

# KYUDENKO CORPORATION

## FY ending March 2025

### Results briefing



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# Overview of business results

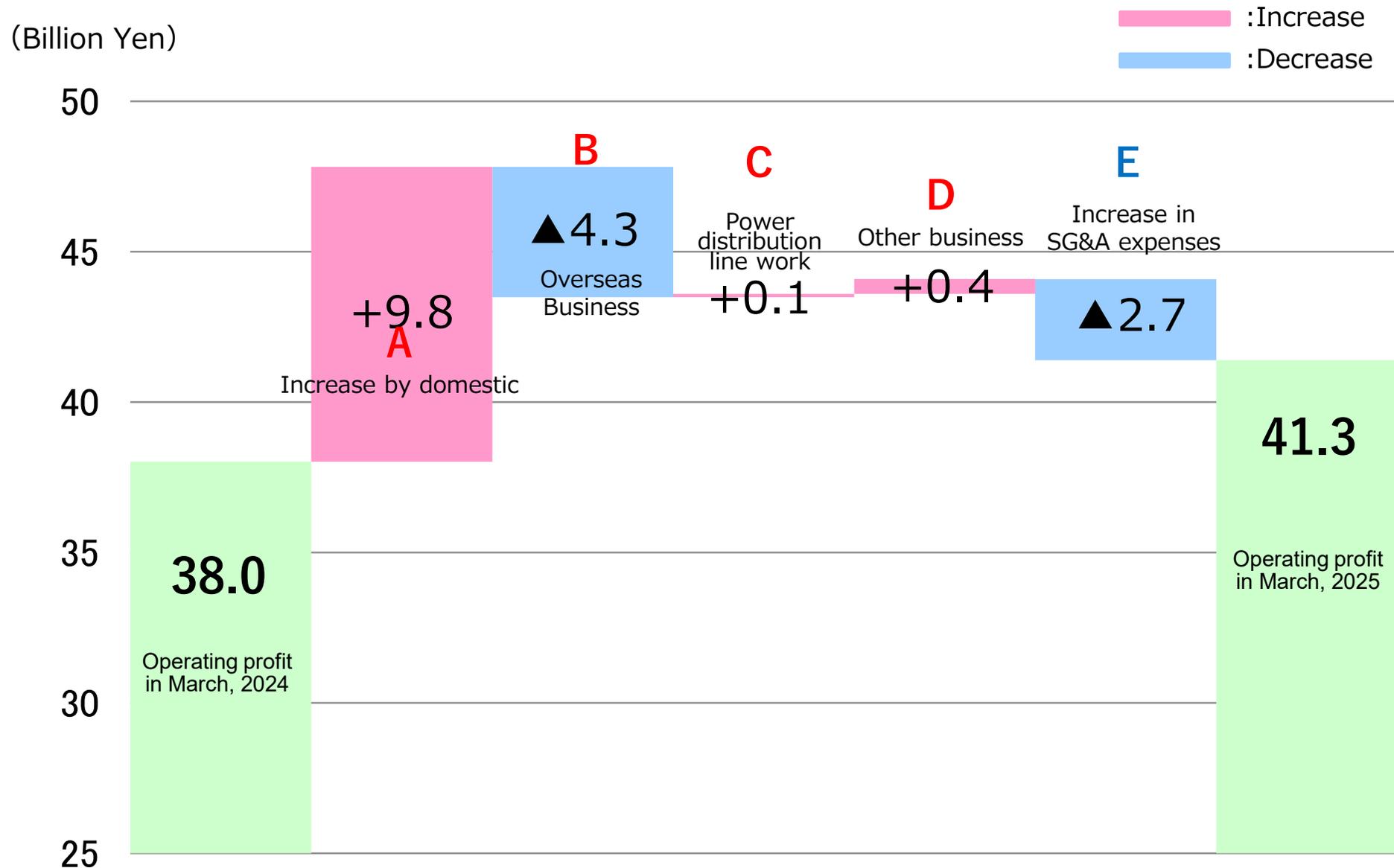
# Outline of P/L March 2025

★ Red letters indicate record highs

(Million yen)

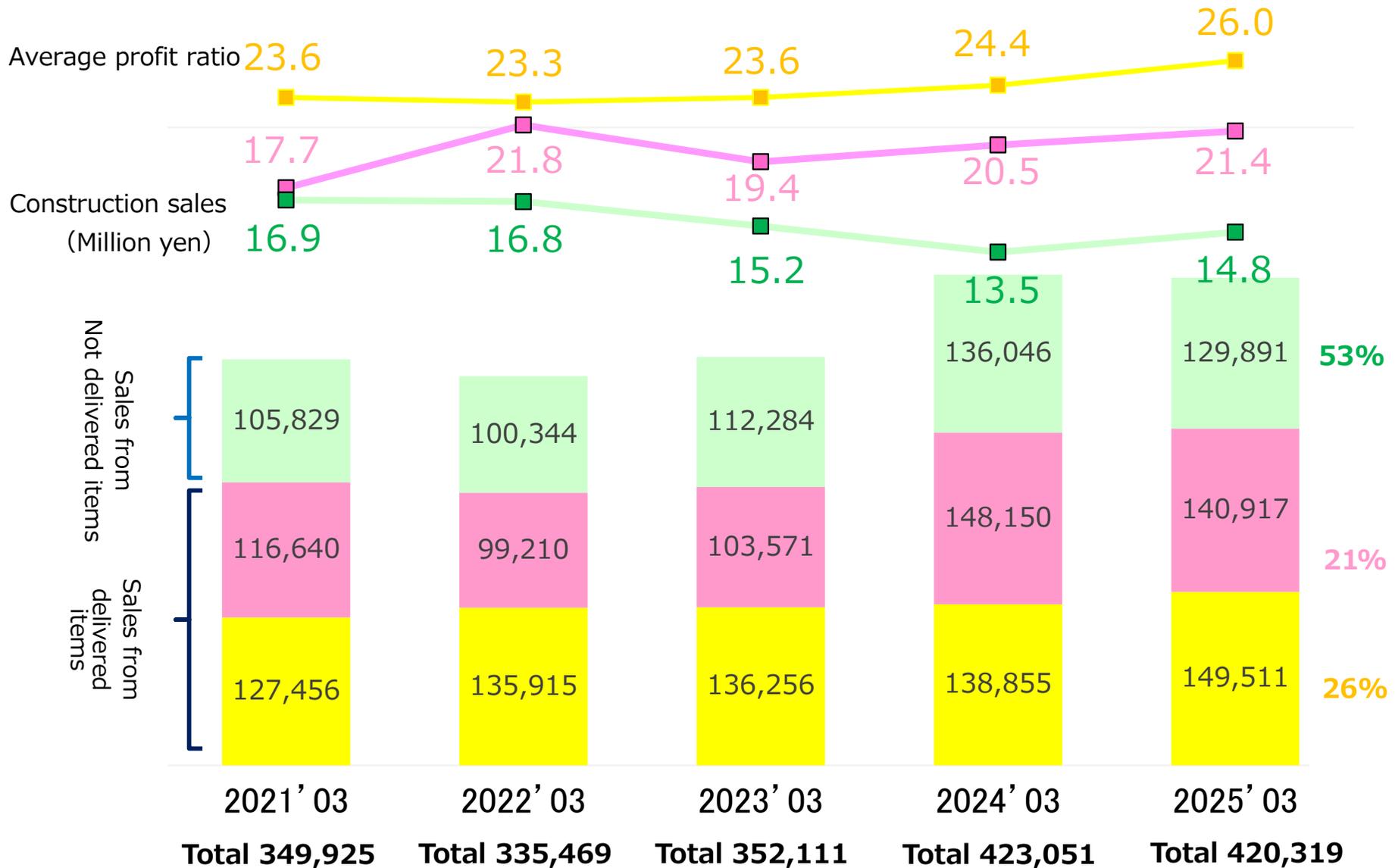
|                      | March 2024<br>Result | March 2025                 |                       |                                     |                                    |
|----------------------|----------------------|----------------------------|-----------------------|-------------------------------------|------------------------------------|
|                      |                      | Result                     | Increase<br>/decrease | Percentage<br>increase<br>/decrease | Published<br>value<br>(2025.01.31) |
| Sales                | 469,057<br>(100.0%)  | <b>473,954</b><br>(100.0%) | +4,897                | +1.0%                               | 470,000<br>(100.0%)                |
| Gross profit         | 64,632<br>(13.8%)    | <b>70,701</b><br>(14.9%)   | +6,069                | +9.4%                               | 73,400<br>(15.6%)                  |
| Operating profit     | 38,016<br>(8.1%)     | <b>41,388</b><br>(8.7%)    | +3,371                | +8.9%                               | 44,000<br>(9.4%)                   |
| Ordinary project     | 42,362<br>(9.0%)     | <b>44,434</b><br>(9.4%)    | +2,071                | +4.9%                               | 47,000<br>(10.0%)                  |
| Net profit           | 28,017<br>(6.0%)     | <b>28,883</b><br>(6.1%)    | +865                  | +3.1%                               | 31,000<br>(6.6%)                   |
| Orders               | 440,864              | 452,113                    | +11,248               | +2.6%                               | 452,000                            |
| construction on hand | 456,042              | 454,059                    | ▲1,983                | ▲0.4%                               | -                                  |

# Factors of change in OP March 2025

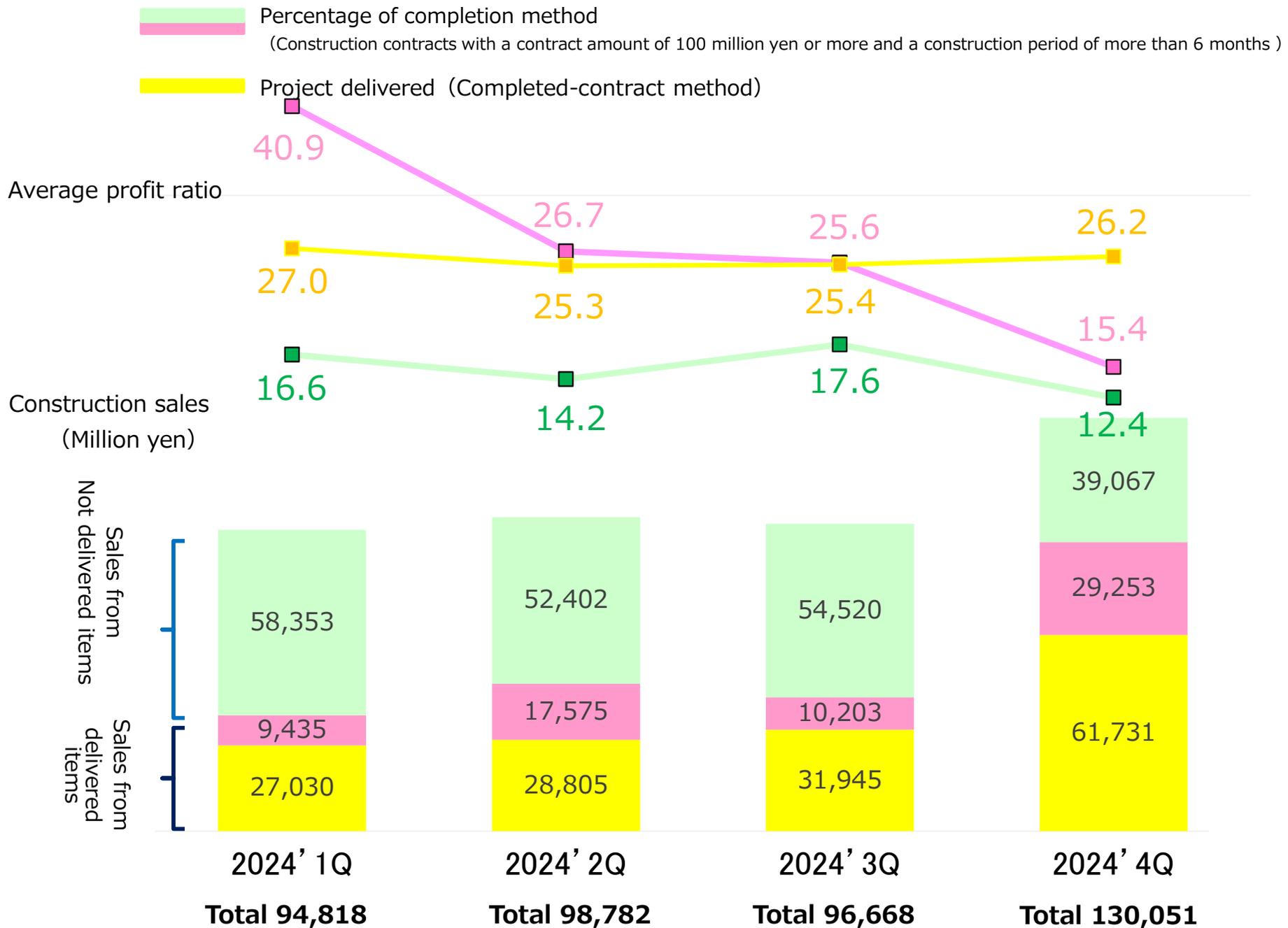


# Breakdown of construction sales and Factor of gross profit ratio FY March 2025 (Consolidated results (before consolidation and elimination) : excluding power distribution line work)

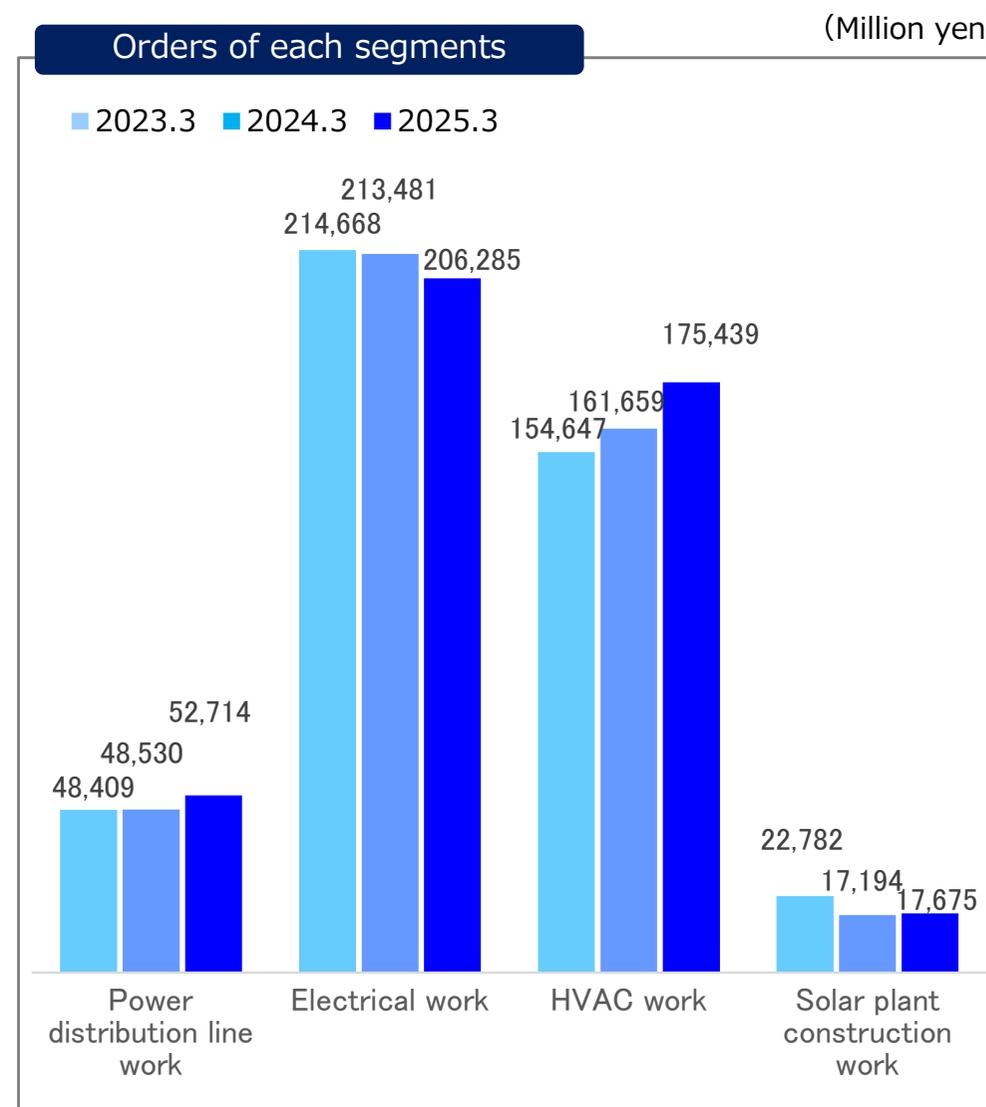
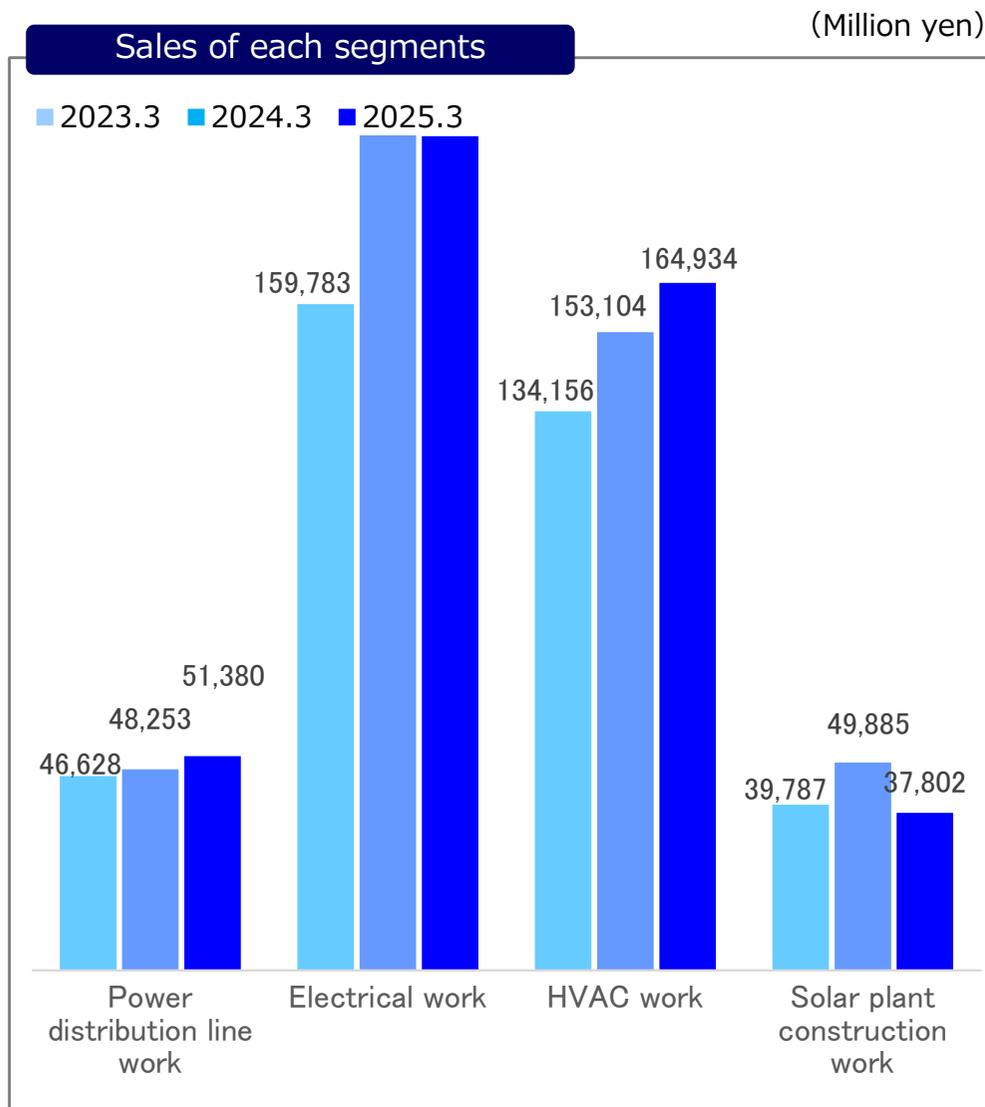
■ Percentage of completion method  
 (Construction contracts with a contract amount of 100 million yen or more and a construction period of more than 6 months)  
■ Project delivered (Completed-contract method)  
■ Project delivered (Completed-contract method)



