



Integrated Report

KYUDENKO REPORT

2023

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■ Editorial Policy

This report aims to create an opportunity for dialogue with shareholders, investors and other stakeholders, providing them with the Kyudenko Group's initiatives for enhancing its corporate value over the medium to long term. We have edited this report to provide an easy-to-understand overview of our business model, business activities, growth strategies, and non-financial initiatives, with specific examples. We hope this report will help you better understand our Group.

■ Applicable Period and Scope

Period: April 2022 to March 2023. Including some activities before and after this period.

Scope: Kyudenko Group. Including some reports of Kyudenko alone.

Disclaimer

The financial results forecasts, future outlook, strategies, targets, etc. contained in this report, excluding those related to past or current facts, are forward-looking statements and are based on plans, expectations, and judgements on the basis of the information currently available to the Company and certain assumptions considered to be reasonable. Therefore, please note that actual results may differ from these forecasts and other forward-looking statements due to changes in economic conditions and various other uncertain factors.

Corporate Philosophy

- 1 We contribute to society through providing agreeable **environmental** solutions.
- 2 We keep challenging for sustainable development through our **engineering strength** and create a new value.
- 3 We aim to create a **mutual respecting environment** in Kyudenko which utilize and develop employees' personality.

Action Guidelines

- (1) We will create the future environment with a new perspective
- (2) We will enhance technological force with creativity and ingenuity
- (3) We will appropriately accept and respond to customers' voice
- (4) We will embrace teamwork in work
- (5) We will create a vibrant and bright workplace

Kyudenko Charter of Behavior

As an integrated utilities engineering service, we will create an environment that aims for ideal harmony of "people", "environment", and "technology", and as a beneficial company that is trusted by society, we will respect human rights, comply with the spirit of relevant laws, regulations, and international rules, and act voluntarily to fulfill our responsibilities with a good social conscience, based on the following ten principles.

1. We will engage in the research and development of technologies that meet the requirements of society and customers to enhance service, safety, quality, and value, pay due consideration to the protection of personal information and customers' information, and provide integrated utilities that will earn our customers' satisfaction and trust.
2. We will engage in fair, transparent, and free competition, conduct appropriate transactions, and maintain healthy, normal relationships with politicians and governments.
3. We will disclose accurate corporate information proactively, fairly, and in a timely manner with the aim of practicing corporate management that is open to all both within and outside the Company.
4. We will give our employees relaxing and enriched lives, ensure safe, comfortable, and open workplaces, and create a corporate culture that is bright and vibrant, and respects the character, individuality, and diversity of our employees.
5. Recognizing engagement in environmental issues as a common challenge for all humanity and an important mission in our corporate activity, we will act voluntarily and proactively.
6. We will make active contributions to society as a good corporate citizen and strive to exist in harmony with local communities.
7. We will resolutely confront any anti-social forces or organizations that pose a threat to the order and safety of civic society.
8. In our international business activities, we will comply with international rules and local laws and regulations, respect local culture and customs, strive to forge friendships and goodwill, and develop businesses that will contribute to the growth and prosperity of those local regions.
9. Recognizing that their role is to realize the spirit of this Charter, top management will set an example for others, thoroughly disseminate the Charter among all concerned parties, constantly listen to feedback from within and outside the Company, establish effective internal systems, and strive for the thorough observation of corporate ethics.
10. In the event of a situation that runs counter to this Charter, top management themselves will make their willingness to solve the problem clear within and outside the Company, strive to solve the problem and prevent recurrences, disclose information to the community swiftly and with accuracy, pursue accountability, and, having clarified authorities and responsibilities, impose strict penalties, including on themselves.

Message from the President

We will continue to take on new challenges on a daily basis to realize further growth.

On Assuming the Office of President

My name is Kazuyuki Ishibashi, and I was appointed president of Kyudenko Corporation in April 2023. The weight of the management baton that has been passed on since the company was founded is indeed sobering. Our group's main business is to breathe life into buildings, that is, to circulate electricity, air, and water provide more comfortable spaces. I recognize that my single most significant responsibility is to continue to create new value for society and to expand Kyudenko's performance driven by our main businesses of power distribution, electrical work, and HVAC.

The reclassification of COVID-19 to a Class 5 infectious disease has finally made the outlook for the future business environment more promising. Meanwhile, the rapid changes in the environment triggered by the pandemic—including progress in digitalization, heightened awareness of ESG, and the diversification of values and needs—have made it challenging for society to apply past successful experiences. To adapt to these changes in the environment, we believe it is vital to rapidly ascertain societal needs and proactively accept challenges.

To date, the Kyudenko Group has always taken on challenges. Examples include entering the HVAC and sanitary facility work business ahead of its competitors, expanding its business in the Tokyo metropolitan area, and entering the renewable energy field. In our current Mid-term Management Plan, we are implementing various initiatives under the three reforms: construction capability, productivity, and governance. This culture of taking on challenges is in our DNA that has been conveyed from generation to generation since our founding, and we believe it is one of the Group's strengths. I intend to carry this tradition forward as well, and will strive to further enhance our corporate value.

Kazuyuki Ishibashi

Executive Officer
Representative President



Message from the President

Mid-term Management Plan (2020–2024)

Putting All Our Efforts into Achieving Numerical Targets

▶ See P. 17–18 for details

The Group is currently in the fourth year of a five-year Mid-term Management Plan that ends in FY2024. Under the main theme of “Establish a management foundation for sustainable growth ~Realization of the three reforms~,” we are making all our utmost efforts to create a “strong and muscular corporate structure” that can win the competition even in an economic recession, while securing order volumes with consideration paid to construction capacity.

With regard to numerical targets, we are aiming for sales of 500.0 billion yen and ordinary profit of 50.0 billion yen in FY2024, the final year of the plan. With regard to the current business environment, we are being buoyed by a tailwind in the form of large-scale redevelopment in Fukuoka, Kyudenko’s hometown, and a sense of urgency concerning the construction of semiconductor and other factories in Kyushu. Construction work in hand is at record levels thanks to our efforts to secure orders for these projects.

Furthermore, concerning profitability, we have been implementing the “promotion of price negotiations reflecting rising material and labor costs” as one of our most important initiatives since the last fiscal year. Our focus is currently on improving the profitability at the time of order receipt.

Given this, we believe that we are on track to achieve our numerical targets for the final year of the plan, in terms of both sales and ordinary profit.

Initiatives for FY2024, the Fourth Year of the Mid-term Management Plan

Accelerating Work Style Reforms through All-Hands-on-Deck Construction

The Kyudenko Group is facing a significant challenge in the form of a chronic shortage of personnel in the construction industry as a whole, along with the regulations limiting overtime work that will go into effect in FY2024, under the circumstances of having the largest volume of construction work on hand in its history. In resolving these issues, we believe that a fundamental review of previous methods, approaches, and mechanisms is vital in realizing work style reforms across the breadth of the Group. As such, the theme for the current fiscal year, the fourth year of the Mid-term Management Plan, is “improving productivity for a new era (accelerating work style reform).”

As a specific initiative, in April 2023, the Workstyle Reform Promotion Office [▶ see P. 36 for details](#) was established directly under me, the President. Approximately 40 administrative employees were assigned to large job sites and the technology divisions of branches and sales offices. One of the aims of this project is to transfer some administrative tasks related to construction work previously accomplished by engineers to these clerical staff members, thereby reducing the burden on the former. The hope is that this all-hands-on-deck construction system will reduce overtime for engineers. In addition, as the transfer of administrative work will create an environment in which we can focus more on process and cost management than ever before, we aim to further improve construction profitability.

Meanwhile, we encourage administrative employees to consider this a step on their career path, as they can gain experience in the technology division to deepen their understanding of front-line operations, while also realizing the contribution they can make to the company through their own work.

Toward Sustainable Growth

1 Realize Total Solutions Including Renewable Energy and Energy Creation in Addition to the Expansion of Facility Work

Looking ahead at future business development, there is no doubt that the greatest potential for growth exists in the Tokyo metropolitan area and the Kansai region. In the metropolitan area—centering on Tokyo—the appetite for development continues to be robust, and in the Kansai region, Expo 2025 Osaka, Kansai, Japan and integrated resorts (IR) are forecast to remain strong. Locally, on the other hand, in Fukuoka, construction demand will continue for the foreseeable future in line with large-scale redevelopment projects such as “Tenjin Big Bang” and “HAKATA CONNECTED.” Also in Kyushu, there is activity related to semiconductor factory construction. In response to the activity in each area, we aim to further grow our business by maintaining and expanding our stronghold in Kyushu, while actively allocating personnel to the Tokyo metropolitan area, the Kansai region, and elsewhere.

The Group has the advantage of being equipped to serve as a one-stop shop for electrical and HVAC and sanitary facility work. In addition to these core businesses, we established the Green Innovation Business Division—which specializes in renewable energy and energy creation—in 2021 [▶ see P. 23–24 for details](#). This enables us to offer total solutions that only we can provide, with new



value added to our existing strengths, including the introduction of solar power generation facilities and energy management systems (EMS), in addition to electrical, HVAC, and sanitary facility work for buildings. We believe that fully leveraging these strengths will enable us to further expand our business areas.

2 Accelerate Efforts Toward Carbon Neutrality

As the world moves toward carbon neutrality, we view the realization of a carbon-free society as a tremendous business opportunity. Since the feed-in tariff (FIT) scheme was introduced in 2012, the Kyudenko Group has focused on building power plants utilizing renewable energy sources—primarily mega solar power plants—in advance of other companies in our industry.

Currently, due to factors including the decrease in the unit price of electricity sold under the FIT scheme, we assume that the demand for mega solar power plant construction under the FIT scheme will normalize as it has in the past. As an alternative, we are focusing on projects such as solar power PPA business based on a

self-consumption model, in addition to construction orders for wind and biomass power generation. Moreover, we are expanding energy services from an energy conservation perspective, and are aiming to expand the introduction of Kyudenko EMS

[▶ see P. 39 for details](#), a unique energy management system that employs lead-acid batteries. In 2022, we installed the Kyudenko EMS at Ogi City Hall in Saga Prefecture, our first in Japan. We hope to use this as an opportunity to develop new business areas, such as the resilience business for municipalities nationwide and the installation of off-grid systems in remote island areas.

Regarding environmental issues such as climate change, we are stepping up our efforts not only to win and undertake construction projects, but to achieve our own carbon neutrality. We set medium- to long-term goals last year for lowering our own greenhouse gas (GHG) emissions, and also performed an analysis of the financial impact on our business based on the TCFD recommendations.

We intend to consider and implement further concrete initiatives toward realizing carbon neutrality by 2050.

Message from the President



3 Secure Stable Revenue

The Kyudenko Group presently owns about 500 megawatts of renewable energy sources, including solar and wind power [▶ see P. 25 for details](#). The operating revenue generated by this business totaled approximately 4.0 billion yen in the year ended March 31, 2023, and we assume that this will increase even further going forward. In the future, in addition to renewable energy, I believe that as a new strategy, we could consider developing a real estate business by effectively leveraging aging and unused facilities owned by Kyudenko. We have established a CRE Strategy Business division to look into such projects, and we plan to pursue them actively going forward.

This will lead to an increase in the proportion of revenue outside of the existing facility work business, ensuring a stable revenue stream that is resilient in the face of economic fluctuations. In the next Mid-term Management Plan, we plan to establish numerical targets for these operating revenues, taking into account the asset composition balance.

4 Human Resource Strategy Linked to Management Strategy

[▶ See P. 33 for details](#)

As the foundation necessary to realize and accelerate the goals and initiatives I have mentioned, human resources are indispensable.

As a rule, I do not feel that we should order stakeholders in terms of importance, but I do believe that one category of stakeholders that should be prioritized is the employee. When employees are motivated to work and do their jobs at a high level of quality, we believe this creates a virtuous circle, as business performance improves, which in turn satisfies shareholders and investors. It is vital for companies to recognize the significance of employees because shareholders, investors, and customers are important.

Meanwhile, the securing and developing human resources is not something that can be regarded as a vague concept; it is necessary to adopt a human resources strategy that is underpinned by a clear-cut management strategy.

As I mentioned at the beginning, our revenue source is facility work—mainly power distribution line, electricity, and HVAC. First, we will shift human resources to this area. Currently, buoyed by robust construction demand,

the Kyudenko Group is receiving an increasing number of orders—particularly for very large-scale projects. Meanwhile, these projects are characterized by extended construction periods, and their performance varies from one fiscal year to another due to fluctuations in sales and profits recorded. What is important, therefore, is to expand small- and medium-sized projects—mainly renewals, which are relatively immune to economic impact. As one human resources strategy to accomplish this, we will promote the multifunctional engineers and technicians. In more concrete terms, for example, an engineer could manage the construction of both electrical and HVAC systems, or a technician could play a role such as construction management, traditionally filled by an engineer. While this approach may be challenging when it comes to very large-scale projects, but we believe it is feasible for small- and medium-sized projects.

We would also like to shift human resources to recurring revenue businesses such as power generation, private finance initiative (PFI), and real estate businesses. As I noted earlier, the power generation business alone has produced annual operating revenues of 4.0 billion yen, and we are also pursuing a corporate real estate (CRE) strategy for the utilization of unused real estate. In developing a business such as this, there are inevitably limits to what we can achieve with only the knowledge and experience we have accumulated in facility work to date. We will reassign employees who are adept at finance and highly motivated when it comes to new business, but we also believe it is necessary to aggressively recruit specialized personnel from external sources.

5 Focus on Human Resource Development

Based on our conviction that people are one of our most valuable assets, we set forth a profile of “ideal human resources” as a common goal for all employees and encourage their daily growth through human resource development. In 2012, we established the Kyudenko Academy as a symbol of our commitment to human resources development. We systematically conduct a host of training programs throughout the year—including training for new hires, tier-based training common to all divisions, and training to acquire advanced, specialized knowledge, technologies, and skills.

In recent years, we have begun offering more training that focuses on independent thinking. In 2015, we launched one such program, the “Next-generation Leader Development Program” [▶ see P. 38 for details](#) to develop future executives. This system, called the

“Kyudenko Management School,” is oriented toward fostering employees with a bird’s eye view of the Group and a sense of management from a young age by dividing them into mid-level, managerial, and executive tiers. As part of this training, we engage in earnest discussion on a variety of management issues and make direct proposals for improving them to the management team—myself included—in a serious exchange of opinion. In this way, from identifying issues to how to present them, we pursue an idealized image appropriate for a management executive.

Meanwhile, the average age of our employees has been declining each year, making training the younger generation crucial. The Kyudenko Group has introduced an on-the-job training (OJT) system for the cultivation of young employees who have been with the company for less than three years, but rebuilt the system in FY2021 [▶ see P. 37 for details](#).

Previously, senior employees who were relatively close in age to young employees were appointed as mentors to provide one-on-one training. Based on the most recent review, however, we clarified in internal rules that we should make use of the entire workplace in the training of young employees, including the establishment of a new OJT Supporter system to provide general support for elders.

In addition to these ongoing efforts, we introduced an engagement survey in FY2021 as an initiative to enhance employee engagement [▶ see P. 36 for details](#). In FY2022, the target of the survey was expanded to include all employees. We are undertaking improvements to resolve the factors identified in the survey as serving to hinder growth, so that our employees can feel truly fulfilled in their work. We believe we can build a firmer relationship of trust between the company and our employee.

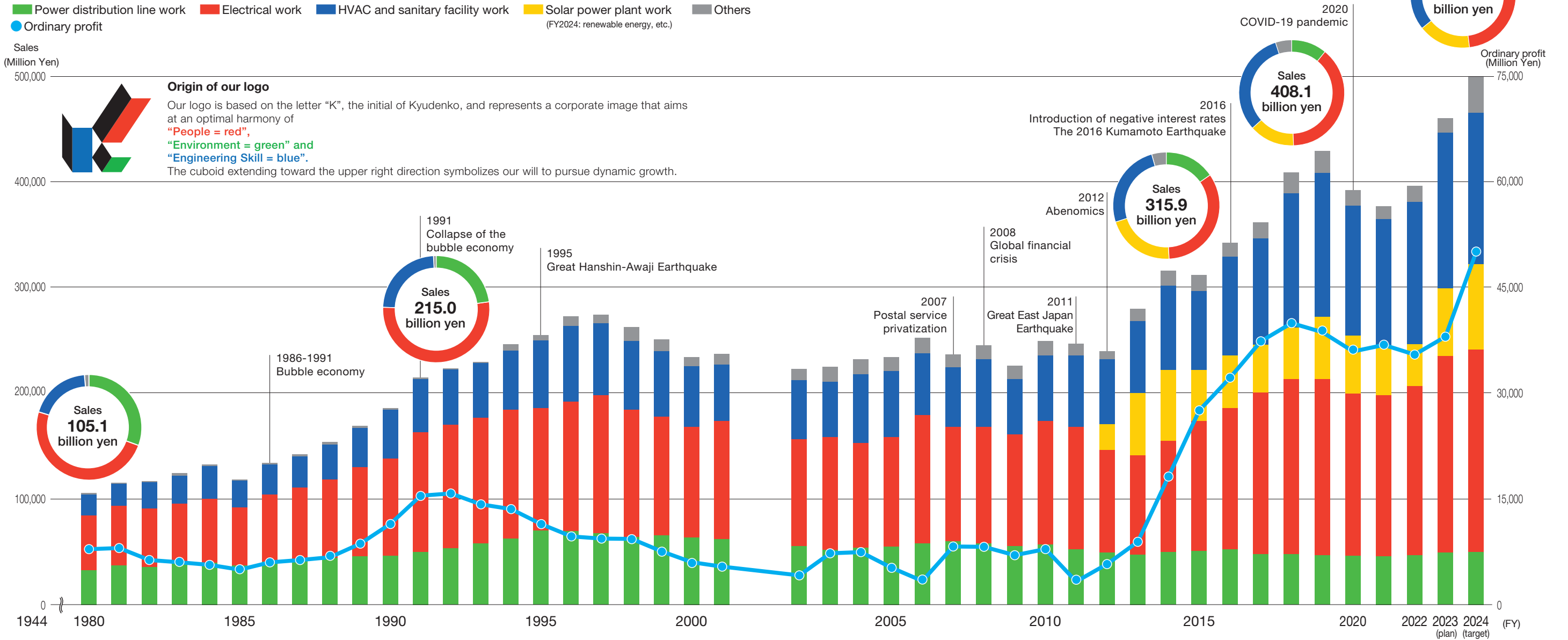
In Closing

The Kyudenko Group will aim to further enhance its corporate value by continue to make contributions to society.

We will meet the expectations of our shareholders and investors by maintaining continuous and stable dividend payment, and executing a flexible capital policy corresponding to changes in the business environment. Recently, there has been an increased focus on improving P/B ratios and return on equity, as represented by ROE. The Kyudenko Group’s P/B ratio is currently over 1x and ROE is at 10%. We will not be content with the status quo, however, and constantly practice management from a stakeholder perspective.

We sincerely hope that you will continue to have high expectations and offer your support to the Kyudenko Group going forward.

Growth Trajectory of Kyudenko



25 years from 1944

Foundation phase when Kyudenko was born as a company engaging in electrical and power distribution line work across the Kyushu region

- Kyudenko was established in December 1944 as "Kyushu Denki Koji Corporation" (former Kyudenko) by integrating fourteen electric work companies in Kyushu.
- December 1944: Established Kyushu Denki Koji Corporation
- October 1945: Opened Tokyo Satellite Office
- June 1947: Concluded an agreement on contracted power distribution line work with Kyushu Haiden Co., Ltd. (current Kyushu Electric Power Company, Incorporated)
- July 1964: Started operation of HVAC and sanitary facility work
- February 1965: Opened Osaka Office

25 years from 1970

Establishment and growth phase of a firm management base, with stock listing and the 50th anniversary

- The Company was listed on the Fukuoka Stock Exchange and Osaka Exchange (second section) in November 1968, and designated to the first section of the Tokyo Stock Exchange and Osaka Exchange in September 1972. In December 1989, the company name was changed to the current "Kyudenko," and it marked the 50th anniversary in 1994.
- November 1968: Listed on the Fukuoka Stock Exchange and the Second Section of the Osaka Stock Exchange
- September 1972: Designated to the First Sections of the Tokyo Stock Exchange and the Osaka Stock Exchange
- March 1987: Issued the first series of unsecured convertible bond of 10.0 billion yen
- December 1989: Changed the company name to Kyudenko Corporation

25 years from 1995

Growth phase during which the Company expanded its operations in the metropolitan area and entered the renewable energy field

- In July 2008, the Company established Tokyo Head Office and strengthened its management foundation in the metropolitan area. Prompted by the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (also known as the "FIT law") that went into effect in 2012, the Company entered the renewable energy field on a full scale.
- June 2008: Introduced the Executive Officer System
- July 2008: Established Tokyo Head Office
- March 2012: Newly established a training center, Kyudenko Academy
- April 2012: Newly established the Tohoku regional office
- March 2015: Issued the second series of unsecured convertible bond of 10.0 billion yen
- December 2019: Marked the 75th anniversary

25 years from 2020

Acceleration phase to realize sustainability by the 100th anniversary

- The Company has set out its Long-term Vision toward its 100th anniversary in 2044. To bring this Long-term Vision to life, the Company has formulated a new Mid-term Management Plan as a goal to be achieved by FY2024 and is making its utmost efforts.
- April 2020: Published the Mid-term Management Plan (2020-2024)
- October 2020: Newly established the DX Promotion Department
- July 2021: Newly established the Green Innovation Business Division
- July 2021: Newly established the Diversity Promotion Preparation Office
- December 2021: Set the Medium- to Long-term Environmental Management Goals and endorsed the TCFD recommendations at the same time
- April 2022: Newly established the Environmental Management Promotion Unit
- April 2022: Established the Sustainability Promotion Committee

Value Creation Process

The Group's Vision for 2044 (100th anniversary)

Make Next: To Create Smiles for the Future

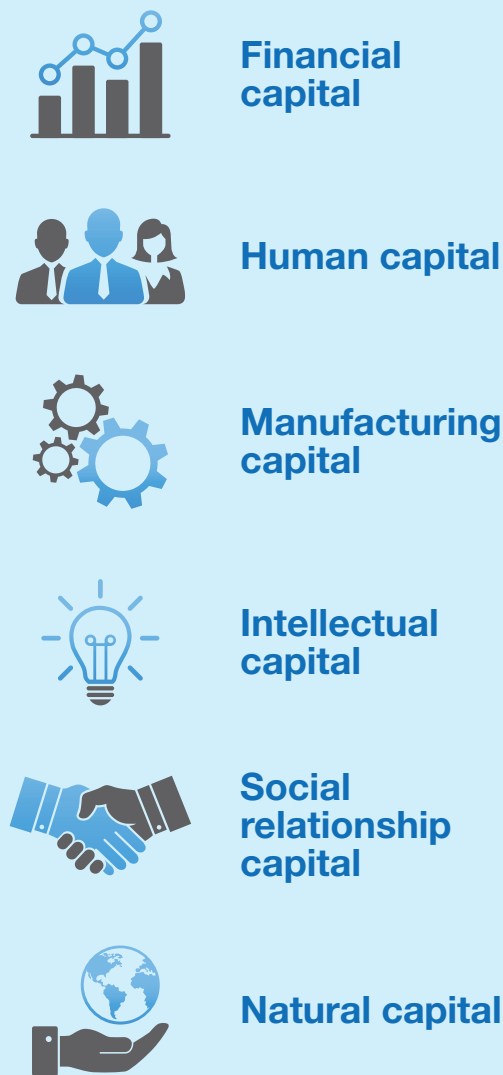
Four megatrends that the Kyudenko Group is watching closely

1. Transition to a decentralized energy society
2. Increased environmental awareness
3. Demographic change and diversified working styles
4. Advancement of digital technology

Corporate Philosophy

1. We contribute to society through providing agreeable environmental solutions.
2. We keep challenging for sustainable development through our engineering strength and create a new value.
3. We aim to create a mutual respecting environment in Kyudenko which utilize and develop employees' personality.

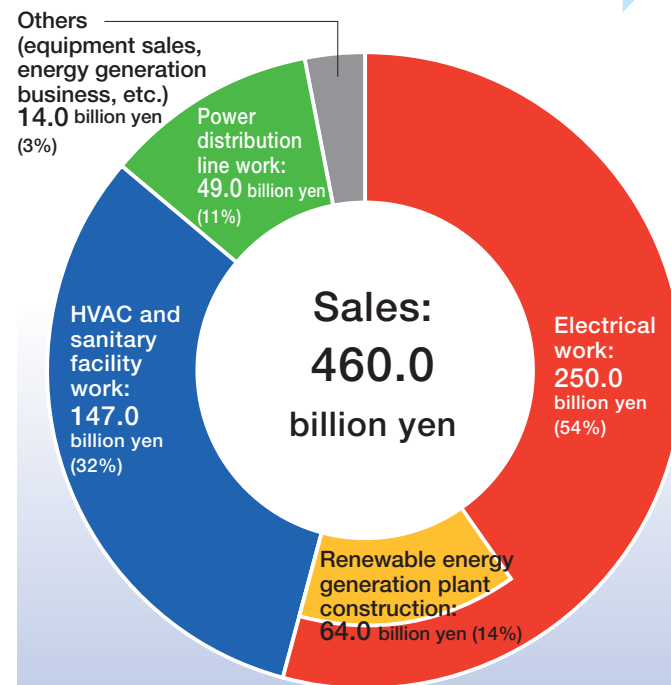
Sources of Value Creation (INPUT)



Business Activities (OUTPUT)

Business Portfolio (FY2023 Plan)

Improve productivity for the new era
(accelerate promotion of work style reform)



KPI
Sales: 460.0 billion yen
Operating profit: 35.5 billion yen
Orders: 441.0 billion yen

Mid-term Management Plan (FY2020–FY2024)

Establish a management foundation for sustainable growth
~Realization of the three reforms~



KPI
Sales: 500.0 billion yen
Ordinary profit: 50.0 billion yen (Ordinary profit ratio of over 10.0%)
ROIC: Over 10.0%

New Value Creation (OUTCOME)

Long-term Vision (100th anniversary)

The role we will play to create a sustainable society
Three Contributions

Solve social problems

Contribute to the realization of affluent life by leveraging our engineering strength and taking on the challenge of solving various social problems



Realize a carbon-free society

Contribute to the realization of a carbon-free society through clean energy



Maintain and develop local public infrastructure

Contribute to the maintenance and development of local infrastructure through stable power supply, facility works, urban development, etc.



Foundation to Support Value Creation

Corporate Governance

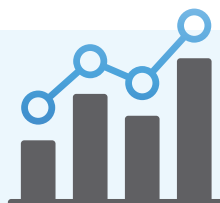
Human Resources

Value Creation Process

Sources of Value Creation: Six Types of Capital

The Kyudenko Group practices CSV management while efficiently combining various sources of value creation capital to enhance the social and economic value created through these efforts. The enhanced value will reinforce the capital of the Kyudenko Group, enabling it to create new and greater value. We will continue to repeat this cycle, which will lead in turn to the sustainable enhancement of our corporate value.

Financial capital



With the aim of increasing shareholder value over the medium to long term through sustainable growth, we strive to maintain the level of shareholders' equity in preparation for future risks while also investing in growth. We have set our target for ROIC—one of our management indicators—at 10% or more.

Total assets 446.4 billion yen (Year ended March 31, 2023)	Net assets 263.0 billion yen (Year ended March 31, 2023)
Operating profit 32.0 billion yen (Year ended March 31, 2023)	Ordinary profit 35.4 billion yen (Year ended March 31, 2023)
ROE 10.5% (Year ended March 31, 2023)	ROIC 8.1% (Year ended March 31, 2023)

Human capital



In line with our conviction that people are one of our most valuable assets, we provide employees opportunities to improve their capabilities and demonstrate the results of their training to advance the Company and ensure every employee has a rewarding job and achieves self-actualization, with the aim of further growing employees and advancing the Company further. In recent years, we have also focused on ensuring the diversity of our workforce.

Number of Group employees (persons engaged)	10,504 (as of March 31, 2023)
Number of employees (non-consolidated) (persons engaged)	6,472 (as of March 31, 2023)
Number of female employees (non-consolidated)	589 (as of March 31, 2023)
Number of women in managerial positions (non-consolidated)	3 (as of March 31, 2023)
Number of training held	276 (Year ended March 31, 2023)
Number of participants (cumulative)	5,659 (Year ended March 31, 2023)

Manufacturing capital



We believe that our strength lies in the ability to anticipate needs, provide maintenance, and respond quickly in case of emergency by developing community-based business activities and being close to our customers, which affords them a sense of security.

Business locations in Japan (Head office, branch offices, and business offices)
123 (as of April 1, 2023)

Number of Group companies 51 (as of April 1, 2023)
(Note) Number of consolidated subsidiaries

Intellectual capital



The R&D activities of the Kyudenko Group are mainly conducted by the Technology Development Department. This department is responsible for verifying and introducing advanced technologies and business tools ahead of the Group companies, and for solving technical problems in the worksites and company-wide deployment.

(Number of patents held) 25 patents, 1 utility model
5 patents pending (as of January 2023)

Research and development costs
290 million yen (Year ended March 31, 2023)

Social relationship capital



The Kyudenko Group's business is built on a relationship of trust based on harmonious coexistence and dialogue with all stakeholders, including shareholders, business partners, and community members.

