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February 14, 2025

Consolidated Financial Results for the Six Months Ended December 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 5074
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 Scheduled date to file semi-annual securities report: February 14, 2025
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from July 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	18,013	19.5	2,409	36.5	240	(83.5)	597	(31.0)
December 31, 2023	15,068	(9.3)	1,765	(39.6)	1,458	(41.7)	865	(44.5)

Note: Comprehensive income For the six months ended December 31, 2024: ¥2,107 million [80.7%]
 For the six months ended December 31, 2023: ¥1,165 million [(33.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2024	8.47	8.46
December 31, 2023	12.29	12.27

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	143,017	42,756	29.7
June 30, 2024	119,128	41,796	34.9

Reference: Equity
 As of December 31, 2024: ¥42,402 million
 As of June 30, 2024: ¥41,512 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, 2024	—	0.00	—	16.00	16.00
Fiscal year ending June 30, 2025	—	0.00			
Fiscal year ending June 30, 2025 (Forecast)			—	7.66	7.66

Note: Revisions to the cash dividends forecasts most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(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, 2025	38,000	24.0	2,700	13.9	400	(94.8)	700	(41.0)	9.93

Note: Revisions to the financial results forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 companies (a silent partnership operated by Fukuoka-Miyako Solar Power LLC, and TESS Logistics LLC)

Excluded: – companies

Note: In the six months ended December 31, 2024, the Company included a silent partnership operated by Fukuoka-Miyako Solar Power LLC in the scope of consolidation because of the acquisition of all of the equity interests in that silent partnership. As the deemed acquisition date of that company was June 30, 2024, only the balance sheet was consolidated from the first quarter period, and consolidation of its statement of income has commenced from the six months ended December 31, 2024.

In addition, TESS Logistics LLC was established on August 26, 2024, and it is accordingly included in the scope of consolidation from the six months ended December 31, 2024. As the deemed acquisition date of that company was September 30, 2024, only the balance sheet has been consolidated in the six months ended December 31, 2024.

(2) Application of specific accounting for preparing semi-annual consolidated financial statements: Yes

Note: For details, please refer to “2. Semi-annual consolidated financial statements (4) Notes to semi-annual consolidated financial statements (Notes to specific accounting for preparing semi-annual consolidated financial statements)” on page 15 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, 2024	70,644,130 shares
As of June 30, 2024	70,644,130 shares

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

As of December 31, 2024	130,156 shares
As of June 30, 2024	130,156 shares

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

Six months ended December 31, 2024	70,513,974 shares
Six months ended December 31, 2023	70,464,582 shares

* Semi-annual Consolidated Financial Results are exempt from 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 semi-annual 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 semi-annual financial results

(1) Explanation of operating results

During the six months ended December 31, 2024, 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)^{*1} by the United Nations in 2015, and the negotiation of the Paris Agreement^{*2} have led to an acceleration of initiatives to continue the global decarbonization of energy sources. In Japan, the Sixth Strategic Energy Plan^{*3} 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 FY 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 21.7% in FY2022). Furthermore, the basic policy for achieving GX^{*4} 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, 2024, net sales were ¥18,013 million (up 19.5% year on year), operating profit was ¥2,409 million (up 36.5% year on year), ordinary profit was ¥240 million (down 83.5% year on year), and profit attributable to owners of parent was ¥597 million (down 31.0% year on year).

In regard to ordinary profit and profit attributable to owners of parent, as stated under “2) Regarding the recording of loss on valuation of derivatives (non-operating expenses) and income taxes-deferred (gain),” the Company recorded non-operating expenses from loss on valuation of derivatives of ¥1,816 million, and also as stated under “3) Regarding the recording of gain on investments in silent partnerships (non-operating income), gain on bargain purchase (extraordinary income), and loss on step acquisitions (extraordinary losses) in conjunction with making the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary,” the Company recorded extraordinary losses of ¥292 million from loss on step acquisitions in conjunction with making the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary, and as a result, ordinary profit was ¥240 million, (down 83.5% year on year), while profit attributable to owners of parent was ¥597 million (down 31.0% year on year).

1) Operating results by segment

(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 and FIP certification^{*5} obtained by customers using part of renewable energy facilities. EPC sales were recorded in accordance with the revenue-recognition method over a certain period of time.