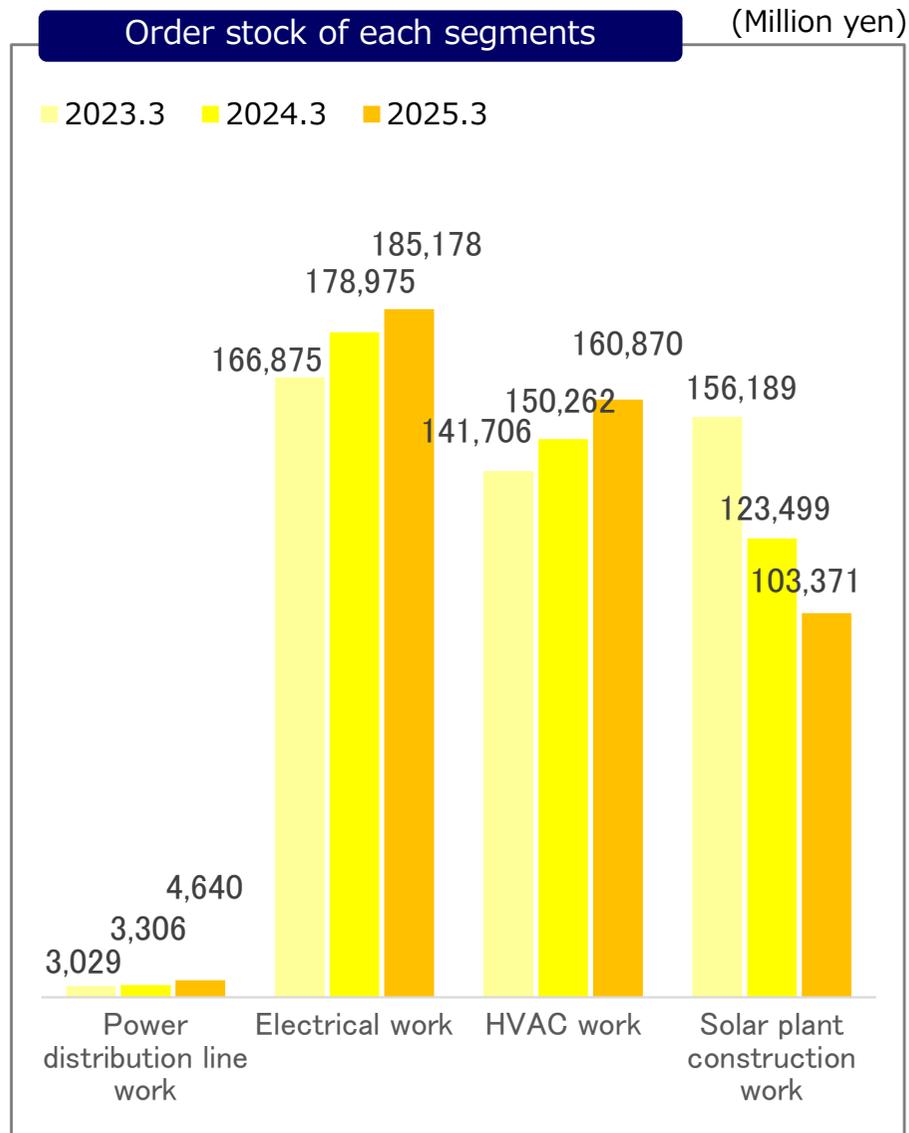
# Breakdown of construction sales and average profit margin (by quarterly accounting period) (Consolidated results (before consolidation and elimination) : excluding power distribution line work



# Order received / Sales by department FY March 2025



# Situation of order stock FY March 2025



## New orders in FY March 2025



# Actual results of works FY March 2025

Image



Image



Image



Image



Image



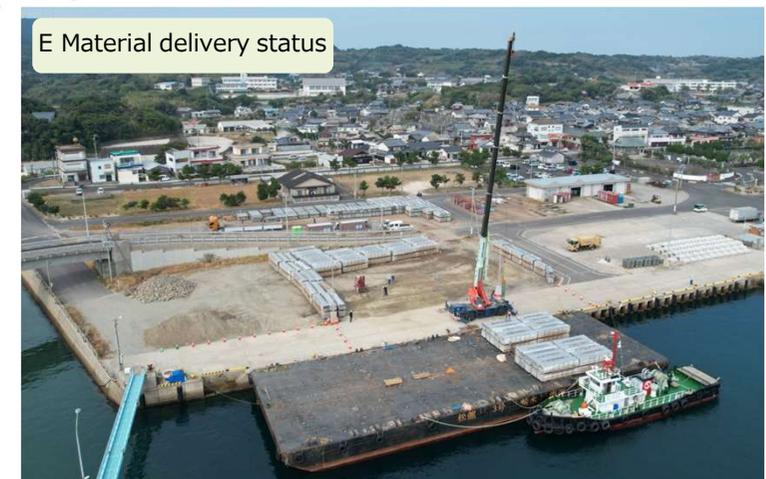
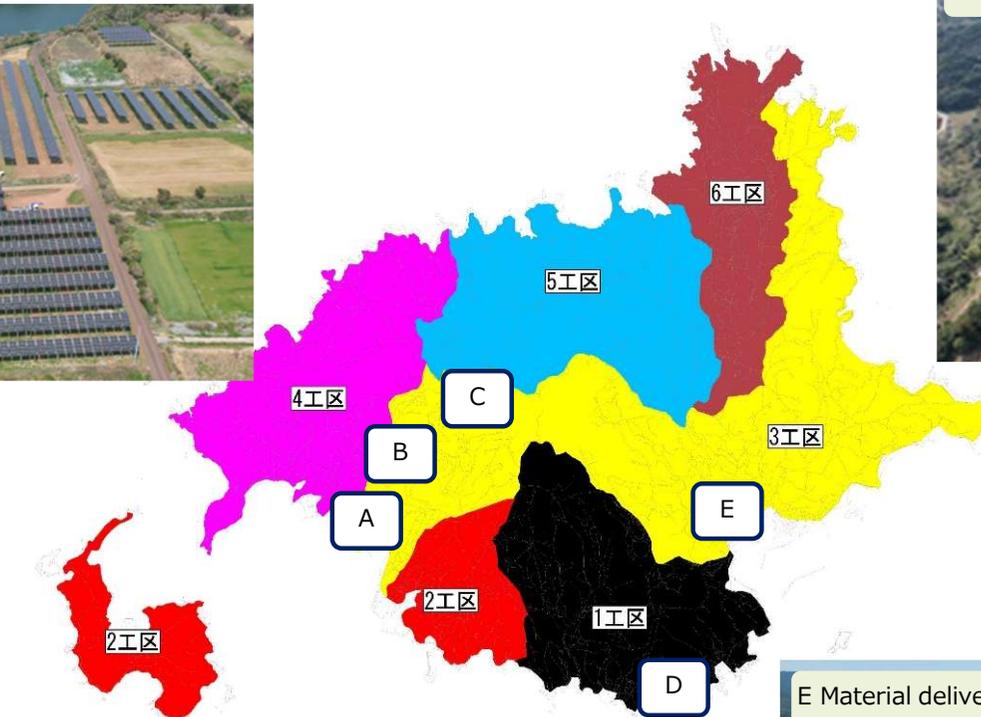
Image

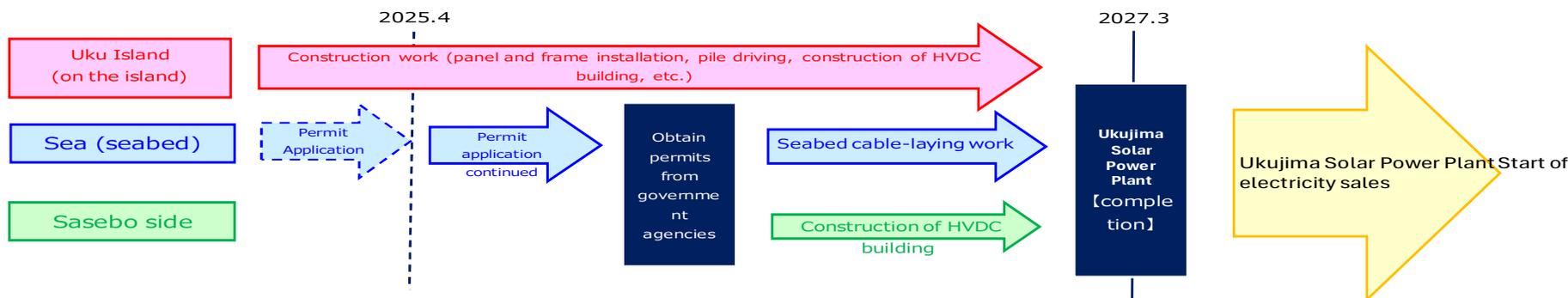


# Ukujima solar power plant

# Situation on the island of Ukujima

- For construction work, the project area is divided into six construction zones and managed. Work has now begun in the Iira area, the third construction zone. Preparation work also started in the second construction zone (Kamiura area).





## I. Application for Permission to Lay Submarine Cables

- The laying of submarine cables is subject to regulations such as ordinances, so it is necessary to obtain permission from the administrative agency. If there is a letter of consent from the parties concerned, permission can be obtained promptly from the administrative agency. However, if there is no written consent, communication with the administrative agency (submission of related documents, consultations, etc.) is required, which takes time.

- For the coastal area of Uku Island, we have obtained consent from the Uku Ojika Fisheries Cooperative Association and a permit from Nagasaki Prefecture.

- On the other hand, for the Kyushu mainland side, SPC has already submitted an application for permission to install submarine cables to the administrative agency, along with a written report describing the status of discussions with related parties and the impact on the port plan based on the analysis of outside experts, etc. After SPC submitted the documents, it carefully explained environmental considerations to the administrative agency, and is currently working with outside experts and other parties to develop a plan to install the cables. The project is currently under review by outside experts and attorneys.

- The main reason for the delay in receiving permission from the government agency is that SPC emphasized objectivity by requesting a third party to conduct a survey, and it took more time than expected to carefully explain this to the government agency.

- We expect to reach a conclusion within the next few months, given the time required for the standard administrative process and the progress of the procedure.

## II. SPC Financing

- As of May 2025, the SPC and the financial institutions have not reached a financing agreement, but negotiations are ongoing.

- The company aims to conclude the loan agreement by the end of FY2025, and the specific timing and interest cost of the loan will be determined as soon as the company receives approval to lay the submarine cable.

## III. Project duration and business profitability of SPC

- The start of electricity sales has been delayed by more than three and a half years from the original date (June 2023).

- In response to deteriorating profitability due to the shortened FIT period (~September 30, 2040), in addition to increasing power generation through technological measures such as improving panel generation efficiency, the company is considering converting to the FIP system and using the Corporate PPA system to improve profitability and extend the project period.

- After receiving permission to lay the submarine cable, the financing agreement described in "II" will be signed to solidify the interest cost and the profitability of the project. Negotiations with the EPC (for the EPC's cost increase) will then begin.

## IV. Construction duration and construction profitability of EPC

- Construction on Uku Island, which accounts for approximately 70% of the total construction work, is progressing smoothly.

- The start of construction of the HVDC building on the mainland Kyushu side has been delayed due to the fact that permission for laying submarine cables has not been obtained. As soon as permission is obtained, construction will begin immediately and is expected to be completed by the end of FY2026.

- In response to concerns about cost increases due to the extended construction period, we will negotiate with SPC for an increase in costs (as described in "III"), but at this point, we have reduced our profit level by estimating the cost increase.

- As for construction accounts receivable, SPC expects to be able to collect them each time it raises funds.

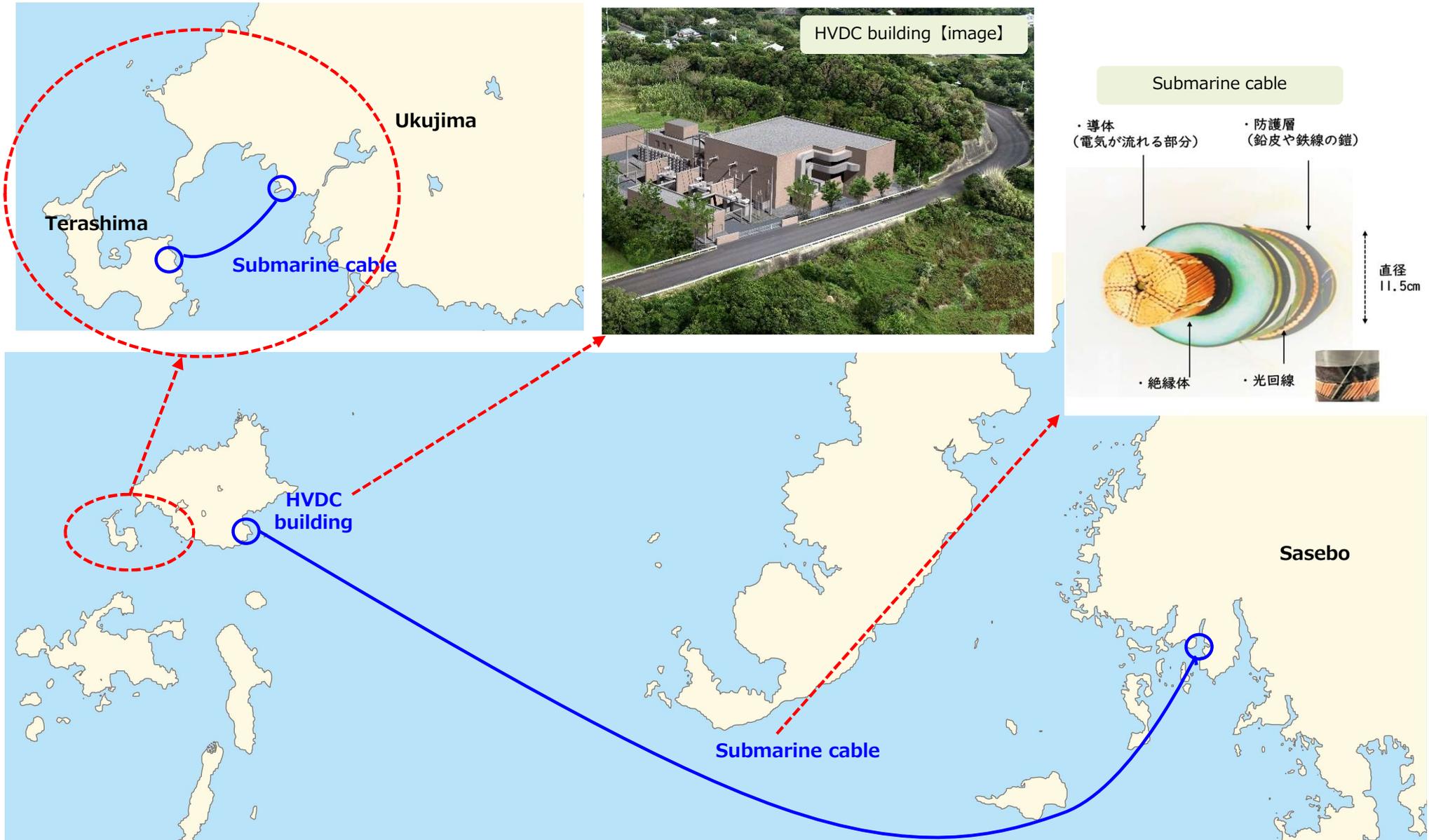
# Location of Ukujima

- 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.



# Mid-term management plan

# Summary of the Previous Mid-term Management Plan (FY2020 to FY2024)

## Main theme

Establishing a management foundation for sustainable growth  
Achieving the three reforms

## Three reforms

Construction capability

Productivity

Governance

✓ The Group's Mid-term Management Plan, launched in FY2020, encountered unexpected challenges including the spread of COVID-19, which triggered material shortages and significant fluctuations in foreign exchange rates.

✓ While net sales reached a record high due to strong demand in urban development and significant capital investments by semiconductor companies, delays in large-scale renewable energy projects impacted performance, preventing us from achieving our sales targets.

✓ Although we recorded a historic high in ordinary profit, the shortfall in sales meant our operating profit target went unmet.

