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November 14, 2022

Consolidated Financial Results for the Three Months Ended September 30, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 5074
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 Scheduled date to file quarterly securities report: November 14, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes
 (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended September 30, 2022 (from July 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	8,323	(18.4)	1,527	(52.5)	1,453	(51.1)	905	(52.6)
September 30, 2021	10,196	—	3,217	—	2,971	—	1,911	—

Note: Comprehensive income For the three months ended September 30, 2022: ¥953 million [(50.9)%]
 For the three months ended September 30, 2021: ¥1,941 million [—%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2022	25.79	25.60
September 30, 2021	54.83	54.02

Note: As the Company has not prepared consolidated financial statements for the three months ended September 30, 2020, the percentage indicating year-on-year changes is not shown for the three months ended September 30, 2021.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	91,766	25,427	27.7
June 30, 2022	94,256	25,239	26.7

Reference: Equity
 As of September 30, 2022: ¥25,369 million
 As of June 30, 2022: ¥25,206 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2022	—	0.00	—	21.00	21.00
Fiscal year ending June 30, 2023	—				
Fiscal year ending June 30, 2023 (Forecast)		0.00	—	21.00	21.00

Note: Revisions to the cash dividends forecasts most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending June 30, 2023	31,800	(9.0)	4,900	(4.8)	4,000	(14.1)	2,500	(7.2)	71.20

Note: Revisions to the consolidated financial results forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies

Excluded: – companies

- (2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly consolidated financial statements (3) Notes to quarterly consolidated financial statements (Application of specific accounting for preparing quarterly consolidated financial statements)” on page 11 of the attached material.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “2. Quarterly consolidated financial statements (3) Notes to quarterly consolidated financial statements (Notes - Changes in accounting policies)” on page 11 of the attached material.

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	35,244,100 shares
As of June 30, 2022	35,244,100 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2022	130,070 shares
As of June 30, 2022	130,070 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2022	35,114,030 shares
Three months ended September 30, 2021	34,860,772 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

Forward-looking statements in this document, including the results forecasts, etc., are based on the information available as of the date of the release of this document and the preconditions that the Company deemed to be reasonable; they are not meant to be a commitment by the Company, and a variety of factors in the future may cause actual results to differ materially from these forecasts. Please refer to “1. Qualitative information on the quarterly financial results (3) Explanation of forward-looking statements such as forecast of consolidated financial results” on page 6 of the attached material for the preconditions for the earnings forecasts and items to exercise caution in the use of these earnings forecasts.

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1. Qualitative information on the quarterly financial results

(1) Explanation of operating results

During the three months ended September 30, 2022, the impact of the novel coronavirus disease (COVID-19) that began spreading around the world in early 2020 led to polarization in corporate earnings and personal consumption in the Japanese economy. Due to this, along with other issues such as sharp rises in global prices for materials and energy, the worsening situation in Ukraine and the impact of a weak yen, it remains difficult to predict business conditions going forward.

In the energy industry in which the Group operates, developments such as the advocacy of the Sustainable Development Goals (SDGs)^{*1} by the United Nations in 2015, and the negotiation of the Paris Agreement^{*2} have led to an acceleration of initiatives to continue the global decarbonization of energy sources. In Japan, the Sixth Strategic Energy Plan^{*3} approved by the Cabinet in October 2021 set out the course for an energy policy directed at realizing carbon neutrality by 2050 and achieving a new target for reducing greenhouse gas emissions (by 46% from their FY2013 level) by 2030. The Plan calls for increased pursuit of energy efficiency maximization and sets the goal of making renewable energy account for 36 to 38% of Japan's power source mix by 2030 (from 18% in FY2019).

In this external environment, the Group has used its "Total Energy Savings & Solutions" management philosophy as a base on which to continue developing its operations, with a focus on the three business areas of "renewable energy as main power source," "energy efficiency maximization," and "intelligent energy infrastructure."

As a result of the above, for the three months ended September 30, 2022, net sales were ¥8,323 million (down 18.4% year on year), operating profit was ¥1,527 million (down 52.5% year on year), ordinary profit was ¥1,453 million (down 51.1% year on year), and profit attributable to owners of parent was ¥905 million (down 52.6% year on year).

Operating performance by segment was as follows.

