

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Consolidated Financial Report [Japanese GAAP] for the Fiscal Year Ended March 31, 2025

April 28, 2025

Company name: Kyudenko Corporation Listing: Tokyo Stock Exchange / Fukuoka Stock Exchange
Securities code: 1959 URL: <https://www.kyudenko.co.jp>
Representative: Kazuyuki Ishibashi, Executive Officer Representative President
Inquiries: Akira Shirouzu, Senior Executive Officer, Tel: +81(0)-50-6861-1238
General Manager of Finance & Accounting Department
Scheduled date to hold regular June 26, 2025 Scheduled date to commence June 4, 2025
shareholders' meeting: dividend payments:
Scheduled date to file annual June 25, 2025
securities report:
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.)

1. Consolidated financial results for the fiscal year ended March 31, 2025

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2025	473,954	1.0	41,388	8.9	44,434	4.9	28,883	3.1
Year ended March 31, 2024	469,057	18.5	38,016	18.5	42,362	19.5	28,017	6.3

(Note) Comprehensive income Year ended March 31, 2025 ¥30,392 million (-17.3%) Year ended March 31, 2024 ¥36,768 million (27.3%)

	Profit per share	Diluted profit per share	Ratio of profit to equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
Year ended March 31, 2025	408.36	—	9.6	9.0	8.7
Year ended March 31, 2024	395.87	—	10.2	8.9	8.1

(Reference) Share of profit/loss of entities accounted for using equity method Year ended March 31, 2025 ¥493 million Year ended March 31, 2024 ¥970 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	488,472	312,152	63.5	4,384.30
As of March 31, 2024	503,284	291,125	57.4	4,082.95

(Reference) Equity As of March 31, 2025 ¥310,104 million As of March 31, 2024 ¥288,781 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2025	8,656	(8,910)	(24,552)	70,437
Year ended March 31, 2024	43,969	(2,314)	(11,032)	94,588

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, 2024	—	55.00	—	65.00	120.00	8,503	30.3	3.1
Year ended March 31, 2025	—	65.00	—	75.00	140.00	9,920	34.3	3.3
Year ending March 31, 2026 (Forecast)	—	90.00	—	90.00	180.00		39.8	

Note 1: Fiscal year ended March 31, 2025

2: Fiscal year ending March 31, 2026 (forecast)

Breakdown of year-end dividend

Breakdown of interim dividend

Breakdown of year-end dividend

Normal dividend: ¥75.00

Normal dividend: ¥90.00

Normal dividend: ¥90.00

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026

(From April 1, 2025 to March 31, 2026)

(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	490,000	3.4	44,500	7.5	47,500	6.9	32,000	10.8	452.42

*Notes

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

Newly included: 1 companies(SHINSEI AIR CONDITIONING Co.,Ltd.)

Excluded: — companies(Company name)

Note: For details see "Important information used to compile consolidated financial statements" on p.16 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: : Yes

(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)

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

(iii) Average number of shares outstanding during the period

Year ended March 31, 2025	70,864,961 shares	Year ended March 31, 2024	70,864,961 shares
Year ended March 31, 2025	134,473 shares	Year ended March 31, 2024	136,282 shares
Year ended March 31, 2025	70,730,438 shares	Year ended March 31, 2024	70,773,609 shares

(Note) Treasury stock figures include company shares remaining in the trust that administers the stock compensation plan for officers (as of March 31, 2025 : 113,600 shares; 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, 2025 (From April 1, 2024 to March 31, 2025)

(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, 2025	398,602	(1.5)	36,498	21.2	37,516	11.1	25,944	19.2
Year ended March 31, 2024	404,832	21.6	30,125	19.0	33,758	20.0	21,766	(0.2)
	Profit per share		Diluted profit per share					
	Yen		Yen					
Year ended March 31, 2025	366.71		—					
Year ended March 31, 2024	307.46		—					

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	433,384	249,313	57.5	3,523.91
As of March 31, 2024	447,058	232,817	52.1	3,290.83

(Reference) Equity As of March 31, 2025 ¥249,313 million As of March 31, 2024 ¥232,817 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.

