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Consolidated Financial Report [Japanese GAAP] for the Six Months Ended September 30, 2024

October 30, 2024

Company name: Kyudenko Corporation Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 1959 URL: <https://www.kyudenko.co.jp>
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 Scheduled date to file semi-annual securities report: November 8, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of semi-annual financial results briefing: Yes (For institutional investors and analysts)

(Yen amounts are rounded down to millions.)

1. Consolidated financial results for the Six months ended September 30, 2024

(From April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	219,303	9.3	18,254	33.3	19,896	26.2	13,168	29.6
Six months ended September 30, 2023	200,617	19.0	13,692	32.7	15,766	31.2	10,160	△8.6

(Note) Comprehensive income Six months ended September 30, 2024: ¥13,035 million (△6.0%)
 Six months ended September 30, 2023: ¥13,867 million (11.2%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
Six months ended September 30, 2024	186.18		—	
Six months ended September 30, 2023	143.49		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio
	Millions of yen		Millions of yen		%
As of September 30, 2024	465,292		299,719		63.9
As of March 31, 2024	503,284		291,125		57.4

(Reference) Equity As of September 30, 2024: ¥297,302 million
 As of March 31, 2024: ¥288,781 million

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Year ended March 31, 2024	—	55.00	—	65.00	120.00
Year ending March 31, 2025	—	65.00	—	—	—
Year ending March 31, 2025 (Forecast)	—	—	—	65.00	130.00

(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, 2025

(From April 1, 2024 to March 31, 2025)

(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
Full year	500,000	6.6	39,500	3.9	43,000	1.5	29,000	3.5	410.01

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

***Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: — companies (Company name)

Excluded: — companies (Company name)

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

Note: For details, see “Adoption of accounting treatment specific to the preparation of semi-annual 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, 2024	70,864,961 shares	Year ended March 31, 2024	70,864,961 shares
(ii) Number of treasury stock at the end of the period	Six months ended September 30, 2024	134,339 shares	Year ended March 31, 2024	136,282 shares
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Six months ended September 30, 2024	70,730,313 shares	Six months ended September 30, 2023	70,811,988 shares

(Note) Treasury stock figures include company shares remaining in the trust that administers the stock compensation plan for officers (as of September 30, 2024 : 113,600 shares; as of March 31, 2024 : 116,000 shares).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 semi-annual financial report

(1) Explanation of operating results

Order volume during the six months ended September 30, 2024, fell 7.0% from the corresponding period of the previous fiscal year to ¥227,881 million. Although order volume declined from the corresponding period of the previous fiscal year, we are planning for annual order volume on par with previous fiscal year against the backdrop of a robust order environment.

Net sales rose 9.3% from the corresponding period of the previous fiscal year to ¥219,303 million thanks to progress in construction of large projects against the backdrop of a record-high construction contract balance.

Operating income rose 33.3% from the corresponding period of the previous fiscal year to ¥18,254 million. This significant growth was the result of growth in net sales stemming from progress in construction of large projects and improvement in construction profitability.

Ordinary income rose 26.2% from the corresponding period of the previous fiscal year to ¥19,896 million, while semi-annual profit attributable to owners of parent rose 29.6% from the corresponding period of the previous fiscal year to ¥13,168 million.

With regard to the Ukujima solar project, we're applying for the necessary permits while seeking feedback and guidance from local government and other stakeholders, with a focus on Ukujima Mirai Energy LLC, which is leading the project. We're also working earnestly to secure the understanding of local stakeholders, including the fisheries cooperative, while continuing construction work through appropriate management.

(2) Explanation of financial position

Total assets fell ¥37,991 million (7.5%) from the end of the previous consolidated fiscal year to ¥465,292 million due to factors including a decline in notes receivable and in accounts receivable from completed construction contracts due to the collection of those funds.

Total liabilities fell ¥46,585 million (22.0%) from the end of the previous consolidated fiscal year to ¥165,573 million due to factors including a decline in electronically recorded obligations and accounts payable for construction contracts due to the settlement of payment obligations.

Total net assets rose ¥8,593 million (3.0%) from the end of the previous consolidated fiscal year to ¥299,719 million as an increase in retained earnings due to the posting of semi-annual profit attributable to owners of parent and other factors offset the payment 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 26, 2024.

