financial statements)

Scope of consolidation

Number of consolidated subsidiaries: 16 companies

All the subsidiaries have been included in the scope of consolidation.

Names of consolidated subsidiaries:

TOHCS Corp., NEW LEASE Corp., YUTOS Corp., YURTEC SERVICE Corp., YURTEC MIYAGI SERVICE Corp., TECS FUKUSHIMA Corp., GREENRECYCLE Corp., AQUA CLARA TOHOKU Corp., Yur Solar Tomiya Co., Ltd, Yur Solar Hobara Co., Ltd, YURTEC HAIDEN TECHNO Corp., YURTEC KANTO SERVICE Corp., Yur Solar Zao Co., Ltd, Air Conditioning Enterprise Co., Ltd, YURTEC VIETNAM Co., Ltd., Sigma Engineering JSC

(Segment information)

1) Overview of reportable segments

The Company's reportable segments are organizational units for which discrete financial information is available and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results.

The Company determines its business segments based on net sales aggregation categories, and classifies as reportable segments those segments whose net sales, profit (loss) and assets are highly significant.

The Group is engaged in the facilities engineering, leasing, security, real estate management, manufacturing and sales, waste treatment, and electricity sales businesses, and classifies the facilities engineering business as a reportable segment.

The facilities engineering business conducts business in electrical, telecommunications, civil engineering, architecture, and air-conditioning and plumbing installation and in other facilities construction in general.

2) Information on net sales, income (loss), assets, and other items by reportable segment

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Facilities Engineering Business				
Net sales					
Net sales to outside customers	221,981	3,335	225,317	–	225,317
Inter-segment net sales or transfers	113	12,531	12,645	(12,645)	–
Total	222,095	15,867	237,962	(12,645)	225,317
Segment profit (loss)	8,578	1,013	9,592	(99)	9,492
Segment assets	202,124	21,494	223,619	(7,603)	216,016
Other items					
Depreciation (Note 4)	2,870	1,497	4,368	(10)	4,358
Amortization of goodwill	307	16	324	–	324
Increase (decrease) in property, plant and equipment and intangible assets (Note 4)	4,074	173	4,248	(8)	4,239

- (Notes) 1. The "Other" category refers to business segments that are not included in the reportable segment and includes the leasing business, security business, real estate business, manufacturing business, waste treatment business, and electricity business.
2. The adjustment amounts for segment profit (loss), segment assets, and other items are the elimination of inter-segment transactions.
3. Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.
4. Long-term prepaid expenses and their amortization are included in depreciation and increase (decrease) in property, plant and equipment and intangible assets.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Facilities Engineering Business				
Net sales					
Net sales to outside customers	224,075	3,291	227,366	–	227,366
Inter-segment net sales or transfers	141	11,490	11,631	(11,631)	–
Total	224,216	14,781	238,997	(11,631)	227,366
Segment profit (loss)	8,749	875	9,624	(86)	9,538
Segment assets	207,294	21,479	228,774	(7,373)	221,400
Other items					
Depreciation (Note 4)	3,124	1,462	4,586	(10)	4,576
Amortization of goodwill	425	16	441	–	441
Increase (decrease) in property, plant and equipment and intangible assets (Note 4)	4,888	189	5,077	(8)	5,068

- (Notes) 1. The “Other” category refers to business segments that are not included in the reportable segment and includes the leasing business, security business, real estate business, manufacturing business, waste treatment business, and electricity business.
2. The adjustment amounts for segment profit (loss), segment assets, and other items are the elimination of inter-segment transactions.
3. Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.
4. Long-term prepaid expenses and their amortization are included in depreciation and increase (decrease) in property, plant and equipment and intangible assets.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥1,810.82	¥1,877.71
Basic earnings per share	¥93.70	¥91.67

- (Notes) 1. Data on diluted earnings per share is not presented above, as there were no potential shares with a dilutive effect.
2. The following data was used to calculate basic earnings per share:

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit attributable to owners of parent (Million yen)	6,700	6,561
Amount not attributable to common shareholders (Million yen)	–	–
Profit attributable to owners of parent relating to common shares (Million yen)	6,700	6,561
Average number of common shares outstanding during the period (Thousand shares)	71,512	71,568

(Significant subsequent events)

Not applicable.

