

KYUDENKO CORPORATION

FY ending March 2026

1st Quarter End



Overview of business results

Summary of March 2026, 1st quarter

Net sales and income

- I . Sales declined due to a relatively large number of large-scale projects in the early stages of construction, mainly in the electrical construction business.
⇒From the 2Q onwards, sales are expected to grow in line with the gradual progress of large-scale projects.
- II . Gross profit margin was **19.3%, significantly higher than the 16.3% recorded in the same period of the previous year.**
⇒The gross profit margin improved, mainly due to undelivered electrical and air conditioning/sanitation construction projects (see page 6 of this document). As a result of the improvement in the gross profit margin, the operating profit margin and ordinary profit margin also improved.

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.

Ukujima solar power plant

- I .After review by external experts and lawyers, on July 23, 2025, SPC obtained permission from Sasebo City to use the “sea area under the jurisdiction of the city.”
- II . Going forward, SPC will proceed with the application process to obtain permission from Nagasaki Prefecture for “waters under the jurisdiction of the prefecture.”

Others

- I . New Medium-Term Management Plan 2025~2029: Presented in April 2025. For details, please see P23~P30.
- II . New Company Name: “From Kyudenko to Kraftia” from October 2025. For details, please see P34.
- III . New Head Office: “ONE FUKUOKA BLDG.” began operations in May 2025.For details, please see P35.

