

***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)

Three months ended June 30, 2023	70,864,961 shares	Year ended March 31, 2023	70,864,961 shares
Three months ended June 30, 2023	19,856 shares	Year ended March 31, 2023	19,743 shares
Three months ended June 30, 2023	70,845,160 shares	Three months ended June 30, 2022	70,845,541 shares

(ii) Number of treasury stock at the end of the period

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

* 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.

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1. Qualitative information related to this quarterly financial report

(1) Explanation of operating results

Order volume during the three months ended June 30, 2023, rose 1.3% from the corresponding period of the previous fiscal year to ¥131,360 million. The result exceeded the corresponding period of the previous fiscal year, which was also characterized by strong performance, as we reliably secured orders for targeted projects while maintaining profitability.

Net sales rose 24.8% from the corresponding period of the previous fiscal year to ¥86,242 million. Sales grew in both Kyushu and the Tokyo region against the backdrop of record-high construction-on-hand.

Operating income rose 64.8% from the corresponding period of the previous fiscal year to ¥4,808 million. Profits rose as a result of growth in sales, reflecting progress on large projects.

Ordinary income rose 65.7% from the corresponding period of the previous fiscal year to ¥6,294 million, while quarterly profit attributable to owners of parent rose 80.5% to ¥4,254 million. Primarily due to special dividends from some unlisted companies.

With regard to the Ukujima solar project, we held a series of discussions with the local fishery cooperative, which is a stakeholder, to secure its understanding of the project by June 2023, the body's acceptance has not yet been forthcoming. Operating entity UKUJIMA MIRAI ENERGY LLC remains engaged in substantial, detailed discussions on a variety of issues and will continue to seek the cooperative's understanding.

We are currently moving forward with primarily on-island work, and the project is not experiencing any pronounced delays relative to expectations at the beginning of the period.

(2) Explanation of financial position

Total assets fell ¥2,406 million (0.5%) from the end of the previous consolidated fiscal year to ¥444,004 million due to factors including a decrease in completed construction contract accounts receivable.

Total liabilities fell ¥4,127 million (2.3%) from the end of the previous consolidated fiscal year to ¥179,266 million due to factors including a decrease in construction contracts accounts payable.

Total net assets rose ¥1,721 million (0.7%) from the end of the previous consolidated fiscal year to ¥264,738 million due to factors including an increase in valuation difference on other available-for-sale securities.

(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 1st Quarter As of June 30, 2023
Assets		
Current assets		
Cash and deposits	67,534	105,777
Notes receivable, accounts receivable from completed construction contracts and other	148,902	104,729
Costs of uncompleted construction contracts	7,428	12,550
Merchandise	1,203	1,446
Raw materials and supplies	31,364	32,180
Other	21,790	18,041
Allowance for doubtful accounts	(3)	(0)
Total current assets	278,220	274,726
Fixed assets		
Property and equipment		
Buildings and structures, net	34,222	33,794
Land	29,914	29,863
Other, net	17,608	17,166
Total property and equipment	81,745	80,824
Intangible assets		
Goodwill	821	757
Customer related assets	1,518	1,463
Other	1,938	2,374
Total intangible assets	4,278	4,595
Investments and other assets		
Investment securities	64,494	66,509
Long-term loans receivable	89	38
Retirement benefit asset	10,445	10,913
Deferred tax assets	2,468	1,781
Other	5,652	5,559
Allowance for doubtful accounts	(985)	(943)
Total investments and other assets	82,166	83,857
Total fixed assets	168,189	169,277
Total assets	446,410	444,004

(Millions of yen)

	Previous fiscal year As of March 31, 2023	Current 1st Quarter As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	69,832	44,951
Electronically recorded obligations	28,762	36,458
Short-term borrowings	2,461	1,988
Income taxes payable	5,984	2,084
Advances received on uncompleted construction contracts	26,550	40,190
Provision for loss on construction contracts	21	496
Other	8,077	11,600
Total current liabilities	141,691	137,769
Long-term liabilities		
Long-term borrowings	30,604	30,485
Lease obligations	3,341	3,264
Provision for retirement benefits for directors (and other officers)	327	313
Retirement benefit liability	3,980	4,019
Other	3,448	3,414
Total long-term liabilities	41,702	41,496
Total liabilities	183,393	179,266
Net assets		
Shareholders' equity		
Share capital	12,561	12,561
Capital surplus	13,046	13,064
Retained earnings	233,918	233,920
Treasury stock, at cost	(10)	(11)
Total shareholders' equity	259,516	259,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,428	4,035
Deferred gains or losses on hedges	(16)	(61)
Foreign currency translation adjustment	688	713
Retirement benefit liability adjustments	(1,774)	(1,662)
Total accumulated other comprehensive loss	1,325	3,024
Non-controlling interests	2,175	2,177
Total net assets	263,017	264,738
Total liabilities and net assets	446,410	444,004

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

Quarterly consolidated statement of income

First quarterly consolidated cumulative accounting period

(Millions of yen)

