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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)



April 25, 2025

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 Listing: Tokyo Stock Exchange
 Securities code: 1944
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 Scheduled date of annual general meeting of shareholders: June 25, 2025
 Scheduled date to commence dividend payments: June 26, 2025
 Scheduled date to file annual securities report: June 24, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	705,058	7.7	60,979	42.9	64,546	40.4	47,250	40.8
March 31, 2024	654,516	7.5	42,677	14.0	45,982	14.3	33,553	16.8

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥50,292 million [(11.9)%]
 For the fiscal year ended March 31, 2024: ¥57,063 million [96.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	236.26	—	8.1	7.9	8.6
March 31, 2024	165.34	—	6.1	5.9	6.5

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥49 million
 For the fiscal year ended March 31, 2024: ¥50 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	821,693	599,738	72.9	3,014.06
March 31, 2024	815,887	574,053	70.3	2,848.11

Reference: Equity
 As of March 31, 2025: ¥599,044 million
 As of March 31, 2024: ¥573,295 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	24,545	3,605	(24,976)	184,662
March 31, 2024	38,520	(22,179)	(15,978)	180,517

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	20.00	–	43.00	63.00	12,713	38.1	2.3
Fiscal year ended March 31, 2025	–	40.00	–	50.00	90.00	17,940	38.1	3.1
Fiscal year ending March 31, 2026 (Forecast)	–	50.00	–	50.00	100.00		38.0	

Note: The second quarter-end dividend and fiscal year-end dividend for the fiscal year ended March 31, 2025 each include an 80th anniversary commemorative dividend of ¥5.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	310,000	4.0	23,000	78.6	24,000	67.6	17,000	73.2	85.81
Fiscal year ending March 31, 2026	730,000	3.5	67,000	9.9	70,000	8.4	52,000	10.1	263.28

*** Notes**

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

Note: For details, please refer to “(5) Notes to consolidated financial statements (Notes on changes in accounting policies)” in “3. Consolidated financial statements and significant notes thereto” on page 13 of the attached document.

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	199,954,180 shares
As of March 31, 2024	202,641,080 shares

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

As of March 31, 2025	1,204,610 shares
As of March 31, 2024	1,350,838 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	199,994,553 shares
Fiscal year ended March 31, 2024	202,932,648 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2025	595,918	6.4	52,386	51.7	57,161	44.5	42,374	42.3
March 31, 2024	559,954	6.8	34,523	6.5	39,549	6.5	29,778	7.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	211.88	—
March 31, 2024	146.74	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	709,198	533,471	75.2	2,684.14
March 31, 2024	723,189	520,706	72.0	2,586.84

Reference: Equity

As of March 31, 2025: ¥533,471 million
As of March 31, 2024: ¥520,706 million

2. Non-consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	265,000	3.6	23,000	89.0	26,500	73.2	20,000	78.0	100.95
Fiscal year ending March 31, 2026	610,000	2.4	60,000	14.5	64,000	12.0	50,000	18.0	253.16

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the forecasts stated in these materials, are based on information currently available to KINDEN CORPORATION. Actual results may differ from the forecasts due to various future factors.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2025, the Japanese economy showed signs of improvement in corporate earnings owing to the ongoing pass-through of prices and the impact of the weakening yen. In the construction industry, despite persistently high construction costs and other lingering difficulties, construction demand has remained steady, as the willingness of companies to make investments has remained firm against the backdrop of strong business performance.

The Group's results for the fiscal year under review were as follows.

Net sales of completed construction contracts	¥705,058 million (up 7.7% year on year)
Operating profit	¥60,979 million (up 42.9% year on year)
Ordinary profit	¥64,546 million (up 40.4% year on year)
Profit attributable to owners of parent	¥47,250 million (up 40.8% year on year)

Net sales of completed construction contracts and profits exceeded the results of the previous fiscal year in all categories. In addition, actual results exceeded all of the full-year consolidated results forecasts announced on January 31, 2025.

Non-consolidated financial results were as follows.

Net sales of completed construction contracts	¥595,918 million (up 6.4% year on year)
Operating profit	¥52,386 million (up 51.7% year on year)
Ordinary profit	¥57,161 million (up 44.5% year on year)
Profit	¥42,374 million (up 42.3% year on year)

Net sales of completed construction contracts and profits exceeded the results of the previous fiscal year in all categories. In addition, actual results exceeded all of the full-year non-consolidated results forecasts announced on January 31, 2025.

