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August 14, 2023

## Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (Under Japanese GAAP)

Company name: TESS Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 5074  
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 Scheduled date of annual general meeting of shareholders: September 28, 2023  
 Scheduled date to commence dividend payments: September 29, 2023  
 Scheduled date to file annual securities report: September 28, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of 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 fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	34,415	(1.5)	6,864	33.4	5,518	18.6	3,592	33.3
June 30, 2022	34,945	2.0	5,146	17.0	4,654	21.3	2,695	35.4

Note: Comprehensive income For the fiscal year ended June 30, 2023: ¥3,935 million [31.0%]  
 For the fiscal year ended June 30, 2022: ¥3,004 million [41.8%]

	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	%	%	%
June 30, 2023	102.17	101.52	13.4	5.9	20.0
June 30, 2022	77.19	76.19	11.2	4.8	14.7

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended June 30, 2023: ¥(27) million  
 For the fiscal year ended June 30, 2022: ¥68 million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2023	94,089	28,340	30.0	802.16
June 30, 2022	94,256	25,239	26.7	717.85

Reference: Equity  
 As of June 30, 2023: ¥28,248 million  
 As of June 30, 2022: ¥25,206 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 end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2023	13,827	(16,029)	(5,192)	11,026
June 30, 2022	14,646	(6,215)	(12,397)	18,369

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2022	—	0.00	—	21.00	21.00	737	27.2	3.1
Fiscal year ended June 30, 2023	—	0.00	—	26.00	26.00	915	25.5	3.4
Fiscal year ending June 30, 2024 (Forecast)	—	0.00	—	16.00	16.00		29.2	

Note: Due to the issuance of its 3rd Series Subscription Warrants comprising 35,216,030 rights (partial commitment rights offering, exercise period: July 3, 2023 to August 30, 2023; number of potential shares: 35,216,030 shares) on July 3, 2023, the Company expects a significant increase in the total number of issued shares during the fiscal year ending June 30, 2024 through exercise of issued Subscription Warrants. Taking the relevant points into consideration, the Company has calculated the “annual dividends per share” for the fiscal year ending June 30, 2024 (forecast) using the expected average number of shares outstanding during the period, which is based on the following assumptions, as a point of reference.

- For all of the 35,216,030 rights of the Company’s 3rd Series Subscription Warrants issued on July 3, 2023 (number of potential shares: 35,216,030 shares), it is assumed that on each calendar date of the exercise period from July 3, 2023 until August 30, 2023, 596,881 rights are exercised (except on August 30, 2023 on which 596,932 rights are exercised).
- All of the 186 rights of the Company’s 1st Series Subscription Warrants (number of potential shares: 186,000 shares) and the 29 rights of the Company’s 2nd Series Subscription Warrants (number of potential shares: 29,000 shares) remaining unexercised as of June 30, 2023, will be exercised on June 30, 2024.
- Aside from the above, during the fiscal year ending June 30, 2024, there will be no other changes to the total number of issued shares.
- During the fiscal year ending June 30, 2024, there will be no changes to the number of treasury shares.

### 3. Forecast of consolidated financial results for the fiscal year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

(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, 2024	38,200	11.0	6,650	(3.1)	6,000	8.7	3,700	3.0	54.86

Note: The forecast for basic earnings per share in the forecast of consolidated financial results for the fiscal year ending June 30, 2024, has been calculated using the expected average number of shares outstanding during the period, which is based on the assumptions stated in “2 Cash Dividends” above, as a point of reference.

**\* 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) 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

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

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

As of June 30, 2023	35,346,100 shares
As of June 30, 2022	35,244,100 shares

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

As of June 30, 2023	130,070 shares
As of June 30, 2022	130,070 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended June 30, 2023	35,161,929 shares
Fiscal year ended June 30, 2022	34,920,479 shares

- \* Financial results reports are exempt from audit 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. Overview of operating results and others, (4) Future outlook” on page 7 of the attached material for the preconditions for the earnings forecasts and items to exercise caution in the use of these earnings forecasts.

## Attached Material

### Index

1. Overview of operating results and others.....	2
(1) Overview of operating results for the fiscal year.....	2
(2) Overview of financial position for the fiscal year.....	6
(3) Overview of cash flows for the fiscal year .....	6
(4) Future outlook.....	7
2. Basic concept regarding selection of accounting standards .....	11
3. Consolidated financial statements .....	12
(1) Consolidated balance sheet.....	12
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	14
(Consolidated statement of income) .....	14
(Consolidated statement of comprehensive income) .....	15
(3) Consolidated statement of changes in equity.....	16
(4) Consolidated statement of cash flows.....	18
(5) Notes to consolidated financial statements .....	20
Uncertainties of entity's ability to continue as going concern.....	20
Notes - Changes in accounting policies .....	20
Segment information.....	21
Per share information.....	23
Significant events after reporting period.....	24

# 1. Overview of operating results and others

## (1) Overview of operating results for the fiscal year

During the fiscal year ended June 30, 2023, measures to curb the spread of the novel coronavirus disease (COVID-19) were eased after the disease was downgraded to a Class 5 common infectious disease. Yet with issues such as sharp rises in global prices for materials and energy, the worsening situation in Ukraine, and the impact of the weaker Japanese yen, the Japanese economy 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)<sup>\*1</sup> by the United Nations in 2015, and the negotiation of the Paris Agreement<sup>\*2</sup> have led to an acceleration of initiatives to continue the global decarbonization of energy sources. In Japan, the Sixth Strategic Energy Plan<sup>\*3</sup> 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). Furthermore, the basic policy for achieving GX<sup>\*4</sup> was approved by the Cabinet in February 2023, setting out a strategic approach to decarbonization based on the fundamental premise of ensuring a stable energy supply.

