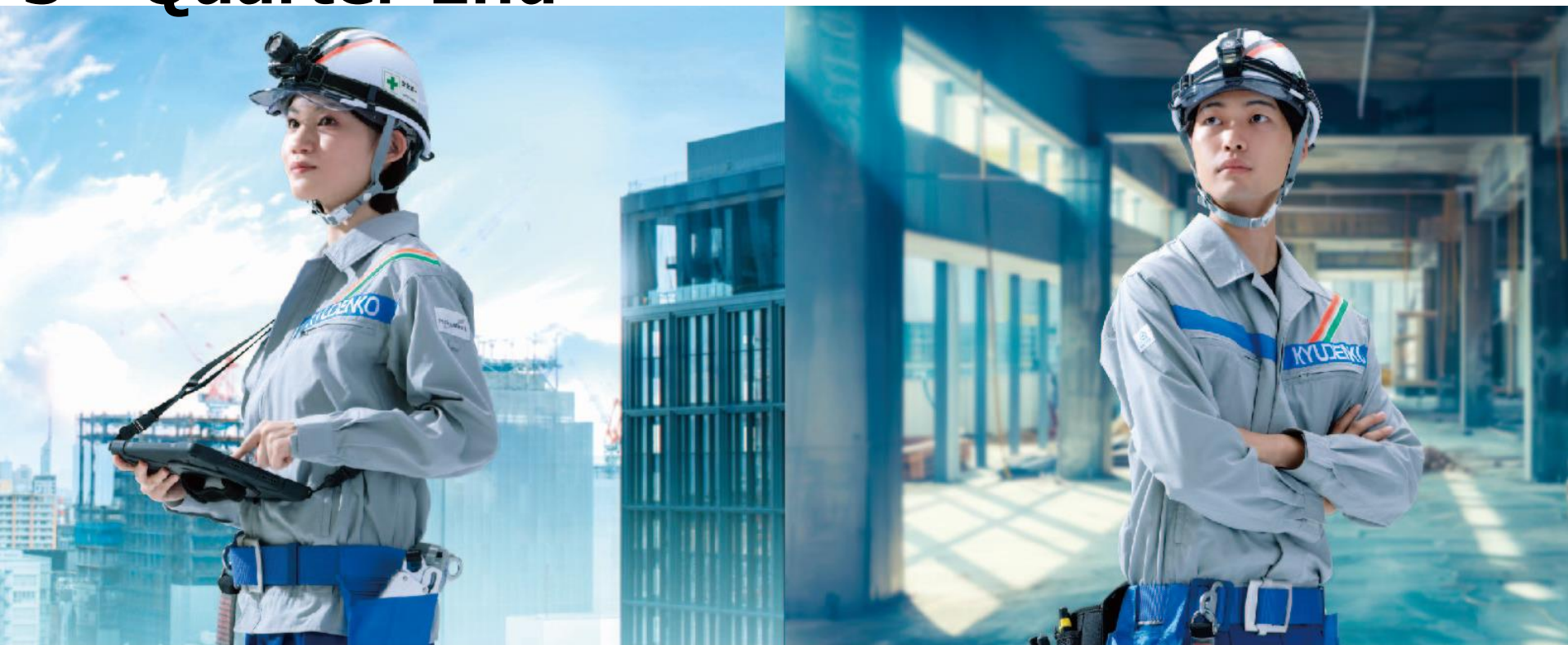


# KYUDENKO CORPORATION

## FY ending March 2025

### 3<sup>rd</sup> Quarter End



# Overview of business results

# Summary of March 2025, 3rd quarter

## *Net sales and income*

- I . **Record-high sales and profit in each stage** in 3Q cumulative period.  
⇒Progress in construction of large-scale projects, mainly electrical, HVAC work.  
**Gross profit at each stage also increased in response to the improvement in gross profit margin.**
- II . Gross profit margins improved in the 1Q-3Q period compared with the same period of the previous year.  
⇒【Consolidated】Gross profit margin ratio : FY2023 3Q Single Term **14.0%**, FY2024 3Q Single Term **16.7%**

## *Orders*

- I . **Strong order environment continues.** Profitability at the time of order receipt is improving compared to previous years.
- II . **Continue to focus on hiring and training engineers and technicians** to expand construction capacity.

## *Revision of published values*

- I . 【Sales】Construction progress is expected to fall short of the initial plan due to the large solar power generation project.
- II . 【Profit】**In the electrical, HVAC construction business, the Company expects to exceed its initial plan due to improved profit margins on large projects** that have been completed. The impact of the delay in progress of large-scale solar projects is expected to be negligible.
- III . 【Dividends】Revised year-end dividend to 75 yen per share, **up 10 yen** from 65 yen per share, for an annual dividend of **140 yen** per share.

## *Others*

- I . New Medium-Term Management Plan: Scheduled to be announced in **April 2025**.
- II . Company name change: The specific company name will be announced in **April 2025**.
- III . Relocation of the Head Office: Scheduled to relocate to ONE FUKUOKA BLDG. (see p.31 of this document) **from April to May 2025**.
- IV . Uku Island: **Agreement obtained from the Uku Ojika Fisheries Cooperative Association.** Currently seeking guidance and assistance from local government and other organizations to obtain permits from other fishery cooperatives.

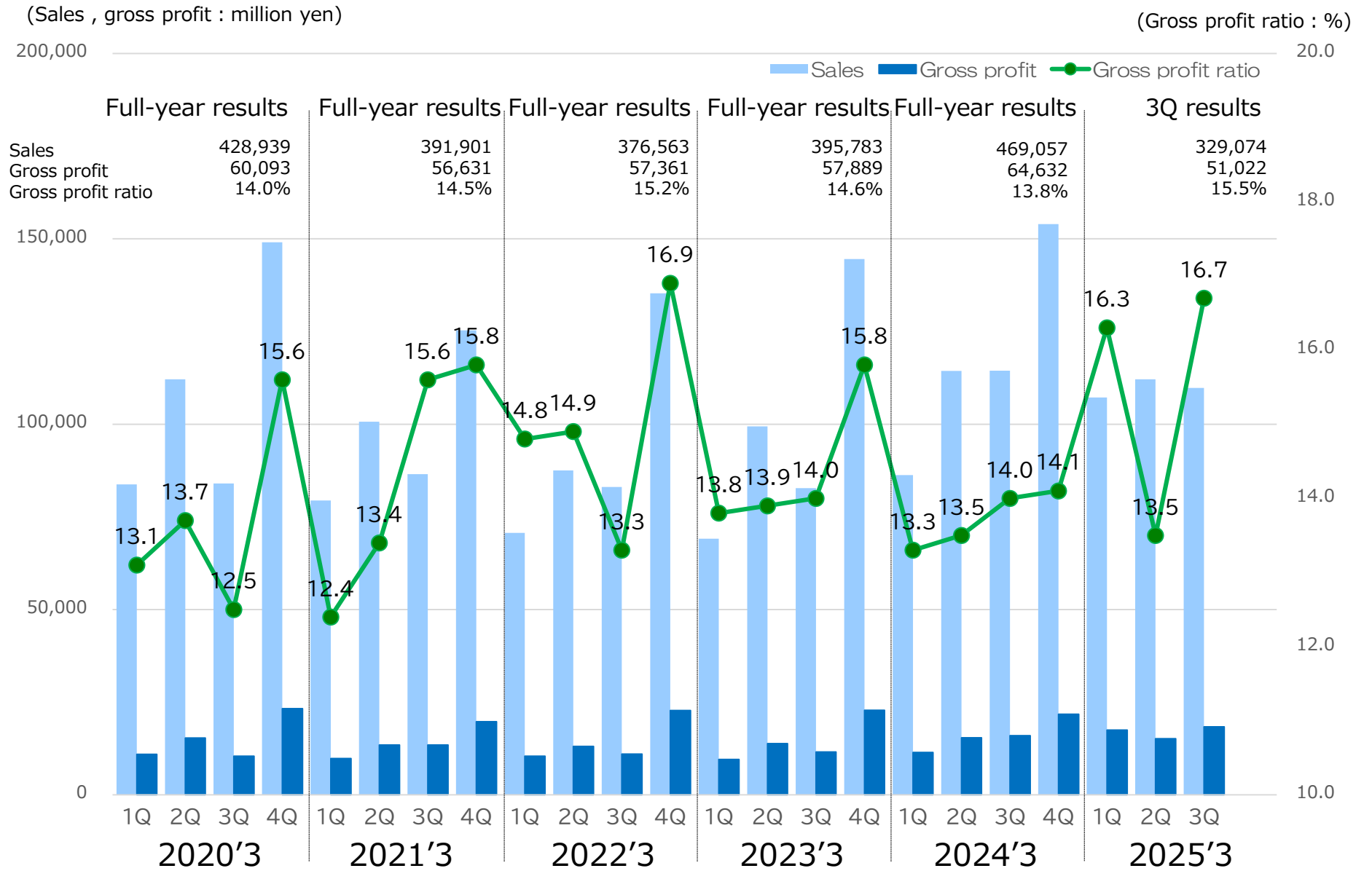
# Outline of P/L March 2025, 3rd quarter

★ Red letters indicate record highs

(Million yen)

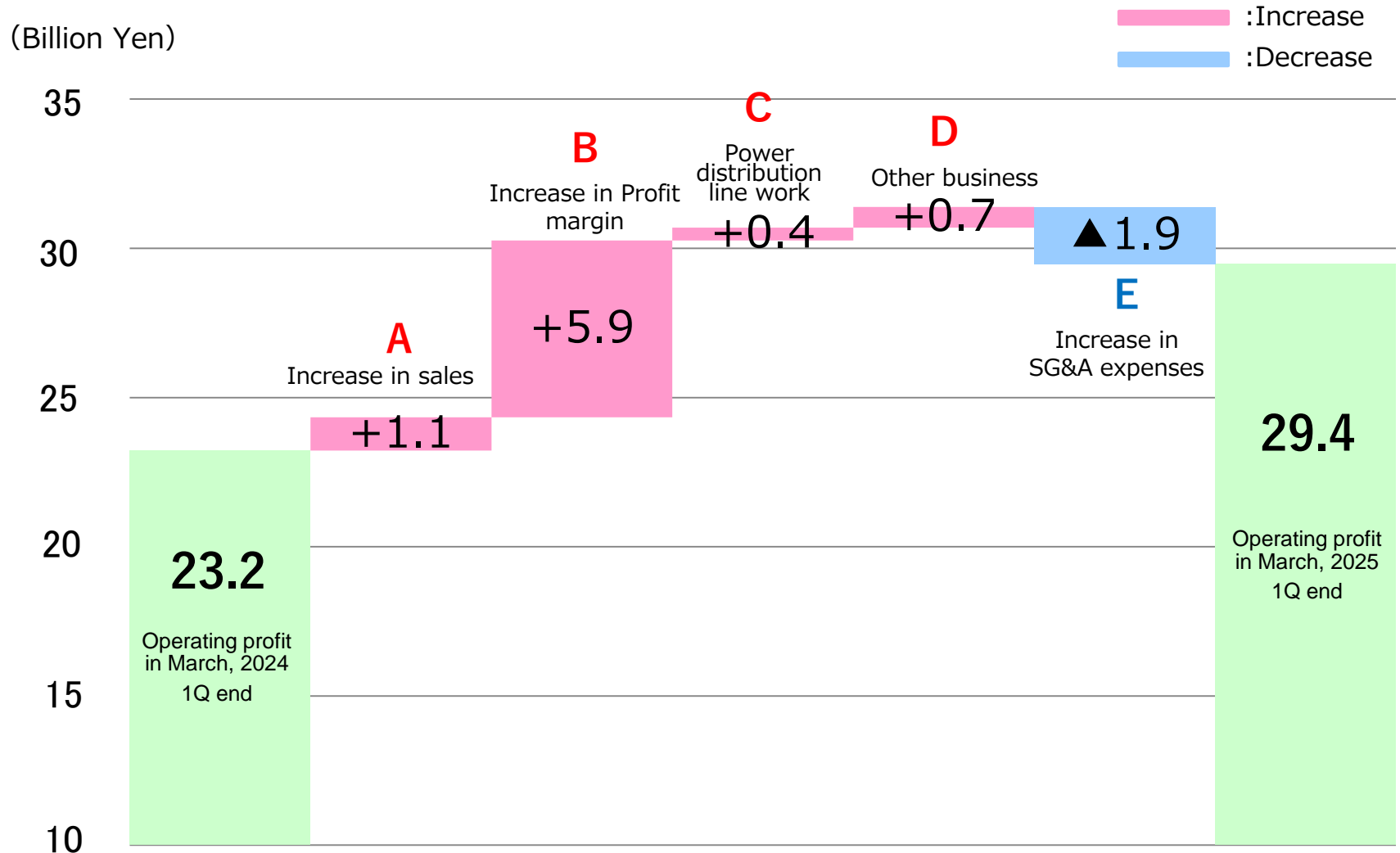
	March 2024, 3Q Result	March 2025,3Q		
		Result	Increase /decrease	Percentage increase /decrease
Sales	315,067 (100.0%)	<b>329,074</b> (100.0%)	+ 14,006	+4.4%
Gross profit	42,864 (13.6%)	<b>51,022</b> (15.5%)	+ 8,157	+19.0%
Operating profit	23,225 (7.4%)	<b>29,470</b> (9.0%)	+ 6,245	+26.9%
Ordinary project	26,271 (8.3%)	<b>31,744</b> (9.6%)	+ 5,473	+20.8%
Net profit	17,050 (5.4%)	<b>20,825</b> (6.3%)	+3,774	+22.1%
Orders	339,433	330,170	▲9,263	▲2.7%
construction on hand	503,262	471,097	▲32,164	▲6.4%