Non-consolidated net sales of completed construction contracts

Net sales of completed construction contracts increased by ¥35,964 million to ¥595,918 million (up 6.4% year on year).

Net sales of completed construction contracts by customers, The Kansai Electric Power Company, Incorporated (including Kansai Transmission and Distribution, Inc.) increased by ¥3,760 million to ¥85,302 million (up 4.6% year on year), The Kansai Electric Power Group decreased by ¥381 million to ¥16,117 million (down 2.3% year on year), and Others increased by ¥32,585 million to ¥494,497 million (up 7.1% year on year).

Net sales of completed construction contracts by construction sector, Power Distribution Lining increased by ¥3,180 million to ¥77,150 million (up 4.3% year on year), Electrical increased by ¥31,722 million to ¥404,667 million (up 8.5% year on year), Information & Communications Network decreased by ¥7,437 million to ¥44,594 million (down 14.3% year on year), Environmental Management Facilities increased by ¥7,765 million to ¥49,186 million (up 18.7% year on year), and Electric Power & Others increased by ¥733 million to ¥20,319 million (up 3.7% year on year). The main factors contributing to the increase in Power Distribution Lining were an increase in the volume of construction work by Kansai Transmission and Distribution, Inc., while the main factors behind the increase in Electrical were an increase in factories, etc. The main factors behind the decrease in Information & Communications Network were decreases in equipment related to mobile phones and CATV, etc., while the main factors behind the increase in Environmental Management Facilities were an increase in factories, etc. The main factors behind the increase in Electric Power & Others were increases in work on overhead power lining, etc.

Non-consolidated construction orders

Construction orders increased by ¥58,744 million to ¥619,160 million (up 10.5% year on year).

Construction orders by customers, The Kansai Electric Power Company, Incorporated (including Kansai Transmission and Distribution, Inc.) increased by ¥638 million to ¥85,054 million (up 0.8% year on year), The Kansai Electric Power Group increased by ¥1,307 million to ¥17,534 million (up 8.1% year on year), and Others increased by ¥56,798 million to ¥516,571 million (up 12.4% year on year).

Construction orders by construction sector, Power Distribution Lining increased by ¥5,426 million to ¥78,384 million (up 7.4% year on year), Electrical increased by ¥52,839 million to ¥421,762 million (up 14.3% year on year), Information & Communications Network decreased by ¥904 million to ¥43,810 million (down 2.0% year on year), Environmental Management Facilities decreased by ¥2,479 million to ¥49,618 million (down 4.8% year on year), and Electric Power & Others increased by ¥3,861 million to ¥25,585 million (up 17.8% year on year). The main factors contributing to the increase in Power Distribution Lining were an increase in the volume of construction by Kansai Transmission and Distribution, Inc., while the main factors behind the increase in Electrical were an increase in educational and cultural facilities, factories, etc. The main factors behind the decrease in Information & Communications Network were decreases in equipment related to mobile phones, etc., while the main factors behind the decrease in Environmental Management Facilities were a decrease in office buildings, etc. The main factors behind the increase in Electric Power & Others were increases in work on power plants and substations, etc.

(2) Overview of financial position for the fiscal year under review

Assets

Current assets increased by ¥21,439 million from the end of the previous fiscal year to ¥503,656 million (up 4.4% year on year).

Non-current assets decreased by ¥15,633 million from the end of the previous fiscal year to ¥318,037 million (down 4.7% year on year). This was mainly due to a decrease in investment securities resulting from sale of shares and a decline in the stock price.

As a result, total assets increased by ¥5,806 million from the end of the previous fiscal year to ¥821,693 million (up 0.7% year on year).

Liabilities

Current liabilities decreased by ¥2,892 million from the end of the previous fiscal year to ¥202,457 million (down 1.4% year on year).

Non-current liabilities decreased by ¥16,985 million from the end of the previous fiscal year to ¥19,497 million (down 46.6% year on year). This was mainly due to a decrease in retirement benefit liability.

As a result, total liabilities decreased by ¥19,878 million from the end of the previous fiscal year to ¥221,955 million (down 8.2% year on year).

