

2. Dividends

	Annual dividends per share					Total dividends	Dividend ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	—	50.00	—	60.00	110.00	7,795	29.6	3.1
Year ended March 31, 2024	—	55.00	—	65.00	120.00	8,503	30.3	3.1
Year ending March 31, 2025 (Forecast)	—	65.00	—	65.00	130.00		31.7	

Note 1: Fiscal year ended March 31, 2024

2: Fiscal year ending March 31, 2025 (forecast)

Breakdown of year-end dividend

Breakdown of interim dividend

Breakdown of year-end dividend

Normal dividend: ¥65.00

Normal dividend: ¥65.00

Normal dividend: ¥65.00

3. Forecast of consolidated financial results 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	410.02

*Notes

(1) Changes in important subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in the scope of consolidation) : None

Note: For details see "Important information used to compile consolidated financial statements" on p.15 of the attached materials.

(2) 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

(3) Number of issued shares (common stock)

(i) Total number of issued shares at the end of the period (including treasury stock)	Year ended March 31, 2024	70,864,961shares	Year ended March 31, 2023	70,864,961 shares
(ii) Number of treasury stock at the end of the period	Year ended March 31, 2024	136,282shares	Year ended March 31, 2023	19,743 shares
(iii) Average number of shares outstanding during the period	Year ended March 31, 2024	70,773,609shares	Year ended March 31, 2023	70,845,420 shares

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

(Reference) Overview of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results (Percentages indicate change from corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	404,832	21.6	30,125	19.0	33,758	20.0	21,766	(0.2)
Year ended March 31, 2023	333,007	3.2	25,305	(4.6)	28,126	(2.4)	21,806	5.4

	Profit per share	Diluted profit per share
	Yen	Yen
Year ended March 31, 2024	307.46	—
Year ended March 31, 2023	307.73	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2024	447,058	232,817	52.1	3,290.83
Year ended March 31, 2023	395,807	214,457	54.2	3,026.33

(Reference) Equity Year ended March 31, 2024 ¥232,817 million Year ended March 31, 2023 ¥214,457 million

* Financial results reports are exempt from audits 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 "Overview of operating results" on p.2 of the attached materials.

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1. Overview of operating results

(1) Overview of operating results for the current fiscal year

During the current consolidated fiscal year, the construction industry saw continued robust demand supported by vigorous large-scale capital investment, including private-sector urban redevelopment projects and semiconductor plant construction. At the same time, the sector is being affected by rising prices, particularly for labor, prompting concerns about a shortage of construction workers, for example due to the need to put in place a labor environment that complies with limits on overtime work that are scheduled to take effect in FY2024.

The Kyudenko Group is no exception, and we have been called upon to take difficult steps to address these challenges at a time when we have more uncompleted construction contracts than at any other time in our history. These steps include construction operations, where we're working to establish optimal personnel structures and reduce overtime work, as well as order booking, where we're moving to ensure we can field the necessary level of construction capability while shifting cost increases onto project pricing as they manifest themselves.

Based on this environment, the Group recognizes the need to improve productivity by radically reconsidering the procedures, approaches, and mechanisms upon which we've relied to date and mounting a group-wide effort to reform workstyles. To that end, we've identified "improving productivity to prepare for a new era" as the theme for our basic management policy for FY2023, the fourth year of our Mid-term Management Plan, and we have been accelerating workstyle reforms and leveraging them to realize the Group's growth.

This approach to our businesses yielded the following results for the current fiscal year:

[Consolidated operating results]

Construction orders	¥440,864 million	(up 0.1% from the previous year)
Sales	¥469,057 million	(up 18.5% from the previous year)
Operating income	¥38,016 million	(up 18.5% from the previous year)
Ordinary income	¥42,362 million	(up 19.5% from the previous year)
Profit attributable to owners of parent	¥28,017 million	(up 6.3% from the previous year)

Net sales rose for both the facilities construction business and other businesses, with the segment total rising ¥73,273 million from the corresponding period of the previous fiscal year to ¥469,057 million.

Operating income rose ¥5,933 million from the corresponding period of the previous fiscal year to ¥38,016 million, while ordinary income rose ¥6,899 million to ¥42,362 million.

Profit attributable to owners of parent rose 1,667 million yen from the previous fiscal year to 28,017 million yen despite posting of reserves related to financial support to non-equity-method companies and a decrease in gain on sales of investment securities.

