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November 14, 2023

## Consolidated Financial Results for the Three Months Ended September 30, 2023 (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, 2023  
 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, 2023 (from July 1, 2023 to September 30, 2023)

#### (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, 2023	6,221	(25.3)	714	(53.2)	498	(65.7)	283	(68.7)
September 30, 2022	8,323	(18.4)	1,527	(52.5)	1,453	(51.1)	905	(52.6)

Note: Comprehensive income For the three months ended September 30, 2023: ¥573 million [(39.8)%]  
 For the three months ended September 30, 2022: ¥953 million [(50.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2023	4.02	4.01
September 30, 2022	12.88	12.83

Note: On June 30, 2023, the Company conducted an allotment of share acquisition rights to shareholders based on a partial commitment-type rights offering, and issued new shares upon the exercise of share acquisition rights. Basic earnings per share and diluted earnings per share were calculated as though the amounts based on the rights offering were paid in at the beginning of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	106,935	41,306	38.5
June 30, 2023	94,089	28,340	30.0

Reference: Equity  
 As of September 30, 2023: ¥41,187 million  
 As of June 30, 2023: ¥28,248 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, 2023	—	0.00	—	26.00	26.00
Fiscal year ending June 30, 2024	—				
Fiscal year ending June 30, 2024 (Forecast)		0.00	—	16.00	16.00

- Notes:
1. Revisions to the cash dividends forecasts most recently announced: None
  2. On June 30, 2023, the Company conducted an allotment of share acquisition rights to shareholders based on a partial commitment-type rights offering, and issued new shares upon the exercise of share acquisition rights. For the dividends for the fiscal year ended June 30, 2023, the actual dividend amounts before the issuance of new shares are shown.

## 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: 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: None

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

- (iii) Changes in accounting estimates: None

- (iv) Restatement: None

- (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, 2023	70,606,130 shares
As of June 30, 2023	70,562,130 shares

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

As of September 30, 2023	130,070 shares
As of June 30, 2023	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, 2023	70,453,158 shares
Three months ended September 30, 2022	70,330,060 shares

Note: On June 30, 2023, the Company conducted an allotment of share acquisition rights to shareholders based on a partial commitment-type rights offering, and issued new shares upon the exercise of share acquisition rights. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period were calculated as though the amounts based on the rights offering were paid in at the beginning of the previous fiscal year.

- \* 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, 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 conclusion 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%–38% of Japan's power source mix by 2030 (from 20% in FY2021). 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 a result of the above, for the three months ended September 30, 2023, net sales were ¥6,221 million (down 25.3% year on year), operating profit was ¥714 million (down 53.2% year on year), ordinary profit was ¥498 million (down 65.7% year on year), and profit attributable to owners of parent was ¥283 million (down 68.7% 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	173	3,760	3,934	—	3,934
Goods transferred over time	1,362	924	2,286	—	2,286
Revenue from contracts with customers	1,535	4,685	6,221	—	6,221
Revenues from external customers	1,535	4,685	6,221	—	6,221
Intersegment sales and transfers	1,793	—	1,793	(1,793)	—
Total	3,329	4,685	8,014	(1,793)	6,221
Segment profit (loss)	(163)	715	551	162	714

- Notes: 1. Adjustment for segment profit (loss) includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.
2. Segment profit (loss) 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 our consolidated subsidiaries Kumamoto Nishiki Green Power LLC at Nishiki-machi 2 MW Woody 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<sup>\*5</sup> and FIP certification<sup>\*6</sup> obtained by customers using part of renewable energy facilities.

During the three months ended September 30, 2023, the Company proposed 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. Consequently, sales were recorded in accordance with the revenue-recognition method over a certain period of time for EPC projects for co-generation systems<sup>\*7</sup>, EPC projects for fuel conversion facilities<sup>\*8</sup>, EPC projects for utility facilities<sup>\*9</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 six EPC projects related to solar power generation systems for industrial applications (with a combined generation capacity of approximately 10.2 MW), was completed in the three months ended September 30, 2023.

