

***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: Yes

(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)	Six months ended September 30, 2022	70,864,961 shares	Year ended March 31, 2022	70,864,961 shares
(ii) Number of treasury stock at the end of the period	Six months ended September 30, 2022	19,485 shares	Year ended March 31, 2022	19,332 shares
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Six months ended September 30, 2022	70,845,515 shares	Six months ended September 30, 2021	70,845,886 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.

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1. Qualitative information related to this quarterly financial report

(1) Explanation of operating results

Order volume during the six months ended September 30, 2022, rose 48.3% from the corresponding period of the previous fiscal year to ¥267,323 million. Orders rose in both Kyushu and the Tokyo metropolitan region as we focused on our goal of securing orders for large, private-sector projects. Although profitability at the time of order receipt has been impacted by soaring prices of materials and labor, we are focusing on price pass-through and will strive to contribute to earnings in the future.

Net sales rose 6.5% from the corresponding period of the previous fiscal year to ¥168,522 million. Net sales trended up thanks to progress on the construction of large projects.

Operating income fell 11.5% from the corresponding period of the previous fiscal year to ¥10,315 million. Although we're working to realize cost improvements by taking steps to improve profits, operating income fell due to progress on some large projects characterized by a low level of profitability.

Ordinary income fell 11.5% to ¥12,015 million, while quarterly profit attributable to owners of parent rose 12.9% to ¥11,116 million. The result reflects posting of an extraordinary gain from the sale of marketable securities owned by the company.

(2) Explanation of financial position

Total assets fell ¥4,800 million (1.3%) from the end of the previous consolidated fiscal year to ¥373,595 million due to factors including a decrease in completed construction contract accounts receivable.

Total liabilities fell ¥13,710 million (10.0%) from the end of the previous consolidated fiscal year to ¥123,491 million due to factors including a decrease in construction contracts accounts payable.

Total net assets rose ¥8,909 million (3.7%) from the end of the previous consolidated fiscal year to ¥250,104 million as posting of profit attributable to owners of parent 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, 2022.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	Previous fiscal year As of March 31, 2022	Current 2nd Quarter As of September 30, 2022
Assets		
Current assets		
Cash and deposits	39,021	44,635
Notes receivable, accounts receivable from completed construction contracts and other	136,676	108,804
Securities	987	989
Costs of uncompleted construction contracts	5,592	12,099
Merchandise	1,107	1,474
Raw materials and supplies	22,790	26,937
Other	10,838	12,578
Allowance for doubtful accounts	(34)	(34)
Total current assets	216,979	207,484
Fixed assets		
Property and equipment		
Buildings and structures, net	33,048	33,630
Land	29,677	29,927
Other, net	18,118	18,640
Total property and equipment	80,844	82,199
Intangible assets		
Goodwill	755	1,316
Customer related assets	1,739	1,629
Other	1,873	1,884
Total intangible assets	4,368	4,830
Investments and other assets		
Investment securities	61,175	61,997
Long-term loans receivable	313	104
Retirement benefit asset	6,124	7,930
Deferred tax assets	4,288	4,320
Other	5,279	5,720
Allowance for doubtful accounts	(979)	(993)
Total investments and other assets	76,203	79,080
Total fixed assets	161,416	166,110
Total assets	378,396	373,595

(Millions of yen)

	Previous fiscal year As of March 31, 2022	Current 2nd Quarter As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	66,669	49,224
Electronically recorded obligations	22,078	19,917
Short-term borrowings	6,865	7,995
Income taxes payable	7,309	4,980
Advances received on uncompleted construction contracts	11,463	18,258
Provision for loss on construction contracts	187	66
Other	8,872	7,755
Total current liabilities	123,446	108,197
Long-term liabilities		
Long-term borrowings	3,494	4,152
Lease obligations	2,782	3,136
Provision for retirement benefits for directors (and other officers)	328	452
Retirement benefit liability	4,015	4,090
Other	3,134	3,462
Total long-term liabilities	13,754	15,293
Total liabilities	137,201	123,491
Net assets		
Shareholders' equity		
Share capital	12,561	12,561
Capital surplus	12,987	12,987
Retained earnings	214,655	222,229
Treasury stock, at cost	(9)	(10)
Total shareholders' equity	240,194	247,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,848	2,236
Deferred gains or losses on hedges	(218)	(60)
Foreign currency translation adjustment	208	706
Retirement benefit liability adjustments	(2,898)	(2,656)
Total accumulated other comprehensive income(loss)	(1,059)	226
Non-controlling interests	2,059	2,110
Total net assets	241,194	250,104
Total liabilities and net assets	378,396	373,595