	Reportable segments			Adjustment (Note 1)	Total (Note 2)
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	197	4,314	4,512	—	4,512
Goods transferred over time	2,894	916	3,811	—	3,811
Revenue from contracts with customers	3,092	5,230	8,323	—	8,323
Revenues from external customers	3,092	5,230	8,323	—	8,323
Intersegment sales and transfers	98	—	98	(98)	—
Total	3,191	5,230	8,422	(98)	8,323
Segment profit	262	1,183	1,446	81	1,527

Notes: 1. Adjustment for segment profit includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.

2. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.

3. Intersegment transactions include EPC (Engineering, Procurement and Construction) project performed by our consolidated subsidiary TESS Engineering Co., Ltd. for another of our consolidated subsidiaries Kumamoto Nishiki Green Power LLC at TESS Nishiki-machi Kinoe-nishi Biomass Power Plant (Nishiki-machi, Kuma-gun, Kumamoto Prefecture, generation capacity of approximately 2.0 MW).

(i) Engineering Segment

Commissioned type

This segment consists of EPC commissioned by customers, such as engineering services to address customer needs for energy-saving facilities, cost reductions and environmental initiatives. It also includes engineering for power generation facilities and facilities for in-house consumption of generated power, using FIT certification*⁴ obtained by customers using part of renewable energy facilities.

During the three months ended September 30, 2022, the Company created a variety of solutions in response to customer needs, such as implementing decarbonization initiatives, securing stable supplies of power as part of BCP measures, reducing energy usage as part of improvements to energy efficiency, and implementing renewable energy programs. As a result, sales were recorded in accordance with the revenue-recognition method over a certain period of time for EPC projects for co-generation systems*⁵, EPC projects for fuel conversion facilities*⁶ such as LPG satellite facilities and LNG vaporizers, EPC projects for utility facilities*⁷, EPC projects related to solar power generation systems for industrial applications in Japan, and an EPC project for a biomass energy generation system.

From among these, construction of two EPC projects for fuel conversion facilities such as LPG satellite facilities and LNG vaporizers, two EPC projects for utility facilities such as boiler and transformer equipment, three EPC projects related to solar power generation systems for industrial applications in Japan (with a combined generation capacity of approximately 3.2 MW), was completed in the three months ended September 30, 2022.

Development type

This segment consists of EPC projects in which the Group proactively engages in purchasing (or renting) land and acquiring approvals and rights so as to provide a full set of development solutions to customers.

In the three months ended September 30, 2022, the Group recorded sales of ¥1,021 million contributed by steady progress made at an EPC project for a major solar power generation plant in Miyako-machi, Miyako-gun, Fukuoka Prefecture, a development-type project using a Feed-In Tariff scheme (FIT scheme)*⁸. This will have generation capacity of approximately 67.0 MW, comprising a northern power plant with capacity of approximately 23.2 MW and a southern power plant with capacity of approximately 43.8 MW, and is scheduled for completion in the fiscal year ending June 30, 2023. Of these, construction of the northern power plant was completed in the previous fiscal year.

As a result of the above, the Engineering Segment recorded net sales of ¥3,191 million (down 42.9% year on year) and segment profit of ¥262 million (down 87.3% year on year).

(ii) Energy Supply Segment

Renewable energy power plant ownership, operation and electricity sales

As of the end of the first quarter under review, the Group owned, operated and sold electricity from 78 renewable energy power plants in Japan with a combined generation capacity of approximately 215.1 MW, of which eight were of the on-site PPA model*⁹, with generation capacity of approximately 7.4 MW.

In the three months ended September 30, 2022, generation capacity for both renewable energy power plants utilizing FIT schemes and those not utilizing FIT schemes that the Group has already brought online is rising steadily, and income from electricity sales is increasing accordingly.

In the three months ended September 30, 2022, there were no new power plants utilizing FIT schemes, for which the Group newly engaged in their development and EPC, and no new power plants utilizing FIT schemes that were acquired after they had begun operations (secondary

projects). In terms of projects that do not make use of FIT schemes, the newly launched on-site PPA model project did not offer electricity supply services.

Operation and maintenance (O&M)

In the three months ended September 30, 2022, favorable performances as scheduled in maintenance services, operations services, 24-hour remote monitoring services, and energy management services, as well as unexpected maintenance operations such as repairs and replacements caused by failures at customer facilities resulted in solid revenues for operation and maintenance (O&M) as a whole.

Electricity retailing

The Group provides electricity to corporate customers in nine regions of Japan: Hokkaido, Tohoku, Tokyo, Chubu, Hokuriku, Kansai, Chugoku, Shikoku and Kyushu. In the three months ended September 30, 2022, the electricity retailing operations progressed as the Group planned due to the measures to reduce the amount of power supply for the purpose of curbing the impact of increased cost of sales related to the procurement of power source. These measures included suspension of receiving new applications and request to existing customers for a cancellation of their contract, as well as raising unit prices of the electricity supplied for existing customers.