✓ ROIC also fell short of the plan's target due to both lower profits and an increase in invested capital.

|   | Targets and results under the previous Mid-term Management Plan (FY2024) |  |
|---|--|--|
|   | Targets under the previous Mid-term Management Plan (Consolidated basis) | Results (Consolidated basis)           |
| <b>Sales</b>                                    | ¥500 billion   | ¥474 billion <b>Record high</b>        |
| <b>Ordinary profit</b><br>Ordinary profit ratio | ¥50 billion<br>10.0% or higher   | ¥44 billion<br>9.4% <b>Record high</b> |
| <b>ROIC</b>                                     | 10.0% or higher  | 9.0%                                   |

ROIC = Net operating profit after tax ÷ Invested capital

## Issues carried over from the previous Mid-term Management Plan (2020 to 2024)

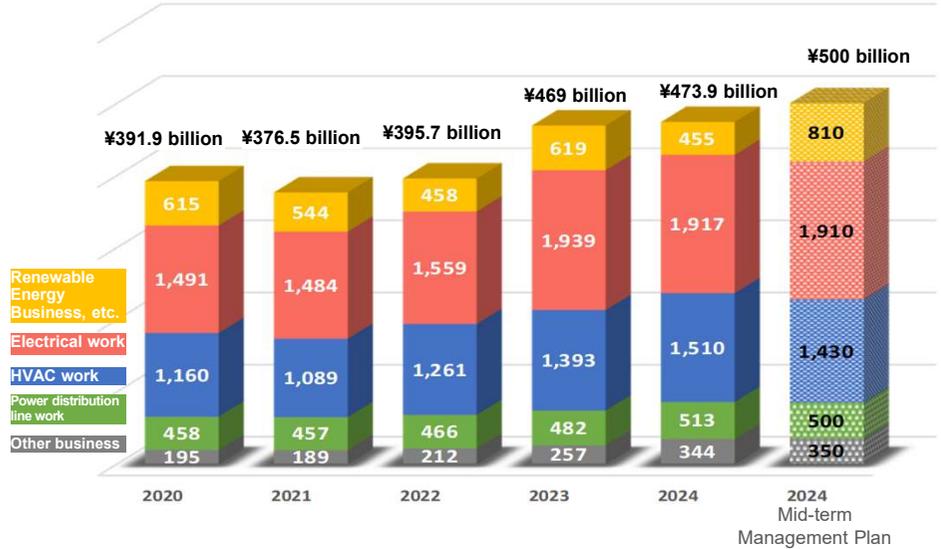
- Financial stability improved in terms of our capital adequacy ratio, but indicators of capital efficiency such as ROIC and ROE have been slow to rise.
- Build new growth drivers in preparation for post-FIT solar projects
- Make investment decisions with a greater focus on capital efficiency
- Strengthen technological and proposal capabilities for a decarbonized society and expand investments in growth areas
- Expand investments in stock-type businesses to secure stable revenue (including power generation/storage, CRE, and facility operations)
- Ensure proper staffing and work efficiency improvements in response to the largest volume of ongoing construction work in our history
- Diversify recruitment strategies, improve compensation, reduce turnover, and reinforce workforce retention through employment extension programs amid a national labor shortage
- Ensure steady progress of the DX project to improve productivity among personnel in the field
- Rebuild employee training systems to strengthen technical capabilities (project management, field execution, and technical proposal skills)
- Develop highly effective compliance and safety education programs
- Build strategies and support systems to improve and expand the profitability of overseas operations (subsidiaries)
- Execute concrete initiatives and actions aligned with TCFD targets in pursuit of a decarbonized society

|                             |                   |                          |                     |
|-----------------------------|-------------------|--------------------------|---------------------|
| Operational efficiency      | DX                | Securing human resources | Governance          |
| Decarbonization             | Human capital     | Workstyle reform         | Shareholder returns |
| Diversified revenue sources | Growth businesses | Group management         | Capital efficiency  |

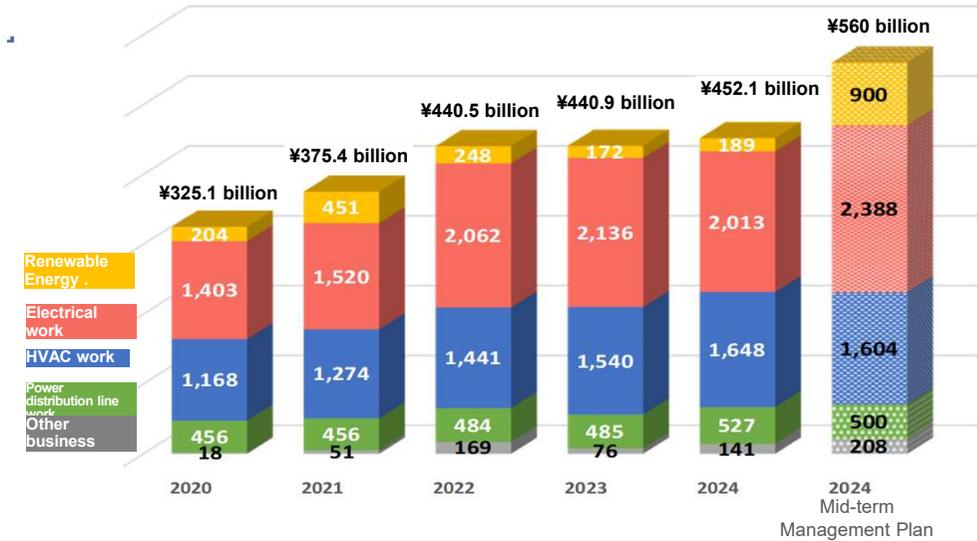
## Strengthening technological capabilities

# Summary of the Previous Mid-term Management Plan (2020 to 2024): Financial Data for the Previous Mid-term Management Plan Period

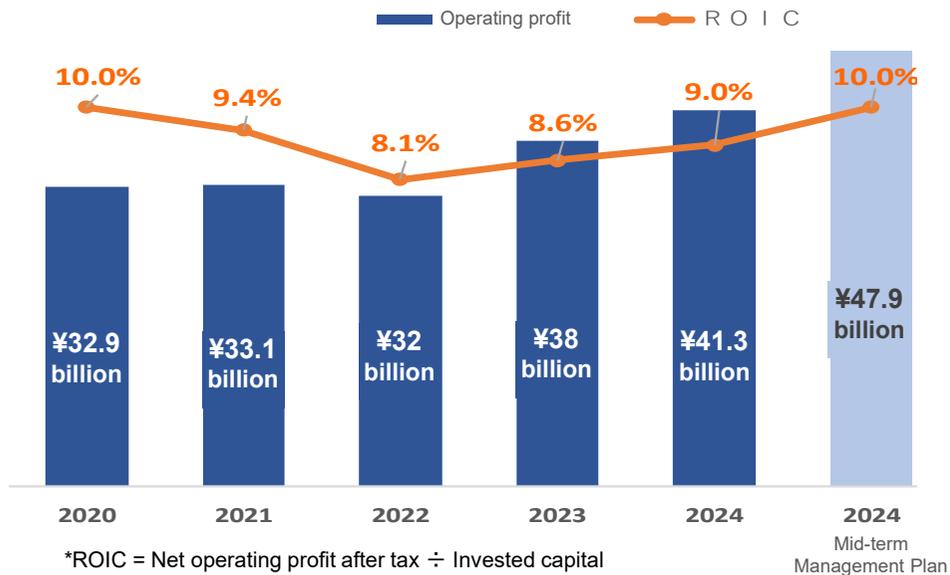
## Sales (consolidated)



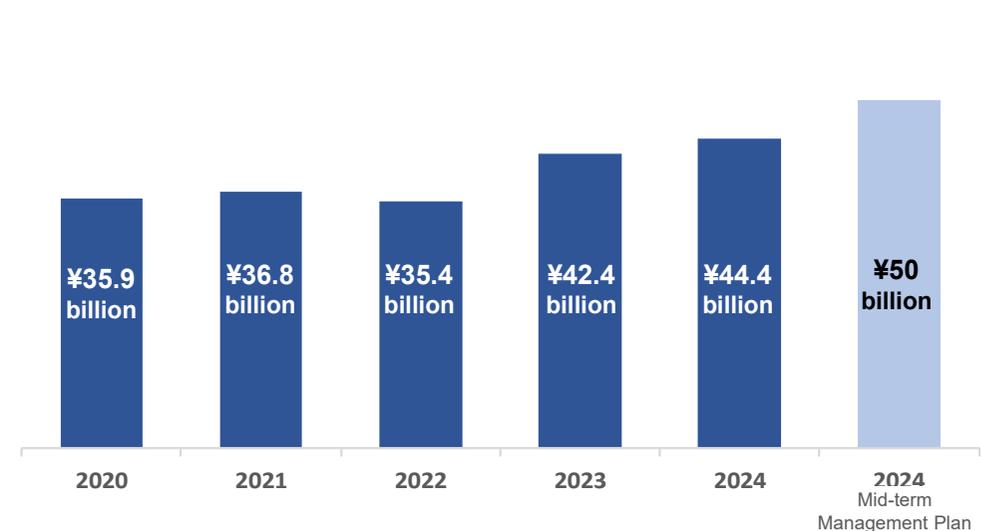
## Orders received (consolidated)



## Operating profit (consolidated) / ROIC



## Ordinary profit (consolidated)



## A new stage

The previous Mid-term Management Plan was built around the theme of “Establishing a Management Foundation for Sustainable Growth.” We pursued three reforms in the areas of construction capability, productivity, and governance, and thanks to strong demand in the construction sector, we achieved record highs in both sales and ordinary profit.

Looking ahead to 2044, the 100th anniversary of our founding, accelerating our growth and advancing to **a new stage** will require growth across the Group. We will strive to achieve sustainable growth by maximizing use of diverse management resources across all operations.

As part of our journey toward our 100th anniversary, Kyudenko will change its name to **KRAFTIA CORPORATION** in October 2025. This new name reflects our employees' aspirations to advance to a new stage. In deciding the name, we placed great importance on the voices of our younger and mid-level employees.

Our business has grown beyond power distribution and electrical work as Kyudenko has become one of the top-performing subcontractors in the HVAC and plumbing sector. In addition, our market share in both the Kanto and Kansai regions now exceeds 30%, and in recent years we've also focused on developing stock-based businesses to ensure stable revenue beyond construction income.

Given this business expansion and diversification, our existing company name no longer reflects our current operations. Looking toward our 80th anniversary and upcoming Head Office relocation as key milestones, we made the decision to change the company's name.

## Investing in the future

We anticipate that strong demand in the construction sector will continue for some time. However, the industry as a whole faces a chronic labor shortage, and improving productivity has become an urgent issue for Kyudenko, too.

To address these challenges, we recognize the need to **invest in the future** by driving operational efficiency through a digital transformation (DX) in construction, business process reform, and human capital management, including talent development. We must also focus on securing stable revenue streams for the future.

As we pursue sustained growth, we will actively invest in our people, growth businesses, value creation, stable earnings, M&A opportunities, and environmental initiatives. While continuing to position facility construction as our core business, we will also seek to build corporate structures capable of generating diversified and stable profits.

## Improving the quality of our operations

The Kyudenko Group will implement initiatives across its entire organization to further enhance corporate value. Rather than focusing solely on increasing sales, we're committed to improving profitability while living up to the expectations of all stakeholders by enhancing employee compensation, strengthening shareholder returns, and driving overall **quality improvements**.

By enhancing profitability, quality, governance, employee skills, working conditions, capital efficiency, and other aspects of our operations, we will look to shore up the foundation underpinning corporate value creation and enhance corporate value in a sustained manner.

# Management Targets

- We will identify financial and non-financial targets to achieve sustainable growth.



## Financial targets

|  |  |  |   |
|--|--|--|---|
| Consolidated ordinary profit<br>FY2029<br><b>¥60 billion</b> | ROIC*1<br>FY2029<br><b>10% or higher</b> | Total investment<br>Total during Mid-term<br>Management Plan period<br><b>¥200 billion</b> | Shareholder returns<br><b>Consolidated dividend ratio: About 40%</b><br>Offering a progressive dividend |
|--|--|--|---|

\*1 ROIC is calculated using after-tax business profit, which appropriately reflects investment efficiency based on the company's business model.

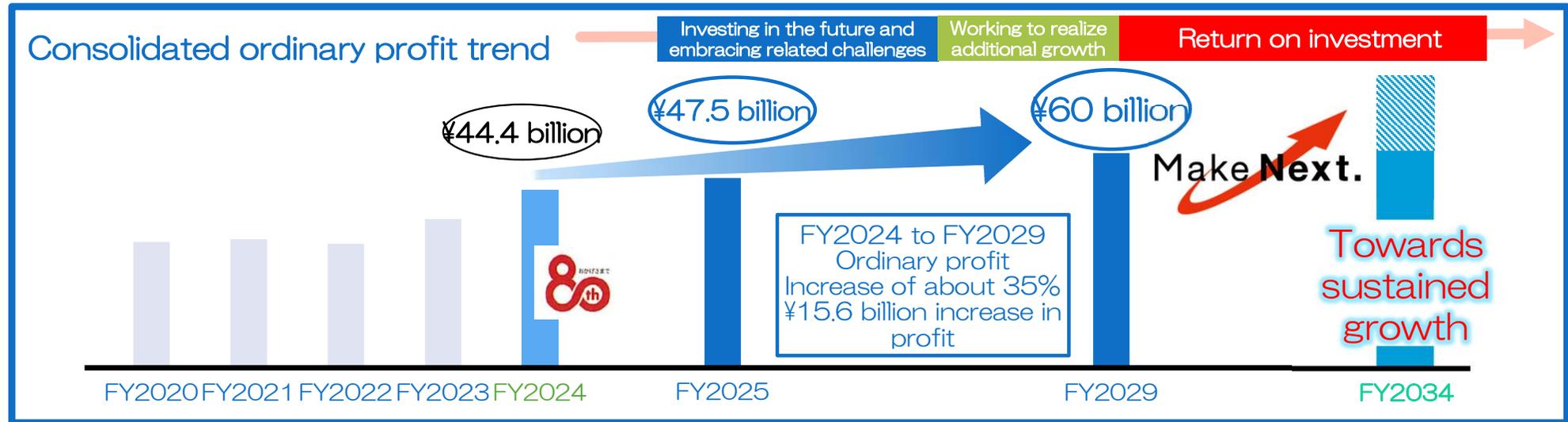
After-tax business profit = After-tax ordinary income + Interest expenses

## Non-financial targets

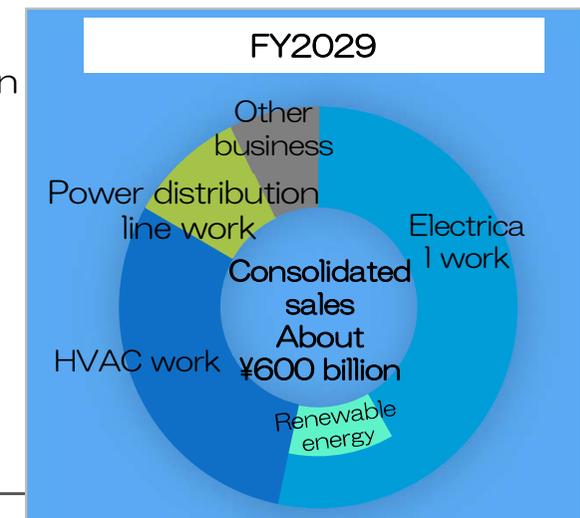
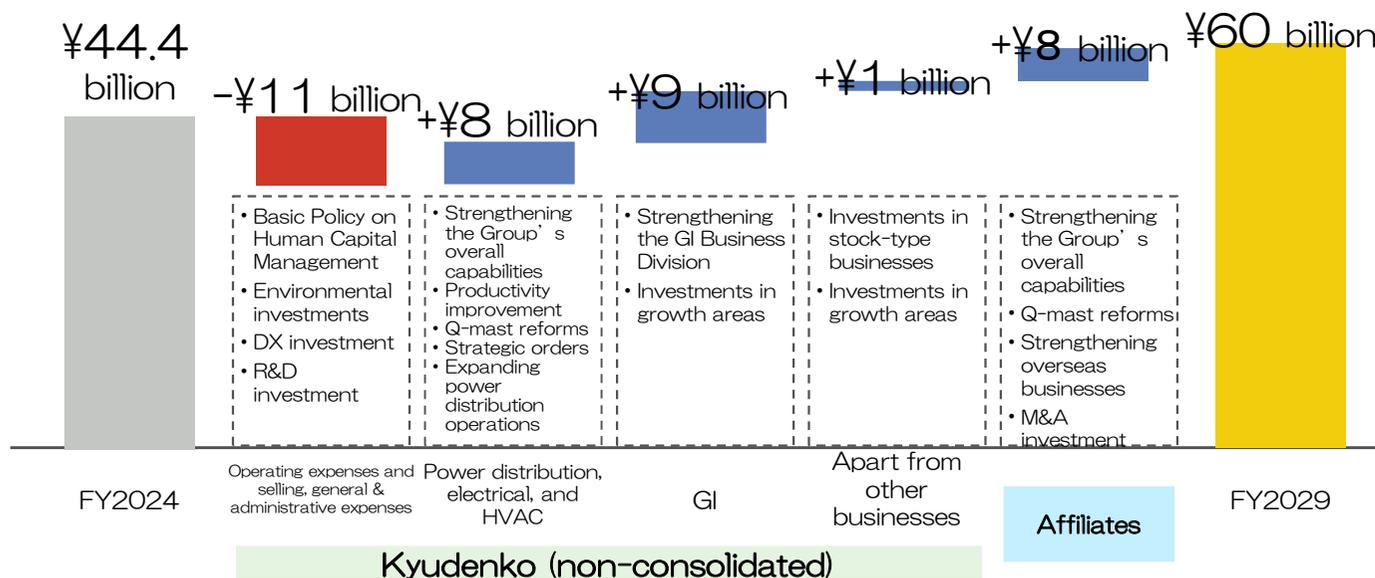
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|--|--|--|---|---|--|
| Basic Policy on Human Capital Management | Number of employees (consolidated) FY2029<br><b>12,000</b>   | Employee annual income level FY2029<br><b>¥10 million average income for 45-year-old employees</b> | Engagement score<br><b>72 points or higher</b>                              | Education and training expenses FY2029 vs. FY2024<br><b>50%UP</b> | Human capital management during Mid-term Management Plan period<br>Anticipated total expenses<br>About ¥50 billion |
|  | Improvement in sales productivity (per hour) (Electrical-HVAC work) vs. average value during the previous Mid-term Management Plan period<br><b>10% increase in average during Mid-term Management Plan period</b> | New hiring of highly skilled professionals By FY2029<br><b>Increase of 50</b>                      | Female managers FY2029 vs. FY2024<br><b>2x</b>                              | Male childcare leave utilization ratio<br><b>100%</b>             |  |
| Safety and governance                    | Serious legal violations (Criminal and administrative penalties)<br><b>0 incidents</b>   | Major accidents (Fatal accidents)<br><b>0 incidents</b>  | Cybersecurity measures Confidential information leaks<br><b>0 incidents</b> | Environmental management  | CO <sub>2</sub> emissions Scope 1 + 2<br><b>-50% or higher</b>   |

# Overview of Financial Targets

- Consolidated ordinary profit: Model for transitioning to sustained growth

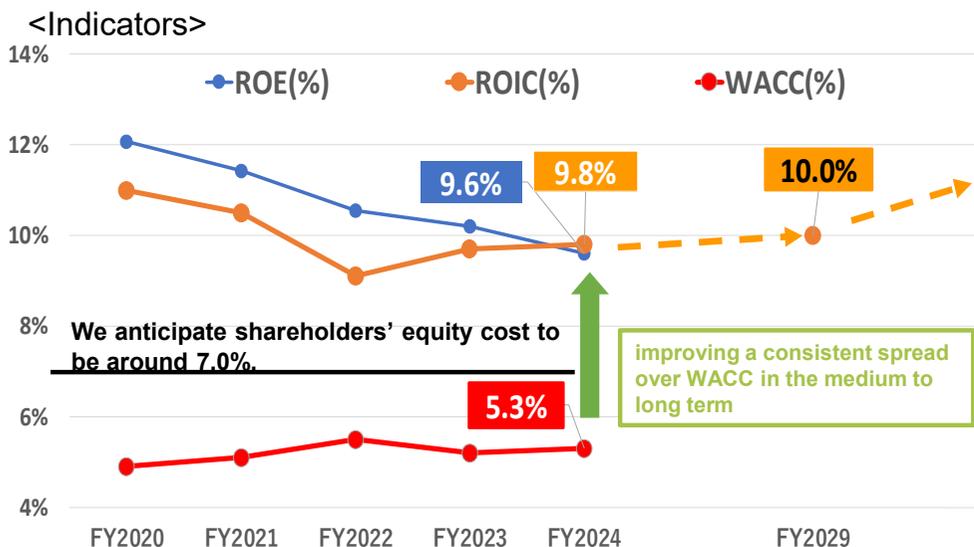


## Consolidated ordinary profit target



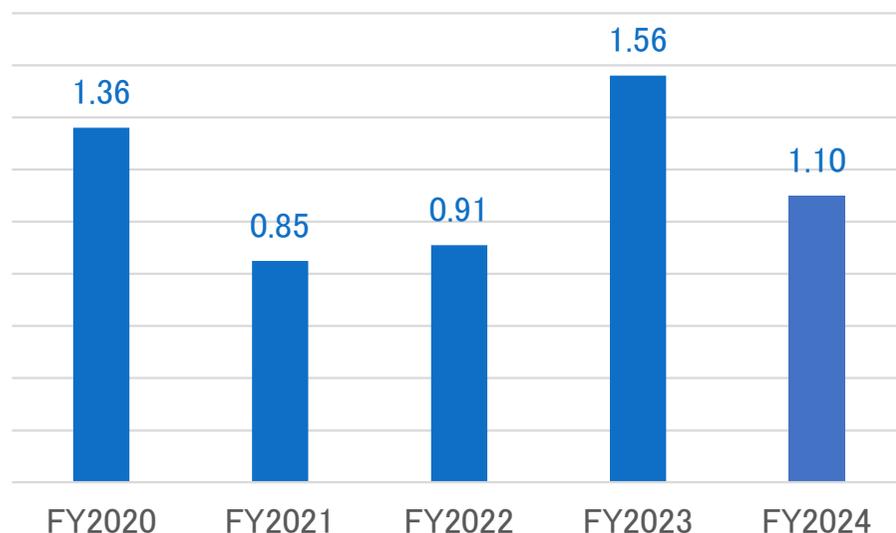
# Financial Targets - Improving Capital Efficiency

## Trends in indicators



A new ROIC target has been set using after-tax operating profit as the numerator, which appropriately reflects investment efficiency in consideration of the company's business model.  
 After-tax business profit = After-tax ordinary income + Interest expenses

## <PBR>



## Current understanding and future initiatives for improving capital efficiency

- Although the PBR was affected by the COVID-19 pandemic, it has since recovered to 1.0 due to strong demand in the construction sector.
- Both ROE and ROIC are trending down. This is due to the rising level of equity capital, resulting in a structure where capital efficiency indicators tend to be less responsive.