Individual business segments performed as follows:

(Facilities construction business)

Construction orders rose ¥357 million (0.1%) from the previous consolidated fiscal year to ¥440,864 million as we made aggressive personnel adjustments through collaboration between sales and engineering teams and pursued carefully planned order activities founded on optimal personnel assignments based on what we saw as a need to take steps to accommodate robust demand backed up by vigorous capital investment, including in urban redevelopment projects, semiconductor plants, logistics facilities, and datacenters.

Net sales rose ¥72,268 million (19.0%) to ¥452,623 million against the backdrop of record uncompleted construction contracts and robust order receipts. With regard to the Ukujima solar project, we are managing construction progress in an appropriate manner and working earnestly to secure the understanding of interested parties, including the fishery cooperative, while seeking feedback and guidance from local government and other stakeholders, with a focus on Ukujima Mirai Energy LLC, which is leading the project.

Segment profit (operating income) rose ¥5,798 million (20.1%) from the previous consolidated fiscal year to ¥34,707 million thanks to increased net sales.

(Other)

Net sales rose ¥1,005 million (6.5%) from the previous consolidated fiscal year to ¥16,433 million as a result of factors including growth in real-estate sales businesses.

Segment profit (operating income) rose ¥224 million (7.4%) from the previous consolidated fiscal year to ¥3,240 million as a result of growth in net sales.

(2) Overview of financial position during the current fiscal year

Overview of assets, liabilities, and net assets

(Assets)

Current assets rose ¥46,197 million from the end of the previous consolidated fiscal year to ¥324,418 million as a result of factors including increases in cash and deposits.

Fixed assets rose ¥10,675 million from the end of the previous consolidated fiscal year to ¥178,865 million as a result of factors including an increase in the market value evaluation of investment securities.

As a result, total assets rose ¥56,873 million from the end of the previous consolidated fiscal year to ¥503,284 million.

(Liabilities)

Current liabilities rose ¥53,836 million from the end of the previous consolidated fiscal year to ¥195,527 million as a result of factors including a transfer of the current portion of long-term borrowings from long-term liabilities and an increase in electronically recorded obligations.

Long-term liabilities fell ¥25,071 million from the end of the previous consolidated fiscal year to ¥16,630 million as a decrease due to the transfer of long-term borrowings offset the posting of reserves predicated on the assumption of financial support to non-equity-method companies.

As a result, total liabilities rose ¥28,764 million from the end of the previous consolidated fiscal year to ¥212,158 million.

(Net assets)

Total net assets rose ¥28,108 million from the end of the previous consolidated fiscal year to ¥291,125 million as a result of factors including the posting of profit attributable to owners of parent.

(3) Overview of cash flows during the current fiscal year

Cash and cash equivalents ("funds") during the current consolidated fiscal year rose ¥30,736 million from the end of the previous consolidated fiscal year to ¥94,588 million.

(Cash flows from operating activities)

Funds gained from operating activities totaled ¥43,969 million (an increase in income of ¥26,583 million from the previous consolidated fiscal year).

This figure primarily reflects the fact that posting of profit before income taxes and an increase in trade payables exceeded increases in trade receivables and inventory assets and payment of consumption tax.

(Cash flows from investing activities)

Funds expended in connection with investing activities totaled ¥2,314 million (a decrease in expenditures of ¥798 million from the previous consolidated fiscal year).

This figure primarily reflects the fact that expenditures on the acquisition of investment securities and property and equipment exceeded income from the sale of investment securities.

(Cash flows from financing activities)

Funds used in financing activities totaled ¥11,032 million (an increase in expenditures of ¥22,647 million from the previous consolidated fiscal year).

This change was primarily the result of dividend payments and expenditures made to repay long-term borrowings.

(4) Outlook for results during the next fiscal year

Although robust demand is expected continue in the future in the construction industry against the backdrop of urban redevelopment projects and corporate capital investment, concerns remain about construction labor shortages as companies comply with limits on overtime work, rising prices, and, in particular, soaring labor costs. At a time when the Kyudenko Group has more uncompleted construction contracts than at any other time in its history, it will be important to secure construction workers and establish optimal personnel structures that don't generate overtime, and we see these as the greatest issues we face.

In addition to working to finish three reforms and ongoing initiatives set forth in the Mid-term Management Plan, which ends next year, we will need to adopt sustainability management, including human capital management, as a management strategy and adapt to an environment that is changing at unprecedented speed.

With regard to the basic management theme for FY2024, the final year of the plan, we will continue to use the theme of "improving productivity to prepare for a new era," the theme from FY2023, as we work to realize the Group's growth by steadily implementing initiatives to resolve the key issues outlined in the Mid-term Management Plan while changing the name of our top-priority issue from "accelerating workstyle reforms" to "realizing workstyle reforms focusing on motivation and engagement."