4. Non-consolidated Financial Statements and Principal Notes

(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	22,440	27,151
Notes receivable – trade	1,749	1,054
Electronically recorded monetary claims - operating	9,509	10,959
Accounts receivable from completed construction contracts	61,912	68,101
Securities	1,000	–
Costs on construction contracts in progress	1,030	837
Short-term loans receivable from subsidiaries and associates	4,142	5,744
Other	15,514	11,690
Allowance for doubtful accounts	(28)	(0)
Total current assets	117,271	125,539
Non-current assets		
Property, plant and equipment		
Buildings	39,206	39,675
Accumulated depreciation	(22,475)	(23,168)
Buildings, net	16,731	16,506
Structures	4,805	4,916
Accumulated depreciation	(3,448)	(3,576)
Structures, net	1,356	1,339
Machinery and equipment	3,096	3,055
Accumulated depreciation	(2,820)	(2,850)
Machinery and equipment, net	276	205
Vehicles	92	91
Accumulated depreciation	(92)	(91)
Vehicles, net	0	0
Tools, furniture and fixtures	5,396	5,663
Accumulated depreciation	(4,342)	(4,711)
Tools, furniture and fixtures, net	1,053	951
Land	16,442	16,328
Leased assets	6,106	6,062
Accumulated depreciation	(3,267)	(3,064)
Leased assets, net	2,839	2,998
Construction in progress	151	644
Total property, plant and equipment	38,850	38,975
Intangible assets	1,286	1,684
Investments and other assets		
Investment securities	11,231	11,328
Shares of subsidiaries and associates	8,222	8,196
Investments in capital of subsidiaries and associates	463	463
Long-term loans receivable	60	91
Long-term loans receivable from employees	0	0
Long-term loans receivable from subsidiaries and associates	436	375
Distressed receivables	28	20
Long-term prepaid expenses	46	49
Deferred tax assets	6,907	6,894
Other	1,101	1,601
Allowance for doubtful accounts	(145)	(159)
Total investments and other assets	28,353	28,861
Total non-current assets	68,490	69,520
Total assets	185,761	195,060

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	1,911	1,905
Electronically recorded obligations - operating	11,442	12,129
Accounts payable for construction contracts	28,947	31,433
Lease liabilities	945	840
Income taxes payable	3,145	3,090
Advances received on construction contracts in progress	1,681	2,770
Provision for loss on construction contracts	478	148
Provision for bonuses for directors (and other officers)	45	43
Provision for loss on disaster	68	18
Other	3,538	4,051
Total current liabilities	52,205	56,431
Non-current liabilities		
Lease liabilities	2,433	2,715
Deferred tax liabilities for land revaluation	1,309	1,297
Provision for retirement benefits	15,415	15,800
Provision for retirement benefits for directors (and other officers)	137	–
Other	1,557	1,066
Total non-current liabilities	20,854	20,880
Total liabilities	73,059	77,311
Net assets		
Shareholders' equity		
Share capital	7,803	7,803
Capital surplus		
Legal capital surplus	7,812	7,812
Other capital surplus	0	14
Total capital surplus	7,812	7,827
Retained earnings		
Legal retained earnings	1,088	1,088
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	207	205
General reserve	90,600	94,800
Retained earnings brought forward	7,566	8,314
Total retained earnings	99,462	104,408
Treasury shares	(376)	(333)
Total shareholders' equity	114,702	119,705
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	158	230
Revaluation reserve for land	(2,158)	(2,186)
Total valuation and translation adjustments	(2,000)	(1,956)
Total net assets	112,701	117,748
Total liabilities and net assets	185,761	195,060

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	206,991	209,474
Total net sales	206,991	209,474
Cost of sales		
Cost of sales of completed construction contracts	181,238	182,472
Total cost of sales	181,238	182,472
Gross profit	25,753	27,001
Selling, general and administrative expenses	17,479	17,926
Operating profit	8,273	9,075
Non-operating income		
Interest income	15	41
Interest on securities	186	204
Dividend income	580	690
Rental income	322	305
Other	359	404
Total non-operating income	1,464	1,646
Non-operating expenses		
Interest expenses	148	158
Idle assets expenses	28	34
Other	26	51
Total non-operating expenses	203	244
Ordinary profit	9,535	10,477
Extraordinary income		
Gain on sale of non-current assets	13	64
Gain on sale of investment securities	330	0
Compensation income	0	–
Total extraordinary income	344	65
Extraordinary losses		
Loss on sale of non-current assets	–	6
Impairment losses	60	61
Provision for loss on disaster	68	–
Loss on retirement of non-current assets	12	17
Loss on removal noncurrent assets	56	34
Loss on valuation of investment securities	11	21
Other	0	4
Total extraordinary losses	210	144
Profit before income taxes	9,669	10,398
Income taxes-current	3,148	3,191
Income taxes - deferred	(293)	0
Total income taxes	2,854	3,191
Profit	6,814	7,206

(3) Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity										
	Share capital	Capital surplus			Legal retained earnings	Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	7,803	7,812	0	7,812	1,088	210	86,700	6,067	94,066	(376)	109,306
Changes during period											
Reversal of reserve for tax purpose reduction entry of non-current assets						(2)		2	–		–
Provision of general reserve							3,900	(3,900)	–		–
Dividends of surplus								(1,430)	(1,430)		(1,430)
Profit								6,814	6,814		6,814
Reversal of revaluation reserve for land								11	11		11
Purchase of treasury shares										(0)	(0)
Disposal of treasury shares			0	0						0	0
Net changes in items other than shareholders' equity											
Total changes during period	–	–	0	0	–	(2)	3,900	1,498	5,396	(0)	5,396
Balance at end of period	7,803	7,812	0	7,812	1,088	207	90,600	7,566	99,462	(376)	114,702