In the six months ended December 31, 2024, amid growing customer needs for decarbonization, EPC projects for co-generation systems^{*6}, fuel conversion facilities^{*7}, utility facilities^{*8}, and other energy-saving facilities increased and the projects continued to make steady progress towards completion in comparison with the same period of the previous year. On the other hand, net sales of renewable energy power generation EPC projects, including solar power generation and biomass power generation systems, decreased slightly year on year due to a decrease in the number of projects, but for the Engineering Segment (commissioned type) as a whole, sales increased compared to the same period of the previous year.

Development type

This segment consists of EPC projects in which the Group proactively engages in purchasing (or renting) land and acquiring approvals and rights so as to provide a full set of development solutions to customers.

Although new EPC projects of development-type counted zero in the six months ended December 31, 2023, during the six months ended December 31, 2024, sales increased year on year due to the revenue-recognition method over a certain period of time for an EPC project for a solar power generation plant in Kagoshima Prefecture (generation capacity of approximately 8.0 MW) utilizing a FIT scheme*⁹.

As a result of the above, the Engineering Segment recorded net sales of ¥7,607 million (up 35.1% year on year) and segment profit of ¥298 million (segment loss of ¥75 million in the six months ended December 31, 2023).

Including intersegment sales and transfers, the Engineering Segment recorded net sales of ¥8,837 million (up 11.2% year on year).

(ii) Energy Supply Segment

Renewable energy power plant ownership, operation and electricity sales

This segment generates sales from the ownership, operation, and sale of electricity from renewable energy power plants, primarily solar power generation plants, utilizing the FIT scheme or the FIP scheme*¹⁰, as well as from on-site PPA model*¹¹ renewable energy plants that use neither the FIT scheme or FIP scheme for in-house consumption.

As of the end of the six months under review, the number of renewable energy power plants and the power generation capacity were as shown in the table below, with an additional eight electricity supply services by on-site PPA model projects being added in the six months ended December 31, 2024, with a total power generation of approximately 7.7 MW for the eight projects.

In the six months ended December 31, 2024, the Company acquired all of the silent partnership equity interest in the silent partnership where Fukuoka Miyako Solar Power LLC is the operator of the Fukuoka Miyako Mega Solar Plant (located in Miyako-machi, Miyako-gun, Fukuoka Prefecture, generation capacity of approximately 67.0 MW), converting the silent partnership into a consolidated subsidiary. Accordingly, there was an increase in both the number of renewable energy power plants owned by the Group's consolidated subsidiaries and the total power generation capacity, resulting in an increase in sales in accordance with the increase in sales of electricity compared with the same period of the previous year.

	As of December 31, 2023		As of December 31, 2024		Change	
	Number of plants (plants)	Power generation capacity (MW)	Number of plants (plants)	Power generation capacity (MW)	Number of plants (plants)	Power generation capacity (MW)
Plants owned by consolidated Group companies	82	213.4	103	306.5	21	93.1
Plants using FIT or FIP schemes	66	195.0	66	263.7	0	68.7
Plants using onsite PPA model	16	18.5	37	42.9	21	24.4
Plants invested in by Group companies*	12	88.1	10	21.1	(2)	(67.0)
Total	94	301.6	113	327.7	19	26.1

* Plants invested in by Group companies are equity-method affiliates as well as silent partnerships where a limited liability company investing in the silent partnership is the operator. Additionally, all of the plants invested in by Group companies are the number of plants and power generation capacity for renewable energy power plants utilizing the FIT scheme.

Operation and maintenance (O&M)

In addition to maintenance services and 24-hour remote monitoring services based on fixed-term contracts with customers, the Group provides maintenance operations that occur on an irregular basis (such as

replacement of consumables, statutory inspections and other foreseeable needs, along with unforeseeable needs such as maintenance and replacement caused by failures of customer equipment).

In the six months ended December 31, 2024, due to the year-on-year decline in irregular maintenance services, operation and maintenance sales declined compared to the same period of the previous year.

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 addition, the Group offers ERAB^{*15} services which provide supply-demand adjustment capacity by utilizing demand response (DR)^{*12} technologies and virtual power plant (VPP)^{*13} technologies to integrate distributed energy resources^{*14} on the customer side, along with fuel supply services to customers operating co-generation systems.

In the six months ended December 31, 2024, supply volume increased as a result of a market-linked menu under which the electricity prices offered to customers are linked to the spot prices on the Japan Electric Power Exchange (JEPX). Although the Group strove to meet demand under the new menu, transactions with large consumers under the conventional menu ended, and as a result, electricity retailing sales declined year on year.