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 for the operating results for the fiscal year under review, net sales were ¥34,415 million (down 1.5% year on year), operating profit was ¥6,864 million (up 33.4% year on year), ordinary profit was ¥5,518 million (up 18.6% year on year), and profit attributable to owners of parent was ¥3,592 million (up 33.3% year on year).

### 1) Operating results by segment

(Millions of yen)

	Reportable segments			Adjustment (Note)	Total
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	1,262	20,404	21,666	—	21,666
Goods transferred over time	9,160	3,588	12,748	—	12,748
Revenue from contracts with customers	10,422	23,992	34,415	—	34,415
Revenues from external customers	10,422	23,992	34,415	—	34,415
Intersegment sales and transfers	4,766	0	4,767	(4,767)	—
Total	15,189	23,992	39,182	(4,767)	34,415
Segment profit	455	5,843	6,299	564	6,864

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

Intersegment transactions include EPC (Engineering, Procurement and Construction) project performed by our consolidated subsidiary TESS Engineering Co., Ltd. for 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) and Imari Green Power Co., Ltd. at Saga Imari Biomass Power Plant (tentative name) (Imari-shi, Saga Prefecture, generation capacity of approximately 46.0 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<sup>\*5</sup> obtained by customers using part of renewable energy facilities.

During the fiscal year under review, 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\*<sup>6</sup>, EPC projects for fuel conversion facilities\*<sup>7</sup> such as LPG satellite facilities and LNG vaporizers, EPC projects for utility facilities\*<sup>8</sup>, 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 co-generation systems (with a combined generation capacity of approximately 9.6 MW), two EPC projects for fuel conversion facilities such as LPG satellite facilities and LNG vaporizers, four EPC projects for utility facilities such as boiler and transformer equipment, one EPC project for energy management systems, and 19 EPC projects related to solar power generation systems for industrial applications in Japan (with a combined generation capacity of approximately 26.8 MW) were completed in the fiscal year under review.

#### 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.

During the fiscal year under review, the Group recorded sales of ¥2,285 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)\*<sup>9</sup>. 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. The northern power plant was completed in the previous fiscal year, while the southern power plant was completed in the third quarter under review.

As a result of the above, the Engineering Segment recorded net sales of ¥15,189 million (down 13.2% year on year) and segment profit of ¥455 million (down 79.3% year on year).

### (ii) Energy Supply Segment

#### Renewable energy power plant ownership, operation and electricity sales

During the fiscal year under review, the Group's consolidated subsidiaries owned 84 renewable energy power plants in Japan with a combined generation capacity of approximately 211.5 MW, of which 16 were of the on-site PPA model\*<sup>10</sup>, with generation capacity of approximately 18.5 MW, and companies in which the Group has made investments (equity-method affiliates and silent partnerships where a limited liability company investing in the silent partnership is the operator) owned 12 renewable energy power plants in Japan with a combined generation capacity of approximately 88.1 MW\*<sup>11</sup>.

In the fiscal year under review, generation capacity for both renewable energy power plants (excluding power plants owned by companies other than consolidated subsidiaries) 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 addition, the amount of electricity sold during the period includes ¥549 million as development costs to shorten the construction period until the operation of the southern power plant is transferred to the SPC (Fukuoka Miyako Solar Power LLC). This amount is equivalent to the amount of electricity sold by the large-scale solar power generation plant in Miyako-machi, Miyako-gun, Fukuoka Prefecture.

In the fiscal year under review, while there were no new power plants utilizing FIT schemes, for which the Group engaged in their development and EPC, there were eight plants (total generation capacity of approximately 6.4 MW) that were newly acquired after they had begun operations (secondary projects): "TESS Miyazaki Takajo No.1 Solar Plant (Miyakonojo-shi, Miyazaki Prefecture) (generation capacity of approximately 1.0 MW)," "TESS Miyazaki Takajo No.2 Solar Plant (Miyakonojo-shi, Miyazaki Prefecture) (generation capacity of approximately 1.0 MW)," "TESS Miyazaki Takajo No.3 Solar Plant (Miyakonojo-shi, Miyazaki Prefecture) (generation capacity of approximately 1.0 MW)," "TESS Miyazaki Takajo No.4 Solar Plant (Miyakonojo-shi, Miyazaki Prefecture) (generation capacity of approximately 0.9 MW)," "TESS Fukushima Tazawa Solar Plant (Fukushima-shi, Fukushima Prefecture) (generation capacity of approximately 0.8 MW)," "TESS Fukushima Futagozuka Solar Plant (Fukushima-

shi, Fukushima Prefecture) (generation capacity of approximately 0.3 MW),” “TESS Fukushima Machiniwasaka Solar Plant (Fukushima-shi, Fukushima Prefecture) (generation capacity of approximately 1.0 MW),” and “TESS Fukushima Matsukawa-machi Solar Plant (Fukushima-shi, Fukushima Prefecture) (generation capacity of approximately 0.5 MW).”

Further, in March 2023 the Group switched the electricity sales from existing two solar power plants owned by Prime Solar 3 LLC (total generating capacity: approximately 0.6 MW) from FIT scheme to FIP scheme.