Improving capital efficiency through the implementation of the following initiatives

## <Future measures>

- Implement balance sheet management with a focus on capital efficiency
- Manage and reduce the proportion of cross-held shares
- Set hurdle rates by business segment with awareness of capital cost (WACC), and execute strategic growth investments and business operations accordingly
- Formulate projected investment cash flow during the Mid-term Management Plan period to enable planned investments
- Actively invest in human capital and growth for the future to expand business profits and improve profitability
- Aim for a consolidated dividend payout ratio of approximately 40% and implement progressive dividends
- Carry out flexible share buybacks

|                                    |   |  |
|------------------------------------|---|--|
| <p><b>A</b> Growth investments</p> | <ul style="list-style-type: none"> <li>● Expanding investments in carbon neutral-related businesses</li> <li>● Investing in energy storage systems (grid storage batteries)</li> <li>● Participating in datacenter (DC) related businesses</li> <li>● Participating in real estate-related businesses</li> <li>● Participating in urban infrastructure businesses (PPP/PFI businesses)</li> </ul> | <p><b>Anticipated investment amount</b><br/><b>¥80 billion</b></p> |
| <p><b>B</b> M&amp;A investment</p> | <ul style="list-style-type: none"> <li>● Carrying out strategic M&amp;As to expand business domains (proactive M&amp;As)</li> <li>● Expanding collaboration in overseas businesses</li> </ul>   |  |

|  |  |  |
|--|--|--|
| <p><b>C</b> Stock business investments</p> | <ul style="list-style-type: none"> <li>● Utilizing idle real estate</li> <li>● Investing in battery storage businesses</li> <li>● Utilizing post-FIT power sources</li> <li>● Expanding PPA businesses such as solar carports</li> <li>● Embracing the challenges of environmental value transactions (non-fossil certificates, J-Credits, etc.)</li> <li>● Strengthening and restructuring facility operation subsidiaries</li> </ul> | <p><b>Anticipated investment amount</b><br/><b>¥80 billion</b></p> |
|--|--|--|

|   |   |  |  |
|---|---|--|--|
| <p><b>D</b> Investments in DX and R&amp;D, etc.</p> | <ul style="list-style-type: none"> <li>● Investing in construction DX for operational efficiency and research</li> <li>● Rebuilding internal business systems</li> <li>● Studying use of generative AI in operations</li> </ul> | <ul style="list-style-type: none"> <li>● Implementing cybersecurity measures</li> <li>● Carrying out R&amp;D work related to energy savings, cost reductions, and labor savings</li> <li>● Carrying out R&amp;D work related to creating environmental value and post-FIT utilization</li> </ul> | <p><b>Anticipated investment amount</b><br/><b>¥18 billion</b></p> |
|---|---|--|--|

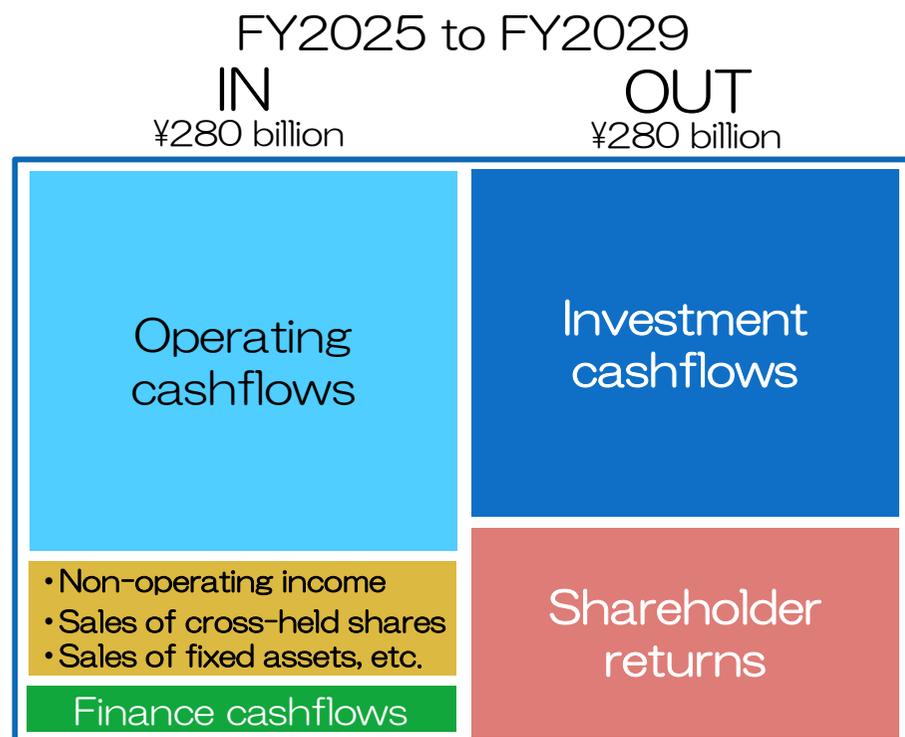
|  |  |   |  |
|--|--|---|--|
| <p><b>E</b> Facility updates (Including environmental investments)</p> | <ul style="list-style-type: none"> <li>● Renovating and replacing aging facilities</li> <li>● Achieving carbon neutrality for in-house facilities</li> </ul> | <ul style="list-style-type: none"> <li>● Helping form a circular society</li> <li>● Enhancing educational facilities</li> </ul> | <p><b>Anticipated investment amount</b><br/><b>¥22 billion</b></p> |
|--|--|---|--|

# Initiatives and Investment Strategy: Capital Policy

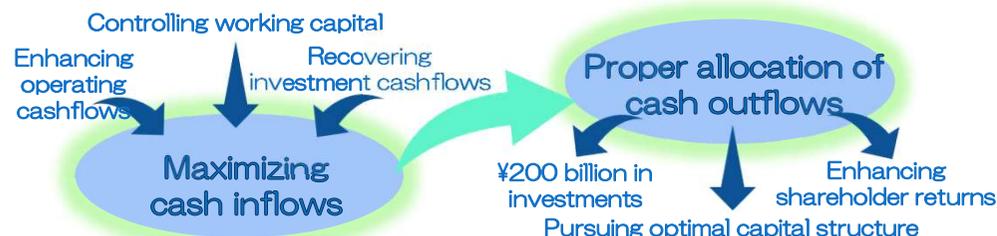
- We will make active investments while ensuring operating cash flow and financial soundness in an effort to achieve sustainable corporate value enhancement.

5-year total: Investment: ¥200 billion    Shareholder returns: Greater than ¥80 billion

## Capital allocation



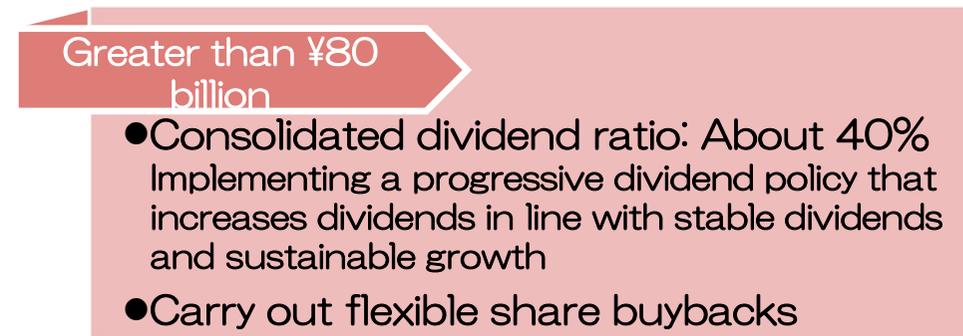
## Balance sheet management



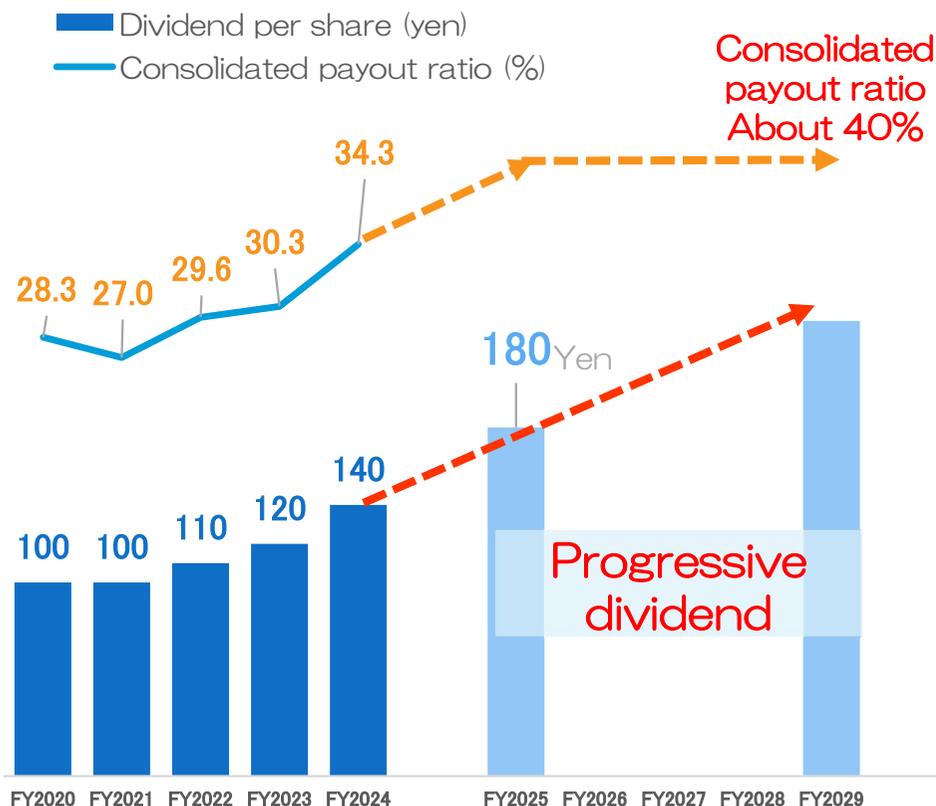
## Investment cashflows



## Shareholder returns



## Dividend and payout ratio trends



## Current recognition and future shareholder return policy

- While comprehensively taking into account the business environment, performance, and financial conditions, our policy has been to maintain a stable dividend with a consolidated payout ratio target of approximately 25%.
- Under the previous Mid-Term Management Plan, dividends were paid with a consolidated payout ratio exceeding 30% in recent years; however, we no longer consider this sufficient.
- During the current Mid-Term Management Plan period, we're striving to further enhance corporate value by maintaining financial soundness while appropriately allocating cash flow to both investment strategies and shareholder returns.

- Aim for a consolidated dividend payout ratio of approximately 40% and implement progressive dividends
- Executing dividends and share buybacks totaling ¥80 billion or more during the Mid-Term Management Plan period  
*Carrying out flexible share buybacks to manage invested capital while maintaining a balance between growth investments and financial stability*

## Co-creation with stakeholders

- Actively disclosing information and engaging in dialog activities to enhance stakeholder engagement
- Switching employee bonuses to a performance-linked system to promote performance-conscious work execution and improve employee engagement
- Enhancing incentives for the employee stock ownership plan to foster management awareness of stock value among employees  
Adding incentives to contribution amounts (from 5% to 10%; increased to 20% from June 2024 to May 2025 in celebration of the company's 80th anniversary)

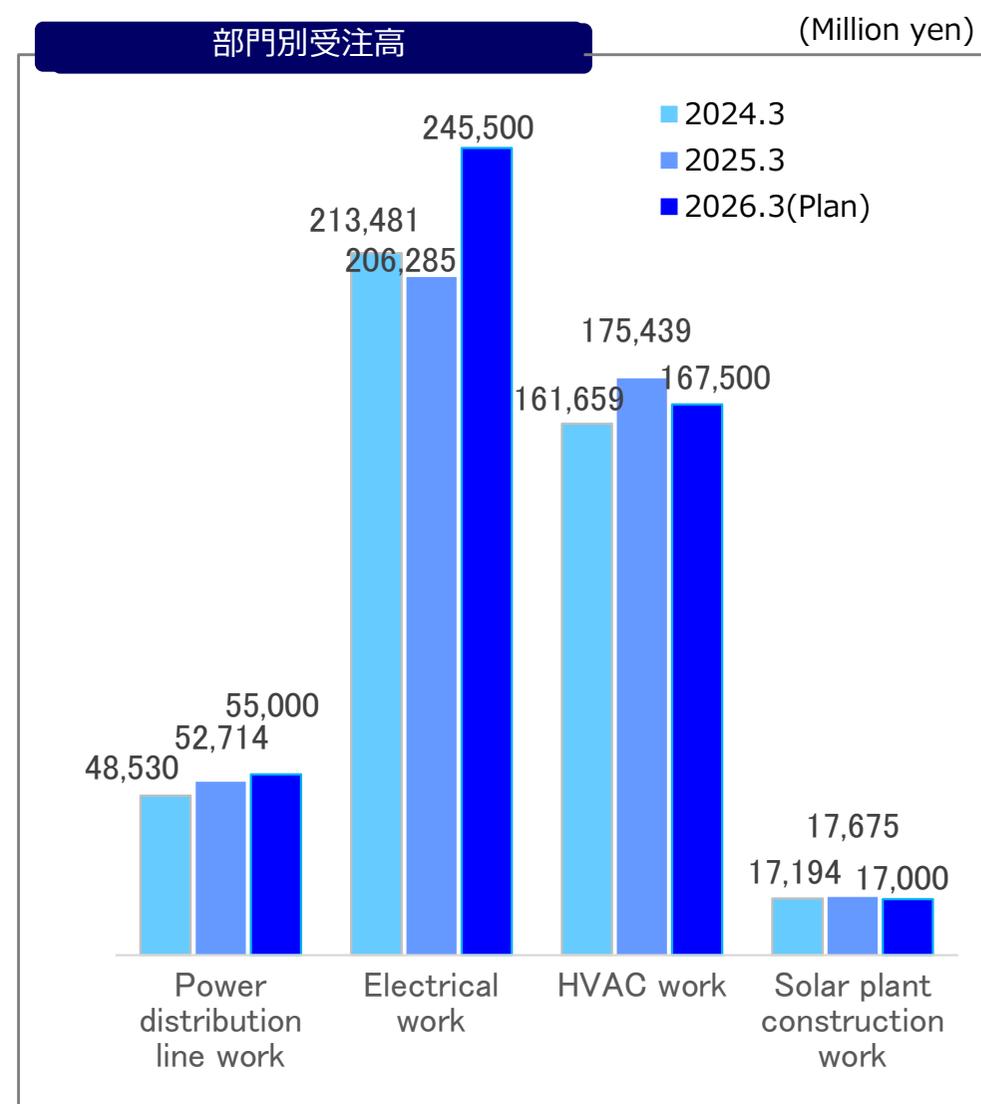
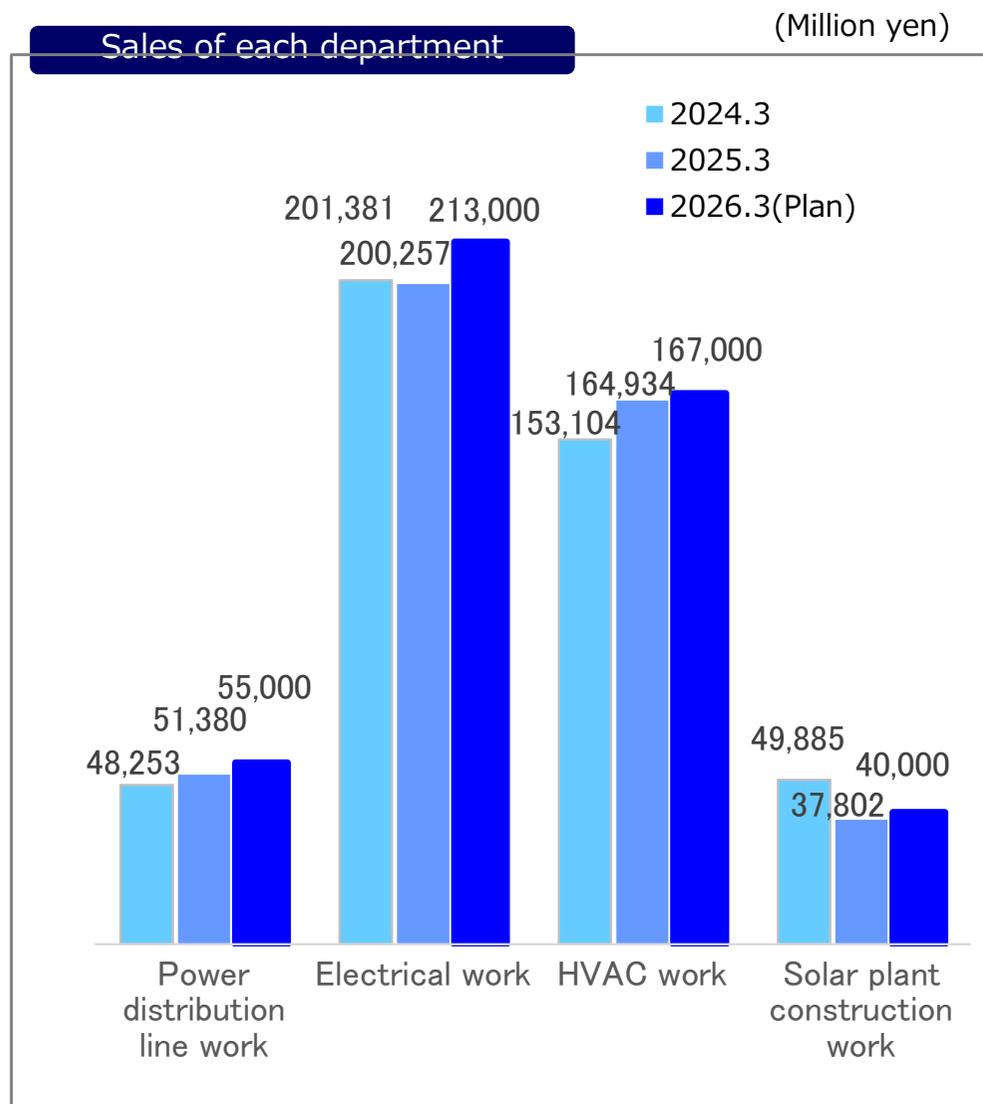
# Plan for fiscal year