(Resource recycling biomass fuel supply)

The Group is engaged in the sale of PKS fuels^{*16} to biomass power plants in Japan.

In the six months ended December 31, 2024, sales increased year on year due to the year-on-year increase in fuel shipments.

As a result of the above, net sales for the Energy Supply Segment were ¥10,406 million (up 10.3% year on year), and segment profit came to ¥2,242 million (up 38.2% year on year).

Including intersegment sales and transfers, the Energy Supply Segment recorded net sales of ¥10,407 million (up 10.3% year on year).

2) Regarding the recording of loss on valuation of derivatives (non-operating expenses) and income taxes-deferred (gain)

In the six months ended December 31, 2024, loss on valuation of derivatives of ¥1,816 million was recorded under non-operating expenses. This loss on valuation arose with respect to valuation of forward foreign exchange contracts entered into for the purpose of hedging foreign exchange fluctuation risks associated with the procurement of PKS fuel to be used in a large-scale biomass power generation project with a generation capacity of approximately 46.0 MW being developed in Imari-shi, Saga Prefecture by our consolidated subsidiary, Imari Green Power Co., Ltd. In addition, due to the reversal of a deferred tax liability associated with recording the loss on valuation of derivatives, an income taxes-deferred (gain) of ¥622 million was recorded in the six months ended December 31, 2024. For details, please refer to “Notice Concerning the Recording of Non-operating Expenses (Loss on Valuation of Derivatives) and Income Taxes-Deferred (Gain)” announced in Japanese on November 5, 2024.

3) Regarding the recording of gain on investments in silent partnerships (non-operating income), gain on bargain purchase (extraordinary income), and loss on step acquisitions (extraordinary losses) in conjunction with making the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary

In the six months ended December 31, 2024, the Company recorded non-operating income of ¥328 million from gain on investments in silent partnerships, extraordinary income of ¥471 million from gain on bargain purchase, and extraordinary losses of ¥292 million on loss on step acquisitions. These recordings occurred in conjunction with acquisition of all of the interests in the silent partnership operated by Fukuoka-Miyako Solar Power LLC, a solar power generation company (hereinafter “the Miyako silent partnership”; located in Miyako-machi, Miyako-gun, Fukuoka Prefecture; power generation capacity of

approximately 67.0 MW) on August 1, 2024. The acquisition was conducted by the Company's wholly owned subsidiary TESS Engineering Co., Ltd. and resulted in the making of the Miyako silent partnership a consolidated subsidiary of the Company. For details, please refer to “(Revision of Disclosed Matters) Notice Concerning Partial Changes to Content of ‘Notice Concerning the Recording of Non-operating Income, Extraordinary Income, and Extraordinary Losses’” announced in Japanese on February 12, 2025.

4) Regarding the recording of gain on sale of investment securities (extraordinary income)

In the six months ended December 31, 2024, gain on sale of investment securities of ¥513 million was recorded under extraordinary income. This gain arose due to the divestment of a portion of the investment securities held by the Company's consolidated subsidiary TESS Engineering Co., Ltd. For details, please refer to “Notice Concerning the Recording of Extraordinary Income by a Subsidiary” announced in Japanese on November 5, 2024.

*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, amongst 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 and FIP certification:

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 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).

*7 Fuel conversion facilities:

Facilities to convert fuel used for heat sources in a factory from oil to natural gas.

*8 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.

*9 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.

*10 FIP scheme:

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.

*11 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.

*12 Demand response (DR):

Refers to changes in electric power demand patterns made by the owners of customer-side energy resources^{*17}, or third parties, through the regulation of those energy resources.

- *13 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.
- *14 Energy resources:
Facilities enabling the supply or storage of various types of energy, including electricity and heat (power generation systems, storage battery systems, boilers).
- *15 Energy resource aggregation businesses (ERAB):
The use of DR and VPP 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^{*18}, reducing electricity charges, avoiding output suppression, etc.
- *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 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).
- *18 Imbalance:
The difference between the demand and procurement plan for the retail provision of electricity formulated by the electricity retailer, and the actual figures.