<Renewable energy power plants utilizing FIT schemes which the Group newly acquired operations during the fiscal year under review>

Name of power plant	Name of operator	Capacity (MW)	Type of power generation	Feed-in tariff (per kWh) (Yen)	Date on which generation commenced	Date on which power plant was acquired
TESS Miyazaki Takajo No.1 Solar Plant	Prime Solar 3 LLC	1.0	Solar	40	June 2013	December 2022
TESS Miyazaki Takajo No.2 Solar Plant	Prime Solar 3 LLC	1.0	Solar	40	July 2013	December 2022
TESS Miyazaki Takajo No.3 Solar Plant	Prime Solar 3 LLC	1.0	Solar	40	August 2014	November 2022
TESS Miyazaki Takajo No.4 Solar Plant	Prime Solar 3 LLC	0.9	Solar	40	December 2014	December 2022
TESS Fukushima Tazawa Solar Plant	TESS Engineering Co., Ltd.	0.8	Solar	36	February 2016	February 2023
TESS Fukushima Futagozuka Solar Plant	TESS Engineering Co., Ltd.	0.3	Solar	40	October 2013	February 2023
TESS Fukushima Machiniwasaka Solar Plant	TESS Engineering Co., Ltd.	1.0	Solar	36	May 2014	February 2023
TESS Fukushima Matsukawa-machi Solar Plant	TESS Engineering Co., Ltd.	0.5	Solar	36	July 2015	February 2023

Note: Generation capacity for facilities is given on a module basis (the sum of maximum output for all solar power modules).

In terms of projects that do not make use of FIT schemes, eight new on-site PPA model projects started offering electricity supply services.

<Renewable energy power plants not utilizing FIT schemes at which the Group began operations during the fiscal year under review>

Supplied to	Location	Name of operator	Capacity (MW)	Type of power generation	Date on which supply commenced
Haruna Factory, Haruna Produce Inc.	Takasaki-shi, Gunma Prefecture	TESS Engineering Co., Ltd.	0.4	Solar (equipped with 15 kWh-class storage battery system)	February 2023
Tanigawa Factory, Haruna Produce Inc.	Minakami-machi, Tone-gun, Gunma Prefecture	TESS Engineering Co., Ltd.	0.3	Solar (equipped with 15 kWh-class storage battery system)	February 2023

Supplied to	Location	Name of operator	Capacity (MW)	Type of power generation	Date on which supply commenced
Wakayama Factory, Haruna Produce Inc.	Kainan-shi, Wakayama Prefecture	TESS Engineering Co., Ltd.	0.4	Solar (equipped with 15 kWh-class storage battery system)	February 2023
YAMAGATA Plant, THK CO., LTD.	Higashine-shi, Yamagata Prefecture	TESS Engineering Co., Ltd.	2.8	Solar (equipped with 15 kWh-class storage battery system)	February 2023
Iga Campus, DMG MORI CO., LTD. (Phase 1)	Iga-shi, Mie Prefecture	TESS Engineering Co., Ltd.	5.4	Solar	February 2023
Anotsu FACTORY IMURAYA CO., LTD.	Tsu-shi, Mie Prefecture	TESS Engineering Co., Ltd.	0.7	Solar (equipped with 1,000 kWh-class storage battery system)	March 2023
Akagi Plant, NSK Steering Systems Co., Ltd.	Maebashi-shi, Gunma Prefecture	TESS Engineering Co., Ltd.	0.1	Solar	March 2023
Yamaguchi Plant, Nihon Kajitsu Kougyou Co., Ltd.	Yamaguchi-shi, Yamaguchi Prefecture	TESS Engineering Co., Ltd.	1.0	Solar (equipped with 15 kWh-class storage battery system)	April 2023

Note: Generation capacity for facilities is given on a module basis (the sum of maximum output for all solar power modules).

Also, while the Group completed the sale of nine solar power plants (total generating capacity: approximately 15.3 MW) owned by Prime Solar LLC and T&M Solar LLC to outside the Group on March 31, 2023, it recorded the sale in the fourth quarter of the fiscal year.

#### Operation and maintenance (O&M)

In the fiscal year under review, 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 fiscal year under review, the Group took measures to curb the impact of increased cost of sales related to the procurement of power source. As part of these measures, we sought to reduce the amount of power supplied, including measures like suspending the acceptance of new applications and requesting existing customers to cancel of their contract. Another part of these measures was to take steps such as raising the unit prices of the electricity supplied for existing customers. In addition to the contribution to sales from increasing fuel adjustment



expenses due to the impact of the external environment in electricity retailing, unit price in the wholesale electricity market traded at a level lower than what the Group expected, which led to a decrease in cost of sales related to procurement of electric power. As a result, performance of electricity retailing exceeded the Group's plan.

In ERAB<sup>\*12</sup> 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<sup>\*13</sup> and an aggregation coordinator<sup>\*14</sup>.

#### Others

Sales of fuel supplied to customers operating co-generation systems were strong. In addition, the Company began selling PKS<sup>\*15</sup> fuel to biomass power generation plants in Japan in April 2020, and sales of this fuel during the fiscal year under review came to ¥1,493 million.

As a result of the above, net sales for the Energy Supply Segment were ¥23,992 million (up 32.4% year on year), and segment profit came to ¥5,843 million (up 126.1% year on year).

## 2) Recording of loss on valuation of investment securities

With regard to unlisted shares, the Company recorded a loss on valuation of investment securities of ¥166 million in extraordinary losses for the fourth quarter of the fiscal year.