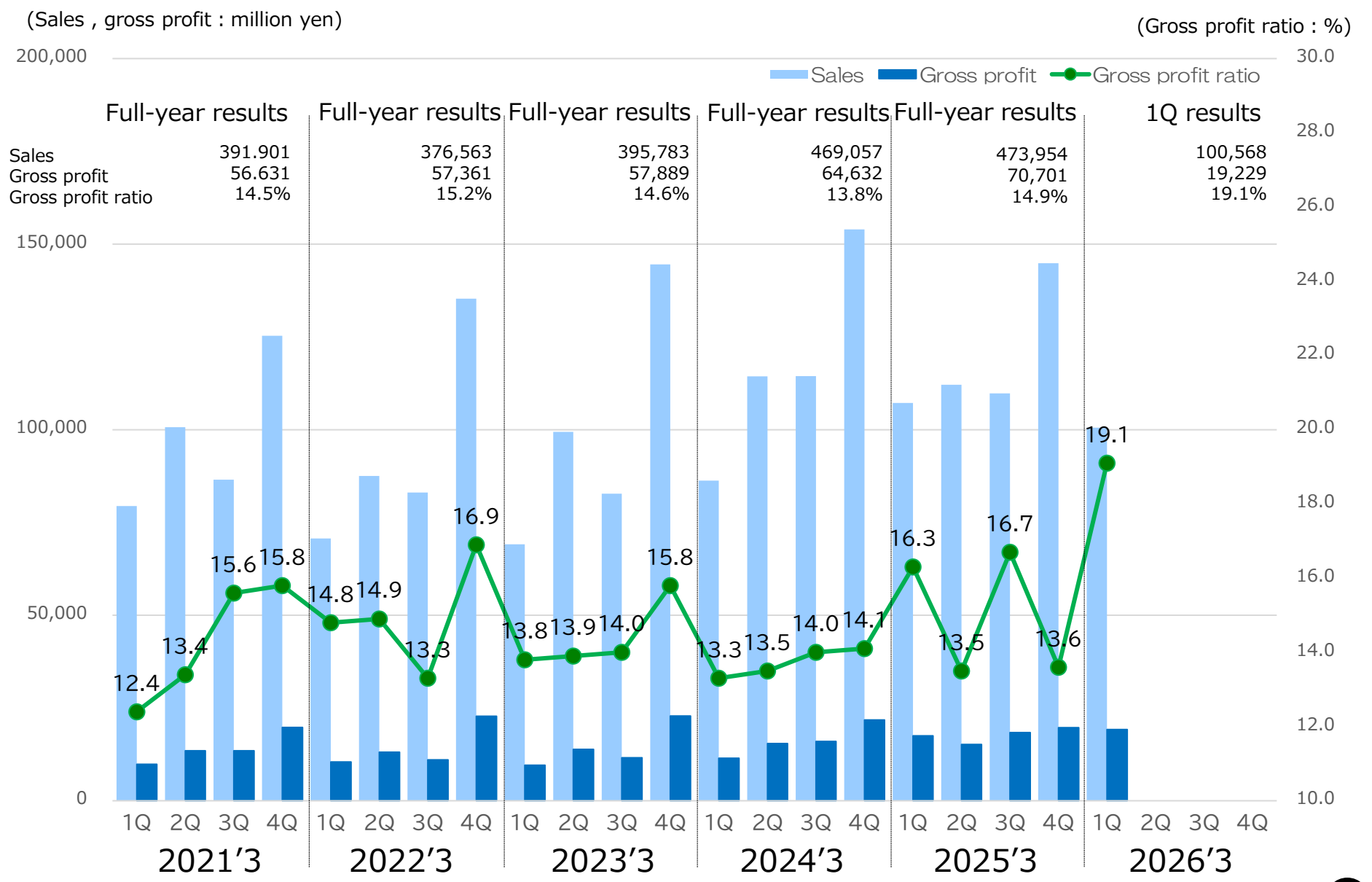
Outline of P/L March 2026,1st quarter

★ Red letters indicate record highs

(Million yen)

	March 2025, 1Q Result	March 2026,1Q Result			
		Result	Increase /decrease	Percentage increase /decrease	Published value (2025.01.31)
Sales	107,205 (100.0%)	100,568 (100.0%)	▲6,637	▲6.2%	490,000 (100.0%)
Gross profit	17,486 (16.3%)	19,229 (19.1%)	+ 1,742	+10.0%	77,100 (15.7%)