Development type

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

There were no development type sales recognized in the three months ended September 30, 2023.

As a result of the above, the Engineering Segment recorded net sales of ¥3,329 million (up 4.3% year on year) and segment loss of ¥163 million (segment profit of ¥262 million in the three months ended September 30, 2022).

(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's consolidated subsidiaries owned 85 renewable energy power plants in Japan with a combined generation capacity of approximately 213.5 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 three months ended September 30, 2023, the Company recorded income from sales of electricity generated by the Group's renewable energy power plants in operation (excluding those owned by companies other than the Company's consolidated subsidiaries), irrespective of whether or not they utilize the FIT scheme<sup>\*12</sup> for renewable energy.

In the three months ended September 30, 2023, Kumamoto Nishiki Green Power LLC, a consolidated subsidiary of the Company, started operation of Nishiki-machi 2MW Woody Biomass Power Plant (Nishiki-machi, Kuma-gun, Kumamoto Prefecture, generation capacity of approximately 2.0 MW), as a power plant utilizing the FIT scheme. The development of, and EPC for, this power plant were carried out by the Group. Meanwhile, there were no newly acquired power plants in operation (secondary projects).

<Renewable energy power plants utilizing the FIT scheme, which started operation during the three months under review>

Name of power plant	Name of operator	Capacity (MW) (Note 1)	Type of power generation	Feed-in tariff (per kWh) (Yen)	Date on which generation commenced
Nishiki-machi 2 MW Woody Biomass Power Plant	Kumamoto Nishiki Green Power LLC	2.0	Woody biomass power generation	(Note 2)	September 2023

Notes: 1 Capacities above are shown in the installed capacity on a generating-end output basis.  
 2. Feed-in tariffs are 40 yen/kWh in the case of unused wood, 24 yen/kWh in the case of general wood, and 13 yen/kWh in the case of construction material waste.

In terms of projects that do not make use of the FIT scheme, 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, 2023, 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, 2023, sales price of electricity to the wholesale electricity market in electricity retailing remained at a higher level than the Group had expected. Consequently, sales in electricity retailing progressed steadily compared to the sales plan of the Group.

In ERAB<sup>\*13</sup> services, 19 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>\*14</sup> and an aggregation coordinator<sup>\*15</sup>.

#### Others

Sales of fuel supplied to customers operating co-generation systems were strong. Additionally, sales of PKS<sup>\*16</sup> fuel to biomass power generation plants in Japan during the three months under review came to ¥610 million.

As a result of the above, net sales for the Energy Supply Segment were ¥4,685 million (down 10.4% year on year), and segment profit came to ¥715 million (down 39.6% 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, among 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 means the certification of renewable energy power generation business plans granted by the Minister of Economy, Trade and Industry, as set forth in the Act on Special Measures Concerning Promotion of Utilization of Electricity from Renewable Energy Sources.
- \*6 FIP certification:  
A system where the amount equivalent to difference between the standard price (FIP price) and market price shall be paid as a premium in the case that electricity produced by renewable energy electricity utilities is sold on the wholesale electricity market or in direct dealings.
- \*7 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 Combined heat & power (CHP).
- \*8 Fuel conversion facilities:  
Facilities to convert fuel used for heat sources in a factory from oil to natural gas.
- \*9 Utility facilities:  
Facilities that provide the electricity, steam, water, compressed air, fuel, and so forth required for the operation of a factory's production facilities.
- \*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 of the consolidated fiscal year ended June 30, 2023. 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 of the consolidated fiscal year ended June 30, 2023, 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 first quarter under review, the Group's consolidated subsidiaries and equity-method affiliates owned 86 renewable energy power plants in Japan with a combined generation capacity of approximately 219.3 MW, of which 16 were of the on-site PPA model, with generation capacity of approximately 18.5 MW.
- \*12 Feed-in Tariff scheme (FIT scheme):  
A system, based on the Act on Special Measures Concerning Promotion of Utilization of Electricity from Renewable Energy Sources, 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.
- \*13 Energy resource aggregation business (ERAB):  
The use of DR<sup>\*17</sup> and VPP<sup>\*18</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>\*19</sup>, reducing electricity charges, avoiding output suppression, etc.
- \*14 Resource aggregator:  
An operator that enters into an agreement with customers for the adjustment of supply and demand and regulates energy resources.
- \*15 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.
- \*16 PKS :  
An abbreviation for Palm Kernel Shell, referring to the shells of the palm tree that remain after palm oil has been extracted.