# Sales and gross profit (quarterly accounting period)

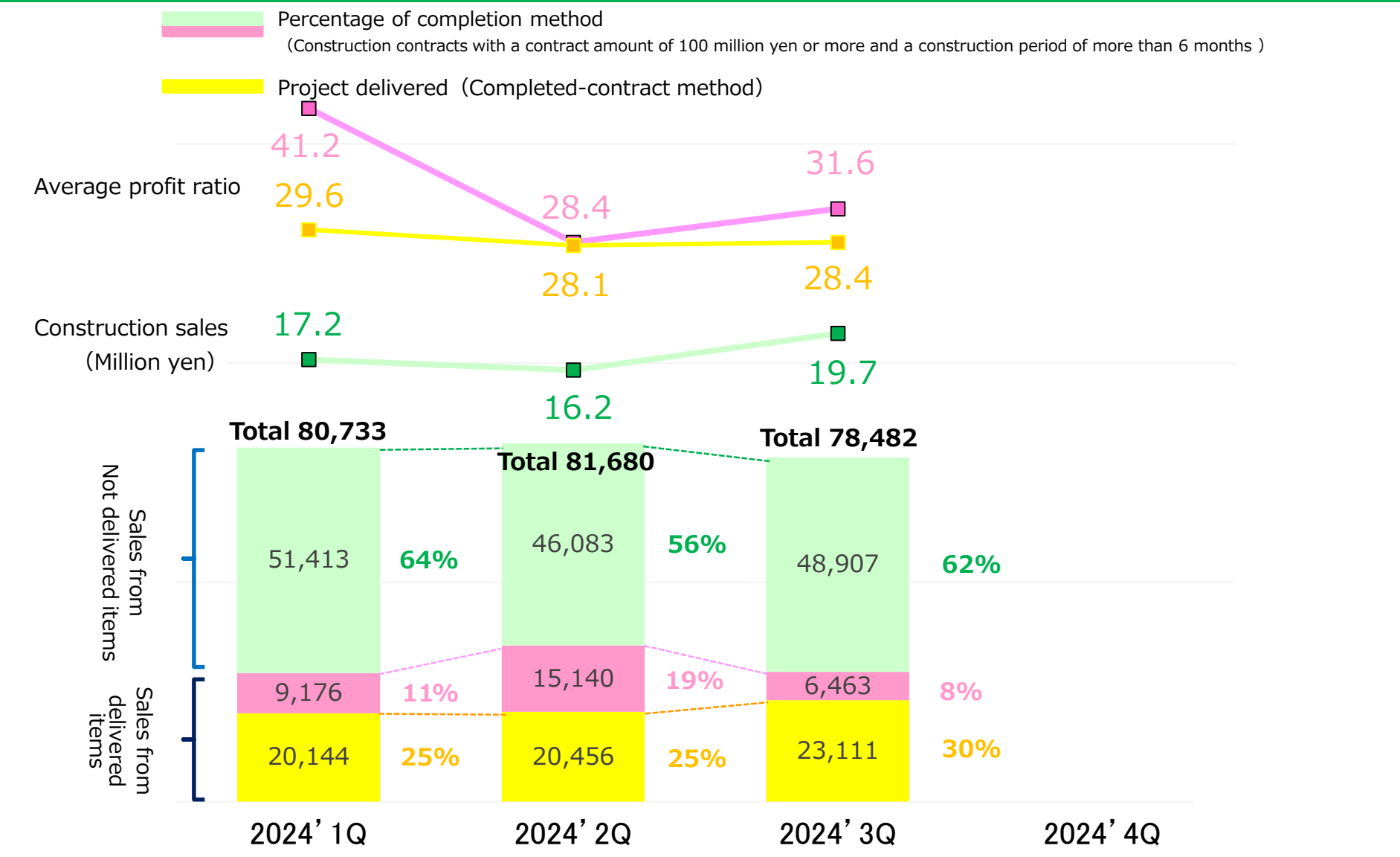


# Factors of change in OP

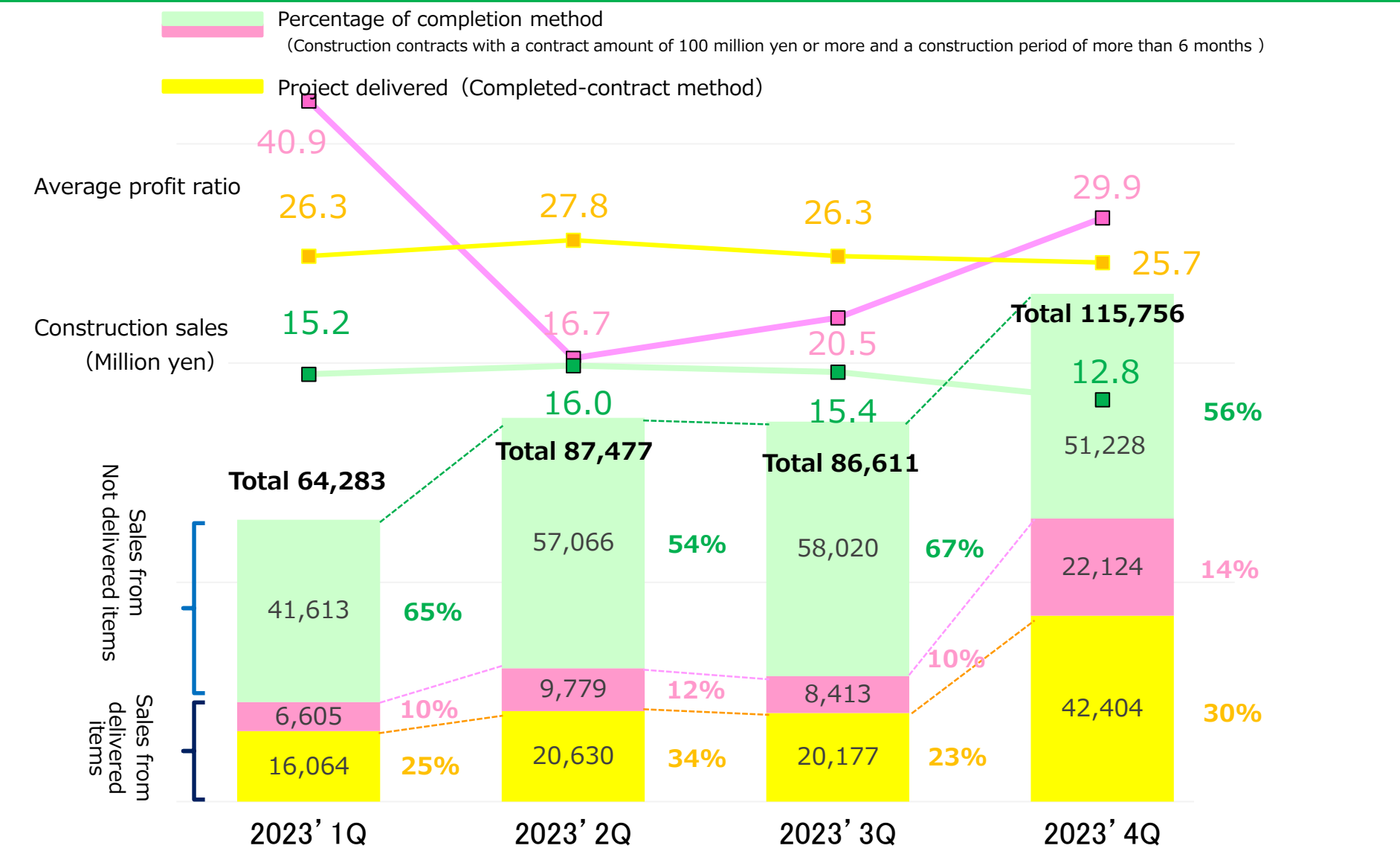
## March 2025, 3rd quarter end



Breakdown of construction sales and average profit margin  
(by quarterly accounting period)  
(Kyudenko individual : excluding power distribution line work)

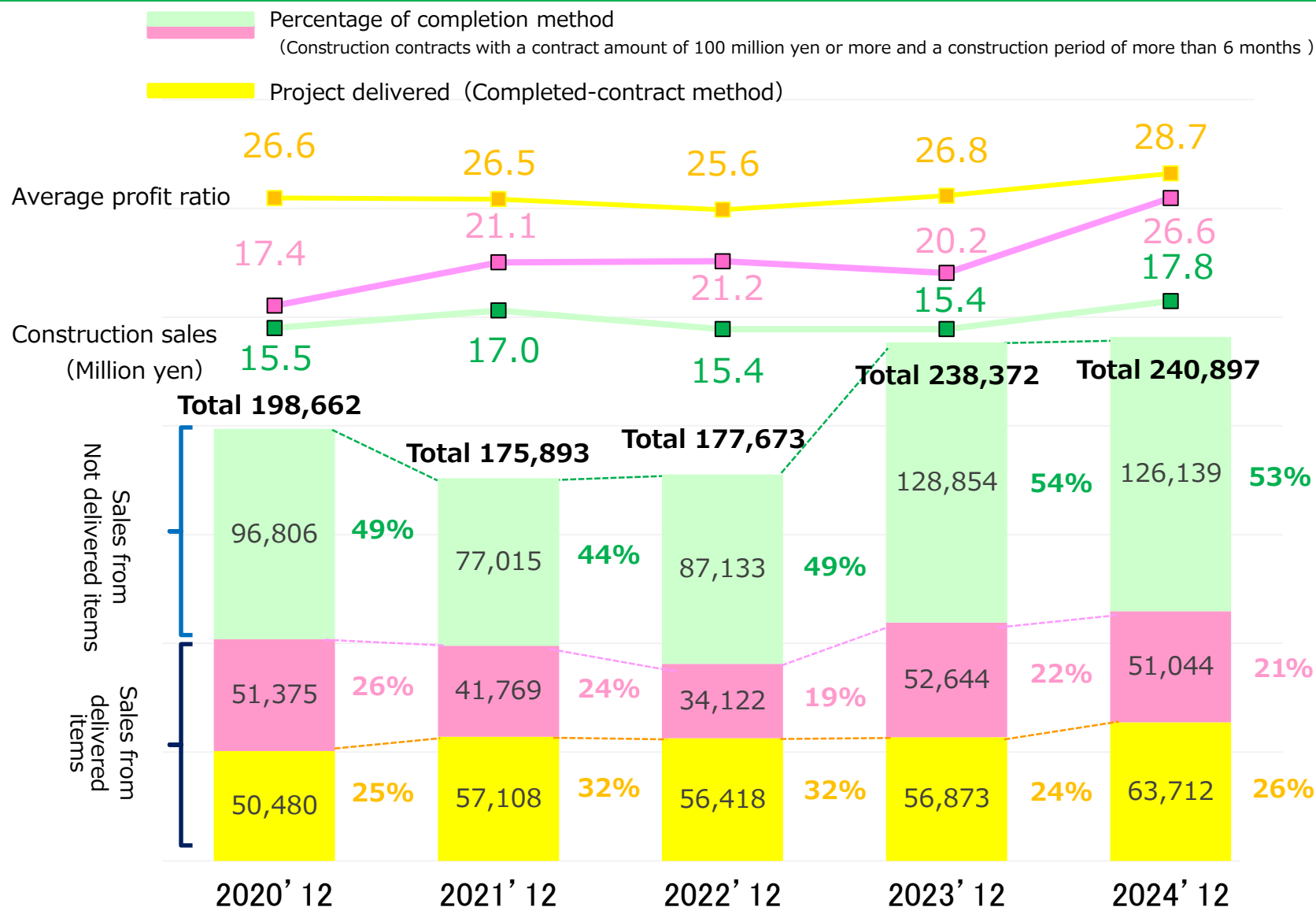


# Breakdown of construction sales and average profit margin (by quarterly accounting period) (Kyudenko individual : excluding power distribution line work)