Net assets

Shareholders' equity increased by ¥22,653 million from the end of the previous fiscal year to ¥528,917 million, due to the recording of profit attributable to owners of parent, dividends of surplus and purchase of treasury shares. Accumulated other comprehensive income increased by ¥3,094 million from the end of the previous fiscal year to ¥70,126 million, mainly due to a decrease in valuation difference on available-for-sale securities and an increase in remeasurements of defined benefit plans.

Non-controlling interests were ¥694 million.

As a result, net assets increased by ¥25,685 million from the end of the previous fiscal year to ¥599,738 million (up 4.5% year on year). Equity-to-asset ratio was 72.9%, an increase of 2.6 percentage points from the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year under review

Net cash provided by operating activities amounted to ¥24,545 million, mainly due to the recording of profit before income taxes, despite income taxes paid.

Net cash provided by investing activities amounted to ¥3,605 million, mainly due to sale and redemption of short-term and long-term investment securities, despite purchase of non-current assets.

Net cash used in financing activities amounted to ¥24,976 million, mainly due to purchase of treasury shares and dividends paid.

As a result, cash and cash equivalents increased ¥4,144 million from the end of the previous fiscal year to ¥184,662 million.

(4) Future outlookEarnings forecasts for the fiscal year ending March 2026, etc.

In terms of earnings forecasts, we expect increases in both consolidated and non-consolidated net sales of completed construction contracts and profits in all categories.

Consolidated earnings for the fiscal year ending March 2026 are expected as follows.

Net sales of completed construction contracts	¥730.0 billion (up 3.5% year on year)
Operating profit	¥67.0 billion (up 9.9% year on year)
Ordinary profit	¥70.0 billion (up 8.4% year on year)
Profit attributable to owners of parent	¥52.0 billion (up 10.1% year on year)

Non-consolidated earnings forecasts are as follows.

Net sales of completed construction contracts	¥610.0 billion (up 2.4% year on year)
Operating profit	¥60.0 billion (up 14.5% year on year)
Ordinary profit	¥64.0 billion (up 12.0% year on year)
Profit	¥50.0 billion (up 18.0% year on year)

Non-consolidated construction orders forecasts are expected ¥590.0 billion (down 4.7% year on year).

(5) Basic policy on profit distribution and information on dividends for the fiscal year under review and next fiscal year

The Company will actively expand the foundation of its business, mainly by leveraging human resources, a source of competitiveness, from a long-term perspective. By doing so, we will seek to achieve sustainable growth and development. We expect that these efforts will contribute to long-term benefits for our stakeholders.

We consider the distribution of profits to shareholders as one of our important management issues in the future as well. We also maintain the fundamental policy of placing top priority on stable and sustainable dividends for shareholders, with a dividend policy that also takes into account business results and financial performance. In addition, we have an interim dividend system in place to increase opportunities to distribute profits and aim to achieve shareholder-focused management by, for example, paying commemorative dividends when we reach a milestone or celebrate an anniversary. We pay interim dividends equal to half the amount of expected annual dividends, which are calculated based on full-year earnings forecasts. Meanwhile, we determine the amount of year-end dividends by subtracting the amount of interim dividends from the amount of annual dividends, which are calculated based on actual business results confirmed at fiscal year-end.

Based on the aforementioned basic policy and the Company's capital policy, we had previously announced a year-end dividend of ¥42 per share (ordinary dividend of ¥37 and an 80th anniversary commemorative dividend of ¥5) for the fiscal year ended March 31, 2025. However, taking into account the performance of the current fiscal year and other factors, we have decided to increase the dividend by an additional ¥8, resulting in a total dividend of ¥50 per share (ordinary dividend of ¥45 and an 80th anniversary commemorative dividend of ¥5).

As a result, the full-year dividend for the current fiscal year will be ¥90 per share (ordinary dividend of ¥80 and an 80th anniversary commemorative dividend of ¥10), including an interim dividend of ¥40 (ordinary dividend of ¥35 and an 80th anniversary commemorative dividend of ¥5).

We plan to pay an annual dividend of ¥100 per share for the fiscal year ending March 31, 2026. This will include an interim dividend of ¥50 and a year-end dividend of ¥50.

2. Basic policy regarding selection of accounting standards

Taking into consideration the comparability of the consolidated financial statements between periods and between companies, the Group currently prepares its consolidated financial statements in accordance with the Japanese GAAP.

