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May 15, 2025

Consolidated Financial Results for the Nine Months Ended March 31, 2025 (Under Japanese GAAP)

Company name:	TESS Holdings Co., Ltd.
Listing:	Tokyo Stock Exchange
Securities code:	5074
URL:	https://www.tess-hd.co.jp/english/
Representative:	Kazuki Yamamoto, Representative Director and President
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the nine months ended March 31, 2025 (from July 1, 2024 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	26,788	17.2	2,669	28.8	225	(94.0)	616	(74.3)
March 31, 2024	22,858	(4.9)	2,073	(51.3)	3,771	3.4	2,398	3.0

Note: Comprehensive income
For the nine months ended March 31, 2025: ¥3,081 million [11.2%]
For the nine months ended March 31, 2024: ¥2,770 million [10.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2025	8.74	8.73
March 31, 2024	34.03	33.98

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	149,800	43,638	29.0
June 30, 2024	119,128	41,796	34.9

Reference: Equity
As of March 31, 2025: ¥43,369 million
As of June 30, 2024: ¥41,512 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	–	0.00	–	16.00	16.00
Fiscal year ending June 30, 2025	–	0.00	–		
Fiscal year ending June 30, 2025 (Forecast)				7.66	7.66

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending June 30, 2025	38,000	24.0	2,700	13.9	400	(94.8)	700	(41.0)	9.93

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

* **Notes**

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

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

Excluded: – companies

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

In addition, TESS Logistics LLC was established on August 26, 2024, and it is accordingly included in the scope of consolidation from the first quarter period. As the deemed acquisition date of that company was September 30, 2024, only the balance sheet has been consolidated in the semi-annual period, and consolidation of its statement of income has commenced from the third quarter under review.

(2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to "2. Quarterly consolidated financial statements (3) Notes to quarterly consolidated financial statements (Notes to specific accounting for preparing quarterly consolidated financial statements)" on page 13 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of March 31, 2025	70,644,130 shares
As of June 30, 2024	70,644,130 shares

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

As of March 31, 2025	130,156 shares
As of June 30, 2024	130,156 shares

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

Nine months ended March 31, 2025	70,513,974 shares
Nine months ended March 31, 2024	70,470,566 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary).

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

Forward-looking statements in this document, including the results forecasts, etc., are based on the information available as of the date of the release of this document and the preconditions that the Company deemed to be reasonable; they are not meant to be a commitment by the Company, and a variety of factors in the future may cause actual results to differ materially from these forecasts. Please refer to "1. Qualitative information on the quarterly financial results (3) Explanation of forward-looking statements such as forecast of consolidated financial results" on page 7 of the attached material for the preconditions for the earnings forecasts and items to exercise caution in the use of these earnings forecasts.

Attached Material

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1. Qualitative information on the quarterly financial results

(1) Explanation of operating results

During the nine months ended March 31, 2025, with issues such as sharp rises in global prices for materials and energy, the worsening situation in Ukraine, and the impact of the weaker Japanese yen, the Japanese economy remains difficult to predict business conditions going forward.

In the energy industry in which the Group operates, developments such as the advocacy of the Sustainable Development Goals (SDGs)[*1] by the United Nations in 2015, and the negotiation of the Paris Agreement[*2] have led to an acceleration of initiatives to continue the global decarbonization of energy sources. In Japan, the Seventh Strategic Energy Plan[*3] approved by the Cabinet in February 2025 set out the course for an energy policy directed at realizing carbon neutrality by 2050 and a new target for reducing greenhouse gas emissions (by 73% from their FY2013 level) by FY2040. The Plan calls for the continued and increased pursuit of energy-efficiency maximization and sets the goal of making renewable energy account for 40%–50% of Japan's power source mix by 2040 (from 22.9% in FY2023). Furthermore, the GX2040 Vision[*4] and the Plan for Global Warming Countermeasures[*5] were approved by the Cabinet, setting out a long-term strategy to simultaneously achieve ensuring a stable energy supply, economic growth, and decarbonization, in coordination with the Strategic Energy Plan.