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

Quarterly consolidated statement of income

Second quarterly consolidated cumulative accounting period

(Millions of yen)

	Previous 2nd Quarter (From April 1, 2021 to September 30, 2021)	Current 2nd Quarter (From April 1, 2022 to September 30, 2022)
Net sales		
Construction contracts	152,637	161,186
Other	5,557	7,336
Total net sales	158,194	168,522
Cost of sales		
Construction contracts	130,737	140,181
Other	3,910	4,923
Total cost of sales	134,647	145,105
Gross profit		
Construction contracts	21,899	21,004
Other	1,647	2,412
Total gross profit	23,546	23,417
Selling, general and administrative expenses	11,888	13,101
Operating income	11,658	10,315
Non-operating income		
Interest income	26	23
Dividend income	527	520
Share of profit of entities accounted for using equity method	893	396
Gain on investments in partnerships	163	474
Rent income	169	165
Other	379	529
Total non-operating income	2,159	2,109
Non-operating expenses		
Interest expenses	194	195
Extra retirement payments	22	30
Transfer of allowance for doubtful accounts for affiliates	—	17
Settlement payments	—	87
Other	20	77
Total non-operating expenses	237	409
Ordinary income	13,579	12,015
Extraordinary income		
Gain on sales of fixed assets	4	176
Gain on sales of investment securities	781	4,246
Total extraordinary income	785	4,422
Extraordinary losses		
Loss on disposal and sales of fixed assets	54	88
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	63	51
Total extraordinary losses	117	139
Profit before income taxes	14,248	16,299
Income taxes	4,395	5,169
Profit	9,853	11,130
Profit attributable to non-controlling interests	9	13
Profit attributable to owners of parent	9,843	11,116

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

(Millions of yen)

	Previous 2nd Quarter (From April 1, 2021 to September 30, 2021)	Current 2nd Quarter (From April 1, 2022 to September 30, 2022)
Profit	9,853	11,130
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,304)	390
Foreign currency translation adjustment	164	549
Retirement benefit liability adjustments	361	242
Share of other comprehensive income (loss) of entities accounted for using equity method	(79)	154
Total other comprehensive income (loss)	(857)	1,338
Comprehensive income	8,995	12,468
(of which)		
Comprehensive income attributable to owners of parent	8,968	12,402
Comprehensive income attributable to non-controlling interests	26	65

(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 second consolidated quarterly accounting period and then applying the effective tax rate used in that estimate to the pre-tax quarterly income.

(Changes in accounting policies)

We have applied the Application Guidelines for Accounting Standards Related to Calculation of Market Value (Corporate Accounting Standard Application Guideline No. 31 of June 17, 2021; "Application Guidelines for Market Value Standards") since the start of the first consolidated quarterly accounting period. In keeping with the transitional treatment described in Paragraph 27-2 of the Application Guidelines for Market Value Standards, new accounting policies set forth by the Application Guidelines for Market Value Standards will continue to be applied in the future. Those changes have had no effect on our quarterly consolidated financial statements.

3. Reference

Overview of non-consolidated results

(Yen amounts are rounded down to millions.)