Attached materials — Contents

1. Overview of operating results	2
(1) Overview of operating results for the current fiscal year	2
(2) Overview of financial position during the current fiscal year	3
(3) Overview of cash flows during the current fiscal year	4
(4) Outlook for results during the next fiscal year	5
(5) Basic policy on profit allocation and dividends for the current and upcoming fiscal years	6
2. Basic approach to selection of accounting standards	6
3. Consolidated financial statements and principal notes	7
(1) Consolidated balance sheet	7
(2) Consolidated statement of income and consolidated statement of comprehensive income	9
(3) Statement of changes in consolidated shareholders' equity, etc.	12
(4) Consolidated cash flow statement	14
(5) Notes on the consolidated financial statements	16
(Notes on the premise of a going concern)	16
(Important information used to compile consolidated financial statements)	16
(Changes in accounting policies)	16
(Change in labeling method)	16
(Business segment information)	17
(Per-share data)	19
(Important subsequent events)	19
4. Other	20
Reference: Production, orders, and sales status	20

1. Overview of operating results

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

During the current consolidated fiscal year, the construction industry experienced steady demand driven by urban redevelopment and corporate capital investment while facing concerns such as labor shortages caused by compliance with regulations on overtime work limits and rising costs, in particular a surge in labor expenses.

The Kyudenko Group was no exception to these trends, and securing a sufficient number of construction workers and establishing an optimal workforce structure that prevents excessive working hours became critical challenges, especially amid a record-high volume of work in progress. We recognize these challenges as some of our most pressing issues.

In light of these circumstances, the Group carried over the theme of its basic management policy for FY2024 (the final year of the current Mid-term Management Plan) from FY2023, which focused on “improving productivity to prepare for a new era.” However, we changed the name of the core initiative from “accelerating workstyle reform” to “workstyle reform that enhances job satisfaction” and steadily promoted efforts to resolve the key issues set forth in the Mid-term Management Plan.

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

[Consolidated operating results]

Construction orders	¥452,113 million	(up 2.6% from the previous year)
Sales	¥473,954 million	(up 1.0% from the previous year)
Operating income	¥41,388 million	(up 8.9% from the previous year)
Ordinary income	¥44,434 million	(up 4.9% from the previous year)
Profit attributable to owners of parent	¥28,883 million	(up 3.1% from the previous year)

Net sales rose for both the facilities construction business and other businesses, with the segment total rising ¥4,897 million from the corresponding period of the previous fiscal year to ¥473,954million.

Operating income rose ¥3,371 million from the corresponding period of the previous fiscal year to ¥41,388 million, while ordinary income rose ¥2,071 million to ¥44,434 million. Profit attributable to owners of parent rose ¥865 million to ¥28,883 million.

Individual business segments performed as follows:

(Facilities construction business)

Construction orders rose ¥11,248 million (2.6%) from the previous consolidated fiscal year to ¥452,113 million as we responded to strong demand backed by robust capital investment in urban redevelopment, semiconductor plants, logistics facilities, and other areas. The growth was achieved through thorough coordination between sales and engineering teams to optimize personnel allocation and pursue orders in a planned manner based on optimal staffing arrangements.

Net sales rose ¥1,750 million (0.4%) from the previous consolidated fiscal year to ¥454,373 million thanks to progress on large-scale projects ordered in previous years.

Segment profit (operating income) rose ¥3,285 million (9.5%) from the previous consolidated fiscal year to ¥37,993 million thanks to increased net sales driven by progress on large-scale projects and an improvement in profit margins.

Regarding undersea cable installation for the Ukujima Solar Power Project, the power producers, established mainly by Kyocera and Kyudenko, have applied to regulatory authorities for a cable-laying permit. The submission includes a written statement outlining the status of discussions with stakeholders and the projected impact on port plans based on analysis by outside experts. These discussions have since proceeded appropriately in accordance with administrative procedures. As of now, Nagasaki Prefecture has granted an undersea cable-laying permit for a portion of the coastal area along Ukujima.

In terms of the project's viability, Kyocera and Kyudenko are examining measures to improve both revenue and costs to make up for the delay in the originally scheduled start of power generation in FY2023. In addition to the increase in power generation due to technical measures such as improving the power generation efficiency of the panels, We're looking to enhance profitability and extend the project period through use of institutional frameworks such as a Feed-in Premium (FIP) scheme, which adds a premium to market prices, and corporate PPAs, which allow renewable energy

producers to supply electricity directly to end-users. We're also considering utilizing post-FIT power sources. For project financing, discussions are underway with lenders with the goal of structuring financing during FY2025. As for progress on construction work, approximately 70% of all construction work is concentrated on Ukujima. This portion of the project has been divided by district, and full-scale construction work is being carried out concurrently across the resulting areas. As of now, our goal is to complete this work before the end of FY2026.