In this external environment, the Group has used its "Total Energy Savings & Solutions" management philosophy as a base on which to continue developing its operations, with a focus on the three business areas of "renewable energy as main power source," "energy-efficiency maximization," and "intelligent-energy infrastructure."

As a result of the above, for the nine months ended March 31, 2025, net sales were ¥26,788 million (up 17.2% year on year), operating profit was ¥2,669 million (up 28.8% year on year), ordinary profit was ¥225 million (down 94.0% year on year), and profit attributable to owners of parent was ¥616 million (down 74.3% year on year).

In regard to the principal contributory factors behind the decline in ordinary profit and profit attributable to owners of parent, as stated under "2) Regarding the recording of loss on valuation of derivatives (non-operating expenses) and income taxes-deferred (gain)," the Company recorded non-operating expenses from loss on valuation of derivatives of ¥1,816 million, and also as stated under "3) Regarding the recording of gain on investments in silent partnerships (non-operating income), gain on bargain purchase (extraordinary income), and loss on step acquisitions (extraordinary losses) in conjunction with making the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary," the Company recorded extraordinary losses of ¥292 million from loss on step acquisitions in conjunction with making the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary.

1) Operating results by segment

(i) Engineering Segment

Commissioned type

This segment consists of EPC commissioned by customers, such as engineering services to address customer needs for energy-saving facilities, cost reductions and environmental initiatives. It also includes engineering for power generation facilities and facilities for in-house consumption of generated power, using FIT and FIP certification[*6] obtained by customers using part of renewable energy facilities. EPC sales were recorded in accordance with the revenue-recognition method over a certain period of time.

In the nine months ended March 31, 2025, amid growing customer needs for decarbonization, for EPC for co-generation systems[*7], fuel conversion facilities[*8], utility facilities[*9], and other energy-saving facilities, the number of construction projects increased in comparison with the same period of the previous year, and the scale of individual projects expanded. On the other hand, sales of renewable energy power generation EPC, including solar power generation and biomass power generation systems, decreased year on year due to a decrease in the number of construction projects, but for the Engineering Segment (commissioned type) as a whole, sales increased compared to the same period of the previous year.

Development type

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

Although new EPC projects of development-type counted zero in the nine months ended March 31, 2024, during the nine months ended March 31, 2025, sales increased year on year due to the revenue-recognition method over a certain period of time for an EPC project for a solar power generation plant in Kagoshima Prefecture (generation capacity of approximately 8.0 MW) utilizing a FIT scheme*10.

As a result of the above, the Engineering Segment recorded net sales of ¥11,811 million (up 26.5% year on year) and segment profit of ¥775 million (segment loss of ¥4 million in the nine months ended March 31, 2024).

Including intersegment sales and transfers, the Engineering Segment recorded net sales of ¥13,199 million (up 9.0% year on year).

(ii) Energy Supply Segment

Renewable energy power plant ownership, operation and electricity sales

This segment generates sales from the ownership, operation, and sale of electricity from renewable energy power plants, primarily solar power generation plants, utilizing the FIT scheme or the FIP scheme*11, as well as from on-site PPA model*12 renewable energy plants that use neither the FIT scheme or FIP scheme for in-house consumption.

As of the end of the third quarter under review, the number of renewable energy power plants and the power generation capacity were as shown in the table below, with an additional 18 electricity supply services by on-site PPA model projects being added in the nine months ended March 31, 2025, with a total power generation of approximately 19.6 MW.

In the nine months ended March 31, 2025, the Company acquired all of the silent partnership equity interest in the silent partnership where Fukuoka Miyako Solar Power LLC is the operator of the Fukuoka Miyako Mega Solar Plant (located in Miyako-machi, Miyako-gun, Fukuoka Prefecture, generation capacity of approximately 67.0 MW), converting the silent partnership into a consolidated subsidiary. Accordingly, there was an increase in both the number of renewable energy power plants owned by the Group’s consolidated subsidiaries and the total power generation capacity, resulting in an increase in sales in accordance with the increase in sales of electricity compared with the same period of the previous year.

