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

May 14, 2025

Company name: RAINNEXT Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock exchange code: 6379
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Scheduled date of annual general meeting of shareholders: June 25, 2025

Scheduled date of commencing dividend payments: June 26, 2025

Scheduled date of filing annual securities report: June 24, 2025

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	157,371	12.1	10,858	8.9	11,094	8.1	8,100	11.7
Fiscal year ended March 31, 2024	140,366	0.2	9,968	(8.7)	10,261	(8.7)	7,249	(6.4)

(Note) Comprehensive income Fiscal year ended March 31, 2025 ¥8,061 million [(0.7)%]
 Fiscal year ended March 31, 2024 ¥8,117 million [12.6%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	150.89	—	9.6	9.8	6.9
Fiscal year ended March 31, 2024	134.20	—	8.7	9.1	7.1

(Reference) Share of profit (loss) of entities accounted for using equity method: Fiscal year ended March 31, 2025 ¥— million
 Fiscal year ended March 31, 2024 ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	115,196	85,654	73.8	1,576.12
As of March 31, 2024	110,746	84,123	75.2	1,562.89

(Reference) Equity: Fiscal year ended March 31, 2025 ¥85,046 million
 As of March 31, 2024 ¥83,275 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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2025	(107)	(2,304)	(6,490)	3,575
Fiscal year ended March 31, 2024	3,565	(1,738)	(7,181)	12,446

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	—	30.00	—	105.00	135.00	7,218	100.6	8.7
Fiscal year ended March 31, 2025	—	35.00	—	56.00	91.00	4,910	60.3	5.8
Fiscal year ending March 31, 2026 (Forecast)	—	45.00	—	46.00	91.00		60.3	

(Note 1) Revision of the most recently announced dividend forecast: Yes

(Note 2) Breakdown of year-end dividend for the fiscal year ended March 31, 2024 Ordinary dividend: 40 yen Commemorative dividend for the 5th anniversary of business integration: 65 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	84,000	11.8	6,750	92.0	6,850	88.3	4,650	76.5	86.62
Full year	157,500	0.1	11,600	6.8	11,850	6.8	8,100	(0.0)	150.88

*Notes:

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

Newly included: companies (Company name:),

Excluded: 1 company (Company name: Ikeda Kiko Co., Ltd.)

Note: For details, please refer to “3. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Significant changes in scope of consolidation during the current fiscal year)” on page 18 of the attached materials.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards : Yes

2) Changes in accounting policies other than 1) above : None

3) Changes in accounting estimates : None

4) Retrospective restatement : None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025:	54,168,053 shares	March 31, 2024:	54,168,053 shares
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2) Number of treasury shares at the end of the period:

March 31, 2025:	208,723 shares	March 31, 2024:	885,013 shares
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3) Average number of shares outstanding during the period:

Fiscal year ended March 31, 2025:	53,685,653 shares	Fiscal year ended March 31, 2024:	54,020,785 shares
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(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	148,769	12.2	9,948	9.0	10,750	11.8	8,099	20.6
Fiscal year ended March 31, 2024	132,544	0.2	9,130	(8.3)	9,611	(8.1)	6,714	(8.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2025	150.87	—
Fiscal year ended March 31, 2024	124.29	—

Notes on non-consolidated operating results

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	110,824	79,459	71.7	1,472.59
As of March 31, 2024	105,891	77,774	73.4	1,459.65

(Reference) Equity: As of March 31, 2025 ¥79,459 million
As of March 31, 2024 ¥77,774 million

<Reasons for the difference between non-consolidated results and the previous period results>

Since the Group's business is centered on Raise Next Corporation, the reasons for the differences in non-consolidated results are almost the same as the reasons for the differences in consolidated results. Therefore, for details, please refer to the attached "1. Overview of Business Results, etc. (1) Overview of Business Results for the Fiscal Year Ended March 31, 2025".

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Ended March 31, 2025

The economy of Japan for the fiscal year ended March 31, 2025 (the “current fiscal year”) has been recovering moderately due to the effects of various policies under the improving employment and income environment. On the other hand, there is an increasing risk of a downturn in the domestic economy due to the impact of U.S. trade policy and other factors, as well as the impact of continued price hikes on consumer spending.

Regarding the Company’s business environment, domestic demand for petroleum products is expected to continue to decline, affected by changes in the energy structure due to the spread of electric vehicles and the shift to low-carbon fuels. Meanwhile, the government has announced the Basic Policy for the Realization of GX, and it is expected that the industrial sector will accelerate its efforts to realize a carbon-neutral society.