# PLAN for March 2026

(Million yen)

|                                 | March 2024<br>Result                 | March 2025<br>Result①                | 20Plan for March                     |         |                                     |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------|-------------------------------------|
|                                 |                                      |                                      | March 2025②                          | ② - ①   | Percentage<br>increase/<br>decrease |
| Sales                           | 469,057<br>(100.0%)                  | 473,954<br>(100.0%)                  | 490,000<br>(100.0%)                  | +16,045 | +3.4%                               |
| Gross profit                    | 64,632<br>(13.8%)                    | 70,701<br>(14.9%)                    | 77,100<br>(15.7%)                    | +6,398  | +9.1%                               |
| Operating profit                | 38,016<br>(8.1%)                     | 41,388<br>(8.7%)                     | 44,500<br>(9.1%)                     | +3,111  | +7.5%                               |
| Ordinary profit                 | 42,362<br>(9.0%)                     | 44,434<br>(9.4%)                     | 47,500<br>(9.7%)                     | +3,065  | +6.9%                               |
| Current (quarter)<br>net profit | 28,017<br>(6.0%)                     | 28,883<br>(6.1%)                     | 32,000<br>(6.5%)                     | +3,116  | +10.8%                              |
| Orders                          | 440,864                              | 452,113                              | 485,000                              | +32,886 | +7.3%                               |
| Current net<br>profit per stock | ¥ 395.87                             | ¥ 408.36                             | ¥ 452.42                             | -       | -                                   |
| Dividends                       | ¥ 120<br>Interim ¥55<br>Year-end ¥65 | ¥ 140<br>Interim ¥65<br>Year-end ¥75 | ¥ 180<br>Interim ¥90<br>Year-end ¥90 | + ¥ 40  | -                                   |

# Orders & Sales plan by department



# New company name and NewHeadquarters



While inheriting the history of Kyudenko's founding in Kyushu and the spirit of the company, each of us hones our skills and expertise striving to innovate technology and implement technology to create a comfortable environment.

With a commitment to technical execution that earns trust and technical innovation that never stops embracing challenges, we will strive to pioneer new frontiers rich in potential.

The name **KRAFTIA** embodies this determination.

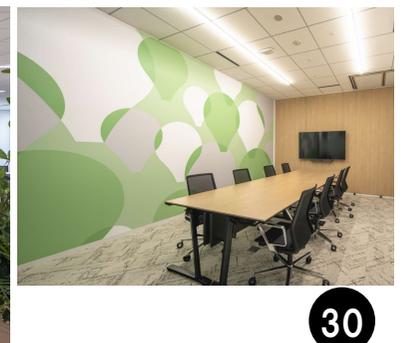
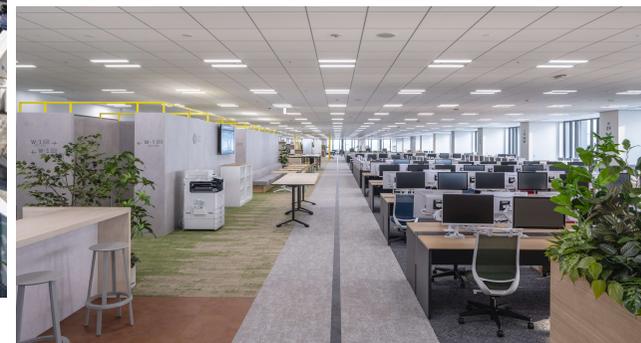
# New Headquarters 【ONE FUKUOKA BLDG.】

## 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.



# 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: 10,935persons (Mar. 31, 2025)  |

## Corporate Philosophy

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

## Long-term Vision

### Vision Phrase

# Make Next: To Create Smiles for the Future

Looking toward future **megatrends**, we have clearly defined our role in building a sustainable society through **Three Contributions** and a fundamental approach to realizing our vision.

### Four **megatrends** the Kyudenko Group is monitoring

- 1 Transition to a decentralized energy society
- 2 Increased environmental awareness
- 3 Changes in population structure and diversification of work styles
- 4 Advancement of digital technologies

### Our role: **Three Contributions**

#### Solve social problems

**Contribute** to realization of affluent life by leveraging our engineering strength and taking on the challenge of solving social issues.

#### 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 the stable supply of electricity, facility work, urban development, etc.

### Basic stance to achieve our vision

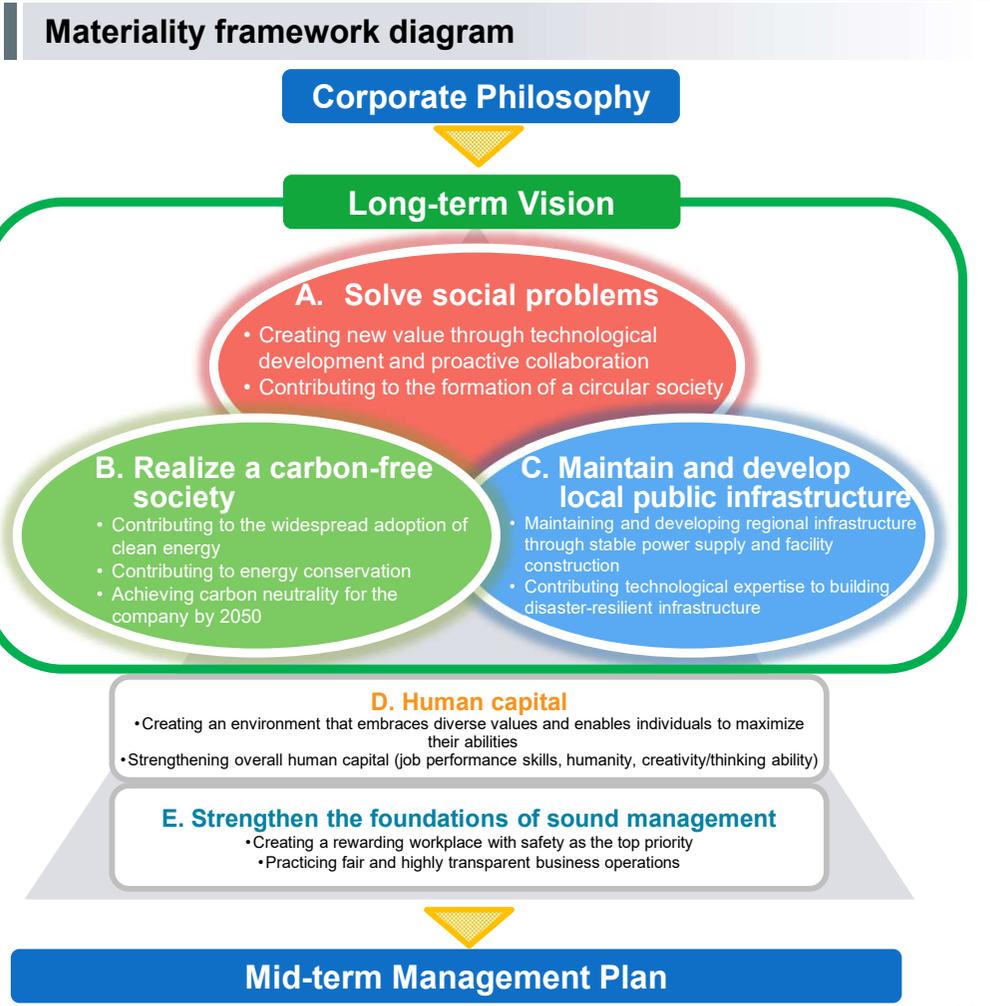
## Contribution to realizing a circular society

By solving social issues through business activities, we strive to balance social value with economic value.

- Kyudenko has established a Basic Sustainability Policy and identified material issues (materiality) based on our corporate philosophy and long-term vision. By addressing these material issues under the guidance of our Basic Sustainability Policy, we're working to contribute to the realization of a sustainable society while enhancing our corporate value.

**Basic Sustainability Policy** In keeping with its corporate philosophy, the Kyudenko Group seeks to solve social issues through its business activities in order to help achieve a sustainable society while increasing the Group's corporate value.

| Materiality (key issues) |  |  |                   |
|--------------------------|--|--|-------------------|
|                          | Social issues  | Key issues (materiality)   | Framework diagram |
| E: Environment           | Climate change<br>Decarbonized society<br>Energy   | Contributing to the widespread adoption of clean energy  | B                 |
|                          |  | Contributing to energy conservation  | B                 |
|                          |  | Achieving carbon neutrality for the company by 2050  | B                 |
| S: Society               | Diversity/<br>Labor practices<br>Employment / Human rights   | Creating an environment that embraces diverse values and enables individuals to maximize their abilities | D                 |
|                          | Occupational health and safety   | Creating a rewarding workplace with safety as the top priority   | E                 |
|                          | Education and training   | Strengthening overall human capital (job performance skills, humanity, creativity/thinking ability)      | D                 |
|                          | Local communities  | Maintaining and developing regional infrastructure through stable power supply and facility construction | C                 |
|                          | Disaster prevention  | Contributing technological expertise to building disaster-resilient infrastructure                       | C                 |
|                          | Innovation   | Creating new value through technological development and proactive collaboration                         | A                 |
|                          | Waste  | Contributing to the formation of a circular society  | A                 |
| G: Governance            | Organizational governance<br>Anti-corruption<br>Compliance<br>Fair business practices<br>Anti-competitive behavior | Practicing fair and highly transparent business operations   | E                 |



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

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

|                                     | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------------------|------|------|------|------|------|------|------|------|
| Total engineers and skilled persons | 384  | 342  | 336  | 387  | 306  | 259  | 292  | 357  |
| High school graduates               | 271  | 253  | 253  | 263  | 225  | 187  | 196  | 231  |
| University graduates                | 113  | 89   | 83   | 124  | 81   | 72   | 96   | 126  |

## « Comparison in actual results of recruitment for April 2025 with other companies »

|                          | Kyudenko | Large electrical construction companies | Large HVAC companies | Super general constructors |
|--------------------------|----------|---|----------------------|----------------------------|
| Total in all professions | 402      | 150~450                                 | 90~130               | 250~460                    |
| High school graduates    | 242      | 70~250                                  | 0~20                 | 10~100                     |
| University graduates     | 160      | 80~200                                  | 80~130               | 250~420                    |

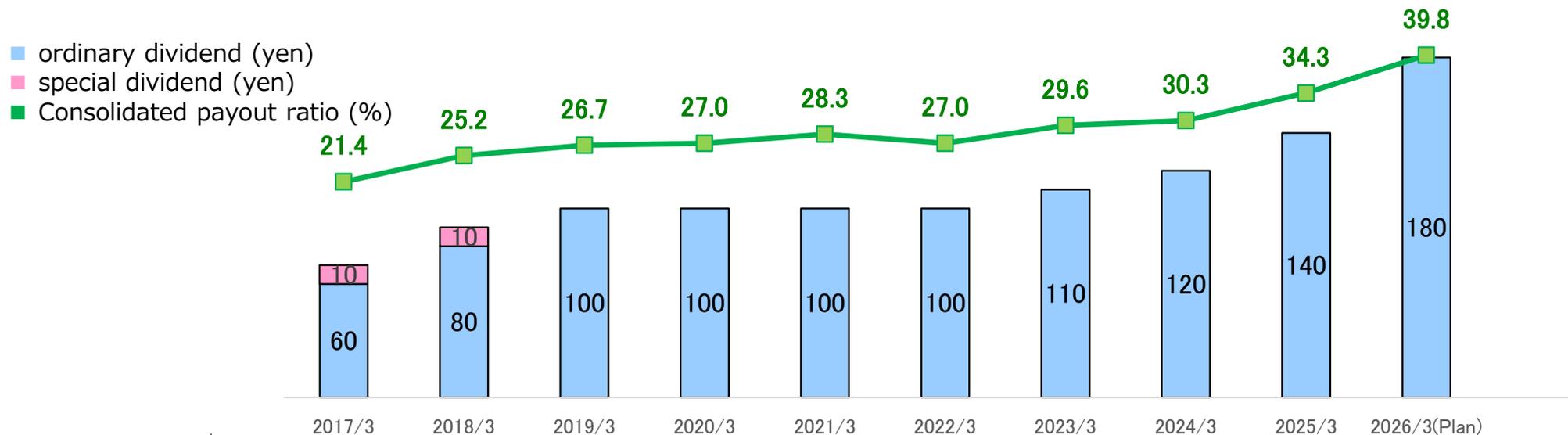
## « Actual number of personnel at the end of the fiscal year »

|   | 2020.3 | 2021.3 | 2022.3 | 2023.3 | 2024.3 | 2025.3 |
|---|--------|--------|--------|--------|--------|--------|
| Electrical work department                | 2,274  | 2,359  | 2,468  | 2,519  | 2,563  | 2,620  |
| HVAC work department                      | 1,138  | 1,188  | 1,212  | 1,202  | 1,216  | 1,254  |
| Year-end workforce of electrical and HVAC | 3,412  | 3,547  | 3,680  | 3,721  | 3,779  | 3,874  |
| Power distribution line department        | 1,642  | 1,566  | 1,519  | 1,471  | 1,437  | 1,438  |
| Other                                     | 1,446  | 1,469  | 1,508  | 1,516  | 1,514  | 1,547  |
| Employees of single Kyudenko              | 6,500  | 6,582  | 6,707  | 6,708  | 6,730  | 6,859  |
| Employees of group                        | 10,018 | 10,198 | 10,528 | 10,626 | 10,687 | 10,935 |

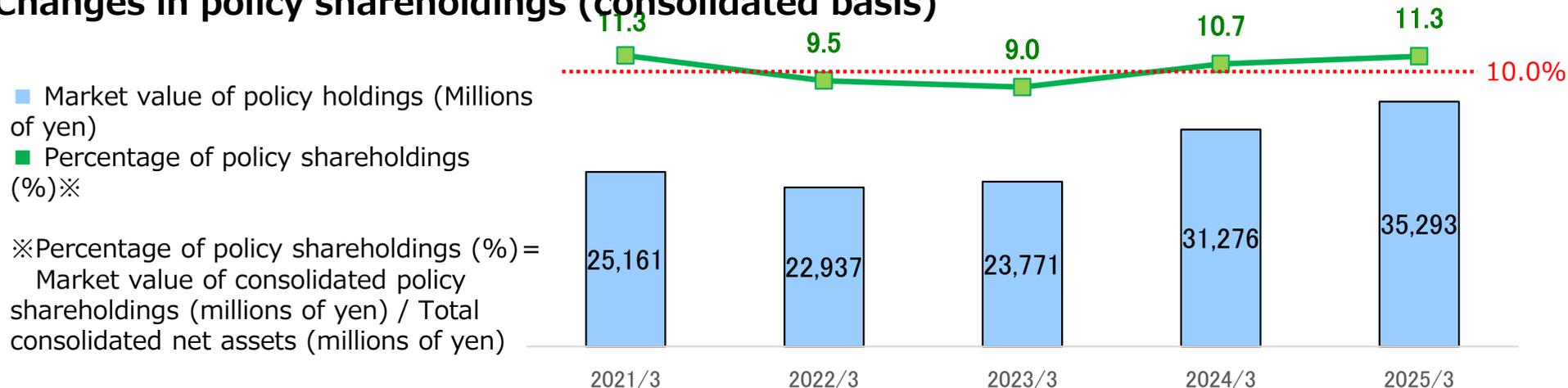
## « Total 8,800 employees in technical field of total 10,900 »

|                                 |             |   |                |               |
|---------------------------------|-------------|---|----------------|---------------|
|                                 | (Kyudenko)  |   | (Subsidiaries) |               |
| Number of site technicians      | About 2,100 | + | About 2,100    | = About 4,200 |
| Number of construction managers | About 3,300 | + | About 1,300    | = About 4,600 |

## Dividend per share (annual) and consolidated dividend payout ratio



## Changes in policy shareholdings (consolidated basis)



※Increase mainly due to change in market value  
 ※Increase mainly due to growth strategy investments