The Group uses sales, ordinary income, ordinary income ratio, and return on invested capital (ROIC) as objective indicators (KPIs) for evaluating the Group's efforts to achieve its management goals. When the Mid-term Management Plan was formulated, it specified the following targets for FY2024, its final year: sales of ¥500 billion, ordinary income of ¥50 billion, an ordinary income ratio of at least 10.0%, and ROIC of at least 10.0%. We established new initiatives to address major changes in the business environment during the period covered by the Mid-term Management Plan, including the COVID-19 pandemic, increasingly serious labor shortage, the abrupt weakening of the yen, and rising material costs, and leveraged all the Group's resources to achieve the specified KPIs under the Mid-term Management Plan. However, the performance outlook for the upcoming fiscal year, which is the final year of the Mid-term Management Plan, specifies sales of ¥500 billion and ordinary income of ¥43 billion in response to the postponement of a large wind power project due to permitting hold-ups, delays in the start of full-scale work on the Ukujima solar project, and unforeseen increase in labor costs and other expenses. While efforts to expand our business operations so that we can achieve these targets are showing results, we will continue to make a group-wide effort to improve profit and profitability, both of which are rising, based on challenges including recent inflation.

These figures are based on the outlook for our performance during the upcoming fiscal year based on foreseeable circumstances as of the date the consolidated financial report was submitted. As such, they do not guarantee that the expected level of performance will be achieved.

As a result of the above initiatives, we expect the following operating results for the upcoming fiscal year (ending March 31, 2025):

(Consolidated financial results)

Construction orders	¥452.0 billion (up 2.5% from the current fiscal year)
Sales	¥500.0 billion (up 6.6% from the current fiscal year)
Operating income	¥39.5 billion (up 3.9% from the current fiscal year)
Ordinary income	¥43.0 billion (up 1.5% from the current fiscal year)
Profit attributable to owners of parent	¥29.0 billion (up 3.5% from the current fiscal year)

(5) Basic policy on profit allocation and dividends for the current and upcoming fiscal years

With regard to the allocation of profits, we strive to maintain appropriate financial structures based on awareness of capital costs and return profits to shareholders while setting aside sufficient internal reserves to strengthen our management base and expand our businesses in order to enhance performance.

With regard to dividends, we make comprehensive determinations based on such factors as the business environment, operating results, and financial position and endeavor to meet the expectations of shareholders by offering stable dividends on an ongoing basis using a consolidated payout ratio of 25% as a guideline.

In accordance with this basic policy, a year-end dividend of ¥65 per share, representing an increase of ¥10 from ¥55 per share, will be paid from the standpoint of the Group's performance this year and our commitment to return profits to shareholders. Combined with the previous interim dividend of ¥55, the year-end dividend will result in an annual dividend of ¥120 per share.

We're planning an annual dividend of ¥130 per share (including an interim dividend of ¥65) for the upcoming fiscal year (ending March 2025) based on the current earnings forecast and other data.

2. Basic approach to selection of accounting standards

Most of the Group's business is conducted in Japan, and most of the interested parties, including creditors and business partners, operate in Japan. As a result, we apply Japanese accounting standards so that consolidated financial statements from multiple fiscal years and for multiple businesses can be compared.

Our policy going forward will be to examine potential future use of international accounting standards as appropriate based on considerations such as the domestic and international situation and adoption of international accounting standards by other companies in our industry.

3. Consolidated financial statements and principal notes

(1) Consolidated balance sheet

(Millions of yen)

	Previous fiscal year As of March 31, 2023	Current fiscal year As of March 31, 2024
Assets		
Current assets		
Cash and deposits	67,534	98,548
Notes receivable, accounts receivable from completed construction contracts and other	148,902	164,887
Costs of uncompleted construction contracts	7,428	9,949
Merchandise	1,203	614
Raw materials and supplies	31,364	33,359
Other	21,790	17,059
Allowance for doubtful accounts	(3)	(0)
Total current assets	278,220	324,418
Fixed assets		
Property and equipment		
Buildings and structures	76,168	75,777
Machinery, vehicles, tools, furniture and fixtures	45,607	45,308
Land	29,914	30,207
Lease assets	8,087	8,084
Construction in process	382	864
Total cumulative depreciation	(78,415)	(81,574)
Total property and equipment	81,745	78,667
Intangible assets		
Goodwill	821	507
Customer-related assets	1,518	1,298
Other	1,938	2,584
Total intangible assets	4,278	4,390
Investments and other assets		
Investment securities	64,494	73,645
Long-term loans receivable	89	14
Retirement benefit assets	10,445	14,829
Deferred tax assets	2,468	2,129
Other	5,652	6,193
Allowance for doubtful accounts	(985)	(1,004)
Total investments and other assets	82,166	95,808
Total fixed assets	168,189	178,865
Total assets	446,410	503,284