Operating profit	10,263 (9.6%)	11,098 (11.0%)	+ 834	+8.1%	44,500 (9.1%)
Ordinary project	11,147 (10.4%)	11,737 (11.7%)	+ 590	+5.3%	47,500 (9.7%)
Net profit	7,758 (7.2%)	7,719 (7.7%)	▲38	▲0.5%	32,000 (6.5%)
Orders	115,968	126,056	+10,088	+8.7%	485,000
construction on hand	469,584	484,038	+14,454	+ 3.1%	-

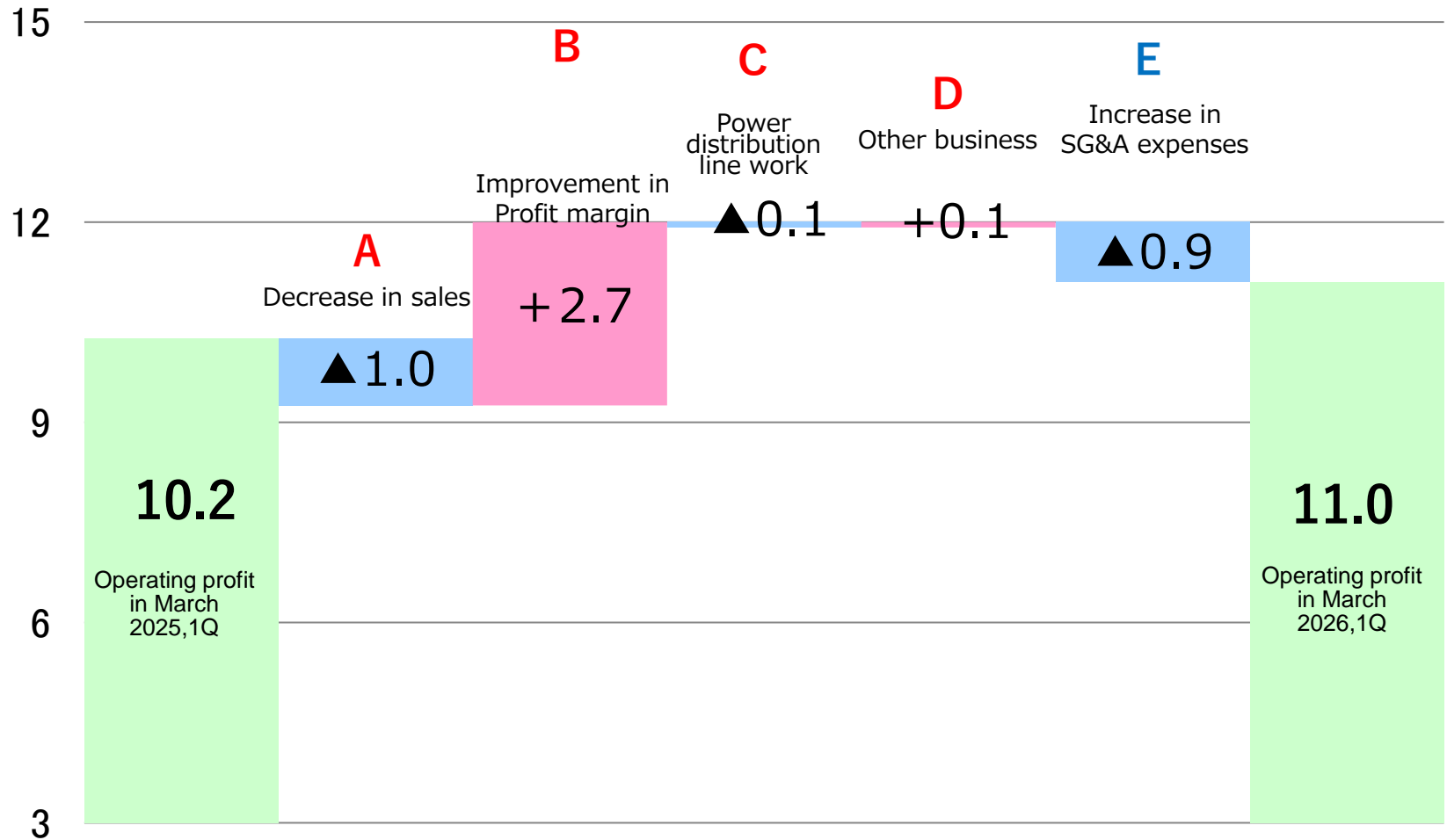
Sales and gross profit (quarterly accounting period)