(2) Explanation of financial position

(i) Financial position

Current assets

Total current assets as of the end of the six months under review amounted to ¥37,024 million, an increase of ¥1,002 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in cash and deposits of ¥2,010 million resulting from the making of the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary, an increase in accounts receivable - trade of ¥464 million and a decrease in contract assets in relation to commissioned-type EPC of the Engineering Segment of ¥2,457 million.

Non-current assets

Total non-current assets as of the end of the six months under review amounted to ¥105,992 million, an increase of ¥22,886 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in machinery, equipment and vehicles of ¥9,795 million resulting from the making of the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary, an increase in contract-based intangible assets of ¥4,567 million and an increase in construction in progress of Saga Imari Biomass Power Plant of ¥5,445 million.

Current liabilities

Total current liabilities as of the end of the six months under review amounted to ¥26,202 million, an increase of ¥2,952 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in short-term borrowings of ¥790 million and an increase in current portion of long-term borrowings of ¥1,856 million resulting from the making of the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary. Of that amount, the main component of the increase in current portion of long-term borrowings related to the silent partnership operated by Fukuoka-Miyako Solar Power LLC was mainly due to inclusion through consolidation of the current liabilities of the silent partnership operated by Fukuoka-Miyako Solar Power LLC as a result of making it a consolidated subsidiary and was not due to new borrowings in the six months ended December 31, 2024.

Non-current liabilities

Total non-current liabilities as of the end of the six months under review amounted to ¥74,057 million, an increase of ¥19,975 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in long-term borrowings of ¥18,696 million resulting from the making of the silent

partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary. Of that amount, the main component of the increase in long-term borrowings related to the silent partnership operated by Fukuoka-Miyako Solar Power LLC was mainly due to inclusion through consolidation of the non-current liabilities of the silent partnership operated by Fukuoka-Miyako Solar Power LLC as a result of making it a consolidated subsidiary and was not due to new borrowings in the six months ended December 31, 2024.

Net assets

Net assets as of the end of the six months under review amounted to ¥42,756 million, an increase of ¥960 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in deferred gains or losses on hedges of ¥1,418 million and a decrease in retained earnings of ¥544 million due to the payment of dividends and other factors.

(ii) Overview of cash flows

Cash and cash equivalents (hereinafter “cash”) as of December 31, 2024 was ¥15,539 million, an increase of ¥1,441 million (10.2%) 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 ¥5,001 million (compared to ¥1,324 million provided in the same period of the previous fiscal year) in the six months under review. The principal factor contributing to cash inflow was income based on sales of commissioned-type EPC in the Engineering Segment and renewable energy power plant ownership, operation and electricity sales in the Energy Supply Segment.

Cash flows from investing activities

Net cash used in investing activities totaled ¥6,266 million (compared to ¥3,413 million used in the same period of the previous fiscal year) in the six months under review. The principal factor contributing to the cash outflow was purchase of property, plant and equipment of ¥6,094 million.

Cash flows from financing activities

Net cash provided by financing activities totaled ¥2,736 million (compared to ¥13,308 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 long-term borrowings of ¥6,061 million.

(3) Explanation of forward-looking statements such as forecast of consolidated financial results

Forecast for consolidated financial results for the full year is unchanged from that disclosed in “Notice Concerning Revisions to Earnings Forecasts and Dividend Forecasts,” released in Japanese on November 5, 2024.

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. Semi-annual consolidated financial statements

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of June 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	18,339	20,349
Notes receivable - trade	321	781
Accounts receivable - trade	1,833	2,297
Accounts receivable from completed construction contracts	0	381
Contract assets	4,644	2,187
Merchandise and finished goods	200	195
Work in process	93	323
Costs on construction contracts in progress	44	80
Costs on real estate business	1,675	1,680
Raw materials and supplies	340	395
Advance payments to suppliers	6,442	6,677
Other	2,091	1,681
Allowance for doubtful accounts	(6)	(8)
Total current assets	36,022	37,024
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,270	5,116
Accumulated depreciation	(1,181)	(1,363)
Accumulated impairment	(757)	(755)
Buildings and structures, net	2,331	2,997
Machinery, equipment and vehicles	45,746	58,394
Accumulated depreciation	(13,104)	(15,871)
Accumulated impairment	(3,128)	(3,213)
Machinery, equipment and vehicles, net	29,514	39,309
Tools, furniture and fixtures	272	276
Accumulated depreciation	(194)	(187)
Accumulated impairment	(0)	(0)
Tools, furniture and fixtures, net	76	88
Land	5,217	5,217
Leased assets	2,287	2,287
Accumulated depreciation	(1,534)	(1,589)
Accumulated impairment	(36)	(35)
Leased assets, net	717	661
Construction in progress	23,261	28,707
Total property, plant and equipment	61,118	76,982
Intangible assets		
Goodwill	559	542
Contract-based intangible assets	6,421	10,989
Other	634	4,056
Total intangible assets	7,615	15,588