Regarding construction profitability, we conducted a review as of the end of March 2025. Following that review, we revised profit margins downward to take into account schedule delays due to the impact of COVID-19, increased costs for material storage, and rising materials and labor costs. Nonetheless, we will continue working to improve profitability. Going forward, we will negotiate with the project developers to revise the contract price upward in light of the power generation project's feasibility. It should be noted that we expect to collect accounts receivable from construction contracts and related items from the project developers as they progressively secure financing.

(Other)

Net sales rose ¥3,147 million (19.1%) from the previous consolidated fiscal year to ¥19,580 million due to an increase in the sale of construction-related materials and equipment as well as in environmental analysis and measurement.

Segment profit (operating profit) fell ¥199 million (6.2%) from the previous consolidated fiscal year to ¥3,040 million due to increase in selling, general, and administrative expenses due to improvements in treatment and other factors.

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

Overview of assets, liabilities, and net assets

(Assets)

Current assets fell ¥25,149 million from the end of the previous consolidated fiscal year to ¥299,268 million, primarily due to a decrease in cash and deposits resulting from the repayment of a syndicated loan and the settlement of accounts payable.

Fixed assets rose ¥10,337 million from the end of the previous consolidated fiscal year to ¥189,203 million as a result of factors including an increase due to the acquisition of investment securities.

As a result, total assets fell ¥14,812 million from the end of the previous consolidated fiscal year to ¥488,472 million.

(Liabilities)

Current liabilities fell ¥47,997 million from the end of the previous consolidated fiscal year to ¥147,529 million as a result of factors including a reduction in short-term borrowings following the repayment of the syndicated loan and a decrease in electronically recorded obligations resulting from the settlement of accounts payable.

Long-term liabilities rose ¥12,158 million from the end of the previous consolidated fiscal year to ¥28,789 million as a result of factors including an increase in long-term borrowings.

As a result, total liabilities fell ¥35,839 million from the end of the previous consolidated fiscal year to ¥176,319 million.

(Net assets)

Total net assets rose ¥21,027 million from the end of the previous consolidated fiscal year to ¥312,152 million as a result of factors including an increase in retained earnings due to the recording of profit attributable to owners of the parent offset the payment of dividends.

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

Cash and cash equivalents ("funds") during the current consolidated fiscal year fell ¥24,151 million from the end of the previous consolidated fiscal year to ¥70,437 million.

(Cash flows from operating activities)

Funds gained from operating activities totaled ¥8,656 million (a decrease in income of ¥35,313 million from the previous consolidated fiscal year).

This figure primarily reflects a decrease in accounts payable and payment of income taxes, which were offset by profit before income taxes, a decrease in trade receivables and a increase in advances received on uncompleted construction contracts.

(Cash flows from investing activities)

Funds expended in connection with investing activities totaled ¥8,910 million (an increase in expenditures of ¥6,595 million from the previous consolidated fiscal year).

This figure primarily reflects to the acquisition of investment securities.

(Cash flows from financing activities)

Funds from financing activities totaled ¥24,552 million (an increase in expenditures of ¥13,519 million from the previous consolidated fiscal year).

This figure primarily reflects cash outflows for dividend payments and repayment of long-term borrowings exceeding cash inflows from new long-term borrowings.

(4) Outlook for results during the next fiscal year

Going forward, in the construction industry, private-sector investment in urban redevelopment, semiconductor-related facilities, and logistics facilities is expected to remain firm. On the other hand, unstable international conditions, including reciprocal tariff policies of the U.S., are contributing to increased uncertainty. Domestically, fluctuations in foreign exchange rates, rising prices, and tight labor supply and demand could compound U.S. tariff policies to impact Japanese companies' capital investment plans in a significant manner, requiring continued close monitoring.

Against this backdrop, the Group's Mid-term Management Plan seeks to deepen existing initiatives, including to enhance technological capabilities, while strengthening human capital management to support sustained growth and reinforcing investment strategies conceived to secure securing stable future earnings.