In ERAB^{*10} services, 20 projects were selected for use by general power transmission and distribution operators seeking bids to provide supply-demand adjustment capacity, and we recorded sales for contributing supply-demand adjustment capacity as a resource aggregator^{*11} and an aggregation coordinator^{*12}.

Others

Sales of fuel supplied to customers operating co-generation systems were strong. In addition, sales of PKS^{*13} fuel to biomass power generation plants in Japan during the three months under review came to ¥327 million.

As a result of the above, net sales for the Energy Supply Segment were ¥5,230 million (up 13.6% year on year), and segment profit came to ¥1,183 million (up 14.3% year on year).

***1 Sustainable Development Goals (SDGs):**

These are shared goals for international society to be addressed by both developing and developed nations as part of the 2030 Agenda for Sustainable Development adopted by the United Nations in September 2015, and consist of 17 goals whose initiatives cover energy, economic growth, employment, and climate change, amongst other matters.

***2 The Paris Agreement:**

An international treaty adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in December 2015, based on the approval of 196 countries, including Japan, as a global framework for determining targets for reductions in CO2 emissions in order to combat global warming. In response to this agreement, Japan set a target of reducing greenhouse gas emissions by 46% from the 2013 level by 2030.

***3 Strategic Energy Plan:**

A basic plan on energy supply and demand formulated in order to promote measures on energy supply and demand on a long-term, comprehensive and systematic basis, as set forth in Article 12 of the Basic Act on Energy Policy.

***4 FIT certification:**

This is the certification of renewable energy power generation business plans by the Minister of Economy, Trade and Industry, as set forth in the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.

- *5 Co-generation system (CGS):
A type of distributed energy resource, consisting of a combined heat and electricity supply system that uses the heat emitted during power generation for air conditioning and heating, or in production processes. It may also be referred to as CHP (Combined heat & power).
- *6 Fuel conversion facilities:
Facilities to convert fuel used for heat sources in a factory from oil to natural gas.
- *7 Utility facilities:
Facilities that provide the electricity, steam, water, compressed air, fuel, etc. required for the operation of a factory's production facilities.
- *8 Feed-In Tariff scheme (FIT scheme):
A system, based on the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities, under which the state promises that electricity utilities will purchase electricity generated from renewable energy, such as solar, wind, or biomass, at a set price and for a set period of time.
- *9 On-site PPA model:
A form of contract in which the Group acts as a power generation company, owning, maintaining, and managing solar power generation plants for in-house consumption, and providing the electricity generated by these plants to customers.
- *10 ERAB (Energy Resource Aggregation Business):
The use of DR^{*14} and VPP^{*15} to provide a variety of services to business partners such as general power transmission and distribution operators, electricity retailers, customers, and renewable energy power generation companies, with the aim of securing supply-demand adjustment capacity, avoiding imbalances^{*16}, reducing electricity charges, avoiding output suppression, etc.
- *11 Resource aggregator:
An operator that enters into an agreement with customers for the adjustment of supply and demand, and regulates energy resources.
- *12 Aggregation coordinator:
An operator that bundles the electric power regulated by resource aggregators and conducts electric power transactions directly with general power transmission and distribution operators, and electricity retailers.
- *13 PKS:
An abbreviation for Palm Kernel Shell, referring to the shells of the palm tree that remain after palm oil has been extracted.
- *14 DR (Demand response):
Refers to changes in electric power demand patterns made by the owners of customer-side energy resources^{*17}, or third parties, through the regulation of those energy resources.
- *15 VPP (Virtual power plant):
Use of IoT technology to remotely perform integrated regulation of distributed energy resources, so that they appear to function as a single power generation plant, allowing the balance between supply and demand of electric power to be adjusted.
- *16 Imbalance:
The difference between the demand and procurement plan for the retail provision of electricity formulated by the electricity retailer, and the actual figures.
- *17 Customer-side energy resources:
A general term for energy resources that are connected at the customer's side ("behind the meter") on the supply connection (such as power generation facilities, power storage facilities, and demand facilities).

(2) Explanation of financial position

Current assets

Total current assets as of the end of the first quarter under review amounted to ¥36,225 million, a decrease of ¥2,608 million compared with the end of the previous fiscal year. The principal contributory factors were a decrease in cash and deposits of ¥4,786 million, a decrease in contract assets of ¥771 million, and an increase in advance payments to suppliers of ¥2,542 million.