## (2) Overview of financial position for the fiscal year

### Current assets

Total current assets as of the end of the fiscal year under review amounted to ¥27,381 million, a decrease of ¥11,452 million compared with the end of the previous fiscal year. The principal contributory factors were a decrease in cash and deposits of ¥7,241 million and a decrease in contract assets of ¥2,364 million.

### Non-current assets

Total non-current assets as of the end of the fiscal year under review amounted to ¥66,707 million, an increase of ¥11,285 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in construction in progress of ¥13,058 million and a decrease in machinery, equipment and vehicles of ¥2,645 million.

### Current liabilities

Total current liabilities as of the end of the fiscal year under review amounted to ¥19,009 million, a decrease of ¥2,574 million compared with the end of the previous fiscal year. The principal contributory factors were a decrease in short-term borrowings of ¥2,033 million and an increase in income taxes payable of ¥720 million.

### Non-current liabilities

Total non-current liabilities as of the end of the fiscal year under review amounted to ¥46,740 million, a decrease of ¥692 million compared with the end of the previous fiscal year. The principal contributory factors were a decrease in long-term borrowings of ¥1,477 million, an increase in long-term deposits of ¥483 million, and an increase in lease liabilities of ¥317 million.

### Net assets

Net assets as of the end of the fiscal year under review amounted to ¥28,340 million, an increase of ¥3,100 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in retained earnings of ¥2,855 million.

## (3) Overview of cash flows for the fiscal year

Cash and cash equivalents (hereinafter "cash") as of the end of the fiscal year under review was ¥11,026 million, a decrease of ¥7,342 million (40.0%) from the end of the previous fiscal year.

The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities totaled ¥13,827 million (compared to ¥14,646 million provided in the previous fiscal year). The principal factors contributing to cash inflow were profit before income taxes for the fiscal year under review of ¥5,351 million, depreciation of ¥3,127 million, and a decrease in inventories of ¥2,661 million.

#### Cash flows from investing activities

Net cash used in investing activities totaled ¥16,029 million (compared to ¥6,215 million used in the previous fiscal year). The principal factors contributing to the cash outflow were purchase of property, plant and equipment of ¥14,806 million, and purchase of intangible assets of ¥1,120 million.

#### Cash flows from financing activities

Net cash used in financing activities totaled ¥5,192 million (compared to ¥12,397 million used in the previous fiscal year). The principal factors contributing to cash outflow were repayments of long-term borrowings of ¥6,911 million and net decrease in short-term borrowings of ¥1,173 million. The principal factor contributing to cash inflow was proceeds from long-term borrowings of ¥4,372 million.

### **(4) Future outlook**

In the energy industry in which the Group operates, the United Nations' advocacy of the Sustainable Development Goals (SDGs) and the ratification of the Paris Agreement have been the catalyst for a global movement that is driving an increasingly active approach to energy decarbonization initiatives. In Japan, the Sixth Strategic Energy Plan 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). Furthermore, the basic policy for achieving GX was approved by the Cabinet in February 2023, setting out a strategic approach to decarbonization based on the fundamental premise of ensuring a stable energy supply.

The Group believes that, as we move towards achieving a decarbonized society, the business area in which the Group operates will see an increase in active investment in energy-saving facilities and the use of renewable energy, as well as a rise in the number of opportunities for intelligent infrastructure related to energy and the environment. The Group intends to continue developing its operations while focusing on the three business areas of "renewable energy as main power source," "energy efficiency maximization," and "intelligent energy infrastructure."

Under those conditions, for the fiscal year ending June 30, 2024, we forecast net sales of ¥38,200 million (up 11.0% year on year), operating profit of ¥6,650 million (down 3.1% year on year), ordinary profit of ¥6,000 million (up 8.7% year on year), and profit attributable to owners of parent of ¥3,700 million (up 3.0% year on year).

The above consolidated earnings forecasts are based on information available to the Group as of the date of this material's release. Actual earnings results may differ from the forecast figures due to various factors going forward.

The assumptions by segment for the consolidated earnings forecasts for the fiscal year ending June 30, 2024 are as follows.

#### **1) Engineering Segment**

##### Commissioned type

Forecasts for the commissioned-type section of the Engineering Segment include estimates for sales related to EPC projects for which orders have already been received and for which orders are expected. Based on customer needs for initiatives related to decarbonization of energy sources and other factors, we expect strong

sales for EPC projects related to co-generation systems, solar power generation systems, and energy saving systems for utilities.

#### Development type

Forecasts for the development-type section of the Engineering Segment include estimates for the transfer to third parties of development projects for land related to renewable energy generation in Kyoto Prefecture, as well as the acquisition of permits and rights including the preparation of that land and city planning certification. The development-type section of the Engineering Segment also includes estimates for sales related to an EPC project in the process of being implemented by the Group for a solar power generation plant in Kagoshima Prefecture (generation capacity of approximately 8.0 MW) utilizing a FIT scheme.

## 2) Energy Supply Segment

### Renewable energy power plant ownership, operation and electricity sales

Forecasts for sales related to renewable energy power plant ownership, operation and electricity sales are as follows.

#### (i) Renewable energy power plants utilizing FIT schemes or FIP schemes

Forecasts for electricity sales from renewable energy power plants owned by the Group that utilize FIT schemes or FIP schemes include income from electricity sales based on the expected amount of electricity to be generated at renewable energy power plants that had begun operations by the end of the fiscal year ended June 30, 2023 (68 facilities excluding equity-method affiliates with a combined generation capacity of approximately 193.1 MW). Note that sale of nine solar power plants to outside the Group on March 31, 2023 are not included in the income from electricity sold for the fiscal year ending June 30, 2024.