(Millions of yen)

	Previous fiscal year As of March 31, 2023	Current fiscal year As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	69,832	71,617
Electronically recorded obligations	28,762	47,881
Short-term borrowings	2,461	28,930
Income taxes payable	5,984	10,712
Advances received on uncompleted construction contracts	26,550	21,553
Provision for loss on construction contracts	21	262
Other	8,077	14,569
Total current liabilities	141,691	195,527
Long-term liabilities		
Long-term borrowings	30,604	3,025
Lease obligations	3,341	3,380
Provision for retirement benefits for directors (and other officers)	327	309
Retirement benefit liability	3,980	3,774
Provision for share-based payments	—	87
Provision for loss on business of subsidiaries and associates	—	2,260
Other	3,448	3,792
Total long-term liabilities	41,702	16,630
Total liabilities	183,393	212,158
Net assets		
Shareholders' equity		
Share capital	12,561	12,561
Capital surplus	13,046	13,069
Retained earnings	233,918	253,824
Treasury stock, at cost	(10)	(493)
Total shareholders' equity	259,516	278,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,428	7,810
Deferred gains or losses on hedges	(16)	61
Foreign currency translation adjustment	688	890
Retirement benefit liability adjustments	(1,774)	1,056
Total accumulated other comprehensive loss	1,325	9,818
Non-controlling interests	2,175	2,344
Total net assets	263,017	291,125
Total liabilities and net assets	446,410	503,284

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net sales		
Construction contracts	380,355	452,623
Other	15,428	16,433
Total net sales	395,783	469,057
Cost of sales		
Construction contracts	326,874	392,462
Other	11,019	11,961
Total cost of sales	337,894	404,424
Gross profit		
Construction contracts	53,480	60,160
Other	4,408	4,472
Total gross profit	57,889	64,632
Selling, general and administrative expenses	25,806	26,615
Operating income	32,083	38,016
Non-operating income		
Interest income	63	211
Dividend income	716	1,441
Share of profit of entities accounted for using equity method	732	970
Gain on investments in partnerships	1,427	1,392
Rent income	322	318
Other	867	745
Total non-operating income	4,130	5,080
Non-operating expenses		
Interest expenses	424	466
Extra retirement payments	58	89
Transfer of allowance for doubtful accounts from affiliates	17	14
Provision of allowance for doubtful accounts	—	103
Settlement payments	87	—
Other	162	61
Total non-operating expenses	750	734
Ordinary income	35,462	42,362

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Extraordinary income		
Gain on sales of fixed assets	310	39
Gain on sales of investment securities	4,247	2,667
Total extraordinary income	4,558	2,706
Extraordinary losses		
Loss on disposal and sales of fixed assets	223	371
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	602	422
Impairment losses	326	856
Loss on liquidation of a subsidiary	74	—
Provision for loss on business of subsidiaries and associates	—	2,260
Total extraordinary losses	1,227	3,910
Profit before income taxes	38,793	41,158
Corporate, residence, and business taxes	11,157	15,713
Income taxes - deferred	1,198	(2,796)
Total income taxes	12,355	12,917
Profit	26,437	28,240
Profit attributable to non-controlling interests	88	223
Profit attributable to owners of parent	26,349	28,017

Consolidated statement of comprehensive income

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Profit	26,437	28,240
Other comprehensive income		
Valuation difference on available-for-sale securities	577	5,340
Foreign currency translation adjustment	535	234
Retirement benefit liability adjustments	1,124	2,831
Share of other comprehensive income (loss) of entities accounted for using equity method	204	119
Total other comprehensive income (loss)	2,441	8,527
Comprehensive income	28,879	36,768
(of which)		
Comprehensive income attributable to owners of parent	28,735	36,510
Comprehensive income attributable to non-controlling interests	144	257

(3) Statement of changes in consolidated shareholders' equity, etc.