Non-current assets

Total non-current assets as of the end of the first quarter under review amounted to ¥55,540 million, an increase of ¥118 million compared with the end of the previous fiscal year. The principal contributory factors were a decrease in machinery, equipment and vehicles of ¥612 million, an increase in construction in progress of ¥1,071 million, and a decrease in deferred tax assets of ¥224 million.

Current liabilities

Total current liabilities as of the end of the first quarter under review amounted to ¥19,685 million, a decrease of ¥1,898 million compared with the end of the previous fiscal year. The principal contributory factors were a decrease in accounts payable for construction contracts of ¥139 million, a decrease in contract liabilities of ¥342 million, and a decrease in other of 1,225 million.

Non-current liabilities

Total non-current liabilities as of the end of the first quarter under review amounted to ¥46,652 million, a decrease of ¥779 million compared with the end of the previous fiscal year. The principal contributory factor was a decrease in long-term borrowings of ¥702 million.

Net assets

Net assets as of the end of the first quarter under review amounted to ¥25,427 million, an increase of ¥188 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in retained earnings of ¥155 million.

(3) Explanation of forward-looking statements such as forecast of consolidated financial results

Forecast of consolidated financial results for the full year is unchanged from that disclosed in “Consolidated Financial Results for the Fiscal Year Ended June 30, 2022,” released on August 15, 2022.

Moreover, the forecast of consolidated financial results incorporates judgments based on information available to the Group at the time that material was released, and may differ from actual results, etc. for a variety of reasons.

2. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of June 30, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	22,600	17,814
Notes receivable - trade	147	157
Accounts receivable - trade	2,408	2,603
Accounts receivable from completed construction contracts	245	372
Contract assets	3,593	2,822
Merchandise and finished goods	317	301
Work in process	43	82
Costs on construction contracts in progress	65	70
Costs on real estate business	2,157	2,663
Raw materials and supplies	81	91
Advance payments to suppliers	4,927	7,469
Other	2,263	1,792
Allowance for doubtful accounts	(17)	(14)
Total current assets	38,834	36,225
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,910	3,922
Accumulated depreciation	(937)	(992)
Accumulated impairment	(94)	(101)
Buildings and structures, net	2,878	2,828
Machinery, equipment and vehicles	40,952	40,939
Accumulated depreciation	(9,491)	(10,089)
Accumulated impairment	(13)	(14)
Machinery, equipment and vehicles, net	31,447	30,835
Tools, furniture and fixtures	235	256
Accumulated depreciation	(169)	(176)
Tools, furniture and fixtures, net	65	79
Land	4,804	4,804
Leased assets	2,265	2,269
Accumulated depreciation	(1,218)	(1,262)
Accumulated impairment	(32)	(35)
Leased assets, net	1,014	972
Construction in progress	985	2,057
Total property, plant and equipment	41,196	41,578
Intangible assets		
Goodwill	624	616
Contract-based intangible assets	5,807	5,757
Other	660	722
Total intangible assets	7,092	7,095
Investments and other assets		
Investment securities	579	578
Shares of subsidiaries and associates	1,019	998
Deferred tax assets	2,856	2,631
Other	2,735	2,714
Allowance for doubtful accounts	(57)	(57)
Total investments and other assets	7,133	6,865
Total non-current assets	55,422	55,540
Total assets	94,256	91,766

(Millions of yen)

	As of June 30, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	844	859
Accounts payable for construction contracts	1,356	1,216
Short-term borrowings	12,133	12,026
Current portion of long-term borrowings	3,880	3,835
Lease liabilities	288	291
Income taxes payable	142	216
Contract liabilities	480	137
Provision for bonuses	191	109
Provision for contract loss	265	215
Provision for warranties for completed construction	7	7
Other	1,993	768
Total current liabilities	21,584	19,685
Non-current liabilities		
Long-term borrowings	42,870	42,167
Lease liabilities	1,937	1,865
Deferred tax liabilities	764	764
Asset retirement obligations	1,473	1,477
Provision for contract loss	71	84
Retirement benefit liability	295	275
Other	19	19
Total non-current liabilities	47,432	46,652
Total liabilities	69,017	66,338
Net assets		
Shareholders' equity		
Share capital	17	17
Capital surplus	13,573	13,573
Retained earnings	11,589	11,744
Treasury shares	(0)	(0)
Total shareholders' equity	25,179	25,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	2
Deferred gains or losses on hedges	(73)	(35)
Foreign currency translation adjustment	96	67
Total accumulated other comprehensive income	27	34
Non-controlling interests	32	58
Total net assets	25,239	25,427
Total liabilities and net assets	94,256	91,766

