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February 14, 2024

## Consolidated Financial Results for the Six Months Ended December 31, 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: February 14, 2024  
 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 six months ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
December 31, 2023	15,068	(9.3)	1,765	(39.6)	1,458	(41.7)	865	(44.5)
December 31, 2022	16,610	(9.3)	2,923	(30.1)	2,501	(34.1)	1,560	(35.5)

Note: Comprehensive income For the six months ended December 31, 2023: ¥1,165 million [(33.5)%]  
 For the six months ended December 31, 2022: ¥1,752 million [(30.6)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2023	12.29	12.27
December 31, 2022	22.18	22.10

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	%
December 31, 2023	110,027	41,939	38.0
June 30, 2023	94,089	28,340	30.0

Reference: Equity  
 As of December 31, 2023: ¥41,796 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	–	0.00			
Fiscal year ending June 30, 2024 (Forecast)			–	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 (4) Notes to quarterly consolidated financial statements (Application of specific accounting for preparing quarterly consolidated financial statements)” on page 14 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 December 31, 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 December 31, 2023	130,154 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)

Six months ended December 31, 2023	70,464,582 shares
Six months ended December 31, 2022	70,339,625 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 7 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 six months ended December 31, 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 six months ended December 31, 2023, net sales were ¥15,068 million (down 9.3% year on year), operating profit was ¥1,765 million (down 39.6% year on year), ordinary profit was ¥1,458 million (down 41.7% year on year), and profit attributable to owners of parent was ¥865 million (down 44.5% 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	414	7,624	8,038	–	8,038
Goods transferred over time	5,217	1,812	7,030	–	7,030
Revenue from contracts with customers	5,632	9,436	15,068	–	15,068
Revenues from external customers	5,632	9,436	15,068	–	15,068
Intersegment sales and transfers	2,312	–	2,312	(2,312)	–
Total	7,945	9,436	17,381	(2,312)	15,068
Segment profit (loss)	(75)	1,623	1,547	217	1,765

- 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 six months ended December 31, 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 nine EPC projects related to solar power generation systems for industrial applications (with a combined generation capacity of approximately 11.9 MW) and one EPC project for utility facilities, was completed in the six months ended December 31, 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.

During the six months ended December 31, 2023, we recorded sales for construction related to maintenance after the commencement of operation of the Fukuoka Miyako Mega Solar Plant where the Group engaged in EPC as a development project.

As a result of the above, the Engineering Segment recorded net sales of ¥7,945 million (up 8.3% year on year) and segment loss of ¥75 million (segment profit of ¥514 million in the six months ended December 31, 2022).

(ii) Energy Supply Segment

Renewable energy power plant ownership, operation and electricity sales

As of the end of the second quarter under review, the Group's consolidated subsidiaries owned 82 renewable energy power plants in Japan with a combined generation capacity of approximately 213.4 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 six months ended December 31, 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 six months ended December 31, 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 six 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 six months ended December 31, 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 six months ended December 31, 2023, net sales decreased slightly due to supply volume decreasing compared to the Group's plan.

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 six months under review came to ¥1,013 million.

As a result of the above, net sales for the Energy Supply Segment were ¥9,436 million (down 7.3% year on year), and segment profit came to ¥1,623 million (down 27.1% 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 second quarter under review, the Group's consolidated subsidiaries and equity-method affiliates owned 83 renewable energy power plants in Japan with a combined generation capacity of approximately 219.2 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

### (i) Financial position

#### Current assets

Total current assets as of the end of the second quarter under review amounted to ¥41,767 million, an increase of ¥14,385 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in cash and deposits of ¥11,429 million.

#### Non-current assets

Total non-current assets as of the end of the second quarter under review amounted to ¥68,260 million, an increase of ¥1,552 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in machinery, equipment and vehicles of ¥2,049 million, an increase in investments in capital of subsidiaries and associates of ¥1,138 and a decrease in construction in progress of ¥1,499 million.

#### Current liabilities

Total current liabilities as of the end of the second quarter under review amounted to ¥21,471 million, an increase of ¥2,462 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in accounts payable for construction contracts of ¥924 million, an increase in short-term borrowings of ¥1,350 million and an increase in contract liabilities of ¥860 million.

#### Non-current liabilities

Total non-current liabilities as of the end of the second quarter under review amounted to ¥46,616 million, a decrease of ¥123 million compared with the end of the previous fiscal year. The principal contributory factor was a decrease in long-term borrowings of ¥232 million.

#### Net assets

Net assets as of the end of the second quarter under review amounted to ¥41,939 million, an increase of ¥13,599 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.

(ii) Overview of cash flows

Cash and cash equivalents (hereinafter “cash”) as of December 31, 2023 was ¥22,440 million, an increase of ¥11,414 million (103.5%) from the end of the previous fiscal year.

