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Consolidated Financial Report [Japanese GAAP] for the Nine Months Ended December 31, 2023

January 29, 2024

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 Scheduled date to file quarterly securities report: February 13, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results : Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions.)

1. Consolidated financial results for the nine months ended December 31, 2023

(From April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	315,067	25.4	23,225	48.8	26,271	43.9	17,050	14.9
Nine months ended December 31, 2022	251,255	4.1	15,612	(6.5)	18,257	(5.7)	14,844	7.8

(Note) Comprehensive income Nine months ended December 31, 2023: ¥20,679 million (22.4%)
 Nine months ended December 31, 2022: ¥16,895 million (40.6%)

	Profit per share		Diluted profit per share	
	Yen	Yen	Yen	Yen
Nine months ended December 31, 2023	240.87	—	—	—
Nine months ended December 31, 2022	209.53	—	—	—

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%
As of December 31, 2023	467,450	275,042	275,042	275,042	58.4	58.4
As of March 31, 2023	446,410	263,017	263,017	263,017	58.4	58.4

(Reference) Equity As of December 31, 2023: ¥272,812 million
 As of March 31, 2023: ¥260,841 million

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Year ended March 31 2023	—	50.00	—	60.00	110.00
Year ending March 31 2024	—	55.00	—	—	—
Year ending March 31 2024 (Forecast)	—	—	—	55.00	110.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results of operations for the fiscal year ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

(Percentages indicate change from corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Full year	460,000	16.2	35,500	10.7	38,000	7.2	26,500	0.6	374.43	374.43

(Note) Revisions to the most recently announced consolidated earnings forecast: None

***Notes**

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

(Changes in specified subsidiaries resulting in the change in scope of consolidation)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, see "Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements" on p.7 of the attached materials.

(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 stock)

(i) Total number of issued shares at the end of the period (including treasury stock)	Nine months ended December 31, 2023	70,864,961 shares	Year ended March 31, 2023	70,864,961 shares
(ii) Number of treasury stock at the end of the period	Nine months ended December 31, 2023	136,112 shares	Year ended March 31, 2023	19,743 shares
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Nine months ended December 31, 2023	70,787,075 shares	Nine months ended December 31, 2022	70,845,465 shares

(Note) Treasury stock figures include company shares remaining in the trust that administers the stock compensation plan for officers (as of December 31, 2023, 116,000 shares).

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

* Proper use of consolidated earnings forecasts and other special matters

Forward-looking statements such as the earnings outlook included in these materials are based on information available to the company at the time of their compilation and on certain assumptions that have been determined to be reasonable. They do not constitute any commitment on the part of the company to achieve specific results. In addition, actual performance and other results may diverge significantly from forecasts for a variety of reasons. For precautionary information about the conditions that comprise the assumptions underlying earnings forecasts and about the use of earnings forecasts, see "Explanation of consolidated earnings forecasts and other forward-looking information" on p.2 of the attached materials.

Attached materials — Contents

1. Qualitative information related to this quarterly financial report	2
(1) Explanation of operating results	2
(2) Explanation of financial position	2
(3) Explanation of consolidated earnings forecasts and other forward-looking information	2
2. Quarterly consolidated financial statements and principal notes	3
(1) Quarterly consolidated balance sheet	3
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income ...	5
(3) Notes on the quarterly consolidated financial statements.....	7
(Notes on the premise of a going concern).....	7
(Notes on noteworthy changes in shareholders' equity)	7
(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)	7
3. Reference	8
Overview of non-consolidated results.....	8
4. Supplemental information	9
(1) Breakdown of consolidated results by business segment and customer.....	9
(2) Breakdown of non-consolidated results by business segment and customer.....	10

1. Qualitative information related to this quarterly financial report

(1) Explanation of operating results

Order volume during the nine months ended December 31, 2023, fell 6.3% from the corresponding period of the previous fiscal year to ¥339,433 million thanks to steady efforts to secure orders for targeted projects while paying attention to construction capabilities. Although order volume declined from the corresponding period of the previous fiscal year, we are planning for annual order volume on par with last fiscal year against the backdrop of a robust order environment.

Net sales rose 25.4% from the corresponding period of the previous fiscal year to ¥315,067 million on growth in both Kyushu and the Tokyo metropolitan region thanks to the large amount of construction-on-hand.