We've identified the basic management policy theme for the fiscal year ending March 31, 2026, the first year of the Mid-term Management Plan, as "Challenge 2025: deepening of technology and investing in growth." In line with this theme, we will implement the 11 initiatives and 5 investment strategies that we've identified as top priorities for achieving both the financial and non-financial targets of the Mid-term Management Plan to drive the Group's growth.

The objective indicators (KPIs) for assessing the Group's management goals are ordinary profit, return on invested capital (ROIC), total investment amount, and shareholder returns. We've adopted ¥60 billion in ordinary profit and an ROIC of 10% or higher as FY2029 targets. We expect investment during the Mid-term Management Plan period to total ¥200 billion, with a dividend payout ratio target of 40% (progressive dividends).

As announced on April 28, the earnings forecast for the upcoming fiscal year calls for net sales of ¥490 billion and ordinary income of ¥47.5 billion.

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, 2026):

(Consolidated financial results)

Construction orders	¥485.0 billion (up 7.3% from the current fiscal year)
Sales	¥490.0 billion (up 3.4% from the current fiscal year)
Operating income	¥44.5 billion (up 7.5% from the current fiscal year)
Ordinary income	¥47.5 billion (up 6.9% from the current fiscal year)
Profit attributable to owners of parent	¥32.0 billion (up 10.8% 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 keeping with this basic policy, the year-end dividend for the current fiscal year will be ¥75 per share, taking into account this fiscal year's performance and our commitment to shareholder returns. As a result, the annual dividend, including the interim dividend of ¥65 already paid, will total ¥140 per share.

Regarding our dividend policy for the upcoming fiscal year (ending March 31, 2026), as stated in today's "Notice Regarding Change in Dividend Policy," we will implement a progressive dividend policy designed to maintain or increase dividends with a target consolidated payout ratio of 40% to ensure stable shareholder returns. Based on the current earnings forecast, we plan to pay a dividend of ¥180 per share (including an interim dividend of ¥90).

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, 2024	Current fiscal year As of March 31, 2025
Assets		
Current assets		
Cash and deposits	98,548	71,693
Notes receivable, accounts receivable from completed construction contracts and other	164,887	163,446
Securities	—	4
Costs of uncompleted construction contracts	9,949	8,988
Merchandise	614	1,020
Raw materials and supplies	33,359	36,681
Other	17,059	17,675
Allowance for doubtful accounts	(0)	(240)
Total current assets	324,418	299,268
Fixed assets		
Property and equipment		
Buildings and structures	75,777	76,153
Machinery, vehicles, tools, furniture and fixtures	45,308	46,319
Land	30,207	30,445
Lease assets	8,084	8,462
Construction in process	864	1,106
Total cumulative depreciation	(81,574)	(83,912)
Total property and equipment	78,667	78,575
Intangible assets		
Goodwill	507	522
Customer-related assets	1,298	1,022
Other	2,584	2,911
Total intangible assets	4,390	4,455
Investments and other assets		
Investment securities	73,645	80,153
Long-term loans receivable	14	5
Retirement benefit assets	14,829	18,682
Deferred tax assets	2,129	1,441
Other	6,193	7,016
Allowance for doubtful accounts	(1,004)	(1,125)
Total investments and other assets	95,808	106,172
Total fixed assets	178,865	189,203
Total assets	503,284	488,472

(Millions of yen)

	Previous fiscal year As of March 31, 2024	Current fiscal year As of March 31, 2025
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	71,617	68,166
Electronically recorded obligations	47,881	22,418
Short-term borrowings	28,930	1,920
Income taxes payable	10,712	8,139
Advances received on uncompleted construction contracts	21,553	28,947
Provision for loss on construction contracts	262	2,756
Other	14,569	15,180
Total current liabilities	195,527	147,529
Long-term liabilities		
Long-term borrowings	3,025	16,779
Lease obligations	3,380	3,775
Provision for retirement benefits for directors (and other officers)	309	278
Retirement benefit liability	3,774	3,771
Provision for share-based payments	87	165
Provision for loss on business of subsidiaries and associates	2,260	165
Other	3,792	3,853
Total long-term liabilities	16,630	28,789
Total liabilities	212,158	176,319
Net assets		
Shareholders' equity		
Share capital	12,561	12,561
Capital surplus	13,069	13,220
Retained earnings	253,824	273,660
Treasury stock, at cost	(493)	(486)
Total shareholders' equity	278,962	298,955
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,810	7,539
Deferred gains or losses on hedges	61	245
Foreign currency translation adjustment	890	1,091
Remeasurements of defined benefit plans	1,056	2,272
Total accumulated other comprehensive loss	9,818	11,148
Non-controlling interests	2,344	2,048
Total net assets	291,125	312,152
Total liabilities and net assets	503,284	488,472