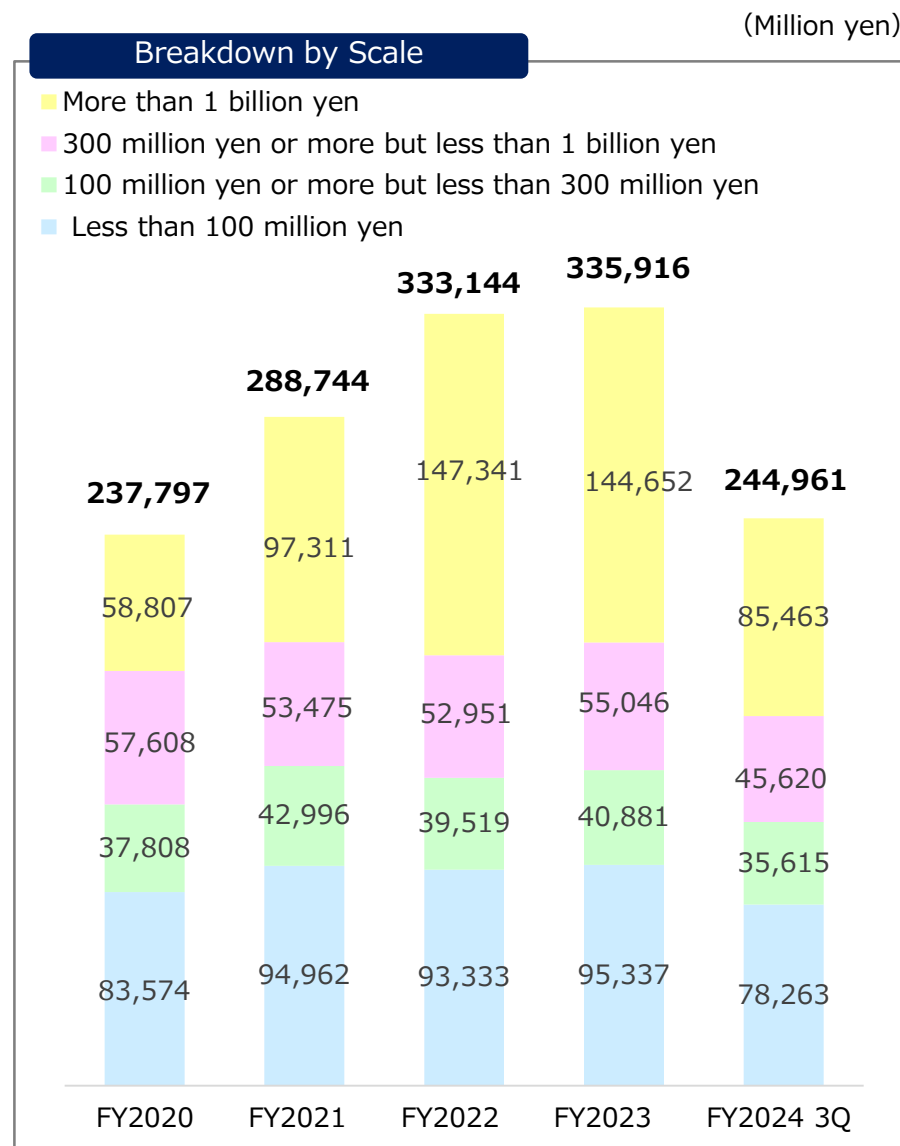
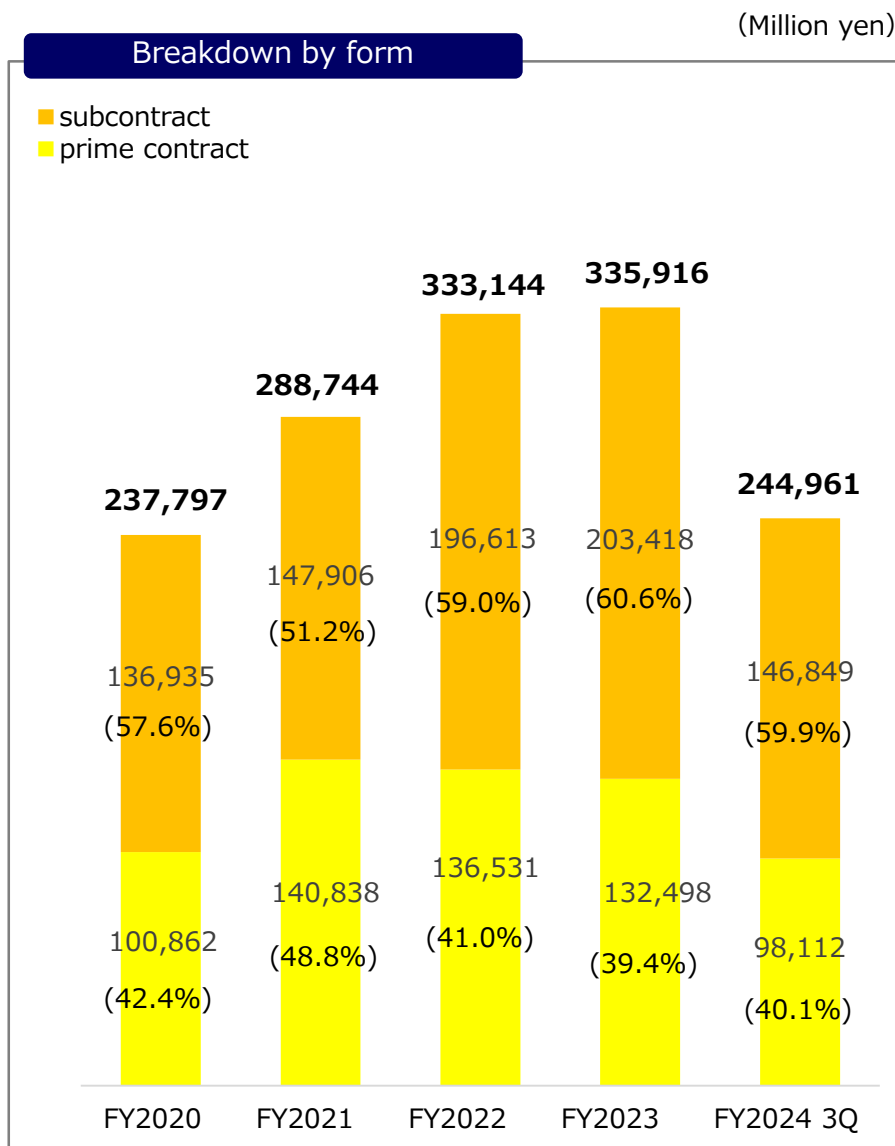




# Breakdown of construction sales and Factor of gross profit ratio Dec.2024 (Kyudenko individual : excluding power distribution line work)



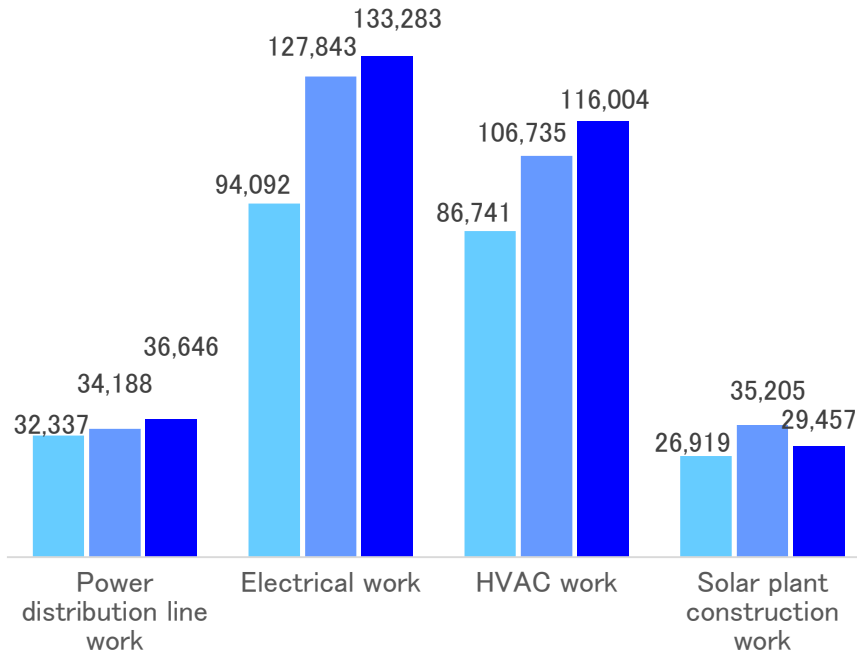
# Breakdown of Orders Received by form and Scale (Kyudenko Co., Ltd. alone: excluding power distribution lines)



### Sales of each segments

(Million yen)