	As of March 31, 2024		As of March 31, 2025		Change	
	Number of plants (plants)	Power generation capacity (MW)	Number of plants (plants)	Power generation capacity (MW)	Number of plants (plants)	Power generation capacity (MW)
Plants owned by consolidated Group companies	87	226.1	114	320.4	27	94.2
Plants using FIT or FIP schemes	67	196.7	67	265.6	0	68.9
Plants using onsite PPA model	20	29.4	47	54.8	27	25.4
Plants invested in by Group companies*	12	88.1	11	29.2	(1)	(59.0)
Total	99	314.3	125	349.5	26	35.3

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

Operation and maintenance (O&M)

In addition to maintenance services and 24-hour remote monitoring services based on fixed-term contracts with customers, the Group provides maintenance operations that occur on an irregular basis (such as replacement of consumables, statutory inspections and other foreseeable needs, along with unforeseeable needs such as maintenance and replacement caused by failures of customer equipment).

In the nine months ended March 31, 2025, due to the year-on-year decline in irregular maintenance services due to the expiration of a major O&M project contract, operation and maintenance sales declined compared to the same period of the previous year.

Electricity retailing

The Group provides electricity to corporate customers in nine regions of Japan: Hokkaido, Tohoku, Tokyo, Chubu, Hokuriku, Kansai, Chugoku, Shikoku and Kyushu. In addition, the Group offers ERAB[*16] services which provide supply-demand adjustment capacity by utilizing demand response (DR)[*13] technologies and virtual power plant (VPP)[*14] technologies to integrate distributed energy resources[*15] on the customer side, along with fuel supply services to customers operating co-generation systems.

In the nine months ended March 31, 2025, supply volume increased as a result of a market-linked plan under which the electricity prices offered to customers are linked to the spot prices on the Japan Electric Power Exchange (JEPX) in addition to the rise in electricity prices, and as a result, electricity retailing sales increased year on year.

Resource recycling biomass fuel supply

The Group is engaged in the sale of PKS fuels[*17] to biomass power plants in Japan.

In the nine months ended March 31, 2025, sales increased year on year due to the year-on-year increase in fuel shipments.

As a result of the above, net sales for the Energy Supply Segment were ¥14,976 million (up 10.8% year on year), and segment profit came to ¥2,082 million (up 14.4% year on year).

Including intersegment sales and transfers, the Energy Supply Segment recorded net sales of ¥14,977 million (up 10.8% year on year).

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

In the nine months ended March 31, 2025, loss on valuation of derivatives of ¥1,816 million was recorded under non-operating expenses. This loss on valuation arose with respect to valuation of forward foreign exchange contracts entered into for the purpose of hedging foreign exchange fluctuation risks associated with the procurement of PKS fuels to be used in a large-scale biomass power generation project by our consolidated subsidiary, Imari Green Power Co., Ltd. (located in Imari-shi, Saga Prefecture, generation capacity of 46.0 MW). In addition, due to the reversal of a deferred tax liability associated with recording the loss on valuation of derivatives, an income taxes-deferred (gain) of ¥622 million was recorded in the nine months ended March 31, 2025. For details, please refer to "Notice Concerning the Recording of Non-operating Expenses (Loss on Valuation of Derivatives) and Income Taxes-Deferred (Gain)" announced in Japanese on November 5, 2024.

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

In the nine months ended March 31, 2025, the Company recorded non-operating income of ¥328 million from gain on investments in silent partnerships, extraordinary income of ¥471 million from gain on bargain purchase, and extraordinary losses of ¥292 million on loss on step acquisitions. These recordings occurred in conjunction with acquisition of all of the interests in the silent partnership operated by Fukuoka-Miyako Solar Power LLC, a solar power generation company (hereinafter "the Miyako silent partnership"; located in Miyako-machi, Miyako-gun, Fukuoka Prefecture; power generation capacity of approximately 67.0 MW) on August 1, 2024. The acquisition was conducted by the Company's wholly owned subsidiary TESS Engineering Co., Ltd. and resulted in the making of the Miyako silent partnership a consolidated subsidiary of the Company. For details, please refer to "(Revision of Disclosed Matters) Notice Concerning Partial Changes to Content of 'Notice Concerning the Recording of Non-operating Income, Extraordinary Income, and Extraordinary Losses'" announced in Japanese on February 12, 2025.