Coexistence with local communities
A community program, dedicating contributing activities to the local community **Once/year**
Sports class by the Kyudenko Track and Field Team **Once/year**

Promoting communication with shareholders and investors
Individual meetings with investors **Total: 227** (Year ended March 31, 2023)
Briefings for individual investors **8** (Year ended March 31, 2023)

Natural capital



We construct and operate renewable energy generation plants, thereby contributing to the preservation of the global environment. Moreover, we aim to achieve virtually zero CO₂ emissions from our business activities by 2050.

Medium- to long-term environmental management goals
Achieve carbon neutrality by 2050
Endorsement of TCFD recommendations

Investment in renewable energy generation plants
(Year ended March 31, 2023)
Deals operated by the Group: 55
Deals through investment in equity: 61

Long-term Vision: Make Next – To Create Smiles for the Future

With an eye on future megatrends and with our corporate philosophy as a pillar of our business, the Kyudenko Group has formulated its long-term vision with a focus on seizing business opportunities and expanding business in the expected social environment 100 years after its foundation (2044). We have also defined our role in creating a sustainable society (which we call the “Three Contributions”) and our basic stance to achieve the vision.

We will instill and pass on this long-term vision as the “Kyudenko-ism” philosophy company-wide, and make improvements to it as we evolve with the times and in response to changes in our surrounding environment.

Identification of Megatrends

Megatrends	Environment and its impact	Business opportunities
(1) Advent of a decentralized energy society •Utility 3.0 •Local energy	(1) Transition from large-scale to local small-scale power transmission and distribution networks (2) The electricity market will go from a monopolistic to a free market (3) Increase in renewable energy generation (4) Increase in importance of developing technology to store electricity (5) Increase in need for EMS know-how	(1) Localized EMS needs (2) Enter urban development business, such as smart cities (3) Roll out local services that include not only power distribution line and facility work, but also electricity sales business, service water, waste water, telecommunications, waste treatment, etc. (4) Battery recycling factory, recycling business (5) New business opportunities as an environmental restoration company
(2) Increased environmental awareness •Carbon-free society •RE100	(1) With the increase in demand for the renewable energy business, opportunities will expand where we can take advantage of our accumulated experience and business expertise in renewable energy construction (2) Companies with the goal of procuring 100% renewable energy will increase	(1) Focus more on the renewable energy business field (e.g., wind power and biomass power) (2) Provide complete service that includes installation, maintenance, removal, and disposal of renewable energy facilities (3) Establish technology to reuse/recycle solar panel waste, and translate to business (4) New business opportunities as an environmental restoration company
(3) Demographic change and diversified working styles •Population decline and aging society •Freelancing	(1) Securing human resources will become more difficult (2) Increase of foreign workers in Japan (3) Reduction of construction market (4) Influx of people into urban areas and depopulation of rural areas	(1) Acceleration of locally self-sufficient decentralized energy due to depopulation of rural areas associated with population decline and spread of renewable energy, storage batteries, etc. (2) Maintenance of infrastructure in depopulated areas of Kyushu (3) Carrying out projects to resolve challenges such as the increase of foreign workers in Japan, shortage of workers in the agriculture and livestock industry, and increasing aged population (4) Proactively roll out businesses outside Japan with a focus on Asia
(4) Advancement of digital technology •Use of AI and robots •AR, VR, etc.	(1) Construction drawings will be prepared by AI (2) A large portion of manufacturing work will be carried out by robots (3) Education and training with AR/VR will be possible	(1) AI-based design and construction management (2) On-site construction by robot (3) Improvement of education/training and safety management virtual experience using AR/VR (4) Creation of new businesses using digital technology

Our Long-term Vision Based on Megatrends

Corporate Philosophy

Long-term Vision

Make Next.

To Create Smiles for the Future

The role we will play to create a sustainable society
Three Contributions

I. Solve social problems
Contribute to the realization of affluent life by leveraging our engineering strength and taking on the challenge of solving various social problems

II. Realize a carbon-free society
Contribute to the realization of a carbon-free society through clean energy

III. Maintain and develop local public infrastructure
Contribute to the maintenance and development of local infrastructure through stable power supply, facility works, urban development, etc.

Basic stance to achieve our vision

Contribute to realizing a circular society
 Balance both social value and economic value by solving social problems through corporate activities (practice CSV management)

▶ Explore and enrich our engineering strength

▶ Create new value through DX

▶ Promote diversity

▶ Reinforce alliances

Expand and strengthen a wide range of technology fields that meet customers' expectations

Improve efficiency and sophistication of construction at worksites and create new businesses with digital technology

Create an appealing company full of diverse employees

Develop technological innovations and create businesses by promoting open innovation

Mid-term Management Plan 2024 Targets we should achieve, priority issues, and specific measures to be taken by 2024 to realize our long-term vision

Future Businesses

When formulating our long-term vision, we envisioned what kind of businesses we could do in the future by leveraging our technology and expertise.

While this is an ambitious goal that lays out where we want to be in the long term by our 100th anniversary in 2044, we believe it is achievable by leveraging the unique

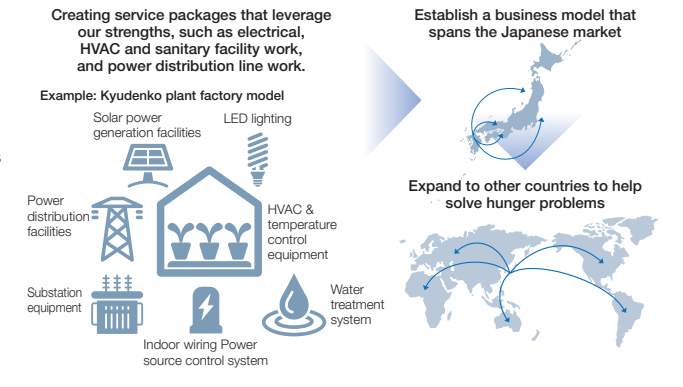
characteristics of the Kyudenko Group. We also believe it will help boost employee motivation since employees will be able to see how their day-to-day tasks address global social and environmental problems by picturing where we want to be as a company.

Involvement in Projects that Solve Social Problems

We will actively participate in projects and businesses where we can leverage our strengths, such as our engineering strength, to address problems faced by local communities and society as a whole, such as the declining birthrate and increasing aged population in Japan and global food problems.

Specific examples

- Revitalization of agriculture and livestock production (plant factories, livestock farms)
- Support for foreign workers (shared houses, vocational schools)
- Services for the elderly (health support, nursing care facilities)

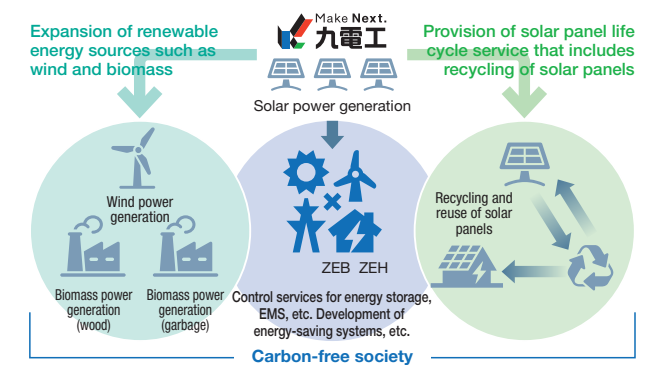


Expansion of Renewable Energy and Energy Conservation, and Entry into Recycling Business

We will expand the renewable energy field, such as wind and biomass power, and contribute to realizing a carbon-free society by expanding our businesses into the environmental field, such as the recycling and reuse of solar panels.

Specific examples

- New renewable energy sources such as wind and biomass
- Control services for energy storage, EMS, etc.
- Recycling and reuse of solar panel waste, etc.

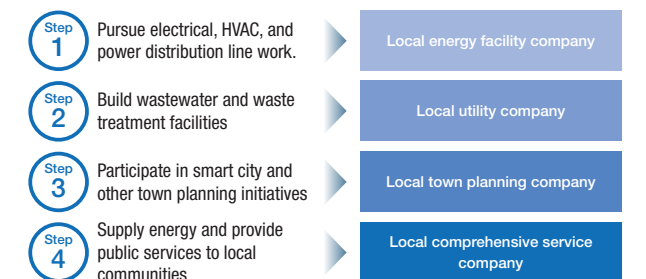


Building Local Infrastructure and Providing Public Services

We will evolve into a company that provides total support for local communities' energy infrastructure and services by expanding our business from merely building basic infrastructure such as electricity, waterworks, and telecommunications to also providing local public services and engaging in smart city and other initiatives to create comfortable communities.

Specific examples

- Smart city
- PFI, concession
- Power transmission
- Public services such as water supply and sewerage, and waste treatment facilities
- Telecommunication infrastructure
- Disaster prevention infrastructure facilities

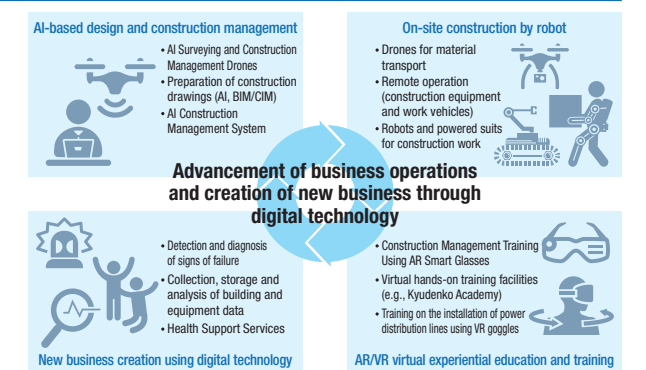


Introducing Digital Technology

We will improve sophistication, save labor, and increase efficiency in operations, education, and training related to construction at worksites, including design and construction management, by introducing cutting-edge technologies such as AI and IoT, and create new businesses and business models that leverage digital technology.

Specific examples

- Preparing construction drawings with BIM/CIM
- Improving operational efficiency with AI construction management systems
- Supporting worksites with drones
- Implementing powered suits
- Virtual training with VR goggles
- Services to support health and watch over the elderly



Mid-term Management Plan (FY2020–FY2024)

Establish a management foundation for sustainable growth ~Realization of the three reforms~

The Kyudenko Group reviewed and analyzed the achievements of the previous Mid-term Management Plan, sorted out what challenges the Group should continue to work on, and formulated this Mid-term Management Plan as a goal to be achieved by FY2024 in the process of a long-term strategy based on the Corporate Philosophy.

The main theme of this Mid-term Management Plan is “Establish a management foundation for sustainable growth ~Realization of the three reforms~.” Based on the achievements and lessons of the previous Mid-term Management Plan, we recognize that for the renewed growth of the Kyudenko Group, creating a base to support the growth should be the top priority. As we secure and maintain the volume of orders for electrical, HVAC, and sanitary facility works commensurate with our current

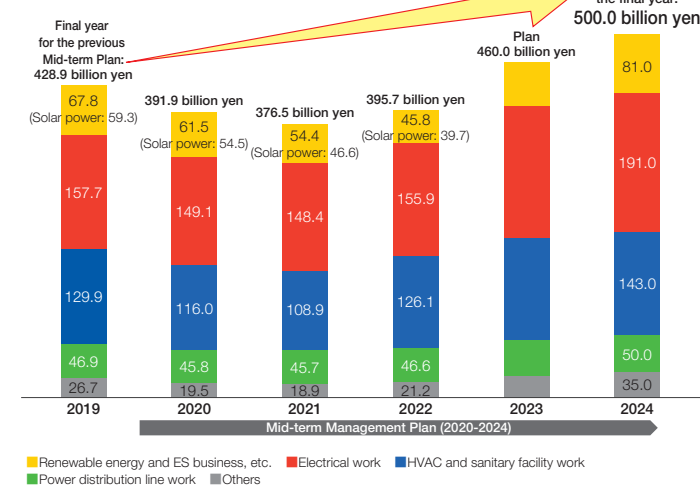
construction capability, we will make our utmost efforts to create a “strong and muscular corporate structure” that can win the competition even in an economic recession.

Specifically, we will work on three reforms. “Reform of construction capability” will secure engineers who support core businesses, review construction management methods, and assign engineers to appropriate positions. “Reform of productivity” will improve quality and cost competitiveness, which are the source of our competitive edge, and promote work style reform. “Reform of governance” will work for the creation of a clean and highly transparent corporate culture. Through the three reforms, we aim for dramatic growth and development by the final fiscal year of this Mid-term Management Plan and by the subsequent 100th anniversary (FY2044).

Numerical targets for the final year (consolidated)

Plan for FY2024	
Net sales	500.0
Breakdown	
Power distribution	50.0
Electrical work and HVAC and sanitary works	334.0
Renewable energy and ES business, etc.	81.0
Others	35.0
Ordinary profit	50.0
Ordinary profit ratio	Over 10.0%
Return on invested capital (ROIC)	Over 10.0%

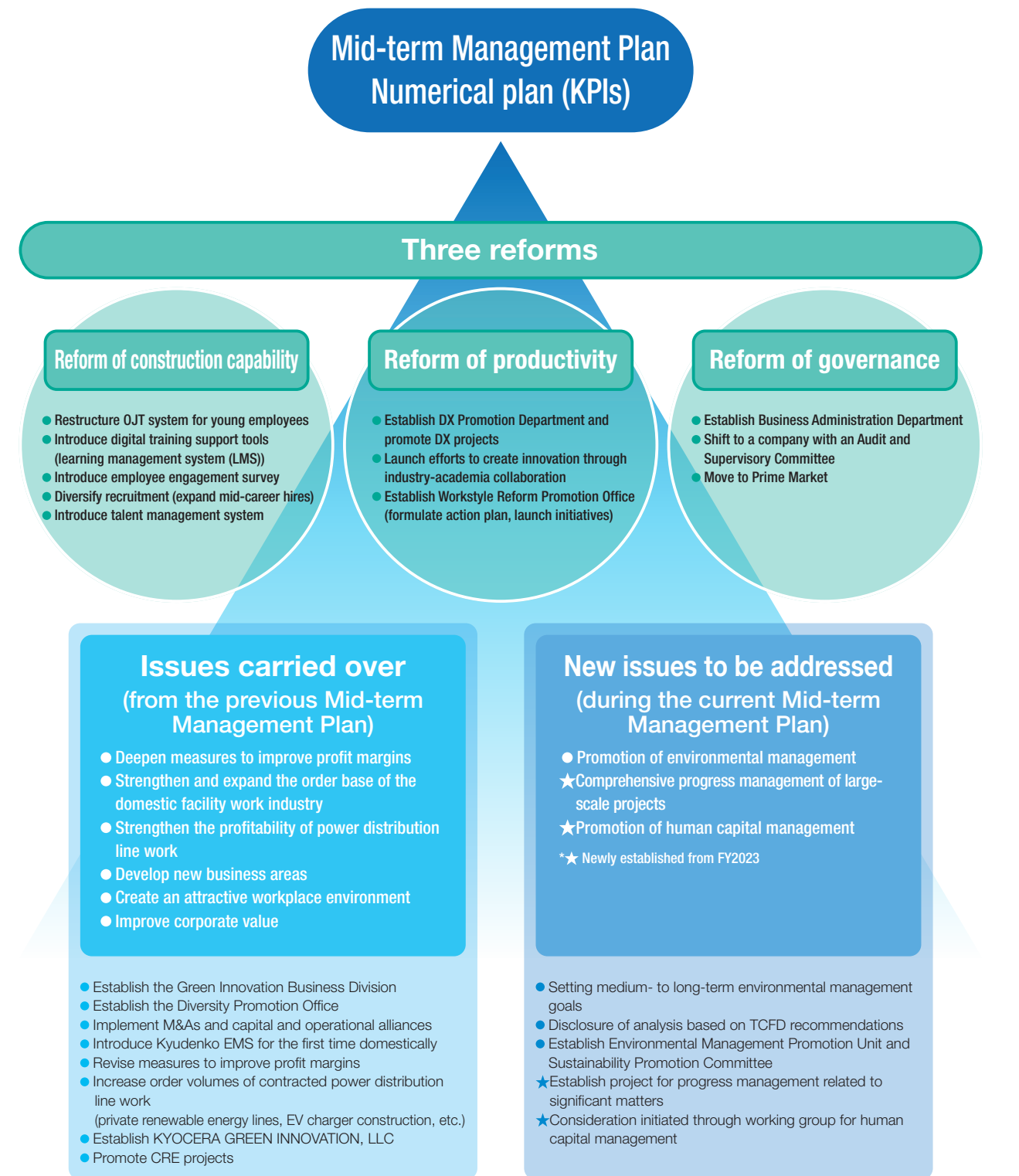
Road map of sales plan



Specific initiatives and relevance to the SDGs			
ESG	Key challenges	Specific initiatives in the Mid-term Management Plan	SDGs
Environment	Promotion of an environment-conscious town planning	<ul style="list-style-type: none"> Strengthen initiatives for concessions, PPP and PFI businesses (Participation in waterworks, waste treatment plants, airports/ports, public facilities, etc.) Develop new business areas (real estate, agricultural revitalization, etc.) 	2, 6, 9, 11, 17
	Enhance energy-saving and energy-creating technologies	<ul style="list-style-type: none"> Expand the renewable energy power generation business Expand energy services (ES) business Strengthen Kyudenko EMS business (Indonesia) 	7, 12, 13, 14, 15, 17
Social	Ensuring construction quality and safe	<ul style="list-style-type: none"> Maintain a stable power supply through the construction of power distribution lines Increase productivity Promote research and development of advanced technologies and IT (promotion of labor saving and streamlining) Eliminate significant work-related injuries 	3, 9, 17
	Continuing stable recruitment and promoting human resource development	<ul style="list-style-type: none"> Strengthen hiring of engineers (diversify recruitment) Reconstruct a development plan that leads to dreams, a sense of achievement, and confidence Develop executives and next-generation leaders 	4, 8
	Creating a fulfilling and rewarding work environment	<ul style="list-style-type: none"> Reduce the turnover rate of young engineers Secure holidays and reduce overtime work through thorough work style reforms Promoting Diversity 	3, 5, 8, 10, 17
Governance	Strengthening and implementing compliance management	<ul style="list-style-type: none"> Implement measures to prevent recurrence of fraud Strengthen and thoroughly implement a governance system based on the Kyudenko Corporate Governance Guidelines 	16, 17

Contents of concrete efforts toward achievement of the Mid-term Management Plan (contents of efforts to date)

In addition to the “three reforms” established in this Mid-term Management Plan and the “issues carried over” set forth in the summary of the previous Mid-term Management Plan, the Kyudenko Group has put in place “new issues to be addressed” in response to changes in the business environment. In FY2022, we established the “Promotion of environmental management” and set and formulated medium- to long-term goals for environmental management and basic sustainability policies. From FY2023, in response to the increasing number of large-scale projects on hand and with the aim of further accelerating sustainability management, we have added “Comprehensive progress management of large-scale projects” and “Promotion of human capital management” as new issues, and are endeavoring to achieve sustainable growth.



Business of Kyudenko

Technology Division (Electrical Work, HVAC and Sanitary Facility Work)

The Technology Division responds to the needs of society by providing the best infrastructure, based on the engineering capabilities and construction expertise that we have accumulated over the years. While we believe that the business environment will remain buoyant for the foreseeable future, particularly in Kyushu, there are issues such as labor shortages and regulations limiting overtime work. In addition to inventorying and leveling our operations, we will promote the digital transformation of worksites, including the use of BIM, which will help improve construction quality, increase productivity, and strengthen cost competitiveness.



Kazuhiro Suyama

Managing Executive Officer General Manager, Technology Div.

Our Business

The electrical, HVAC and sanitary facility work divisions deliver facilities that satisfy our customers through the construction of all types of buildings related to people's lives, including commercial buildings, office buildings, hospitals, and factories. We provide solutions to our customers' problems, from proposals to construction tailored to their needs, not only for construction and expansion of buildings but also for renewal works of existing facilities. We offer safe and reliable services, supporting our customers through after-sales service after the construction is complete, providing preventive maintenance services and responding promptly to their requests.

With around 100 offices, including branch offices and business offices throughout the Kyushu region, Kyudenko engages in community-based business activities in our mission to protect the region's lifelines. Staying close to our customers enables us to anticipate their needs and to take immediate action on maintenance and other responses

when they have problems. We consider this ability to give our customers peace of mind to be one of our strengths. Moreover, Kyudenko is the only company ranked in the top 10 in sales in both the electrical work industry and the HVAC and sanitary facility work industry. By accepting orders and executing construction work for both types of work in a single package, we are able to deliver all kinds of facility works as a one-stop service. This allows us to reduce costs and propose total solutions, including energy management and energy conservation proposals. We consider this to be another of Kyudenko's strengths.

In recent years, we have been expanding our business outside the Kyushu region, with a focus on the metropolitan area. We have been involved in the construction of numerous symbolic buildings to date, giving rise to a virtuous circle in which this track record has helped us to win subsequent orders.

Transition of Business Performance (Excluding Renewable Energy Work)

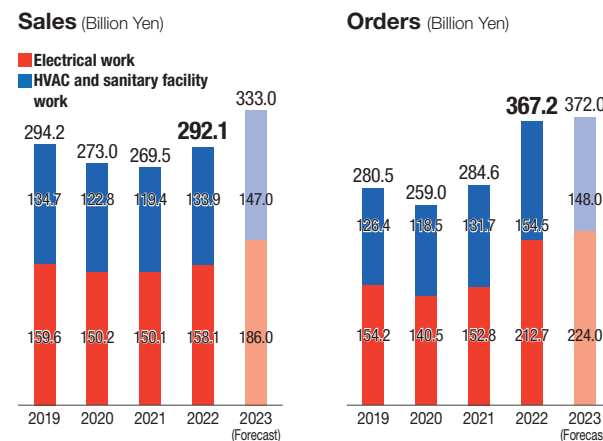
The year ended March 31, 2023

Sales 292.1 billion yen
(up 8.4% year on year)

[Breakdown] Electrical work 158.1 billion yen (up 5.4% year on year)
HVAC and sanitary facility work 133.9 billion yen (up 12.2% year on year)

Orders 367.2 billion yen
(up 29.0% year on year)

[Breakdown] Electrical work 212.7 billion yen (up 39.1% year on year)
HVAC and sanitary facility work 154.5 billion yen (up 17.3% year on year)



Strengths

- Strong trust relationships with customers and subcontracting companies built through community-based business operations
- Engineering capabilities and construction track record that enable us to provide one-stop facility work for both electrical work and HVAC and sanitary facility work
- Industry-leading mobilization capabilities of both engineers and technicians

Opportunities

- Investment in construction of large-scale manufacturing facilities in the Kyushu region, including semiconductor-related facilities
- Demand for construction of large-scale redevelopment projects such as Tenjin Big Bang and HAKATA CONNECTED in our hometown of Fukuoka
- Enhancement of the Company's appeal in terms of improvement of labor environment and recruitment by putting work style reforms into practice

Threats and Issues

- Difficulties in securing labor due to a fall in the number of workers in the construction industry
- Declining profitability due to price competition among industry peers
- Declining profitability due to soaring material prices and labor costs against the backdrop of rising commodity prices
- Increase in productivity with establishment of digital infrastructure

Business Strategy

Strategy	Specific initiatives
Further improve profit margins	<ul style="list-style-type: none"> ● Provide seamless support for cost management and working process management, with the involvement of the Head Office from the start of sales activities to the completion of construction ● Thoroughly apply front loading and avoid increases in workloads and costs during the construction period ● Accelerate the digitalization of existing operations and improve efficiency of engineers' work
Strengthen construction capability	<ul style="list-style-type: none"> ● Establish a job rotation system for education for development of the skills of young employees at an early stage ● Develop multifunctional workers who have a wide range of techniques and technical skills ● Mutual cooperation with business partners in line with the Partnership Building Declaration
Promote work style reforms	<ul style="list-style-type: none"> ● Achieve reduction of engineers' workload through cooperation with the Workstyle Reform Promotion Office ● Set appropriate construction periods for project orders prior to conducting negotiations ● Promote further digitalization to improve efficiency of engineers' work

FOCUS

Initiatives for improvement of profit margins

Based on the profit margin improvement measures developed in 2019, we are devoting efforts to increasing the profit margin of large-scale projects in particular. It is normal for large-scale projects to span long periods of time, from obtaining information about the project to the completion of construction work. We are implementing profit margin improvement measures that particularly focus on the two areas of pre-order and post-order processes.

For example, before accepting an order, we clarify the details of the target project at an early stage and apply front loading as soon as possible. Participation in such projects from the initial design stages enables us to make effective proposals, and clarifying the target project also allows us to negotiate and place orders with our subcontracting companies at an early stage. This achieves stability of order placement to our subcontractors, enabling us to strengthen the construction system.

After order acquisition, the worksite, branch office and Head Office work in tandem to dispatch support teams that anticipate the progress and busyness peak of construction, and to share with the sales division information about additions and changes to the ordered work for the negotiation of prices at each juncture.

Specific measures to improve the profit margin (excerpt)

Factor	Measures	
1 Cost increase caused by exceeding the planned labor and material cost after receiving an order	A Forecasting the busyness peak of construction	Forecasting the peak of busyness in the whole construction period, make an input plan for workers early and start the arrangement. Review the plan in a timely manner and make adjustments throughout the company.
	B Measures for increase of construction subcontractors' labor costs	Close relationships with construction subcontractors, planned order and allocate appropriate personnel, suppress labor costs increase. (Branch executives present annual order amount, and exchange information with subcontractors directly.)
	C Establishment of team supporting construction	Establishment of a team specialized for supporting construction by employee technicians.
	D Material ordering linked to design change and further utilization of "Q-mast" which affiliated company specialized for purchasing material	Technical department check whether each branch and affiliated company uses Q-mast for purchasing materials, in cooperation with "Q-mast". When utilization does not advance, technical department and Q-mast investigate the cause and solve.
2 Cost increases due to the compression of facility construction process caused by building construction delay	E Approach to "Front Loading"	Make design changes possible based on budget by building a good relationship with design office. Engage in front loading based on Kyudenko's responsible construction to reduce burden on later stages of construction period.
	F Sales representative's help to construction site after construction starts	For additional work, sales and technology divisions cooperate and before starting construction, be sure to submit each estimate and negotiate the price.
	G Dealing with delays in the progress of building construction work	Confirming the delay in building construction work process would be happen at the first construction study meeting after receiving an order, and teaching the method which make the facility construction possible in advance of building construction. (prior construction method, prefabrication method, labor saving method, etc.)
3 Others	H Promote and expand nominated orders and proposal-based sales.	Sales division to promote sales in cooperation with technology division. Establish Infrastructure Business Department.
	I Follow-up of engineers' management capabilities	Hold meetings of young employees and branch senior managers at least once a month.
	J Establishment of personnel request desk	Share information about each worksite and respond immediately to worksites that require support. Establish a desk at Head Office to receive personnel requests from branches. Head Office to make adjustments across the whole company for appropriate allocation of personnel.
	K Raising of standards of new consolidated subsidiaries	Dispatch Kyudenko's top engineers to instill Kyudenko's expertise. Encourage active use of Q-mast.

*Front Loading refers to allocating a greater proportion of the workload in the early design stages and proceeding with work ahead of schedule

Construction Case



FUKUOKA DAIMYO GARDEN CITY



Tenjin Business Center



TOKYO MIDTOWN YAESU new construction work (electrical work)

Business of Kyudenko Electric Power Division (Power Distribution Line Work)



The Electric Power Division engages in business activities in our strong mission to protect the region's lifelines. We concentrate our efforts on construction and education with safety as our top priority. In recent years, we have been working to eliminate risk factors and improve harsh working environments with the use of IT and IoT.

While the main focus of our business is work for Kyushu Electric Power Transmission and Distribution Co., Inc., we are also accelerating our efforts to expand into new business areas as we strive to further expand our operations.

Takahiro Hokahori
Managing Executive Officer General Manager, Electric Power Div.

Our Business

As a company that undertakes contracted works from Kyushu Electric Power Transmission and Distribution Co., Inc., the power distribution division engages in the installation and maintenance of overhead distribution equipment. This includes the installation of special high-voltage transmission lines, high-voltage transmission lines, low-voltage transmission lines, and related devices, the installation of drop wires and meters, and the installation of communication cables to build automatic control systems for distribution lines. In particular, in the event of typhoons and other natural disasters, we leverage our technological capabilities and mobilization capabilities to engage in the early restoration of power.

We have been engaging in safe, secure work every day since adopting outage-less electrical work, which uses bypass cables and generators to avoid outages while work is being performed, and indirect live-wire work, which

uses a tool called a "hotstick" to perform work without directly touching high-voltage lines, ahead of the rest of the country in 1998.

More recently, we have been focusing on the further expansion of our new business areas, such as interconnecting line work related to the construction of renewable energy generation plants, which are becoming popular on a national scale, and sales, design, estimation, and construction work for underground distribution line works.

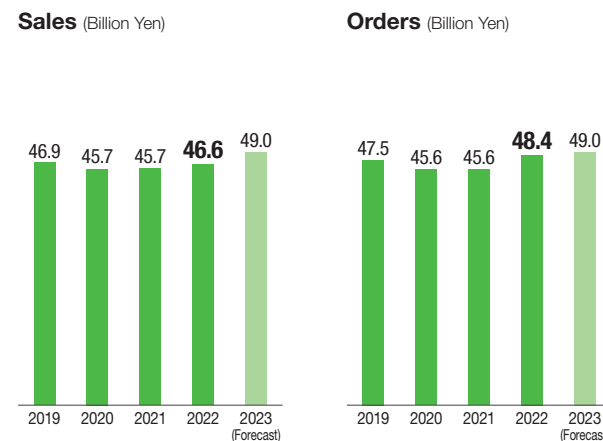
In addition, we are stepping up our efforts in technological development, including the development of effective tools, for which we were awarded the Shibusawa Prize two years in a row, and the reduction of costs and improvement of safety and construction quality with the use of digital technologies.