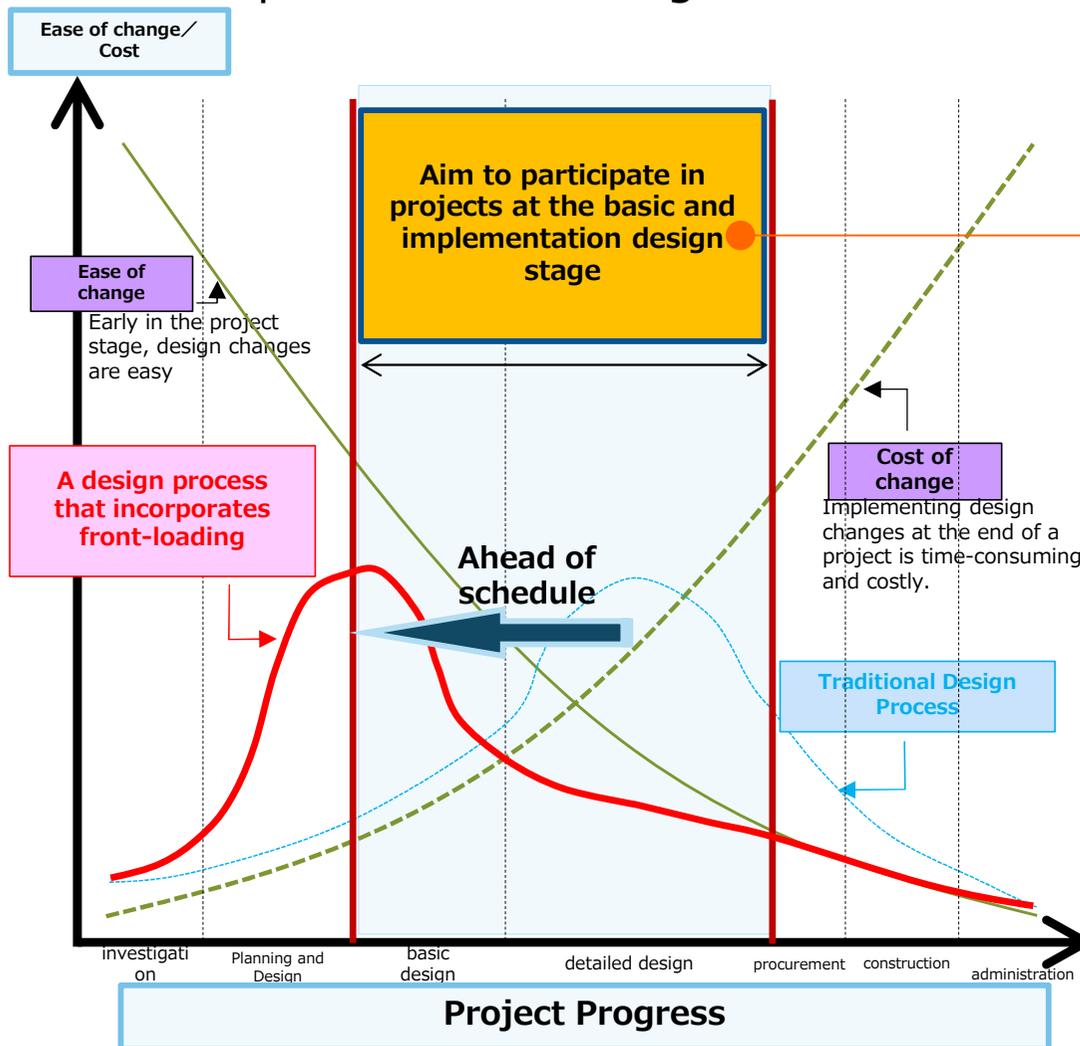
# Details of diverse business models (facility work)

| business model<br>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<br>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<br>(Order directly from the owner)  | Relatively lower<br>(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%   |

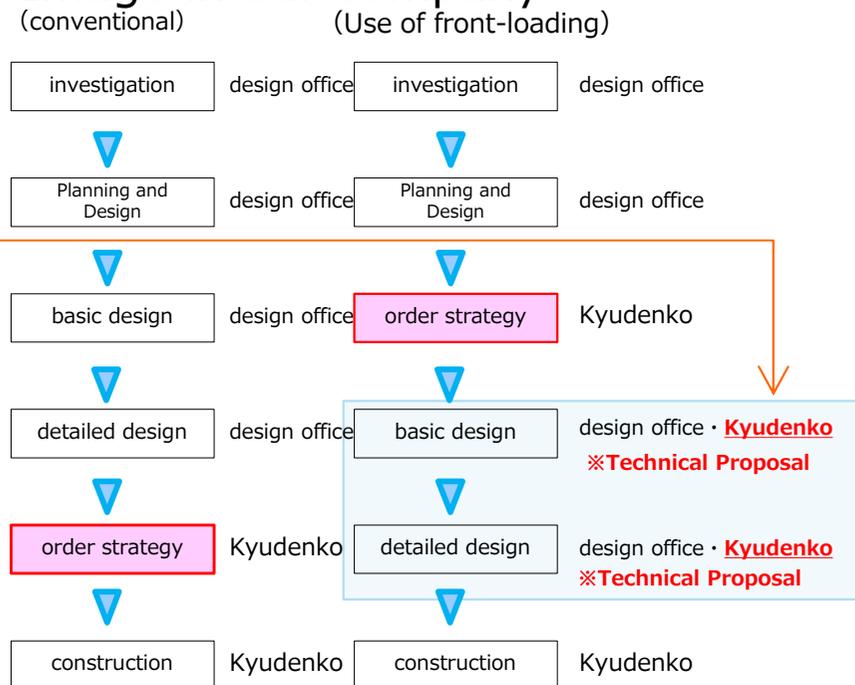
## Benefits of being involved from the design stage

- [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>



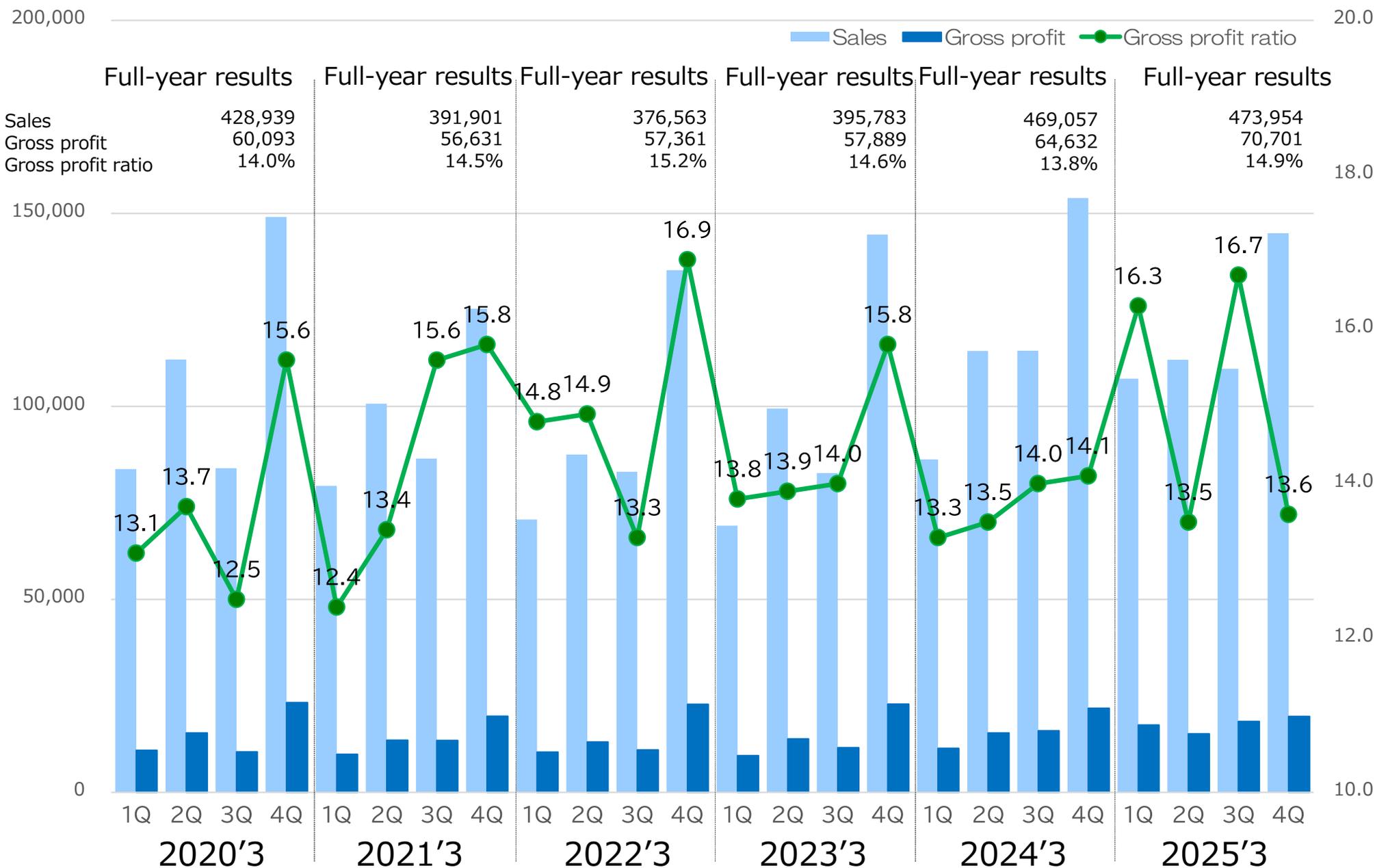
### <Image in our company>



# Sales and gross profit (quarterly accounting period)

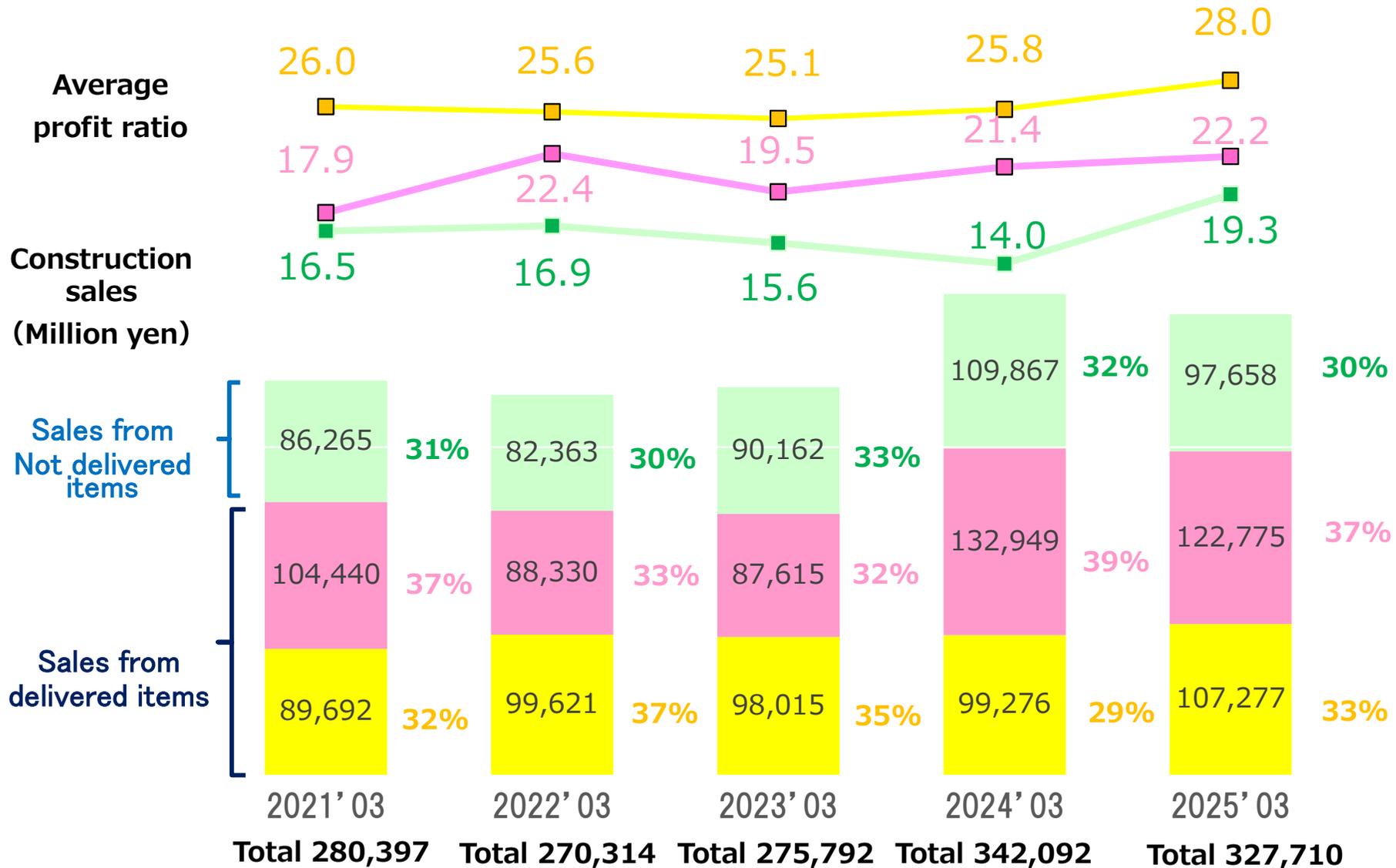
(Sales , gross profit : million yen)

(Gross profit ratio : %)

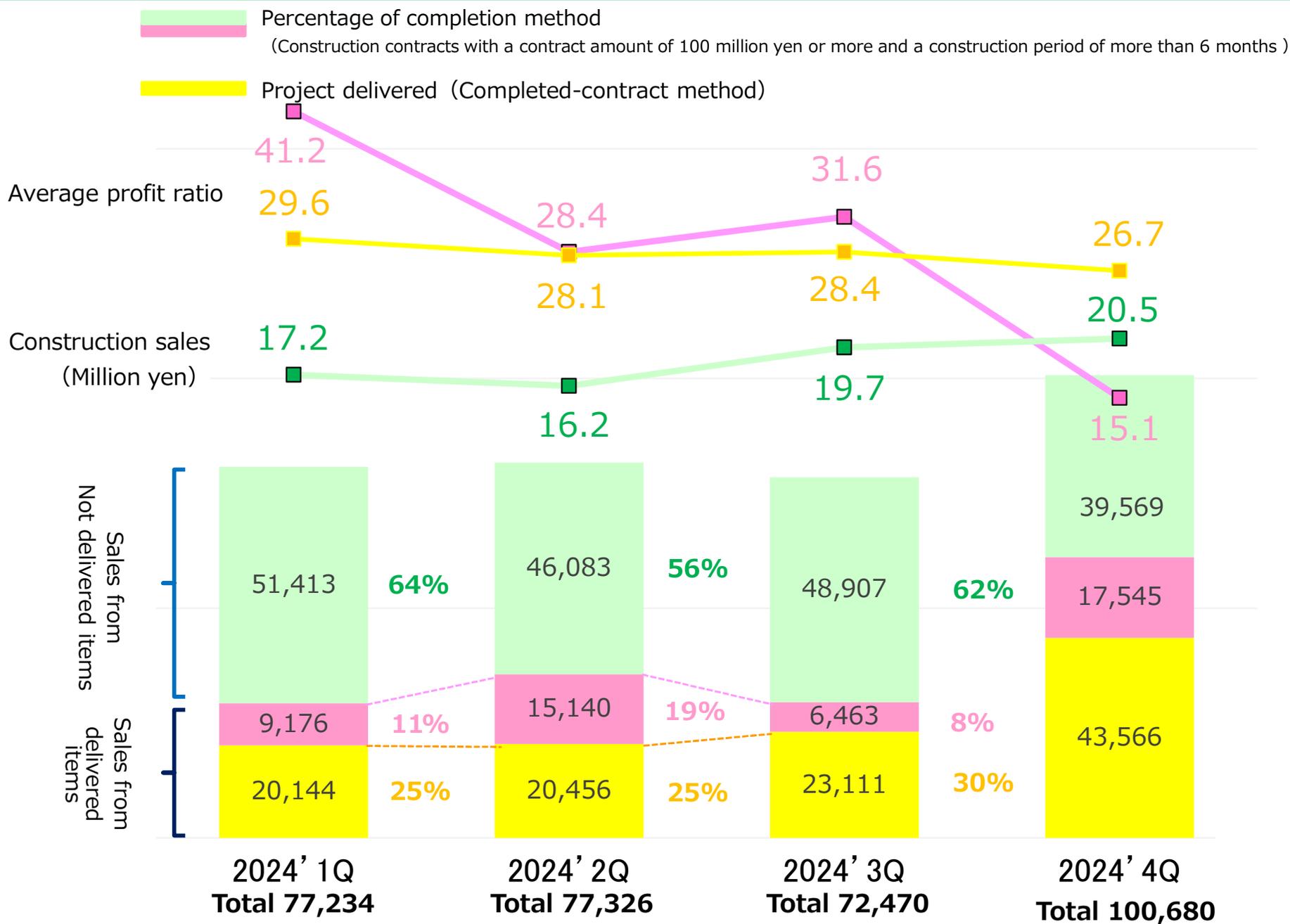


# Breakdown of construction sales and average profit Mar.2025 (Kyudenko individual : excluding power distribution line work&Ukujima)

- Project Not delivered (Percentage of completion method)
- Project delivered (Percentage-of-completion method)
- Project delivered (Completed-contract method)

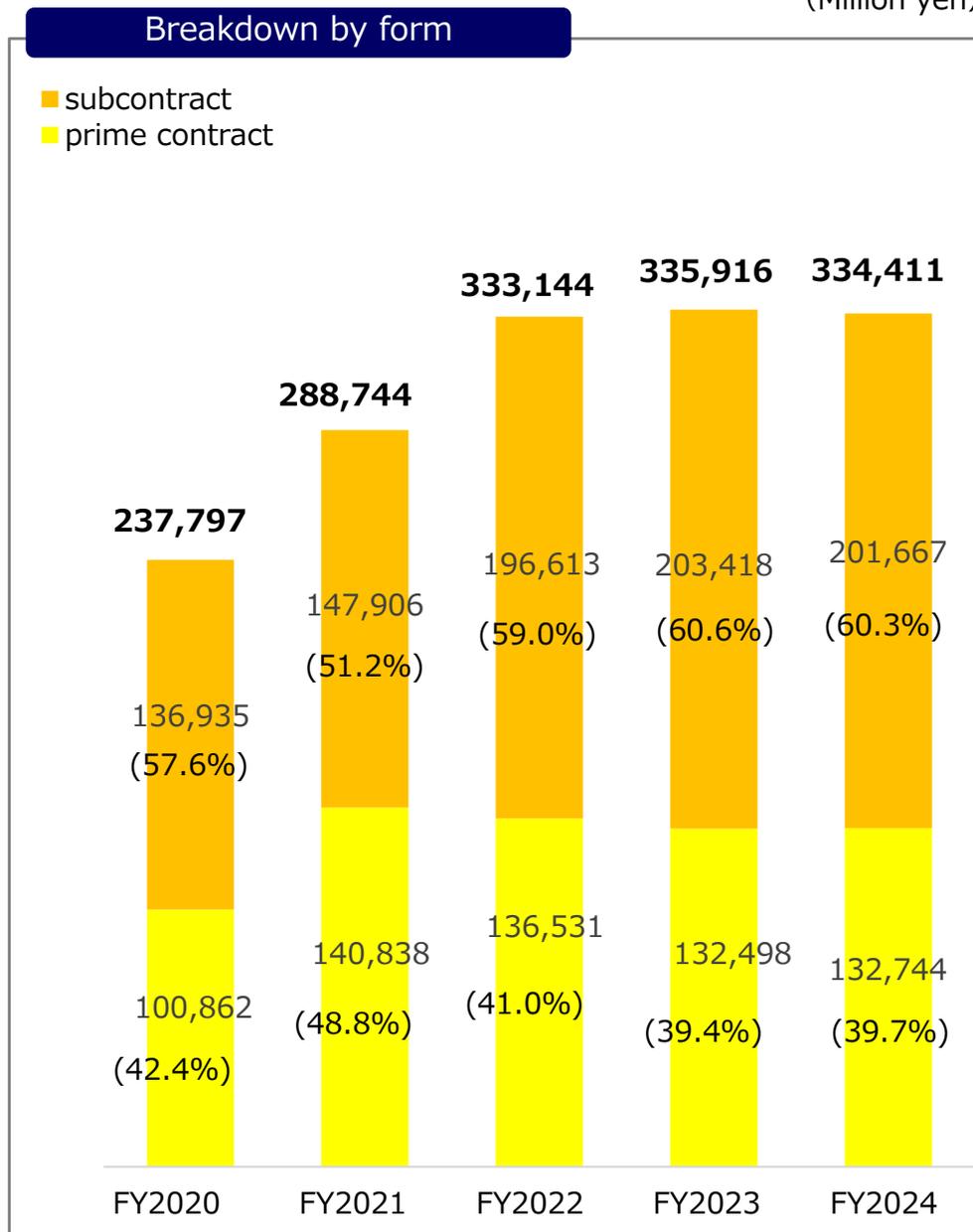


# Breakdown of construction sales and average profit margin (by quarterly accounting period) (Kyudenko individual : excluding power distribution line work&Ukujima)