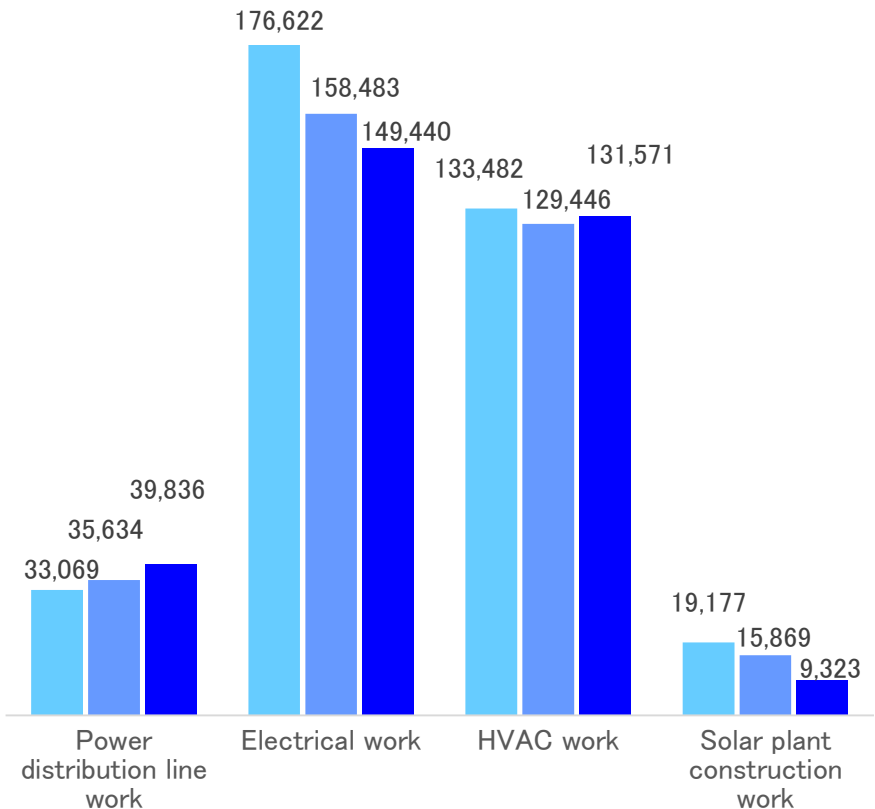
■ 2022.12 ■ 2023.12 ■ 2024.12



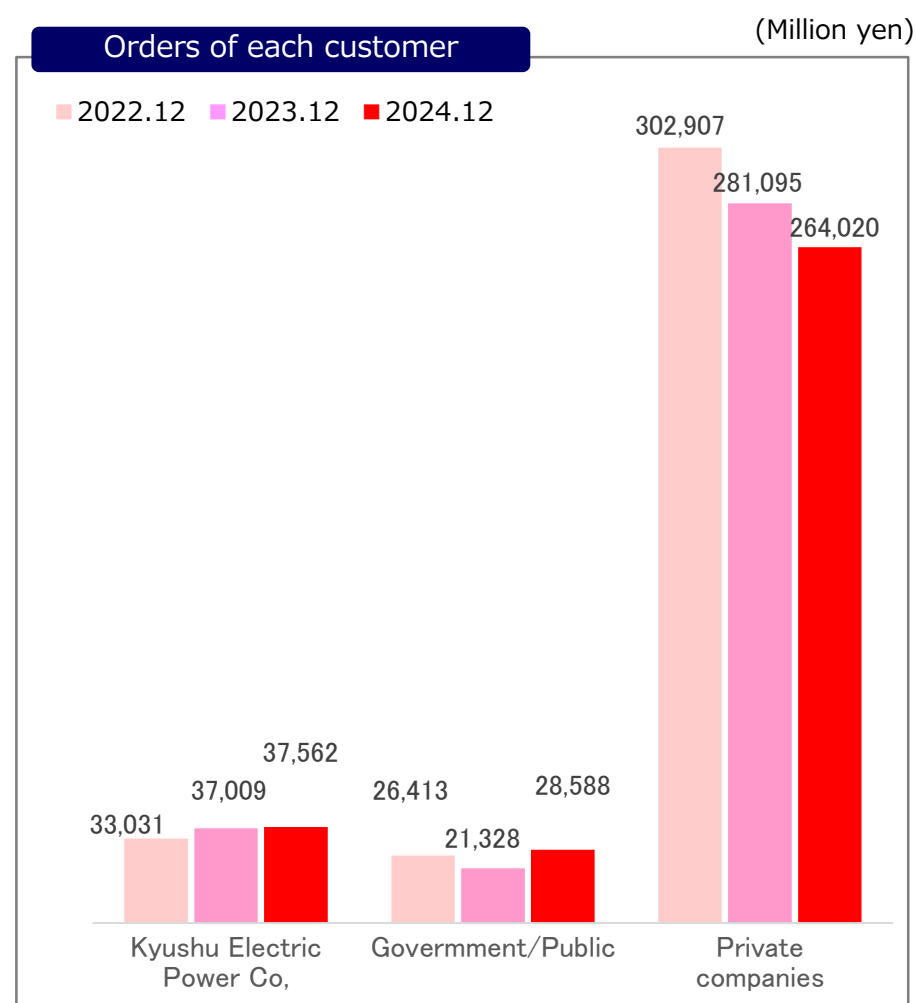
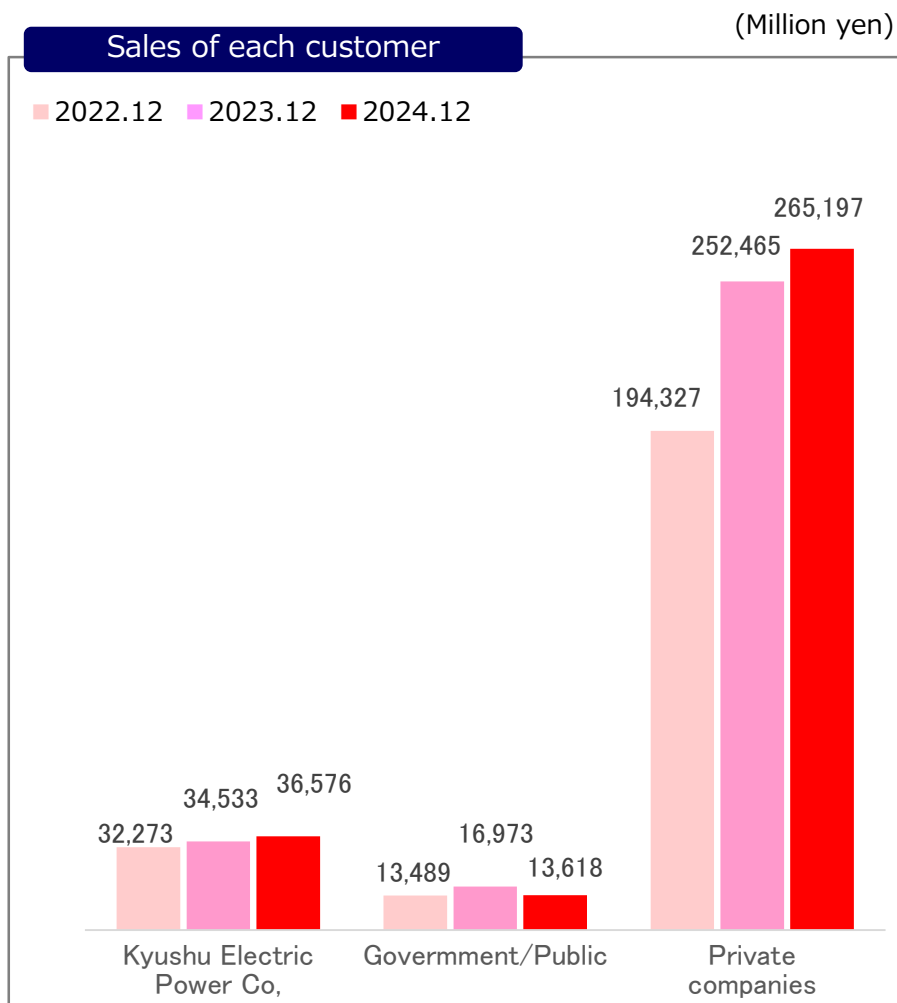
### Orders of each segments

(Million yen)

■ 2022.12 ■ 2023.12 ■ 2024.12

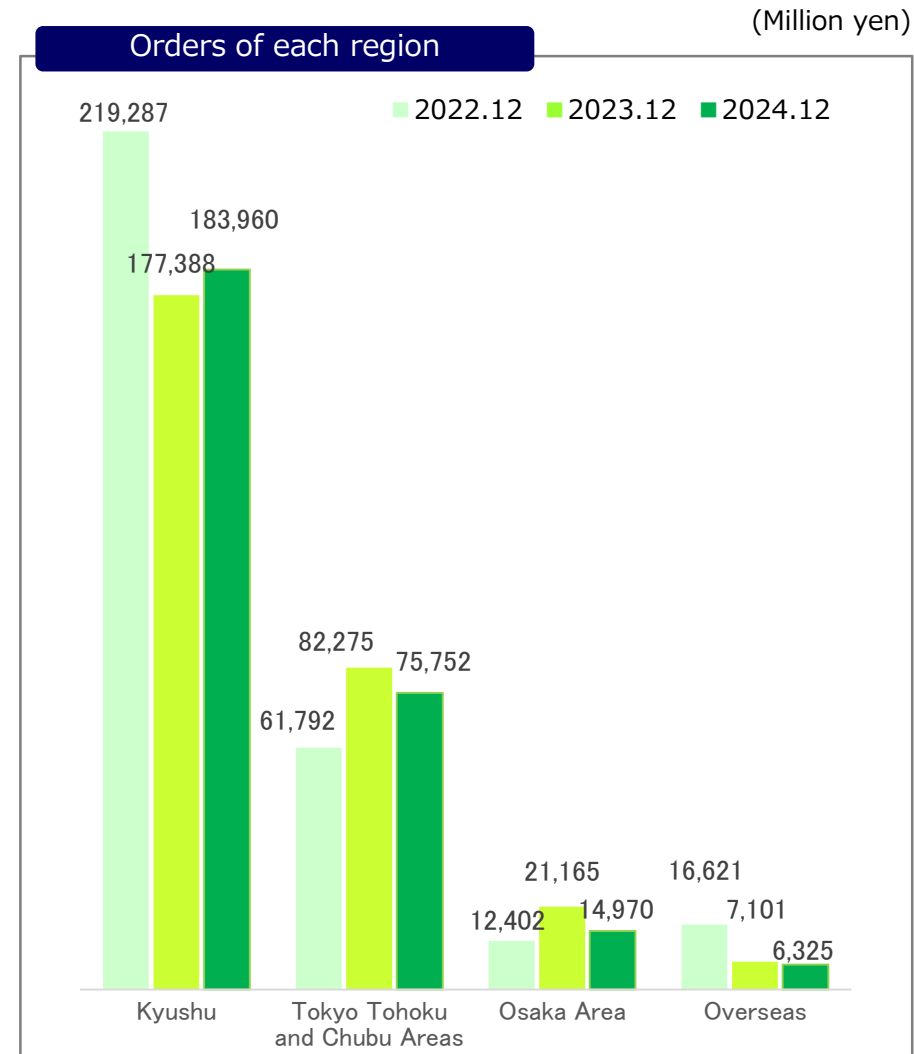
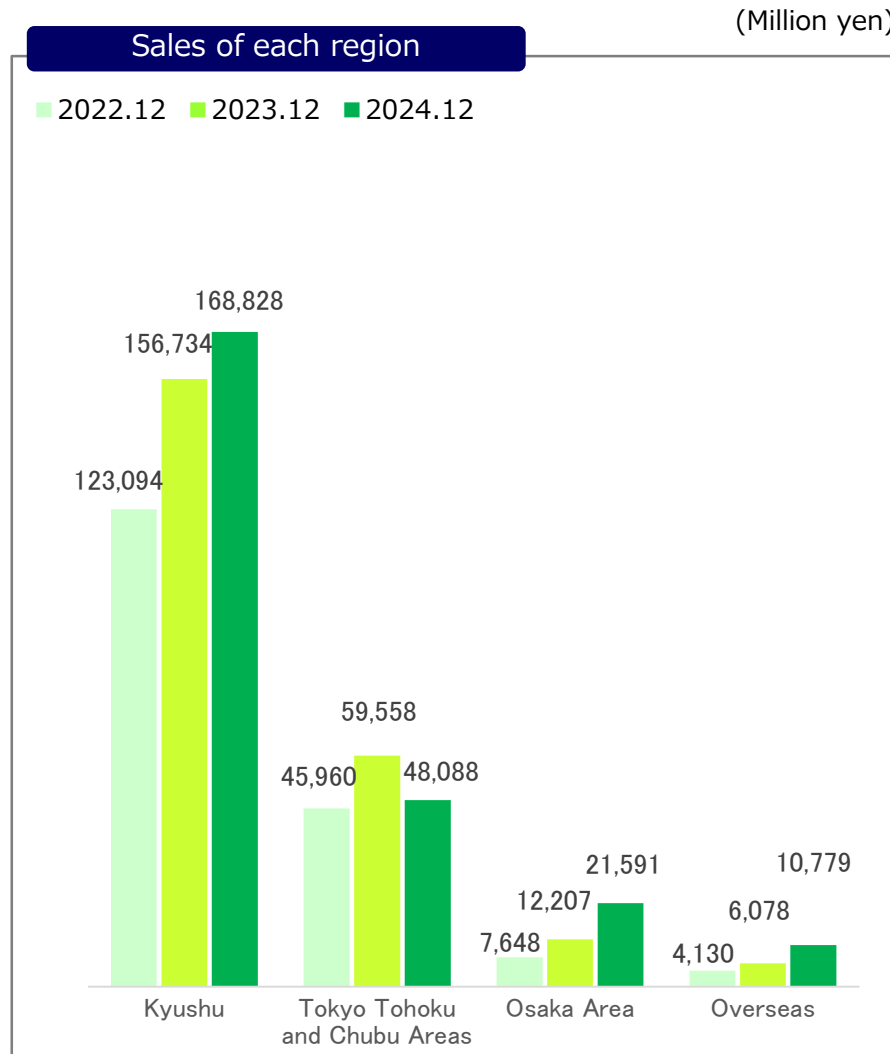