Transition of Business Performance

The year ended March 31, 2023

Sales **46.6** billion yen
(up 1.9% year on year)

Orders **48.4** billion yen
(up 6.1% year on year)



Strengths

- High levels of technical capabilities to protect the lifelines of all customers
- Unrivalled mobilization capabilities with over 2,000 workers that enable speedy restoration in the event of a natural disaster
- Development and improvement of tools and construction methods to increase safety and efficiency of onsite work

Opportunities

- Growth in underground distribution line works associated with the replacement demand of aging power distribution facilities and the push for the removal of utility poles
- Acquisition of orders for power distribution and underground distribution line works from new customers in line with the advent of a decentralized energy society
- Expansion of construction fields in light of the drive for electricity resilience

Threats and Issues

- Securing human resources due to such factors as an aging population with declining birth rates
- Deteriorating working environment for workers due to frequency of outside work
- Development of engineers for increasing order volumes of contracted power distribution line work and underground distribution line work (acquisition of skills aimed at winning orders for 66kV power cable work)

Business Strategy

Strategy	Specific initiatives
Expansion of business fields	<ul style="list-style-type: none"> ● Acquire orders for interconnecting line work related to renewable energy generation plant construction ● Development of engineers for increasing order volumes of underground distribution line work (acquisition of sales and engineering skills)
Increase productivity	<ul style="list-style-type: none"> ● Improve efficiency of engineers' work based on inventorying of operations (development of flowcharts) ● Improve efficiency of onsite workers through promotion of IT (introduction of tablets) ● Rebuild education framework and develop engineers at an early stage by enhancing the contents of education programs
Ensuring safety	<ul style="list-style-type: none"> ● Eliminate potential risk factors by using the safety patrol system to analyze data from safety patrols ● Raise the leadership standards of leaders (Head Office-led education) ● Strengthen education of affiliated and subcontracting companies and engage them in dialogue

Focus

Strengthening of systems for further increasing order volumes

The Electric Power Division launched the Power Infrastructure Work Section last fiscal year to further increase order volumes. This new department is focusing its efforts on acquiring orders from new fields, such as underground distribution line works for the removal of utility poles and interconnecting private line works associated with renewable energy generation plant construction.

In recent years, work to bury power lines has been moving forward in downtown and sightseeing areas from the standpoint of ensuring safe, pleasant spaces for pedestrians, preventing urban accidents, and improving the urban landscape. Our construction experience includes removing utility poles, installing conduits for a range of underground equipment, and installing and connecting cables. We will leverage this wealth of experience and our extensive technical capabilities to win more orders.

With respect to interconnecting private line works associated with renewable energy generation plant construction, as moves to achieve carbon neutrality by 2050 pick up pace around the world, in Japan as well, policies for the maximum use of renewable energy are being indicated. This state of affairs represents a major business opportunity for Kyudenko. As such, we are focusing our efforts on winning project orders, making the most of the engineering capabilities and expertise that we have accumulated over the years.

For both underground works and interconnecting private line works, we are also aiming to go beyond Kyushu to acquire orders all over Japan.



Underground distribution line work



Interconnecting private line works associated with renewable energy generation plant construction

Construction Case



Contracted power distribution line work



Indirect live-wire work

Business of Kyudenko

Green Innovation Business Division (Renewable Energy Generation Plant Work)

The Green Innovation Business Unit has contributed to decarbonization through the expansion of "independent stock" in renewable energy and energy services (ES) and through the "one-time-fee business model" that is the construction business.

With respect to the recurring revenue business, we currently own solar power and wind power facilities with a total generation capacity of 498MW, from which we anticipate CO₂ reductions of 330,000 tons.

The recurring revenue business is similar to farming. The renewable energy and ES facilities are the "fields," which provide stable harvests over a long period of time. We consider finance and O&M to be key challenges in achieving this.

With talk of "global boiling" being heard around the world, there are still not sufficient renewable energy facilities to meet the Japanese government's targets of reducing greenhouse gases by 46% and achieving a renewable energy rate of 36-38% by FY2030. As such, we feel a heavy burden of responsibility.

Katsuhisa Kinoshita

Managing Executive Officer General Manager, Green Innovation Business Div.



Our Business

Based on our core business divisions, namely, electrical, HVAC and sanitary facility, and power distribution line works, we are working to expand construction work and maintenance and management operations of renewable energy generation plants, such as solar, wind power, and biomass.

Since the introduction of the feed-in tariff (FIT) scheme in 2012, Kyudenko has been focusing particularly on winning orders for and engaging in EPC work for mega solar power plants and on the expansion of our business area beyond Kyushu to the Chugoku/Kansai area and the Tohoku area. With cumulative orders totaling more than 600 billion yen, this business has grown into one of the major pillars of Kyudenko's business.

In addition to receiving orders for power plant construction work, we are also involved in the renewable

energy business as an operator. We view the Japanese Government's 2050 Carbon Neutral Declaration as a significant opportunity for our business operations. Against the background of national policy, the Green Innovation Business Unit is working to expand its business areas even further, including promoting the introduction of third-party models (corporate PPA, leases, etc.), EMS, and storage batteries.

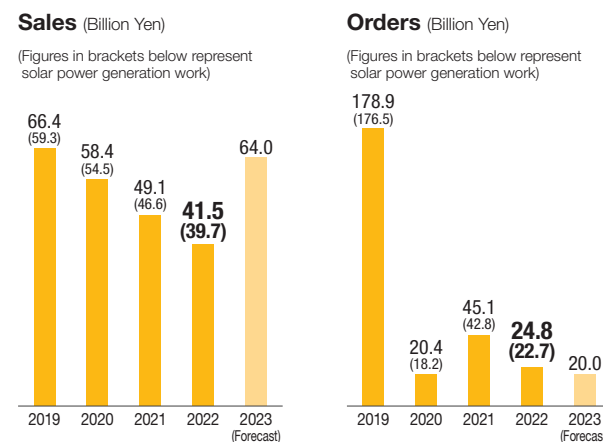
In response to customers' diversifying needs, we are engaging in the green innovation business to solve problems in environmental management and to realize a carbon-free society, making the most of the technological capabilities and expertise that we have accumulated over the years.

Transition of Business Performance

The year ended March 31, 2023

Sales 41.5 billion yen
(down 15.3% year on year)

Orders 24.8 billion yen
(down 45.0% year on year)



Strengths

- Excellent project development capability generated from community-based business operations, and tight connections with partners in other industries
- Construction know-how accumulated with a top-drawer track record of construction works in Japan
- Establishment of systems for long-term project management/maintenance and management

Opportunities

- Further increase in demand for renewable energy due to heightened environmental awareness
- Demand for renewable energy as a BCP measure and as power supply facilities at a regional level
- Promotion of Kyudenko EMS domestically for national resilience

Threats and Issues

- Collapse of power generation facilities affected by natural disasters
- Declining profitability due to price competition among industry peers
- Declining profitability due to soaring material prices against the backdrop of higher commodity prices

Business Strategy

Strategy	Specific initiatives
Deepening of one-time-fee business (construction work)	<ul style="list-style-type: none"> ● [Solar power] Steady receipt of orders for FIT projects under development ● [Solar power] Receipt of orders for power generation facility work, such as self-consumption using rooftop panels and solar carports, PPA, and self consignment ● [Wind power] Leveraging of construction track record to establish marginal costs to rival industry peers
Deepening of recurring revenue business (businesses)	<ul style="list-style-type: none"> ● Development of PPA business by KYOCERA GREEN INNOVATION, LLC ● Acquisition of know-how for future participation in storage battery business
Spread of Kyudenko EMS	<ul style="list-style-type: none"> ● Make regional resilience project proposals to local governments ● Win projects in isolated island areas overseas (Southeast Asia) leveraging Japanese government subsidies

Focus

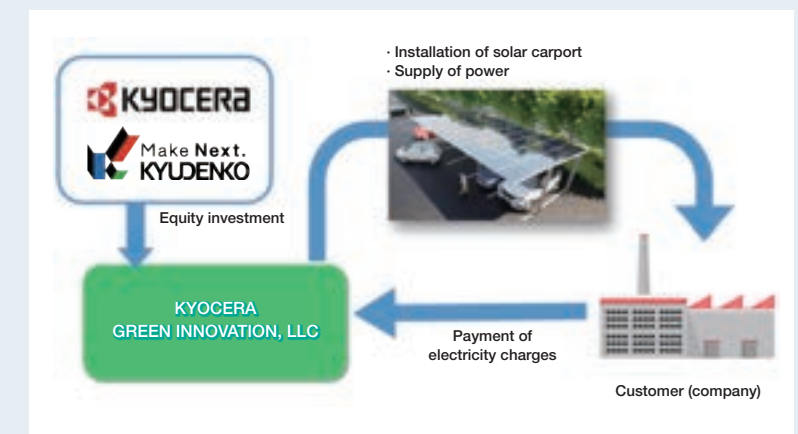
Establish KYOCERA GREEN INNOVATION, LLC

In June 2023, in conjunction with KYOCERA Corporation, we established KYOCERA GREEN INNOVATION, LLC, a new company for the development of a renewable energy service business, centered on a "carport on-site PPA model."

The carport on-site PPA model involves the installation of solar carports, which are power generation systems that combine a covered parking lot and solar panels built on a company's premises. The power generated by these solar carports is then sold to the contracting company. Through business activities under this scheme, which began in earnest in July 2023, we will contribute to the popularization of renewable energy and the expansion of business.

Currently, in light of various factors, including heightened environmental awareness for the achievement of the government's target of carbon neutrality by 2050 and rising energy costs, a growing number of companies are contemplating the use of renewable energy. However, the initial investment burden for the purchase and installation of solar power systems and securing an installation location are major challenges for these companies. Our new company will promote the carport on-site PPA model, in which it will install a solar power generation system on top of the covered parking lot, with no initial investment from the contracting company, to promote the further effective use of the contracting company's premises.

KYOCERA Corporation owns technology related to solar power generation systems that offer high quality and long-term reliability, and Kyudenko has a track record of construction of carports and many solar power generation plants. Through this collaboration, which will leverage our two companies' respective advantages, we will expand our business in the renewable energy market, which is expected to grow even further in the years ahead.



Construction Case/Business Track Record



Miya River Watarai Solar Park



Kushima Wind Power Generation Plant

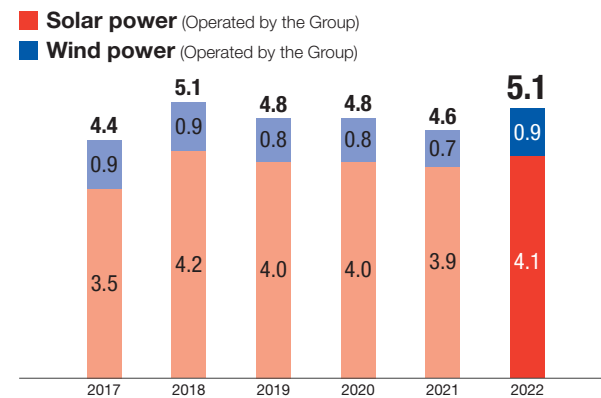
Business of Kyudenko

Renewable Energy Generation Business

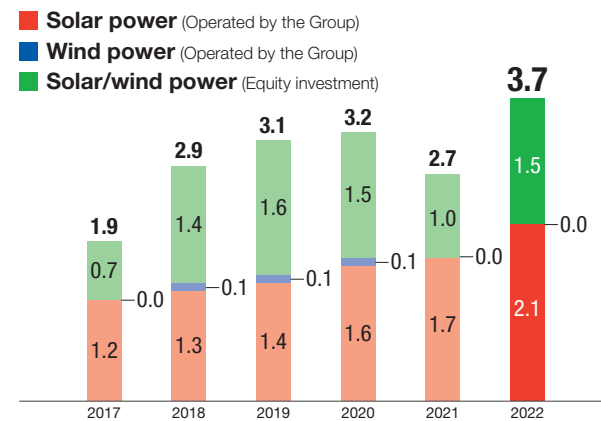
We construct, own, and operate solar power and wind power generation plants and engage in the business of selling electricity using the FIT scheme. We also jointly participate in the business of generating and selling solar power, wind power and biomass power through equity investment and anonymous partnership.

Investment in Solar Power and Wind Power Generation Plants and Business Performance

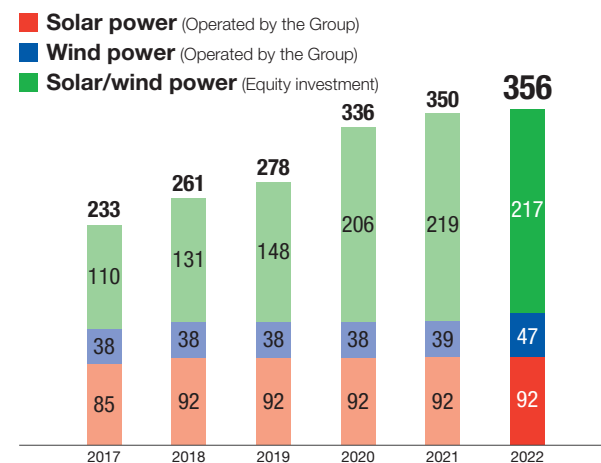
Sales (Billion Yen) (Sales of other business)



Profit (Billion Yen) (Operated by the Group: operating profit, equity investment: non-operating income)



Operation output (MW) (Plants in operation only)



Investment in solar power plants (as of March 31, 2023)

	Deals operated by the Group		
	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	49	92MW	87MW
Under construction	—	—	—
Plan	—	—	—
Total	49	92MW	87MW

	Deals through investment in equity		
	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	51	624MW	169MW
Under construction	4	697MW	144MW
Plan	—	—	—
Total	55	1,321MW	313MW

Investment in wind power plants (as of March 31, 2023)

	Deals operated by the Group		
	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	6	47MW	46MW
Under construction	—	—	—
Plan	—	—	—
Total	6	47MW	46MW

	Deals through investment in equity		
	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	5	144MW	48MW
Under construction	1	15MW	4MW
Plan	—	—	—
Total	6	159MW	52MW

Business of Kyudenko

Overseas Business

Kyudenko launched its overseas business in 1979 and has since participated in many projects in regions including Asia, Africa, the Middle East, and Europe, building up a track record in construction work. Despite a period of temporary stagnation from the 1990s, we established the International Business Division in 2011 and decided to make a foray into Southeast Asia, which continues to have one of the highest growth rates in the world.

Currently, over 800 employees work in eight countries and regions: Singapore, Malaysia, Vietnam, Thailand, Indonesia, Myanmar, Bangladesh, and Taiwan. We develop businesses in a wide range of fields, including facility work such as electrical, HVAC and plumbing, plant engineering business, environmental analysis business, EMS, and renewable energy business.

Focus

APECO presented with Culture of Acceptance, Respect and Empathy (CARE) Award 2023

Singapore-based Group company, APECO, was presented with a CARE Award 2023 by the Workplace Safety and Health Council, a statutory body under the Ministry of Manpower, Singapore Government. CARE Awards are presented by the Singapore Government to employers that have made efforts to form a workplace culture of acceptance, respect and empathy toward their employees.

APECO was recognized for its initiative of building a support system that involved the establishment of a new role with the title of CARE Advisor within the company.

Thirty four employees first took part in a government-designated mental health workshop, and, as CARE Advisors, they support their co-workers who are mentally stressed by listening to their concerns. Another initiative involved assigning highly experienced technicians as mentors to technicians newly arrived in Singapore from India and Bangladesh, to give them advice about setting up their living environments in Singapore and about safety management and operations on worksites, helping them to adjust smoothly to their new environments.



A senior technician supporting a new technician



Some of APECO's CARE Advisors

PPP/PFI Business

A public-private partnership (PPP) is a scheme where the public and private sectors work together to provide public services. A private finance initiative (PFI) is a typical method of PPP. PFI aims to provide public services efficiently and effectively by using the private sector's funds and expertise in the design, construction, maintenance, management and operation of public facilities and having the private sector take the lead in providing public services.

Leveraging the management expertise and engineering strength established as a community-based provider of integrated utilities engineering services, the Kyudenko Group participates in a number of PPP/PFI projects, which are considered as new methods of social capital development in public works.

Orders for PPP/PFI projects

(as of September 2023)

Participated as a representative company	15 projects
Participated as a constituent company	32 projects
Participated as a cooperating company	5 projects
Total	52 projects

Olive Business

The decline in the primary industry is one of the major social problems Japan is faced with. We, as a community-based company, therefore wondered if there was any way we could play a part in revitalizing the primary industry—specifically by turning the industry into the sixth industry and creating a business model that seamlessly incorporates production, processing, and sales. We thus set an eye on olives since we saw a potential in them as a tourism resource. Olives can be used for a wide range of food products and cosmetics, embody a lovely image of an orchard tree in the Mediterranean region and are also considered as a symbol of peace. The olive business was launched in Amakusa City, Kumamoto Prefecture in February 2010.

Adhering to our long-term vision, we will continue to address various problems in society and local communities and contribute to the realization of affluent life through our olive business.

Creating a sixth industry model within a local community



Initiatives for Promoting Sustainability Management

(1) Basic Sustainability Policy

We operate our business under the Corporate Philosophy: “1. We contribute to society through providing agreeable environmental solutions.” “2. We keep challenging for sustainable development through our engineering strength and create a new value.” “3. We aim to create a mutual respecting environment in Kyudenko which utilize and develop employees’ personality.” In addition, we have formulated a long-term vision for our 100th anniversary (2044), under which we aim to deliver both social and economic value by working to solve social problems, realize a carbon-free society, and maintain and develop local public infrastructure.

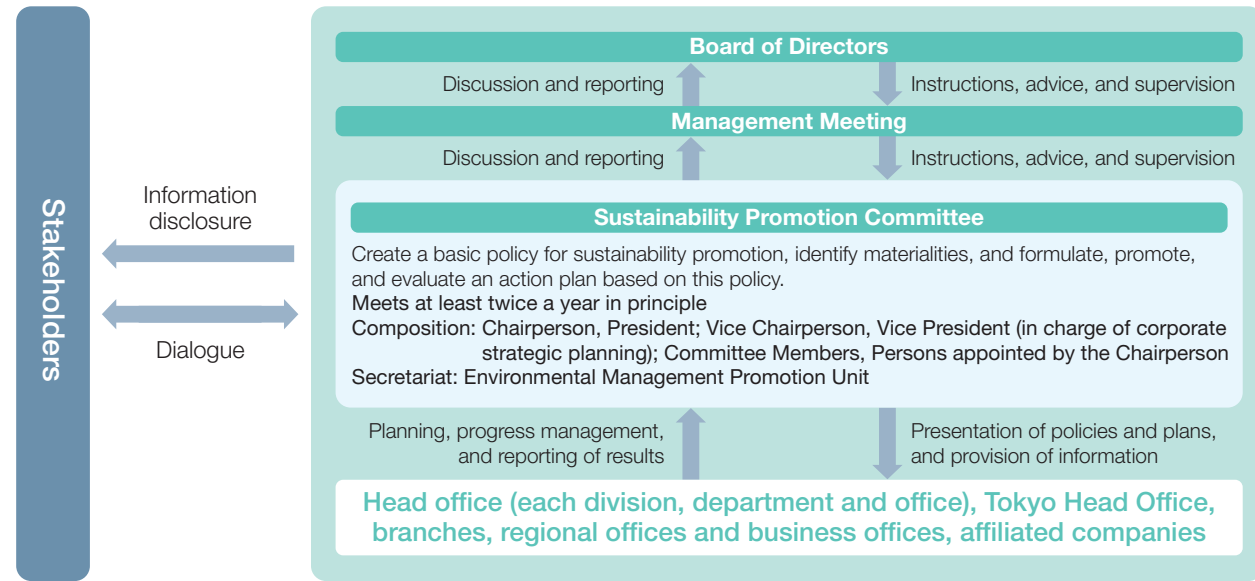
In accordance with this corporate philosophy and long-term vision, we have established a Basic Sustainability Policy and important issues (materialities) in order to focus more on improving corporate value from a long-term perspective while taking into consideration factors such as the global environment, society, and the economy.

In the future, the Group will contribute to the creation of a sustainable society by promoting a planned and proactive approach to important issues (materialities) under the Basic Sustainability Policy.

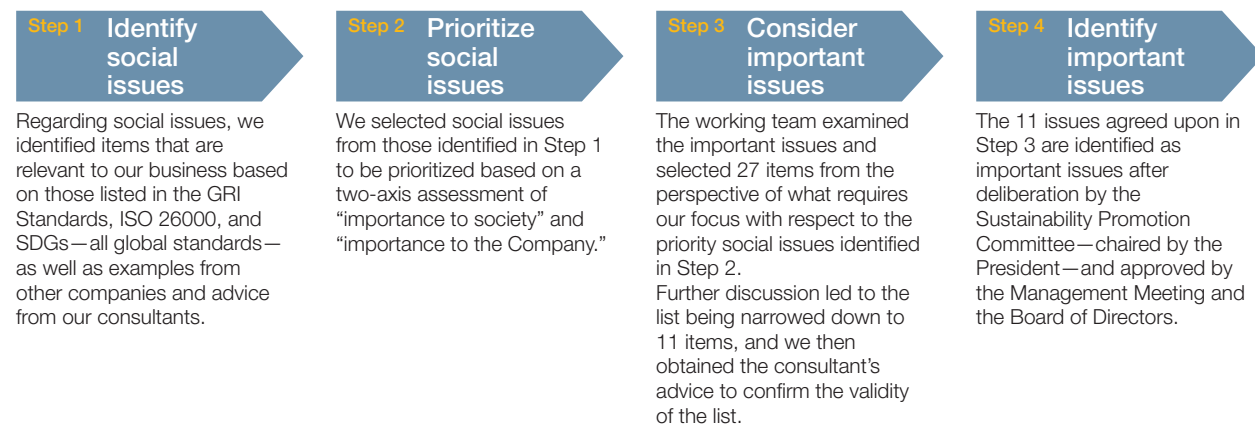
Basic Policy

Based on the corporate philosophy, the Kyudenko Group will create a sustainable society and improve the corporate value of the Group by solving social issues through its business activities.

(2) Governance System



(3) Materiality Identification Process

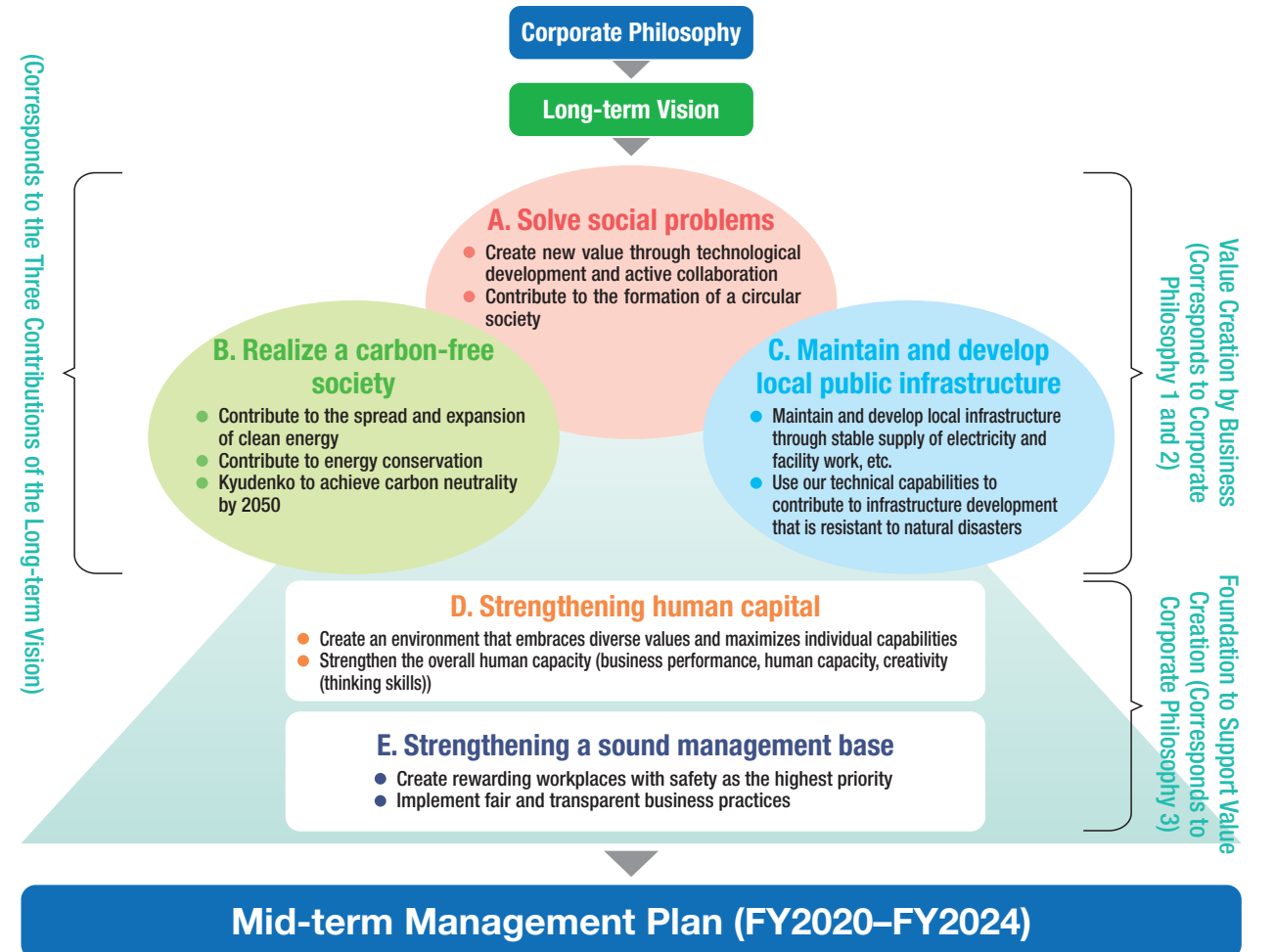


(4) Important Issues (Materialities) and Orientation of Measures

Social challenges	Important issues (materialities)	System diagram	SDGs	Orientation of measures	
Environment	Climate change	B	7, 12, 13	Promote energy creation related construction and projects (solar, wind, biomass, PPA, EMS, etc.)	
	Carbon-free society			Promote energy saving related construction (proposals for energy efficiency improvement (ES) construction, EV charging equipment, ZEB, energy saving equipment, etc.)	
	Energy			Respond to TCFD and reduce our own CO ₂ emissions	
Society	Diversity, Labor practices, Employment, Human rights	D	5, 8, 10, 17	Promote diversity and inclusion, build diverse and flexible work styles, and respect human rights	
	Occupational safety and health	E	3, 8	Eliminate significant work-related injuries, promote health and productivity management, improve employee engagement	
	Education and training	D	4	Strengthen human resource development and build diverse career maps	
	Communities	C	9, 11	Maintain and develop social infrastructure through existing businesses	
	Disaster prevention	C	11	Disaster-resistant urban development, disaster recovery, support for areas affected by disasters, community contribution activities	
	Innovation	A	9	Create new business areas, improve productivity, promote investment in DX and technology development, promote open innovation, promote M&A	
	Waste	A	12	Promote 3R (reduce, reuse, recycle), promote green purchasing	
	Governance	Organizational governance, Anti-corruption, Compliance, Fair business practices, Anti-competitive behavior	E	16, 17	Enhance corporate governance, ensure compliance, implement information security management, strengthen risk management, ensure fair transactions in the supply chain

(Note) 1. (*) Items related to the environment: Disclose information based on the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).
 2. System diagram: A: Solve social problems B: Realize a carbon-free society C: Maintain and develop local public infrastructure D: Strengthening human capital E: Strengthening a sound management base
 3. Important issues (materialities) will be reviewed as necessary depending on future changes in the social situation.

(5) Important Issues (Materialities) System Diagram



E Environment

(1) Promotion of Environmental Management: Initiatives based on TCFD Recommendations

In line with our Corporate Philosophy and Long-term Vision, we are working to solve various social issues related to sustainability by leveraging our technological prowess as an integrated utilities engineering company. This includes the construction of facilities related to energy conservation and clean energy, and disaster-resistant infrastructure.



In December 2021, we set the Medium- to Long-term Environmental Management Goals and endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), recognizing that addressing environmental issues including climate change is one of important issues (materialities).

We will continue to enhance our efforts to realize a sustainable society and disclose information in accordance with the framework proposed by the TCFD recommendations.

(i) Governance

In April 2022, the Company established the Sustainability Promotion Committee, which is chaired by the President and consists of executives and leaders of related divisions appointed by the chairperson. The purpose of the Committee is to address various issues surrounding sustainability, including efforts to cope with climate change.

The Sustainability Promotion Committee deliberates on the basic policy for sustainability promotion, identification of materialities, and formulation, promotion, and evaluation of action plans based on this policy. (Meets at least twice a year in principle)

The contents of such matters will be discussed and reported to the Management Meeting, and important matters among them will be discussed and reported to the Board of Directors.

The Board of Directors monitors and provides necessary instructions and advice to the Management Meeting, which in turn offers the same to the Sustainability Promotion Committee on climate change and other sustainability plans and measures. (The Governance System chart is shown on page 27.)

(ii) Strategy

1) Preconditions for scenario analysis

We conducted a scenario analysis to assess the impact of climate change-related risks and opportunities on our businesses, strategies, and financial plans, and to consider measures we might take in response.

The following three preconditions were selected for the analysis.

We have examined this issue under the preconditions of Step 1. From Step 2 onward, we will enhance information disclosure, reviewing it as appropriate depending on the situation.