Operating income rose 48.8% from the corresponding period of the previous fiscal year to ¥23,225 million on growth in net sales reflecting progress on large projects. Ordinary income rose 43.9% from the corresponding period of the previous fiscal year to ¥26,271 million due to factors including posting of non-operating income from an extraordinary dividend from some non-listed shares held by the company.

Quarterly profit attributable to owners of parent rose 14.9% from the corresponding period of the previous fiscal year to ¥17,050 million as factors including increased profit from revenue growth offset a significant decline in gain on sales of investment securities.

With regard to the Ukujima solar project, we are managing construction progress in an appropriate manner and working earnestly to secure the understanding of stakeholders, including the fishery cooperative, while seeking feedback and guidance from local government and other stakeholders, with a focus on operating entity UKUJIMA MIRAI ENERGY LLC.

(2) Explanation of financial position

Total assets rose ¥21,039 million (4.7%) from the end of the previous consolidated fiscal year to ¥467,450 million due to factors including an increase in cash and deposits.

Total liabilities rose ¥9,014 million (4.9%) from the end of the previous consolidated fiscal year to ¥192,408 million due to factors including an increase in advances received on uncompleted construction contracts.

Total net assets rose ¥12,024 million (4.6%) from the end of the previous consolidated fiscal year to ¥275,042 million thanks to factors including the posting of quarterly profit attributable to owners of parent and an increase in the valuation difference on available-for-sale securities offset payments of dividends.

(3) Explanation of consolidated earnings forecasts and other forward-looking information

There has been no change to the earnings forecast announced along with year-end financial results on April 28, 2023.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	Previous fiscal year As of March 31, 2023	Current 3rd Quarter As of December 31, 2023
Assets		
Current assets		
Cash and deposits	67,534	93,400
Notes receivable, accounts receivable from completed construction contracts and other	148,902	128,317
Costs of uncompleted construction contracts	7,428	19,043
Merchandise	1,203	1,287
Raw materials and supplies	31,364	33,887
Other	21,790	19,814
Allowance for doubtful accounts	(3)	(1)
Total current assets	278,220	295,749
Fixed assets		
Property and equipment		
Buildings and structures, net	34,222	32,830
Land	29,914	30,283
Other, net	17,608	16,607
Total property and equipment	81,745	79,721
Intangible assets		
Goodwill	821	574
Customer related assets	1,518	1,353
Other	1,938	2,547
Total intangible assets	4,278	4,475
Investments and other assets		
Investment securities	64,494	69,561
Long-term loans receivable	89	22
Retirement benefit asset	10,445	11,271
Deferred tax assets	2,468	1,497
Other	5,652	6,048
Allowance for doubtful accounts	(985)	(898)
Total investments and other assets	82,166	87,503
Total fixed assets	168,189	171,700
Total assets	446,410	467,450

(Millions of yen)

	Previous fiscal year As of March 31, 2023	Current 3rd Quarter As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	69,832	53,132
Electronically recorded obligations	28,762	45,048
Short-term borrowings	2,461	28,947
Income taxes payable	5,984	3,641
Advances received on uncompleted construction contracts	26,550	33,140
Provision for bonuses	-	5,030
Provision for loss on construction contracts	21	261
Other	8,077	8,491
Total current liabilities	141,691	177,693
Long-term liabilities		
Long-term borrowings	30,604	3,275
Lease obligations	3,341	3,409
Provision for retirement benefits for directors (and other officers)	327	297
Retirement benefit liability	3,980	3,999
Provision for share-based payments	-	65
Other	3,448	3,667
Total long-term liabilities	41,702	14,714
Total liabilities	183,393	192,408
Net assets		
Shareholders' equity		
Share capital	12,561	12,561
Capital surplus	13,046	13,064
Retained earnings	233,918	242,857
Treasury stock, at cost	(10)	(492)
Total shareholders' equity	259,516	267,992
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,428	5,267
Deferred gains or losses on hedges	(16)	41
Foreign currency translation adjustment	688	949
Retirement benefit liability adjustments	(1,774)	(1,438)
Total accumulated other comprehensive income	1,325	4,820
Non-controlling interests	2,175	2,229
Total net assets	263,017	275,042
Total liabilities and net assets	446,410	467,450