- \*17 Demand response (DR):  
Refers to changes in electric power demand patterns made by the owners of customer-side energy resources\*20, or third parties, through the regulation of those energy resources.
- \*18 Virtual power plant (VPP):  
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.
- \*19 Imbalance:  
The difference between the demand and procurement plan for the retail provision of electricity formulated by the electricity retailer and the actual figures.
- \*20 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 ¥38,727 million, an increase of ¥11,345 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in cash and deposits of ¥11,017 million.

### Non-current assets

Total non-current assets as of the end of the first quarter under review amounted to ¥68,208 million, an increase of ¥1,500 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in machinery, equipment and vehicles of ¥3,063 million and a decrease in construction in progress of ¥2,209 million.

### Current liabilities

Total current liabilities as of the end of the first quarter under review amounted to ¥18,151 million, a decrease of ¥858 million compared with the end of the previous fiscal year. The principal contributory factors were a decrease in short-term borrowings of ¥650 million, a decrease in accounts payable for construction contracts of ¥439 million, and an increase in notes and accounts payable - trade of ¥268 million.

### Non-current liabilities

Total non-current liabilities as of the end of the first quarter under review amounted to ¥47,477 million, an increase of ¥737 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in long-term borrowings of ¥671 million.

### Net assets

Net assets as of the end of the first quarter under review amounted to ¥41,306 million, an increase of ¥12,966 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in share capital of ¥6,730 million and an increase in capital surplus of ¥6,730 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, 2023," released on August 14, 2023.

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 various reasons.

## 2. Quarterly consolidated financial statements

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of June 30, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	15,359	26,376
Notes receivable - trade	423	142
Accounts receivable - trade	1,829	1,972
Accounts receivable from completed construction contracts	173	285
Contract assets	1,228	1,280
Merchandise and finished goods	237	279
Work in process	56	77
Costs on construction contracts in progress	113	163
Costs on real estate business	1,628	1,674
Raw materials and supplies	155	125
Advance payments to suppliers	4,067	4,066
Other	2,114	2,291
Allowance for doubtful accounts	(6)	(7)
Total current assets	27,381	38,727
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,578	3,710
Accumulated depreciation	(977)	(1,025)
Accumulated impairment	(98)	(106)
Buildings and structures, net	2,503	2,578
Machinery, equipment and vehicles	39,383	43,037
Accumulated depreciation	(10,566)	(11,156)
Accumulated impairment	(14)	(15)
Machinery, equipment and vehicles, net	28,802	31,866
Tools, furniture and fixtures	265	264
Accumulated depreciation	(189)	(188)
Tools, furniture and fixtures, net	76	76
Land	4,749	4,749
Leased assets	2,275	2,284
Accumulated depreciation	(1,392)	(1,437)
Accumulated impairment	(34)	(36)
Leased assets, net	848	810
Construction in progress	14,044	11,835
Total property, plant and equipment	51,023	51,914
Intangible assets		
Goodwill	591	583
Contract-based intangible assets	6,727	6,677
Other	612	612
Total intangible assets	7,932	7,873
Investments and other assets		
Investment securities	421	378
Shares of subsidiaries and associates	1,141	1,143
Investments in capital of subsidiaries and associates	19	1,158
Deferred tax assets	2,626	2,440
Derivatives	—	99
Other	3,597	3,199
Allowance for doubtful accounts	(54)	(0)
Total investments and other assets	7,751	8,419
Total non-current assets	66,707	68,208
Total assets	94,089	106,935