Compared to the previous fiscal year, both new contracts and net sales of completed construction contracts increased for the Group, mainly due to periodic repair work in the maintenance field and mainly due to small- and medium-scale construction work in the engineering field. As a result, gross profit on completed construction contracts on completed construction also increased.

For the Company group’s consolidated performance, new contracts were 161,747 million yen (up 6.6% YoY), net sales of completed construction contracts were 157,371 million yen (up 12.1% YoY), operating profit 10,858 million yen (up 8.9% YoY), ordinary profit was 11,094 million yen (up 8.1% YoY), and Profit attributable to owners of parent was 8,100 million yen (up 11.7% YoY).

For the Company’s non-consolidated performance, new contracts were 152,392 million yen (up 5.7% YoY), and net sales of completed construction contracts were 148,769 million yen (up 12.2% YoY). Operating profit was 9,948 million yen (up 9.0% YoY), ordinary profit was 10,750 million yen (up 11.8% YoY), and profit was 8,099 million yen (up 20.6% YoY).

Breakdown of new contracts by construction type

(Unit: Million yen)

New contracts		Previous FY (FY ended Mar. 31, 2024)	Current FY (FY ended Mar. 31, 2025)	YoY	Percentage change
	Maintenance	105,736	114,405	8,669	8.2%
	Engineering	46,045	47,341	1,295	2.8%
	Engineering work	151,781	161,747	9,965	6.6%

Breakdown of net sales of completed construction contracts by construction type

(Unit: Million yen)

Net sales of completed construction contracts		Previous FY (FY ended Mar. 31, 2024)	Current FY (FY ended Mar. 31, 2025)	YoY	Percentage change
	Maintenance	100,288	112,683	12,394	12.4%
	Engineering	39,975	44,652	4,677	11.7%
	Engineering work	140,264	157,336	17,072	12.2%
Other business		101	35	(66)	(65.0)%
Total		140,366	157,371	17,005	12.1%

(Note) “Other business” refers to real estate leasing business, etc., in the previous fiscal year, and temporary staffing services, etc. in the current fiscal year.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2025

Total assets as of the end of the fiscal year ended March 31, 2025 increased 4,450 million yen from the end of the previous fiscal year to 115,196 million yen. This was mainly due to an increase of 13,147 million yen in notes receivable, accounts receivable from completed construction contracts and contract assets, despite a decrease of 8,916 million yen in cash and deposits.

Total liabilities as of the end of the fiscal year ended March 31, 2025 increased 2,918 million yen from the end of the previous fiscal year to 29,541 million yen. This was mainly due to increases of 1,499 million yen in short-term borrowings payable, 804 million yen in income taxes payable, and 457 million yen in provision for bonuses.

Total net assets as of the end of the fiscal year ended March 31, 2025 increased 1,531 million yen from the end of the previous fiscal year to 85,654 million yen. This was mainly due to a 617 million yen increase in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2025

The consolidated balance of cash and cash equivalents as of March 31, 2024 decreased 8,870 million yen, or 71.3%, from the end of the previous fiscal year to 3,575 million yen.

(Cash flows from operating activities)

Cash flows from operating activities decreased 107 million yen year on year to an inflow of 3,673 million yen. The main cash outflow was a 12,945 million yen increase in trade receivables, and the main cash inflow was 11,485 million yen in profit before income taxes and minority interests.

(Cash flows from investing activities)

Cash flows from investing activities increased 566 million yen year on year to an outflow of 2,304 million yen. The major outflow was purchase of property, plant and equipment and intangible assets of 3,453 million yen, while the major inflow was proceeds from sale of property, plant and equipment and intangible assets of 686 million yen and 695 million yen in proceeds from sales of investment securities.

(Cash flows from financing activities)

Cash flows from financing activities decrease 691 million yen year on year to an outflow of 6,490 million yen. The major outflow was 7,650 million yen in dividends paid, and the major inflow was a 1,500 million yen increase in short-term borrowings.