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

In the nine months ended March 31, 2025, gain on sale of investment securities of ¥513 million was recorded under extraordinary income. This gain arose due to the divestment of a portion of the investment securities held by the Company's consolidated subsidiary TESS Engineering Co., Ltd. For details, please refer to "Notice Concerning the Recording of Extraordinary Income by a Subsidiary" announced in Japanese on November 5, 2024.

*1 Sustainable Development Goals (SDGs):
These are shared goals for international society to be addressed by both developing and developed nations as part of the 2030 Agenda for Sustainable Development adopted by the United Nations in September 2015, and consist of 17 goals whose initiatives cover energy, economic growth, employment, and climate change, amongst other matters.

*2 The Paris Agreement:
An international treaty adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in December 2015, based on the approval of 196 countries, including Japan, as a global framework for determining targets for reductions in CO_2 emissions in order to combat global warming.

*3 Strategic Energy Plan:
A basic plan on energy supply and demand formulated in order to promote measures on energy supply and demand on a long-term, comprehensive and systematic basis, as set forth in Article 12 of the Basic Act on Energy Policy.

*4 GX2040 Vision:
Amid growing uncertainty regarding future outlooks, this serves to present a longer-term direction in order to enhance the predictability of investments aimed at achieving GX (Green Transformation).

*5 Plan for Global Warming Countermeasures:
The government's comprehensive plan based on the Act on Promotion of Global Warming Countermeasures, which outlines targets for the reduction and absorption of greenhouse gas emissions, basic measures to be taken by businesses and the public, and policies to be implemented by national and local governments to achieve these targets.

*6 FIT and FIP certification:
The certification of renewable energy power generation business plans granted by the Minister of Economy, Trade and Industry, as set forth in the Act on Special Measures Concerning Promotion of Utilization of Electricity from Renewable Energy Sources.

*7 Co-generation system (CGS):
A type of distributed energy resource, consisting of a combined heat and electricity supply system that uses the heat emitted during power generation for air conditioning and heating or in production processes. It may also be referred to as Combined heat & power (CHP).

*8 Fuel conversion facilities:
Facilities to convert fuel used for heat sources in a factory from oil to natural gas.

*9 Utility facilities:
Facilities that provide the electricity, steam, water, compressed air, fuel, and so forth required for the operation of a factory's production facilities.

*10 FIT scheme:
A system, based on the Act on Special Measures Concerning Promotion of Utilization of Electricity from Renewable Energy Sources, under which the state promises that electricity utilities will purchase electricity generated from renewable energy, such as solar, wind, or biomass, at a set price and for a set period of time.

*11 FIP scheme:
A system where the amount equivalent to difference between the standard price (FIP price) and market price shall be paid as a premium in the case that electricity produced by renewable energy electricity utilities is sold on the wholesale electricity market or in direct dealings.

*12 On-site PPA model:
A form of contract in which the Group acts as a power generation company, owning, maintaining, and managing solar power generation plants for in-house consumption, and providing the electricity generated by these plants to customers.

*13 Demand response (DR):
Refers to changes in electric power demand patterns made by the owners of customer-side energy resources*18, or third parties, through the regulation of those energy resources.

*14 Virtual power plant (VPP):
Use of IoT technology to remotely perform integrated regulation of distributed energy resources, so that they appear to function as a single power generation plant, allowing the balance between supply and demand of electric power to be adjusted.

*15 Energy resources:
Facilities enabling the supply or storage of various types of energy, including electricity and heat (power generation systems, storage battery systems, boilers).

*16 Energy resource aggregation businesses (ERAB):
The use of DR and VPP to provide a variety of services to business partners such as general power transmission and distribution operators, electricity retailers, customers, and renewable energy power generation companies, with the aim of securing supply-demand adjustment capacity, avoiding imbalances*19, reducing electricity charges, avoiding output suppression, etc.