Going forward, the Group intends to give due consideration to the application of International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	53,014	104,161
Notes receivable, accounts receivable from completed construction contracts and other	251,738	256,492
Securities	147,906	91,995
Costs on construction contracts in progress	18,261	19,292
Raw materials and supplies	3,022	3,471
Other	11,254	31,537
Allowance for doubtful accounts	(2,981)	(3,295)
Total current assets	482,216	503,656
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,536	105,354
Machinery and vehicles	44,045	45,047
Tools, furniture and fixtures	12,497	13,476
Land	59,446	62,945
Construction in progress	44,090	46,516
Accumulated depreciation	(118,170)	(121,594)
Total property, plant and equipment	144,446	151,746
Intangible assets	7,280	7,017
Investments and other assets		
Investment securities	142,459	128,500
Retirement benefit asset	14,571	24,967
Deferred tax assets	955	1,634
Other	24,803	5,030
Allowance for doubtful accounts	(846)	(860)
Total investments and other assets	181,943	159,273
Total non-current assets	333,671	318,037
Total assets	815,887	821,693

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	105,731	78,860
Short-term borrowings	15,020	14,936
Income taxes payable	14,400	18,112
Advances received on construction contracts in progress	25,948	37,324
Provision for loss on construction contracts	6,396	7,281
Provision for warranties for completed construction	700	549
Provision for bonuses for directors (and other officers)	208	259
Other	36,945	45,133
Total current liabilities	205,350	202,457
Non-current liabilities		
Deferred tax liabilities	14,405	14,491
Provision for retirement benefits for directors (and other officers)	110	79
Retirement benefit liability	21,661	4,593
Other	305	333
Total non-current liabilities	36,483	19,497
Total liabilities	241,834	221,955
Net assets		
Shareholders' equity		
Share capital	26,411	26,411
Capital surplus	29,163	29,210
Retained earnings	453,615	476,757
Treasury shares	(2,925)	(3,461)
Total shareholders' equity	506,264	528,917
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	57,144	51,350
Foreign currency translation adjustment	3,271	5,383
Remeasurements of defined benefit plans	6,615	13,391
Total accumulated other comprehensive income	67,031	70,126
Non-controlling interests	757	694
Total net assets	574,053	599,738
Total liabilities and net assets	815,887	821,693

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

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales of completed construction contracts	654,516	705,058
Cost of sales of completed construction contracts	546,935	572,255
Gross profit on completed construction contracts	107,581	132,803
Selling, general and administrative expenses	64,903	71,823
Operating profit	42,677	60,979
Non-operating income		
Interest income	394	962
Dividend income	2,335	2,619
Other	1,446	1,091
Total non-operating income	4,175	4,673
Non-operating expenses		
Interest expenses	135	234
Compensation expenses	96	146
Dismantlement cost	179	155
Other	459	570
Total non-operating expenses	870	1,106
Ordinary profit	45,982	64,546
Extraordinary income		
Gain on sale of non-current assets	136	496
Gain on sale of investment securities	3,349	2,157
Other	17	23
Total extraordinary income	3,503	2,677
Extraordinary losses		
Loss on retirement of non-current assets	351	344
Impairment losses	2	305
Other	70	1
Total extraordinary losses	423	652
Profit before income taxes	49,062	66,571
Income taxes - current	17,162	21,589
Income taxes - deferred	(1,531)	(2,143)
Total income taxes	15,631	19,445
Profit	33,431	47,125
Loss attributable to non-controlling interests	(122)	(125)
Profit attributable to owners of parent	33,553	47,250

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	33,431	47,125
Other comprehensive income		
Valuation difference on available-for-sale securities	17,317	(5,793)
Deferred gains or losses on hedges	8	—
Foreign currency translation adjustment	1,158	2,184
Remeasurements of defined benefit plans, net of tax	5,147	6,776
Total other comprehensive income	23,632	3,166
Comprehensive income	57,063	50,292
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	57,119	50,345
Comprehensive income attributable to non-controlling interests	(55)	(53)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,411	29,147	433,604	(731)	488,431
Changes during period					
Dividends of surplus			(8,458)		(8,458)
Profit attributable to owners of parent			33,553		33,553
Purchase of treasury shares				(7,301)	(7,301)
Disposal of treasury shares		3		35	39
Cancellation of treasury shares		(5,072)		5,072	–
Transfer from retained earnings to capital surplus		5,083	(5,083)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	15	20,010	(2,193)	17,832
Balance at end of period	26,411	29,163	453,615	(2,925)	506,264