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

Consolidated statement of income

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Net sales		
Construction contracts	452,623	454,373
Other	16,433	19,580
Total net sales	469,057	473,954
Cost of sales		
Construction contracts	392,462	388,635
Other	11,961	14,617
Total cost of sales	404,424	403,253
Gross profit		
Construction contracts	60,160	65,738
Other	4,472	4,963
Total gross profit	64,632	70,701
Selling, general and administrative expenses	26,615	29,313
Operating income	38,016	41,388
Non-operating income		
Interest income	211	162
Dividend income	1,441	1,239
Share of profit of entities accounted for using equity method	970	493
Gain on investments in partnerships	1,392	1,463
Rent income	318	335
Other	745	661
Total non-operating income	5,080	4,355
Non-operating expenses		
Interest expenses	466	515
Extra retirement payments	89	119
Provision of allowance for doubtful accounts for subsidiaries and affiliates	14	160
Provision of allowance for doubtful accounts	103	241
Commission expenses	2	171
Other	58	101
Total non-operating expenses	734	1,309
Ordinary income	42,362	44,434

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Extraordinary income		
Gain on sales of fixed assets	39	181
Gain on sales of investment securities	2,667	464
Reversal of provision for loss on business of subsidiaries and associates	—	497
Total extraordinary income	2,706	1,142
Extraordinary losses		
Loss on disposal and sales of fixed assets	371	268
Loss on sales of investment securities	0	527
Loss on valuation of investment securities	422	—
Loss on liquidation of subsidiaries and associates	—	45
Impairment losses	856	277
Provision for loss on business of subsidiaries and associates	2,260	165
Total extraordinary losses	3,910	1,283
Profit before income taxes	41,158	44,293
Corporate, residence, and business taxes	15,713	15,100
Income taxes - deferred	(2,796)	136
Total income taxes	12,917	15,237
Profit	28,240	29,056
Profit attributable to non-controlling interests	223	172
Profit attributable to owners of parent	28,017	28,883

Consolidated statement of comprehensive income

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Profit	28,240	29,056
Other comprehensive income		
Valuation difference on available-for-sale securities	5,340	(277)
Foreign currency translation adjustment	234	218
Remeasurements of defined benefit plans	2,831	1,215
Share of other comprehensive income (loss) of entities accounted for using equity method	119	180
Total other comprehensive income (loss)	8,527	1,336
Comprehensive income	36,768	30,392
(of which)		
Comprehensive income attributable to owners of parent	36,510	30,203
Comprehensive income attributable to non-controlling interests	257	189

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

Previous 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)
Disposal of treasury shares					—
Changes in the scope of consolidation			37		37
Purchase of share of consolidated subsidiaries treasury stock		23			23
Purchase of shares of consolidated subsidiaries					—
Increase in retained earnings due to change of accounting period of subsidiaries					—
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	Remeasurements of defined benefit plans	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)
Disposal of treasury shares							—
Changes in the scope of consolidation							37
Purchase of share of consolidated subsidiaries treasury stock							23
Purchase of shares of consolidated subsidiaries							—
Increase in retained earnings due to change of accounting period of subsidiaries							—
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

Current fiscal year (from April 1, 2024 to March 31, 2025)

(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	13,069	253,824	(493)	278,962
Change during fiscal year under review					
Dividend of surplus			(9,212)		(9,212)
Profit attributable to owners of parent			28,883		28,883
Purchase of treasury stock				(3)	(3)
Disposal of treasury shares				9	9
Changes in the scope of consolidation					—
Purchase of share of consolidated subsidiaries treasury stock					—
Purchase of shares of consolidated subsidiaries		150			150
Increase in retained earnings due to change of accounting period of subsidiaries			164		164
Change in items other than shareholders' equity during fiscal year under review (net)					—
Total change during fiscal year under review	—	150	19,835	6	19,993
Balance at end of fiscal year under review	12,561	13,220	273,660	(486)	298,955