(Reference) Trends in cash flows-related indicators

	FY ended March 31, 2023	FY ended March 31, 2024	FY ended March 31, 2025
Equity-to-asset ratio (%)	72.2	75.2	73.8
Equity-to-asset ratio based on fair value (%)	68.9	104.50	70.8
Years of debt redemption (years)	0.0	0.0	-
Interest coverage ratio (times)	1,824.5	330.00	-

Equity-to-asset ratio: $\text{Equity} / \text{Total assets}$

Equity-to-asset ratio based on fair value: $\text{Total market value of shares} / \text{Total assets}$

Years of debt redemption: $\text{Interest-bearing liabilities} / \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} / \text{Interest paid}$

* The indicators were calculated using consolidated financial figures.

* The total market value of shares was calculated by multiplying the closing price at the end of the fiscal year by the number of issued shares (excluding treasury shares) on that day.

* Operating cash flow is used for cash flow.

Operating cash flow is the figure of net cash provided by (used in) operating activities recorded in the consolidated statement of cash flows. Interest-bearing liabilities include all liabilities recorded on the consolidated balance sheet for which interest is paid.

Interest paid is equal to the amount of interest paid shown in the consolidated statement of cash flows.

* The debt redemption period and interest coverage ratio for the fiscal year ended March 31, 2025 are not shown due to negative operating cash flow.

(4) Forecast for the Next Fiscal Year

For the next fiscal year (ending March 31, 2026), the economy is expected to pick up as deflation is over with further wage increases and service price hikes. On the other hand, there are downside factors to the economy, such as a labor shortage, which is a social issue, and high prices, which suppress real wages, and we expect the economy to continue to be uncertain. Therefore, the situation is expected to remain uncertain.

As for the consolidated financial results forecast, we forecast new contracts at 147,000 million yen, net sales of completed construction contracts at 157,500 million yen, operating profit at 11,600 million yen, ordinary profit at 11,850 million yen, and profit attributable to owners of parent at 8,100 million yen.

In addition to continuing to increase orders for conventional maintenance work such as routine maintenance work, periodic repair work, and refurbishment work, we will actively participate in the planning and review stages of future facilities at closed refineries and handle up to construction work, as well as work to secure new orders by responding to changes in the business environment, including plants for manufacturing high-performance products related to general chemicals, electronic materials, and semiconductors, and carbon neutral projects such as solar power generation. We will also strive to secure orders for new construction projects by responding to changes in the business environment, such as carbon neutral projects, and as announced in the “The Third Medium-Term Management Plan” released simultaneously today, we will position this period as a time to challenge all kinds of reforms without being bound by conventional methods under the theme of “RAIZNEXT X CHALLENGE.” We will position this period as a time to take on the challenge of making all kinds of changes, without being bound by conventional methods, and aim to achieve our goals.

(5) Basic Policy on Profit Distribution and Dividends for This and Next Fiscal Years

(Basic Policy)

We position profit distribution to shareholders as the most important management issue. Taking into consideration the commitment to implementing continuous and stable dividends in line with revenues and profits, we are targeting a consolidated dividend payout ratio of 60% or higher. The timing of dividends will be basically twice a year, at the interim and at the year-end.

(Dividend for the current fiscal year)

The year-end dividend for the current fiscal year is scheduled to be 56 yen per share. Adding the interim dividend of 35 yen per share, the total annual dividend is scheduled to be 91 yen per share.

(Dividend for the next fiscal year)

For the next fiscal year, the annual dividend of 91 yen per share consisting of 45 yen per share as the interim dividend and 46 yen per share as the year-end dividend is scheduled, based on the dividend policy targeting a consolidated dividend payout ratio of 60% or higher.

2. Basic Stance Concerning Choice of Accounting Standards

For the time being, the Group's policy is to prepare its consolidated financial statements under Japanese GAAP in consideration of period comparability and inter-company comparability of consolidated financial statements.

The Group will take into consideration various circumstances in Japan and overseas and will adopt IFRS as appropriate.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Unit: Million yen)

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	12,492	3,575
Notes receivable, accounts receivable from completed construction contracts and contract assets	67,832	80,979
Electronically recorded monetary claims - operating	1,192	1,012
Costs on construction contracts in progress	1,061	799
Other	1,492	947
Allowance for doubtful accounts	(2)	—
Total current assets	84,069	87,315
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,870	14,012
Accumulated depreciation	(6,236)	(6,568)
Buildings and structures, net	5,633	7,443
Machinery, equipment and vehicles	5,132	5,198
Accumulated depreciation	(4,229)	(4,237)
Machinery, equipment and vehicles, net	902	960
Tools, furniture and fixtures	2,073	2,173
Accumulated depreciation	(1,657)	(1,480)
Tools, furniture and fixtures, net	416	692
Land	9,418	8,806
Leased assets	174	263
Accumulated depreciation	(94)	(158)
Lease assets, net	80	105
Construction in progress	985	471
Total property, plant and equipment	17,437	18,480
Intangible assets		
Other	1,883	1,684
Total intangible assets	1,883	1,684
Investments and other assets		
Investment securities	5,252	4,711
Shares of subsidiaries and associates	736	736
Long-term prepaid expenses	20	9
Deferred tax assets	1,004	1,653
Other	506	775
Allowance for doubtful accounts	(166)	(170)
Total investments and other assets	7,355	7,716
Total non-current assets	26,676	27,881
Total assets	110,746	115,196