2. Semi-annual consolidated financial statements and principal notes

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	98,548	86,644
Notes receivable, accounts receivable from completed construction contracts and other	164,887	126,190
Securities	—	4
Costs of uncompleted construction contracts	9,949	13,249
Merchandise	614	487
Raw materials and supplies	33,359	34,628
Other	17,059	18,857
Allowance for doubtful accounts	(0)	(0)
Total current assets	324,418	280,060
Fixed assets		
Property and equipment		
Buildings and structures, net	32,266	31,883
Land	30,207	30,395
Other, net	16,193	15,812
Total property and equipment	78,667	78,092
Intangible assets		
Goodwill	507	319
Customer related assets	1,298	1,132
Other	2,584	2,536
Total intangible assets	4,390	3,988
Investments and other assets		
Investment securities	73,645	77,681
Long-term loans receivable	14	5
Retirement benefit asset	14,829	16,050
Deferred tax assets	2,129	1,922
Other	6,193	8,489
Allowance for doubtful accounts	(1,004)	(998)
Total investments and other assets	95,808	103,151
Total fixed assets	178,865	185,231
Total assets	503,284	465,292

(Millions of yen)

As of March 31, 2024 As of September 30, 2024

Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	71,617	51,641
Electronically recorded obligations	47,881	22,430
Short-term borrowings	28,930	28,792
Income taxes payable	10,712	7,291
Advances received on uncompleted construction contracts	21,553	30,186
Provision for loss on construction contracts	262	590
Other	14,569	8,612
Total current liabilities	195,527	149,546
Long-term liabilities		
Long-term borrowings	3,025	2,804
Lease obligations	3,380	3,687
Provision for retirement benefits for directors (and other officers)	309	255
Retirement benefit liability	3,774	3,908
Provision for share-based payments	87	121
Provision for loss on business of subsidiaries and associates	2,260	2,139
Other	3,792	3,109
Total long-term liabilities	16,630	16,026
Total liabilities	212,158	165,573
Net assets		
Shareholders' equity		
Share capital	12,561	12,561
Capital surplus	13,069	13,069
Retained earnings	253,824	262,551
Treasury stock, at cost	(493)	(485)
Total shareholders' equity	278,962	287,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,810	7,241
Deferred gains or losses on hedges	61	74
Foreign currency translation adjustment	890	1,173
Remeasurements of defined benefit plans	1,056	1,114
Total accumulated other comprehensive income	9,818	9,605
Non-controlling interests	2,344	2,416
Total net assets	291,125	299,719
Total liabilities and net assets	503,284	465,292

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales		
Construction contracts	193,335	209,738
Other	7,282	9,565
Total net sales	200,617	219,303
Cost of sales		
Construction contracts	168,666	179,735
Other	5,091	6,916
Total cost of sales	173,757	186,652
Gross profit		
Construction contracts	24,669	30,002
Other	2,190	2,648
Total gross profit	26,860	32,651
Selling, general and administrative expenses	13,167	14,396
Operating income	13,692	18,254
Non-operating income		
Interest income	64	72
Dividend income	1,166	848
Share of profit of entities accounted for using equity method	56	—
Gain on investments in partnerships	488	650
Rent income	154	169
Other	421	483
Total non-operating income	2,352	2,224
Non-operating expenses		
Interest expenses	229	256
Share of loss of entities accounted for using equity method	—	187
Extra retirement payments	43	77
Other	5	61
Total non-operating expenses	279	582
Ordinary income	15,766	19,896
Extraordinary income		
Gain on sales of fixed assets	34	150
Gain on sales of investment securities	165	256
Total extraordinary income	199	407
Extraordinary losses		
Impairment losses	258	—
Loss on disposal and sales of fixed assets	122	162
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	147	—
Total extraordinary losses	528	162
Profit before income taxes	15,437	20,140
Income taxes	5,235	6,932
Profit	10,201	13,207
Profit attributable to non-controlling interests	41	39
Profit attributable to owners of parent	10,160	13,168

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	10,201	13,207
Other comprehensive income		
Valuation difference on available-for-sale securities	3,031	(542)
Foreign currency translation adjustment	257	330
Remeasurements of defined benefit plans	224	57
Share of other comprehensive income (loss) of entities accounted for using equity method	152	(17)
Total other comprehensive income	3,665	(172)
Comprehensive income	13,867	13,035
(of which)		
Comprehensive income attributable to owners of parent	13,794	12,950
Comprehensive income attributable to non-controlling interests	73	85

(3) Notes on the semi-annual 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 semi-annual 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 semi-annual consolidated accounting period and then applying the effective tax rate used in that estimate to the pre-tax semi-annual income.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes" and other relevant Accounting Standards Board of Japan (ASBJ) regulations)

The Company began applying the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations at the beginning of semi-annual consolidated accounting period under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan). This change in accounting policies has had no impact on the Company's semi-annual consolidated financial statements.

Concerning revisions related to a review of how gains and losses incurred as a result of the sale of assets such as shares of subsidiaries between consolidated companies shown on consolidated financial statements when deferred for tax reasons, the Company began applying the 2022 revised Implementation Guidance at the beginning of semi-annual consolidated accounting period under review. This change in accounting policy is being applied retroactively, and the semi-annual consolidated financial statements and consolidated financial statements for the previous semi-annual and the previous consolidated fiscal year, respectively, reflect its retroactive application. This change in accounting policy had no impact on the semi-annual consolidated financial statements for the previous semi-annual or on the consolidated financial statements for the previous consolidated fiscal year.