Non-consolidated financial results for the six months ended September 30, 2022

(From April 1, 2022 to September 30, 2022)

(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	%
Six months ended September 30, 2022	142,829	3.1	8,094	(14.0)	9,394	(12.7)	9,595	22.3
Six months ended September 30, 2021	138,521	(13.3)	9,410	1.1	10,762	0.4	7,846	4.4

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2022	135.40	—
Six months ended September 30, 2021	110.72	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	332,887	205,647	61.8
As of March 31, 2022	336,952	199,176	59.1

(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	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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	21,011	13.3	21,142	12.5	130	0.6
Electrical work	82,251	52.0	83,577	49.6	1,326	1.6
HVAC and sanitary facility work	49,374	31.2	56,466	33.5	7,092	14.4
Total, facilities construction business	152,637	96.5	161,186	95.6	8,549	5.6
Other businesses	5,557	3.5	7,336	4.4	1,778	32.0
Total	158,194	100	168,522	100	10,328	6.5

(ii) Construction orders

Accounting period	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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	21,495	11.9	21,874	8.2	378	1.8
Electrical work	92,608	51.4	145,720	54.5	53,111	57.4
HVAC and sanitary facility work	66,167	36.7	99,728	37.3	33,560	50.7
Total	180,271	100	267,323	100	87,051	48.3

(iii) Construction contract balance at end of period

Accounting period	As of September 30, 2021		As of September 30, 2022		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	1,859	0.4	1,979	0.4	120	6.5
Electrical work	295,942	69.8	347,151	67.6	51,208	17.3
HVAC and sanitary facility work	126,447	29.8	164,653	32.0	38,205	30.2
Total	424,250	100	513,785	100	89,534	21.1

(iv) Construction sales by customer

Accounting period	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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*	21,009	13.8	21,138	13.1	129	0.6
General customers	131,627	86.2	140,048	86.9	8,420	6.4
Total	152,637	100	161,186	100	8,549	5.6

(v) Construction orders by customer

Accounting period	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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*	21,806	12.1	21,704	8.1	(102)	(0.5)
General customers	158,465	87.9	245,618	91.9	87,153	55.0
Total	180,271	100	267,323	100	87,051	48.3

(vi) Full-year sales and construction order volume forecast for the fiscal year ending March 2023

Business segment	Sales (millions of yen)	Construction order volume (millions of yen)
Power distribution line work	48,000	48,000
Electrical work	260,000	231,500
HVAC and sanitary facility work	139,000	147,500
Total, facilities construction business	447,000	427,000
Other businesses	13,000	
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	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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	20,232	14.6	20,276	14.2	43	0.2
Electrical work	76,161	55.0	75,281	52.7	(879)	(1.2)
HVAC and sanitary facility work	39,844	28.8	44,697	31.3	4,852	12.2
Sub total	136,238	98.4	140,254	98.2	4,016	2.9
Other businesses	2,283	1.6	2,574	1.8	291	12.8
Total	138,521	100	142,829	100	4,307	3.1

(ii) Construction orders

Accounting period Business segment	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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	20,482	13.1	20,765	9.1	283	1.4
Electrical work	84,375	54.0	131,558	57.4	47,183	55.9
HVAC and sanitary facility work	51,380	32.9	76,679	33.5	25,299	49.2
Total	156,237	100	229,004	100	72,766	46.6

(iii) Construction contract balance at end of period

Accounting period Business segment	As of September 30, 2021		As of September 30, 2022		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	726	0.2	950	0.2	224	30.9
Electrical work	281,921	73.4	331,802	71.0	49,881	17.7
HVAC and sanitary facility work	101,483	26.4	134,330	28.8	32,847	32.4
Total	384,130	100	467,083	100	82,953	21.6

(iv) Construction sales by customer

Accounting period Customer	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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*	20,391	15.0	20,608	14.7	216	1.1
General customers	115,846	85.0	119,646	85.3	3,799	3.3
Total	136,238	100	140,254	100	4,016	2.9

(v) Construction orders by customer

Accounting period Customer	Six months ended September 30, 2021 (April 2021 to September 2021)		Six months ended September 30, 2022 (April 2022 to September 2022)		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*	21,036	13.5	20,960	9.2	(75)	(0.4)
General customers	135,201	86.5	208,043	90.8	72,841	53.9
Total	156,237	100	229,004	100	72,766	46.6

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