(Unit: Million yen)

	Previous FY (As of March 31, 2024)	Current FY (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	14,011	14,083
Electronically recorded obligations - operating	165	132
Short-term borrowings	0	1,500
Income taxes payable	1,655	2,460
Advances received on construction contracts in progress	266	611
Provision for loss on construction contracts	581	656
Provision for warranties for completed construction	185	168
Provision for bonuses	1,945	2,402
Provision for bonuses for directors (and other officers)	30	34
Other	4,522	4,365
Total current liabilities	23,364	26,414
Non-current liabilities		
Deferred tax liabilities	93	129
Provision for retirement benefits for directors (and other officers)	4	1
Retirement benefit liability	2,949	2,817
Other	211	178
Total non-current liabilities	3,258	3,127
Total liabilities	26,622	29,541
Net assets		
Shareholders' equity		
Share capital	2,754	2,754
Capital surplus	11,839	11,687
Retained earnings	67,390	68,007
Treasury shares	(1,833)	(434)
Total shareholders' equity	80,151	82,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,910	1,721
Deferred gains or losses on hedges	3	15
Foreign currency translation adjustment	116	158
Re-measurements of defined benefit plans	1,094	1,135
Total accumulated other comprehensive income	3,124	3,031
Non-controlling interests	847	608
Total net assets	84,123	85,654
Total liabilities and net assets	110,746	115,196

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Net sales of completed construction contracts	140,366	157,371
Cost of sales of completed construction contracts	123,164	138,445
Gross profit on completed construction contracts	17,201	18,926
Selling, general and administrative expenses	7,232	8,067
Operating profit	9,968	10,858
Non-operating income		
Interest income	9	7
Dividend income	167	203
Reversal of allowance for doubtful accounts	0	—
Rental income	88	36
Foreign exchange gains	35	3
Other	38	44
Total non-operating income	340	294
Non-operating expenses		
Interest expenses	10	29
Provision for allowance for doubtful accounts	—	1
Rental expenses	10	—
Compensation expenses	4	—
Other	22	26
Total non-operating expenses	48	58
Ordinary profit	10,261	11,094
Extraordinary income		
Gain on sale of non-current assets	262	65
Gain on sale of investment securities	81	428
Total extraordinary income	344	494
Extraordinary losses		
Loss on sale of non-current assets	1	9
Loss on retirement of non-current assets	36	93
Impairment losses	90	—
Loss on sale of investment securities	0	—
Other	0	—
Total extraordinary losses	128	103
Profit before income taxes	10,477	11,485
Income taxes - current	3,295	3,908
Income taxes - deferred	(127)	(579)
Total income taxes	3,167	3,328
Profit	7,309	8,156
Profit attributable to non-controlling interests	60	55
Profit attributable to owners of parent	7,249	8,100

Consolidated Statement of Comprehensive Income

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Profit	7,309	8,156
Other comprehensive income		
Valuation difference on available-for-sale securities	749	(190)
Deferred gains or losses on hedges	3	12
Foreign currency translation adjustment	88	42
Re-measurements of defined benefit plans, net of tax	(31)	40
Total other comprehensive income	808	(95)
Comprehensive income	8,117	8,061
(Breakdown)		
Comprehensive income attributable to owners of parent	8,055	8,007
Comprehensive income attributable to non-controlling interests	62	54

(3) Consolidated Statement of Changes in Equity

Previous FY (from April 1, 2023 to March 31, 2024)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,754	11,845	65,660	(101)	80,158
Changes during period					
Dividends of surplus			(5,519)		(5,519)
Profit attributable to owners of parent			7,249		7,249
Purchase of treasury shares				(1,791)	(1,791)
Disposal of treasury shares		(5)		59	54
Net changes in items other than shareholders' equity					—
Total changes during period	—	(5)	1,730	(1,732)	(7)
Balance at end of period	2,754	11,839	67,390	(1,833)	80,151