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, 2024

(From April 1, 2024 to September 30, 2024)

(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, 2024	189,090	8.1	16,921	55.1	17,913	34.9	12,203	41.5
Six months ended September 30, 2023	174,843	22.4	10,908	34.8	13,283	41.4	8,623	(10.1)

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2024	172.49	—
Six months ended September 30, 2023	121.74	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	416,530	239,907	57.6
As of March 31, 2024	447,058	232,817	52.1

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 Business segment	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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	21,487	10.7	23,761	10.8	2,273	10.6
Electrical work	105,210	52.5	109,158	49.8	3,948	3.8
HVAC and sanitary facility work	66,637	33.2	76,818	35.0	10,180	15.3
Total, facilities construction business	193,335	96.4	209,738	95.6	16,402	8.5
Other businesses	7,282	3.6	9,565	4.4	2,282	31.3
Total	200,617	100	219,303	100	18,685	9.3

(ii) Construction orders

Accounting period Business segment	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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	22,860	9.3	25,920	11.4	3,060	13.4
Electrical work	127,246	52.0	108,706	47.7	(18,539)	(14.6)
HVAC and sanitary facility work	94,956	38.7	93,254	40.9	(1,702)	(1.8)
Total	245,063	100	227,881	100	(17,181)	(7.0)

(iii) Construction contract balance at end of period

Accounting period Business segment	As of September 30, 2023		As of September 30, 2024		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	4,402	0.8	5,466	1.2	1,063	24.2
Electrical work	345,046	66.5	302,180	63.6	(42,866)	(12.4)
HVAC and sanitary facility work	170,080	32.7	166,816	35.2	(3,264)	(1.9)
Total	519,529	100	474,462	100	(45,066)	(8.7)

(iv) Construction sales by customer

Accounting period Customer	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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*	21,661	11.2	23,916	11.4	2,255	10.4
General customers	171,673	88.8	185,821	88.6	14,147	8.2
Total	193,335	100	209,738	100	16,402	8.5

(v) Construction orders by customer

Accounting period Customer	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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*	22,931	9.4	24,805	10.9	1,873	8.2
General customers	222,132	90.6	203,076	89.1	(19,055)	(8.6)
Total	245,063	100	227,881	100	(17,181)	(7.0)

(vi) Full-year sales and construction order volume forecast for the fiscal year ending March 2025

Business segment	Sales (millions of yen)	Construction order volume (millions of yen)
Power distribution line work	50,000	50,000
Electrical work	275,000	241,000
HVAC and sanitary facility work	160,000	161,000
Total, facilities construction business	485,000	452,000
Other businesses	15,000	
Total	500,000	

*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	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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	20,672	11.8	22,627	12.0	1,955	9.5
Electrical work	98,115	56.1	101,187	53.5	3,071	3.1
HVAC and sanitary facility work	53,645	30.7	61,227	32.4	7,581	14.1
Sub total	172,433	98.6	185,042	97.9	12,608	7.3
Other businesses	2,410	1.4	4,047	2.1	1,637	68.0
Total	174,843	100	189,090	100	14,246	8.1

(ii) Construction orders

Accounting period Business segment	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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	21,570	10.0	24,323	12.6	2,752	12.8
Electrical work	117,203	54.3	96,482	50.0	(20,721)	(17.7)
HVAC and sanitary facility work	76,956	35.7	72,266	37.4	(4,690)	(6.1)
Total	215,730	100	193,071	100	(22,659)	(10.5)

(iii) Construction contract balance at end of period

Accounting period Business segment	As of September 30, 2023		As of September 30, 2024		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	3,226	0.7	4,281	1.0	1,054	32.7
Electrical work	329,337	69.7	283,600	67.6	(45,737)	(13.9)
HVAC and sanitary facility work	140,020	29.6	131,481	31.4	(8,539)	(6.1)
Total	472,585	100	419,363	100	(53,222)	(11.3)

(iv) Construction sales by customer

Accounting period Customer	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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*	21,041	12.2	22,892	12.4	1,851	8.8
General customers	151,392	87.8	162,149	87.6	10,757	7.1
Total	172,433	100	185,042	100	12,608	7.3

(v) Construction orders by customer

Accounting period Customer	Six months ended September 30, 2023 (April 2023 to September 2023)		Six months ended September 30, 2024 (April 2024 to September 2024)		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*	21,945	10.2	23,470	12.2	1,524	6.9
General customers	193,785	89.8	169,601	87.8	(24,184)	(12.5)
Total	215,730	100	193,071	100	(22,659)	(10.5)

*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.