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

Cash flows from operating activities

Net cash provided by operating activities totaled ¥1,324 million (compared to ¥4,259 million provided in the same period of the previous fiscal year) in the six months under review. The principal factors contributing to cash inflow were profit before income taxes of ¥1,458 million and depreciation of ¥1,563 million. The principal factor contributing to cash outflow was an increase in contract assets of ¥2,328 million.

Cash flows from investing activities

Net cash used in investing activities totaled ¥3,413 million (compared to ¥8,029 million used in the same period of the previous fiscal year) in the six months under review. The principal factors contributing to the cash outflow were purchase of property, plant and equipment of ¥2,631 million, and payments for investments in capital of subsidiaries and associates of ¥785 million.

Cash flows from financing activities

Net cash provided by financing activities totaled ¥13,308 million (compared to ¥3,708 million provided in the same period of the previous fiscal year) in the six months under review. The principal factor contributing to the cash inflow was proceeds from issuance of shares of ¥13,460 million. The principal factor contributing to cash outflow was repayments of long-term borrowings of ¥2,807 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 December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	15,359	26,788
Notes receivable - trade	423	176
Accounts receivable - trade	1,829	2,064
Accounts receivable from completed construction contracts	173	–
Contract assets	1,228	3,557
Merchandise and finished goods	237	241
Work in process	56	109
Costs on construction contracts in progress	113	226
Costs on real estate business	1,628	1,674
Raw materials and supplies	155	313
Advance payments to suppliers	4,067	5,329
Other	2,114	1,295
Allowance for doubtful accounts	(6)	(11)
Total current assets	27,381	41,767
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,578	4,244
Accumulated depreciation	(977)	(1,073)
Accumulated impairment	(98)	(106)
Buildings and structures, net	2,503	3,064
Machinery, equipment and vehicles	39,383	42,610
Accumulated depreciation	(10,566)	(11,742)
Accumulated impairment	(14)	(15)
Machinery, equipment and vehicles, net	28,802	30,852
Tools, furniture and fixtures	265	264
Accumulated depreciation	(189)	(194)
Tools, furniture and fixtures, net	76	70
Land	4,749	4,749
Leased assets	2,275	2,284
Accumulated depreciation	(1,392)	(1,472)
Accumulated impairment	(34)	(36)
Leased assets, net	848	774
Construction in progress	14,044	12,544
Total property, plant and equipment	51,023	52,055
Intangible assets		
Goodwill	591	575
Contract-based intangible assets	6,727	6,602
Other	612	625
Total intangible assets	7,932	7,804
Investments and other assets		
Investment securities	421	371
Shares of subsidiaries and associates	1,141	1,143
Investments in capital of subsidiaries and associates	19	1,158
Deferred tax assets	2,626	2,343
Derivatives	–	237
Other	3,597	3,146
Allowance for doubtful accounts	(54)	(0)
Total investments and other assets	7,751	8,400
Total non-current assets	66,707	68,260
Total assets	94,089	110,027

(Millions of yen)

	As of June 30, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	761	661
Accounts payable for construction contracts	1,090	2,015
Short-term borrowings	10,100	11,450
Current portion of long-term borrowings	3,888	3,823
Lease liabilities	281	253
Income taxes payable	863	738
Contract liabilities	570	1,431
Provision for bonuses	287	10
Provision for warranties for completed construction	31	9
Other	1,133	1,077
Total current liabilities	19,009	21,471
Non-current liabilities		
Long-term borrowings	41,392	41,159
Lease liabilities	2,255	2,137
Deferred tax liabilities	774	853
Asset retirement obligations	1,449	1,594
Long-term deposits received	483	483
Retirement benefit liability	330	343
Other	53	43
Total non-current liabilities	46,740	46,616
Total liabilities	65,749	68,088
Net assets		
Shareholders' equity		
Share capital	26	6,756
Capital surplus	13,582	20,312
Retained earnings	14,444	14,297
Treasury shares	(0)	(0)
Total shareholders' equity	28,053	41,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	–
Deferred gains or losses on hedges	(4)	53
Foreign currency translation adjustment	191	376
Total accumulated other comprehensive income	194	429
Non-controlling interests	91	143
Total net assets	28,340	41,939
Total liabilities and net assets	94,089	110,027

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

(Quarterly consolidated statement of income)  
(For the six months ended December 31, 2023)

(Millions of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
Net sales	16,610	15,068
Cost of sales	11,893	11,300
Gross profit	4,716	3,768
Selling, general and administrative expenses	1,793	2,002
Operating profit	2,923	1,765
Non-operating income		
Interest income	1	1
Dividend income	0	10
Gain on sale of securities	–	0
Rental income	7	42
Share of profit of entities accounted for using equity method	–	20
Gain on valuation of derivatives	–	237
Foreign exchange gains	38	–
Surrender value of insurance policies	19	16
Subsidy income	56	15
Other	4	20
Total non-operating income	127	365
Non-operating expenses		
Interest expenses	373	350
Share of loss of entities accounted for using equity method	5	–
Loss on tax purpose reduction entry of non-current assets	23	–
Commission expenses	132	28
Share acquisition rights issuance costs	–	129
Foreign exchange losses	–	43
Other	15	119
Total non-operating expenses	549	672
Ordinary profit	2,501	1,458
Profit before income taxes	2,501	1,458
Income taxes	815	512
Profit	1,685	946
Profit attributable to non-controlling interests	125	80
Profit attributable to owners of parent	1,560	865