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at start of fiscal year under review	12,561	12,987	214,655	(9)	240,194
Change during fiscal year under review					
Dividend of surplus			(7,086)		(7,086)
Profit attributable to owners of parent			26,349		26,349
Purchase of treasury stock				(1)	(1)
Changes in the scope of consolidation					—
Change in equity due to acquisition of consolidated subsidiaries' treasury stock		0			0
Change in equity due to sale of shares of consolidated subsidiaries' shares		59			59
Change in items other than shareholders' equity during fiscal year under review (net)					—
Total change during fiscal year under review	—	59	19,263	(1)	19,321
Balance at end of fiscal year under review	12,561	13,046	233,918	(10)	259,516

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefit liability adjustments	Total accumulated other comprehensive loss		
Balance at start of fiscal year under review	1,848	(218)	208	(2,898)	(1,059)	2,059	241,194
Change during fiscal year under review							
Dividend of surplus							(7,086)
Profit attributable to owners of parent							26,349
Purchase of treasury stock							(1)
Changes in the scope of consolidation							—
Change in equity due to acquisition of consolidated subsidiaries' treasury stock							0
Change in equity due to sale of shares of consolidated subsidiaries' shares							59
Change in items other than shareholders' equity during fiscal year under review (net)	579	201	480	1,124	2,385	115	2,500
Total change during fiscal year under review	579	201	480	1,124	2,385	115	21,822
Balance at end of fiscal year under review	2,428	(16)	688	(1,774)	1,325	2,175	263,017

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at start of fiscal year under review	12,561	13,046	233,918	(10)	259,516
Change during fiscal year under review					
Dividend of surplus			(8,149)		(8,149)
Profit attributable to owners of parent			28,017		28,017
Purchase of treasury stock				(482)	(482)
Changes in the scope of consolidation			37		37
Change in equity due to acquisition of consolidated subsidiaries' treasury stock		23			23
Change in equity due to sale of shares of consolidated subsidiaries' shares					—
Change in items other than shareholders' equity during fiscal year under review (net)					—
Total change during fiscal year under review	—	23	19,905	(482)	19,446
Balance at end of fiscal year under review	12,561	13,069	253,824	(493)	278,962

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Retirement benefit liability adjustments	Total accumulated other comprehensive loss		
Balance at start of fiscal year under review	2,428	(16)	688	(1,774)	1,325	2,175	263,017
Change during fiscal year under review							
Dividend of surplus							(8,149)
Profit attributable to owners of parent							28,017
Purchase of treasury stock							(482)
Changes in the scope of consolidation							37
Change in equity due to acquisition of consolidated subsidiaries' treasury stock							23
Change in equity due to sale of shares of consolidated subsidiaries' shares							—
Change in items other than shareholders' equity during fiscal year under review (net)	5,381	78	201	2,831	8,493	168	8,662
Total change during fiscal year under review	5,381	78	201	2,831	8,493	168	28,108
Balance at end of fiscal year under review	7,810	61	890	1,056	9,818	2,344	291,125

(4) Consolidated cash flow statement

	(Millions of yen)	
	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	38,793	41,158
Depreciation expenses	6,018	6,016
Impairment losses	326	856
Increase/decrease in allowance for doubtful accounts (with figures in parentheses indicating decreases)	(24)	15
Increase/decrease in retirement benefit assets (with figures in parentheses indicating increases)	(3,064)	(536)
Increase/decrease in retirement benefit liabilities and provision for retirement benefits for directors (and other officers) (with figures in parentheses indicating decreases)	1,544	(330)
Increase/decrease in provision for loss on construction contracts (with figures in parentheses indicating decreases)	(170)	240
Increase/decrease in provision for loss on business of subsidiaries and associates	—	2,260
Gain/loss on investments in partnerships (with figures in parentheses indicating gains)	(1,427)	(1,392)
Interest income and dividend income	(780)	(1,653)
Interest expenses	424	466
Foreign exchange gain or loss (with figures in parentheses indicating gains)	(168)	(89)
Share of profit/loss of entities accounted for using equity method (with figures in parentheses indicating profit)	(414)	(675)
Gain/loss on sale of property and equipment (with figures in parentheses indicating gains)	(310)	(39)
Loss on disposal of property and equipment	208	365
Gain/loss on valuation of securities and investment securities (with figures in parentheses indicating gains)	602	422
Gain/loss on sale of securities and investment securities (with figures in parentheses indicating gains)	(4,247)	(2,667)
Increase/decrease in accounts receivable (with figures in parentheses indicating increases)	(11,791)	(15,594)
Increase/decrease in costs of uncompleted construction contracts (with figures in parentheses indicating increases)	(1,689)	(2,476)
Increase/decrease in inventory assets (with figures in parentheses indicating increases)	(8,545)	(1,403)
Increase/decrease in accounts payable (with figures in parentheses indicating decreases)	9,552	20,767
Increase/decrease in advances received on uncompleted construction contracts (with figures in parentheses indicating decreases)	15,076	(5,251)
Increase/decrease in long-term accounts payable (with figures in parentheses indicating decreases)	87	(35)
Increase/decrease in unpaid or uncollected consumption tax	(4,090)	10,223
Other	(6,386)	3,264
Sub total	29,522	53,913
Interest income and dividend income received	763	1,626
Interest paid	(424)	(466)
Income taxes paid	(12,474)	(11,103)
Cash flows from operating activities	17,386	43,969