Factors of change in OP March 2026,1st quarter

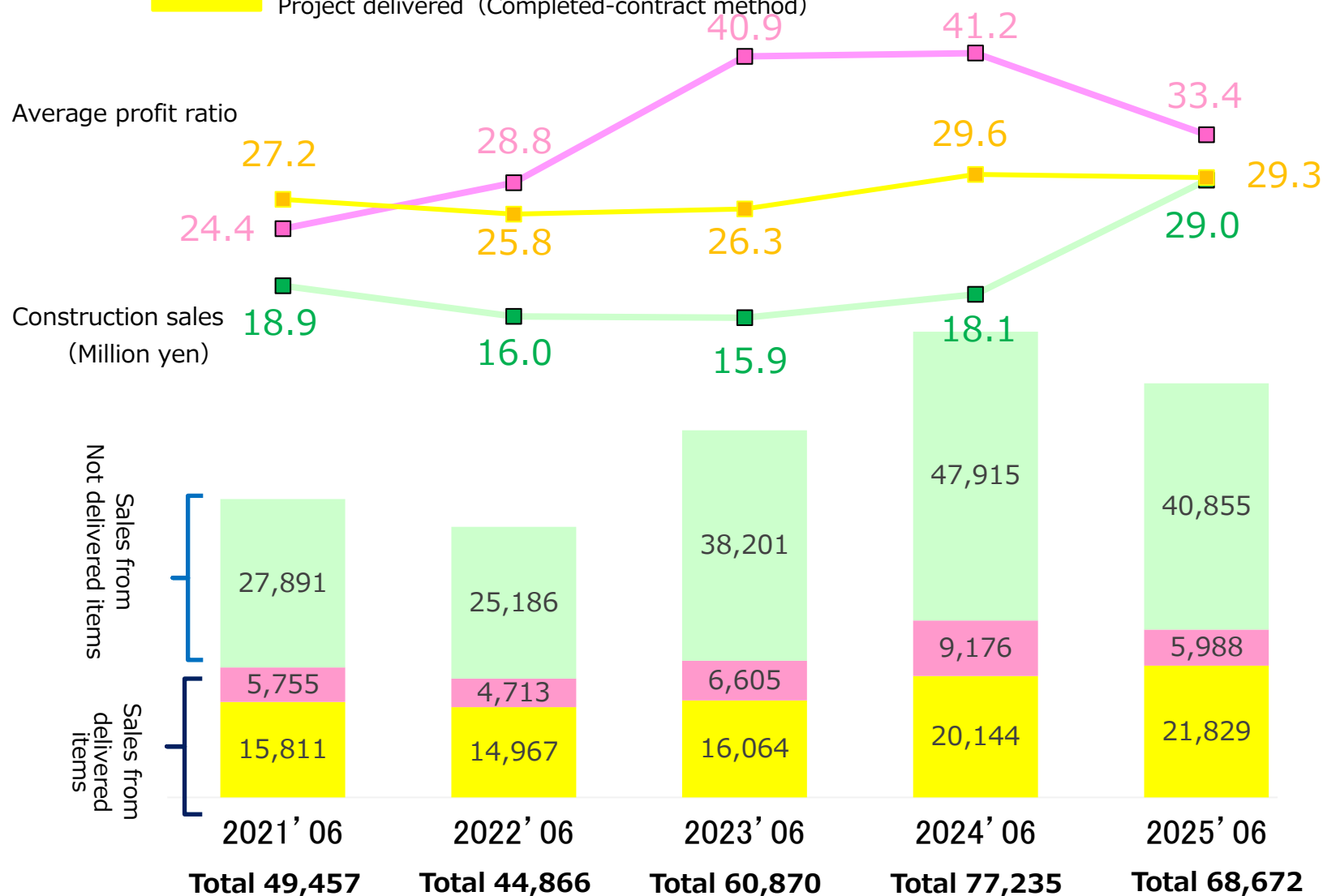
(Billion Yen)