	Step 1	Step 2	Step 3
Scope	Kyudenko (non-consolidated), all domestic segment businesses	Kyudenko Group including domestic consolidated subsidiaries, and all domestic segment businesses	Kyudenko Group including overseas consolidated subsidiaries, all segment businesses
Reference year	FY2030	FY2040	FY2050
Envisioned scenarios	2°C (*1) and 4°C	1.5°C and 4°C	1.5°C and 4°C

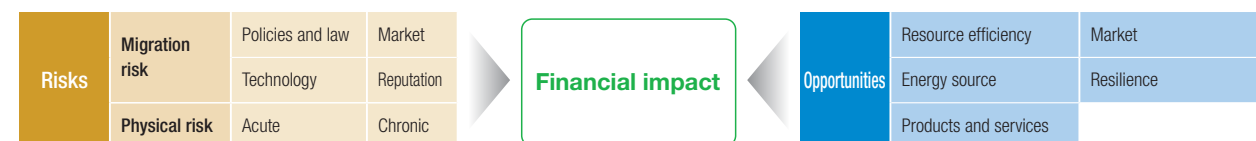
(*1) We will continue to analyze and study measures on the basis of the 1.5°C rise scenario.

The Sustainable Development Scenario (SDS) of the IEA¹ and the RCP2.6 Scenario of the IPCC² were selected as the 2°C rise scenario. The IEA's Stated Policies Scenario (STEP) and the IPCC's RCP8.5 scenario were selected as the 4°C rise scenario.

1: IEA: International Energy Agency
2: IPCC: Intergovernmental Panel on Climate Change

2) Proceeding with scenario analysis

For the analysis, we established a working team comprising members from related divisions to examine risks and opportunities for each of the categories proposed under the TCFD recommendations regarding changes in the external environment expected in FY2030, the reference year.



(Source: Prepared by the Company, based on "Practical guide for Scenario Analysis in line with the TCFD recommendations 3rd edition" from the Ministry of the Environment, Government of Japan)

3) Scenario analysis results and measures in response

The 2°C rise scenario assumes a society in which carbon pricing is introduced in developed countries and some emerging countries. The 4°C rise scenario, meanwhile, assumes a society in which current climate change measures continue in developed countries and GHG emissions are not reduced globally.

Under the 2°C rise scenario, stricter carbon regulations in Japan will drive energy costs and procurement costs for materials upward. Meanwhile, as the move toward decarbonization accelerates, we expect to see increased demand for businesses related to renewable energy and energy conservation. Under the 4°C rise scenario, demand for businesses related to renewable energy and energy conservation will grow, but at a more moderate rate than the 2°C rise scenario. Regarding the degree of temperature increase and the severity of weather events such as typhoons and floods, we assume that the difference from the 2°C rise scenario will not be significant in 2030.

Based on the results of the scenario analysis, we looked at measures to minimize climate change-related risks and maximize opportunities. We will respond to the tightening of decarbonization- and low carbon-related regulations by augmenting various initiatives to reduce consumption of fossil fuel-derived energy and by introducing energy-saving equipment. In response to the negative impact on the working environment of rising average temperatures, we

will seek to improve the working environment through measures such as installing heat-resistant equipment at work sites. We will also actively promote work style reforms to create a more comfortable working environment.

At the same time, we will actively contribute to decarbonization and low carbon through the businesses we undertake, while also achieving business growth. The Company will accelerate new technology development and the improvement of technical capabilities related to energy creation and energy conservation-related construction, and build an organization and structure capable of coping with growing demand. Beyond existing business areas, we will work to develop new business areas for decarbonization, low carbon, and the creation of a circular society. Moreover, we will respond to the growing demand for disaster prevention and mitigation measures and leverage our technology and expertise in proposing disaster-resistant urban development. With the aim of maximizing our contribution to early recovery in the event of a weather-related disaster, we will develop equipment and technology while improving our internal organization and strengthening our communication system with related agencies.

We will continue to regularly conduct scenario analysis to identify climate change-related risks and opportunities, enact measures to address them, and reflect them in our business plans.

Category	No.	Projected financial impact	Degree of impact		Impact period	Countermeasures
			2°C	4°C		
Migration risk	1	Cost increases due to introduction of carbon tax (energy costs, material procurement costs)	Large	Small	Medium to long term	<ul style="list-style-type: none"> Promote initiatives to reduce fossil fuel-derived energy consumption Replace existing equipment with high-efficiency air conditioning, introduce energy-saving equipment and devices, and develop and introduce AI-based air conditioning controllers Establish material procurement system in cooperation with Q-mast¹ Strengthen collection of the latest material price information and share it promptly among related parties
	2	Increase capital investment in conversion to renewable energy	Medium	Medium	Short to medium term	<ul style="list-style-type: none"> Invest capital efficiently based on cost-effectiveness and degree of priority Consider introduction of Kyudenko EMS² Verify hydrogen production and storage using renewable energy and utilization of exhaust heat
	3	Increase in material procurement costs in line with the development of the circular economy	Medium	Medium	Medium to long term	<ul style="list-style-type: none"> Establish procurement route for recycled materials in cooperation with Q-mast¹ Promote the 3Rs (reduce, reuse, recycle)
	4	Increased R&D costs to acquire new technologies	Medium	Medium	Short to medium term	<ul style="list-style-type: none"> Promote research into low carbon, decarbonization, and recycling technologies, etc. Create innovation through industry-academia collaboration and tie-ups with startup companies Utilize subsidies from Japan's Ministry of the Environment and the New Energy and Industrial Technology Development Organization (NEDO) Conduct joint feasibility study and other projects with companies and municipalities that are active in decarbonization

Degree of impact: Assessing the financial impact on our business in terms of "large," "medium," and "small"
Impact period (time frame during which impact is expected to manifest): short term (2022–2025); medium term (2026–2030); long term (2031–)

1 Q-mast: A consolidated subsidiary of the Company, Q-mast's main business is the sale of construction materials, machinery, and equipment for electric and HVAC facilities.
2 Kyudenko EMS: A renewable energy generation-side energy management system, not building or facility-side system. A system that can control multiple power generation sources including solar, wind, small-scale hydro in a comprehensive manner and, together with storage batteries, stably transmit power to the demand side around the clock. The EMS allows stable transmission of electricity—even to fragile micro-grids in locations such as remote islands and can be used as a base-load power source. In Japan, the Company can offer a wide range of proposals that extend beyond disaster prevention, such as supplying 100% renewable energy to buildings for normal operation as well as ensuring the availability of electric power in times of disaster (resilience).

E Environment

Category	No.	Projected financial impact	Degree of impact		Impact period	Countermeasures
			2°C	4°C		
Physical risk	Acute	Intensification of extreme weather	Medium	Medium	Short to medium term	<ul style="list-style-type: none"> Gather up-to-date information on hazard maps and disaster prevention and mitigation measures Consider risk reduction measures for facilities located in high-risk areas Consider building a construction cooperative structure in conjunction with construction cooperative associations in the event of a disaster
	Chronic	Increase in average temperature	Large	Large	Medium to long term	<ul style="list-style-type: none"> Consider and introduce new heat countermeasures to reduce the occurrence of heat stroke and health hazards at work sites Ensure proper labor management and formulate a support system for construction workers Strengthen the Company's appeal and corporate promotion to students Promote consideration and introduction of advanced initiatives of the Construction RX Consortium³
Chronic	Increase in average temperature	Small	Small	Medium to long term	<ul style="list-style-type: none"> Remote monitoring to measure the volume of electricity generated and detect abnormal values and fault locations at an early stage 	
						7
Chronic	Increase in average temperature	Small	Small	Medium to long term	<ul style="list-style-type: none"> Remote monitoring to measure the volume of electricity generated and detect abnormal values and fault locations at an early stage 	
						8

³ Construction RX Consortium Formed in September 2021 by 16 general contractors. With the aim of improving the productivity and appeal of the industry, the Consortium works to increase efficiency and reduce labor at construction sites, including cooperation in technological development in the areas of construction robots and IoT. RX is short for "robotics transformation." As of November 22, 2022, the Consortium comprised 27 full members and 112 cooperating members (Kyudenko is a cooperating member).

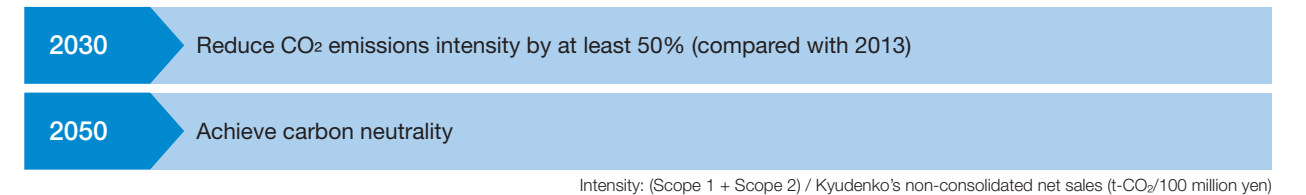
Category	No.	Projected financial impact	Degree of impact		Impact period	Countermeasures		
			2°C	4°C				
Opportunities	Development and expansion of low-carbon products and services; recycling regulations, etc.	Increase in sales and profit due to growing demand for energy creation-related construction and business (solar power generation including PPA, onshore and offshore wind power generation, biomass power generation, EMS, etc.)	Large	Large	Short to medium term	<ul style="list-style-type: none"> Reinforce internal organizational structure to cope with growing demand Develop new technologies and augment technical capabilities Utilize company-owned renewable energy facilities (following expiration of FIT) Promote optimal energy-saving system proposals Facilitate planning and proposal of water reuse systems in sewage treatment facilities and private factories 		
							1	
							2	Increase in sales due to growing demand in the energy conservation field (energy efficiency improvement (ES) construction, EV charging facilities, ZEB, etc.)
	Spread of next-generation technologies	Promote new businesses utilizing next-generation technologies	Increase in sales and profit due to higher demand for construction work related to water reuse	Medium	Medium	Short to medium term	<ul style="list-style-type: none"> Establish an internal support system for new businesses 	
								3
								4
Disaster prevention, mitigation, and national resilience initiatives	Contribute to rapid recovery from disasters	Increase in sales due to growing demand for disaster prevention and mitigation measures in response to the increasing frequency and severity of weather-related disasters	Large	Large	Short to medium term	<ul style="list-style-type: none"> Reinforce the liaison system with internal organization and relevant agencies to facilitate rapid disaster recovery Development of work equipment and tools that contribute to rapid recovery Kyudenko EMS proposal 		
							5	
Disaster prevention, mitigation, and national resilience initiatives	Contribute to rapid recovery from disasters	Increase in sales due to growing demand for disaster prevention and mitigation measures in response to the increasing frequency and severity of weather-related disasters	Small	Small	Medium to long term	<ul style="list-style-type: none"> Establish an internal organizational structure capable of coping with growing demand Make technical proposals to municipalities on disaster-resistant urban development (measures to prevent and mitigate disaster impact) 		
							6	

(iii) Risk management

The identification and assessment of the risks posed by climate change to the Company and consideration of measures to address those risks are led by the Environmental Management Promotion Unit and deliberated by the Sustainability Promotion Committee through cross-departmental discussions. Matters deliberated by the Sustainability Promotion Committee are discussed and reported to the Management Meeting and the Board of Directors as necessary.

For climate change-related risks and opportunities identified in line with TCFD recommendations, we will incorporate each countermeasure into the Mid-term Management Plan, develop and implement them in the policies and business plans of each division and branch office, and periodically review them to avoid or mitigate risks and expand opportunities for profit.

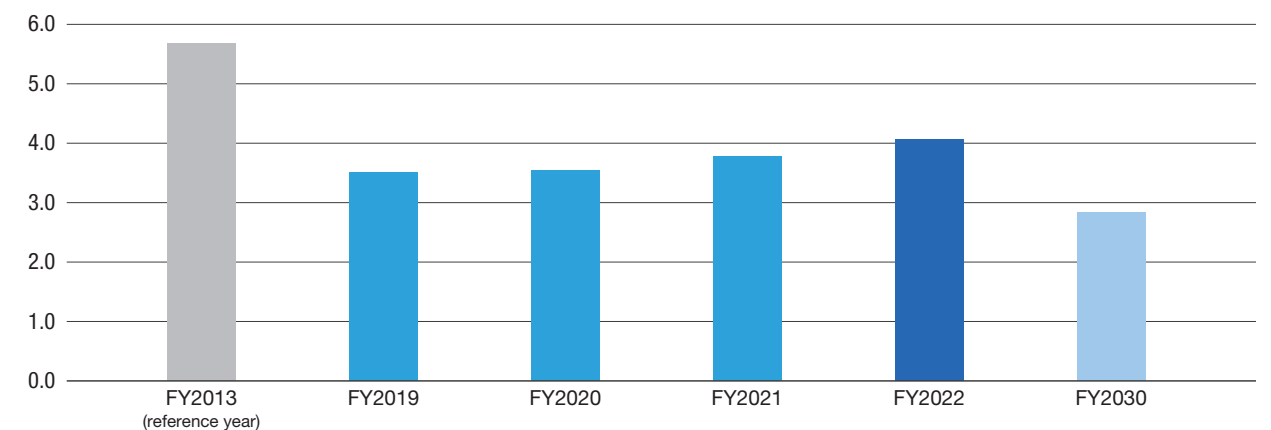
(iv) Metrics and targets



Action items toward achieving these goals

- Introduction of EMS into Kyudenko Academy
- Deployment of EVs and chargers (special vehicles for construction that cannot be replaced are not eligible)
- Environmentally friendly capital investment in equipment related to office buildings
- Utilization of graduate feed-in tariffs (FITs) (assets at the end of project period)
- R&D through industry-academia collaboration

CO₂ emissions per 100 million yen of net sales



CO₂ emissions volume

	Unit	FY2013 (1)	FY2019	FY2020	FY2021	FY2022 (2)	Change from reference year (2)-(1)	FY2030
Scope 1	t-CO ₂	9,059	7,670	6,816	6,947	7,454	-1,605	—
Scope 2	t-CO ₂	5,677	5,094	5,163	5,262	6,080	+403	—
Kyudenko (non-consolidated) / total	t-CO ₂	14,736	12,764	11,979	12,209	13,534	-1,202	—
Net sales	100 million yen	2,597	3,651	3,374	3,226	3,330	+733	—
Intensity	t-CO ₂ /100 million yen	5.67	3.50	3.55	3.78	4.06	-1.61	2.83
Intensity unit reduction rate (compared with FY2013)	%	—	-38.2	-37.3	-33.3	-28.3	—	-50

Scope 1: Direct greenhouse gas (GHG) emissions generated by business activities
 Scope 2: Indirect emissions resulting from the use of electricity, heat, and steam supplied by external entities
 Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the Company)
 *The Company will work to expand the scope, including Scope 3.
 Intensity: (Scope 1 + Scope 2) / Kyudenko's non-consolidated net sales (t-CO₂/100 million yen)

S Society

(1) Strategy for Human Capital

Our corporate philosophy is to “aim to create a mutual respecting environment in Kyudenko which utilize and develop employees’ personality.” Based on this, we have established a policy on developing human resources — our most important management resource — and formulated the Human Resource Development Charter to instill the policy in all employees. In line with our conviction that people are one of our most valuable assets, we provide employees opportunities to improve their capabilities and demonstrate the results of their training to advance the Company and ensure every employee has a rewarding job and achieves self-actualization, with the aim of further growing employees and advancing the Company further.

In the management strategy process of the Mid-term Management Plan, for us to achieve the reform of our construction capability and reform of productivity, we believe it is necessary to link human resources strategy to management strategy and to engage in it with a sense of speed. To this end, we are implementing specific measures.

For details, please refer to “2. Concept and Initiatives on Sustainability (3) Strategy for Human Capital and Diversity” of the securities report for the 95th fiscal year. https://www.kyudenko.co.jp/ir/docs/2023_95_yuka-02.pdf (Japanese)



Initiatives for Realizing Human Capital Management

Since the Company is built on a labor-intensive business model centering on contract works, it is essential to improve the productivity of each of its employees.

To improve productivity, it is important that the Company creates a workplace environment that allows each and every employee to find his/her work meaningful and aim to attain self-actualization. The Company believes that enhancing employee engagement and having a greater number of enthusiastic talents will pave the way to its future performance and appreciation by society.

The Company established the Human Capital Management Working Group consisting of members gathered from across divisions, which is currently discussing ways to implement human capital management in essence.

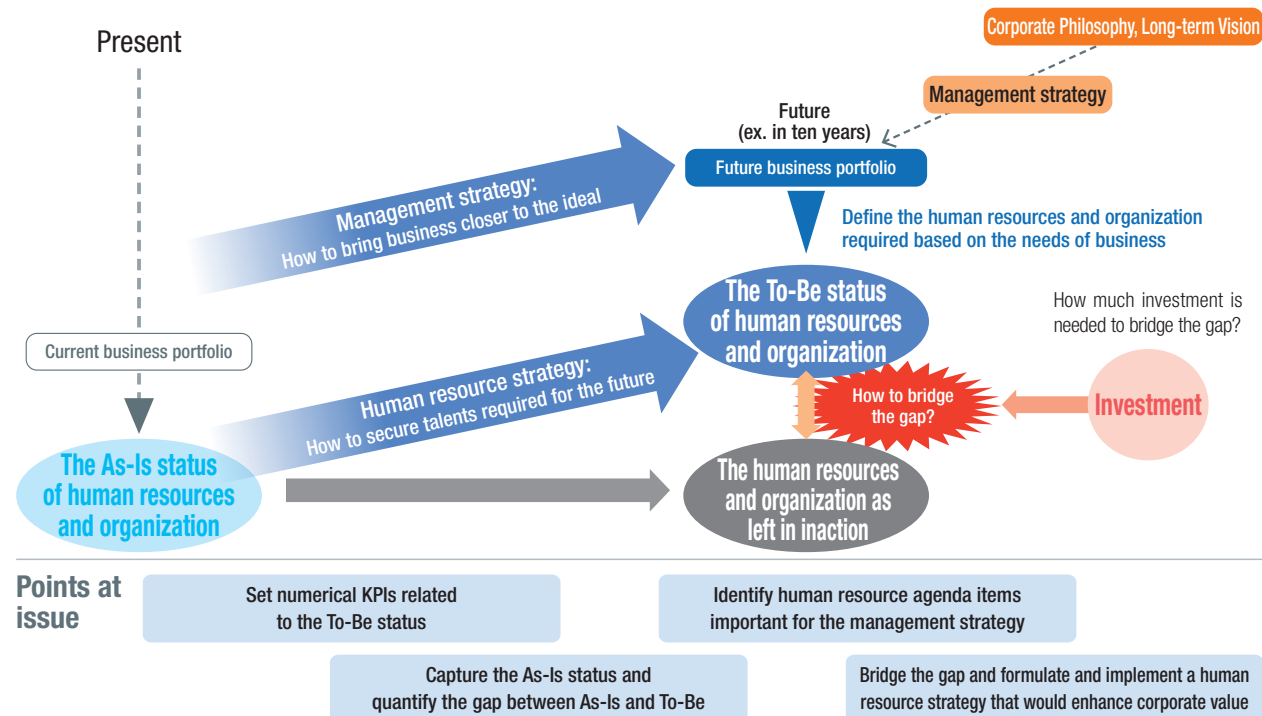
The result of discussions will be brought to the Sustainability Promotion Committee, the Management Meeting, and the Board of Directors before it is published.



Status of Discussion at the Human Capital Management Working Group

The working group analyzed the current state, found out issues, and pictured the human resources and organization as they ought to be in the future, based on which they are currently discussing ways to formulate and implement a human resource strategy that is linked to the management strategy and designed to increase the feasibility of the envisaged picture.

A graphic representation of discussions in the Human Capital Management Working Group



(2) Promoting Diversity

The business environment surrounding the Company has been changing drastically due to the falling birthrate and aging population, globalization, and diversification of individual values. Under these circumstances, in order to create new value, enhance its competitiveness, and continue sustainable growth, the Company needs to add different ideas and diverse perspectives. Promoting diversity is therefore an imperative. Having established the “Objectives” based on its Corporate Philosophy and the Charter of Behavior, we will recognize and accept the “differences” between our diverse talents as the individuality of each person, and turn such “differences” into its “strengths.”

Please refer to the Company’s website for details. https://www.kyudenko.co.jp/en/initiatives/en_diversity.html



Women’s Active Participation Promotion Team

The main objective of the Women’s Active Participation Promotion Team established in the previous fiscal year (FY2022) is to formulate initiatives towards solving issues in the active participation of women and develop women leaders. The more than 30 members of the team were divided into five groups for discussions, the outcome of which were presented to the management team including the President. These presentations triggered new awareness and led to the revision of internal system* and other achievements.

Joined by new members, the team is continuing activities this fiscal year, holding a series of discussions towards making the solutions suggested in the presentation a reality.



Focus

*Revised the childcare support scheme
As a result of the revision, the ceiling of the child’s age that makes an employee eligible for childcare short work hour scheme (which used to be from three years old until the beginning of the child’s fourth year in the primary school) has been raised to the end of the child’s sixth year in primary school, and the maximum number of hours that an eligible employee is entitled to take off from work (which used to be one hour per day) was extended to two hours per day.
The revision has added to the choice of work styles and created an environment that facilitates the balancing of work and childcare.

Retaining and Supporting the Active Participation of Female Technicians

Aiming to expand job categories for women, the electrical work divisions hire women technicians and regularly host trainings and meetings for exchange of views in order to make workplace environments more women friendly. This fiscal year, the training session was held with the participation of supervisors, with the aim of deepening communication and mutual understanding.

To remove any worries and anxiety that new hires may have about work place environment, we host meetings at which they can exchange views with their senior colleagues prior to their assignment to posts.



Current number of technicians (as of April 1, 2023)

Division	Total number of technicians	of which, Female technicians
Electrical work	600	30

S Society

Promoting the Utilization of Childcare Leave by Male Employees

To make the wish of male employees to do their part in childcare come true, the Company promotes their utilization of childcare leave. Specifically, we are working to create an environment conducive to taking childcare leaves by making widely known the intra-company systems and the stories of those who have taken the leave, through in-house trainings, posters, in-house magazines and other means.

Childcare leave utilization rate among male employees

	Year ended March 31, 2022	Year ended March 31, 2023
Percentage of male employees who utilized childcare leave	44.3%	55.6%
Number of male employees who utilized childcare leave	105	135

*The percentage of male employees who utilized childcare leave is the percentage of the sum of those who utilized childcare leave, etc. and those who utilized paid leave for childcare purposes.

FOCUS

Voices of those who utilized childcare leave

■ Division: HVAC and Plumbing (Engineer) Length of leave taken: one month

I had been wanting to utilize childcare leave since around the time I learned that my wife was expecting, and she was happy that I took the leave. My older child was also happy because I made it a point to spend a lot of time with the kid during the leave. Indeed, it was great to have more time with my family. The leave turned out to be an opportunity to renew my gratitude to my wife, because it taught me not only the joy but also the challenges of parenting.

Supervisor's comment

I was a little bewildered when he first told me that he would like to utilize childcare leave, because of the labor shortage that we are suffering. But remembering how, in my younger days, my child started crying at the sight of me coming home early, and how my wife would complain that I should care more about my family, I decided to support him, saying that it was commendable of him that he properly cared about his family. I am deeply grateful to the staff who covered for him during his absence.

■ Division: Electric (Technician) Length of leave taken: 28 days

It was the first time for me to take care of a newborn, and I found everything new and impressive, including bathing the baby. I didn't utilize childcare leave when my first two kids were born. Looking back, I somewhat regret that and wish that I did. When my older kids were babies, they would start crying when they saw me come home, which made me sad. But now, I am very happy that, after the childcare leave, they just naturally rush to greet me when I come home.

Supervisor's comment

I was aware of those promoting the utilization of childcare leave when he came up to me with his plan, so I agreed with all my heart. He told me well in advance of the start of leave, so everything went smoothly, from explaining to the team members, arranging the staffing on worksites to adjusting schedules, etc.

Understanding of Employment of Employees with Disabilities

Aiming to pave the way for employees with disabilities to perform to the best of their abilities and continue working vigorously, we provide trainings via the Learning Management System (LMS) to promote the understanding of employment of persons with disabilities.

Respect for Human Rights

Respect for human rights is stipulated in the Charter of Behavior [▶ see P. 02 for details](#). As means of education for the purpose, we incorporate human rights education into the curriculum of new hire training as well as distribute a video program for human rights education intended for all employees via the LMS.

At the training sessions, which refer to SDGs, employees renew their understanding of the importance of learning about human rights, learn the history of Buraku discrimination in Japan, and develop an eye to notice any and all types of discrimination and human rights problems.

(3) Occupational Safety and Health

Promoting Health and Productivity Management

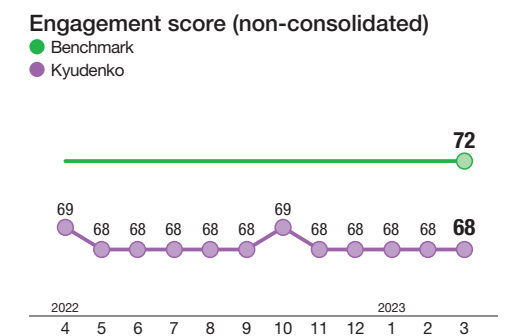
We consider our employees' health to be an important management resource. To raise our employees' awareness of "putting health first" and support their voluntary health promotion activities, we have established the "Kyudenko Health and Productivity Management Declaration." We work together as an organization to be recognized as a Certified Health & Productivity Management Outstanding Organization by achieving "a work environment with peace of mind" and "creation of a happy and agreeable work environment," as well as maintenance and improvement of the health of our employees including their families.

Please refer to the Company's website for details.
https://www.kyudenko.co.jp/en/initiatives/en_health.html



Employee Engagement

In July 2021, we launched an employee engagement survey, using the engagement measurement tool, Wevox, to strengthen the relationship of trust between employees and the Company. In April 2022, the target of the survey was expanded to include all employees. Using the results of these monthly surveys, we visualize the strengths and weaknesses of individual departments and learn about how rewarding employees feel their work is, their stress levels, their interpersonal relationships at work, and other aspects through numerical data. To build a rewarding work environment, we will promote activities to improve the organization and encourage discussions, with the aims of increasing the number of employees who are enthusiastic about their work and creating workplace environments where such employees can take up challenges and fully demonstrate their abilities, through which we intend to enhance profitability and productivity as well as reduce turnover rate.



Promotion of Work Style Reform

The Group defines work style reform as a "reform for the Company and its employees to grow together, aiming to create new values and realize a prosperous life." Since FY2017, with the Promotion Committee for Work Style Reform established directly under the President, we have been striving to work in time-effective ways by incorporating innovative technologies and ideas unhindered by existing modes. In FY2023, we established the Workstyle Reform Promotion Office and started strengthening the system for reducing the workload and improving productivity, in particular of engineers. In line with the Work Style Reform Action Plan that has been drawn up, we will implement the plan at a brisk pace. The main point of the reform currently under way is to allocate administrative employees to large job sites and technology divisions of branch offices and business offices, and transfer a part of the clerical work concerning construction work that have been handled by engineers to those administrative employee. With this all-hands-on-deck construction system, we plan to reduce the workload of engineers, curb their overtime work, and enhance their engagement.

We believe what is important in work style reform is not merely eliminating long working hours, but also aiming to improve productivity by creating new technologies and improving operational efficiency. This will result in reducing long working hours, which will in turn enable further improvement in pay. By making these efforts, we strive to ensure sustainable growth so that employees can enjoy economic affluence.

Work Style Reform Action Plan (excerpt)

	Measures	Details
Personnel Measures	① Deploy staff to large job sites	①-1 Deploy technicians • Deploy head office engineers to branch offices ahead • Deploy materials staff • Deploy technicians ①-2 Deploy clerical employees • Deploy clerical employees from head and branch offices to large job sites
	② Assign staff to sales offices (to handle small- and medium-sized construction projects)	②-1 Deploy technicians ②-2 Deploy, train, and hire clerical employees • Deploy clerical employees belonging to branch offices to technical work • Switch clerical work in branch offices to temporary employees
Work Improvement	③ Revise the policy to secure personnel	③-1 Review the work location selection system ③-2 Review the contact rehiring system ③-3 Review mid-career hires • Establish area type: new scheme • Extend reemployment period • Ease hiring criteria
	④ Transfer task	④-1 Transfer construction manager's tasks to other departments • Safety (ex. Training, etc.) • Sales (ex. receive order sheet, and issue invoices, etc.) • Affairs (ex. manage materials, subcontracting, expenses, etc.)
	⑤ Reduce workload	⑤-1 Reduce workload at technology divisions ⑤-2 Reduce workload at common and clerical divisions • Review business processes (ex. preparing documents, etc.) • Review the number of meetings and their members • Review Kyudenko Academy's training programs (ex. enrich and streamline the contents) • Review how engagement surveys should be conducted
	⑥ Improve productivity (ex. paperless, etc.)	⑥-1 Operational efficiency through DX • Use electronic official seals and review payment process • Introduce and utilize P/L management system. • Digitize construction project documents (including contracts with subcontractors)

S Society

Initiatives for Safety

Safety is a company's most important social responsibility that deserves the highest priority. With the basic philosophy of "Safety takes precedence over everything (Safety and health are the foundation for management and a major premise of all activities)," the Kyudenko Group ensures all employees thoroughly implement 'thinking and practicing' safety on their own to prevent accidents.