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

Quarterly consolidated statement of income

Third quarterly consolidated cumulative accounting period

(Millions of yen)

	Previous 3rd Quarter (From April 1, 2022 to December 31, 2022)	Current 3rd Quarter (From April 1, 2023 to December 31, 2023)
Net sales		
Construction contracts	240,090	303,972
Other	11,164	11,095
Total net sales	251,255	315,067
Cost of sales		
Construction contracts	208,434	264,354
Other	7,802	7,849
Total cost of sales	216,237	272,203
Gross profit		
Construction contracts	31,656	39,618
Other	3,362	3,246
Total gross profit	35,018	42,864
Selling, general and administrative expenses	19,406	19,639
Operating income	15,612	23,225
Non-operating income		
Interest income	37	99
Dividend income	689	1,403
Share of profit of entities accounted for using equity method	631	134
Gain on investments in partnerships	937	984
Rent income	245	228
Other	621	611
Total non-operating income	3,161	3,462
Non-operating expenses		
Interest expenses	299	336
Extra retirement payments	30	55
Transfer of allowance for doubtful accounts for affiliates	17	-
Settlement payments	87	-
Other	81	24
Total non-operating expenses	516	416
Ordinary income	18,257	26,271
Extraordinary income		
Gain on sales of fixed assets	177	36
Gain on sales of investment securities	4,247	177
Total extraordinary income	4,424	213
Extraordinary losses		
Impairment losses	-	258
Loss on disposal and sales of fixed assets	221	335
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	52	142
Loss on liquidation of a subsidiary	74	-
Total extraordinary losses	349	736
Profit before income taxes	22,333	25,748
Income taxes	7,504	8,605
Profit	14,829	17,143
Profit (loss) attributable to non-controlling interests	(15)	92
Profit attributable to owners of parent	14,844	17,050

Quarterly consolidated statement of comprehensive income
 Third quarterly consolidated cumulative accounting period

(Millions of yen)

	Previous 3rd Quarter (From April 1, 2022 to December 31, 2022)	Current 3rd Quarter (From April 1, 2023 to December 31, 2023)
Profit	14,829	17,143
Other comprehensive income		
Valuation difference on available-for-sale securities	627	2,819
Foreign currency translation adjustment	733	302
Retirement benefit liability adjustments	364	336
Share of other comprehensive income of entities accounted for using equity method	340	77
Total other comprehensive income	2,066	3,535
Comprehensive income	16,895	20,679
(of which)		
Comprehensive income attributable to owners of parent	16,845	20,545
Comprehensive income attributable to non-controlling interests	49	134

(3) Notes on the quarterly consolidated financial statements

(Notes on the premise of a going concern)

None

(Notes on noteworthy changes in shareholders' equity)

None

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

Calculation of tax expenses

Tax expenses have been calculated by making a reasonable estimate of the effective tax rate after the application of tax effect accounting to pre-tax income for the consolidated fiscal year that includes the third consolidated quarterly accounting period and then applying the effective tax rate used in that estimate to the pre-tax quarterly income.

3. Reference

Overview of non-consolidated results

(Yen amounts are rounded down to millions.)

Non-consolidated financial results for the nine months ended December 31, 2023

(From April 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	274,824	29.5	18,672	49.7	21,896	48.6	14,359	9.6
Nine months ended December 31, 2022	212,288	1.1	12,469	(5.9)	14,737	(3.8)	13,096	18.4

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended December 31, 2023	202.80	—
Nine months ended December 31, 2022	184.82	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	419,912	222,963	53.1
As of March 31, 2023	395,807	214,457	54.2

(Note) This overview of non-consolidated operating results is provided for reference purposes only and as such does not fall within the scope of review of legally mandated disclosures.