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive loss		
Balance at start of fiscal year under review	7,810	61	890	1,056	9,818	2,344	291,125
Change during fiscal year under review							
Dividend of surplus							(9,212)
Profit attributable to owners of parent							28,883
Purchase of treasury stock							(3)
Disposal of treasury shares							9
Changes in the scope of consolidation							—
Purchase of share of consolidated subsidiaries treasury stock							—
Purchase of shares of consolidated subsidiaries							150
Increase in retained earnings due to change of accounting period of subsidiaries							164
Change in items other than shareholders' equity during fiscal year under review (net)	(270)	183	201	1,215	1,329	(295)	1,034
Total change during fiscal year under review	(270)	183	201	1,215	1,329	(295)	21,027
Balance at end of fiscal year under review	7,539	245	1,091	2,272	11,148	2,048	312,152

(4) Consolidated cash flow statement

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	41,158	44,293
Depreciation expenses	6,016	6,454
Impairment losses	856	277
Increase/decrease in allowance for doubtful accounts (with figures in parentheses indicating decreases)	15	361
Increase/decrease in retirement benefit assets (with figures in parentheses indicating increases)	(536)	(3,853)
Increase/decrease in retirement benefit liabilities and provision for retirement benefits for directors (and other officers) (with figures in parentheses indicating decreases)	(330)	1,637
Increase/decrease in provision for loss on construction contracts (with figures in parentheses indicating decreases)	240	2,493
Increase/decrease in provision for loss on business of subsidiaries and associates	2,260	(2,095)
Gain/loss on investments in partnerships (with figures in parentheses indicating gains)	(1,392)	(1,463)
Interest income and dividend income	(1,653)	(1,401)
Interest expenses	466	515
Foreign exchange gain or loss (with figures in parentheses indicating gains)	(89)	(114)
Share of profit/loss of entities accounted for using equity method (with figures in parentheses indicating profit)	(675)	(138)
Gain/loss on sale of property and equipment (with figures in parentheses indicating gains)	(39)	(112)
Loss on disposal of property and equipment	365	198
Gain/loss on valuation of securities and investment securities (with figures in parentheses indicating gains)	422	—
Gain/loss on sale of securities and investment securities (with figures in parentheses indicating gains)	(2,667)	63
Increase/decrease in accounts receivable (with figures in parentheses indicating increases)	(15,594)	2,530
Increase/decrease in costs of uncompleted construction contracts (with figures in parentheses indicating increases)	(2,476)	909
Increase/decrease in inventory assets (with figures in parentheses indicating increases)	(1,403)	(3,711)
Increase/decrease in accounts payable (with figures in parentheses indicating decreases)	20,767	(29,510)
Increase/decrease in advances received on uncompleted construction contracts (with figures in parentheses indicating decreases)	(5,251)	7,215
Increase/decrease in long-term accounts payable (with figures in parentheses indicating decreases)	(35)	(39)
Increase/decrease in unpaid or uncollected consumption tax	10,223	(1,414)
Other	3,264	3,104
Sub total	53,913	26,200
Interest income and dividend income received	1,626	1,327
Interest paid	(466)	(515)
Income taxes paid	(11,103)	(18,355)
Cash flows from operating activities	43,969	8,656