To implement without fail the Basic Plan for Safety and Health Management formulated at the beginning of the fiscal year, the labor and management work as one to carry out safety and health management activities based on the Occupational Safety and Health Management System (OSHMS). We aim to keep on raising the level of safety and health through continuous and effective implementation of occupational safety and health activities.

Please refer to the Company's website for details.
https://www.kyudenko.co.jp/en/initiatives/en_safety.html



Eliminating Work-Related Accidents

With regard to safety management, we provide position-based training delivered by lecturers inside and outside the Kyudenko Group to not only the Group's employees but also those who belong to our subcontracting companies at our education facility, "Kyudenko Academy," in a planned manner. In the "Safety Lore Hall Training" uniquely offered by Kyudenko, we started using a larger screen (2.1 m high, 9.0 m wide) that replaced the old one as part of equipment replacement.



Our other efforts include the creation in full swing of Kyudenko's original educational videos using illustrations and avatars with the aim of improving the safety management ability of young engineers and technicians in particular and enhancing the degree of their understanding of the trainings, which are offered for viewing at any time. For situations where it is difficult to provide group training, we also have in place an online education environment utilizing a learning management system.

We aim to eliminate work-related accidents by hammering into each worker the necessity of "compliance with work safety standards" and "risks of non-compliance" until he/she understands, becomes convinced and practices compliance with those standards.

FOCUS

Safety management activities through the use of digital technology

Sharing the findings of safety patrols utilizing image management tools

We capture the videos of safety patrols using 360-degree cameras and store the images in the image management tool so that managers of offices, branches and the head office can check the situation of operations, etc. Having multiple managers to provide suggestions and instructions on unsafe situations or actions allows us to improve the knowledge and awareness of not only construction staff but also the safety patrollers.

Since the footage of worksites can be checked with a 360-degree view, we are expanding its use into the management of working processes and quality.

Control of driving using connected AI dashboard cameras

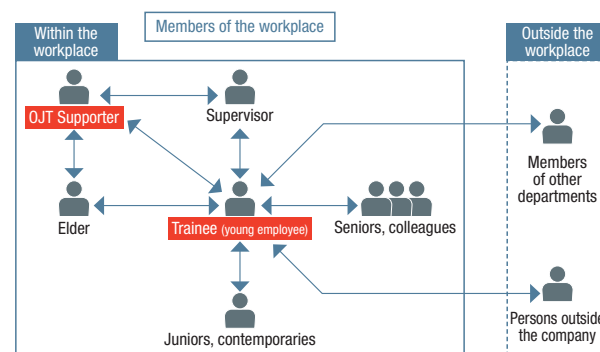
The AI automatically detects eight types of unsafe driving behaviors (distracted driving, sudden steering, ignoring stop signs, sudden back up, sudden acceleration, sudden deceleration, overspeed, and inter-vehicular gap) and immediately alerts the driver with an alarm. The system is working as a great deterrent to high-risk driving behaviors, as it reports (by sending an email) particularly unsafe driving to the manager in real time, among other functions. What is more, it is contributing to advancing the work style reform by drastically reducing the work load of managers who previously had to watch and check the recorded videos.

(4) Education and Training

Strengthen OJT for Young Employees

The Kyudenko Group has been cultivating human resources mainly through on-the-job training (OJT). In the light of the rapidly changing world these days, we see the need to change the way companies develop and train human resources to one that is better adapted to the times, while also continuing the OJT as before. It is against this background that we reviewed the OJT system for young employees in FY2021. Specifically, we clarified in internal rules that we should make use of the entire workplace in the training of young employees and established a new OJT Supporter system to provide general support for elders.

OJT support relationships diagram



Respective roles

Category	Role
OJT Supporter	① Assist and share information with the supervisor regarding education of new hires ② Provide general support to elders and new hires
Elder	① Provide operational, reflective, and mental support regarding education of new hires

Next-generation Leader Development Program – Kyudenko Management School

In FY2015, we launched the "Next-generation Leader Development Program" to develop future executives and boost the field of executive candidates who will be able to drive the Company's management. The Program develops employees who are able to take a bird's-eye view of the Kyudenko Group when they are in managerial positions, mainly through personnel rotations (career path) and education (training). Participants are divided into senior executive, special management, and management tiers for the purpose of this program.

Selected members come together four or five times a year at our training facility, Kyudenko Academy, where they engage in discussions on management issues while gaining the knowledge necessary for management. In the final session, they present a business proposal to the management.

To date, a cumulative total of 270 candidates have been selected for this program, which has led to the development of executive personnel, with executives and directors being appointed from among their number.

Training of Mid-career Hires

Aiming to secure diverse talents, the Company is increasingly hiring mid-career personnel. In view of the rising number of mid-career hires, we launched the Mid-career Hire Training Program targeting these employees in the previous fiscal year (FY2022).

The training aims to deepen their understanding of our corporate philosophy, organization, culture, history, etc., so that they can share the same sense of purpose with all other employees and become more engaged, which will lead to organizational revitalization.

This fiscal year (FY2023), which marked the second year of the program, we upgraded the trainings by introducing new content to the curriculum, including the human resources and labor affairs systems, diversity, and other topics, based on the opinions of the trainees.



(5) Coexistence with Local Communities

A Community Program, Dedicating Contributing Activities to the Local Community

We designate a certain period in mid-October every year as a community program period, dedicating contributing activities to the local community, during which we engage in contribution activities rooted in the community, such as cleaning/equipment inspection activities at community and cultural facilities using its aerial work vehicles and blood donation and provision of bazaar items to welfare facilities. We have also cooperated in community activities, such as by donating crime-prevention equipment, emergency goods to cope with disasters, traffic crossing flags, crime prevention patrol cars with rotating blue lights, and other items to administrative agencies.

This year, we donated portable power stations to administrative agencies and other organizations as a support for measures against the frequent typhoon, torrential rains and other natural disasters.

This year marked the 55th round of such activities, which have become familiar as a core of the Group's social contribution activities, and widely known and well regarded within and outside the company.



Track and Field Team

Backed by a 70-year history since its establishment, the Kyudenko Track and Field Team trains daily aiming to win the Men's and Women's All Japan Industrial Teams Ekiden and produce Olympics athletes, with the purpose of "enhancing the corporate image of Kyudenko," "boosting employee morale," and "contributing to society," based on close ties with the local community. The Kyudenko Track and Field Team has produced Japan national team members of the Olympics and World Athletics Championships and many other international games. In addition, the Team has participated in the All Japan Industrial Teams Men's Ekiden (Gunma) held on January 1 for 48 consecutive years (the longest record of all participating teams) and has participated in the All Japan Industrial Teams Women's Ekiden (Miyagi) 32 times. We will continue to work hard to produce more Japan national team members and win the Men's and Women's All Japan Industrial Teams Ekiden.



Focus

Akasaki of Kyudenko won second place in the Marathon Grand Championship (MGC)

Kyudenko's athlete Akira Akasaki won the second place in the Marathon Grand Championship (MGC) held on October 15, 2023. Akasaki was joined by team mates Horio and Otsuka, who finished sixth and eighth place, respectively.

S Society

(6) Disaster Prevention

Kyudenko EMS

Kyudenko EMS is an energy management system that makes it possible to tame the intense output fluctuations that characterize solar power, wind power and other renewable energy sources to realize a stable supply of power. Kyudenko EMS, which we developed in-house, was selected by the Ministry of the Environment, Japan, for a subsidy program in 2016, under which we built the first overseas demonstration facility in Sumba, Indonesia. The numerous inhabited islands in Indonesia were powered mostly by diesel-engine generators and tended to suffer power shortages that were hampering their industrial development. The country's government and local authorities expressed high hopes for this attempt to stabilize renewable energy supply using Kyudenko EMS.

In February 2022, we installed Kyudenko EMS in Ogi City Hall in Saga Prefecture for the first time in Japan. This project is an off-grid power supply system in which all electricity for Ogi City Hall is supplied by renewable energy 24 hours, 365 days a year without connection to power grids operated by electricity companies. This is the first case of the application of the resilience program to strengthen disaster prevention bases that is being promoted by the national government. Ogi City Hall is the first municipality in Japan to introduce a self-sufficient power supply system, in which all electricity is generated from renewable energy and used in the building without being fed back into the grid. We consider it extremely significant that we were able to introduce in Japan the system that we developed in-house based on our experience in the past years with the demonstration facility in Sumba, Indonesia. Looking ahead, we plan to steadily and widely spread the Ogi City model as a scheme designed to realize a carbon-free society and bolster disaster prevention facilities, and grow it into a new pillar of our business.

(7) Waste

Contribute to the Formation of a Circular Society

One of the Company's materialities is to "contribute to the formation of a circular society." We regard the issue of waste as one of the important social problems and plan to take measures such as 3R (reduce, reuse, and recycle) and green procurement.

(8) Innovation [Technology Development]

Technology Development at Kyudenko

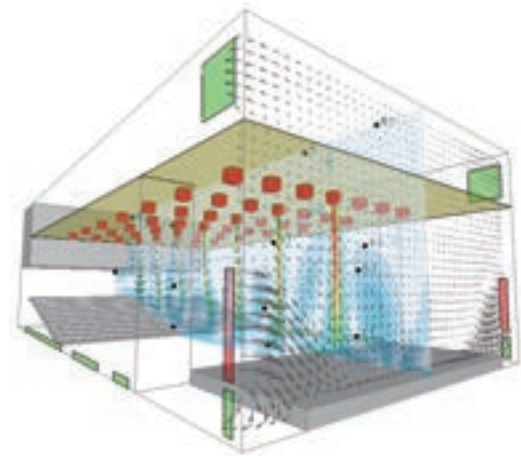
Based on the main theme of the Mid-term Management Plan, "Establish a management foundation for sustainable growth ~Realization of the three reforms~, " our Technology Development Department solves various challenges as a general engineering company, and creates value for the future society through development of cutting-edge technologies to promote sustainable growth. It assumes a role of verifying and introducing cutting-edge technologies and operational tools ahead of the Group companies and solving on-site technical issues before rolling out, while cooperating with other departments and divisions. As part of our efforts to contribute to creating a sustainable society and achieve SDGs goals, it also works on technology creation through cooperation between industry and academia and securing human resources to promote "creation of new value for the future society," "improvement of corporate value," and "improvement of operational efficiency."

Use of Cutting-Edge Technologies that Support Activities at Worksites

Validation of constructions using "air flow simulations"

The "air flow and temperature" in the completed building is a very important element to consider when designing a building. In the design phase, we implement preliminary examination of advanced HVAC quality using "heat and air flow simulations," which enables us to graphically visualize the points to suggest improvements or the energy-saving effect.

The picture shows an example of air flow simulations of a multipurpose hall, for which we explored the positioning of air outlets and inlets that prevents draft (unwanted, unpleasant current of air) in the seating area. Coordinating the system more closely with visually-oriented platforms such as 3D-CAD and BIM (building information modeling) to respond to the future more advanced design, we facilitate consensus building among related parties to ensure smooth progress of projects and improvement of construction quality.

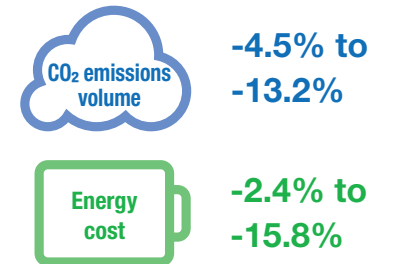


HVAC heat source control using AI technology for large stores

While the initiatives for reducing CO₂ emissions toward decarbonization are being rapidly accelerated, it is required to reduce CO₂ emissions by 51% (compared to 2013) in "Commercial Industry" which includes large-scale facilities and buildings, in order to achieve the government-set goal to reduce greenhouse gas emissions by 46% by 2030 and further aim for 50% reduction. To realize CO₂ emissions reduction in "Commercial Industry," it is key how to optimize HVAC heat source control since energy consumption by HVAC systems accounts for a large part of the total energy consumption. Meanwhile, HVAC heat source control at large-scale facilities and buildings has been traditionally conducted by maintenance personnel, leveraging their experience and intuition to adjust parameters, and issues such as succession of technologies dependent on individuals and lack of successors have arisen.

In light of this background, we worked with GRID INC., which has unique state-of-the-art AI technology, to jointly develop "Heat load prediction and digital twin to optimize Air Conditioning Heat Source Control AI" incorporating GRID's digital twin/AI-optimized technology based on their abundant experience in the social infrastructure field.

In FY2023, we are working to install the system in full scale at stores that have introduced the system on experimental basis, with an eye to installing it on individual air conditioning systems such as multi air conditioning system for buildings in the next fiscal year.



*Calculated with the assumption that energy consumption reduction effect due to "shorter operating hours" approximately equals to CO₂ emission reduction effect, energy cost effect

[Total expected effect of "improved operational efficiency" and "shorter operating hours" obtained from trial experiments at three facilities]

Initiatives for Cooperation between Industry and Academia

Development of Illuminance Measurement Robots using a Swarm Robot System

In December 2021, we concluded a Comprehensive Collaboration Agreement with Kyushu University with the aim of "creating innovation toward solving social problems." Subsequently, in FY2022, we launched a project in collaboration with Kurazume Laboratory (Graduate School of Information Science and Electrical Engineering, Kyushu University) to jointly develop "Illuminance Measurement Robots using a Swarm Robot System." In FY2023, we plan to bring demonstrative robots into the worksites. (The picture on the right is a prototype of illuminance measurement robot)



Going forward, we will further expand the scope of collaborative cooperation, push on with the "improvement of sophistication and labor-saving in design, construction and survey using robotic technology," thereby leading to our further development and evolution together with our Corporate Strategic Planning Division, DX Promotion Department, Technology Division and Green Innovation Business Division.

Effective use of combustion ash from wood biomass power plant

For the purpose of effectively using combustion ash emitted from the wood biomass power plant operated by the Group, we work to explore the recycling of combustion ash as materials for fertilizers, examine its effectiveness as fertilizer for plant cultivation, and look for suitable crops for which the fertilizer can be used. The results of our initiatives in FY2021 confirmed that combustion ash fertilizer is usable as substitute for potassium fertilizer.

Leveraging these, we will promote the improvement of economics of each industry and the revitalization of local communities, aiming to complement the establishment of a circular society in realizing a carbon-free society the Group is working on.

In addition, from FY2022, we started a new initiative for examining the cultivation of "fast-growing Japanese paulownia" to explore the wood which is used as source of fuel at the wood biomass power plant. Since "fast-growing Japanese paulownia" grows faster than traditional paulownia, and has properties to absorb CO₂ three times as much compared to cedar and cypress, it is expected to help ensure local and stable supplies of wood. Therefore, this initiative is positioned as key to establishing a circular society and realizing a carbon-free society.

Cooperating universities: Hiroshima University, University of Miyazaki, and National Institute of Technology, Kagoshima College



Image of wood biomass power generation and combustion ash circulation

S Society

(9) Innovation [DX]

The Kyudenko Group will improve its services as an integrated utilities engineering service company through the promotion of DX and thus enhance its corporate advantage, while at the same time contributing to the local community by solving social issues.

In order to contribute to “reform of productivity,” one of the three reforms in the Mid-term Management Plan, we are currently promoting streamlining and labor saving by fundamentally reviewing our business processes as well as utilizing cutting-edge technology and information technology. In the future, we hope to transform our corporate culture and adapt to Society 5.0, where cyber and physical spaces will be highly integrated, thus developing a strong corporate structure and high profitability that will enable us to beat the competition in Japan and around the globe.



Kyudenko has been certified as a DX-certified operator by the Ministry of Economy, Trade and Industry.

Progress of DX project

F Finished project **O** Ongoing project **C** Project under consideration

Use of company-issue smartphones by all employees (Create an internal digital environment)	Development of remote work environment (Create an internal digital environment)	Improve operational efficiency with paperless and seal-less operations (Create an internal digital environment)
<ul style="list-style-type: none"> F Distribute company-issue smartphones to all employees F Use of e-mail, chat functions, and file sharing F Build business card management system O Use in safety and worksite management 	<ul style="list-style-type: none"> F Use of cloud functions for e-mail and file servers F Mobile PC distribution plan O Reinforce internal infrastructure environment F Boost teleconferences and web conferences 	<ul style="list-style-type: none"> F Eliminate use of paper at executive meetings O Standardize various conference materials O Eliminate need to place seals on paper documents and develop document workflow O Prepare for reevaluation of intranet
<p>Reevaluation of work processes (1) (Reevaluate processes and reform operations with digital technology)</p> <ul style="list-style-type: none"> F Replace accounting system O Reevaluate power distribution system O Reevaluate sales system O Reevaluate purchasing system C Reevaluate estimation and construction systems 	<p>Reevaluation of work processes (2) (Reevaluate processes and reform operations with digital technology)</p> <ul style="list-style-type: none"> F Introduce Learning Management System (LMS) F Introduce talent management system O Replace attendance, personnel and payroll systems F Build P&L administration system O Introduce outsourcing operations platform 	<p>Building of company-wide shared databases (Reevaluate processes and reform operations with digital technology)</p> <ul style="list-style-type: none"> O Build company-wide shared databases O Build shared operations database C Expand past data analysis functions
<p>Research and introduction/verification of AI (Promotion of use of latest technology)</p> <ul style="list-style-type: none"> O Introduce AI air-conditioning control system O Research and study for use of AI O Cooperation with start-ups 	<p>Promotion of use of construction DX (Promotion of use of latest technology)</p> <ul style="list-style-type: none"> O Information exchange with industry peers O Cooperation with general contractors and design firms O Research and study of BIM and large-scale VDI 	<p>Development and placement of digital talent (Establishment of systems and development of talent to support digitalization)</p> <ul style="list-style-type: none"> O Plan for reinforcement and development of DX Promotion Department staff O Plan for appointment and development of local DX promotion staff O Digital literacy improvement plan for all employees

Digitalization of On-site Operations

Reduction of workload on site through digitization

The Company will implement DX at construction sites by both reducing overtime work and improving productivity through the development of digital infrastructure and the promotion of operational reforms, thus overcoming the construction industry’s 2024 problem (regulations limiting overtime work) and strengthening its management foundation for further expansion of its business.

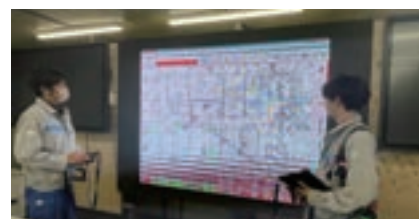
In FY2022, we aimed for the realization of paperless work and teleworking by developing internal infrastructure that could handle high-speed, large-capacity communications, while at the same time lending smartphones, tablet terminals, and mobile PCs to employees who needed them, and we are beginning to see some results from our digitization efforts.

Call for ideas for operational efficiency through digitization

We solicit ideas from a wide range of divisions, branches, and offices, listen to the problems they are facing on-site, and test-implement various digital tools suited to on-site situations to solve these problems.

For example, we have utilized a smartphone application for turnout management through low-code development and implemented on-site verification of a tool that allows multiple people to share information by writing on drawings and blueprints at the same time.

If the results of the implementation tests conducted at each location show that these tools can be effective, we will proceed with the company-wide horizontal rollout of these measures.



Holding a meeting using signage



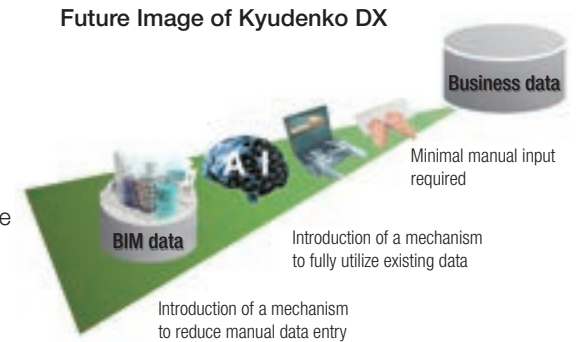
Conducting a safety morning meeting using an information sharing tool

Vision of Information System the Kyudenko Group Aims For

Transformation to information system that enables data-driven management

The Group aims for “data-driven management” in which management decisions are based on objective data, and is building an information system and databases that will help implement it.

We are making efforts to reduce the amount of manual data entry into the information system by promoting research on the use of BIM and AI for the future, as well as eliminating duplicate entry into the information system and entry of underutilized data to reduce the input workload of employees. In addition, we are focusing on creating an environment that can guarantee the confidentiality, availability, and integrity of business data while simplifying the composition of increasingly complex databases.



Business utilization of generative AI

ChatGPT, which has become synonymous with generative AI, is now recognized as a common service available to everyone and has the potential to revolutionize intellectual work in our lives and society in the future. However, use of ChatGPT, which is publicly available on the internet, runs the risk of having confidential company information stored as learned data when we put in questions of such nature. Therefore, our Group has built a dedicated generative AI environment on our existing business chat tool “direct” to provide an environment where interactions with generative AI can be utilized without having them leaked to outside parties.

Going forward, we will promote the use of generative AI for tasks such as doing research and summarizing minutes to improve on-site business efficiency.

Holistic Enhancement of Information Security

The digital infrastructure development that we have implemented since FY2021 has made it possible to access company data from a variety of company devices.

Addressing security risks that hinder the utilization of corporate data is a major issue for the Kyudenko Group. Accordingly, we have designated FY2023 as the “**First Year of Kyudenko Group Information Security**” and have initiated holistic measures in technology, organization, people, and physical aspects. While we are currently focusing on security infrastructure enhancement measures (technical measures), we will also implement organizational measures such as the establishment of a cyber security system, as well as regular security education, training, and awareness-raising activities for officers and employees to prevent damage from cyber attacks. Also at our affiliated companies, we plan, just as at Kyudenko, to initiate endpoint security measures, internal fraud and information leakage countermeasures, and e-mail security measures by the end of FY2023.

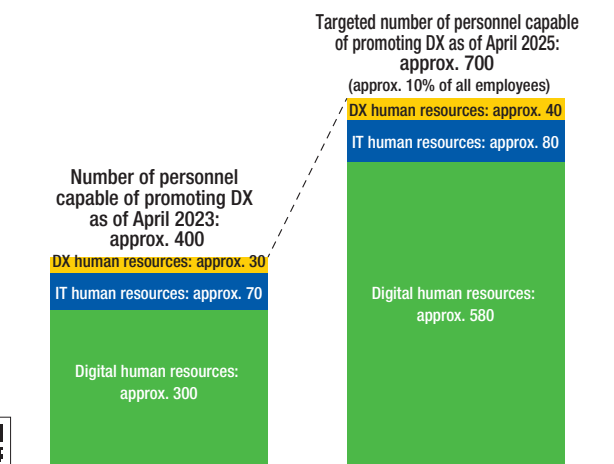
Contents of specific measures

Technical measures	<ul style="list-style-type: none"> Antivirus measures including early detection of ransomware Measures against unauthorized access Measures against information leakage/tampering Reinforcement of monitoring systems
Organizational measures	<ul style="list-style-type: none"> Establishment of an information security promotion system Establishment of internal regulations
Personnel measures	<ul style="list-style-type: none"> Security education and training Educational activities to create awareness
Physical measures	<ul style="list-style-type: none"> Disaster measures Access control

Recruitment and Development of Human Resources Who Can Promote DX

The Ministry of Economy, Trade and Industry (METI) has announced that global digitization will cause a shortage of up to 790,000 IT personnel by 2030. The Group also faces an urgent need to secure human resources who will be future generalist and IT professional candidates. We are recruiting for a wide range of positions, from new graduates to advanced level engineers, and focusing on developing DX and IT human resources.

At the same time, as part of measures to improve the digital literacy of officers and employees, the Company has revised its internal regulations regarding the budgeting of examination fees and the provision of rewards, thus encouraging as many employees as possible to challenge themselves to obtain Di-Lite qualifications recommended by the METI (IT Passport, Deep Learning for GENERAL, and Data Scientist Certification).



Please refer to the Company’s website for details about the digital promotion human resource development plan.
https://www.kyudenko.co.jp/en/initiatives/en_dx.html



*IT human resources include personnel from the Group’s system development companies.

G Corporate Governance

The Kyudenko Group aims for (1) sustainable growth and long-term increase of our corporate value through the realization of our Corporate Philosophy, (2) support and trust by stakeholders including shareholders, customers and local community, and (3) realization of appropriate and efficient corporate management. Consequently, we established the Kyudenko Corporate Governance Guidelines, and we will continue to work to realize the best possible corporate governance.

Please refer to the Company's website for details.
https://www.kyudenko.co.jp/en/enir/cg/en_guideline.html

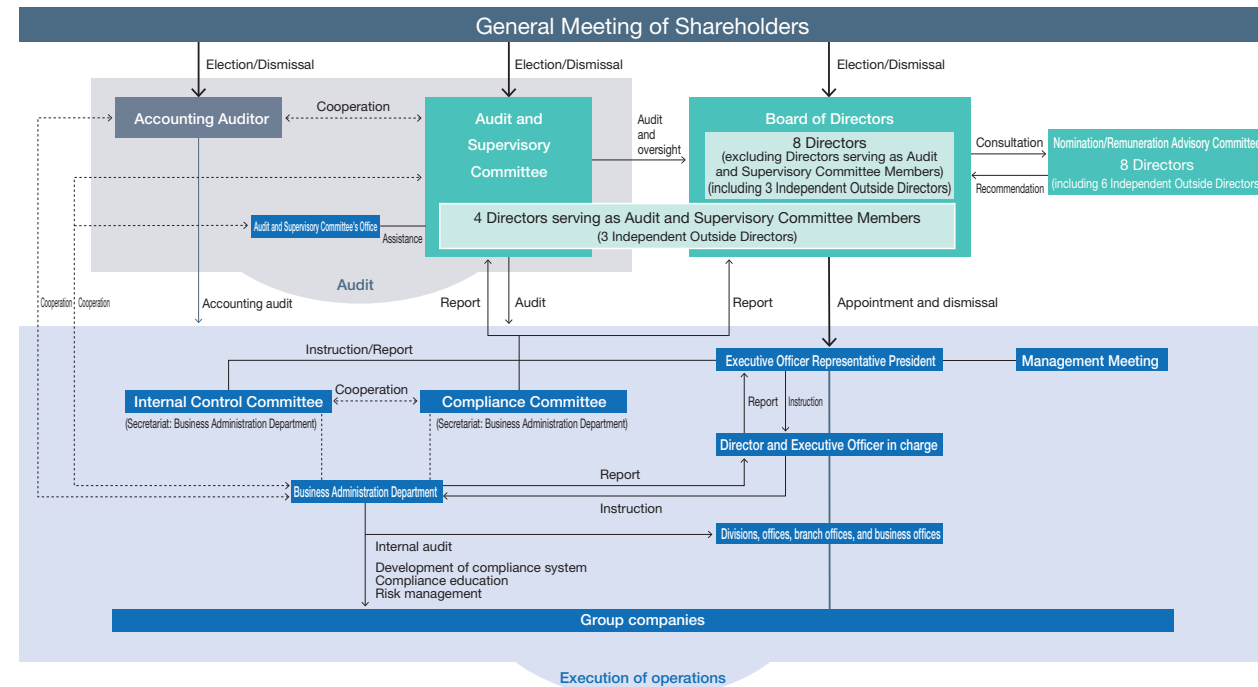


Corporate Governance System

With the aim of further strengthening the supervisory function of the Board of Directors and further enhancing the corporate governance system, the Company transitioned from a Company with Audit & Supervisory Board to a Company with Audit and Supervisory Committee with the resolution at the Annual General Meeting of Shareholders held in June 2022.

In addition, we have adopted the "Executive Officer system" to separate the "decision-making and oversight function" and the "execution of operations function" of the Board of Directors and to implement efficient and speedy management and have established an "internal control system" to harmonize risk management, efficiency, and legality of operations to "enhance corporate governance."

Corporate governance system



Board of Directors

The Company has adopted a system where the Board of Directors determines important matters and oversees execution of operations, while the Executive Officers dedicate themselves to executing operations based on decisions made by the Board of Directors. The Board of Directors consists of 12 Directors, of which six are Outside Directors (including one female), and they meet once a month in principle.

The Company also regularly holds the Management Meeting (once a week) to discuss matters which require prior discussion and matters on important business execution, which are among the matters to be deliberated at the meetings of the Board of Directors, and the Meeting of Branch Office General Managers (12 times a year) to confirm the status of business execution.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four members including one full-time internal Audit and Supervisory Committee Member who is familiar with the Company's business, and three outside Audit and Supervisory Committee Members who have extensive experience and wide-ranging knowledge as corporate managers. The Committee meets once a month in principle. The full-time Audit and Supervisory Committee Member has been engaged in the finance and accounting divisions of the Company for many years and has extensive knowledge of the divisions.

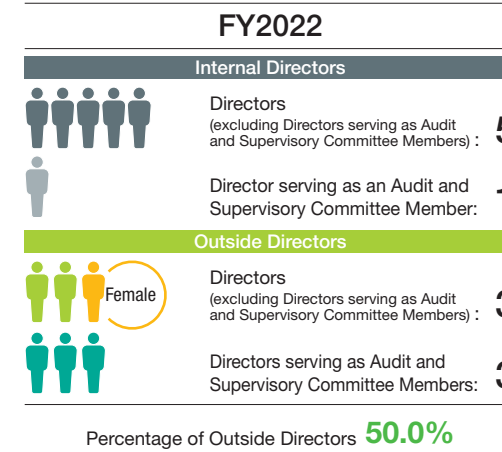
Nomination Advisory Committee

In order to ensure transparency in decision-making and independence and objectivity of the functions of the Board of Directors, the Company has established the Nomination Advisory Committee consisting of three or more members, a majority of whom are Independent Outside Directors. The Committee discusses, among other things, proposals for the General Meeting of Shareholders regarding the nomination and dismissal of Directors, matters related to the selection of the Representative Directors and Directors with specific titles, succession plans, and the composition of the Board of Directors in terms of gender and skill diversity, and reports the contents of these discussions to the Board of Directors.