■ :Increase
■ :Decrease

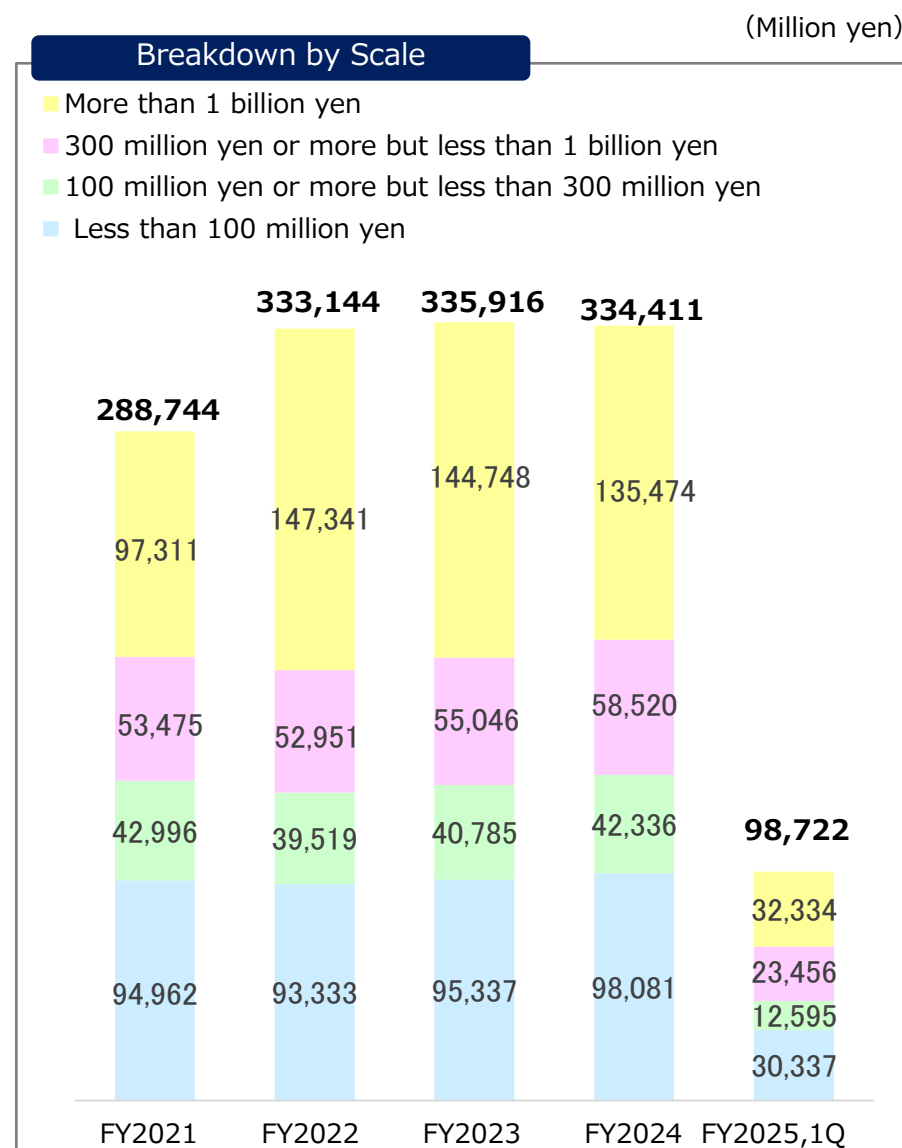
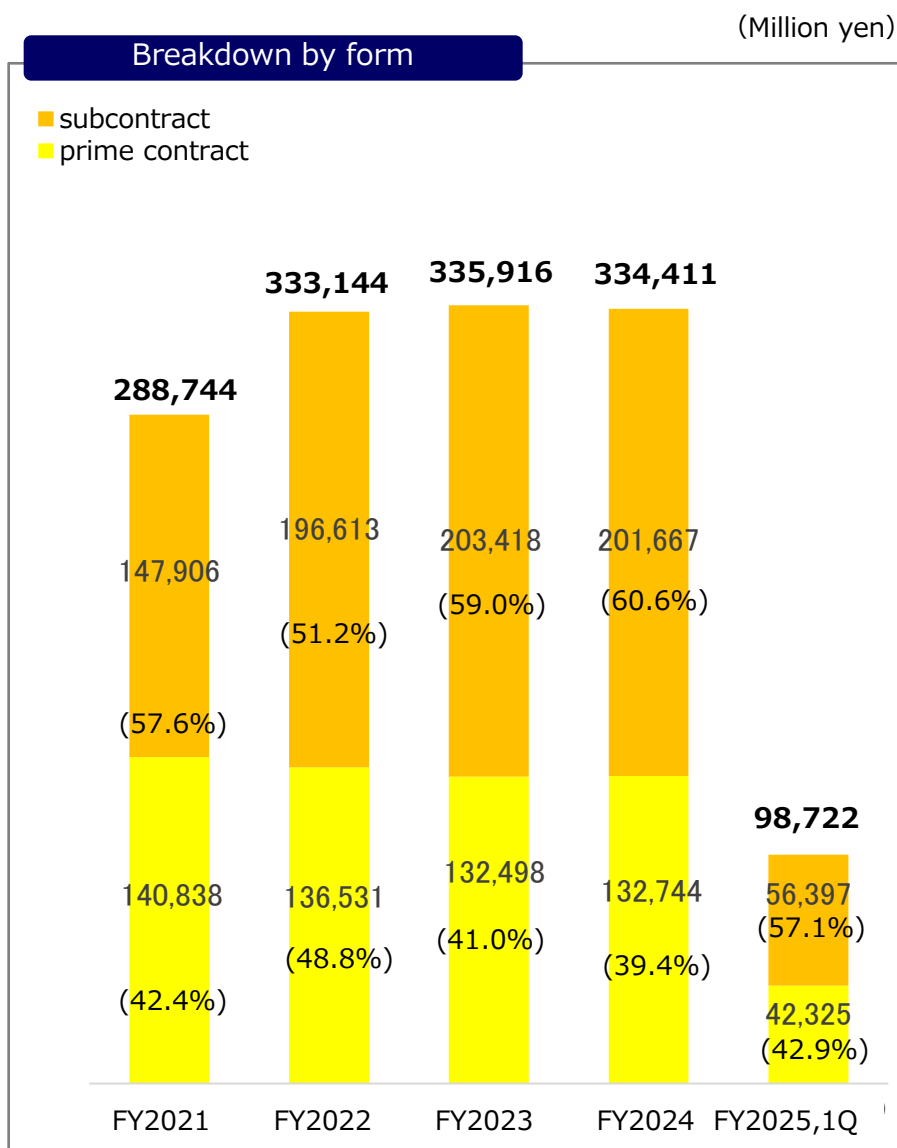


Breakdown of construction sales and average profit Jun.2025 (Kyudenko Co., Ltd. alone : excluding power distribution line work&Ukujima)

- 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)