# Order received / Sales by customer Dec.2024



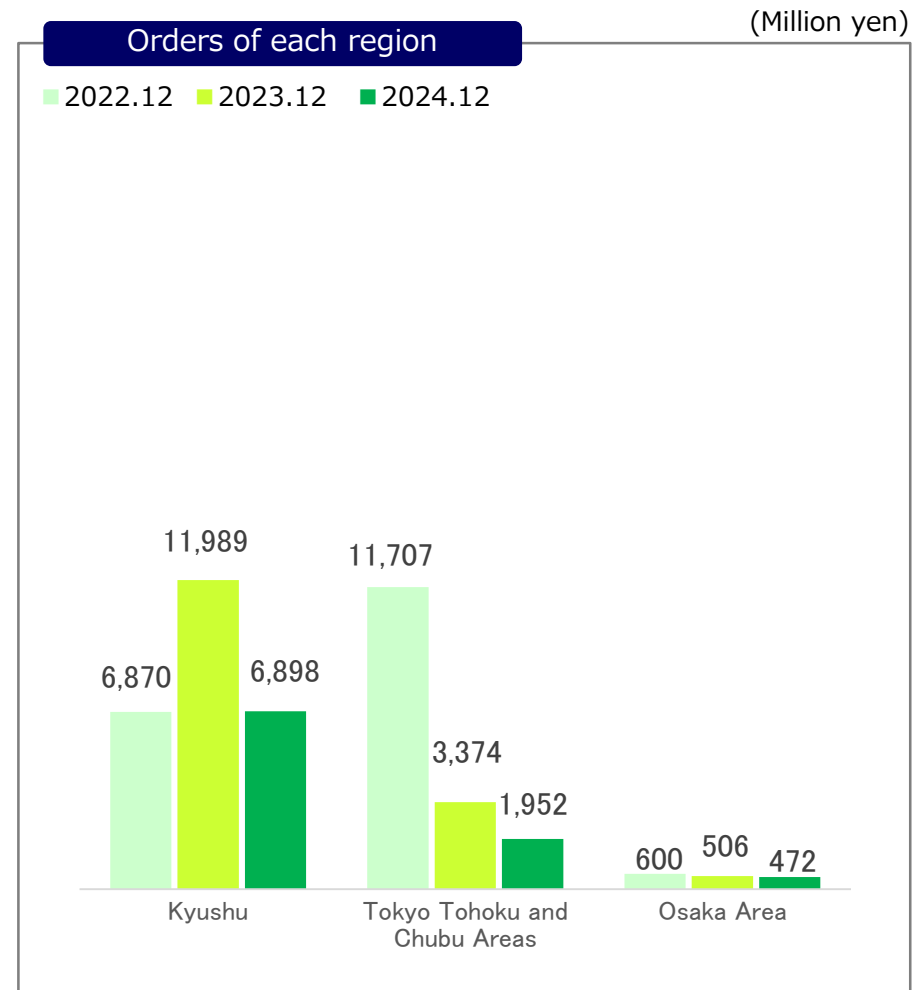
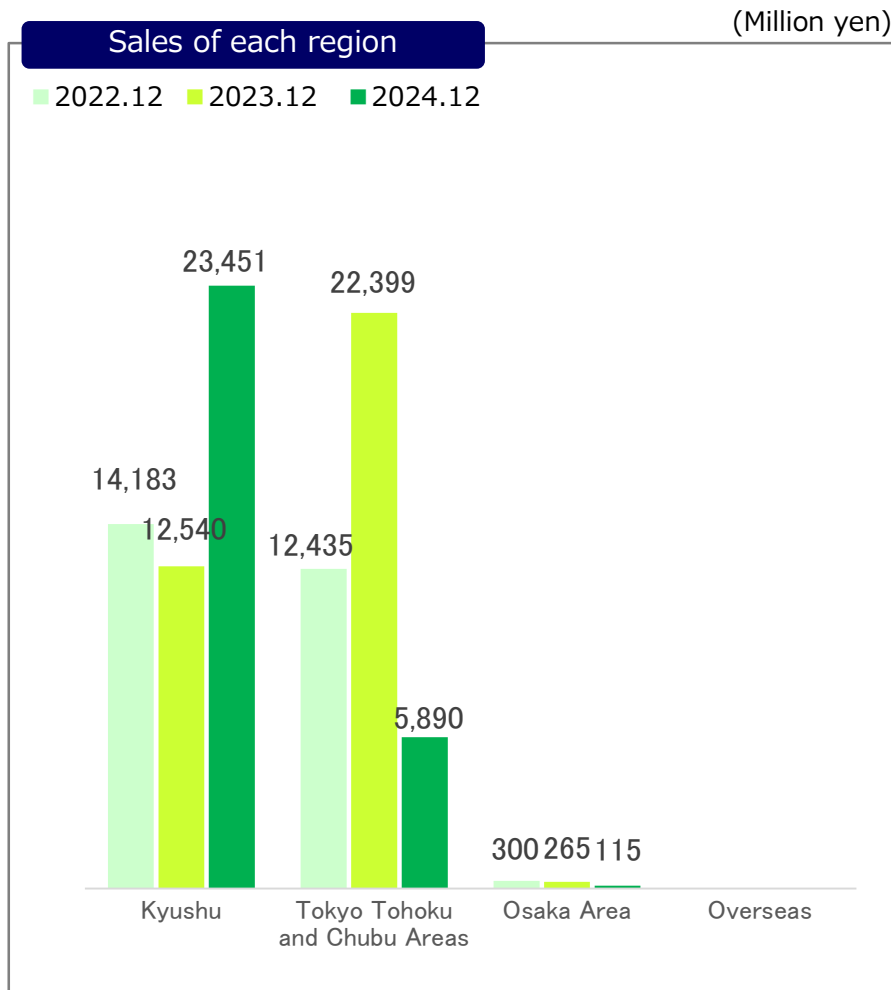
# Order received / Sales by region Dec.2024

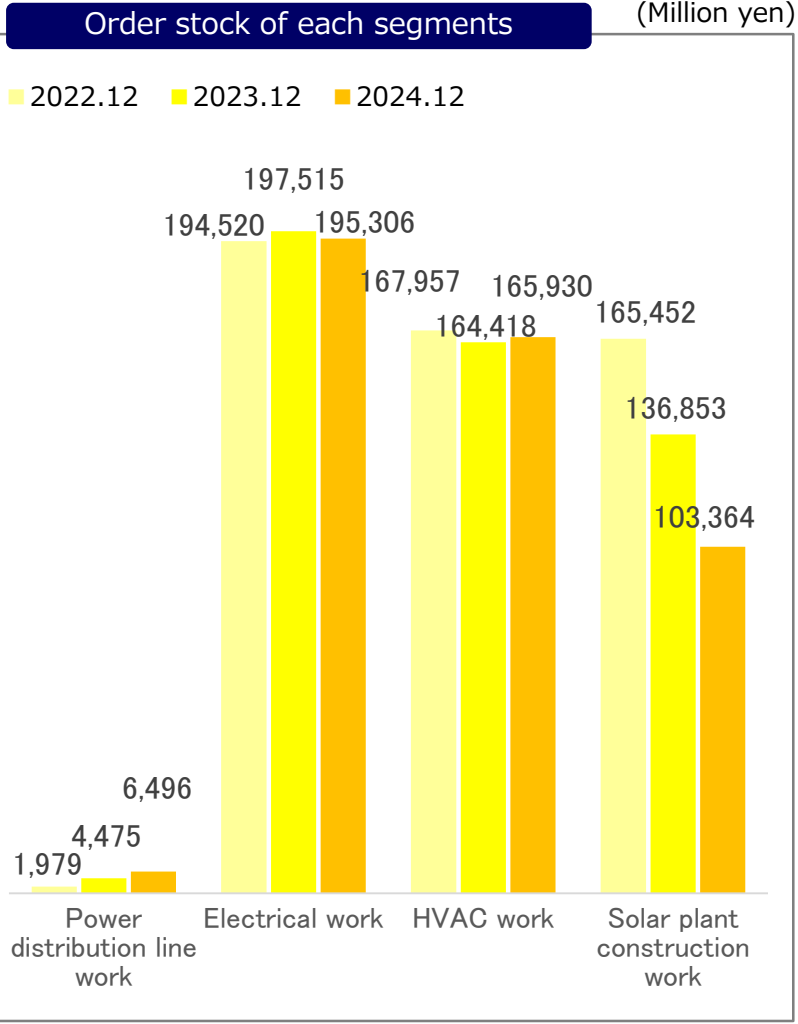
(Electrical & HVAC work excluding Solar plant construction work)



# Order received / Sales by region Dec.2024

## (Solar plant construction work)





## New orders in FY ended Dec.2024



# Outline of balance sheet

(Million yen)

		End of Mar.2024	End of Dec.2024	Increase /decrease	Main factors behind increase/decrease
	Current assets	324,418 (64.5%)	275,768 (59.7%)	▲48,650	Cash on hand and in banks ▲42,426 Trade notes and accounts receivable▲20,722
	Fixed assets	178,865 (35.5%)	185,836 (40.3%)	+6,970	Investment securities +4,797 Asset for retirement benefits +1,831
	Total assets	503,284 (100.0%)	461,604 (100.0%)	▲41,679	
	Current liabilities	195,527 (38.9%)	129,158 (28.0%)	▲66,369	Trade notes and accounts payable ▲27,218 Short-term borrowings ▲27,153
	Fixed liabilities	16,630 (3.3%)	29,706 (6.4%)	+13,075	Long-term debt +13,715
	Total liabilities	212,158 (42.2%)	158,864 (34.4%)	▲53,293	
Total net assets		291,125 (57.8%)	302,740 (65.6%)	+11,614	Shareholders' equity +11,935 (net income+20,825、 Dividend payment▲9,212)
Total liabilities and net assets		503,284 (100.0%)	461,604 (100.0%)	▲41,679	



## Solar Power Plants

Deals operated by group (Depreciated at the declining balance method)

※ make capital investment and record the entire operation to other operations sales

	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	49	91MW	87MW
Under construction	-	-	-
Plan	-	-	-
Total	49	91MW	87MW

Deals through investment in equity (Depreciated at the declining balance method)

※ acquire investment securities and record an amount equal to the equity to non-operating revenues

	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	54	841MW	246MW
Under construction	1	480MW	69MW
Plan	-	-	-
Total	55	1,321MW	315MW

## Wind Power Plants

Deals operated by group (Depreciated at the Mainly declining balance method)

※ make capital investment and record the entire operation to other operations sales

	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	5	46MW	45MW
Under construction	-	-	-
Plan	-	-	-
Total	5	46MW	45MW

Deals through investment in equity (Depreciated at the declining balance method)

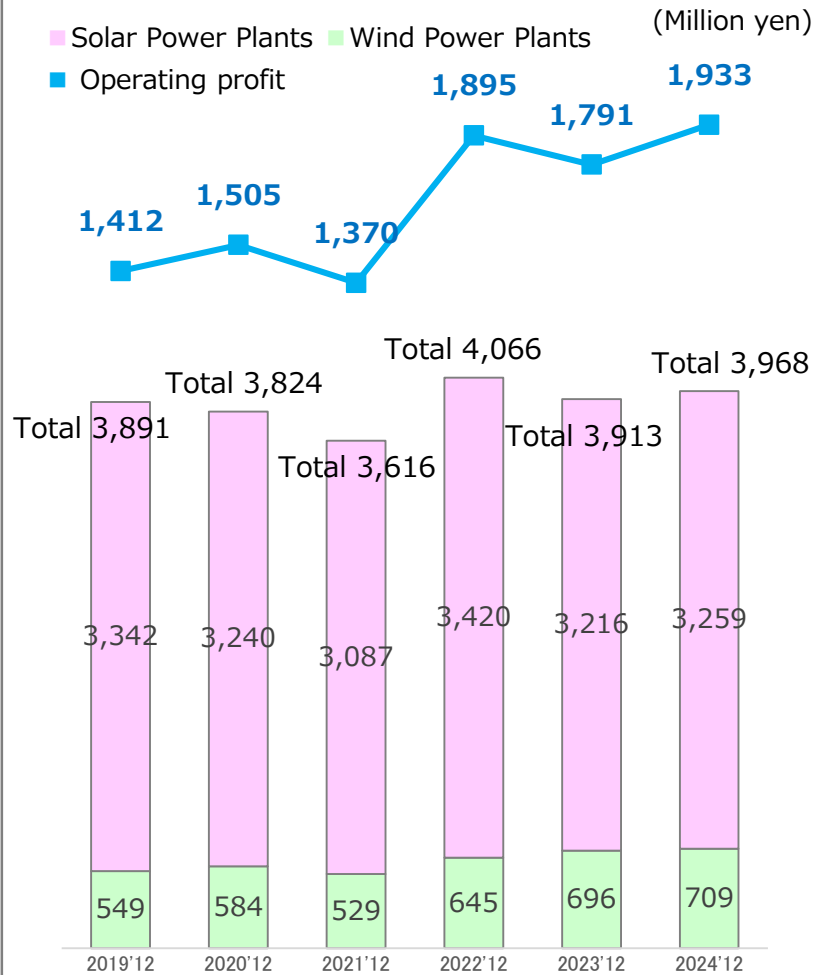
※ acquire investment securities and record an amount equal to the equity to non-operating revenues