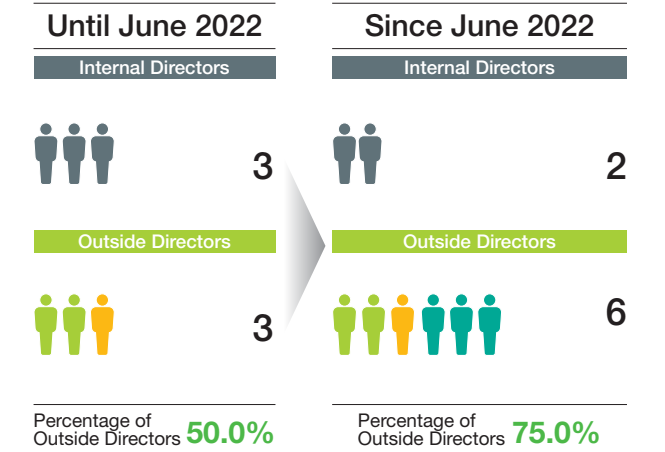
Remuneration Advisory Committee

In order to ensure transparency in decision-making, and independence and objectivity of the functions of the Board of Directors, the Company has established the Remuneration Advisory Committee consisting of three or more members, a majority of whom are Independent Outside Directors. The Committee discusses proposals for the General Meeting of Shareholders regarding revisions to the total amount of remuneration for Directors, the remuneration system for Directors (excluding Directors serving as Audit and Supervisory Committee Members) and Executive Officers, and individual remuneration amounts, and reports to the Board of Directors.

Composition of the Board of Directors



Composition of the Nomination Advisory Committee and Remuneration Advisory Committee



Outside Officers

The number of Outside Directors of the Company is six, of which three are elected as Outside Directors serving as Audit and Supervisory Committee Members. All the Outside Directors have been confirmed to fall under none of the grounds for disqualification prescribed by the Independence Standards for Outside Officers established by the Company and deemed to have no conflict of interest with general shareholders of the Company. The Company thus has filed a notification to designate them as Independent Officers stipulated by the Tokyo Stock Exchange.

Independence Standards for Outside Officers

An Outside Officer is determined to be independent by the Company if none of the following attributes applies to:

- The Outside Officer himself/herself, his/her spouse, or his/her relative within the second degree of kinship:

- 1 A person who is an executive of the Company or a group company of the Company or was an executive of the Company or a group company of the Company within the past 10 years prior to his/her appointment as an Outside Officer.
- 2 A person who is an executive of a corporation that is a business partner of the Company, and in any of the most recent three past fiscal years of the Company, has made payments to the Company representing more than 2% of non-consolidated net sales of the Company in that fiscal year; or a person who is an executive of a financial institution, which provides indispensable financing to the Company, and cannot be easily replaced because of the Company's reliance on the financing from such institution.
- 3 A person who is an executive of a corporation of which the Company is a business partner, and in any of the most recent three past fiscal years of the Company, has received payments from the Company representing more than 5% of non-consolidated net sales of such corporation in its most recent fiscal year.
- 4 A person who received remuneration exceeding 10 million yen directly from the Company in any of the most recent three past fiscal years of the Company for providing professional services concerning law, accounting, tax affairs, or consulting services to the Company (excluding compensation as Director of the Company) (If the recipient of such remuneration is an organization, a person who is affiliated with such organization).
- 5 A person who belongs to an organization or an entity that received a donation or aid exceeding 10 million yen per year on average over the most recent three past fiscal years of the Company.
- 6 A person who is an executive of a corporation, etc. that is a shareholder of the Company which substantially owns 10% or more of the voting rights of the Company.

Compliance System

The Compliance Committee (chaired by the Executive Officer and President) is established to determine the basic policy and activities for compliance, prepare plans, confirm the implementation method, and discuss measures, etc.

The Business Administration Department draws up and amends Compliance Regulations and manuals while continuously conducting compliance education as a division in charge of compliance, and the Kyudenko Group Compliance Desk is also available for direct reporting and consultation by employees.

Any information received at the Compliance Desk is investigated, analyzed, and organized, and then reported to the Compliance Committee as well as the Board of Directors.

Internal Control System and Risk Management System

As part of the effort to develop its internal control system and risk management system, the Company has built an "internal control system" that is both efficient and legal, while making use of the legal compliance system and corporate culture that it has built up to date. In addition, the Company promotes compliance activities throughout the Group and endeavors to enhance transparency and fairness in management, thereby contributing broadly to society while living up to the trust of shareholders, customers, local communities, and other stakeholders, and "improving corporate value."

Please refer to the Company's website for details.
https://www.kyudenko.co.jp/en/enir/cg/en_internal.html



Our Initiatives Concerning the Corporate Governance Code

The Company is working to improve its corporate governance. As a company listed on the Tokyo Stock Exchange (TSE), the Company aims to achieve sustained growth and increase its corporate value in the medium to long term by complying with each of the principles of the Corporate Governance Code set forth in TSE's Securities Listing Regulations and disclosing pertinent information.

Please refer to the Company's website for details.
https://www.kyudenko.co.jp/en/enir/cg/en_code.html



G Corporate Governance

Overview of Evaluation of Board of Directors Effectiveness

We conducted an evaluation based on a registered questionnaire for all 12 Directors conducted in March 2023.

The purpose of the annual evaluation is to regularly verify whether the Board of Directors is functioning properly, and take appropriate measures such as correcting problems and enhancing strengths in order to ensure the board carries out its role and responsibilities effectively. Based on the results of the questionnaire, issues and points for improvement are identified and shared to improve the effectiveness of the Board of Directors going forward.

FY2022 Board of Directors effectiveness evaluation	
Evaluation result	The Board of Directors was concluded to be effective based on the analysis of the survey results, given that the overall average evaluation score was higher than last year.
Selected issues	Director training
Measures	Although the average evaluation score for training has improved from the previous year, it is still lower than the average scores for other questions. Therefore, we will continue to consider and implement specific measures this fiscal year.

Status of Audit

Audit by the Audit and Supervisory Committee

The Audit and Supervisory Committee conducts an audit in accordance with the "Code of Audit and Supervisory Committee Auditing and Supervising Standards" established by the Audit and Supervisory Committee, and also with the audit policy, audit plan, audit methods, assignment of duties, etc. In the current fiscal year, the Committee designated, as a priority audit item, the implementation status of the most important initiatives in the Basic Management Policy, in addition to basic audit items such as the status of execution of duties by Directors and the establishment and operation of the internal control system.

The Company has established the Audit and Supervisory Committee's Office with Audit and Supervisory Officer and five dedicated staff members, which assists the duties of the Audit and Supervisory Committee and its members.

Internal audit

Under the yearly plan, the Business Administration Department that is responsible for conducting internal audits evaluates whether management activities of each department/division are performed according to the management policy, and audits whether such activities are appropriately processed according to internal rules such as regulations, administrative authority, and manuals to report the audit results and measures for improvement to the Internal Control Committee (chaired by the Executive Officer and President). The deliberations of the Internal Control Committee are reported directly to the Board of Directors and the Audit and Supervisory Committee.

Accounting audit

The Company has concluded an audit contract with Ernst & Young ShinNihon LLC. Two of the audit firm's certified public accountants carried out the accounting audit, neither of whom has audited the Company for more than seven consecutive years. In the year ended March 31, 2023 (the 95th fiscal year), the Company paid 60 million yen as fees for the audit and certification services. There is no special interest between the Company and Ernst & Young ShinNihon LLC or the Engagement Partners.

Cooperation of the Audit and Supervisory Committee with the internal audit division and the Accounting Auditor

● Status of cooperation with the internal audit division

Regular meetings were held with the Business Administration Department, which is the internal audit division, to receive reports on internal audit plans, audit implementation status, and audit results, to exchange opinions, and to provide information on the results of on-site inspections of branches and subsidiaries conducted by the full-time Audit and Supervisory Committee Member, thus enhancing mutual cooperation.

The full-time Audit and Supervisory Committee Member attended the Internal Control Committee meetings, and the General Manager of the Business Administration Department, who has jurisdiction over the internal audit division, attended the Audit and Supervisory Committee meetings to report on the proceedings of the Internal Control Committee meetings and exchange opinions.

In addition, consultations and information received at the Compliance Desk were reported regularly or as needed by the Business Administration Department, which is in charge of the internal reporting system.

● Status of cooperation with the Accounting Auditor

The Audit and Supervisory Committee maintained appropriate cooperation with the Accounting Auditor through regular meetings and the exchange of information and opinions as needed, and worked to improve the quality and efficiency of auditing on both sides.

Specifically, at the beginning of the fiscal year, the Audit and Supervisory Committee received an explanation of matters such as an audit plan from the Accounting Auditor regarding a priority audit item, audit schedule, audit system, and digital initiatives, and exchanged opinions with them.

FY2022: Cooperation between the Audit and Supervisory Committee and the Accounting Auditor

Cooperation	April	May	June	July	August	September	October	November	December	January	February	March
Explanation of audit plan and quarterly review plan				○								
Quarterly review report				○			○			○		
Audit report (the Companies Act and the Financial Instruments and Exchange Act)		○	○									
Internal control audit report			○									
Regular meetings						○						○
Exchange of information and opinions		○	○	○	○	○	○	○	○	○		○

Remuneration, etc. of Officers

The Company's Board of Directors has resolved a policy for determining the content of remuneration, etc. for individual Directors (excluding Directors serving as Audit and Supervisory Committee Members) (hereinafter referred to as the "Determination Policy").

The Board of Directors has also confirmed that the remuneration, etc. for each individual Director for the current fiscal year are in line with the Determination Policy in that the method of determining the content of remuneration and the content of the remuneration, etc. that has been determined are consistent with the Determination Policy and in that the recommendations from the Remuneration Advisory Committee have been given due consideration.

Policy on determining the details of individual remuneration, etc., for Directors

1 Basic policy	We position the remuneration plan for Officers as an important element of "fair treatment" for Officers who are responsible for the development of the Company, and have the following basic policy. (1) The details must be appropriate for appointing and securing excellent human resources who will realize our corporate philosophy. (2) The details must contribute to the stable and sustainable improvement of corporate value. (3) The remuneration plan shall be highly independent, objective, and transparent, and the details shall be accountable to various stakeholders.
2 Level of remuneration	In consideration of the business environment surrounding the Company, the salary level of employees, and the level of remuneration for officers of other companies, incentives are set to improve performance.
3 Procedure for determining remuneration	(1) The system of remuneration for Officers and the amount of individual remuneration shall be deliberated by the Remuneration Advisory Committee, a majority of which is composed of Independent Outside Directors, and determined by the Board of Directors. (2) The Board of Directors resolves that the amount of individual remuneration for Officers shall be entrusted to the Executive Officer and President, and he/she shall make a decision based on the report of the Remuneration Advisory Committee.
4 Composition structure	(1) Directors (excluding Directors serving as Executive Officers or Audit and Supervisory Committee Members) Remuneration shall be fixed monetary remuneration and fixed stock remuneration determined for each position, and no bonuses or retirement benefits shall be paid. Furthermore, the ratio of fixed monetary remuneration to fixed stock remuneration shall be approximately 90:10, and Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall receive only fixed monetary remuneration in light of their duties. (2) Directors serving as Executive Officers Remuneration shall be fixed monetary remuneration, variable monetary remuneration, and fixed stock remuneration determined for each position, and no bonuses or retirement benefits shall be paid. Furthermore, when 100% of the performance targets are achieved, the ratio of fixed monetary remuneration to variable monetary remuneration to fixed stock remuneration shall be approximately 60:30:10.
5 Details of each remuneration	(1) Fixed monetary remuneration A certain amount of basic remuneration determined for each position is fixed monthly remuneration. (2) Variable monetary remuneration Variable monetary remuneration shall be provided by adding or subtracting the monthly remuneration for the next fiscal year according to the degree of achievement of the performance targets for each fiscal year, and the degree of achievement of the performance-linked base amount determined by position shall be calculated based on the degree of achievement of the "consolidated net sales" and "consolidated ordinary profit" targets for each fiscal year, as well as the results of individual evaluations for each fiscal year. The target "consolidated net sales" and "consolidated ordinary profit" are determined by the Board of Directors based on the figures announced every fiscal year. (3) Fixed stock remuneration For the purpose of providing incentives for the improvement in medium- to long-term performance and the increase in corporate value, points equivalent to the number of shares determined by position shall be awarded at a certain time each year, and at the time of retirement, the Company's shares shall be delivered according to the cumulative number of points.

Outline of the fixed stock remuneration plan

The plan is a stock remuneration plan where a trust established by the Company through the contribution of money (hereinafter the "Trust") acquires the Company's shares, and the number of the Company's shares equivalent to the number of points that the Company grants to each Director will be delivered to each Director through the Trust.

1 Eligible persons of the plan	Directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors)
2 Target period	Three fiscal years (The target period may be extended by determination of the Board of Directors)
3 Maximum amount of money to be contributed by the Company as a source of capital for the Company's shares necessary to deliver to the eligible persons as specified in 1 during the target period of three fiscal years as stated in 2	Total of 180 million yen (If the target period is extended, the maximum amount is the number of fiscal years extended multiplied by 60 million yen.)
4 Method of acquiring the Company's shares	Method of disposal of treasury stock or method of acquisition on the exchange market (including Off-Hours trading)
5 Maximum number of points awarded to the eligible persons as specified in 1	25,000 points per fiscal year
6 Basis for granting points	Points are awarded according to position, etc.
7 Timing of delivery of the Company's shares to the eligible persons as specified in 1	In principle, at the time of retirement

G Corporate Governance

Matters concerning the resolution of the General Meeting of Shareholders regarding remuneration, etc.

The amounts of monetary remuneration for Directors were resolved at the Annual General Meeting of Shareholders held in June 2022 as follows:

- The maximum amount of remuneration for Directors (excluding Directors serving as Audit and Supervisory Committee Members) shall be 700 million yen per year (including 50 million yen per year for Outside Directors).
- The maximum amount of remuneration for Directors serving as Audit and Supervisory Committee Members shall be 110 million yen per year.
In addition, the amount of stock remuneration, which is separate from the monetary compensation, was resolved at the Annual General Meeting of Shareholders held in June 2023 as follows:
 - The maximum amount of money to be contributed to the Trust shall be 180 million yen in total for the target period consisting of three fiscal years.
 - The maximum total number of points to be granted as stock remuneration shall be 25,000 points per fiscal year.

Matters concerning delegation of authority to determine the details of individual remuneration, etc. for Directors

At the Company, the Executive Officer and President determines the specific details of the amount of remuneration for each individual Director (excluding Directors serving as Audit and Supervisory Committee Members) based on a resolution of delegation by the Board of Directors. This authority pertains to the allocation of variable monetary remuneration based on business performance, and the reason for delegating the authority is that he is judged to be most familiar with the Company's business situation and can flexibly determine the amount of remuneration while taking a bird's-eye view of the Company's overall performance.

The Board of Directors has established the Remuneration Advisory Committee to ensure that such authority is properly exercised by the Executive Officer and President and that the Executive Officer and President determines individual remuneration based on its recommendation. Thus, the authority thus delegated is deemed to be in line with the Determination Policy.

Matters concerning remuneration, etc., for Directors serving as Audit and Supervisory Committee Members

The remuneration for Directors serving as Audit and Supervisory Committee Members consists only of fixed monetary remuneration in consideration of their role of supervising overall management from a standpoint independent of business execution, and is determined through discussions among the Audit and Supervisory Committee Members.

Disclosure of Information to and Communication with Shareholders and Investors

Disclosure of information

The IR activities are promoted to ensure transparency of corporate activities and enhance the soundness of management by disclosing financial statements, securities reports, and other documents for which disclosure is required by the stock exchange as well as important facts to shareholders and investors in a timely and appropriate manner, in addition to publishing the Group's management policy, business activities, compliance activities, social contribution activities, and various other information on the Company's website and its Integrated Report.

Enhancement of communication

Please refer to the Company's website for details.
https://www.kyudenko.co.jp/en/enir/cg/en_code.html



The IR activities of the Company are conducted by the Finance Division, which is in charge of IR, in cooperation with the Business Administration Department, Corporate Strategic Planning Division, and General Affairs Division to promote communication with stakeholders including shareholders.

The Executive Officer and President and Officer responsible for finance hold a financial results briefing for analysts and institutional investors twice a year, and materials for the briefing are disclosed on the Company's website. The Company also holds individual briefings and responds to interviews for analysts, institutional investors, and individual investors as necessary. The summary of such financial results briefings and individual briefings is reported at the Management Meeting and the Board of Directors meeting to share the information with the Directors.

IR activities

	FY2022
Financial results briefing	2 times
Conference with overseas investors	3 times
Briefings for individual investors	8 times
Individual meetings, other	227 times

Status of communication, etc.

The following are the main questions, requests, and communication themes at the financial results briefings held in FY2022.

1. Business environment surrounding the Company

- Status of factory construction trends and redevelopment projects in the Kyushu area where the Company is based
- Status of profitability at the time of order receipt
- Future development of Uku solar power project
- Risks associated with rising material and labor costs

2. Shareholder returns

- Our approach to shareholder returns

3. Mid-term Management Plan

- Possibility of achieving targets of 500.0 billion yen in net sales and 50.0 billion yen in ordinary profit

4. Others

- Downside risk of performance forecasts

Message from the Outside Directors



Sumio Kuratomi
Director (part-time)

Career summary

June	2013	Representative Director and President, NISHI-NIPPON RAILROAD CO., LTD.
June	2016	Representative Director and President Executive Officer, NISHI-NIPPON RAILROAD CO., LTD.
June	2016	Director, the Company (to the present)
April	2021	Representative Director and Chairman, NISHI-NIPPON RAILROAD CO., LTD. (to the present)

I am always conscious of offering my honest opinions on various initiatives and aims, from the two perspectives of whether they meet societal needs and whether they lead to the growth of the company. The Kyudenko Group is a corporate group that contributes to society through its main businesses of power distribution line work, electrical work, and HVAC and sanitary facility work, as well as business activities in the renewable energy field and other areas with high social and environmental affinity. We hope to continue to anticipate societal needs of society and make proposals through bodies such as the Board of Directors so that we can strive toward business activities with concrete initiatives and vision.

Extremely important in the continued growth of the Kyudenko Group are the human resources that underpin this growth. It is heartening to me that the company has incorporated a number of people-oriented initiatives in its Mid-term Management Plan, including bolstering the education system for young people and introducing employee engagement.

The current favorable business environment—particularly in Kyushu—is serving as a tailwind for the Kyudenko Group. There is concern, however, that the employees involved in this could potentially overextend themselves. In the interest of dispelling this concern, we have high hopes for the efforts of the Workstyle Reform Promotion Office, newly established this fiscal year. While I believe that individual departments have been focusing on reducing workloads, I am convinced that our efforts will gain speed and effectiveness now that we have created a company-wide, cross-functional organization. While following the PDCA cycle, we look forward to a status report to the Board of Directors.

There will continue to be frenetic change in the environment enveloping companies. That is why I expect this company to become the Kyudenko of Japan, as well as of Asia, by implementing the initiatives set forth in its Long-term Vision and Mid-term Management Plan—with its Corporate Philosophy as a pillar, and by steadily ramping up its efforts year by year.



Hiroko Shibasaki
Director (part-time)

Career summary

April	2012	Executive Officer and General Manager of Fukuoka Branch Office, TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.
April	2015	Managing Executive Officer, TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.
April	2018	Advisor, TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD. (retired in March 2019)
June	2019	Outside Director, Audit and Supervisory Committee Member, MAZDA MOTOR CORPORATION (to the present)
June	2021	Director, the Company (to the present)

It is my third year since I became an Outside Director. In the interest of enhancing the effectiveness of the Board of Directors, we have had the opportunity to observe training and conduct site visits to see how employees are rooted in the community and enriching their lives. In addition, by deepening our conversation directly with the people at the worksites, we were able to learn about unexpected issues and how harsh the present situation is. Our intent is to provide awareness. With this in mind, we will constantly work toward resolving risks and issues from the standpoint and perspective of our stakeholders.

We are making progress in terms of the objectives of the Mid-term Management Plan, and we are growing remarkably from a leading enterprise in Kyushu into a national and global entity. However, there are numerous issues—such as climate change, Japan's 2024 problem, and securing human resources—that cannot be resolved overnight. A century after the Great Kanto Earthquake, infrastructure development and maintenance, as well as future urban development and construction needs are rapidly advancing. While our company is certainly on the leading edge of this trend, it cannot have been easy to

ensure safety during the summer given the extreme temperatures.

The basis for all measures is ensuring compliance, safety, and security. In Japan—a country with a high incidence of disasters—it is essential to ascertain the potential risks in advance and how we might prevent them from occurring.

As with risk management, the company's growth and corporate culture are created through human resource development and diversity, as well as the awareness, potential, and challenges of each individual. I was the first female manager and executive in the non-life insurance industry, and at first I faced only high barriers. As we worked day by day to overcome these obstacles, an increasing number of people reached out to us, and we saw the fruits of our efforts. These were the result of mutual, diligent study and cooperation. While the company maximizes its employees' strengths as human assets, it is vital for individuals to take an interest in their surroundings.

By 2044—the year Kyudenko will celebrate its 100th anniversary—many changes are expected to occur, including digital transformation, carbon neutrality, and geopolitical risks. I hope we will all push forward with spirit toward realizing a sustainable society.

Message from the Outside Directors



Tatsuya Kaneko

Director (part-time)

Career summary

June 2005	Managing Officer, TOYOTA MOTOR CORPORATION (retired in June 2011)
June 2011	Director and Senior Managing Executive Officer, DAIHATSU MOTOR CO., LTD.
June 2013	Vice President and Director, DAIHATSU MOTOR CO., LTD. (retired in June 2015)
June 2015	Representative Director and President, TOYOTA MOTOR KYUSHU, INC.
June 2018	Representative Director and Chairman, TOYOTA MOTOR KYUSHU, INC. (retired in June 2021)
June 2022	Director, the Company (to the present)

A year has passed since I was appointed an Outside Director. I believe that at the Board of Directors meetings, the secretariat provides detailed explanations—in advance, as well as during meetings—operates the forum in a manner that encourages the voicing of opinions, and responds sincerely to questions and opinions.

Now, I would like to note two points that I personally bear in mind as Outside Director.

First, I feel that the most important role of management is an appropriate response to future changes, so I would like to ensure my antenna are up to enable me to convey information on noteworthy changes and to offer opinions that will lead to awareness.

Currently, a large gear is about to be set into motion in the arenas of global politics and economics. The environment surrounding Japan is in the midst of drastic change. Japan is at a very critical juncture regarding its ability to put an end to nearly 30 years of deflation and set its economy back on track. With such major change taking place, we believe it is vital to proactively seize opportunities—even for newly

created plans—and we must be bold enough to revise them if needed.

Second, with regard to performing management for the purpose of achieving a balance between needs and resources, I think the Kyudenko Group is positioned on the resource, i.e. technology side of the business. Since I personally am on the marketing side of things, I would like to raise the issue from that perspective while also playing a role in the Director's diversity.

It is my view that, going forward, securing human resources in Japan will become increasingly difficult. In this case, careful selection is important on the demand side (business), as is proper prioritization. Meanwhile, the resource side (people, equipment, and funds) is also required to resolve complex problems such as raising productivity through DX and enhancing engagement. We are no longer in an era in which jobs (demand) increase constantly as in the past. Naturally, Kyudenko's policies and Mid-term Management Plan have been formulated based on such considerations. In promoting this, I would like to raise the issue from the aforementioned perspective.



Yukinori Michinaga

Director Audit and Supervisory Committee Member (part-time)

Career summary

June 2016	Managing Executive Officer, SAIBU GAS CO., LTD.
April 2019	Representative Director and President, Executive Officer, SAIBU GAS CO., LTD.
June 2019	Audit & Supervisory Board Member, the Company
April 2021	Representative Director and President, Executive Officer, SAIBU GAS HOLDINGS CO., LTD. (to the present)
June 2022	Director, Audit and Supervisory Committee Member, the Company (to the present)

As an Outside Director, I am particularly mindful of bolstering management oversight by auditing both the legality and propriety of business execution and offering appropriate opinions and advice at the Board of Directors meetings.

I have been involved in the energy business for a long time, with the bulk of my experience having been accumulated in the IT and ICT fields. Given that our company's integrated utilities engineering service and my experience in the energy business are closely linked to the provision of optimal energy services through a variety of facilities and equipment, we need to pay attention to the propriety of business execution from the perspectives of energy conservation, carbon neutrality, and efficiency through the implementation of DX.

Kyudenko has undertaken a bold change to a structure in which half of the members of the Board of Directors are Outside Directors. Through active discussion from a variety of perspectives, we believe that we have achieved great improvement in management oversight.

Meanwhile, in a swiftly changing business environment, it is vital to make accurate decisions speedily. To this end, we believe enhancing information provision to Outside Directors is essential. Although the Audit and Supervisory

Committee continues to receive sufficient information through means such as provision in advance of Board meeting materials and explanations of agenda items, as well as periodic briefings concerning internal audits, compliance, and internal controls, we will continue working to obtain a broad range of timely information and promote sweeping discussions based on factors such as risk with the aim of strengthening governance.

We concentrate on strengthening human capital in our promotion of sustainability management. Under the Human Resource Development Charter, we are already focusing on the development of young people. The key to achieving sustainable growth amidst a rapidly changing environment is to cultivate human resources who do not simply accept the status quo, who are always curious, and who possess the spirit of continuous self-improvement and accepting of challenges. In addition to bolstering and enhancing our systems, I would like everyone to work cooperatively to foster a corporate culture that appreciates employees who take on challenges.

As the Kyudenko Group approaches its upcoming 100th anniversary, I am determined to contribute to the Group's steady growth.



Toru Yoshizako

Director Audit and Supervisory Committee Member (part-time)

Career summary

June 2009	Executive Officer, General Manager of Kagoshima Branch Office, KYUSHU ELECTRIC POWER CO., INC.
June 2013	Representative Director and Vice President, KYUSHU ELECTRIC POWER CO., INC. (retired in June 2016)
June 2016	Representative Director and President, KYUDEN SANGYO CO., INC. (retired in June 2021)
June 2021	Audit & Supervisory Board Member, the Company
June 2022	Director, Audit and Supervisory Committee Member, the Company (to the present)

I was appointed an Outside Audit & Supervisory Board Member in June 2021 and an Audit and Supervisory Committee Member in June 2022. Now that I am in my third year, I increasingly feel the weight of responsibility as I have the authority to exercise my voting rights at the Board of Directors meetings.

At meetings of the Audit and Supervisory Committee and the Board of Directors, we leverage our experience to provide opinions and recommendations from an external perspective with the aim of exercising management supervision and auditing the Directors' execution of their duties.

Also, for the purpose of communicating with executive officers in workplaces, we have attended two in-person audits so far. Including each branch's audit result reports, we recognized that each of them has fully ascertained the issues in the workplace and is indeed working to accurately resolve them in line with company-wide policies. I believe it is important that this situation continue, and that top management and head office managerial personnel further promote dialogue with the workplaces.

With regard to safety in particular, we are monitoring it with considerable interest from the viewpoint of a former engineer in the power transportation sector. Despite a number of disaster prevention measures having been implemented based on past disaster instances, it is difficult to eliminate serious accidents caused by electric shocks, crashes, and heavy machinery. This can be attributed to basic behaviors and established rules not being adhered to. My hope is that, through dialogue, we will be able to persuade employees and business partners to comply. Moreover, work style reform will become more and more common in the future. We are aware that safety is the greatest social responsibility a company can have imposed on it. Let us be sure not to let the pursuit of simple efficiency lead to the neglect of safety.

Based on a sound management foundation that incorporates compliance, a safety-first mindset, and fairness and transparency, I look forward to making significant strides toward the realization of our Long-Term Vision.



Hidetoshi Soeda

Director Audit and Supervisory Committee Member (part-time)

Career summary

March 2015	Director and Managing Executive Officer, General Manager of Sales & Marketing Div., Head of Tokyo Branch Office, SEIKO ELECTRIC CO., LTD.
March 2018	President and Representative Director, General Manager of Sales & Marketing Div., SEIKO ELECTRIC CO., LTD.
March 2019	President and Representative Director, SEIKO ELECTRIC CO., LTD. (to the present)
June 2021	Audit & Supervisory Board Member, the Company
June 2022	Director, Audit and Supervisory Committee Member, the Company (to the present)

I have served as an Audit & Supervisory Board Member for one year and as a Director, Audit and Supervisory Committee Member for two years. My view is that Kyudenko's governance is effective, as outside officers with wide-ranging experience provide a variety of proposals to both the Board of Directors and the Audit and Supervisory Committee.

In the briefings that precede the Board of Directors meetings, explanatory materials are clearly organized and provided in an easily comprehensible format, and the workplace side offers detailed explanations, ensuring an open dialogue. Their opinions are also reflected in discussions at meetings of the Board of Directors. We have had many opportunities to visit solar power generation facilities and the Kyudenko Academy, which have been very helpful in deepening our understanding of our business.

We believe that governance in overseas operations is crucial for the Kyudenko Group. Because cultural differences can cause governance-related issues in certain countries and regions due to barriers to understanding and communication, it is important that information related to foreign operations be transparent and accurate from the

perspective of the parent company. In this context, I feel that my role as an Outside Director is to draw on my considerable experience in overseas business and provide advice when appropriate.