(Millions of yen)

	As of June 30, 2024	As of December 31, 2024
Investments and other assets		
Investment securities	381	366
Shares of subsidiaries and associates	1,270	1,253
Investments in capital of subsidiaries and associates	1,224	22
Deferred tax assets	2,750	2,676
Derivatives	5,676	6,017
Other	3,069	3,085
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	14,372	13,421
Total non-current assets	83,106	105,992
Total assets	119,128	143,017

(Millions of yen)

	As of June 30, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,125	1,172
Accounts payable for construction contracts	1,206	920
Short-term borrowings	13,250	14,040
Current portion of long-term borrowings	4,051	5,907
Lease liabilities	295	305
Income taxes payable	328	669
Contract liabilities	1,759	2,205
Provision for bonuses	261	11
Provision for contract loss	21	–
Provision for warranties for completed construction	5	15
Other	944	954
Total current liabilities	23,249	26,202
Non-current liabilities		
Long-term borrowings	45,047	63,743
Lease liabilities	3,002	3,508
Deferred tax liabilities	2,769	2,893
Asset retirement obligations	2,377	3,020
Long-term deposits received	483	483
Retirement benefit liability	369	385
Other	32	22
Total non-current liabilities	54,082	74,057
Total liabilities	77,332	100,260
Net assets		
Shareholders' equity		
Share capital	6,760	6,760
Capital surplus	19,608	19,608
Retained earnings	14,715	14,170
Treasury shares	(0)	(0)
Total shareholders' equity	41,083	40,538
Accumulated other comprehensive income		
Deferred gains or losses on hedges	48	1,467
Foreign currency translation adjustment	380	396
Total accumulated other comprehensive income	429	1,864
Non-controlling interests	283	353
Total net assets	41,796	42,756
Total liabilities and net assets	119,128	143,017

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

(Semi-annual consolidated statement of income)

(For the six months ended December 31, 2024)

(Millions of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Net sales	15,068	18,013
Cost of sales	11,300	13,282
Gross profit	3,768	4,730
Selling, general and administrative expenses	2,002	2,321
Operating profit	1,765	2,409
Non-operating income		
Interest income	1	12
Dividend income	10	5
Gain on sale of securities	0	–
Rental income	42	41
Insurance claim income	–	36
Share of profit of entities accounted for using equity method	20	65
Gain on investments in silent partnerships	–	329
Gain on valuation of derivatives	237	–
Surrender value of insurance policies	16	7
Subsidy income	15	136
Other	20	41
Total non-operating income	365	676
Non-operating expenses		
Interest expenses	350	560
Loss on valuation of derivatives	–	1,816
Loss on tax purpose reduction entry of non-current assets	–	89
Commission expenses	28	184
Share acquisition rights issuance costs	129	–
Foreign exchange losses	43	150
Other	119	45
Total non-operating expenses	672	2,845
Ordinary profit	1,458	240
Extraordinary income		
Gain on sale of investment securities	–	513
Gain on bargain purchase	–	471
Total extraordinary income	–	985
Extraordinary losses		
Loss on step acquisitions	–	292
Total extraordinary losses	–	292
Profit before income taxes	1,458	934
Income taxes	512	259
Profit	946	674
Profit attributable to non-controlling interests	80	77
Profit attributable to owners of parent	865	597

(Semi-annual consolidated statement of comprehensive income)
(For the six months ended December 31, 2024)

(Millions of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Profit	946	674
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	–
Deferred gains or losses on hedges	57	1,418
Foreign currency translation adjustment	182	39
Share of other comprehensive income of entities accounted for using equity method	(12)	(25)
Total other comprehensive income	219	1,432
Comprehensive income	1,165	2,107
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,100	2,031
Comprehensive income attributable to non-controlling interests	65	75