	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	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,163	—	28	1,126	2,318	806	83,283
Changes during period							
Dividends of surplus					—		(5,519)
Profit attributable to owners of parent					—		7,249
Purchase of treasury shares					—		(1,791)
Disposal of treasury shares					—		54
Net changes in items other than shareholders' equity	746	3	88	(31)	806	41	847
Total changes during period	746	3	88	(31)	806	41	840
Balance at end of period	1,910	3	116	1,094	3,124	847	84,123

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

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,754	11,839	67,390	(1,833)	80,151
Changes during period					
Dividends of surplus			(7,483)		(7,483)
Profit attributable to owners of parent			8,100		8,100
Purchase of treasury shares				(18)	(18)
Disposal of treasury shares		(152)		1,417	1,265
Net changes in items other than shareholders' equity					—
Total changes during period	—	(152)	617	1,399	1,863
Balance at end of period	2,754	11,687	68,007	(434)	82,015

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Other securities Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,910	3	116	1,094	3,124	847	84,123
Changes during period							
Dividends of surplus					—		(7,483)
Profit attributable to owners of parent					—		8,100
Purchase of treasury shares					—		(18)
Disposal of treasury shares					—		1,265
Net changes in items other than shareholders' equity	(188)	12	42	40	(93)	(239)	(332)
Total changes during period	(188)	12	42	40	(93)	(239)	1,531
Balance at end of period	1,721	15	158	1,135	3,031	608	85,654

(4) Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	10,477	11,485
Depreciation	966	1,226
Amortization of goodwill	27	27
Share-based payment expenses	—	1,247
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in provision for warranties for completed construction	12	(17)
Increase (decrease) in provision for loss on construction contracts	225	75
Increase (decrease) in provision for bonuses	(162)	457
Increase (decrease) in provision for bonuses for directors (and other officers)	17	3
Increase (decrease) in retirement benefit liability	153	(45)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(2)	(3)
Interest and dividend income	(177)	(210)
Interest expenses and loss on sale of notes receivable - trade	10	29
Foreign exchange losses (gains)	(11)	(3)
Loss (gain) on sale of non-current assets	(261)	(56)
Loss (gain) on sale of investment securities	(81)	(428)
Loss on retirement of non-current assets	36	93
Decrease (increase) in trade receivables	1,053	(12,945)
Decrease (increase) in costs on construction contracts in progress	311	262
Increase (decrease) in trade payables	(1,533)	31
Increase (decrease) in advances received on construction contracts in progress	127	341
Increase (decrease) in accrued consumption taxes	(3,650)	857
Other	(627)	444
Subtotal	6,910	2,874
Interest and dividends received	177	210
Interest paid	(10)	(29)
Income taxes paid	(3,512)	(3,162)
Net cash provided by (used in) operating activities	3,565	(107)
Cash flows from investing activities		
Payments into long-term time deposits	(2)	—
Proceeds from withdrawal of long-time deposits	—	46
Purchase of property, plant and equipment and intangible assets	(2,548)	(3,453)
Proceeds from sale of property, plant and equipment and intangible assets	575	686
Purchase of investment securities	(5)	(0)
Proceeds from sale of investment securities	182	695
Other	59	(277)
Net cash provided by (used in) investing activities	(1,738)	(2,304)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	1,500
Repayments of long-term borrowings	(9)	(0)
Purchase of treasury shares	(1,791)	(0)
Dividends paid	(5,343)	(7,650)
Dividends paid to non-controlling interests	(20)	(293)
Other	(15)	(44)
Net cash provided by (used in) financing activities	(7,181)	(6,490)
Effect of exchange rate change on cash and cash equivalents	41	31
Net increase (decrease) in cash and cash equivalents	(5,312)	(8,870)
Cash and cash equivalents at beginning of period	17,758	12,446
Cash and cash equivalents at end of period	12,446	3,575

(5) Notes to the Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable.

(Significant matters that serve as the basis for preparation of the consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 8

Names of consolidated subsidiaries:

RAIZNEXT Sogo Service Co., Ltd.

SMS Co., Ltd.

Tokai Engineering & Construction Co., Ltd.

RAIZAQT Co., Ltd.

Kounan Tsusho Co., Ltd.

Keihin Kako Co., Ltd.