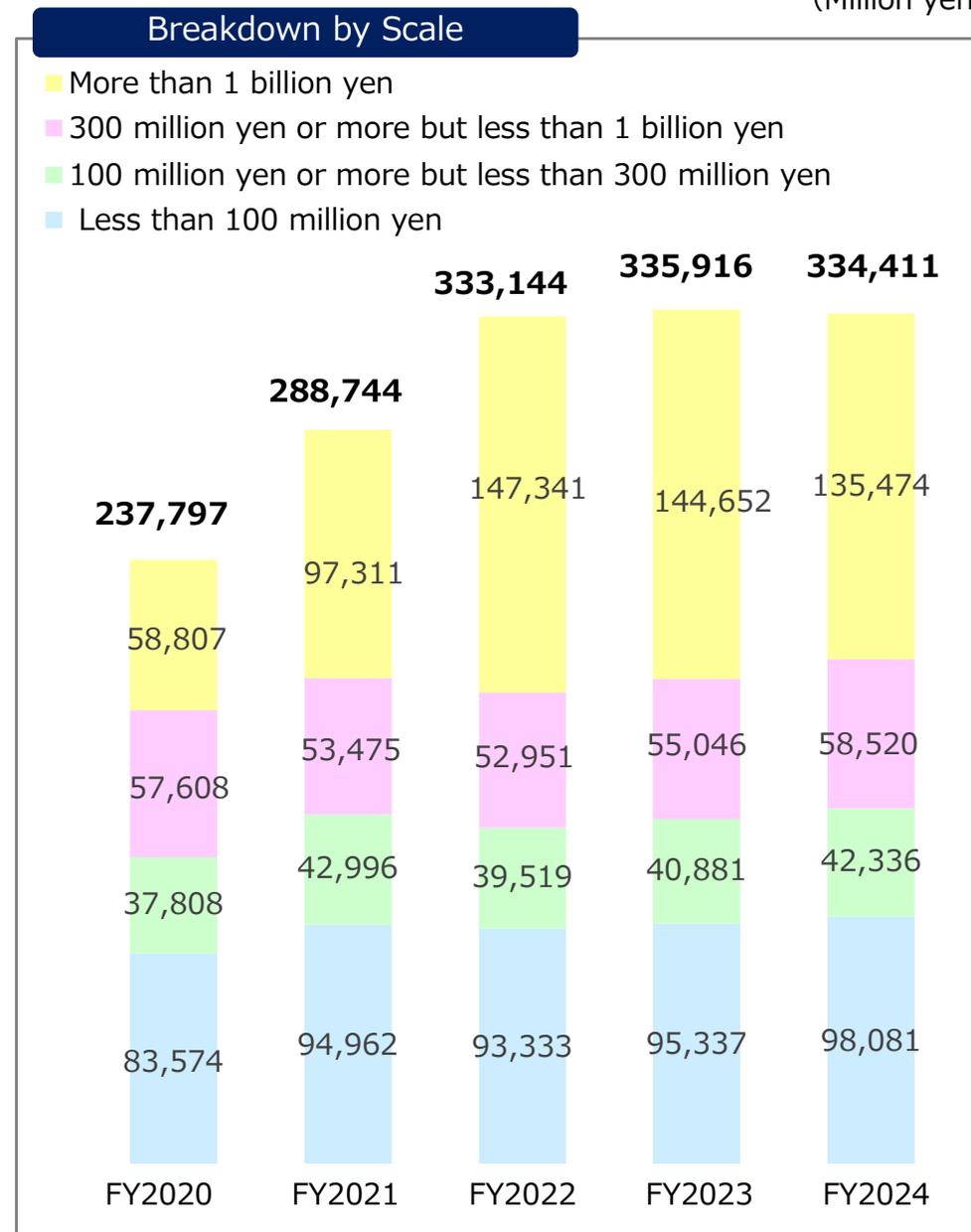


# Breakdown of Orders Received by form and Scale (Kyudenko Co., Ltd. alone: excluding power distribution lines)

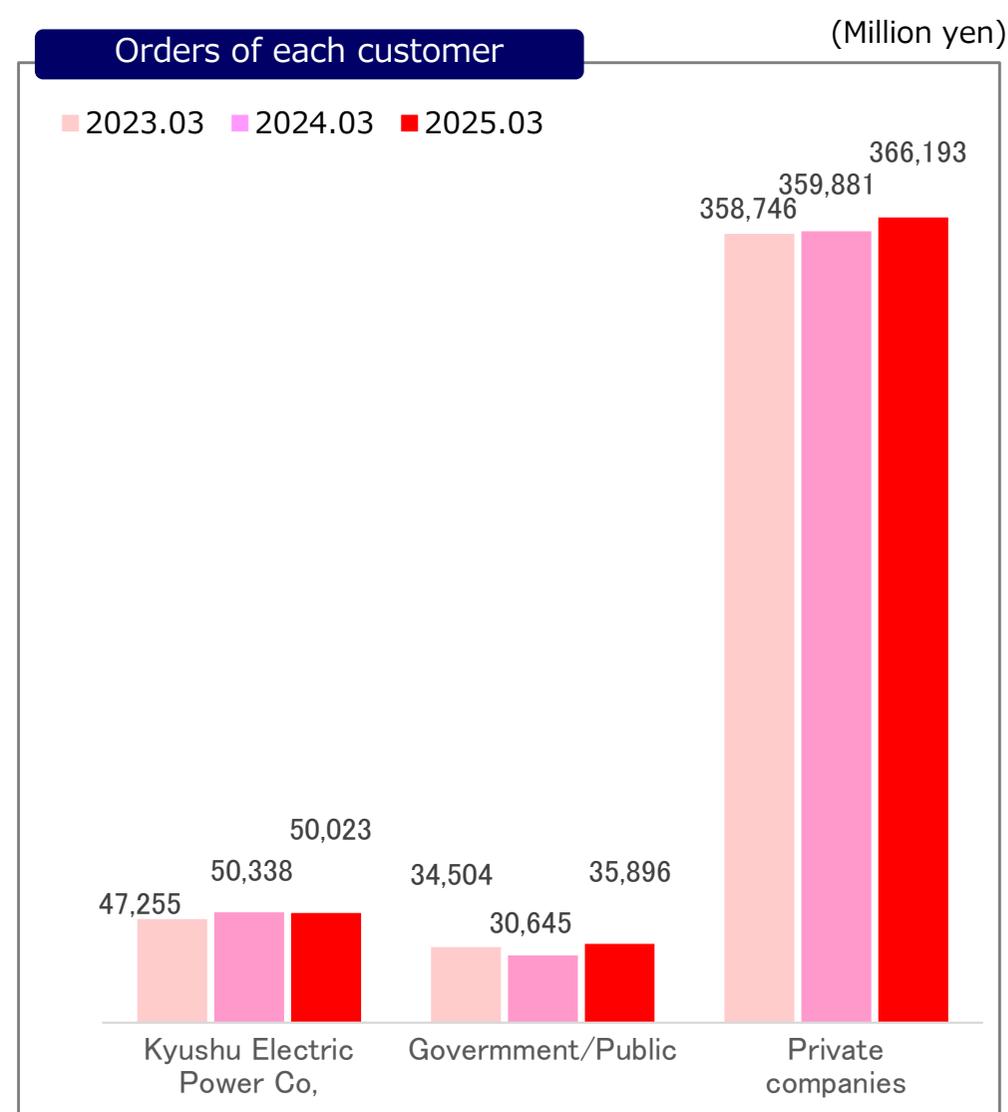
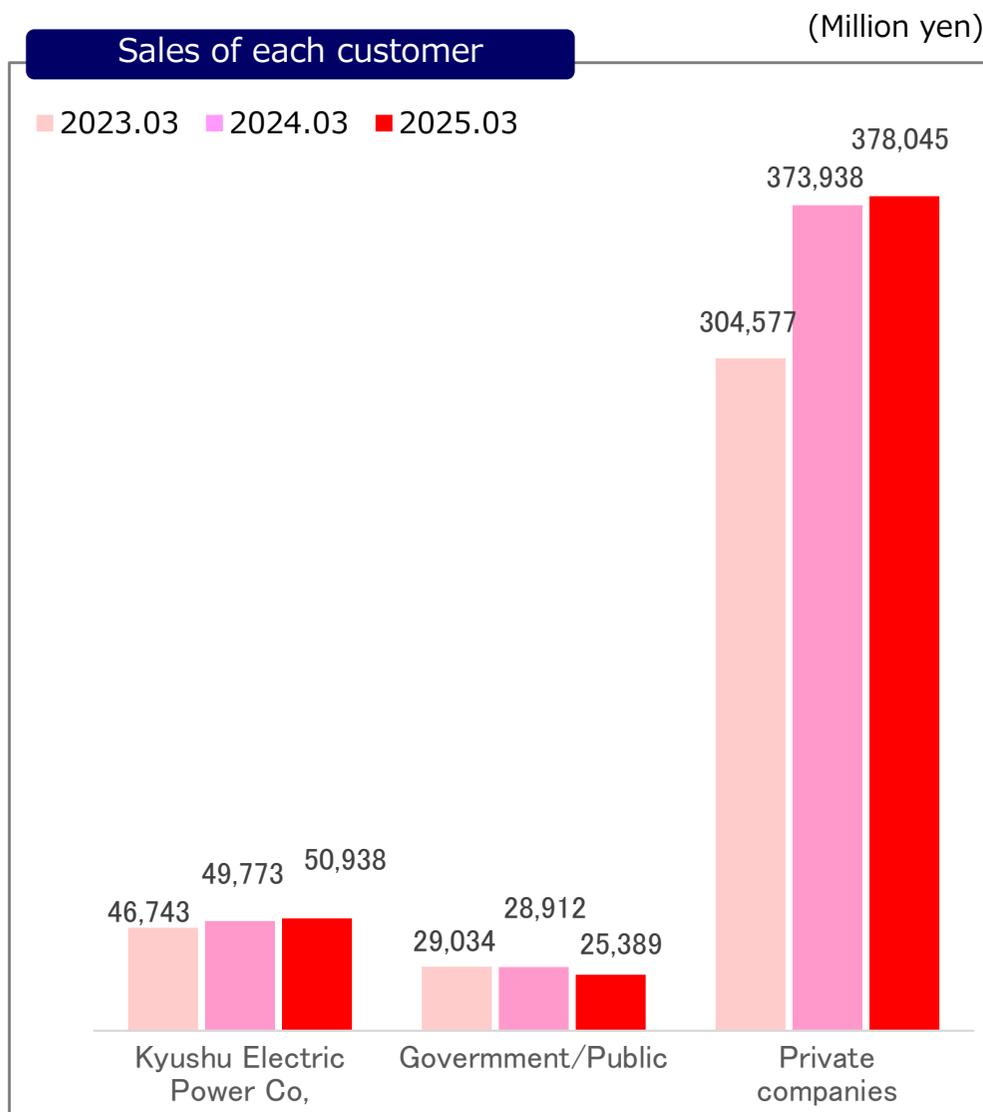
(Million yen)



(Million yen)

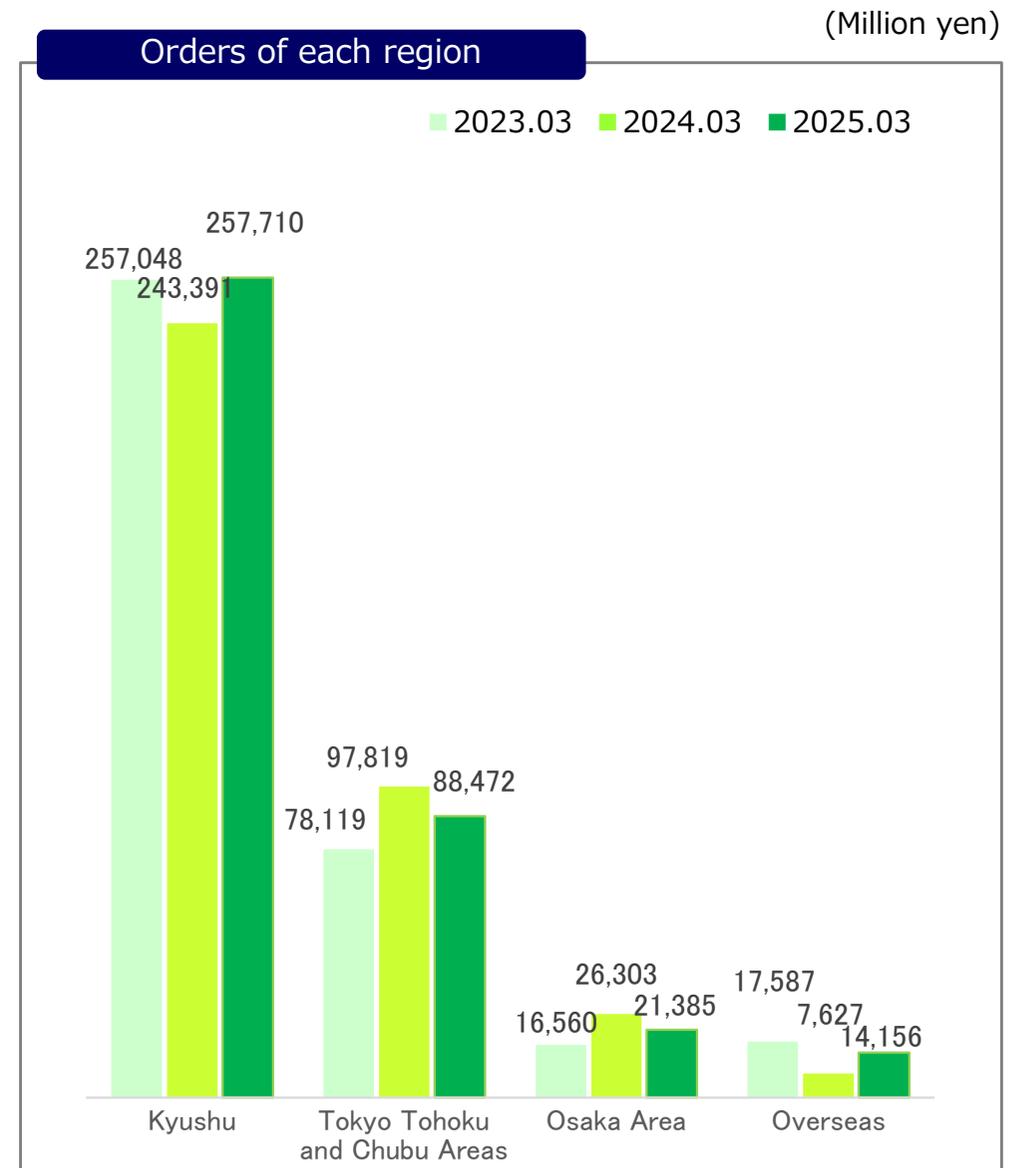
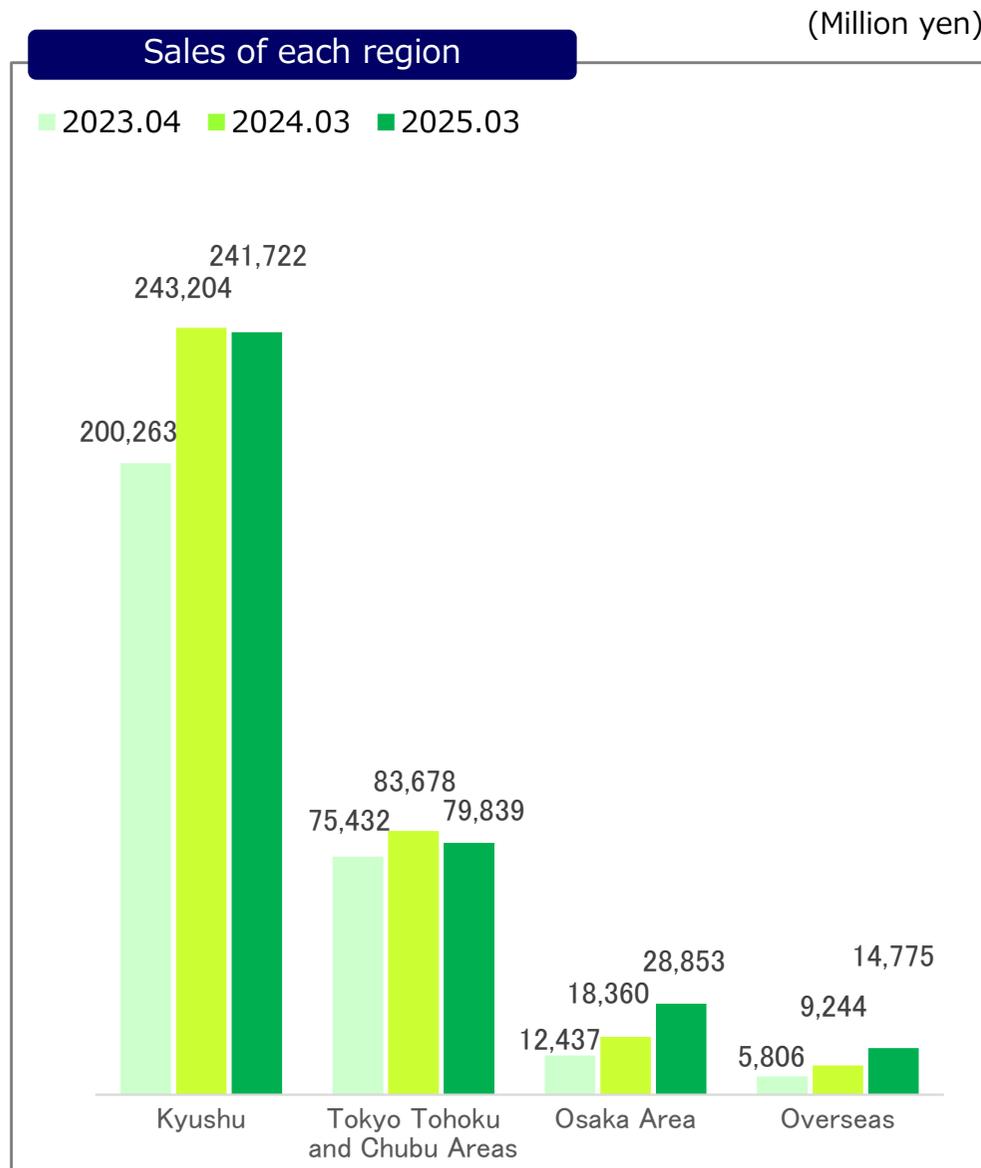