	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 income		
Balance at beginning of period	39,827	(8)	2,179	1,468	43,465	816	532,713
Changes during period							
Dividends of surplus							(8,458)
Profit attributable to owners of parent							33,553
Purchase of treasury shares							(7,301)
Disposal of treasury shares							39
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	17,317	8	1,092	5,147	23,565	(59)	23,506
Total changes during period	17,317	8	1,092	5,147	23,565	(59)	41,339
Balance at end of period	57,144	–	3,271	6,615	67,031	757	574,053

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,411	29,163	453,615	(2,925)	506,264
Changes during period					
Dividends of surplus			(16,658)		(16,658)
Profit attributable to owners of parent			47,250		47,250
Purchase of treasury shares				(8,008)	(8,008)
Disposal of treasury shares		16		52	68
Cancellation of treasury shares		(7,420)		7,420	–
Transfer from retained earnings to capital surplus		7,450	(7,450)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	46	23,142	(535)	22,653
Balance at end of period	26,411	29,210	476,757	(3,461)	528,917

	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 income		
Balance at beginning of period	57,144	–	3,271	6,615	67,031	757	574,053
Changes during period							
Dividends of surplus							(16,658)
Profit attributable to owners of parent							47,250
Purchase of treasury shares							(8,008)
Disposal of treasury shares							68
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(5,793)		2,112	6,776	3,094	(62)	3,031
Total changes during period	(5,793)	–	2,112	6,776	3,094	(62)	25,685
Balance at end of period	51,350	–	5,383	13,391	70,126	694	599,738

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	49,062	66,571
Depreciation	6,732	7,109
Impairment losses	2	305
Increase (decrease) in allowance for doubtful accounts	277	16
Increase (decrease) in provision for loss on construction contracts	3,940	884
Increase (decrease) in retirement benefit liability	175	(15,487)
Decrease (increase) in retirement benefit asset	(883)	(2,194)
Interest and dividend income	(2,729)	(3,581)
Interest expenses	135	234
Loss (gain) on sale of investment securities	(3,349)	(2,157)
Loss (gain) on sale and retirement of non-current assets	236	(451)
Decrease (increase) in trade receivables	(17,725)	(2,625)
Decrease (increase) in costs on construction contracts in progress	792	(968)
Increase (decrease) in trade payables	14,144	(27,360)
Increase (decrease) in advances received on construction contracts in progress	4,710	10,808
Other, net	(4,487)	8,038
Subtotal	51,033	39,141
Interest and dividends received	2,753	3,615
Interest paid	(135)	(234)
Income taxes paid	(15,130)	(17,978)
Net cash provided by (used in) operating activities	38,520	24,545
Cash flows from investing activities		
Payments into time deposits	(9,759)	(6,946)
Proceeds from withdrawal of time deposits	9,221	6,758
Payments of deposit	(20,000)	-
Proceeds from withdrawal deposit	20,000	-
Purchase of short-term and long-term investment securities	(20,057)	(10,317)
Proceeds from sale and redemption of short-term and long-term investment securities	26,768	27,989
Purchase of non-current assets	(27,522)	(13,483)
Proceeds from sale of non-current assets	327	579
Other, net	(1,158)	(974)
Net cash provided by (used in) investing activities	(22,179)	3,605
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(50)	(83)
Purchase of treasury shares	(7,302)	(8,008)
Dividends paid	(8,458)	(16,658)
Dividends paid to non-controlling interests	(3)	(9)
Other, net	(163)	(216)
Net cash provided by (used in) financing activities	(15,978)	(24,976)
Effect of exchange rate change on cash and cash equivalents	678	970
Net increase (decrease) in cash and cash equivalents	1,040	4,144
Cash and cash equivalents at beginning of period	179,477	180,517
Cash and cash equivalents at end of period	180,517	184,662

(5) Notes to consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes on changes in accounting policies

Application of the “Accounting Standard for Current Income Taxes,” Etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the fiscal year under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to 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; the “Revised Guidance of 2022”). This change in accounting policy has no impact on the consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the fiscal year under review. This change in accounting policy has been applied retrospectively, and is reflected in the consolidated financial statements for the previous fiscal year. There are no related items accompanying this change in accounting policies, and there is no impact on the consolidated financial statements for the previous fiscal year.

Notes on segment information, etc.