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,458	934
Depreciation	1,563	2,027
Loss on tax purpose reduction entry of non-current assets	–	89
Amortization of goodwill	16	16
Increase (decrease) in allowance for doubtful accounts	(49)	2
Increase (decrease) in provision for bonuses	(278)	(249)
Gain on bargain purchase	–	(471)
Increase (decrease) in retirement benefit liability	11	15
Increase (decrease) in provision for contract loss	–	(21)
Increase (decrease) in provision for warranties for completed construction	(21)	9
Increase (decrease) in provision for loss on construction contracts	–	17
Interest and dividend income	(12)	(18)
Interest expenses	350	560
Foreign exchange losses (gains)	(25)	75
Loss (gain) on valuation of derivatives	(237)	1,816
Share of loss (profit) of entities accounted for using equity method	(20)	(65)
Loss (gain) on sale of investment securities	(0)	(513)
Decrease (increase) in trade receivables	190	(1,048)
Loss (gain) on investments in silent partnerships	–	(329)
Decrease (increase) in contract asset	(2,328)	2,457
Decrease (increase) in inventories	(352)	(333)
Decrease (increase) in advance payments to suppliers	(1,254)	(235)
Increase (decrease) in trade payables	1,179	(134)
Loss (gain) on step acquisitions	–	292
Increase (decrease) in accrued consumption taxes	306	198
Increase (decrease) in accounts payable - other	4	0
Increase (decrease) in contract liabilities	853	449
Other, net	148	381
Subtotal	1,502	5,921
Interest and dividends received	12	18
Interest paid	(343)	(602)
Income taxes paid	(303)	(492)
Income taxes refund	456	156
Net cash provided by (used in) operating activities	1,324	5,001
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,631)	(6,094)
Proceeds from sale of property, plant and equipment	0	–
Purchase of intangible assets	(35)	(40)
Proceeds from sale of investment securities	31	521
Payments into time deposits	–	(625)
Payments for investments in capital of subsidiaries and associates	(785)	(11)
Proceeds from share of profits on investments in capital	–	6
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	–	(29)
Other, net	6	7
Net cash provided by (used in) investing activities	(3,413)	(6,266)

(Millions of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,350	790
Repayments of lease liabilities	(148)	(171)
Proceeds from long-term borrowings	2,399	6,061
Repayments of long-term borrowings	(2,807)	(2,789)
Proceeds from issuance of shares	13,460	–
Purchase of treasury shares	(0)	–
Dividends paid	(915)	(1,128)
Dividends paid to non-controlling interests	(13)	(43)
Net decrease (increase) in restricted deposits	(15)	16
Net cash provided by (used in) financing activities	13,308	2,736
Effect of exchange rate change on cash and cash equivalents	195	(30)
Net increase (decrease) in cash and cash equivalents	11,414	1,441
Cash and cash equivalents at beginning of period	11,026	14,098
Cash and cash equivalents at end of period	22,440	15,539

(4) Notes to semi-annual consolidated financial statements

Notes to specific accounting for preparing semi-annual 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 six months ended December 31, 2024.

Income taxes - deferred is included in income taxes.

Segment information, etc.

I Six months ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

1. Disclosure of sales and profit (loss) for each reportable segment and information on disaggregation of revenue

	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 semi-annual consolidated statement of income.

II Six months ended December 31, 2024 (from July 1, 2024 to December 31, 2024)

1. 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	514	8,318	8,832	—	8,832
Goods transferred over time	7,093	2,088	9,181	—	9,181
Revenue from contracts with customers	7,607	10,406	18,013	—	18,013
Revenues from external customers	7,607	10,406	18,013	—	18,013
Intersegment sales and transfers	1,229	1	1,230	(1,230)	—
Total	8,837	10,407	19,244	(1,230)	18,013
Segment profit (loss)	298	2,242	2,541	(131)	2,409

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 semi-annual consolidated statement of income.

2. Information regarding impairment losses on non-current assets and goodwill for each reportable segment

(Material impairment loss on non-current assets)

Not applicable.

(Material change in amount of goodwill)

Not applicable.

(Material gain on bargain purchase)

In the Energy Supply Segment, negative goodwill was recorded as a result of the acquisition of all of the interests in the silent partnership operated by Fukuoka-Miyako Solar Power LLC and making the silent partnership a consolidated subsidiary of the Company. Based on this, in the six months ended December 31, 2024, the Company recorded extraordinary income of ¥471 million from gain on bargain purchase.

Uncertainties of entity's ability to continue as going concern

Not applicable.

Notes when there are significant changes in amounts of equity

Not applicable.