Estimates are included for sales based on the expected amount of electricity to be generated at the TESS Nishiki-machi Kinoe-nishi Biomass Power Plant (Nishiki-machi, Kuma-gun, Kumamoto Prefecture, generation capacity of 2.0MW) of its consolidated subsidiary, Kumamoto Nishiki Green Power LLC planned to be completed in the fiscal year ending June 30, 2024.

The Group is proceeding with the construction of the Saga Imari Biomass Power Plant (provisional name) (Imari-shi, Saga Prefecture, generation capacity of approximately 46.0 MW, scheduled to begin operation in May 2025) at its consolidated subsidiary Imari Green Power Co., Ltd. as a renewable energy power plant under development utilizing FIT schemes, however, given that the plant is scheduled to begin operations from the fiscal year ending June 30, 2025 onwards, the impact on performance for the fiscal year ending June 30, 2024 is expected to be negligible.

Moreover, although the Group is also working on acquiring solar power generation plants that have already commenced operations (secondary projects), as of the date on which these materials were released, we are not expecting electricity sales derived from the acquisition of new projects.

#### (ii) On-site PPA model projects that use solar power generation systems for in-house consumption

Forecasts for sales related to the supply of electricity from renewable energy derived from on-site PPA model projects that use solar power generation systems for in-house consumption include estimates for sales based on the expected amount of electricity to be generated at solar power generation plants that had already begun operation by the end of the fiscal year ended June 30, 2023 (16 facilities with a combined generation capacity of approximately 18.5 MW).

Although the Group is working to expand these initiatives, as of the date on which these materials were released, we are not expecting electricity sales derived from solar power plants planned to begin operations during the fiscal year ending June 30, 2024 and the winning of new contracts.

### Operation and maintenance (O&M)

In operation and maintenance (O&M), as well as revenues from maintenance operations based on fixed-term contracts with customers, and 24-hour remote monitoring services, we expect revenues derived from maintenance operations that occur on an irregular basis. Maintenance operations that occur on an irregular basis include both those which are foreseeable (such as replacement of consumables, and statutory inspections) and those that are difficult to foresee (such as maintenance and replacement caused by failures of customer equipment). In the fiscal year ending June 30, 2024, we expect solid revenues from maintenance operations that occur under fixed-term contracts with customers, and that occur on an

irregular but foreseeable basis. For maintenance operations that occur on an irregular basis and are difficult to foresee, we have estimated revenues based on past experience.

### Electricity retailing

The Group supplies electricity to corporate customers such as manufacturers, hospitals, and commercial facilities in nine regions of Japan: Hokkaido, Tohoku, Tokyo, Chubu, Hokuriku, Kansai, Chugoku, Shikoku and Kyushu. For the fiscal year ending June 30, 2024, the energy supply is expected to decrease from the fiscal year ended June 30, 2023 due to measures to reduce the amount of power supplied, including suspension of receiving new applications and requesting existing customers to cancel their contracts, taken for the purpose of curbing the impact of increased cost of sales related to the procurement of power source resulting from the global soaring energy prices and shortages in domestic power supply during the fiscal year ending June 30, 2023.

In ERAB services, 19 projects were selected for use by general power transmission and distribution operators seeking bids to provide supply-demand adjustment capacity, and we expect to record sales for contributing supply-demand adjustment capacity as a resource aggregator and an aggregation coordinator.

In addition, forecasts include the recording of research and development expenses related to the adjustment of supply and demand for distributed energy resources and technology development for utilizing surplus electric power, in selling, general and administrative expenses.

### Others

With regard to sales of fuel supplied to customers operating co-generation systems and supply of biomass fuel, we expect to record sales from PKS fuel supplied to biomass power generation plants in Japan.

In addition, forecasts include the recording of research and development expenses, which are related to technology development aiming to manufacture and sell pellets made from empty fruit bunches (EFBs) that are the by-product generated when extracting palm oil from oil palms and other raw materials as fuel for woody biomass power generation, in selling, general and administrative expenses.

### [Notes]

**\*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 Basic policy for achieving GX:**

The strategic approach approved by the Cabinet in February 2023 to simultaneously achieve the three pillars of decarbonization, stable energy supply, and economic growth through GX (Green Transformation).

**\*5 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.

**\*6 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).

**\*7 Fuel conversion facilities:**

Facilities to convert fuel used for heat sources in a factory from oil to natural gas.

**\*8 Utility facilities:**

Facilities that provide the electricity, steam, water, compressed air, fuel, etc. required for the operation of a factory's production facilities.