4. Supplemental information

(1) Breakdown of consolidated results by business segment and customer

(i) Net sales

Accounting period	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Power distribution line work	32,337	12.9	34,188	10.9	1,850	5.7
Electrical work	120,859	48.1	162,972	51.7	42,112	34.8
HVAC and sanitary facility work	86,893	34.6	106,812	33.9	19,918	22.9
Total, facilities construction business	240,090	95.6	303,972	96.5	63,881	26.6
Other businesses	11,164	4.4	11,095	3.5	(69)	(0.6)
Total	251,255	100	315,067	100	63,812	25.4

(ii) Construction orders

Accounting period	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Power distribution line work	33,069	9.1	35,634	10.5	2,564	7.8
Electrical work	195,761	54.0	174,301	51.3	(21,459)	(11.0)
HVAC and sanitary facility work	133,521	36.9	129,497	38.2	(4,023)	(3.0)
Total	362,352	100	339,433	100	(22,918)	(6.3)

(iii) Construction contract balance at end of period

Accounting period	As of December 31, 2022		As of December 31, 2023		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Power distribution line work	1,979	0.4	4,475	0.9	2,495	126.1
Electrical work	359,910	67.9	334,340	66.4	(25,570)	(7.1)
HVAC and sanitary facility work	168,020	31.7	164,446	32.7	(3,573)	(2.1)
Total	529,910	100	503,262	100	(26,648)	(5.0)

(iv) Construction sales by customer

Accounting period	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	32,273	13.4	34,533	11.4	2,259	7.0
General customers	207,817	86.6	269,439	88.6	61,622	29.7
Total	240,090	100	303,972	100	63,881	26.6

(v) Construction orders by customer

Accounting period	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	33,031	9.1	37,009	10.9	3,978	12.0
General customers	329,321	90.9	302,423	89.1	(26,897)	(8.2)
Total	362,352	100	339,433	100	(22,918)	(6.3)

(vi) Full-year sales and construction order volume forecast for the fiscal year ending March 2024

Business segment	Sales (millions of yen)	Construction order volume (millions of yen)
Power distribution line work	49,000	49,000
Electrical work	250,000	244,000
HVAC and sanitary facility work	147,000	148,000
Total, facilities construction business	446,000	441,000
Other businesses	14,000	
Total	460,000	

*Kyushu Electric Power Group: Kyushu Electric Power Co., Inc., Kyushu Electric Power Transmission and Distribution Co., Inc., and Kyuden T&D Service Co., Inc.

(2) Breakdown of non-consolidated results by business segment and customer

(i) Net sales

Accounting period Business segment	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Power distribution line work	30,914	14.6	32,773	11.9	1,858	6.0
Electrical work	108,252	51.0	151,467	55.1	43,214	39.9
HVAC and sanitary facility work	69,420	32.7	86,905	31.6	17,484	25.2
Sub total	208,587	98.3	271,146	98.6	62,558	30.0
Other businesses	3,700	1.7	3,678	1.4	(22)	(0.6)
Total	212,288	100	274,824	100	62,536	29.5

(ii) Construction orders

Accounting period Business segment	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Power distribution line work	31,505	10.1	33,808	11.4	2,302	7.3
Electrical work	177,342	56.7	158,729	53.4	(18,613)	(10.5)
HVAC and sanitary facility work	103,591	33.2	104,450	35.2	858	0.8
Total	312,440	100	296,988	100	(15,452)	(4.9)

(iii) Construction contract balance at end of period

Accounting period Business segment	As of December 31, 2022		As of December 31, 2023		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Power distribution line work	1,051	0.2	3,363	0.7	2,311	219.8
Electrical work	344,614	71.5	317,511	69.8	(27,103)	(7.9)
HVAC and sanitary facility work	136,520	28.3	134,254	29.5	(2,265)	(1.7)
Total	482,187	100	455,129	100	(27,057)	(5.6)

(iv) Construction sales by customer

Accounting period Customer	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	31,254	15.0	33,476	12.3	2,222	7.1
General customers	177,333	85.0	237,669	87.7	60,336	34.0
Total	208,587	100	271,146	100	62,558	30.0

(v) Construction orders by customer

Accounting period Customer	Nine months ended December 31, 2022 (April 2022 to December 2022)		Nine months ended December 31, 2023 (April 2023 to December 2023)		Increase (Decrease)	
	Amount (millions of yen)	As percent of total	Amount (millions of yen)	As percent of total	Amount (millions of yen)	Rate (%)
Kyushu Electric Power Group*	31,908	10.2	35,618	12.0	3,709	11.6
General customers	280,531	89.8	261,369	88.0	(19,161)	(6.8)
Total	312,440	100	296,988	100	(15,452)	(4.9)

*Kyushu Electric Power Group: Kyushu Electric Power Co., Inc., Kyushu Electric Power Transmission and Distribution Co., Inc., and Kyuden T&D Service Co., Inc.