	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

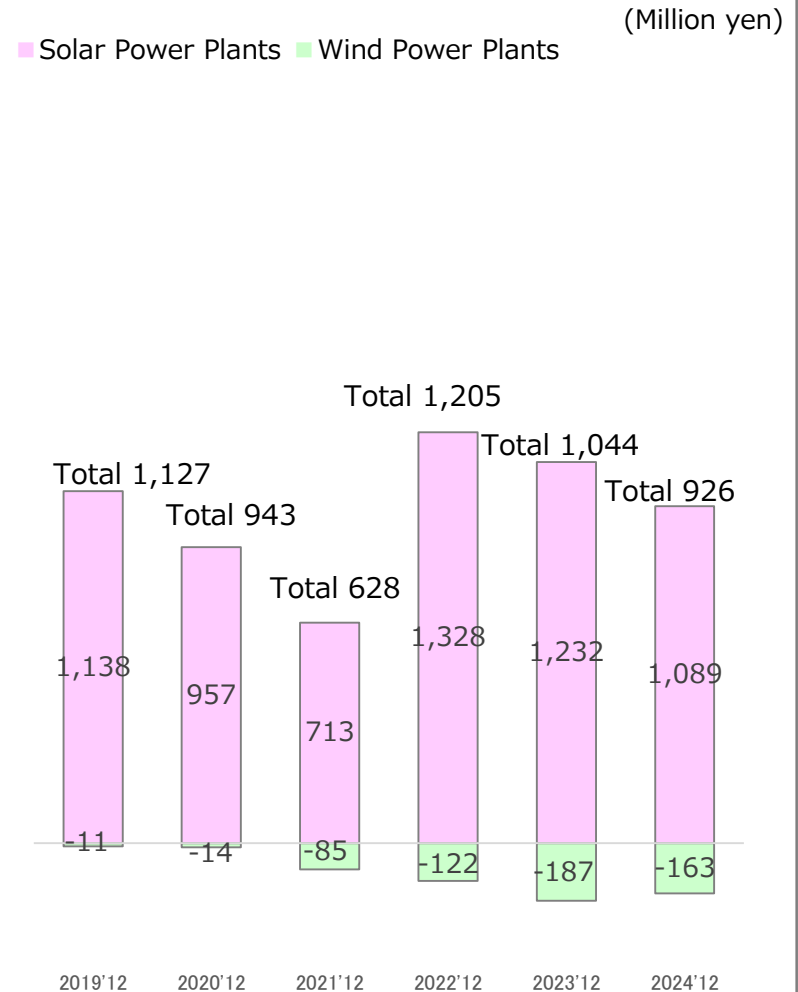
From April to December, a total of 86 controls on output were issued by Kyushu Electric Power Company.  
Cumulative total of 102 times in the same period of the previous year

# Investment in Power Operations

## Deals operated by group



## Deals through investment in equity (Non-operating income)



# FY2025 Earnings Forecast

# Performance Forecast for the Fiscal Year Ending March 2025

## ★Revision of Earnings Forecast on January 31, 2025

(Million yen)

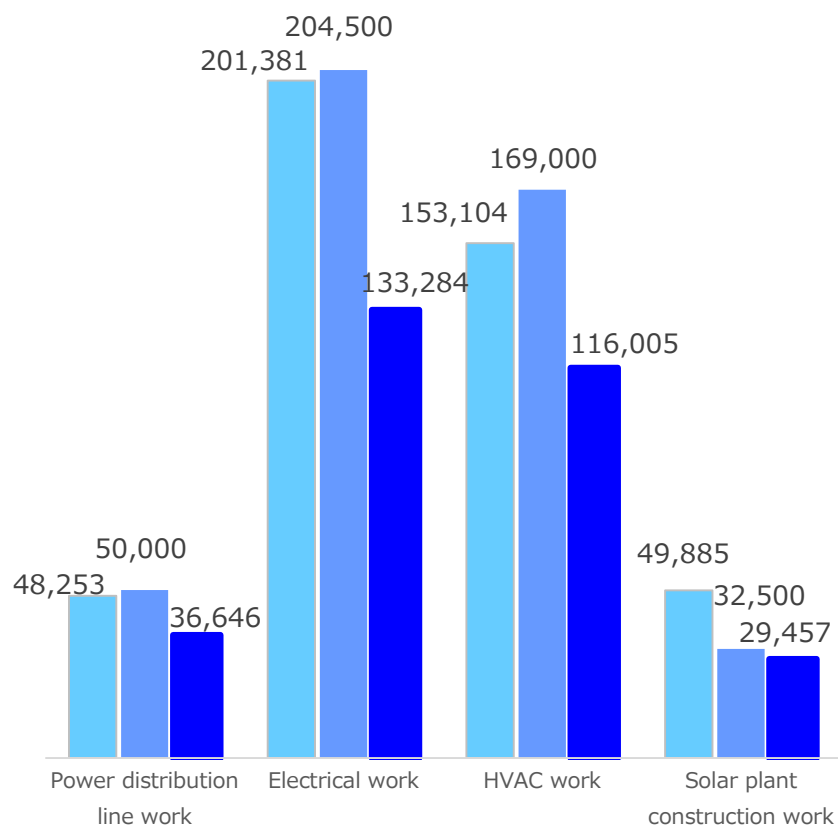
	March 2024 Result	Plan for March 2026			
		①Previous Announced Value (2024.4.26)	②Revised Announced Value	Increase /Decrease (② - ①)	Percentage Change
Sales	469,057 (100.0%)	500,000 (100.0%)	470,000 (100.0%)	▲ 30,000	▲ 6.0%
Gross profit	64,632 (13.8%)	70,500 (14.1%)	73,400 (15.6%)	+ 2,900	+ 4.1%
Operating profit	38,016 (8.1%)	39,500 (7.9%)	44,000 (9.4%)	+ 4,500	+ 11.4%
Ordinary profit	42,362 (9.0%)	43,000 (8.6%)	47,000 (10.0%)	+ 4,000	+ 9.3%
Current (quarter) net profit	28,017 (6.0%)	29,000 (5.8%)	31,000 (6.6%)	+ 2,000	+ 6.9%
Orders	440,864	452,000	452,000	—	—
Current net profit per stock	¥395.87	¥410.01	¥438.28	—	—
Dividends	¥120 Interim ¥55, Year-end ¥65	¥130 Interim ¥65, Year-end ¥65	¥140 Interim ¥65, Year-end ¥75	+ ¥10	—

# Orders & Sales Performance Forecast by department (Revised)

Sales of each department

(Million yen)

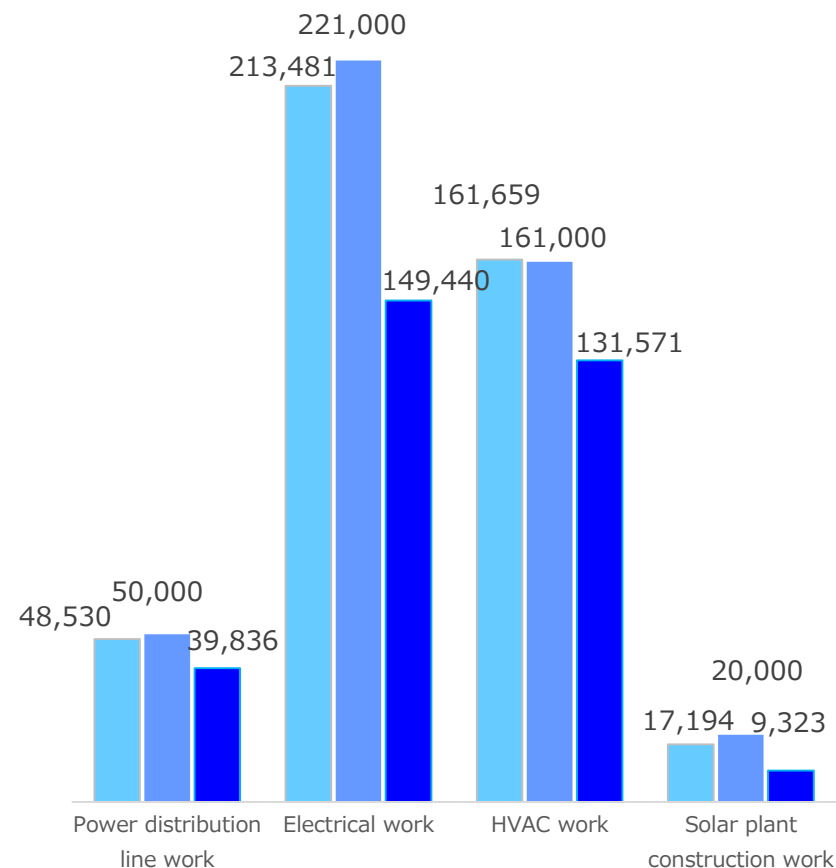
■ 2024.3 ■ 2025.3 (Revised) ■ 2025.3(3Q Cumulative Results)



Orders of each department

(Million yen)

■ 2024.3 ■ 2025.3 (Revised) ■ 2025.3(3Q Cumulative Results)

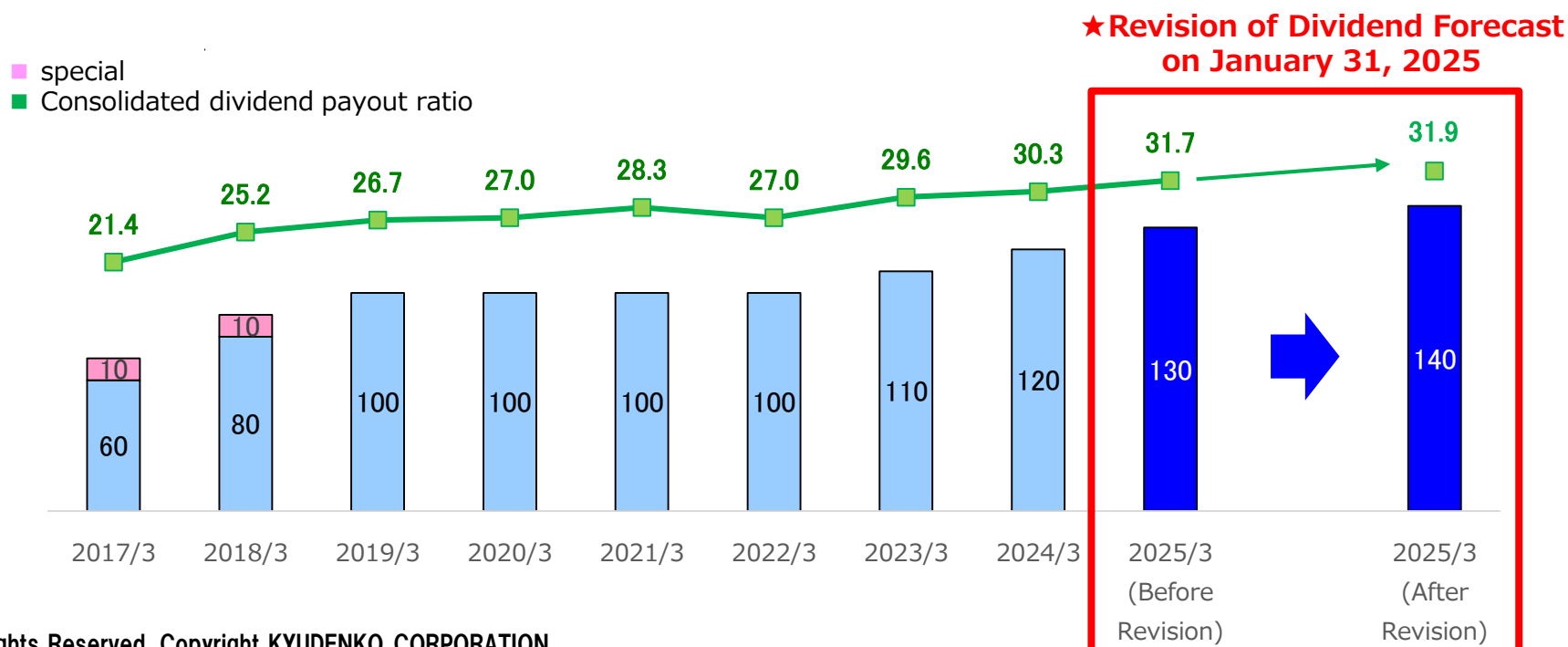


## Dividend Policy

With regard to distribution of profits, we seek to keep appropriate financial strength and appropriately return profits to shareholders with an awareness of the cost of capital with strengthening management base for improving operating results and securing internal reserve necessary for further business expansion.