*17 PKS fuels:
An abbreviation for Palm Kernel Shell, referring to the shells of the palm tree that remain after palm oil has been extracted.

*18 Customer-side energy resources:
A general term for energy resources that are connected at the customer's side ("behind the meter") on the supply connection (such as power generation facilities, power storage facilities, and demand facilities).

*19 Imbalance:
The difference between the demand and procurement plan for the retail provision of electricity formulated by the electricity retailer, and the actual figures.

(2) Explanation of financial position

Current assets

Total current assets as of the end of the third quarter under review amounted to ¥39,409 million, an increase of ¥3,387 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in cash and deposits of ¥2,220 million resulting from the making of the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary, an increase in accounts receivable from completed construction contracts of ¥1,312 million in relation to EPC of the Engineering Segment, an increase in advance payments to suppliers of ¥1,787 million, and a decrease in contract assets of ¥2,562 million.

Non-current assets

Total non-current assets as of the end of the third quarter under review amounted to ¥110,390 million, an increase of ¥27,284 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in machinery, equipment and vehicles of ¥10,939 million resulting from the making of the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary, an increase in contract-based intangible assets of ¥4,416 million and an increase in construction in progress of Saga Imari Biomass Power Plant, etc. of ¥6,461 million.

Current liabilities

Total current liabilities as of the end of the third quarter under review amounted to ¥31,695 million, an increase of ¥8,446 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in short-term borrowings by consolidated subsidiaries of ¥2,438 million, an increase in current portion of long-term borrowings of ¥2,100 million resulting from the making of the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary, and an increase in contract liabilities in relation to EPC of the Engineering Segment of ¥3,133 million. Of that amount, the main component of the increase in current portion of long-term borrowings related to the silent partnership operated by Fukuoka-Miyako Solar Power LLC was mainly due to inclusion through consolidation of the current liabilities of the silent partnership operated by Fukuoka-Miyako Solar Power LLC as a result of making it a consolidated subsidiary and was not due to new borrowings in the nine months ended March 31, 2025.

Non-current liabilities

Total non-current liabilities as of the end of the third quarter under review amounted to ¥74,465 million, an increase of ¥20,382 million compared with the end of the previous fiscal year. The principal contributory factor was an increase in long-term borrowings of ¥17,280 million resulting from the making of the silent partnership operated by Fukuoka-Miyako Solar Power LLC a consolidated subsidiary. Of that amount, the main component of the increase in long-term borrowings related to the silent partnership operated by Fukuoka-Miyako Solar Power LLC was mainly due to inclusion through consolidation of the non-current liabilities of the silent partnership operated by Fukuoka-Miyako Solar Power LLC as a result of making it a consolidated subsidiary and was not due to new borrowings in the nine months ended March 31, 2025.

Net assets

Net assets as of the end of the third quarter under review amounted to ¥43,638 million, an increase of ¥1,842 million compared with the end of the previous fiscal year. The principal contributory factors were an increase in deferred gains or losses on hedges related to long-term foreign exchange forward contracts by consolidated subsidiaries of ¥2,435 million and a decrease in retained earnings of ¥525 million due to the payment of dividends and other factors.

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

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

Moreover, the forecast of consolidated financial results incorporates judgments based on information available to the Group at the time that material was released and may differ from actual results, etc. for various reasons.

2. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of June 30, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	18,339	20,559
Notes receivable - trade	321	161
Accounts receivable - trade	1,833	2,563
Accounts receivable from completed construction contracts	0	1,313
Contract assets	4,644	2,081
Merchandise and finished goods	200	85
Work in process	93	151
Costs on construction contracts in progress	44	64
Costs on real estate business	1,675	1,528
Raw materials and supplies	340	425
Advance payments to suppliers	6,442	8,229
Other	2,091	2,257
Allowance for doubtful accounts	(6)	(12)
Total current assets	36,022	39,409
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,270	5,143
Accumulated depreciation	(1,181)	(1,417)
Accumulated impairment	(757)	(760)
Buildings and structures, net	2,331	2,966
Machinery, equipment and vehicles	45,746	60,436
Accumulated depreciation	(13,104)	(16,768)
Accumulated impairment	(3,128)	(3,214)
Machinery, equipment and vehicles, net	29,514	40,453
Tools, furniture and fixtures	272	294
Accumulated depreciation	(194)	(186)
Accumulated impairment	(0)	(0)
Tools, furniture and fixtures, net	76	107
Land	5,217	5,217
Leased assets	2,287	2,290
Accumulated depreciation	(1,534)	(1,617)
Accumulated impairment	(36)	(37)
Leased assets, net	717	636
Construction in progress	23,261	29,723
Total property, plant and equipment	61,118	79,104
Intangible assets		
Goodwill	559	534
Contract-based intangible assets	6,421	10,838
Other	634	4,029
Total intangible assets	7,615	15,402

(Millions of yen)

	As of June 30, 2024	As of March 31, 2025
Investments and other assets		
Investment securities	381	1,006
Shares of subsidiaries and associates	1,270	1,228
Investments in capital of subsidiaries and associates	1,224	22
Deferred tax assets	2,750	2,749
Derivatives	5,676	7,665
Other	3,069	3,211
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	14,372	15,883
Total non-current assets	83,106	110,390
Total assets	119,128	149,800

(Millions of yen)

	As of June 30, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,125	1,302
Accounts payable for construction contracts	1,206	1,517
Short-term borrowings	13,250	15,688
Current portion of long-term borrowings	4,051	6,151
Lease liabilities	295	400
Income taxes payable	328	502
Contract liabilities	1,759	4,893
Provision for bonuses	261	134
Provision for contract loss	21	–
Provision for warranties for completed construction	5	22
Other	944	1,082
Total current liabilities	23,249	31,695
Non-current liabilities		
Long-term borrowings	45,047	62,327
Lease liabilities	3,002	4,737
Deferred tax liabilities	2,769	3,485
Asset retirement obligations	2,377	3,028
Long-term deposits received	483	483
Retirement benefit liability	369	398
Other	32	3
Total non-current liabilities	54,082	74,465
Total liabilities	77,332	106,161
Net assets		
Shareholders' equity		
Share capital	6,760	6,760
Capital surplus	19,608	19,608
Retained earnings	14,715	14,189
Treasury shares	(0)	(0)
Total shareholders' equity	41,083	40,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	(5)
Deferred gains or losses on hedges	48	2,484
Foreign currency translation adjustment	380	332
Total accumulated other comprehensive income	429	2,811
Non-controlling interests	283	269
Total net assets	41,796	43,638
Total liabilities and net assets	119,128	149,800

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income)
(For the nine months ended March 31, 2025)

(Millions of yen)

	Nine months ended March 31, 2024	Nine months ended March 31, 2025
Net sales	22,858	26,788
Cost of sales	17,807	20,584
Gross profit	5,051	6,203
Selling, general and administrative expenses	2,978	3,533
Operating profit	2,073	2,669
Non-operating income		
Interest income	4	24
Dividend income	10	5
Gain on sale of securities	0	–
Rental income	21	50
Insurance claim income	63	62
Share of profit of entities accounted for using equity method	48	74
Foreign exchange gains	67	–
Gain on investments in silent partnerships	6	333
Gain on valuation of derivatives	2,316	–
Surrender value of insurance policies	23	7
Subsidy income	22	242
Other	64	106
Total non-operating income	2,649	908
Non-operating expenses		
Interest expenses	543	883
Loss on valuation of derivatives	–	1,816
Loss on tax purpose reduction entry of non-current assets	28	196
Commission expenses	53	199
Share acquisition rights issuance costs	141	–
Foreign exchange losses	–	182
Other	184	74
Total non-operating expenses	951	3,352
Ordinary profit	3,771	225
Extraordinary income		
Gain on sale of investment securities	–	513
Gain on bargain purchase	–	471
Total extraordinary income	–	985
Extraordinary losses		
Loss on step acquisitions	–	292
Total extraordinary losses	–	292
Profit before income taxes	3,771	919
Income taxes	1,252	216
Profit	2,518	702
Profit attributable to non-controlling interests	120	85
Profit attributable to owners of parent	2,398	616