- \*9 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.
- \*10 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.
- \*11 Due to an increase in the number of solar power generation plants owned by companies in which the Group has made investments (equity-method affiliates and silent partnerships where a limited liability company investing in the silent partnership is the operator), the Group has been applying a revised method for notating the generation capacity of renewable energy power plants from the third quarter. Specifically, the Group previously notated the combined generation capacity of renewable energy power generation facilities owned by consolidated subsidiaries and equity-method affiliates. However, from the third quarter, the Group now draws a division between consolidated subsidiaries and companies in which the Group has made investments (equity-method affiliates and silent partnerships where a limited liability company investing in the silent partnership is the operator), and notates the capacity of the renewable energy power generation facilities owned by each of them. When using the previous notation method, as of the end of the fiscal year under review, the Group's consolidated subsidiaries and equity-method affiliates owned 85 renewable energy power plants in Japan with a combined generation capacity of approximately 217.3 MW, of which 16 were of the on-site PPA model, with generation capacity of approximately 18.5 MW.
- \*12 ERAB (Energy Resource Aggregation Business):  
The use of DR<sup>\*16</sup> and VPP<sup>\*17</sup> 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<sup>\*18</sup>, reducing electricity charges, avoiding output suppression, etc.
- \*13 Resource aggregator:  
An operator that enters into an agreement with customers for the adjustment of supply and demand, and regulates energy resources.
- \*14 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.
- \*15 PKS:  
An abbreviation for Palm Kernel Shell, referring to the shells of the palm tree that remain after palm oil has been extracted.
- \*16 DR (Demand response):  
Refers to changes in electric power demand patterns made by the owners of customer-side energy resources<sup>\*19</sup>, or third parties, through the regulation of those energy resources.
- \*17 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.
- \*18 Imbalance:  
The difference between the demand and procurement plan for the retail provision of electricity formulated by the electricity retailer, and the actual figures.
- \*19 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. Basic concept regarding selection of accounting standards**

The Group plans to continue using the Japanese GAAP to prepare its consolidated financial statements for the time being, as they facilitate comparison with previous consolidated financial statements and with other companies.

The Group's policy on applying the International Financial Reporting Standards (IFRS) is to take action as appropriate based on considerations of various conditions in Japan and overseas.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheet

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	22,600	15,359
Notes receivable - trade	147	423
Accounts receivable - trade	2,408	1,829
Accounts receivable from completed construction contracts	245	173
Contract assets	3,593	1,228
Merchandise and finished goods	317	237
Work in process	43	56
Costs on construction contracts in progress	65	113
Costs on real estate business	2,157	1,628
Raw materials and supplies	81	155
Advance payments to suppliers	4,927	4,067
Other	2,263	2,114
Allowance for doubtful accounts	(17)	(6)
Total current assets	38,834	27,381
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,910	3,578
Accumulated depreciation	(937)	(977)
Accumulated impairment	(94)	(98)
Buildings and structures, net	2,878	2,503
Machinery, equipment and vehicles	40,952	39,383
Accumulated depreciation	(9,491)	(10,566)
Accumulated impairment	(13)	(14)
Machinery, equipment and vehicles, net	31,447	28,802
Tools, furniture and fixtures	235	265
Accumulated depreciation	(169)	(189)
Tools, furniture and fixtures, net	65	76
Land	4,804	4,749
Leased assets	2,265	2,275
Accumulated depreciation	(1,218)	(1,392)
Accumulated impairment	(32)	(34)
Leased assets, net	1,014	848
Construction in progress	985	14,044
Total property, plant and equipment	41,196	51,023
Intangible assets		
Goodwill	624	591
Contract-based intangible assets	5,807	6,727
Other	660	612
Total intangible assets	7,092	7,932
Investments and other assets		
Investment securities	579	421
Shares of subsidiaries and associates	1,019	1,141
Deferred tax assets	2,856	2,626
Other	2,735	3,617
Allowance for doubtful accounts	(57)	(54)
Total investments and other assets	7,133	7,751
Total non-current assets	55,422	66,707
Total assets	94,256	94,089

	As of June 30, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	844	761
Accounts payable for construction contracts	1,356	1,090
Short-term borrowings	12,133	10,100
Current portion of long-term borrowings	3,880	3,888
Lease liabilities	288	281
Income taxes payable	142	863
Contract liabilities	480	570
Provision for bonuses	191	287
Provision for contract loss	265	—
Provision for warranties for completed construction	7	31
Other	1,993	1,133
Total current liabilities	21,584	19,009
Non-current liabilities		
Long-term borrowings	42,870	41,392
Lease liabilities	1,937	2,255
Deferred tax liabilities	764	774
Asset retirement obligations	1,473	1,449
Long-term deposits received	—	483
Provision for contract loss	71	—
Retirement benefit liability	295	330
Other	19	53
Total non-current liabilities	47,432	46,740
Total liabilities	69,017	65,749
<b>Net assets</b>		
Shareholders' equity		
Share capital	17	26
Capital surplus	13,573	13,582
Retained earnings	11,589	14,444
Treasury shares	(0)	(0)
Total shareholders' equity	25,179	28,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	7
Deferred gains or losses on hedges	(73)	(4)
Foreign currency translation adjustment	96	191
Total accumulated other comprehensive income	27	194
Non-controlling interests	32	91
Total net assets	25,239	28,340
Total liabilities and net assets	94,256	94,089



**(2) Consolidated statement of income and consolidated statement of comprehensive income**

(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	34,945	34,415
Cost of sales	26,489	23,803
Gross profit	8,455	10,611
Selling, general and administrative expenses	3,309	3,746
Operating profit	5,146	6,864
Non-operating income		
Interest income	5	3
Dividend income	11	0
Share of profit of entities accounted for using equity method	68	—
Insurance claim income	189	3
Subsidy income	148	523
Insurance return	59	25
Foreign exchange gains	138	91
Gain on investments in silent partnerships	21	93
Other	76	70
Total non-operating income	718	810
Non-operating expenses		
Interest expenses	778	757
Commission expenses	321	792
Loss on tax purpose reduction entry of non-current assets	79	468
Provision of allowance for doubtful accounts	—	0
Share of loss of entities accounted for using equity method	—	27
Other	30	110
Total non-operating expenses	1,210	2,157
Ordinary profit	4,654	5,518
Extraordinary losses		
Loss on valuation of investment securities	343	166
Total extraordinary losses	343	166
Profit before income taxes	4,310	5,351
Income taxes - current	944	1,356
Income taxes - deferred	606	201
Total income taxes	1,550	1,557
Profit	2,759	3,794
Profit attributable to non-controlling interests	64	201
Profit attributable to owners of parent	2,695	3,592