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Cash flows from investing activities		
Expenditures on deposits of time deposits	(7,084)	(2,884)
Income from redemption of time deposits	7,038	5,992
Expenditures on purchases of property and equipment	(1,836)	(3,791)
Income from sale of property and equipment	289	512
Expenditures on disposal of property and equipment	(182)	(61)
Expenditures on purchases of investment securities	(2,105)	(6,164)
Income from sale of investment securities	3,354	1,533
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(361)	(504)
Income from collection of long-term loans	35	74
Other	(1,462)	(3,616)
Cash flows from investing activities	(2,314)	(8,910)
Cash flows from financing activities		
Net increase/decrease in short-term borrowings (with figures in parentheses indicating decreases)	122	(72)
Income from long-term borrowings	—	14,000
Expenditures on repayment of long-term loans	(1,231)	(27,599)
Expenditures on purchases of treasury stock	(482)	(3)
Proceeds from sale of treasury shares	—	5
Dividends paid	(8,148)	(9,204)
Dividends paid to non-controlling interests	(4)	(4)
Expenditures on refunds to non-controlling interests	(22)	(20)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(309)
Other	(1,265)	(1,344)
Cash flows from financing activities	(11,032)	(24,552)
Translation differences related to cash and cash equivalents	113	326
Increase/decrease in cash and cash equivalents (with figures in parentheses indicating decreases)	30,736	(24,479)
Cash and cash equivalents at start of period	63,851	94,588
Increase (decrease) in cash and cash equivalents resulting from a change in closing dates of consolidated subsidiaries	—	328
Cash and cash equivalents at end of period	94,588	70,437

(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 27, 2024).

(Changes in the scope of consolidation)

Due to our acquisition of all shares of SHINSEI AIR CONDITIONING Co.,Ltd., located in Kanagawa Prefecture, the company has been included in the scope of consolidation.

These results brought the number of subsidiaries to 52.

(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 the current consolidated fiscal year.

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 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 the current consolidated fiscal year. This change in accounting policy is being applied retroactively, and consolidated financial statements for the previous consolidated fiscal year, respectively, reflect its retroactive application. This change in accounting policy had no impact on the consolidated financial statements for the previous consolidated fiscal year.

(Change in labeling method)

(Consolidated statement of income)

In the previous consolidated fiscal year, “Commission expenses” were included in the “Other” category of “Non-operating expenses”. However, due to an increase in materiality, those fees are presented separately beginning with the current consolidated fiscal year. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified accordingly.

As a result, in the consolidated statement of income for the previous fiscal year, the amount of ¥61 million previously presented for the “Other” category of “Non-operating expenses” has been reclassified as “Commission expenses” of ¥2 million and “Other” category fees of ¥58 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, 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, 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, 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.

Current fiscal year (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment	Other (Note 1)	Total	Adjustment (Note 3)	Total
	Facilities construction business				
Net sales					
Sales to outside customers	454,373	19,580	473,954	—	473,954
Inter-segment internal sales and transfers	1,200	6,809	8,009	(8,009)	—
Total	455,573	26,390	481,964	(8,009)	473,954
Segment profit	37,993	3,040	41,033	354	41,388
Other items					
Depreciation expenses	4,349	1,987	6,336	(103)	6,233
Amortization of goodwill	268	—	268	—	268
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, 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 ¥354 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.

(Per-share data)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Net assets per share	¥4,082.95	¥4,384.30
Profit per share	¥395.87	¥408.36

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, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Profit per share		
Profit attributable to owners of parent (millions of yen)	28,017	28,883
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common stock (millions of yen)	28,017	28,883
Average number of common stock shares outstanding during the period (thousands of shares)	70,773	70,730

3. To calculate profit per share, shares of the Company remaining in the stock compensation trust for officers are included in the number of treasury shares deducted from the average number of shares outstanding during the period. The average number of treasury shares deducted was 71,385 shares during the previous consolidated fiscal year and 113,900 shares during the current consolidated fiscal year.

4. Net assets per share are calculated as follows:

	End of previous fiscal year (March 31, 2024)	End of current fiscal year (March 31, 2025)
Total net assets (millions of yen)	291,125	312,152
Amount excluded from total net assets (millions of yen)	2,344	2,048
(Of which, share warrants [millions of yen])	(—)	(—)
(Of which, non-controlling interests [millions of yen])	(2,344)	(2,048)
Net assets at end of period related to common stock (millions of yen)	288,781	310,104
Number of issued common stock shares (thousands of shares)	70,864	70,864
Number of common shares of treasury stock (thousands of shares)	136	134
Number of common stock shares at end of period used to calculate net assets per share (thousands of shares)	70,728	70,730

5. To calculate net assets per share, shares of the Company remaining in the stock compensation trust for officers are included in the number of treasury shares deducted from the total number of shares issued at the end of the fiscal year. The number of treasury shares deducted was 116,000 shares at the end of the previous consolidated fiscal year and 113,600 shares at the end of the current consolidated fiscal year.