We feel that the challenge for Kyudenko will be how to clearly communicate its intent with regard to contributing to societal demands, including carbon neutrality and the SDGs, to not only capital markets but to its employees as well as new hires. When speaking with President Ishibashi, he says repeatedly—and very passionately, I might add—“Our company should not simply pursue profits. We want to create a fine workplace where employees are able to do their jobs comfortably. It's impossible for us to create new value for society unless our employees are happy.” If President Ishibashi's “purpose based management” permeates the entire company, it should lead to the further creation of corporate value. I expect great things!

Management Team of Kyudenko

Directors



Ichirou Fujii

Director and Chairman

June 2018 Director and Managing Executive Officer, KYUSHU ELECTRIC POWER CO., INC.
 June 2020 Representative Director and Executive Vice President, KYUSHU ELECTRIC POWER CO., INC. (retired in June 2023)
 June 2023 Joined the Company, Director and Chairman (to the present)



Kazuyuki Ishibashi

Executive Officer
 Representative President

April 1982 Joined the Company
 April 2015 Director and Managing Executive Officer
 April 2017 Director and Senior Managing Executive Officer
 June 2020 Director and Vice President Executive Officer
 June 2022 Representative Director and Vice President Executive Officer
 June 2023 Executive Officer Representative President (to the present)



Shinji Kato

Director
 Audit and Supervisory Committee Member

April 1982 Joined the Company
 April 2012 General Manager, Corporate Planning Div.
 April 2017 President of Kyudenko Academy, Human Resources and Labor Affairs Div.
 June 2019 Audit & Supervisory Board Member
 June 2022 Director, Audit and Supervisory Committee Member (to the present)



Yukinori Michinaga

Director
 Audit and Supervisory Committee Member (part-time)

June 2016 Managing Executive Officer, SAIBU GAS CO., LTD.
 April 2019 Representative Director and President, Executive Officer, SAIBU GAS CO., LTD.
 June 2019 Audit & Supervisory Board Member, the Company
 April 2021 Representative Director and President, Executive Officer, SAIBU GAS HOLDINGS CO., LTD. (to the present)
 June 2022 Director, Audit and Supervisory Committee Member, the Company (to the present)



Masaaki Jono

Representative Director
 Vice President Executive Officer
 Responsible for overall operations

April 1973 Joined the Company
 June 2015 Director and Managing Executive Officer
 April 2017 Director and Senior Managing Executive Officer
 June 2020 Director and Vice President Executive Officer
 June 2022 Representative Director and Vice President Executive Officer (to the present)



Keizo Fukui

Director
 Senior Managing Executive Officer
 Responsible for business administration (legal, compliance, and internal control) and finance

July 2006 General Manager, e-Business Sales Dept., MIZUHO CORPORATE BANK, LTD. (currently MIZUHO BANK, LTD.)
 May 2009 Joined the Company, General Manager, Sales Dept., Tokyo Head Office
 June 2019 Director and Managing Executive Officer
 June 2023 Director and Senior Managing Executive Officer (to the present)



Toru Yoshizako

Director
 Audit and Supervisory Committee Member (part-time)

June 2009 Executive Officer, General Manager of Kagoshima Branch Office, KYUSHU ELECTRIC POWER CO., INC.
 June 2013 Representative Director and Vice President, KYUSHU ELECTRIC POWER CO., INC. (retired in June 2016)
 June 2016 Representative Director and President, KYUDEN SANGYO.CO., INC. (retired in June 2021)
 June 2021 Audit & Supervisory Board Member, the Company
 June 2022 Director, Audit and Supervisory Committee Member, the Company (to the present)



Hidetoshi Soeda

Director
 Audit and Supervisory Committee Member (part-time)

March 2015 Director and Managing Executive Officer, General Manager of Sales & Marketing Div., Head of Tokyo Branch Office, SEIKO ELECTRIC CO., LTD.
 March 2018 President and Representative Director, General Manager of Sales & Marketing Div., SEIKO ELECTRIC CO., LTD.
 March 2019 President and Representative Director, SEIKO ELECTRIC CO., LTD. (to the present)
 June 2021 Audit & Supervisory Board Member, the Company
 June 2022 Director, Audit and Supervisory Committee Member, the Company (to the present)



Tomoyuki Oshima

Director
 Senior Managing Executive Officer
 Representative, Tokyo Head Office and General Manager, Technology Div.

April 1981 Joined the Company
 April 2015 Executive Officer, General Manager, Saga Branch Office
 April 2017 Senior Executive Officer, General Manager, Saga Branch Office
 April 2019 Managing Executive Officer, President, Tokyo Branch Office, Tokyo Head Office
 June 2020 Managing Executive Officer, General Manager, Sales Div., Tokyo Head Office
 June 2023 Director and Senior Managing Executive Officer, Representative, Tokyo Head Office and General Manager, Technology Div. (to the present)



Sumio Kuratomi

Director (part-time)

June 2013 Representative Director and President, NISHI-NIPPON RAILROAD CO., LTD.
 June 2016 Representative Director and President Executive Officer, NISHI-NIPPON RAILROAD CO., LTD.
 June 2016 Director, the Company (to the present)
 April 2021 Representative Director and Chairman, NISHI-NIPPON RAILROAD CO., LTD. (to the present)



Hiroko Shibasaki

Director (part-time)

April 2012 Executive Officer and General Manager of Fukuoka Chuo Branch, TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.
 April 2015 Managing Executive Officer, TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.
 April 2018 Advisor, TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD. (retired in March 2019)
 June 2019 Outside Director, Audit and Supervisory Committee Member, MAZDA MOTOR CORPORATION (to the present)
 June 2021 Director, the Company (to the present)



Tatsuya Kaneko

Director (part-time)

June 2005 Managing Officer, TOYOTA MOTOR CORPORATION (retired in June 2011)
 June 2011 Director and Senior Managing Executive Officer, DAIHATSU MOTOR CO., LTD.
 June 2013 Vice President and Director, DAIHATSU MOTOR CO., LTD. (retired in June 2015)
 June 2015 Representative Director and President, TOYOTA MOTOR KYUSHU, INC.
 June 2018 Representative Director and Chairman, TOYOTA MOTOR KYUSHU, INC. (retired in June 2021)
 June 2022 Director, the Company (to the present)

Skills Matrix of the Board of Directors

Name	Positions and responsibilities	Nomination Advisory Committee	Remuneration Advisory Committee	Corporate management/ Management strategy	Expected skill areas						
					Finance/ Accounting	Legal/Risk management	HR and labor affairs/HR development	Sales/Marketing	Technology/ R&D/Safety	Sustainability/ ESG/DX	Global experience
Ichirou Fujii	Director and Chairman	✓	✓	✓		✓	✓			✓	
Kazuyuki Ishibashi	Executive Officer Representative President	✓	✓	✓			✓	✓		✓	
Masaaki Jono	Representative Director Vice President Executive Officer			✓					✓	✓	✓
Keizo Fukui	Director Senior Managing Executive Officer			✓	✓	✓			✓		
Tomoyuki Oshima	Director Senior Managing Executive Officer			✓					✓	✓	✓
Sumio Kuratomi	Director	Outside Independent	✓	✓	✓	✓				✓	✓
Hiroko Shibasaki	Director	Outside Independent Female	✓	✓	✓		✓			✓	
Tatsuya Kaneko	Director	Outside Independent	✓	✓	✓				✓	✓	✓
Shinji Kato	Director Audit and Supervisory Committee Member					✓	✓	✓			
Yukinori Michinaga	Director Audit and Supervisory Committee Member	Outside Independent	✓	✓	✓				✓	✓	
Toru Yoshizako	Director Audit and Supervisory Committee Member	Outside Independent	✓	✓	✓				✓	✓	
Hidetoshi Soeda	Director Audit and Supervisory Committee Member	Outside Independent	✓	✓	✓				✓	✓	✓

*This matrix does not represent all the expertise and experience possessed by Directors.

Management Team of Kyudenko

Executive Officers (excluding those who concurrently serve as Directors)



Yasuhiro Yamamoto
Senior Managing Executive Officer
General Manager, Sale Div.



Tadatsugu Kitagawa
Senior Managing Executive Officer
General Manager, Fukuoka Branch Office



Kazuhiro Suyama
Managing Executive Officer
General Manager, Technology Div.
Responsible for procurement



Kenji Morita
Executive Officer
Responsible for Electric Power Div.



Hitoshi Yasukawa
Executive Officer
Responsible for Secretarial Office, human resources and labor affairs, and general affairs



Akira Shirouzu
Executive Officer
General Manager, Finance Div.



Takahiro Hokahori
Managing Executive Officer
General Manager, Electric Power Div.
Responsible for safety



Katsuhisa Kinoshita
Managing Executive Officer
General Manager, Green Innovation Business Div.



Ryoji Manabe
Senior Executive Officer
Deputy General Manager, Technology Div.



Yujiro Kishida
Executive Officer
Deputy General Manager, Green Innovation Business Div. and General Manager, International Business Department, Technology Div.



Hiroyuki Yamashita
Executive Officer
Seconded to Ergotech Co., Ltd.



Takashi Ishimatsu
Executive Officer
General Manager, Tokyo Branch Office, Tokyo Head Office



Yoichi Sato
Senior Executive Officer
Deputy General Manager, Sale Div.



Tomoyuki Soeda
Senior Executive Officer
Responsible for corporate strategic planning and DX promotion



Eiji Funatsu
Senior Executive Officer
General Manager, Oita Branch Office



Shinji Mitsuyama
Executive Officer
General Manager, Kagoshima Branch Office



Masahiro Tomoike
Executive Officer
General Manager, Nagasaki Branch Office



Kazuhiro Mimura
Executive Officer
General Manager, Sales Div., Tokyo Head Office



Masakiyo Amakawa
Executive Officer
Deputy General Manager, Green Innovation Business Div. and General Manager, Infrastructure Business Div.



Hideaki Ushijima
Executive Officer
Reporting to Green Innovation Business Div.



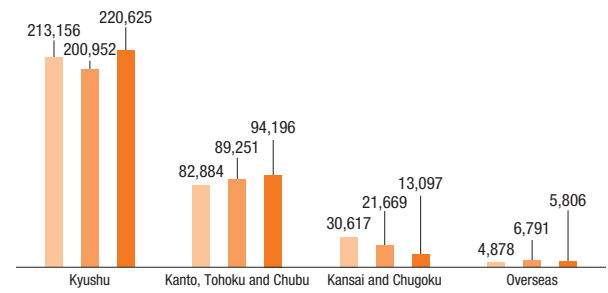
Dai Kinoshita
Executive Officer
General Manager, Business Development Dept., Sale Div.



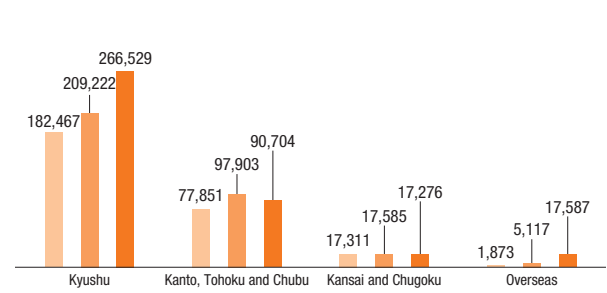
Financial and Non-financial Highlights

Financial information

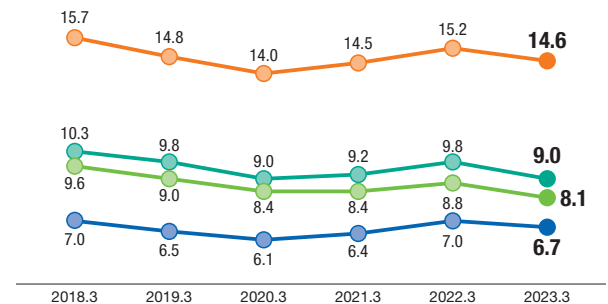
Sales by region (consolidated, excluding power distribution line work) (unit: million yen)
 ■ 2021.3 ■ 2022.3 ■ 2023.3



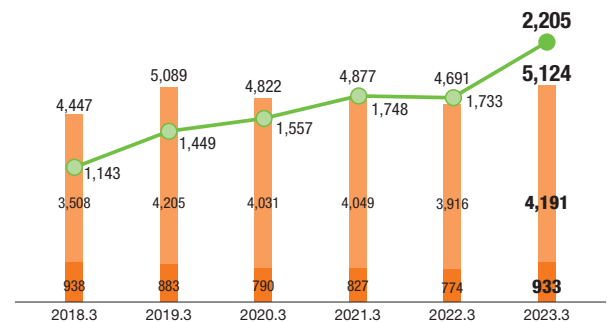
Orders by region (consolidated, excluding power distribution line work) (unit: million yen)
 ■ 2021.3 ■ 2022.3 ■ 2023.3



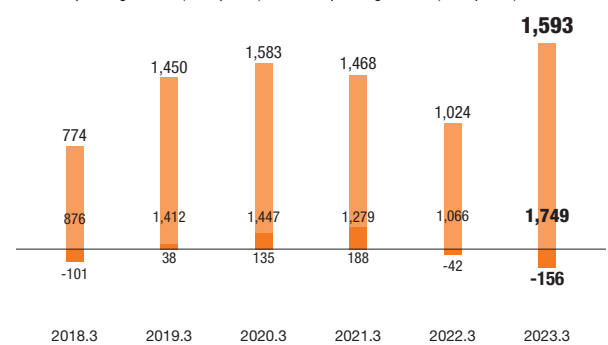
Transition of profit ratio (consolidated) (unit: %)
 ● Gross profit ratio ● Operating profit ratio ● Ordinary profit ratio ● Net profit margin



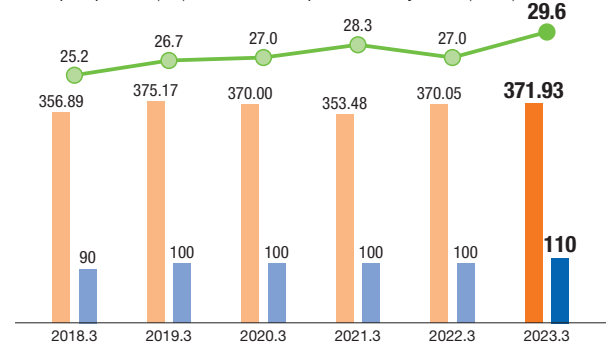
Status of power generation business (consolidated, operated by the Group) (unit: million yen)
 ■ Sales (wind power) ■ Sales (solar power) ● Operating profit



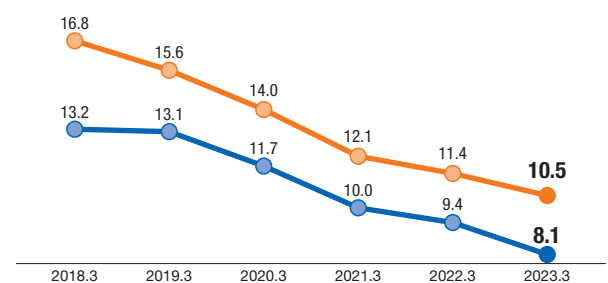
Status of power generation business (consolidated, equity investment) (unit: million yen)
 ■ Non-operating income (wind power) ■ Non-operating income (solar power)



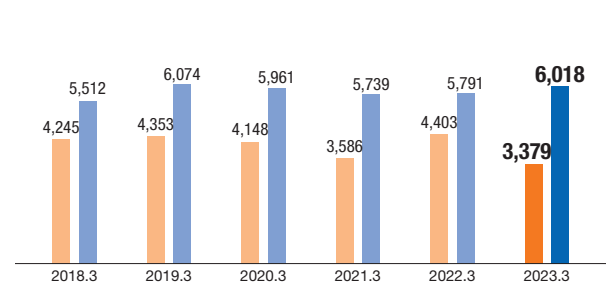
EPS, cash dividends (consolidated) (unit: yen)
 ■ Net profit per share (EPS) ■ Cash dividends per share ● Payout ratio (unit: %)



ROE, ROIC (consolidated) (unit: %)
 ● ROE ● ROIC

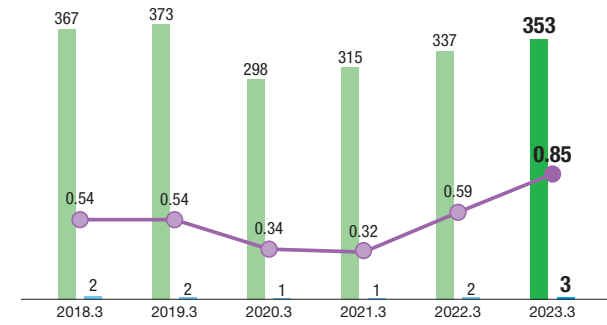


Capital investment, depreciation and amortization (consolidated) (unit: million yen)
 ■ Capital investment ■ Depreciation and amortization

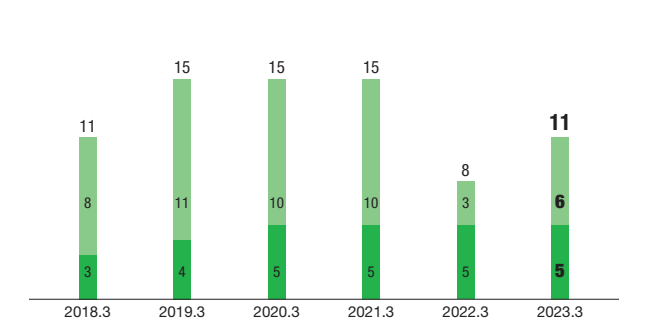


Non-financial information

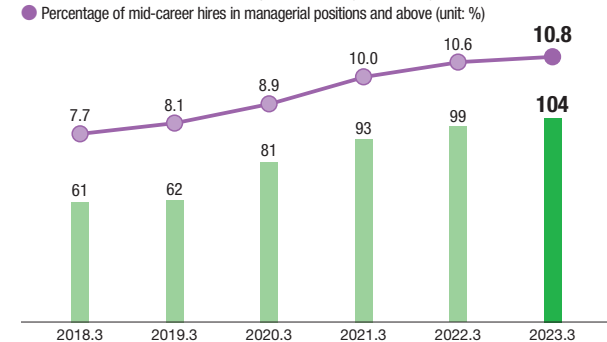
Ratio of women in managerial positions (non-consolidated) (unit: %)
 ■ Number of persons in managerial positions (unit: persons) ● Percentage of women in managerial positions (unit: %)
 ■ Number of women in managerial positions (unit: persons)



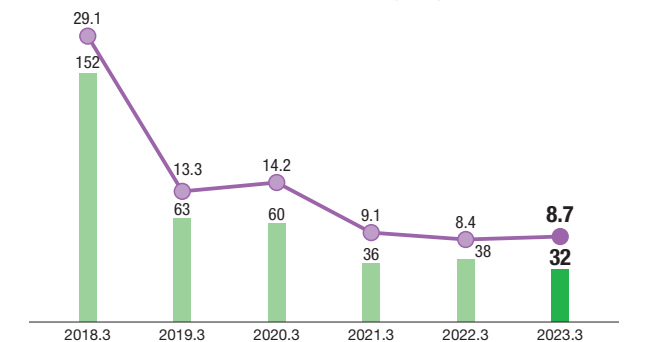
Current number of non-Japanese employees (non-consolidated) (unit: persons)
 ■ Regular employees ■ Non-regular employees



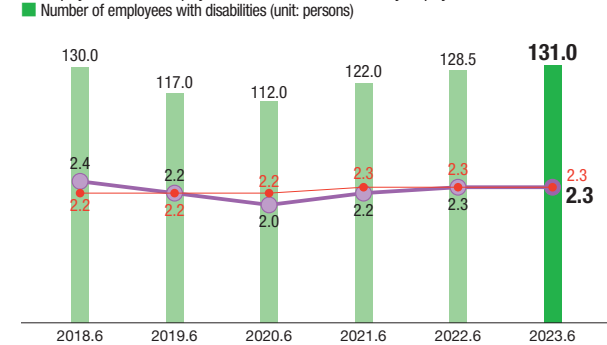
Promotion of mid-career hires to managerial positions (non-consolidated)
 ■ Number of mid-career hires in managerial positions (unit: persons) ● Percentage of mid-career hires in managerial positions and above (unit: %)



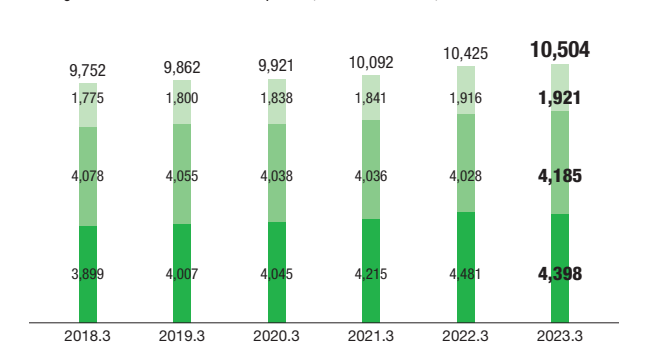
Results of mid-career recruitment (non-consolidated) (unit: persons)
 ■ Number of mid-career hires ● Ratio of mid-career hires (unit: %)



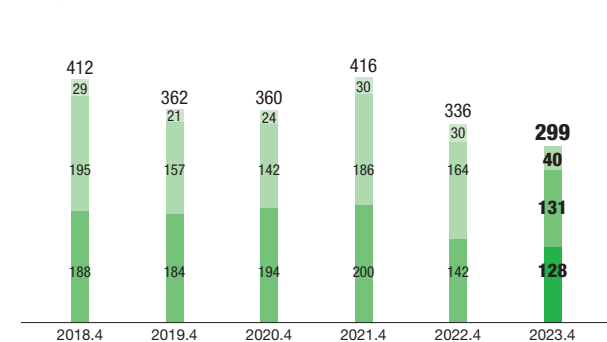
Employment rate of employees with disabilities (non-consolidated) (unit: %)
 ● Employment rate of employees with disabilities ● Statutory employment rate
 ■ Number of employees with disabilities (unit: persons)



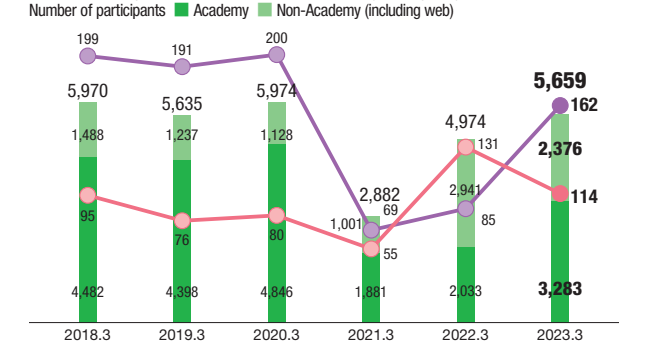
Number of employees (consolidated, employed) (unit: persons)
 ■ Engineers ■ Technicians ■ Salespersons, administrative staff, etc.



Results of periodic recruitment (non-consolidated) (unit: persons)
 ■ Engineers ■ Technicians ■ Salespersons, administrative staff, etc.



Number of training held and number of participants (unit: times and persons)
 Number of training held ● Academy ● Non-Academy (including web)
 Number of participants ■ Academy ■ Non-Academy (including web)



10-year Financial Summary

Financial item	(Unit: million yen)									
	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3
Sales	279,310	315,949	311,346	341,771	360,872	408,143	428,939	391,901	376,563	395,783
Operating profit	7,136	16,757	25,197	30,732	34,726	36,747	36,022	32,998	33,137	32,083
Ordinary profit	8,908	18,163	27,551	32,187	37,342	39,924	38,643	35,906	36,828	35,462
Profit attributable to owners of parent	3,681	11,517	17,901	22,297	25,296	26,691	26,245	25,042	26,216	26,349
Capital investment	14,226	7,606	6,127	7,469	4,245	4,353	4,148	3,586	4,403	3,379
Depreciation and amortization	4,305	5,262	5,475	5,449	5,512	6,074	5,961	5,739	5,791	6,018
Research and development costs	313	288	255	235	286	326	290	254	267	290
Cash flows from operating activities	12,767	19,117	10,776	14,187	29,903	26,054	38,222	9,184	5,252	17,386
Cash flows from investing activities	(14,456)	(11,816)	(13,597)	(17,951)	(3,717)	(11,298)	(12,136)	(4,232)	(7,536)	(3,113)
Free cash flow	(1,688)	7,300	(2,820)	(3,763)	26,185	14,755	26,086	4,951	(2,284)	14,273
Cash dividends paid	733	1,190	2,295	3,732	5,635	7,108	7,099	7,084	7,086	7,087
Net assets	94,438	104,658	113,199	141,503	164,139	182,176	197,442	221,741	241,194	263,017
Total assets	225,727	254,942	262,040	300,478	325,153	357,271	368,482	366,532	378,396	446,410
Interest-bearing debt	25,319	33,939	31,986	36,128	20,078	19,189	17,854	15,772	14,259	37,560
	(Unit: yen)									
Net profit per share	51.95	174.54	272.45	327.22	356.89	375.17	370.00	353.48	370.05	371.93
Net assets per share	1,405.38	1,555.33	1,693.45	1,995.00	2,269.48	2,534.46	2,761.07	3,102.61	3,375.43	3,681.85
Cash dividends per share	13	25	45	70	90	100	100	100	100	110
Operating profit ratio (%)	2.6	5.3	8.1	9.0	9.6	9.0	8.4	8.4	8.8	8.1
Net profit margin (%)	1.3	3.6	5.7	6.5	7.0	6.5	6.1	6.4	7.0	6.7
Gross profit margin (%)	9.1	11.7	14.5	15.2	15.7	14.8	14.0	14.5	15.2	14.6
Return on equity (ROE) (%)	3.9	11.9	16.7	17.8	16.8	15.6	14.0	12.1	11.4	10.5
Return on asset (ROA) (%)	1.6	4.7	6.9	7.9	8.1	7.8	7.2	6.8	7.0	6.4
Return on invested capital (ROIC) (%)	3.9	8.5	11.9	13.0	13.2	13.1	11.7	10.0	9.4	8.1
Equity ratio (%)	41.1	40.3	42.4	46.6	49.7	50.5	53.1	60.0	63.2	58.4
Total asset turn over (times)	1.2	1.3	1.2	1.2	1.1	1.1	1.2	1.1	1.0	1.0
Payout ratio (%)	25.0	14.3	16.5	21.4	25.2	26.7	27.0	28.3	27.0	29.6

Report on Financial Results and Financial Analysis

(1) Overview of financial results for the year ended March 31, 2023

During the fiscal year ended March 31, 2023, the economy was supported by increased capital investment in Japan, mainly in the manufacturing sector, while prices of various goods and services, including energy, rose due to heightened geopolitical risks. In addition, the impact of COVID-19 on business activities has been subsiding since the summer expansion period.

While several large projects were ordered amid the apparent rise in material and labor prices, the Group was required to employ difficult order-winning strategies such as those for securing construction capacity and negotiating prices. Also, the full-scale start of construction of a large mega solar project, which had been delayed, was further postponed, mainly due to the impact of COVID-19.

Recognizing the realities of this business environment and taking into account a summary of FY2021, the Group identified FY2022, the third year of the current Mid-term Management Plan (which lasts for five years, from FY2020 to FY2024), as the year of "practice of business reforms adapted to changes in the environment." In particular, we focused on company-wide efforts to "Improve productivity by implementing business reforms" and "Promote price negotiations to reflect rising material and labor costs" in order to solve the biggest challenges we faced, such as the receipt of orders for and the execution of large-scale projects and the sharp rise in material and labor costs.

Facility work

The value of orders received increased by 65,032 million yen (17.3% increase) to 440,507 million yen as compared to the fiscal year ended March 31, 2022, as sales and technology divisions adopted a unified approach to sales in order to earn orders for large redevelopment projects and projects that had been delayed due to the COVID-19 pandemic, while responding to capital investment and expansion of data centers in the manufacturing industry, mainly in Kyushu.

Sales increased by 15,914 million yen (4.4% increase) to 380,355 million yen due to strong orders, despite sluggish growth resulting from delays in the start of construction of large solar installations.

Segment income (operating profit) decreased by 1,619 million yen (5.3% decrease) to 28,908 million yen as compared to the fiscal year ended March 31, 2022, due to the increased proportion of large new construction projects with relatively low profit margins that we had received in the previous fiscal year or earlier, and increased fixed costs associated with the increase of newly consolidated subsidiaries, DX investment, and post-COVID measures, despite the increase in sales.

Other business

Sales increased by 3,305 million yen (27.3% increase) to 15,428 million yen as compared to the fiscal year ended March 31, 2022, due to increases in the power generation and facility management businesses.

Segment income (operating profit) increased by 513 million yen (20.5% increase) to 3,015 million yen as compared to the fiscal year ended March 31, 2022, due to an increase in sales.

(2) Overview of financial position as of March 31, 2023

Assets

Current assets increased by 61,241 million yen to 278,220 million yen as compared to March 31, 2022, as a result of factors such as an increase in cash on hand and in banks.

Fixed assets increased by 6,773 million yen to 168,189 million yen as compared to March 31, 2022, as a result of factors such as an increase in asset for retirement benefits.

As a result, total assets increased by 68,014 million yen to 446,410 million yen as compared to March 31, 2022.

Liabilities

Current liabilities increased by 18,244 million yen to 141,691 million yen as compared to March 31, 2022, as a result of factors such as an increase in advances received on uncompleted construction contracts.

Long-term liabilities increased by 27,947 million yen to 41,702 million yen as compared to March 31, 2022, as a result of factors such as an increase in long-term debt.