Kashima Engineering Co., Ltd.

PT.SHINKO PLANTECH

2. Application of equity method

Names, etc., of affiliates not accounted for by the equity method

Number of affiliated companies: 4

Names of main companies:

Ibaraki Nikko Kensetsu Co., Ltd.

JX Nippon Mining & Metals Plant Saganoseki Co., Ltd.

FUTABA MANUFACTURING CO., LTD.

Saikai Engineering Services Co., Ltd.

Reason for exclusion from the scope of consolidation

The affiliated companies not accounted for by the equity method are excluded from the scope of consolidation as the impact of the exclusion of each of them in terms of profit (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc., is minimal on the consolidated financial statements, and their overall materiality is insignificant.

3. Fiscal years, etc., of consolidated subsidiaries

Consolidated subsidiaries PT. SHINKO PLANTECH have their closing date on December 31, and RAIZNEXT Sogo Service Co., Ltd., SMS Co., Ltd., Tokai Engineering & Construction Co., Ltd., RAIZAQT Co., Ltd., Kounan Tsusho Co., Ltd., Keihin Kako Co., Ltd., and Kashima Engineering Co., Ltd. have their closing date on March 31. In preparing the consolidated financial statements, financial statements for the individual companies as of their closing dates are used. Adjustments necessary for consolidation are made for material transactions that occurred from the next day of such closing dates to March 31, the consolidated closing date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

a) Securities

Bonds held to maturity

Stated at amortized cost (straight-line method).

Other securities

Securities other than shares, etc., without a market price

Market value method based on market prices, etc., on the closing date of the fiscal year

(Valuation differences are reported directly as a component of net assets and the cost of securities sold is calculated using the moving average method.)

Shares, etc., without a market price

Stated at cost using the moving average method

b) Derivative transactions

Stated at market value.

c) Inventory assets

Costs on construction contracts in progress

Stated at cost using the specific identification method

(2) Depreciation and amortization methods for significant assets

a) Property, plant and equipment (excluding leased assets)

Declining balance method is applied. However, the straight-line method is applied to buildings (excluding their attached facilities), as well as facilities attached to buildings and structures acquired on or after April 1, 2016.

The principal useful lives of property, plant and equipment are as follows:

Buildings and structures 2 to 55 years

Machinery, equipment and vehicles 2 to 12 years

b) Intangible assets (excluding leased assets)

Straight-line method is applied.

In addition, the straight-line method is applied based on the estimated useful life within the Company (5 years) for software for internal use.

c) Leased assets

Leased assets from finance lease transactions where ownership is not transferred

Leased assets from finance lease transactions where ownership is not transferred are depreciated by the straight-line method over the lease terms with no residual value.

(3) Accounting standards for significant allowance and provisions

a) Allowance for doubtful accounts

To prepare for potential credit losses from accounts receivable completed construction contracts, etc., allowance for doubtful accounts is recorded based on past experience for general receivables and on an estimated uncollectable amount for specific doubtful receivables where individual recoverability is considered.

b) Provision for loss on construction contracts

To prepare for potential losses on construction contracts, potential losses on undelivered construction work at the end of the current fiscal year are estimated and recorded where the amount of the construction can be reasonably estimated.

c) Provision for warranties for completed construction

To prepare for potential expenses arising from guarantee for defects, etc., related to completed construction, aside from the amount based on past results of construction expenses for warranties to net sales of completed construction contracts in the past fiscal years, the estimated amount for specific constructions is recorded where construction expenses for warranties are anticipated to occur.

d) Provision for bonuses

To provide for the payment of employees' bonuses, the estimated payment amount for the current fiscal year is recorded.

e) Provision for bonuses for directors (and other officers)

For consolidated subsidiaries, to provide for the payment of Directors' bonuses, the estimated payment amount for the current fiscal year is recorded.

f) Provision for retirement benefits for directors (and other officers)

For consolidated subsidiaries, to prepare for the payment of retirement benefits for directors and other officers, the amount payable at the end of the fiscal year is recorded in accordance with internal rules.

(4) Accounting treatment for retirement benefits

(i) Method for attributing estimated retirement benefits to periods

To calculate retirement benefit obligations, the straight-line attribution method is used to allocate the estimated retirement benefits to the period up to the end of the current fiscal year.

(ii) Actuarial difference and treatment for past service costs

Past service costs are recognized by the straight-line method over a certain period within the average remaining service period of employees (5 years) at the time of its occurrence.