## (Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit	2,759	3,794
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	4
Deferred gains or losses on hedges	122	68
Foreign currency translation adjustment	96	(31)
Share of other comprehensive income of entities accounted for using equity method	25	99
Total other comprehensive income	244	141
Comprehensive income	3,004	3,935
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,961	3,760
Comprehensive income attributable to non-controlling interests	42	175

### (3) Consolidated statement of changes in equity

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1	13,540	9,431	(0)	22,973
Cumulative effects of changes in accounting policies			178		178
Restated balance	1	13,540	9,609	(0)	23,151
Changes during period					
Issuance of new shares	15	15			31
Dividends of surplus			(715)		(715)
Profit attributable to owners of parent			2,695		2,695
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		16		0	16
Net changes in items other than shareholders' equity					
Total changes during period	15	32	1,980	(0)	2,027
Balance at end of period	17	13,573	11,589	(0)	25,179

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3	(195)	(47)	(239)	79	22,813
Cumulative effects of changes in accounting policies						178
Restated balance	3	(195)	(47)	(239)	79	22,992
Changes during period						
Issuance of new shares						31
Dividends of surplus						(715)
Profit attributable to owners of parent						2,695
Purchase of treasury shares						(0)
Disposal of treasury shares						16
Net changes in items other than shareholders' equity	(0)	122	144	266	(46)	219
Total changes during period	(0)	122	144	266	(46)	2,247
Balance at end of period	3	(73)	96	27	32	25,239

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17	13,573	11,589	(0)	25,179
Changes during period					
Issuance of new shares	9	9			18
Dividends of surplus			(737)		(737)
Profit attributable to owners of parent			3,592		3,592
Net changes in items other than shareholders' equity					
Total changes during period	9	9	2,855		2,874
Balance at end of period	26	13,582	14,444	(0)	28,053

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3	(73)	96	27	32	25,239
Changes during period						
Issuance of new shares						18
Dividends of surplus						(737)
Profit attributable to owners of parent						3,592
Net changes in items other than shareholders' equity	4	68	94	167	58	226
Total changes during period	4	68	94	167	58	3,100
Balance at end of period	7	(4)	191	194	91	28,340

#### (4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,310	5,351
Depreciation	2,850	3,127
Loss on tax purpose reduction entry of non-current assets	79	468
Amortization of goodwill	24	32
Increase (decrease) in allowance for doubtful accounts	(19)	(13)
Increase (decrease) in provision for bonuses	(4)	96
Increase (decrease) in provision for contract loss	274	(336)
Increase (decrease) in provision for warranties for completed construction	(19)	23
Increase (decrease) in retirement benefit liability	37	35
Interest and dividend income	(16)	(4)
Interest expenses	778	757
Foreign exchange losses (gains)	(164)	51
Share of loss (profit) of entities accounted for using equity method	(68)	27
Loss (gain) on valuation of investment securities	343	166
Decrease (increase) in trade receivables	13,741	386
Decrease (increase) in contract asset	(3,593)	2,364
Decrease (increase) in inventories	(103)	2,661
Decrease (increase) in advance payments to suppliers	(1,826)	861
Decrease (increase) in advances paid	(111)	267
Increase (decrease) in trade payables	(309)	(1,023)
Increase (decrease) in accrued consumption taxes	1,191	(1,016)
Increase (decrease) in advances received on construction contracts in progress	(480)	–
Increase (decrease) in contract liabilities	478	90
Increase (decrease) in long-term deposits received	–	483
Other, net	207	188
Subtotal	17,602	15,049
Interest and dividends received	16	4
Interest paid	(806)	(756)
Income taxes paid	(2,167)	(1,133)
Income taxes refund	2	664
Net cash provided by (used in) operating activities	14,646	13,827
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,102)	(14,806)
Purchase of intangible assets	(1,277)	(1,120)
Purchase of investment securities	(92)	–
Proceeds from redemption of investment securities	200	–
Proceeds from distributions from investment partnerships	7	78
Purchase of shares of subsidiaries and associates	(833)	(56)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,799)	–
Payments for investments in capital	(314)	(123)
Other, net	(2)	(1)
Net cash provided by (used in) investing activities	(6,215)	(16,029)

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7,127)	(1,173)
Repayments of lease liabilities	(301)	(542)
Proceeds from long-term borrowings	6,842	4,372
Repayments of long-term borrowings	(10,689)	(6,911)
Proceeds from issuance of shares	31	18
Proceeds from sale of treasury shares	16	—
Dividends paid	(715)	(737)
Dividends paid to non-controlling interests	(88)	(117)
Net decrease (increase) in restricted deposits	(364)	(101)
Other, net	(0)	—
Net cash provided by (used in) financing activities	(12,397)	(5,192)
Effect of exchange rate change on cash and cash equivalents	165	50
Net increase (decrease) in cash and cash equivalents	(3,800)	(7,342)
Cash and cash equivalents at beginning of period	22,169	18,369
Cash and cash equivalents at end of period	18,369	11,026

**(5) Notes to consolidated financial statements**

**Uncertainties of entity's ability to continue as going concern**

Not applicable.