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

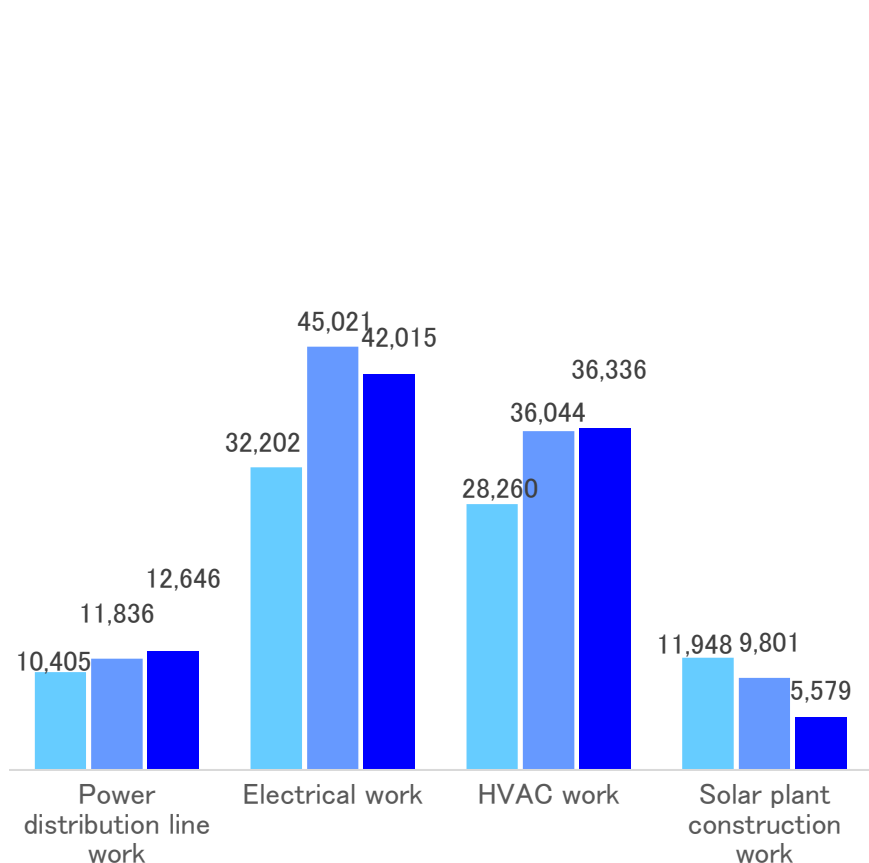


Order received / Sales by department FY March 2026,1st quarter

Sales of each segments

(Million yen)