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from investing activities		
Expenditures on deposits of time deposits	(3,738)	(7,084)
Income from redemption of time deposits	1,503	7,038
Expenditures on purchases of property and equipment	(2,940)	(1,836)
Income from sale of property and equipment	445	289
Expenditures on disposal of property and equipment	(126)	(182)
Expenditures on purchases of investment securities	(3,415)	(2,105)
Income from sale of investment securities	5,754	3,354
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(97)	(361)
Expenditures on long-term loans	(34)	—
Income from collection of long-term loans	366	35
Other	(831)	(1,462)
Cash flows from investing activities	(3,113)	(2,314)
Cash flows from financing activities		
Net increase/decrease in short-term borrowings (with figures in parentheses indicating decreases)	(18)	122
Income from long-term borrowings	27,000	—
Expenditures on repayment of long-term loans	(7,057)	(1,231)
Expenditures on purchases of treasury stock	(2)	(482)
Dividends paid	(7,087)	(8,148)
Dividends paid to non-controlling interests	(2)	(4)
Expenditures on refunds to non-controlling interests	(22)	(22)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	60	—
Other	(1,253)	(1,265)
Cash flows from financing activities	11,615	(11,032)
Translation differences related to cash and cash equivalents	171	113
Increase/decrease in cash and cash equivalents (with figures in parentheses indicating decreases)	26,060	30,736
Cash and cash equivalents at start of period	37,791	63,851
Cash and cash equivalents at end of period	63,851	94,588

(5) Notes on the consolidated financial statements

(Notes on the premise of a going concern)

None

(Important information used to compile consolidated financial statements)

With the exception of the following, disclosures have been omitted due to the absence of important changes to the information provided in the most recent annual securities report (submitted on June 29, 2023).

(Changes in the scope of consolidation)

We acquired shares of ITO PIPE FITTING Co., Ltd., in Nagasaki Prefecture to make the company a consolidated subsidiary.

Kirishima Biomass Fuel Co., Ltd., which was previously a consolidated subsidiary, was absorbed by Kirishima Biomass Power Co., Ltd., in a merger. Similarly, the following companies, which had been consolidated subsidiaries, were absorbed by CHUORIKA KOUGYO Co., Ltd., in a merger: CHUO SHOBO KIKO Co., Ltd.; TOKYO CHUORIKA KOUGYO Co., Ltd.; TOKYO – NISHI CHUORIKA KOUGYO Co., Ltd.; SAITAMA CHUORIKA KOUGYO Co., Ltd.; TOCHIGI CHUORIKA KOUGYO Co., Ltd.; CHUORIKA KOUGYO (SENDAI) Co., Ltd.; MIE CHUORIKA KOUGYO Co., Ltd.; and HAMAMATSU CHUORIKA KOUGYO Co., Ltd. Furthermore, Shibushi mega solar power generation Co., Ltd., which was a consolidated subsidiary, was absorbed by Kagoshima Solar Farm Co., Ltd., in a merger.

These results brought the number of subsidiaries to 51.

(Change in labeling method)

(Consolidated statement of income)

The “Payment fees” category, listed under “Non-operating expenses” for the previous consolidated fiscal year, will be included in the “Other” category starting this consolidated fiscal year due to its diminished magnitude. The consolidated financial statement for the previous consolidated fiscal year has been reclassified to apply this change in presentation.

As a result, the “Payment fees” and “Other” category totals of ¥99 million and ¥63 million, respectively, for “Non-operating expenses” on the previous consolidated fiscal year’s consolidated statement of income have been reclassified to yield an “Other” category total of ¥162 million.

(Business segment information)

1. Overview of reporting segments

It is possible to obtain discrete financial information for the reporting segments that make up the Group, which are subject to regular study by the Board of Directors as it makes decisions concerning the allocation of management resources and assesses performance.

The Head Office formulates medium- and long-term business strategies for the Group and carries out business activities involving facilities construction in cooperation with consolidated group companies, with a focus on local worksites.