As a result, total liabilities increased by 46,192 million yen to 183,393 million yen as compared to March 31, 2022.

Net assets

Total net assets increased by 21,822 million yen to 263,017 million yen as compared to March 31, 2022, as a result of factors such as the recording of profit attributable to owners of parent.

(3) Overview of cash flows for the year ended March 31, 2023

Cash and cash equivalents (hereinafter referred to as "Cash") as of March 31, 2023 increased by 26,060 million yen to 63,851 million yen as compared to March 31, 2022.

Cash flows from operating activities

Cash provided by operating activities was 17,386 million yen (an increase of 12,134 million yen in cash inflow as compared to the fiscal year ended March 31, 2022).

This was mainly due to the recording of profit before income taxes and an increase in advances received on uncompleted construction contracts, which exceeded an increase in notes and accounts receivable on completed construction contracts, an increase in inventories, and consumption tax payments.

Cash flows from investing activities

Cash used in investing activities was 3,113 million yen (a decrease of 4,423 million yen in cash outflow as compared to the fiscal year ended March 31, 2022).

This was mainly due to the expenditures for purchase of investments in securities and purchase of property and equipment, which exceeded proceeds from sales of investments in securities.

Cash flows from financing activities

Cash provided by financing activities was 11,615 million yen (an increase of 21,807 million yen in cash inflow as compared to the fiscal year ended March 31, 2022).

This was mainly due to proceeds from long-term debt exceeding the expenditures for payment of cash dividends and repayments of long-term debt.

(4) Future outlook

In the construction industry going forward, prices are expected to rise, especially labor costs, and there are concerns about a shortage of construction capabilities that is likely to result, for example, from improving the labor environment in preparation for regulations limiting overtime work from FY2024. With the largest amount of work ever in progress, the Group needs to establish an optimal workforce system while promptly responding to regulations limiting overtime work, and we recognize that these are the biggest challenges we face.

Recognizing the realities of this environment, we have determined that in order to solve the challenges we face, it is essential to fundamentally review our past methods, approaches, and systems, to realize group-wide work style reform, and to improve productivity. We have set the theme of the Basic Management Policy for FY2023, the fourth year of the Mid-term Management Plan, as "improve productivity for the new era," and will accelerate our work style reform for further growth of the Group.

We recognized that in order to adapt to an environment that is changing at an unprecedented speed, not only do we need to make progress in the renewable energy business, DX, and other initiatives set forth in the roadmap of the Mid-term Management Plan, but we also need to promote environmental management and CSV management as part of our management strategy. Accordingly, we have added "Promote human capital management" to the list of "new issues to be addressed," which are included in the reforms and issues in the Mid-term Management Plan. On top of that, we have chosen the following in particular from among the new issues to focus on for FY2023: "Implement reform of productivity," "Promote human capital management," "Strengthen and expand the order base," "Develop new business areas," "Initiatives for promoting sustainability management," "Strengthen the governance system and thorough implement compliance," and "Eliminate significant work-related injuries." We will define and implement specific measures for each of these items.

(unit: million yen, lower row is the ratio to sales)

	The year ended March 31, 2022	The year ended March 31, 2023			
		Results	Year-on-year comparison	Plan	Progress
Sales	376,563 (100.0%)	395,783 (100.0%)	105.1%	400,000 (100.0%)	98.9%
Gross profit	57,361 (15.2%)	57,889 (14.6%)	100.9%	59,000 (14.8%)	98.1%
Operating profit	33,137 (8.8%)	32,083 (8.1%)	96.8%	32,500 (8.0%)	98.7%
Ordinary profit	36,828 (9.8%)	35,462 (9.0%)	96.3%	35,000 (8.8%)	101.3%
Profit attributable to owners of parent	26,216 (7.0%)	26,349 (6.7%)	100.5%	26,000 (6.5%)	101.3%
Net profit per share	370.05 yen		371.93 yen		367.00 yen

(unit: million yen, lower row is composition ratio)

	March 31, 2022	March 31, 2023	Increase/decrease	Major reason for increase/decrease	
Assets	Current assets	216,979 (57.3%)	278,220 (62.3%)	61,241	Cash on hand and in banks +28,512 Notes receivable, accounts receivable on completed construction contracts and other accounts receivable +12,226 Raw materials and supplies +8,573
	Fixed assets	161,416 (42.7%)	168,189 (37.7%)	6,773	Investments in securities +3,319 Asset for retirement benefits +4,321
	Total assets	378,396 (100.0%)	446,410 (100.0%)	68,014	
Liabilities	Current liabilities	123,446 (32.6%)	141,691 (31.7%)	18,244	Advances received on uncompleted construction contracts +15,087
	Long-term liabilities	13,754 (3.6%)	41,702 (9.3%)	27,947	Long-term debt +27,110
	Total liabilities	137,201 (36.3%)	183,393 (41.1%)	46,192	
Total net assets	241,194 (63.7%)	263,017 (58.9%)	21,822	Retained earnings +19,263	
Total liabilities and net assets	378,396 (100.0%)	446,410 (100.0%)	68,014		

Consolidated Balance Sheet

	(Unit: million yen)	
	March 2022	March 2023
Assets		
Current assets		
Cash on hand and in banks	39,021	67,534
Notes receivable, accounts receivable on completed construction contracts and other accounts receivable	136,676	148,902
Short-term investments	987	—
Costs of uncompleted construction	5,592	7,428
Merchandise	1,107	1,203
Raw materials and supplies	22,790	31,364
Other current assets	10,838	21,790
Allowance for doubtful accounts	(34)	(3)
Total current assets	216,979	278,220
Fixed assets		
Property and equipment		
Buildings and structures	73,060	76,168
Machinery, vehicles, tools, furniture and fixtures	41,059	45,607
Land	29,677	29,914
Leased assets	7,628	8,087
Construction in progress	1,112	382
Accumulated depreciation	(71,694)	(78,415)
Total property and equipment	80,844	81,745
Intangible assets		
Goodwill	755	821
Customer related assets	1,739	1,518
Other intangible assets	1,873	1,938
Total intangible assets	4,368	4,278
Investments and other assets		
Investments in securities	61,175	64,494
Long-term loans receivable	313	89
Asset for retirement benefits	6,124	10,445
Deferred tax assets	4,288	2,468
Other	5,279	5,652
Allowance for doubtful accounts	(979)	(985)
Total investments and other assets	76,203	82,166
Total fixed assets	161,416	168,189
Total assets	378,396	446,410

	(Unit: million yen)	
	March 2022	March 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable on construction contracts and other accounts payable	66,669	69,832
Electronically recorded obligations	22,078	28,762
Short-term borrowings	6,865	2,461
Income taxes payable	7,309	5,984
Advances received on uncompleted construction contracts	11,463	26,550
Provision for loss on construction contracts	187	21
Other current liabilities	8,872	8,077
Total current liabilities	123,446	141,691
Long-term liabilities		
Long-term debt	3,494	30,604
Lease obligations	2,782	3,341
Provision for retirement benefits for directors (and other officers)	328	327
Liability for retirement benefits	4,015	3,980
Other long-term liabilities	3,134	3,448
Total long-term liabilities	13,754	41,702
Total liabilities	137,201	183,393
Net assets		
Shareholders' equity		
Common stock	12,561	12,561
Capital surplus	12,987	13,046
Retained earnings	214,655	233,918
Treasury stock	(9)	(10)
Total shareholders' equity	240,194	259,516
Accumulated other comprehensive income		
Unrealized holding gain on securities	1,848	2,428
Unrealized loss on hedging instruments	(218)	(16)
Translation adjustments	208	688
Retirement benefit liability adjustments	(2,898)	(1,774)
Total accumulated other comprehensive income (loss)	(1,059)	1,325
Non-controlling interests	2,059	2,175
Total net assets	241,194	263,017
Total liabilities and net assets	378,396	446,410

Consolidated Statement of Income

	(Unit: million yen)	
	FY2021	FY2022
Net sales		
Construction contracts	364,440	380,355
Other	12,123	15,428
Total net sales	376,563	395,783
Cost of sales		
Construction contracts	310,615	326,874
Other	8,586	11,019
Total cost of sales	319,201	337,894
Gross profit		
Construction contracts	53,824	53,480
Other	3,536	4,408
Total gross profit	57,361	57,889
Selling, general and administrative expenses	24,224	25,806
Operating profit	33,137	32,083
Non-operating income		
Interest income	48	63
Dividend income	747	716
Equity in earnings of affiliates	1,514	732
Gain on investments in partnership	910	1,427
Rent income	329	322
Other	775	867
Total non-operating income	4,326	4,130
Non-operating expenses		
Interest expenses	387	424
Extra retirement payments	84	58
Payment fees	75	99
Provisions of allowance for doubtful accounts subsidiary	35	17
Settlement payments	—	87
Other	52	63
Total non-operating expenses	635	750
Ordinary profit	36,828	35,462
Extraordinary income		
Gain on sales of property and equipment	4	310
Gain on sales of investments in securities	811	4,247
Total extraordinary income	816	4,558
Extraordinary loss		
Loss on disposal and sales of fixed assets	286	223
Loss on sales of investments in securities	36	—
Impairment loss on investments in securities	489	602
Impairment losses	—	326
Loss on liquidation of a subsidiary	—	74
Total extraordinary loss	811	1,227
Profit before income taxes	36,833	38,793
Income taxes – current	11,365	11,157
Income taxes – deferred	(871)	1,198
Total income taxes	10,493	12,355
Profit	26,339	26,437
Profit attributable to non-controlling interests	123	88
Profit attributable to owners of parent	26,216	26,349

Consolidated Statement of Cash Flows

	FY2021	FY2022
(Unit: million yen)		
Cash flows from operating activities		
Profit before income taxes	36,833	38,793
Depreciation and amortization	5,791	6,018
Impairment losses	—	326
Decrease in allowance for doubtful accounts	(152)	(24)
Increase in retirement benefit asset	(2,860)	(3,064)
(Decrease) increase in liability for retirement benefits and provision for retirement benefits for directors (and other officers)	(907)	1,544
Increase (decrease) in provision for loss on construction contracts	123	(170)
Gain on investments in partnership	(910)	(1,427)
Interest and dividend income	(796)	(780)
Interest expenses	387	424
Foreign exchange gain	(126)	(168)
Equity in earnings of affiliates	(1,201)	(414)
Gain on sales of property and equipment, net	(4)	(310)
Loss on disposal of fixed assets	282	208
Impairment loss on investments in securities	489	602
Gain on sales of investments in securities	(775)	(4,247)
Increase in accounts receivable	(4,786)	(11,791)
Decrease (increase) in costs of uncompleted construction contracts	585	(1,689)
Increase in inventories	(8,266)	(8,545)
Increase in notes and accounts payable on construction contracts	153	9,552
(Decrease) increase in advances received on uncompleted construction contracts	(3,923)	15,076
(Decrease) increase in long-term accounts payable	(2)	87
Decrease in consumption taxes, net	(6,036)	(4,090)
Other, net	2,298	(6,386)
Subtotal	16,193	29,522
Interest and dividend income received	796	763
Interest expenses paid	(387)	(424)
Income taxes paid	(11,350)	(12,474)
Net cash provided by operating activities	5,252	17,386
Cash flows from investing activities		
Payments into time deposits	(1,352)	(3,738)
Proceeds from withdrawal of time deposits	1,732	1,503
Purchase of property and equipment	(3,931)	(2,940)
Proceeds from sales of property and equipment	169	445
Payments of disposal of property, plant and equipment	(210)	(126)
Purchase of investments in securities	(4,817)	(3,415)
Proceeds from sales of investments in securities	3,992	5,754
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,871)	(97)
Payments of long-term loans receivable	(127)	(34)
Collection of long-term loans receivable	153	366
Other, net	(273)	(831)
Net cash used in investing activities	(7,536)	(3,113)
Cash flows from financing activities		
Net decrease in short-term borrowings	(34)	(18)
Proceeds from long-term debt	—	27,000
Repayments of long-term debt	(1,811)	(7,057)
Purchase of treasury stock	(1)	(2)
Cash dividends paid	(7,086)	(7,087)
Cash dividends paid to non-controlling shareholders	(2)	(2)
Repayments to non-controlling shareholders	(22)	(22)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	60
Other, net	(1,233)	(1,253)
Net cash provided by (used in) financing activities	(10,191)	11,615
Effect of exchange rate changes on cash and cash equivalents	301	171
Net increase (decrease) in cash and cash equivalents	(12,175)	26,060
Cash and cash equivalents at the beginning of the year	49,800	37,791
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	166	—
Cash and cash equivalents at the end of the year	37,791	63,851

Corporate Profile and Stock Information

Corporate profile

Corporate Name	Kyudenko Corporation	Construction Business License	Approved by Minister of Land, Infrastructure, Transport and Tourism (Sp. 29) No. 1659	Major Offices [Japan]	Head Office	Kumamoto Branch Office
Established	December 1, 1944				Tokyo Head Office	Nagasaki Branch Office
Head Office	1-23-35 Nanokawa, Minamiku, Fukuoka city, 815-0081 JAPAN		Electrical Contracting Work	Civil Engineering Business	Fukuoka Branch Office	Saga Branch Office
	Tel: +81-92-523-1691		Telecommunications Engineering	Architectural and Construction Business	Kitakyushu Branch Office	Tokyo Branch Office
	Fax: +81-92-524-3269		Firefighting Facilities Work	Paving Work	Oita Branch Office	Yokohama Branch Office
Capital	12,561 million yen		Plumbing Work	Scaffolding and Excavation Business	Miyazaki Branch Office	Kansai Branch Office
Number of Employees	(Consolidated) 10,504 (Non-consolidated) 6,472		Machinery, Equipment, and Facility Work	Steel Structure Work	Kagoshima Branch Office	Okinawa Branch Office
			Water Supply Facilities Work	Interior Finishing Business		Uku Project Development Office
			Sanitation Facilities Work			

Stock information

Fiscal year	Every year from April 1 to March 31 in the following year
Annual general meeting of shareholders	Held every year in June
Record date of dividends payment	Year-end March 31 Interim September 30
Method of public notice	Electronic public notice will be posted on the Company's website (https://www.kyudenko.co.jp). However, if an electronic public notice cannot be made due to an accident or other unavoidable reason, it will be posted on the Nihon Keizai Shimbun.
Stock exchange listing	Prime Market of Tokyo Stock Exchange Fukuoka Stock Exchange
Stock index	JPX-Nikkei Index 400
Securities code	1959
Category of business	Construction
Trading unit of shares	100 shares
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Office of administrator	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited https://www.smbt.jp/personal/procedure/agency/ (Mailing address) 2-8-4 Izumi, Suginami-ku, Tokyo, 168-0063 (Contact number) Phone 0120-782-031 (toll-free in Japan) [Weekdays 9:00-17:00]

Status of shares

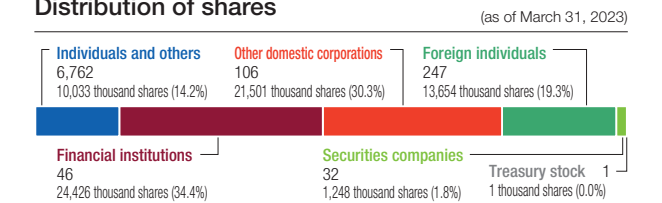
Total number of authorized shares	250,000,000 shares
Total outstanding shares	70,864,961 shares
Number of shareholders	7,194

Major shareholders

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
Kyushu Electric Power Company, Incorporated	15,980	22.55
The Master Trust Bank of Japan, Ltd. (trust account)	7,189	10.14
Custody Bank of Japan, Ltd. (trust account)	5,249	7.40
THE NISHI-NIPPON CITY BANK, LTD.	3,249	4.58
The Bank of Fukuoka, Ltd.	3,133	4.42
Kyudenko Employees Shareholding Association	1,916	2.70
THE BANK OF NEW YORK MELLON 140044	1,413	1.99
Kyudenko Labor Union	1,300	1.83
Nishi-Nippon Railroad Co., Ltd.	1,142	1.61
MUFG Bank, Ltd.	1,133	1.59

Note: Shareholding ratio is calculated excluding treasury stock (1,082 shares).

Distribution of shares



Policy on dividends of surplus and trend of dividends

Policy on dividends of surplus

With respect to profit distribution, we will strive to maintain a sound financial position and make appropriate returns to shareholders that are conscious of capital cost while strengthening our management base to improve performance and securing internal reserves necessary for further business expansion.

With respect to dividends, we will meet the expectations of our shareholders by maintaining continuous and stable dividend payment, based on a consolidated payout ratio target of 25%, comprehensively considering the business environment, performance, and financial condition.

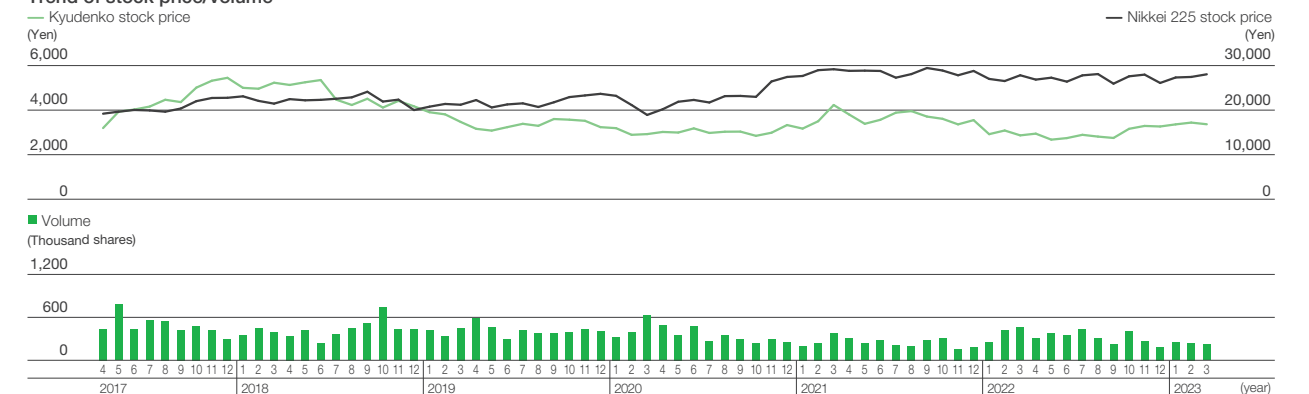
Trend of dividends

	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3 (forecast)
Interim dividends	50 yen	50 yen	50 yen	50 yen	50 yen	55 yen
Year-end dividends	50 yen	50 yen	50 yen	50 yen	60 yen	55 yen
Total	100 yen	100 yen	100 yen	100 yen	110 yen	110 yen

Rating information

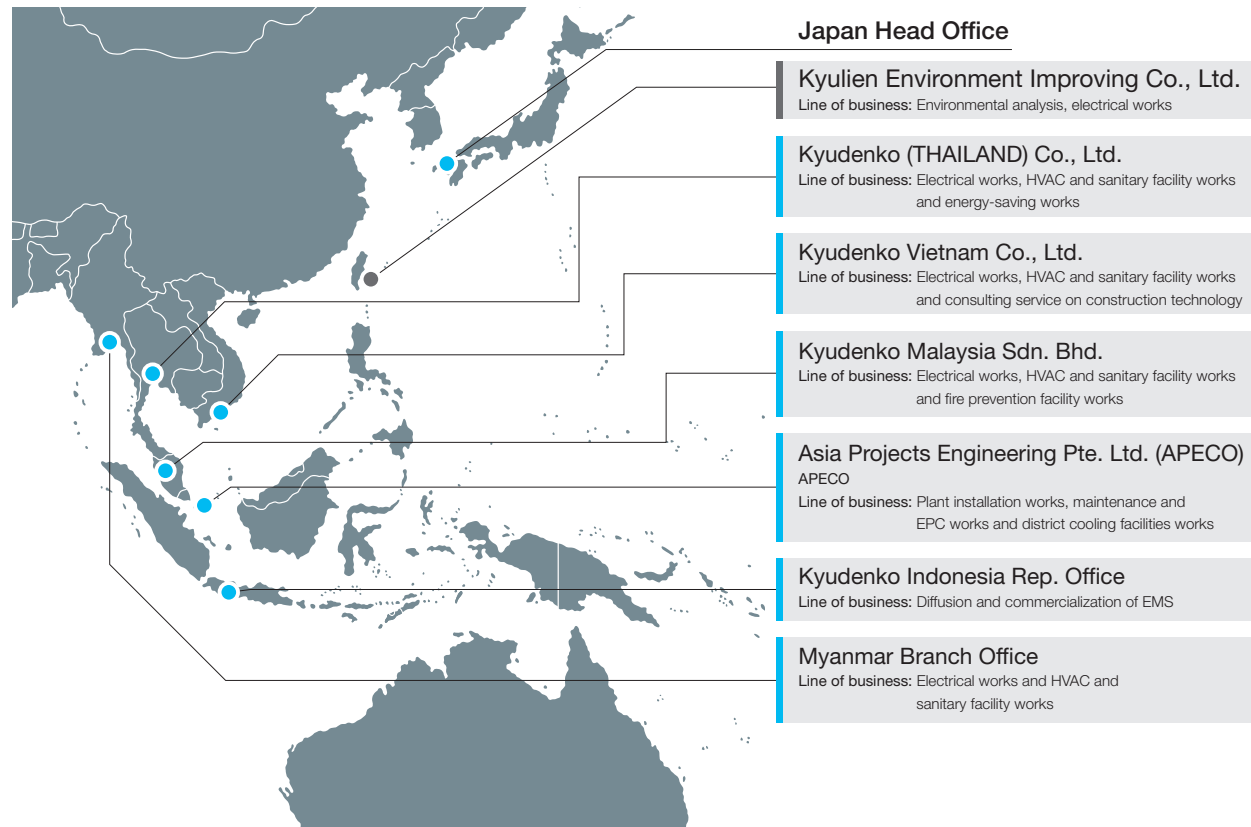
Name of rating institution	Name of rating	Rating
Rating and Investment Information, Inc. (R&I)	issuer rating	A ⁺

Trend of stock price/volume



Business Locations

Overseas Locations

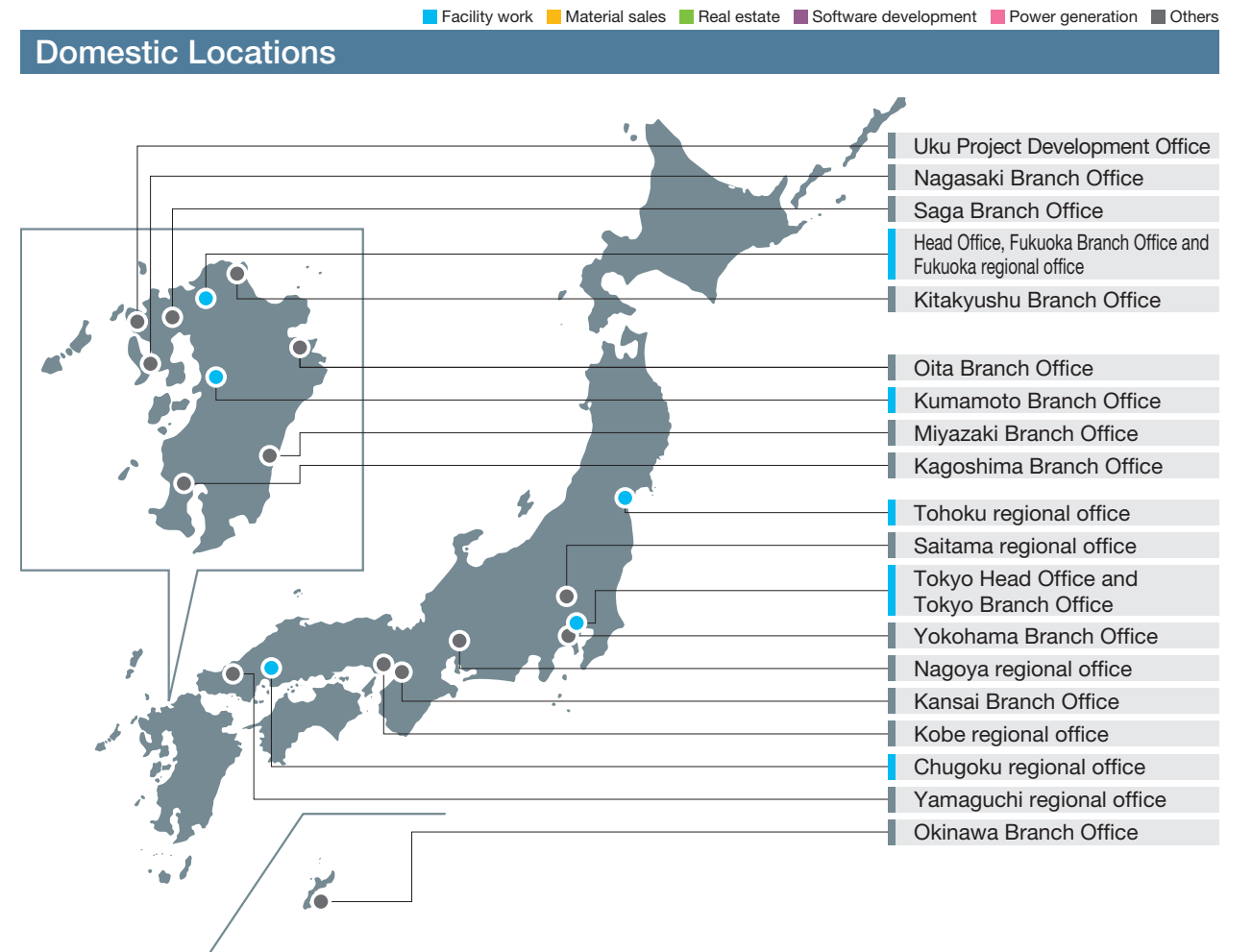


Overseas group companies

(as of April 1, 2023)

Taiwan	
Others	Kyulien Environment Improving Co., Ltd. No. 49, Ln. 90, Gong 5th Rd., Longtan District, Taoyuan City, Taiwan
Malaysia	
Facility work	Kyudenko Malaysia Sdn. Bhd. 59-8 The Boulevard, Mid Valley City, No. 1, Medan Syed Putra Utara 59200 Kuala Lumpur Malaysia
Vietnam	
Facility work	Kyudenko Vietnam Co., Ltd. No.170, Tran Quang Khai st., Tan Dinh Ward, District 1, Ho Chi Minh City, Vietnam
Thailand	
Facility work	Kyudenko (THAILAND) Co., Ltd. Unit 16B, Floor 16, Bangnathani Building, 1/33, Soi Bangna-Trad 34, Bangna Sub-district, Bangna District, Bangkok
Singapore	
Facility work	Asia Projects Engineering Pte. Ltd. 32 Penjuru Road, Singapore 609136

Domestic Locations



Domestic consolidated subsidiaries (46 companies)

(as of April 1, 2023)

Fukuoka	
Real estate	kyu-denko home, Inc.
Material sales	Q-mast Co., Ltd.
Facility work	Setsubihoshu center Co., Ltd.
Software	Automation technology Co., Ltd.
Others	Net medical center Co., Ltd.
Others	Portal Co., Ltd.
Others	Kyudenko friendly Co., Ltd.
Others	Bayside place hakata Co., Ltd.
Facility work	Kakusokukeisou Co., Ltd.
Facility work	Fukuoka densetsu Co., Ltd.
Facility work	Chikugo densetsu Co., Ltd.
Facility work	Fukuto densetsu Co., Ltd.
Facility work	Fukusetsu Co., Ltd.
Facility work	Kitasetsu Co., Ltd.
Oita	
Facility work	Oita densetsu Co., Ltd.
Facility work	Fusokogyo Co., Ltd.
Miyazaki	
Facility work	Meikousha Co., Ltd.
Facility work	Miyaei Co., Ltd.
Kagoshima	
Others	Three in Co., Ltd.
Facility work	Minamikyushu densetsu Co., Ltd.
Facility work	Kaei densetsu Co., Ltd.
Facility work	Kyukinsetsubikogyo Co., Ltd.
Power generation	Shibushi mega solar power generation Co., Ltd.
Power generation	Kagoshima solar farm, Co., Ltd.
Power generation	Kirishima Wood Biomass Power Co., Ltd.
Kumamoto	
Facility work	Yuei densetsu Co., Ltd.
Facility work	Kuma densetsu Co., Ltd.
Facility work	Higo-setubi Co., Ltd.
Nagasaki	
Facility work	Choei Co., Ltd.
Facility work	Chohoku densetsu Co., Ltd.
Facility work	Kyusetsukougyou Co., Ltd.
Saga	
Others	kyudenko hokusan kanko Co., Ltd.
Facility work	Jinnouchikoumuten Co., Ltd.
Facility work	Ariake densetsu Co., Ltd.
Miyagi	
Power generation	Natori mega solar kyudenko green kikaku limited liability partnership
Aichi	
Power generation	Atsumi Green Power Co., Ltd.
Tokyo	
Facility work	Kyukousogosetsubi Co., Ltd.
Facility work	Kyutie Co., Ltd.
Facility work	Chuorika Kougyo Co., Ltd.
Chiba	
Facility work	Syoeidensetsu Co., Ltd.
Kanagawa	
Facility work	Ergotech Co., Ltd.
Ibaraki	
Facility work	Seiwakougyou Co., Ltd.
Fukushima	
Facility work	Sanyudensetsu Co., Ltd.
Osaka	
Facility work	Koteradengyo Co., Ltd.
Facility work	Kawachikougyou Co., Ltd.
Okinawa	
Facility work	Ryuhou Engineering Corporation

Kyudenko Corporation

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Website



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