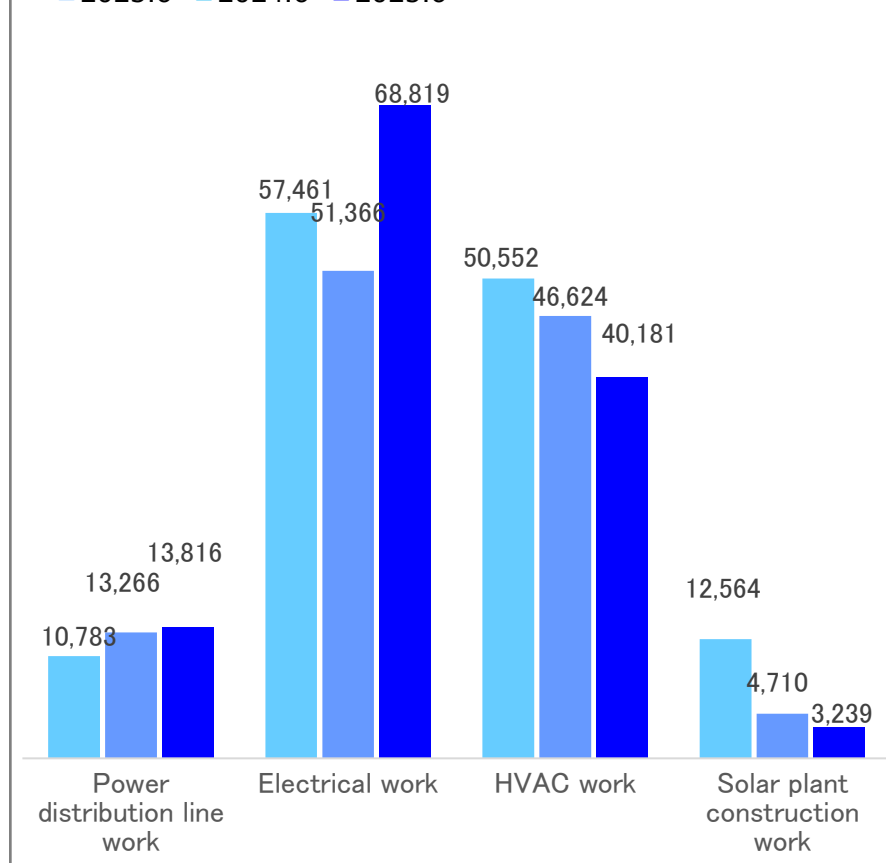
■ 2023.6 ■ 2024.6 ■ 2025.6

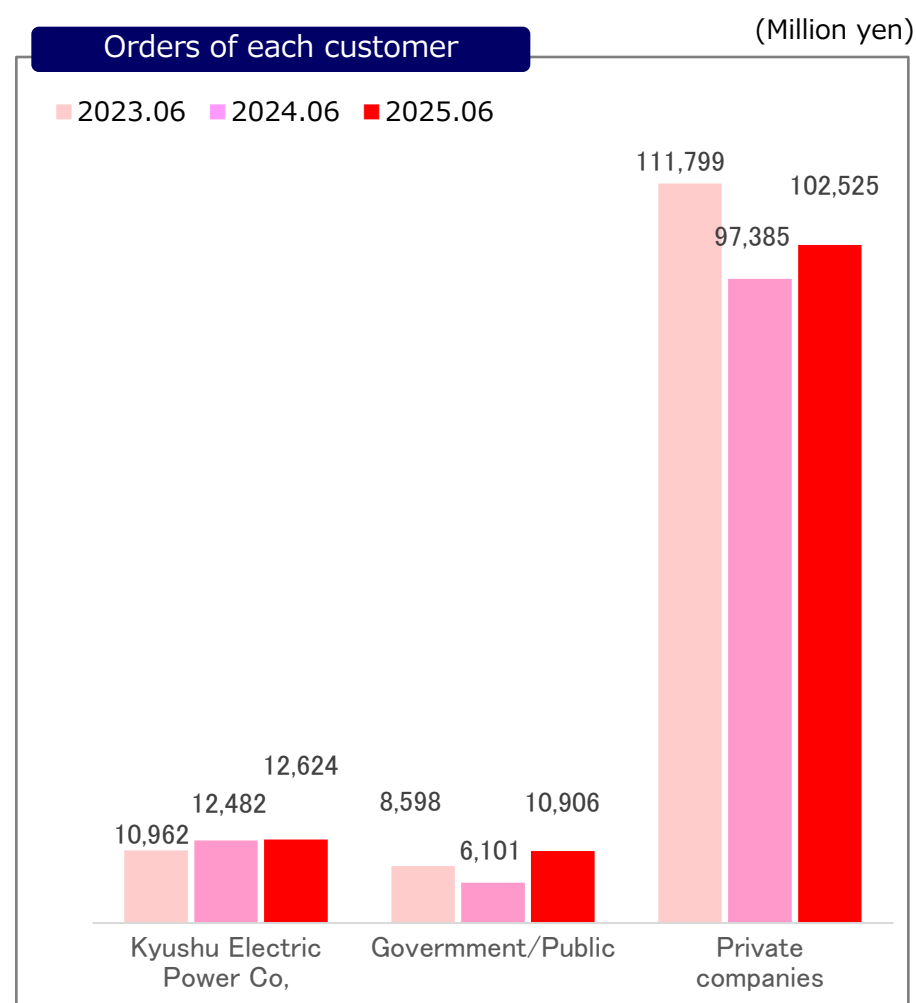
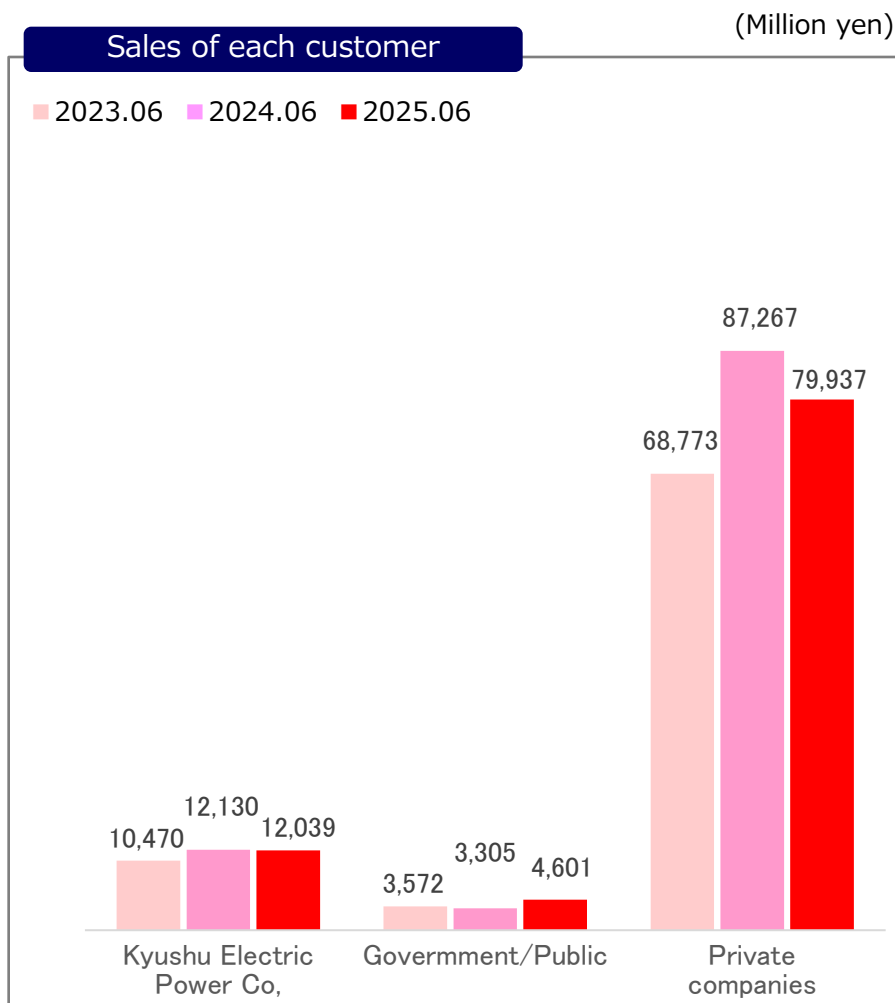