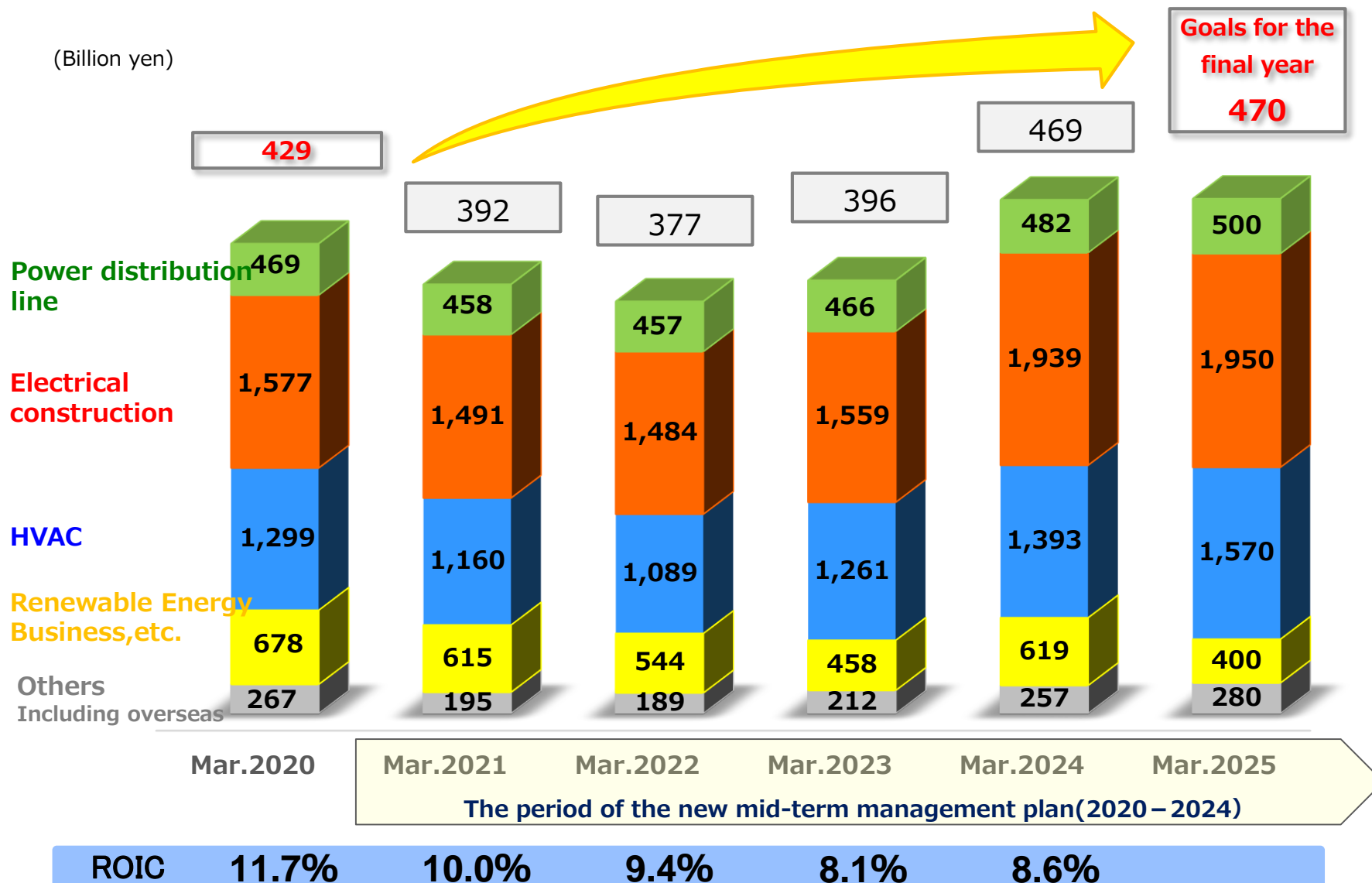
To satisfy expectations of shareholders, we continuously pay a stable dividend with the use of consolidated payout ratio 25% as a guide, comprehensively taking into account business environment, operating results and financial position.

Based on this basic policy, considering the earnings forecast for the fiscal year ending March 2025, we have decided to increase the year-end dividend per share for the fiscal year ending March 2025 **from 65 yen to 75 yen, an increase of 10 yen**. As a result, the annual dividend **per share is expected to be 140 yen**.



# Mid-term management plan (2020~2024)

# Road map of sales plan





- **"Promotion of Environmental Management"** was added as a new issue to be addressed. While incorporating environmental management and CSV management into our management strategy, we will adapt to an environment that is changing at an unprecedented pace.

## Three reforms



### Reform of construction capability

- Strengthen hiring of engineers based on a long-term workforce plan
- Reduce the turnover rate of young engineers by reviewing technical education
- Establish a system to ensure the timely and optimal deployment of all technicians
- Review the construction management system by strengthening and utilizing the Technology Management Department
- Promote multifunctional workers



### Reform of productivity

- Review the company-wide and departmental training systems
- Achieve optimal personnel rotation for the entire company
- Promote rationalization and labor saving through the use of cutting-edge technology and IT
- Realize business reforms



### Reform of governance

- Strengthen and thoroughly implement a governance system

## Issues continuing from the previous Mid-term Plan

- Deepen measures to improve profit margins
- Strengthen and expand the order base of the domestic facility work industry
- Strengthen the profitability of power distribution line work
- Develop new business areas
- Create an attractive workplace environment
- Increase in corporate value

## New Issues to be addressed

- Promotion of Sustainability Management
- Thorough management of progress in major projects

## Three reforms



### Reform of construction capability

- Strengthen hiring of engineers based on a long-term workforce plan
- Reduce the turnover rate of young engineers by reviewing technical education
- Establish a system to ensure the timely and optimal deployment of all technicians
- Review the construction management system by strengthening and utilizing the Technology Management Department
- Promote multifunctional workers



### Major Initiatives

- Strengthen year-round recruitment
- Promote on-the-job training
- Systematic allocation of construction personnel to large-scale projects
- Strengthen and thoroughly implement front-loading before receiving orders
- Visualization of construction capability



### Reform of productivity

- Review the company-wide and departmental training systems
- Achieve optimal personnel rotation for the entire company
- Promote rationalization and labor saving through the use of cutting-edge technology and IT
- Realize business reforms



### Major Initiatives

- Visualization of training level
- Improvement of operational efficiency by utilizing DX
- Establishment of a system that accommodates diverse work styles
- Improve productivity by dividing the workload among construction personnel



### Reform of governance

- Strengthen and thoroughly implement a governance system



### Major Initiatives

- Thoroughly implement measures to prevent recurrence and continue to evaluate their effectiveness
- Enhancement of compliance education

# Acceleration of Work Style Reform

## ■ In April 2023, "Work Style Reform Department" was established as an organization directed by the President.

- (1)Based on the Workplace Reform Action Plan, scrutinize the contents of the implementation plans and manage some progress.
- (2)Establish a support system for construction personnel belonging to sales offices.
- (3)Plan and execute staffing some administrators to large job sites.

## < Work Style Reform Action Plan (excerpt) >

Items	Measures	Implementation Details	
Personnel Measures	①Deploy staff to large job sites	①-1 Deploy technicians	<ul style="list-style-type: none"> <li>• Deploy head office technical staff to branch offices ahead</li> <li>• Deploy materials staff</li> <li>• Deploy technical staff</li> <li>• Deploy safety management staff</li> </ul>
		①-2 Deploy administrators	<ul style="list-style-type: none"> <li>• Deploy administrative staff from head and branch offices to large job sites</li> </ul>
	②Assign staff to sales offices (to handle small and medium-sized construction projects)	②-1 Deploy technical staff ②-2 Deploy, train, and hire clerical employees	<ul style="list-style-type: none"> <li>• Deploy clerical employees belonging to branch offices to technical work</li> <li>• Switch clerical work in branch offices to temporary employees</li> </ul>
Work Improvement	③Revise the policy to secure personnel	③-1 Work location selection ③-2 Contract rehiring ③-3 Mid-career hiring	<ul style="list-style-type: none"> <li>• Establish area type: new scheme</li> <li>• Extend reemployment period</li> <li>• Ease hiring criteria</li> </ul>
	④Transfer task	④-1 Transfer construction manager's tasks to other departments	<ul style="list-style-type: none"> <li>• Safety (ex. Training, etc.)</li> <li>• Sales (ex. receive order sheet, and issue invoices, etc.)</li> <li>• Affairs (ex. manage materials, subcontracting, expenses , etc.)</li> </ul>
	⑤Reduce workload	⑤-1 Engineer's workload ⑤-2 Administrator's workload	<ul style="list-style-type: none"> <li>• Review business processes (ex. Preparing documents, etc.)</li> <li>• Review the number of meetings and their members</li> <li>• Review Kyudenko Academy's training programs (ex. enrich and streamline the contents)</li> <li>• Review how engagement surveys should be conducted</li> </ul>
	⑥Improve productivity (ex. paperless, etc.)	⑥-1 Operational efficiency through DX	<ul style="list-style-type: none"> <li>• Use electronic official seals and review payment process.</li> <li>• Introduce and utilize P/L management system.</li> <li>• Digitize construction project documents (including contracts with subcontractors)</li> </ul>

# Appendix

Company name	Kyudenko Corporation
Established	December 1, 1944
Capital	¥ 12,561 million
Listed market Code	Prime Market of Tokyo Stock Exchange, Fukuoka Stock Exchange 1959
Head office	1-23-35 Nanokawa, Minamiku, Fukuoka city
Tokyo head office	Sunshine 60 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo
Bases	Head office, Tokyo head office, 13 branches in Japan, 105 sales offices, / 7 overseas subsidiaries
Approval for construction	Approved by Minister of Land, Infrastructure, Transport and Tourism (Sp. 29) No. 1659
Number of employees	Consolidated: 10,989persons (Sep. 30, 2024)

### 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

## 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.

### ■ Important issues (materialities)

Social Issues		Important issues (materialities)	SDGs	Orientation of measures
Environment (E)	Climate change Decarbonized society Energy	Contribute to the spread and expansion of clean energy	   	Promote energy creation related construction and projects (solar, wind, biomass, PPA, EMS, etc.)
		Contribute to energy conservation	 	Promote energy saving related construction (proposals for energy efficiency improvement (ES) construction, EV charging equipment, ZEB, energy saving equipment, etc.)
		Kyudenko to achieve carbon neutrality by 2050		Respond to TCFD and reduce our own CO <sub>2</sub> emissions
Society (S)	Diversity Labor practices Employment Human rights	Create an environment that embraces diverse values and maximizes individual capabilities	   	Promote diversity and inclusion, build diverse and flexible ways of working, and respect human rights
	Occupational safety and health	Create rewarding workplaces with safety as the highest priority	 	Eliminate critical disasters, promote health and productivity management, improve employee engagement
	Education and training	Strengthen the overall human capacity (business performance, human capacity, creativity (thinking skills))		Strengthen human resource development and build diverse career maps
	Communities	Maintain and develop local infrastructure through stable supply of electricity and facility work, etc.	  	Maintain and develop social infrastructure through existing businesses
	Disaster prevention	Use our technical capabilities to contribute to infrastructure development that is resistant to natural disasters	 	Disaster-resistant urban development, disaster recovery, support for areas affected by disasters, community contribution activities
	Innovation	Create new value through technical development and active collaboration		Create new business areas, improve productivity, promote investment in DX and technology development, promote open innovation, promote M&A
	Waste	Contribute to the formation of a circular society		Promote 3R (reduce, reuse, recycle), promote green purchasing
Governance (G)	Organizational governance Anti-corruption Compliance Fair business practices Anti-competitive behavior	Implement fair and transparent business practices	 	Enhance corporate governance, ensure compliance, implement information security management, strengthen risk management, ensure fair transactions in the supply chain





## 「Gathering. Connect. Create the future.」

We “Gather” together to create new ideas and activate communication.

Connecting people across departmental boundaries .

Create the future" through new ways of working, ease of work, and reduction of environmental impact.

The new office will foster independence and positivity among employees and encourage them to take on new challenges and create new value.

We will work to create new value by fostering independence and positivity in our employees, and by challenging them to take on new challenges.