The information is omitted because the Company has only one reporting segment, the Facility Construction Business.

Notes on per share information

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	2,848.11	3,014.06
Basic earnings per share	165.34	236.26

Notes: 1. Information on diluted earnings per share is omitted due to an absence of potential shares.

2. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of parent (Millions of yen)	33,553	47,250
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	33,553	47,250
Average number of common shares outstanding during the period (Thousands of shares)	202,932	199,994

3. The basis for calculation of net assets per share is as follows:

	As of March 31, 2024	As of March 31, 2025
Total net assets (Millions of yen)	574,053	599,738
Amounts deducted from total net assets (Millions of yen)	757	694
[Of which, non-controlling interests] (Millions of yen)	[757]	[694]
Net assets related to common share at the end of the period (Millions of yen)	573,295	599,044
Number of common shares at the end of the period used to calculate net assets per share (Thousands of shares)	201,290	198,749

Notes on significant events after the reporting period

Business combination by acquisition

The Company acquired all of the issued shares of KITA KOUDENSHA, Co., Ltd. (hereinafter referred to as KITA KOUDENSHA) from Mitsubishi Electric Corporation on April 1, 2025, based on a resolution of the Board of Directors meeting held on February 28, 2025, making it a consolidated subsidiary.

1. Outline of business combination

(1) Name and business descriptions of acquired company

Name of acquired company: KITA KOUDENSHA, Co., Ltd.

Business descriptions: Indoor wiring installation, electric power-related work, purchase and sale of industrial equipment

(2) Primary reasons for the business combination

In the Hokkaido region, where strong demand for construction projects, including redevelopment, and the revitalization of renewable energy projects are expected to drive future market growth, we will welcome KITA KOUDENSHA into the Group. KITA KOUDENSHA has a proven track record of construction projects, a solid customer base, abundant technical personnel, and a robust construction system. By integrating, sharing, and leveraging the complementary management resources of both companies, we will further strengthen our regional ties and enhance our business foundation in the Hokkaido region. This will enable us to increase the number of orders we receive in the Hokkaido area and establish a strong presence for the entire Group.

(3) Date of the business combination

April 1, 2025

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of entity after the business combination

No change.

(6) Ratio of voting rights acquired

100%

2. Acquisition cost for the acquired company and breakdown

Not finalized at the present moment.

3. Details and amounts of main acquisition-related costs

Not finalized at the present moment.

4. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

Not finalized at the present moment.

5. Amounts of assets and liabilities assumed on the date of business combination and their main breakdown

Not finalized at the present moment.

4. Non-consolidated financial statements

(1) Balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	19,947	65,842
Notes receivable - trade	779	830
Electronically recorded monetary claims - operating	26,507	19,639
Accounts receivable from completed construction contracts	180,397	186,917
Securities	147,906	91,995
Costs on construction contracts in progress	15,764	16,565
Raw materials and supplies	1,923	2,303
Other	8,335	28,633
Allowance for doubtful accounts	(360)	(381)
Total current assets	401,202	412,346
Non-current assets		
Property, plant and equipment		
Buildings and structures	90,826	92,704
Machinery and vehicles	26,878	27,628
Tools, furniture and fixtures	9,791	10,493
Land	56,000	59,226
Construction in progress	43,688	46,566
Accumulated depreciation	(94,489)	(96,235)
Total property, plant and equipment	132,696	140,382
Intangible assets		
Leasehold interests in land	116	116
Telephone subscription right	136	136
Software	2,990	3,093
Total intangible assets	3,243	3,346
Investments and other assets		
Investment securities	133,938	120,430
Shares of subsidiaries and associates	16,446	16,090
Investments in capital of subsidiaries and associates	3,151	3,151
Long-term loans receivable	104	103
Long-term loans receivable from subsidiaries and associates	6,287	4,942
Distressed receivables	–	16
Long-term prepaid expenses	114	223
Prepaid pension costs	3,579	5,773
Other	23,209	3,191
Allowance for doubtful accounts	(784)	(799)
Total investments and other assets	186,047	153,123
Total non-current assets	321,987	296,852
Total assets	723,189	709,198