(Millions of yen)

	As of June 30, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	761	1,030
Accounts payable for construction contracts	1,090	650
Short-term borrowings	10,100	9,450
Current portion of long-term borrowings	3,888	3,743
Lease liabilities	281	264
Income taxes payable	863	632
Contract liabilities	570	723
Provision for bonuses	287	130
Provision for warranties for completed construction	31	13
Other	1,133	1,512
Total current liabilities	19,009	18,151
Non-current liabilities		
Long-term borrowings	41,392	42,063
Lease liabilities	2,255	2,196
Deferred tax liabilities	774	757
Asset retirement obligations	1,449	1,590
Long-term deposits received	483	483
Retirement benefit liability	330	337
Other	53	48
Total non-current liabilities	46,740	47,477
Total liabilities	65,749	65,628
<b>Net assets</b>		
Shareholders' equity		
Share capital	26	6,756
Capital surplus	13,582	20,312
Retained earnings	14,444	13,674
Treasury shares	(0)	(0)
Total shareholders' equity	28,053	40,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	—
Deferred gains or losses on hedges	(4)	4
Foreign currency translation adjustment	191	439
Total accumulated other comprehensive income	194	443
Non-controlling interests	91	119
Total net assets	28,340	41,306
Total liabilities and net assets	94,089	106,935

**(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, 2023)

(Millions of yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Net sales	8,323	6,221
Cost of sales	5,856	4,487
Gross profit	2,466	1,733
Selling, general and administrative expenses	938	1,018
Operating profit	1,527	714
Non-operating income		
Interest income	1	1
Dividend income	0	10
Gain on sale of securities	–	0
Rental income	3	21
Share of profit of entities accounted for using equity method	0	27
Gain on valuation of derivatives	–	99
Foreign exchange gains	96	18
Surrender value of insurance policies	9	0
Subsidy income	39	7
Other	0	7
Total non-operating income	152	195
Non-operating expenses		
Interest expenses	186	178
Loss on tax purpose reduction entry of non-current assets	23	–
Share acquisition rights issuance costs	–	129
Commission expenses	15	12
Other	1	92
Total non-operating expenses	226	412
Ordinary profit	1,453	498
Profit before income taxes	1,453	498
Income taxes	481	157
Profit	971	340
Profit attributable to non-controlling interests	65	56
Profit attributable to owners of parent	905	283

(Quarterly consolidated statement of comprehensive income)  
(For the three months ended September 30, 2023)

(Millions of yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Profit	971	340
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(7)
Deferred gains or losses on hedges	37	8
Foreign currency translation adjustment	(33)	234
Share of other comprehensive income of entities accounted for using equity method	(21)	(2)
Total other comprehensive income	(18)	233
Comprehensive income	953	573
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	913	531
Comprehensive income attributable to non-controlling interests	40	41

### (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

In the three months ended September 30, 2023, share capital increased by ¥6,730 million and capital surplus increased by ¥6,730 million due mainly to the implementation of a partial commitment-type rights offering. Consequently, share capital and capital surplus were ¥6,756 million and ¥20,312 million, respectively, at the end of the first quarter under review.

#### 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.

#### Segment information, etc.

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

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

	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 (loss)	262	1,183	1,446	81	1,527

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

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

II Three months ended September 30, 2023 (from July 1, 2023 to September 30, 2023)

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	173	3,760	3,934	—	3,934
Goods transferred over time	1,362	924	2,286	—	2,286
Revenue from contracts with customers	1,535	4,685	6,221	—	6,221
Revenues from external customers	1,535	4,685	6,221	—	6,221
Intersegment sales and transfers	1,793	—	1,793	(1,793)	—
Total	3,329	4,685	8,014	(1,793)	6,221
Segment profit (loss)	(163)	715	551	162	714

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

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