(Important subsequent events)

None

4. Other

Reference: Production, orders, and sales status

[Consolidated performance]

(1) Net sales

Accounting period	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Business segment	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	48,253	10.3	51,380	10.9	3,126	6.5
Electrical work	251,167	53.5	238,022	50.2	(13,145)	(5.2)
HVAC and sanitary facility work	153,202	32.7	164,970	34.8	11,768	7.7
Total, facilities construction business	452,623	96.5	454,373	95.9	1,750	0.4
Other businesses	16,433	3.5	19,580	4.1	3,147	19.1
Total	469,057	100	473,954	100	4,897	1.0

(2) Construction orders

Accounting period	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Business segment	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	48,530	11.0	52,713	11.7	4,182	8.6
Electrical work	230,614	52.3	223,938	49.5	(6,675)	(2.9)
HVAC and sanitary facility work	161,719	36.7	175,461	38.8	13,741	8.5
Total	440,864	100	452,113	100	11,248	2.6

(3) Construction contract balance at end of period

Accounting period	As of March 31, 2024 (2024.3)		As of March 31, 2025 (2025.3)		Increase (Decrease)	
Business segment	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	3,306	0.7	4,640	1.0	1,333	40.3
Electrical work	302,457	66.3	288,547	63.6	(13,909)	(4.6)
HVAC and sanitary facility work	150,278	33.0	160,871	35.4	10,592	7.0
Total	456,042	100	454,059	100	(1,983)	(0.4)

(4) Construction sales by customer

Accounting period	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Customer	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*	49,773	11.0	50,938	11.2	1,165	2.3
General customers	402,850	89.0	403,435	88.8	585	0.1
Total	452,623	100	454,373	100	1,750	0.4

(5) Construction orders by customer

Accounting period	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Customer	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*	50,338	11.4	50,023	11.1	(314)	(0.6)
General customers	390,526	88.6	402,089	88.9	11,563	3.0
Total	440,864	100	452,113	100	11,248	2.6

(6) Full-year sales and construction order volume forecast for the fiscal year ending March 2026

Business segment	Sales (millions of yen)	Construction order volume (millions of yen)
Power distribution line work	55,000	55,000
Electrical work	253,000	262,500
HVAC and sanitary facility work	167,000	167,500
Total, facilities construction business	475,000	485,000
Other businesses	15,000	
Total	490,000	

*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	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Business segment	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	45,581	11.2	48,376	12.2	2,794	6.1
Electrical work	231,434	57.2	213,755	53.6	(17,678)	(7.6)
HVAC and sanitary facility work	122,693	30.3	128,333	32.2	5,639	4.6
Total	399,708	98.7	390,465	98.0	(9,243)	(2.3)
Other businesses	5,123	1.3	8,137	2.0	3,014	58.8
Total	404,832	100	398,602	100	(6,229)	(1.5)

(2) Construction orders

Accounting period	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Business segment	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	45,838	12.0	49,607	12.9	3,769	8.2
Electrical work	209,490	54.9	197,962	51.6	(11,527)	(5.5)
HVAC and sanitary facility work	126,426	33.1	136,449	35.5	10,022	7.9
Total	381,754	100	384,019	100	2,264	0.6

(3) Construction contract balance at end of period

Accounting period	As of March 31, 2024 (2024.3)		As of March 31, 2025 (2025.3)		Increase (Decrease)	
Business segment	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	2,585	0.6	3,817	0.9	1,231	47.6
Electrical work	288,305	70.1	272,512	67.3	(15,793)	(5.5)
HVAC and sanitary facility work	120,442	29.3	128,558	31.8	8,116	6.7
Total	411,333	100	404,887	100	(6,445)	(1.6)

(4) Construction sales by customer

Accounting period	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Customer	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*	47,839	12.0	48,645	12.5	805	1.7
General customers	351,869	88.0	341,819	87.5	(10,049)	(2.9)
Total	399,708	100	390,465	100	(9,243)	(2.3)

(5) Construction orders by customer

Accounting period	Previous fiscal year (April 2023 to March 2024)		Current fiscal year (April 2024 to March 2025)		Increase (Decrease)	
Customer	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*	48,544	12.7	47,566	12.4	(978)	(2.0)
General customers	333,209	87.3	336,452	87.6	3,242	1.0
Total	381,754	100	384,019	100	2,264	0.6

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