(Quarterly consolidated statement of comprehensive income)
(For the nine months ended March 31, 2025)

(Millions of yen)

	Nine months ended March 31, 2024	Nine months ended March 31, 2025
Profit	2,518	702
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(5)
Deferred gains or losses on hedges	35	2,435
Foreign currency translation adjustment	177	4
Share of other comprehensive income of entities accounted for using equity method	47	(54)
Total other comprehensive income	252	2,379
Comprehensive income	2,770	3,081
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,499	2,998
Comprehensive income attributable to non-controlling interests	271	83

(3) Notes to quarterly consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Notes to specific accounting for preparing quarterly consolidated financial statements

Tax expense calculation

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the third quarter under review.

Income taxes - deferred is included in income taxes.

Segment information, etc.

I Nine months ended March 31, 2024 (from July 1, 2023 to March 31, 2024)

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

(Millions of yen)

	Reportable segments			Adjustment (Note 1)	Total (Note 2)
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	714	10,892	11,606	–	11,606
Goods transferred over time	8,622	2,628	11,251	–	11,251
Revenue from contracts with customers	9,337	13,521	22,858	–	22,858
Revenues from external customers	9,337	13,521	22,858	–	22,858
Intersegment sales and transfers	2,775	–	2,775	(2,775)	–
Total	12,112	13,521	25,633	(2,775)	22,858
Segment profit (loss)	(4)	1,820	1,816	256	2,073

Notes: 1. Adjustment for segment profit (loss) includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.

2. Segment profit (loss) has been reconciled with operating profit in the quarterly consolidated statement of income.

II Nine months ended March 31, 2025 (from July 1, 2024 to March 31, 2025)

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

(Millions of yen)

	Reportable segments			Adjustment (Note 1)	Total (Note 2)
	Engineering Segment	Energy Supply Segment	Total		
Net sales					
Goods transferred at a point in time	1,000	12,382	13,383	–	13,383
Goods transferred over time	10,811	2,593	13,404	–	13,404
Revenue from contracts with customers	11,811	14,976	26,788	–	26,788
Revenues from external customers	11,811	14,976	26,788	–	26,788
Intersegment sales and transfers	1,387	1	1,388	(1,388)	–
Total	13,199	14,977	28,176	(1,388)	26,788
Segment profit (loss)	775	2,082	2,857	(187)	2,669

Notes: 1. Adjustment for segment profit (loss) includes eliminations of intersegment transactions and corporate expenses that are not allocated to reportable segments.

2. Segment profit (loss) has been reconciled with operating profit in the quarterly consolidated statement of income.

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

(Material impairment loss on non-current assets)

Not applicable.

(Material change in amount of goodwill)

Not applicable.

(Material gain on bargain purchase)

In the Energy Supply Segment, negative goodwill was recorded as a result of the acquisition of all of the interests in the silent partnership operated by Fukuoka-Miyako Solar Power LLC and making the silent partnership a consolidated subsidiary of the Company. Based on this, in the nine months ended March 31, 2025, the Company recorded extraordinary income of ¥471 million from gain on bargain purchase.

Notes when there are significant changes in amounts of equity

Not applicable.

Note on consolidated statement of cash flows

Consolidated statement of cash flows is not prepared for the nine months ended March 31, 2025. Furthermore, for the nine months ended March 31, 2024 and 2025, depreciation (including amortization associated with intangible assets excluding goodwill), amortization of goodwill, and gain on bargain purchase are as follows.

(Millions of yen)

	Nine months ended March 31, 2024 (from July 1, 2023 to March 31, 2024)	Nine months ended March 31, 2025 (from July 1, 2024 to March 31, 2025)
Depreciation	2,344	3,246
Amortization of goodwill	24	24
Gain on bargain purchase	–	471