**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 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 consolidated financial statements for the fiscal year under review.

## Segment information

### 1. Description of reportable segments

The reportable segments are constituent units of the Company for which separate financial information is available. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of business resources and evaluating the operating results.

The Engineering Segment is engaged in the design, construction management and sales of various environmental protection/energy-saving systems such as solar power generation systems and co-generation systems. The Energy Supply Segment is engaged mainly in the provision, monitoring services and maintenance of energy management systems for environmental protection/energy-saving systems; the generation and wholesale supply of electricity from renewable energy sources; and the procurement and retail supply of power through the PPS (Power Producer and Supplier) business.

### 2. Explanation of measurements of sales, profit (loss), asset, and other items for each reportable segment

The accounting method used for reported business segments complies with accounting policy that has been adopted in preparing the consolidated financial statements.

Profit of each reportable segment is an amount based on operating profit.

Intersegment sales and transfers are based on prevailing market prices.

### 3. Disclosure of sales, profit (loss), asset, and other items for each reportable segment, and information on disaggregation of revenue

Fiscal year ended June 30, 2022

(Millions of yen)

	Reportable segments			Adjustment (Note)	Total
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	918	14,481	15,400	—	15,400
Goods transferred over time	15,906	3,638	19,544	—	19,544
Revenue from contracts with customers	16,825	18,120	34,945	—	34,945
Revenues from external customers	16,825	18,120	34,945	—	34,945
Intersegment sales and transfers	671	—	671	(671)	—
Total	17,496	18,120	35,616	(671)	34,945
Segment profit	2,204	2,584	4,788	357	5,146
Segment assets	8,120	73,299	81,419	12,836	94,256
Other items					
Depreciation	41	3,191	3,233	(383)	2,850
Amortization of goodwill	—	24	24	—	24
Share of profit (loss) of entities accounted for using equity method	—	68	68	—	68
Investments in entities accounted for using equity method	—	1,019	1,019	—	1,019
Increase in property, plant and equipment and intangible assets	1	7,930	7,931	23	7,954

Notes: Details of adjustment are as follows:

- (1) Adjustment for segment profit includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.
- (2) Adjustment for segment assets includes eliminations of intersegment transactions and corporate assets that are not allocated to reportable segments.
- (3) Adjustment for depreciation includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.
- (4) Adjustment for increase in property, plant and equipment and intangible assets includes eliminations of intersegment transactions and corporate assets that are not allocated to reportable segments.



Fiscal year ended June 30, 2023

(Millions of yen)

	Reportable segments			Adjustment (Note)	Total
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	1,262	20,404	21,666	–	21,666
Goods transferred over time	9,160	3,588	12,748	–	12,748
Revenue from contracts with customers	10,422	23,992	34,415	–	34,415
Revenues from external customers	10,422	23,992	34,415	–	34,415
Intersegment sales and transfers	4,766	0	4,767	(4,767)	–
Total	15,189	23,992	39,182	(4,767)	34,415
Segment profit	455	5,843	6,299	564	6,864
Segment assets	7,839	76,341	84,180	9,909	94,089
Other items					
Depreciation	39	3,473	3,512	(385)	3,127
Amortization of goodwill	–	32	32	–	32
Share of profit (loss) of entities accounted for using equity method	–	(27)	(27)	–	(27)
Investments in entities accounted for using equity method	–	1,141	1,141	–	1,141
Increase in property, plant and equipment and intangible assets	13	17,046	17,060	448	17,509

Notes: Details of adjustment are as follows:

- (1) Adjustment for segment profit includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.
- (2) Adjustment for segment assets includes eliminations of intersegment transactions and corporate assets that are not allocated to reportable segments.
- (3) Adjustment for depreciation includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.
- (4) Adjustment for increase in property, plant and equipment and intangible assets includes eliminations of intersegment transactions and corporate assets that are not allocated to reportable segments.

## Per share information

(Yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net assets per share	717.85	802.16
Basic earnings per share	77.19	102.17
Diluted earnings per share	76.19	101.52

Note: The basis of calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	2,695	3,592
Amounts not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	2,695	3,592
Average number of common shares outstanding during the period (Thousand shares)	34,920	35,161
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares (Thousand shares)	458	224
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	—	—

### **Significant events after reporting period**

The Company resolved at the meeting of the Board of Directors held on June 21, 2023 that a “Commitment-type Rights Offering Portion (the Company’s third stock acquisition rights, hereinafter, referred to as “these stock acquisition rights,” issued by this finance, hereinafter, referred to as “this finance”), and issued these stock acquisition rights on July 3, 2023, on which date these rights started being exercised.

An overview of these stock acquisition rights is as follows.

- (i) Total number of stock acquisition rights: 35,216,030
- (ii) Class of shares underlying the stock acquisition rights: common stock
- (iii) Number of dilutive common stocks by issuing the stock acquisition rights: 35,216,030
- (iv) Exercise price for the stock acquisition rights: 400 yen per stock (subscription price of 382 yen)
- (v) Exercise period of the stock acquisition rights:
  - (1) Period during which the stock acquisition rights holders other than the underwriter (limited to the exercising of rights in accordance with commitment agreement) may exercise their stock acquisition rights (the general investors exercise period)  
July 3, 2023 to August 24, 2023
  - (2) Period during which the underwriter may exercise their rights in accordance with commitment agreement (the underwriter exercise period)  
August 29, 2023 to August 30, 2023
- (vi) Amount of issue price to be incorporated into capital: one-half of the subscription price