The resulted actuarial differences are each recognized in the following fiscal year by the straight-line method over a certain period within the average remaining service period of employees (1 to 11 years) at the time of its occurrence.

(5) Basis for recording significant revenues and expenses

Details of the main performance obligations in the main business relating to revenues from contracts with customers

(i) Maintenance work

In the maintenance business, the Company and its consolidated subsidiaries provide routine maintenance work and periodic repair work for customers' plants.

(2) Engineering work

In the engineering business, the Company and its consolidated subsidiaries provide plant construction, modification and refurbishment services.

The normal point in time at which the performance obligation with respect to revenue from a contract with a customer is satisfied.

(i) Construction work where the progress of the fulfillment of performance obligations can be reasonably estimated

The Company recognizes revenue based on the degree of progress made in satisfying performance obligations over a specified period of time. Progress is measured by comparing the accumulated cost already incurred through the end of the current fiscal year to the estimated total cost to complete the construction. (Input method)

(ii) Construction work where the progress of the fulfillment of performance obligations cannot be reasonably estimated

Cost recovery method

(iii) Maintenance work where the construction period is short

Revenue is recognized when performance obligations are fully satisfied.

(6) Hedge accounting

(i) Hedge accounting

Deferred hedge accounting is applied.

However, the shortcut method ("furiate-shori") is applied to forward exchange transactions that satisfy the criteria thereof.

(ii) Hedging instruments and hedged items

Hedging instruments: Forward exchange transactions

Hedged items: Forward transactions denominated in foreign currencies

(iii) Hedging policies

In accordance with the Company's internal control system regulating derivative transactions, derivative transactions are conducted to hedge the risks of fluctuating exchange rates of forward transactions denominated in foreign currencies.

(iv) Assessment of hedge effectiveness

For forward exchange contracts, as the hedging instruments and hedged items involve the same currencies and with the same due dates, the assessment of their hedge effectiveness is omitted.

(7) Standards for converting assets and liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the consolidated balance sheet date, with translation differences recognized as gains or losses.

Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate on the date of account settlement, while revenues and expenses are translated into yen at the average exchange rate during the period, with translation differences included in foreign currency translation adjustments and non-controlling interests in net assets.

(8) Amortization method and period of goodwill

Goodwill is amortized over 8 years by the straight-line method.

(9) Scope of funds in the consolidated statement of cash flows

The scope of funds consists of cash on hand, readily available deposits that can be withdrawn at any time, and short-term investments which can be readily convertible to cash or cash equivalents with maturities of three months or less from the date of acquisition and bear only an insignificant risk of changes in value.

(Significant changes in the scope of consolidation during the current fiscal year)

Toshin Seisakusho Co., Ltd., our consolidated subsidiary, merged with Ikeda Kikou Co., Ltd. during the second quarter of the fiscal year under review. As a result, Ikeda Kikou Co., Ltd. was excluded from the scope of consolidation from the current fiscal year. Further, Toshin Seisakusho Co., Ltd. has changed its name to RAIZAQT CO., LTD.

Since this is a merger between wholly owned subsidiaries of the Company, the impact of the merger on the consolidated financial results of the Company is minor.

(Notes on Changes in Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes”)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022), and the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the first quarter of the fiscal year under review. This change in accounting policies has no impact on the quarterly consolidated financial statements.

(Change of display method)

(Notes to Consolidated Statement of Income)

Effective from the current consolidated fiscal year, “Selling, general and administrative expenses,” which had been separately presented by expense item, is now collectively presented as “Selling, general and administrative expenses” to enhance listing and clarity in the consolidated statement of income.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

The major items and amounts of selling, general and administrative expenses for the previous and current fiscal years are as stated in “Notes (Notes to Consolidated Statement of Income).”

(Related to consolidated statements of income)

Major items and amounts of selling, general and administrative expenses are as follows

	Previous FY (From April 1, 2023 to March 31, 2024)	Current FY (From April 1, 2024 to March 31, 2025)
Provision for bonuses for directors (and other officers)	26Million yen	30Million yen
Employees' salaries and allowances	1,437Million yen	1,628Million yen
Provision for bonuses	353Million yen	442Million yen
Retirement benefit expenses	47Million yen	56Million yen
Miscellaneous expenses	906Million yen	1,007Million yen
Research and development expenses	77Million yen	85Million yen

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment Information, etc.)