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes payable - trade	1,129	–
Accounts payable for construction contracts	88,294	63,432
Short-term borrowings	14,170	14,170
Accounts payable - other	9,972	10,210
Accrued expenses	14,762	20,370
Income taxes payable	13,168	16,196
Advances received on construction contracts in progress	16,301	24,390
Provision for loss on construction contracts	6,396	7,220
Provision for warranties for completed construction	308	345
Provision for bonuses for directors (and other officers)	78	135
Other	8,557	9,114
Total current liabilities	173,139	165,585
Non-current liabilities		
Deferred tax liabilities	10,797	7,140
Provision for retirement benefits	17,446	1,795
Other	1,100	1,204
Total non-current liabilities	29,344	10,140
Total liabilities	202,483	175,726
Net assets		
Shareholders' equity		
Share capital	26,411	26,411
Capital surplus		
Legal capital surplus	29,657	29,657
Total capital surplus	29,657	29,657
Retained earnings		
Legal retained earnings	6,602	6,602
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	326	326
General reserve	313,400	313,400
Retained earnings brought forward	91,568	109,880
Total retained earnings	411,898	430,210
Treasury shares	(2,925)	(3,461)
Total shareholders' equity	465,041	482,818
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	55,664	50,653
Total valuation and translation adjustments	55,664	50,653
Total net assets	520,706	533,471
Total liabilities and net assets	723,189	709,198

(2) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales of completed construction contracts	559,954	595,918
Cost of sales of completed construction contracts	472,291	484,544
Gross profit on completed construction contracts	87,662	111,374
Selling, general and administrative expenses	53,139	58,987
Operating profit	34,523	52,386
Non-operating income		
Interest income	343	543
Dividend income	4,272	4,649
Other	1,057	477
Total non-operating income	5,673	5,670
Non-operating expenses		
Interest expenses	106	148
Other	540	747
Total non-operating expenses	646	895
Ordinary profit	39,549	57,161
Extraordinary income	3,406	2,644
Extraordinary losses	272	644
Profit before income taxes	42,683	59,161
Income taxes	12,905	16,787
Profit	29,778	42,374

(3) Statement of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	26,411	29,657	–	29,657	6,602	326	313,400	75,318	395,647
Changes during period									
Dividends of surplus								(8,458)	(8,458)
Profit								29,778	29,778
Purchase of treasury shares									
Disposal of treasury shares			3	3					
Cancellation of treasury shares			(5,072)	(5,072)					
Transfer from retained earnings to capital surplus			5,068	5,068				(5,068)	(5,068)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	–	–	–	16,250	16,250
Balance at end of period	26,411	29,657	–	29,657	6,602	326	313,400	91,568	411,898

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(731)	450,984	38,864	(8)	38,855	489,839
Changes during period						
Dividends of surplus		(8,458)				(8,458)
Profit		29,778				29,778
Purchase of treasury shares	(7,301)	(7,301)				(7,301)
Disposal of treasury shares	35	39				39
Cancellation of treasury shares	5,072	–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity			16,800	8	16,809	16,809
Total changes during period	(2,193)	14,057	16,800	8	16,809	30,866
Balance at end of period	(2,925)	465,041	55,664	–	55,664	520,706

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	26,411	29,657	–	29,657	6,602	326	313,400	91,568	411,898
Changes during period									
Dividends of surplus								(16,658)	(16,658)
Profit								42,374	42,374
Purchase of treasury shares									
Disposal of treasury shares			16	16					
Cancellation of treasury shares			(7,420)	(7,420)					
Transfer from retained earnings to capital surplus			7,403	7,403				(7,403)	(7,403)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	–	–	–	18,312	18,312
Balance at end of period	26,411	29,657	–	29,657	6,602	326	313,400	109,880	430,210

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(2,925)	465,041	55,664	–	55,664	520,706
Changes during period						
Dividends of surplus		(16,658)				(16,658)
Profit		42,374				42,374
Purchase of treasury shares	(8,008)	(8,008)				(8,008)
Disposal of treasury shares	52	68				68
Cancellation of treasury shares	7,420	–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity			(5,011)		(5,011)	(5,011)
Total changes during period	(535)	17,776	(5,011)	–	(5,011)	12,765
Balance at end of period	(3,461)	482,818	50,653	–	50,653	533,471

5. Other

(Reference) Actual status of non-consolidated orders received and sales by construction sector

(1) Construction orders, net sales of completed construction contracts and contract backlog

(Millions of yen)