(Million yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	162	(2,147)	(1,984)	107,321
Changes during period				
Reversal of reserve for tax purpose reduction entry of non-current assets				–
Provision of general reserve				–
Dividends of surplus				(1,430)
Profit				6,814
Reversal of revaluation reserve for land				11
Purchase of treasury shares				(0)
Disposal of treasury shares				0
Net changes in items other than shareholders' equity	(4)	(11)	(16)	(16)
Total changes during period	(4)	(11)	(16)	5,379
Balance at end of period	158	(2,158)	(2,000)	112,701

For the fiscal year ended, March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity										
	Share capital	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	7,803	7,812	0	7,812	1,088	207	90,600	7,566	99,462	(376)	114,702
Changes during period											
Reversal of reserve for tax purpose reduction entry of non-current assets						(2)		2	–		–
Provision of general reserve							4,200	(4,200)	–		–
Dividends of surplus								(2,289)	(2,289)		(2,289)
Profit								7,206	7,206		7,206
Reversal of revaluation reserve for land								28	28		28
Purchase of treasury shares										(0)	(0)
Disposal of treasury shares			14	14						43	58
Net changes in items other than shareholders' equity											
Total changes during period	–	–	14	14	–	(2)	4,200	747	4,945	43	5,003
Balance at end of period	7,803	7,812	14	7,827	1,088	205	94,800	8,314	104,408	(333)	119,705

(Million yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	158	(2,158)	(2,000)	112,701
Changes during period				
Reversal of reserve for tax purpose reduction entry of non-current assets				–
Provision of general reserve				–
Dividends of surplus				(2,289)
Profit				7,206
Reversal of revaluation reserve for land				28
Purchase of treasury shares				(0)
Disposal of treasury shares				58
Net changes in items other than shareholders' equity	72	(28)	43	43
Total changes during period	72	(28)	43	5,047
Balance at end of period	230	(2,186)	(1,956)	117,748

(4) Notes to Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

5. Other

Breakdown of Non-consolidated Results by Business Category and Client

1) Value of work orders received by business category

Business category	Year	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Year-on-year Change	
		Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring		74,176	34.1	71,029	32.1	(3,146)	(4.2)
Power distribution lines		61,616	28.4	62,561	28.2	944	1.5
Power transmission/generation plant and substation, civil engineering and architecture, information and communications		57,026	26.2	59,129	26.7	2,103	3.7
Airconditioning and plumbing		24,576	11.3	28,879	13.0	4,302	17.5
Total		217,395	100	221,599	100	4,203	1.9

2) Value of work completed by business category

Business category	Year	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Year-on-year Change	
		Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring		63,864	30.9	72,624	34.7	8,760	13.7
Power distribution lines		57,207	27.6	57,935	27.7	727	1.3
Power transmission/generation plant and substation, civil engineering and architecture, information and communications		61,802	29.9	55,594	26.5	(6,207)	(10.0)
Airconditioning and plumbing		24,117	11.6	23,319	11.1	(797)	(3.3)
Total		206,991	100	209,474	100	2,483	1.2

3) Value of work in hand by business category

Business category	Year	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Year-on-year Change	
		Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Indoor wiring		56,618	46.3	55,022	40.9	(1,595)	(2.8)
Power distribution lines		20,883	17.1	25,509	19.0	4,626	22.2
Power transmission/generation plant and substation, civil engineering and architecture, information and communications		29,264	23.9	32,799	24.4	3,534	12.1
Airconditioning and plumbing		15,474	12.7	21,033	15.7	5,559	35.9
Total		122,240	100	134,365	100	12,124	9.9

4) Value of work orders received by client

Client	Year	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Year-on-year Change	
		Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Tohoku Electric Power Group		90,622	41.7	102,345	46.2	11,723	12.9
General clients		126,773	58.3	119,254	53.8	(7,519)	(5.9)
Total		217,395	100	221,599	100	4,203	1.9

5) Value of work completed by client

Client	Year	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Year-on-year Change	
		Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)	Amount (Million yen)	Percentage change (%)
Tohoku Electric Power Group		87,572	42.3	90,323	43.1	2,750	3.1
General clients		119,418	57.7	119,151	56.9	(267)	(0.2)
Total		206,991	100	209,474	100	2,483	1.2

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

6) Projected value of work orders received and work completed in fiscal year ending March 31, 2024

Business category	Category	Value of work orders received		Value of work completed	
		Amount (Million yen)	Share (%)	Amount (Million yen)	Share (%)
Indoor wiring		73,000	33.3	71,000	33.6
Power distribution lines		54,000	24.7	53,500	25.4
Power transmission/generation plant and substation, civil engineering and architecture, information and communications		63,000	28.8	58,500	27.7
Airconditioning and plumbing		29,000	13.2	28,000	13.3
Total		219,000	100	211,000	100

* Notes on proper use of forecasts and other matters

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