# Order received / Sales by customer Mar.2025



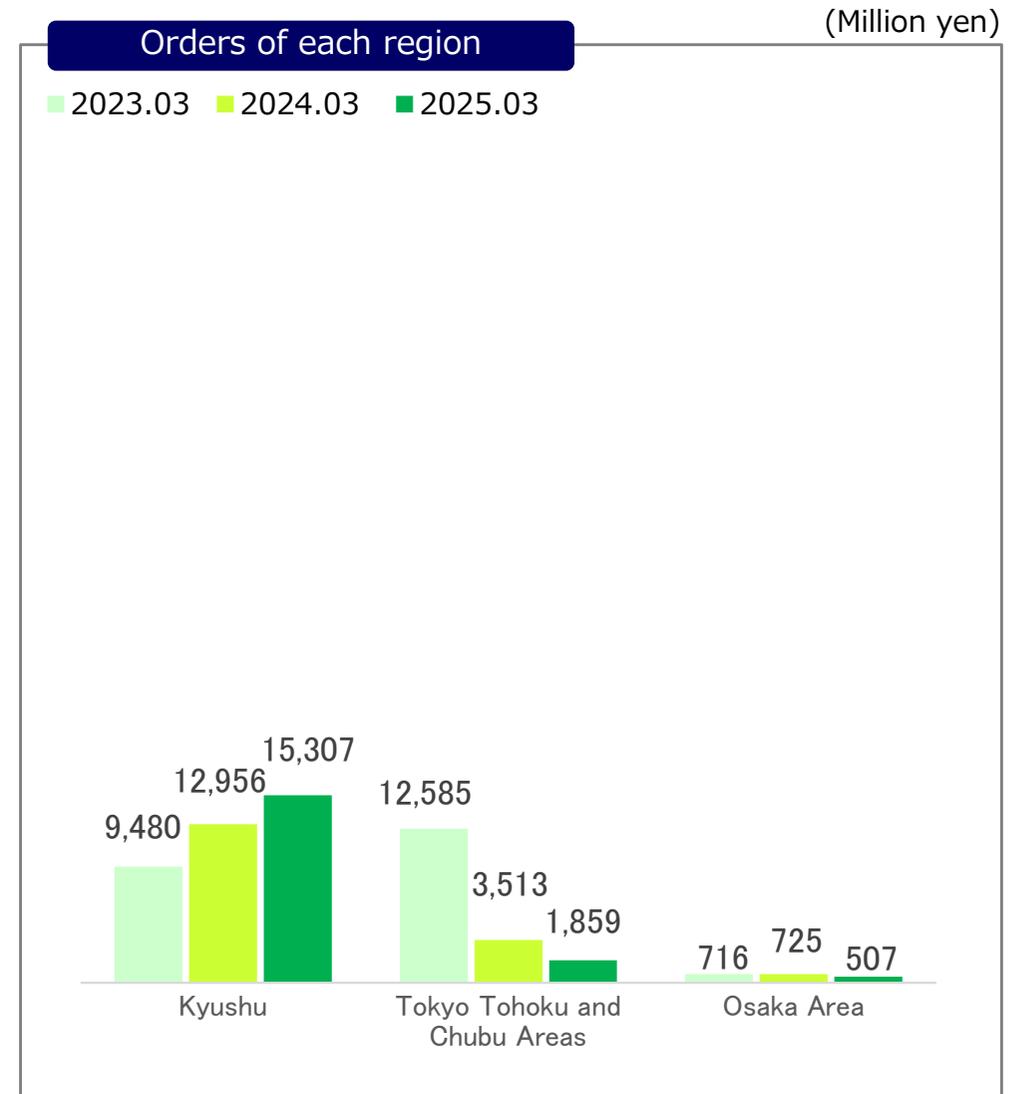
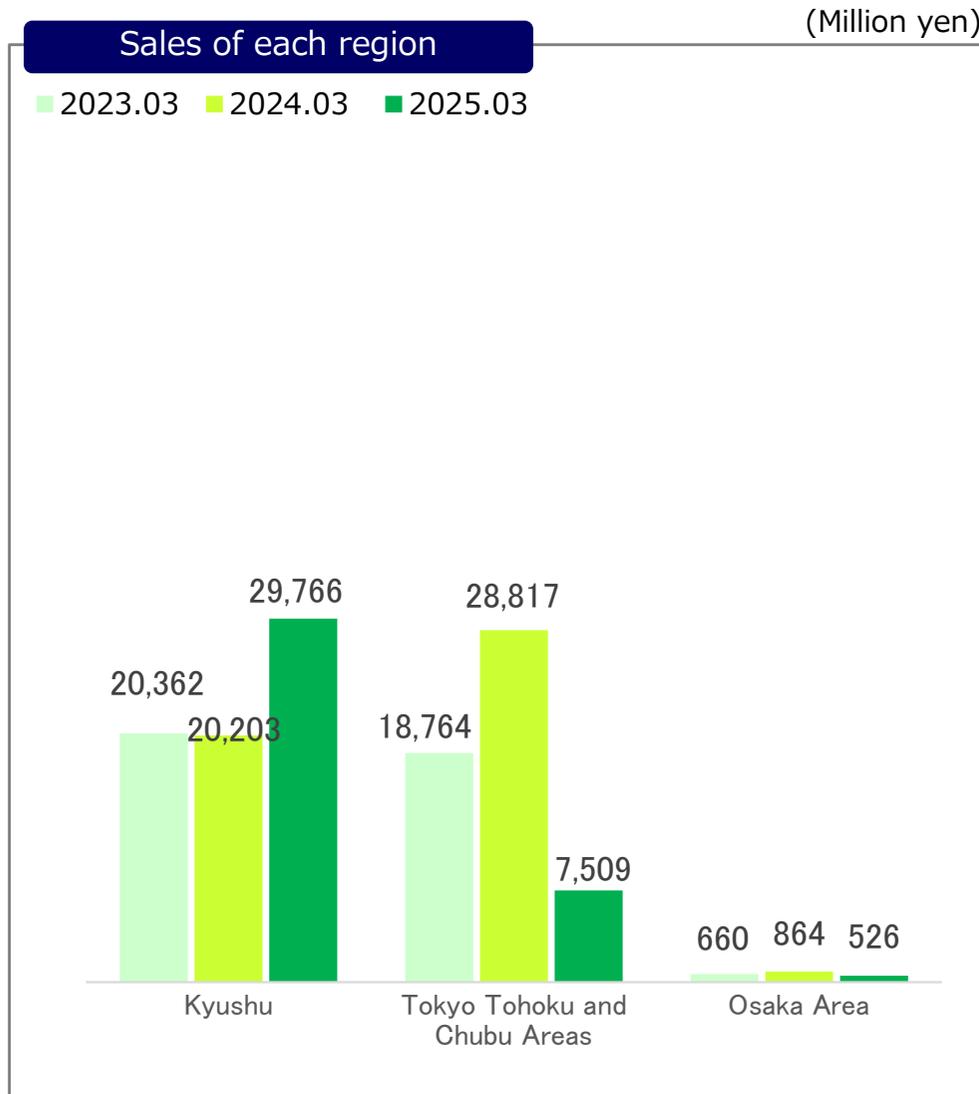
# Order received / Sales by region Mar.2025

(Electrical & HVAC work excluding Solar plant construction work)



# Order received / Sales by region Mar.2024

(Solar plant construction work)



# Outline of balance sheet

(Million yen)

|                                  | End of<br>Mar.2024  | End of<br>Mar.2024  | Increase<br>/decrease | Main factors behind<br>increase/decrease                                       |
|----------------------------------|---------------------|---------------------|-----------------------|--|
| Current assets                   | 324,418<br>(64.5%)  | 299,268<br>(61.3%)  | ▲25,149               | Cash on hand and in banks ▲26,854<br>Trade notes and accounts receivable▲1,441 |
| Fixed assets                     | 178,865<br>(35.5%)  | 189,203<br>(38.7%)  | +10,337               | Investment securities +6,507<br>Asset for retirement benefits +3,853           |
| Total assets                     | 503,284<br>(100.0%) | 488,472<br>(100.0%) | ▲14,812               |  |
| Current liabilities              | 195,527<br>(38.9%)  | 147,529<br>(30.2%)  | ▲47,997               | Electronically recorded debt▲25,462<br>Short-term borrowings ▲27,009           |
| Fixed liabilities                | 16,630<br>(3.3%)    | 28,789<br>(5.9%)    | +12,158               | Long-term debt +13,754   |
| Total liabilities                | 212,158<br>(42.2%)  | 176,319<br>(36.1%)  | ▲35,839               |  |
| Total net assets                 | 291,125<br>(57.8%)  | 312,152<br>(63.9%)  | +21,027               | Shareholders' equity +19,993<br>(net income+28,883、 Dividend payment▲9,212)    |
| Total liabilities and net assets | 503,284<br>(100.0%) | 488,472<br>(100.0%) | ▲14,812               |  |

(Million yen)

|  | Mar.2024 | Mar.2025 | Details of statement to Mar. 2025  |
|--|----------|----------|--|
| Cash flow from operating activities                      | 43,969   | 8,037    | Profit before income taxes +44,293<br>Decrease in trade payables▲29,510<br>Income taxes paid ▲18,355 |
| Cash flow from investment activities                     | ▲2,314   | ▲8,910   | Purchase of investments in securities ▲6,164<br>Purchase of property, plant and equipment ▲3,791     |
| Free cash flow   | 41,655   | ▲873     |  |
| Cash flow by financial activities                        | ▲11,032  | ▲23,933  | Repayments of long-term debt ▲27,599<br>Long-term debt +14,000<br>Cash dividends paid ▲9,204         |
| Increase/decrease of cash and cash equivalents           | 30,737   | ▲24,151  |  |
| Cash and cash equivalents at the beginning of the period | 63,851   | 94,588   |  |
| Cash and cash equivalents at the end of the period       | 94,588   | 70,437   |  |

# Investment in Power Operations

## 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       | 50                     | 92.0MW                                     | 87.4MW   |
| Under construction | -                      | -  | -  |
| Plan               | -                      | -  | -  |
| Total              | 50                     | 92.0MW                                     | 87.4MW   |

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                     | 841.2MW                                    | 245.5MW  |
| Under construction | 1                      | 480.0MW                                    | 69.1MW   |
| Plan               | -                      | -  | -  |
| Total              | 55                     | 1,321.2MW                                  | 314.6MW  |

## 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                      | 45.5MW                                     | 44.7MW   |
| Under construction | -                      | -  | -  |
| Plan               | -                      | -  | -  |
| Total              | 5                      | 45.5MW                                     | 44.7MW   |

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

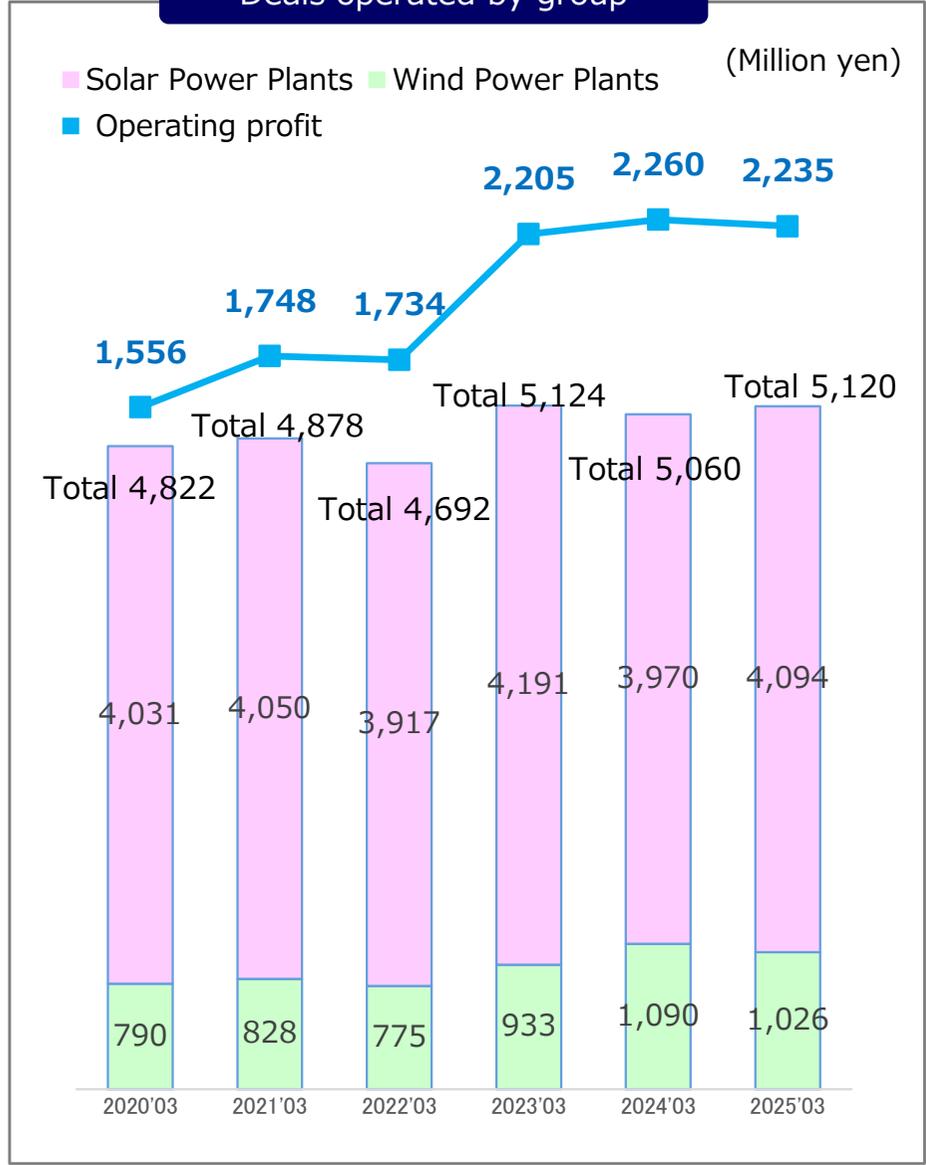
※ acquire investment securities and record an amount equal to the equity to non-operating revenues

|                    | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In operation       | 5                      | 144.2MW                                    | 47.9MW   |
| Under construction | 1                      | 15.0MW                                     | 4.5MW  |
| Plan               | -                      | -  | -  |
| Total              | 6                      | 159.2MW                                    | 52.4MW   |

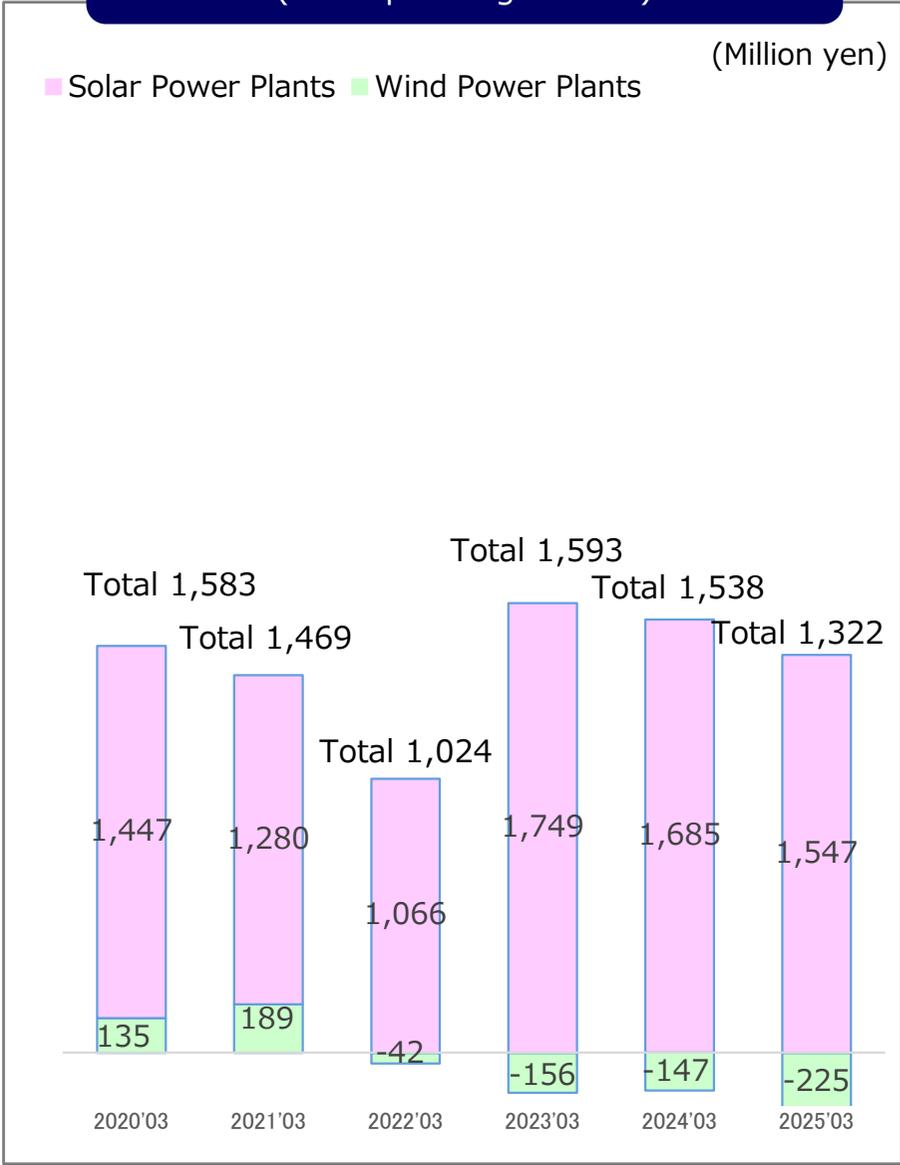
From April to March, a total of 128 controls on output were issued by Kyushu Electric Power Company.  
Cumulative total of 132 times in the same period of the previous year

# Investment in Power Operations

Deals operated by group



Deals through investment in equity (Non-operating income)



# Capital Investment

|                    | FY2024 Mar.   | FY2025 Mar.  |
|--------------------|---|--|
| Capital investment | 3.0 billion yen   | 5.3 billion yen  |
| Facility work      | 2.8 billion yen   | 5.0 billion yen  |
|                    | <ul style="list-style-type: none"> <li>• Replacement of branches and business offices of Kyudenko</li> <li>• Machinery and equipment, etc. for constructions</li> <li>• Lease contracts on specialized vehicles for construction</li> <li>• Software(DX-related)</li> </ul> | <ul style="list-style-type: none"> <li>• Replacement of branches and business offices of Kyudenko (Including new headquarters)</li> <li>• Machinery and equipment, etc. for constructions</li> <li>• Lease contracts on specialized vehicles for construction</li> <li>• Software(DX-related)</li> </ul> |
| Others             | 0.2 billion yen   | 0.3 billion yen  |
|                    | Machinery etc.  | Machinery etc.   |
| Depreciation       | 6.0 billion yen   | 6.5 billion yen  |