# Actual results of recruitment of human resources (Kyudenko individual) and workforce planning

## « Actual results of periodic recruitment of engineers and skilled persons »

	2017	2018	2019	2020	2021	2022	2023	2024
Total engineers and skilled persons	344	384	342	336	387	306	259	292
High school graduates	248	271	253	253	263	225	187	196
University graduates	96	113	89	83	124	81	72	96

## « Comparison in actual results of recruitment for April 2024 with other companies »

	Kyudenko	Large electrical construction companies	Large HVAC companies	Super general constructors
Total in all professions	329	330~420	50~130	360~430
High school graduates	205	Around 240	Around 10	Around 60
University graduates	124	90~190	40~130	340~400

## « Actual number of personnel at the end of the fiscal year »

	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Sep. 2024
Electrical work department	2,274	2,359	2,468	2,519	2,563	2,649
HVAC work department	1,138	1,188	1,212	1,202	1,216	1,271
Year-end workforce of electrical and HVAC	3,411	3,547	3,680	3,721	3,779	3,920
Power distribution line department	1,642	1,566	1,519	1,471	1,437	1,454
Other	1,446	1,469	1,508	1,516	1,514	1,558
Employees of single Kyudenko	6,500	6,582	6,707	6,708	6,730	6,932
Employees of group	10,018	10,198	10,528	10,626	10,687	10,989

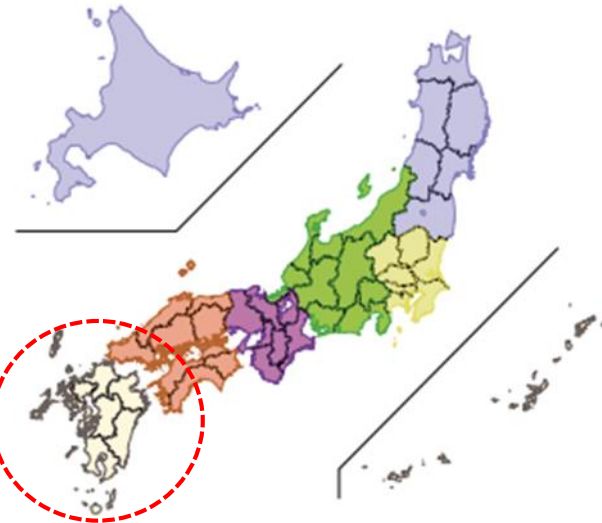
## « Total 8,700 employees in technical field of total 10,700 »

	(Kyudenko)		(Subsidiaries)	
Number of site technicians	About 2,100	+	About 2,100	= About 4,200
Number of construction managers	About 3,200	+	About 1,300	= About 4,500

# Location of Ukujima

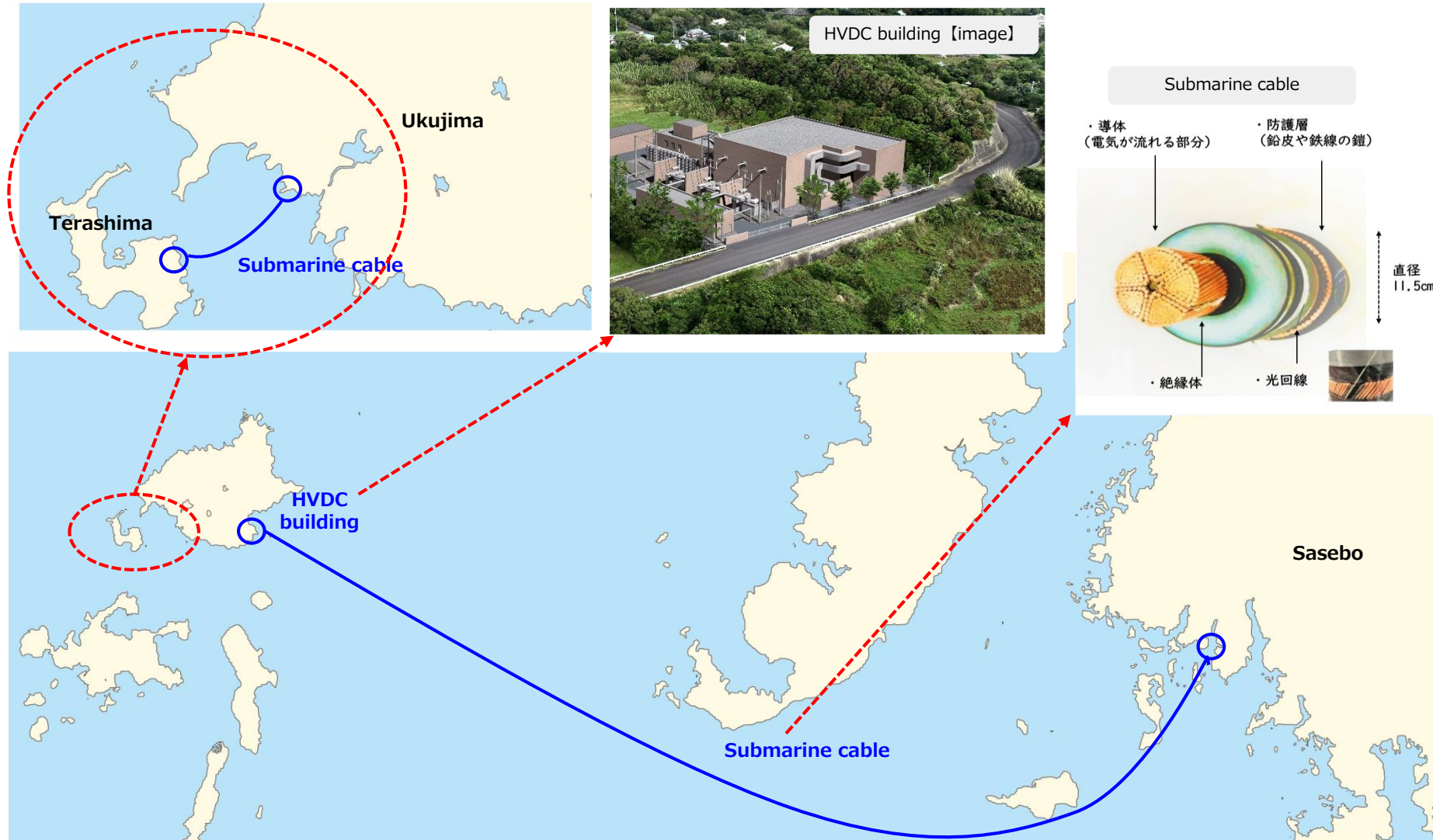
- Ukujima is located at the northernmost tip of the Goto Islands, Sasebo City, Nagasaki Prefecture, Kyushu.

The area is approximately 25km<sup>2</sup>.



# Schematic of transmitting electricity

■ Converting AC electricity generated at Ukujima and Terashima to DC. Submarine cables will be used to interconnect and transmit power to Kyushu Electric Power Company's power transmission and distribution substation in Sasebo.



# Details of diverse business models (facility work)

business model item	Ⓐ Proposal and original contract type(Local based)	Ⓑ Sub-contract type	Ⓒ Capital participation type
① Feature	<ul style="list-style-type: none"> <li>• Mainly small- and med-sized deals</li> <li>• Order directly from the owner (prime contractor)</li> </ul>	<ul style="list-style-type: none"> <li>• Large sized deals</li> <li>• Subcontractor of a general contractor</li> </ul>	<ul style="list-style-type: none"> <li>• Capital participation in a project of collaboration with different industries, and receiving an order for construction</li> <li>• Construction profit + Business profit according to the amount of investment</li> </ul>
② Business area	Mainly Kyushu	Urban areas such as Kanto and Kansai	Nationwide development
	To Kanto and Kansai by M & A	Fukuoka urban area Business area expansion to the whole country	
③ Sales	Sales by project are small	Sales by project are large	Sales by project are large
④ Profit rate	Relatively higher (Order directly from the owner)	Relatively lower (Mainly subcontracted)	Different for each project
⑤ Differentiation strategy	By having 110 sales offices throughout Kyushu and Okinawa, we develop local-based sales by engineers	Overwhelming ability to collect workforce and ability of direct construction	By participating from the project planning stage, we definitely receive an order for construction
⑥ Rival	Local small and medium-sized enterprises	Major competitors	General contractor and developer
⑦ Composition ratio	about 40 %	about 50 %	about 10 %

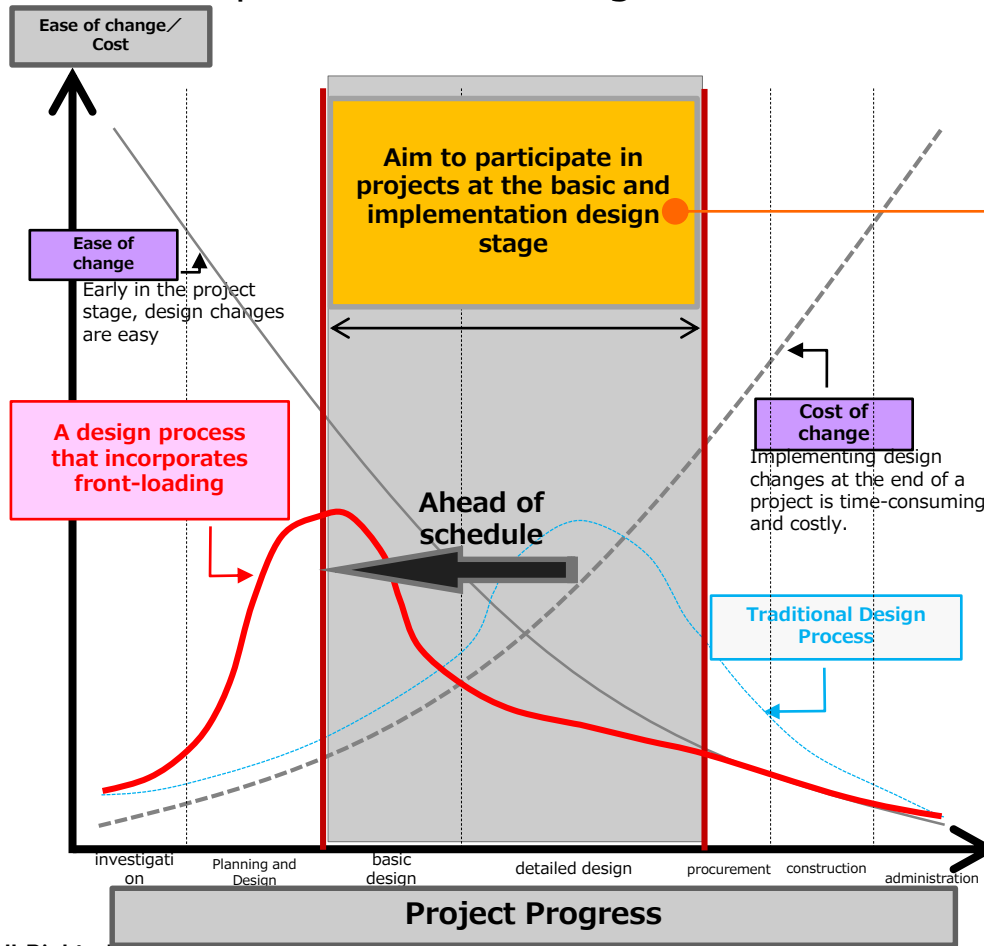
# Specific measures to improve the profit margin (excerpt)

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	<ul style="list-style-type: none"> <li>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.</li> </ul>
	B. Measures for increase of construction cooperation companies' labor costs.	<ul style="list-style-type: none"> <li>Close relationships with construction cooperation companies planned order and allocate appropriate personnel, suppress labor costs increase. (Branch executives present annual order amount, and exchange information with cooperation companies directly.)</li> </ul>
	C. Establishment of team supporting construction.	<ul style="list-style-type: none"> <li>Establishment of a team specialized for supporting construction by employee technicians.</li> </ul>
	D. Material ordering linked to design change and further utilization of "Q-mast" which affiliated company specialized for purchasing material.	<ul style="list-style-type: none"> <li>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.</li> </ul>
2 .Cost increase due to the compression of facility construction process caused by building construction delay.	E. Approach to "Front Loading"	<ul style="list-style-type: none"> <li>Make design changes possible based on budget by building a good relationship with design office.</li> </ul>
	F. Sales representative's help to construction site after construction starts.	<ul style="list-style-type: none"> <li>For additional work, the sales representative and the construction manager cooperate, and before starting construction, be sure to submit each estimate and negotiate the price</li> </ul>
	G. Dealing to delays in the progress of building construction work	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Benefits of being involved from the design stage

- [Design Phase] Design changes can be made from the initial design stage  
(Effective suggestions and cost savings can be anticipated.)
- [Contract Stage] Orders can be received with cost savings factored in
- [Construction Phase] It allows for a smooth handover to the field

### <The Concept of Front Loading>



### <Image in our company>