[Segment information]

The Group's only reportable segment is the engineering business, and "Other" is not significant in the Group's results of operations. So the explanation is omitted. "Other" includes temporary staffing services.

[Related information]

Previous FY (from April 1, 2023 to March 31, 2024)

1. Information by product and service

This information is omitted because net sales from engineering work account for more than 90% of the net sales on the consolidated statement of income.

2. Information by geographical area

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of the net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Unit: Million yen)

Customer name	Net sales	Related segment
ENEOS Corporation	57,021	Engineering work

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

1. Information by product and service

This information is omitted because net sales from engineering work account for more than 90% of the net sales on the consolidated statement of income.

2. Information by geographical area

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of the net sales on the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Unit: Million yen)

Customer name	Net sales	Related segment
ENEOS Corporation	66,882	Engineering work

[Information concerning impairment loss of non-current assets by reportable segment]

Previous FY (from April 1, 2023 to March 31, 2024)

An impairment loss of 90 million yen was recorded in the engineering work.

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

Not applicable.

[Information concerning amortization of goodwill and balance of unamortized goodwill by reportable segment]

Previous FY (from April 1, 2023 to March 31, 2024)

This information is omitted as it does not have material significance.

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

This information is omitted as it does not have material significance.

[Information concerning gain on bargain purchase by reportable segment]

Previous FY (from April 1, 2023 to March 31, 2024)

Not applicable.

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

Not applicable.

(Per share information)

The basis for calculation of net assets per share and profit per share is as follows:

Previous FY (As of March 31, 2024)		Current FY (As of March 31, 2025)	
Net assets per share	1,562.89 yen	Net assets per share	1,576.12 yen
(Basis for calculation)		(Basis for calculation)	
Total net assets in consolidated balance sheets	84,123 million yen	Total net assets in consolidated balance sheets	85,654 million yen
Net assets for common shares	83,275 million yen	Net assets for common shares	85,046 million yen
Breakdown of difference		Breakdown of difference	
Non-controlling interests	847 million yen	Non-controlling interests	608 million yen
Number of common shares issued	54,168,053 shares	Number of common shares issued	54,168,053 shares
Number of common shares held in treasury shares	885,013 shares	Number of common shares held in treasury shares	208,723 shares
Number of common shares used for calculating the amounts of net assets	53,283,040 shares	Number of common shares used for calculating the amounts of net assets	53,959,330 shares

Previous FY (From April 1, 2023 to March 31, 2024)		Current FY (From April 1, 2024 to March 31, 2025)	
Basic earnings per share	134.20 yen	Basic earnings per share	150.89 yen
Diluted earnings per share are not presented because diluted shares did not exist.		Diluted earnings per share are not presented because diluted shares did not exist.	
(Basis for calculation)		(Basis for calculation)	
Profit attributable to owners of parent on consolidated statement of income	7,249 million yen	Profit attributable to owners of parent on consolidated statement of income	8,100 million yen
Profit attributable to owners of parent for common shares	7,249 million yen	Profit attributable to owners of parent for common shares	8,100 million yen
Major breakdown of amount not attributable to ordinary shareholders		Major breakdown of amount not attributable to ordinary shareholders	
Not applicable.		Not applicable.	
Average number of common shares outstanding during the period	54,020,785 shares	Average number of common shares outstanding during the period	53,685,653 shares

(Business Combinations, etc.)

(Transactions under common control)

Effective July 1, 2024, the Company group implemented an absorption-type merger between consolidated subsidiaries with Toshin Seisakusho Co., Ltd. as a surviving company.

1. Overview of the business

(1) Name of the combined entity and its business

(1) Merged company (surviving company)

Company name: Toshin Seisakusho Co., Ltd.

Business: Maintenance services

(2) Company to be combined (absorbed company)

Company name: Ikeda Kiko Co., Ltd.

Business: Maintenance services

(2) Date of merger

July 1, 2024

(3) Legal form of business merger

Absorption-type merger with Toshin Seisakusho Co., Ltd. as a surviving company and Ikeda Kiko Co., Ltd. as an absorbed company

(4) Name of company after merger

RAIZAQT Co., Ltd.

(5) Purpose of the business

The purpose is to further strengthen construction execution and sales capabilities by mutually utilizing the resources of both companies, which operate mainly in Ehime Prefecture.

2. Overview of accounting procedures

In accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” the business combination was accounted for as a transaction under common control.

(Significant subsequent events)

Not applicable.