(Quarterly consolidated statement of comprehensive income)  
(For the six months ended December 31, 2023)

(Millions of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
Profit	1,685	946
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(7)
Deferred gains or losses on hedges	77	57
Foreign currency translation adjustment	20	182
Share of other comprehensive income of entities accounted for using equity method	(31)	(12)
Total other comprehensive income	66	219
Comprehensive income	1,752	1,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,669	1,100
Comprehensive income attributable to non-controlling interests	82	65

### (3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,501	1,458
Depreciation	1,533	1,563
Loss on tax purpose reduction entry of non-current assets	23	–
Amortization of goodwill	16	16
Increase (decrease) in allowance for doubtful accounts	(7)	(49)
Increase (decrease) in provision for bonuses	(164)	(278)
Increase (decrease) in retirement benefit liability	(1)	11
Increase (decrease) in provision for contract loss	(113)	–
Increase (decrease) in provision for warranties for completed construction	(5)	(21)
Interest and dividend income	(1)	(12)
Interest expenses	373	350
Foreign exchange losses (gains)	28	(25)
Loss (gain) on valuation of derivatives	–	(237)
Share of loss (profit) of entities accounted for using equity method	5	(20)
Loss (gain) on sale of investment securities	–	(0)
Decrease (increase) in trade receivables	(358)	190
Decrease (increase) in contract asset	1,144	(2,328)
Decrease (increase) in inventories	(525)	(352)
Decrease (increase) in advance payments to suppliers	2,417	(1,254)
Increase (decrease) in trade payables	(297)	1,179
Increase (decrease) in accrued consumption taxes	(1,249)	306
Increase (decrease) in accounts payable - other	(84)	4
Increase (decrease) in contract liabilities	(390)	853
Other, net	(552)	148
Subtotal	4,290	1,502
Interest and dividends received	1	12
Interest paid	(374)	(343)
Income taxes paid	(324)	(303)
Income taxes refund	666	456
Net cash provided by (used in) operating activities	4,259	1,324
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,974)	(2,631)
Proceeds from sale of property, plant and equipment	–	0
Purchase of intangible assets	(5)	(35)
Proceeds from sale of investment securities	–	31
Purchase of shares of subsidiaries and associates	(56)	–
Payments for investments in capital of subsidiaries and associates	–	(785)
Other, net	7	6
Net cash provided by (used in) investing activities	(8,029)	(3,413)

(Millions of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	6,141	1,350
Repayments of lease liabilities	(142)	(148)
Proceeds from long-term borrowings	680	2,399
Repayments of long-term borrowings	(2,257)	(2,807)
Proceeds from issuance of shares	9	13,460
Purchase of treasury shares	–	(0)
Dividends paid	(737)	(915)
Dividends paid to non-controlling interests	(14)	(13)
Net decrease (increase) in restricted deposits	29	(15)
Net cash provided by (used in) financing activities	3,708	13,308
Effect of exchange rate change on cash and cash equivalents	196	195
Net increase (decrease) in cash and cash equivalents	135	11,414
Cash and cash equivalents at beginning of period	18,369	11,026
Cash and cash equivalents at end of period	18,504	22,440

#### (4) 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 six months ended December 31, 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 second 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 second quarter under review.

Income taxes - deferred is included in income taxes.

##### Segment information, etc.

I Six months ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

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	383	8,368	8,751	–	8,751
Goods transferred over time	6,043	1,814	7,858	–	7,858
Revenue from contracts with customers	6,426	10,183	16,610	–	16,610
Revenues from external customers	6,426	10,183	16,610	–	16,610
Intersegment sales and transfers	911	–	911	(911)	–
Total	7,338	10,183	17,521	(911)	16,610
Segment profit (loss)	514	2,227	2,741	182	2,923

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 Six months ended December 31, 2023 (from July 1, 2023 to December 31, 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	414	7,624	8,038	–	8,038
Goods transferred over time	5,217	1,812	7,030	–	7,030
Revenue from contracts with customers	5,632	9,436	15,068	–	15,068
Revenues from external customers	5,632	9,436	15,068	–	15,068
Intersegment sales and transfers	2,312	–	2,312	(2,312)	–
Total	7,945	9,436	17,381	(2,312)	15,068
Segment profit (loss)	(75)	1,623	1,547	217	1,765

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.