Business activities in other industries, including the sale of construction-related materials and equipment, real-estate sales, and the generation of renewable energy, are carried out by consolidated group companies as independent business units.

Consequently, the Group, which consists of several business-specific segments, aggregates multiple business segments that are generally similar in terms of elements such as economic characteristics and services and treats them as the “facilities construction business” reporting segment so that it can provide appropriate information, for example descriptions of associated business activities.

The facilities construction business encompasses primarily design and installation for electrical work such as power distribution line work, indoor wiring work, and telecommunications work as well as HVAC facility work such as space conditioning, cooling and heating, water supply and wastewater sanitary equipment, and water treatment work.

2. Methods used to calculate sales, profit, assets, liabilities, and other amounts for each business segment

The accounting treatments used for reported business segments are generally the same as those described in “Important information used to compile consolidated financial statements.”

Reportable segment income is based on operating income. Inter-segment revenues and transfers are based on prevailing market prices.

3. Information related to sales, profit, assets, liabilities, and other amounts for each reporting segment

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reporting segment		Other (Note 1)	Total	Adjustment (Note 3)	Total
	Facilities construction business					
Net sales						
Sales to outside customers	380,355		15,428	395,783	—	395,783
Inter-segment internal sales and transfers	1,265		5,074	6,340	(6,340)	—
Total	381,620		20,503	402,123	(6,340)	395,783
Segment profit	28,908		3,015	31,924	158	32,083
Other items						
Depreciation expenses	3,935		2,188	6,123	(104)	6,018
Amortization of goodwill	215		121	337	—	337
Depreciation of customer-related assets	220		—	220	—	220

- Note 1: The “Other” category comprises a business segment that is not included in any other reporting segment and consists of businesses such as the following: sales of construction-related materials and equipment, real-estate sales, generation of renewable energy, temporary staffing, software development, environmental analysis and measurement, health care, golf course operation, business hotel operation, and retail facility planning and operation.
2. Segment assets and segment liabilities are not listed because assets and liabilities are not allocated to the business segment in question.
 3. The ¥158 million adjustment to segment profit serves to eliminate inter-segment transactions.
 4. Segment profit is derived from operating income as listed on the consolidated statement of income and adjustments.
 5. A goodwill impairment loss of ¥326 million was posted for the Other segment.

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segment		Other (Note 1)	Total	Adjustment (Note 3)	Total
	Facilities construction business					
Net sales						
Sales to outside customers	452,623		16,433	469,057	—	469,057
Inter-segment internal sales and transfers	930		5,478	6,408	(6,408)	—
Total	453,553		21,912	475,465	(6,408)	469,057
Segment profit	34,707		3,240	37,947	69	38,016
Other items						
Depreciation expenses	3,871		2,026	5,898	(102)	5,795
Amortization of goodwill	242		28	270	—	270
Depreciation of customer-related assets	220		—	220	—	220

- Note 1: The “Other” category comprises a business segment that is not included in any other reporting segment and consists of businesses such as the following: sales of construction-related materials and equipment, real-estate sales, generation of renewable energy, temporary staffing, software development, environmental analysis and measurement, health care, golf course operation, business hotel operation, and retail facility planning and operation.
2. Segment assets and segment liabilities are not listed because assets and liabilities are not allocated to the business segment in question.
 3. The ¥69 million adjustment to segment profit serves to eliminate inter-segment transactions.
 4. Segment profit is derived from operating income as listed on the consolidated statement of income and adjustments.
 5. A goodwill impairment loss of ¥253 million was posted for the Other segment.

(Per-share data)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share	¥3,681.85	¥4,082.95
Profit per share	¥371.93	¥395.87

Note 1: Diluted profit per share is not listed as the company has no potential shares.

2. Profit per share is calculated as follows:

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Profit per share		
Profit attributable to owners of parent (millions of yen)	26,349	28,017
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common stock (millions of yen)	26,349	28,017
Average number of common stock shares outstanding during the period (thousands of shares)	70,845	70,773

3. Average number of shares during the period" for the calculation of profit per share excludes the Company's shares remaining in the Trust for the Delivery of Company Shares to Directors (- shares in the previous consolidated fiscal year and 71,385 shares in the current consolidated fiscal year).