Category	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Contract backlog at the beginning of the fiscal year	448,400	448,862	462
Construction orders during the fiscal year	560,416	619,160	58,744
Total	1,008,816	1,068,023	59,206
Of which, net sales of completed construction contracts	559,954	595,918	35,964
Net contract backlog	448,862	472,105	23,242

(2) Construction orders and net sales of completed construction contracts by customers

1) Construction orders

(Millions of yen)

Customers	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change	
	Amount	%	Amount	%	Amount	%
The Kansai Electric Power Company, Incorporated	84,416	15.1	85,054	13.7	638	0.8
The Kansai Electric Power Group	16,226	2.9	17,534	2.8	1,307	8.1
Others	459,773	82.0	516,571	83.5	56,798	12.4
Total	560,416	100.0	619,160	100.0	58,744	10.5

2) Net sales of completed construction contracts

(Millions of yen)

Customers	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change	
	Amount	%	Amount	%	Amount	%
The Kansai Electric Power Company, Incorporated	81,542	14.6	85,302	14.3	3,760	4.6
The Kansai Electric Power Group	16,499	2.9	16,117	2.7	(381)	(2.3)
Others	461,912	82.5	494,497	83.0	32,585	7.1
Total	559,954	100.0	595,918	100.0	35,964	6.4

(3) Construction orders and net sales of completed construction contracts by construction sector

1) Construction orders

(Millions of yen)

Construction sector	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change	
	Amount	%	Amount	%	Amount	%
Power Distribution Lining	72,957	13.0	78,384	12.7	5,426	7.4
Electrical	368,922	65.8	421,762	68.1	52,839	14.3
Information & Communications Network	44,715	8.0	43,810	7.1	(904)	(2.0)
Environmental Management Facilities	52,097	9.3	49,618	8.0	(2,479)	(4.8)
Electric Power & Others	21,723	3.9	25,585	4.1	3,861	17.8
Total	560,416	100.0	619,160	100.0	58,744	10.5

2) Net sales of completed construction contracts

(Millions of yen)

Construction sector	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change	
	Amount	%	Amount	%	Amount	%
Power Distribution Lining	73,969	13.2	77,150	12.9	3,180	4.3
Electrical	372,944	66.6	404,667	67.9	31,722	8.5
Information & Communications Network	52,032	9.3	44,594	7.5	(7,437)	(14.3)
Environmental Management Facilities	41,421	7.4	49,186	8.3	7,765	18.7
Electric Power & Others	19,586	3.5	20,319	3.4	733	3.7
Total	559,954	100.0	595,918	100.0	35,964	6.4

(4) Contract backlog by construction sector

(Millions of yen)

Construction sector	As of March 31, 2024		As of March 31, 2025		Change	
	Amount	%	Amount	%	Amount	%
Power Distribution Lining	13,289	3.0	14,523	3.1	1,234	9.3
Electrical	335,112	74.7	352,206	74.7	17,094	5.1
Information & Communications Network	16,607	3.7	15,823	3.4	(784)	(4.7)
Environmental Management Facilities	50,189	11.1	50,621	10.6	431	0.9
Electric Power & Others	33,664	7.5	38,929	8.2	5,265	15.6
Total	448,862	100.0	472,105	100.0	23,242	5.2

(5) Forecasts of construction orders and net sales of completed construction contracts for the fiscal year ending March 2026

1) By customers

(Millions of yen)

Customers	Construction orders		Net sales of completed construction contracts	
	Amount	%	Amount	%
The Kansai Electric Power Company, Incorporated	83,000	14.1	83,000	13.6
The Kansai Electric Power Group	18,000	3.0	16,000	2.6
Others	489,000	82.9	511,000	83.8
Total	590,000	100.0	610,000	100.0

2) By construction sector

(Millions of yen)

Construction sector	Construction orders		Net sales of completed construction contracts	
	Amount	%	Amount	%
Power Distribution Lining	75,000	12.7	77,000	12.6
Electrical	379,000	64.2	411,000	67.4
Information & Communications Network	47,000	8.0	47,000	7.7
Environmental Management Facilities	57,000	9.7	52,000	8.5
Electric Power & Others	32,000	5.4	23,000	3.8
Total	590,000	100.0	610,000	100.0

- Notes: 1. Figures for The Kansai Electric Power Company, Incorporated in (2) and (5) include data for Kansai Transmission and Distribution, Inc.
2. The forecasts in (5) above are based on information currently available to the Company. Actual results may differ from forecasted values due to various factors in the future.