	Previous 1st Quarter (From April 1, 2022 to June 30, 2022)	Current 1st Quarter (From April 1, 2023 to June 30, 2023)
Net sales		
Construction contracts	65,661	82,817
Other	3,427	3,425
Total net sales	69,089	86,242
Cost of sales		
Construction contracts	57,294	72,381
Other	2,233	2,420
Total cost of sales	59,528	74,802
Gross profit		
Construction contracts	8,366	10,435
Other	1,194	1,004
Total gross profit	9,561	11,440
Selling, general and administrative expenses	6,643	6,631
Operating income	2,918	4,808
Non-operating income		
Interest income	16	28
Dividend income	455	1,094
Share of profit of entities accounted for using equity method	260	50
Gain on investments in partnerships	43	133
Rent income	85	80
Other	282	237
Total non-operating income	1,144	1,625
Non-operating expenses		
Interest expenses	90	108
Extra retirement payments	9	22
Transfer of allowance for doubtful accounts for affiliates	17	—
Settlement payments	87	—
Other	57	8
Total non-operating expenses	262	139
Ordinary income	3,799	6,294
Extraordinary income		
Gain on sales of fixed assets	2	7
Gain on sales of investment securities	—	161
Total extraordinary income	2	168
Extraordinary losses		
Loss on disposal and sales of fixed assets	86	2
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	51	152
Total extraordinary losses	137	154
Profit before income taxes	3,665	6,308
Income taxes	1,304	2,033
Profit	2,360	4,275
Profit attributable to non-controlling interests	4	21
Profit attributable to owners of parent	2,356	4,254

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

(Millions of yen)

	Previous 1st Quarter (From April 1, 2022 to June 30, 2022)	Current 1st Quarter (From April 1, 2023 to June 30, 2023)
Profit	2,360	4,275
Other comprehensive income		
Valuation difference on available-for-sale securities	258	1,597
Foreign currency translation adjustment	272	31
Retirement benefit liability adjustments	121	112
Share of other comprehensive income (loss) of entities accounted for using equity method	127	(35)
Total other comprehensive income	780	1,706
Comprehensive income	3,140	5,981
(of which)		
Comprehensive income attributable to owners of parent	3,115	5,953
Comprehensive income attributable to non-controlling interests	25	28

(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 first 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 three months ended June 30, 2023

(From April 1, 2023 to June 30, 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	%
Three months ended June 30, 2023	75,363	29.2	3,714	67.4	5,418	94.4	3,763	103.5
Three months ended June 30, 2022	58,313	(5.4)	2,219	(34.5)	2,786	(32.1)	1,849	(43.3)

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2023	53.11	—
Three months ended June 30, 2022	26.10	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	401,936	215,517	53.6
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 Business segment	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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	10,333	14.9	10,405	12.1	72	0.7
Electrical work	32,195	46.6	44,123	51.1	11,928	37.0
HVAC and sanitary facility work	23,132	33.5	28,287	32.8	5,154	22.3
Total, facilities construction business	65,661	95.0	82,817	96.0	17,155	26.1
Other businesses	3,427	5.0	3,425	4.0	(2)	(0.1)
Total	60,089	100	86,242	100	17,152	24.8

(ii) Construction orders

Accounting period Business segment	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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	10,838	8.4	10,783	8.2	(55)	(0.5)
Electrical work	67,730	52.2	70,005	53.3	2,274	3.4
HVAC and sanitary facility work	51,140	39.4	50,572	38.5	(568)	(1.1)
Total	129,709	100	131,360	100	1,650	1.3

(iii) Construction contract balance at end of period

Accounting period Business segment	As of June 30, 2022		As of June 30, 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	1,753	0.4	3,407	0.7	1,653	94.3
Electrical work	320,543	68.0	348,892	67.5	28,348	8.8
HVAC and sanitary facility work	149,400	31.6	164,045	31.8	14,645	9.8
Total	471,697	100	516,344	100	44,647	9.5

(iv) Construction sales by customer

Accounting period Customer	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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*	10,322	15.7	10,470	12.6	148	1.4
General customers	55,339	84.3	72,346	87.4	17,007	30.7
Total	65,661	100	82,817	100	17,155	26.1

(v) Construction orders by customer

Accounting period Customer	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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*	10,854	8.4	10,962	8.3	108	1.0
General customers	118,855	91.6	120,397	91.7	1,542	1.3
Total	129,709	100	131,360	100	1,650	1.3

(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., and 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	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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	9,992	17.1	10,001	13.3	9	0.1
Electrical work	28,493	48.9	41,144	54.6	12,650	44.4
HVAC and sanitary facility work	18,540	31.8	23,139	30.7	4,598	24.8
Sub total	57,027	97.8	74,285	98.6	17,257	30.3
Other businesses	1,286	2.2	1,078	1.4	(208)	(16.2)
Total	58,313	100	75,363	100	17,049	29.2

(ii) Construction orders

Accounting period Business segment	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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	10,226	9.3	10,251	8.6	24	0.2
Electrical work	61,199	55.4	66,116	55.6	4,916	8.0
HVAC and sanitary facility work	39,002	35.3	42,483	35.8	3,480	8.9
Total	110,428	100	118,850	100	8,421	7.6

(iii) Construction contract balance at end of period

Accounting period Business segment	As of June 30, 2022		As of June 30, 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	695	0.2	2,578	0.6	1,883	270.8
Electrical work	308,230	71.4	335,221	70.7	26,991	8.8
HVAC and sanitary facility work	122,810	28.4	136,053	28.7	13,243	10.8
Total	431,736	100	473,853	100	42,117	9.8

(iv) Construction sales by customer

Accounting period Customer	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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*	10,106	17.7	10,154	13.7	48	0.5
General customers	46,921	82.3	64,130	86.3	17,209	36.7
Total	57,027	100	74,285	100	17,257	30.3

(v) Construction orders by customer

Accounting period Customer	Three months ended June 30, 2022 (April 2022 to June 2022)		Three months ended June 30, 2023 (April 2023 to June 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*	10,477	9.5	10,568	8.9	90	0.9
General customers	99,951	90.5	108,282	91.1	8,331	8.3
Total	110,428	100	118,850	100	8,421	7.6

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