4. Net assets per share are calculated as follows:

	End of previous fiscal year (March 31, 2023)	End of current fiscal year (March 31, 2024)
Total net assets (millions of yen)	263,017	291,125
Amount excluded from total net assets (millions of yen)	2,175	2,344
(Of which, share warrants [millions of yen])	(—)	(—)
(Of which, non-controlling interests [millions of yen])	(2,175)	(2,344)
Net assets at end of period related to common stock (millions of yen)	260,841	288,781
Number of issued common stock shares (thousands of shares)	70,864	70,864
Number of common shares of treasury stock (thousands of shares)	19	136
Number of common stock shares at end of period used to calculate net assets per share (thousands of shares)	70,845	70,728

5. Number of shares at the end of the period" for the calculation of net assets per-share excludes the Company's shares remaining in the Trust for the Delivery of Company Shares to Directors (- shares in the previous consolidated fiscal year and 116,000 shares in the current consolidated fiscal year).

(Important subsequent events)

None

4. Other

Reference: Production, orders, and sales status

[Consolidated performance]

(1) Net sales

Accounting period Business segment	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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	46,628	11.8	48,253	10.3	1,625	3.5
Electrical work	199,403	50.4	251,167	53.5	51,764	26.0
HVAC and sanitary facility work	134,323	33.9	153,202	32.7	18,878	14.1
Total, facilities construction business	380,355	96.1	452,623	96.5	72,268	19.0
Other businesses	15,428	3.9	16,433	3.5	1,005	6.5
Total	395,783	100	469,057	100	73,273	18.5

(2) Construction orders

Accounting period Business segment	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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	48,409	11.0	48,530	11.0	121	0.3
Electrical work	237,405	53.9	230,614	52.3	(6,791)	(2.9)
HVAC and sanitary facility work	154,692	35.1	161,719	36.7	7,027	4.5
Total	440,507	100	440,864	100	357	0.1

(3) Construction contract balance at end of period

Accounting period Business segment	As of March 31, 2023 (2023.3)		As of March 31, 2024 (2024.3)		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	3,029	0.7	3,306	0.7	277	9.2
Electrical work	323,010	69.0	302,457	66.3	(20,553)	(6.4)
HVAC and sanitary facility work	141,761	30.3	150,278	33.0	8,517	6.0
Total	467,801	100	456,042	100	(11,758)	(2.5)

(4) Construction sales by customer

Accounting period Customer	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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*	46,743	12.3	49,773	11.0	3,029	6.5
General customers	333,611	87.7	402,850	89.0	69,238	20.8
Total	380,355	100	452,623	100	72,268	19.0

(5) Construction orders by customer

Accounting period Customer	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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*	47,255	10.7	50,338	11.4	3,082	6.5
General customers	393,251	89.3	390,526	88.6	(2,725)	(0.7)
Total	440,507	100	440,864	100	357	0.1

(6) 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., Kyushu Electric Power Transmission and Distribution Co., Inc., and Kyuden T&D Service Co., Inc.

[Non-consolidated performance]

(1) Net sales

Accounting period Business segment	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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	44,273	13.3	45,581	11.2	1,308	3.0
Electrical work	178,281	53.5	231,434	57.2	53,152	29.8
HVAC and sanitary facility work	105,778	31.8	122,693	30.3	16,915	16.0
Total	328,333	98.6	399,708	98.7	71,375	21.7
Other businesses	4,674	1.4	5,123	1.3	448	9.6
Total	333,007	100	404,832	100	71,824	21.6

(2) Construction orders

Accounting period Business segment	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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	46,141	12.2	45,838	12.0	(303)	(0.7)
Electrical work	213,006	56.1	209,490	54.9	(3,516)	(1.7)
HVAC and sanitary facility work	120,138	31.7	126,426	33.1	6,287	5.2
Total	379,286	100	381,754	100	2,468	0.7

(3) Construction contract balance at end of period

Accounting period Business segment	As of March 31, 2023 (2023.3)		As of March 31, 2024 (2024.3)		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	2,328	0.5	2,585	0.6	256	11.0
Electrical work	310,249	72.3	288,305	70.1	(21,944)	(7.1)
HVAC and sanitary facility work	116,709	27.2	120,442	29.3	3,733	3.2
Total	429,287	100	411,333	100	(17,954)	(4.2)

(4) Construction sales by customer

Accounting period Customer	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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*	45,079	13.7	47,839	12.0	2,759	6.1
General customers	283,253	86.3	351,869	88.0	68,615	24.2
Total	328,333	100	399,708	100	71,375	21.7

(5) Construction orders by customer

Accounting period Customer	Previous fiscal year (April 2022 to March 2023)		Current fiscal year (April 2023 to March 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*	45,522	12.0	48,544	12.7	3,022	6.6
General customers	333,764	88.0	333,209	87.3	(554)	(0.2)
Total	379,286	100	381,754	100	2,468	0.7

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