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income)

(For the three months ended September 30, 2022)

(Millions of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Net sales	10,196	8,323
Cost of sales	6,155	5,856
Gross profit	4,041	2,466
Selling, general and administrative expenses	823	938
Operating profit	3,217	1,527
Non-operating income		
Interest income	0	1
Dividend income	10	0
Insurance claim income	43	–
Share of profit of entities accounted for using equity method	3	0
Foreign exchange gains	16	96
Surrender value of insurance policies	4	9
Subsidy income	30	39
Other	6	4
Total non-operating income	116	152
Non-operating expenses		
Interest expenses	227	186
Loss on tax purpose reduction entry of non-current assets	12	23
Commission expenses	123	15
Other	0	1
Total non-operating expenses	363	226
Ordinary profit	2,971	1,453
Profit before income taxes	2,971	1,453
Income taxes	1,033	481
Profit	1,937	971
Profit attributable to non-controlling interests	26	65
Profit attributable to owners of parent	1,911	905

(Quarterly consolidated statement of comprehensive income)
(For the three months ended September 30, 2022)

(Millions of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit	1,937	971
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Deferred gains or losses on hedges	0	37
Foreign currency translation adjustment	3	(33)
Share of other comprehensive income of entities accounted for using equity method	–	(21)
Total other comprehensive income	4	(18)
Comprehensive income	1,941	953
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,916	913
Comprehensive income attributable to non-controlling interests	25	40

(3) Notes to quarterly consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Notes when there are significant changes in amounts of equity

Not applicable.

Application of specific accounting for preparing quarterly consolidated financial statements

Tax expense calculation

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the first quarter under review.

Income taxes - deferred is included in income taxes.

Notes - Changes in accounting policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year under review, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

This change has no impact on the quarterly consolidated financial statements for the three months under review.

Notes - Business combinations

Significant review of the initially allocated amounts of the acquisition costs in comparative information

Regarding the business combination with Imari Green Power Co., Ltd. implemented on September 14, 2021, the Company conducted a provisional accounting treatment in the first quarter of the previous fiscal year, but determined the treatment at the end of the previous fiscal year.

In line with this determination of the provisional accounting treatment, significant review was made on the initially allocated amounts of the acquisition costs in the comparative information included in the quarterly consolidated financial statements for the three months under review. Accordingly, the Company recorded a decrease in goodwill of ¥1,907 million, an increase in contract-based intangible assets of ¥2,647 million, and an increase in deferred tax liabilities of ¥739 million.

This change has no impact on the quarterly consolidated statement of income for the three months of the previous fiscal year.

Segment information

I Three months ended September 30, 2021 (from July 1, 2021 to September 30, 2021)

Disclosure of sales and profit (loss) for each reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segments			Adjustment (Note 1)	Total (Note 2)
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	222	3,620	3,842	—	3,842
Goods transferred over time	5,369	984	6,353	—	6,353
Revenue from contracts with customers	5,591	4,604	10,196	—	10,196
Revenues from external customers	5,591	4,604	10,196	—	10,196
Intersegment sales and transfers	—	—	—	—	—
Total	5,591	4,604	10,196	—	10,196
Segment profit	2,071	1,035	3,107	110	3,217

Notes: 1. Adjustment for segment profit includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.

2. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.

II Three months ended September 30, 2022 (from July 1, 2022 to September 30, 2022)

1. Disclosure of sales and profit (loss) for each reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segments			Adjustment (Note 1)	Total (Note 2)
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	197	4,314	4,512	—	4,512
Goods transferred over time	2,894	916	3,811	—	3,811
Revenue from contracts with customers	3,092	5,230	8,323	—	8,323
Revenues from external customers	3,092	5,230	8,323	—	8,323
Intersegment sales and transfers	98	—	98	(98)	—
Total	3,191	5,230	8,422	(98)	8,323
Segment profit	262	1,183	1,446	81	1,527

Notes: 1. Adjustment for segment profit includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.

2. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.

3. Segment information for the three months of the previous fiscal year discloses the amounts that reflect significant review of the initially allocated amounts of the acquisition costs in accordance with the determination of the provisional accounting treatment described in “Notes - Business combinations.”