Orders of each segments

(Million yen)

■ 2023.6 ■ 2024.6 ■ 2025.6





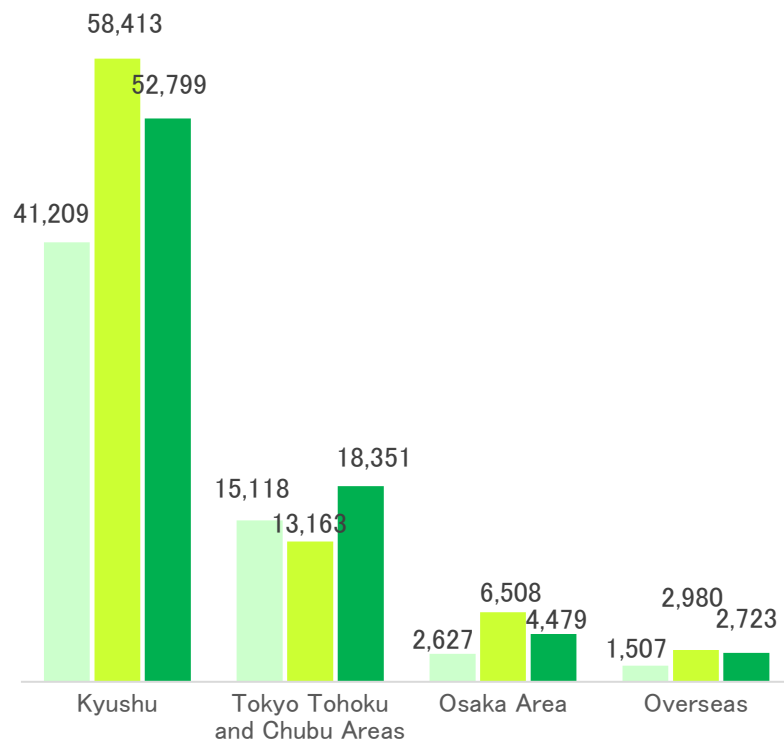
Order received / Sales by region FY March 2026, 1st quarter

(Electrical & HVAC work excluding Solar plant construction work)

Sales of each region

(Million yen)

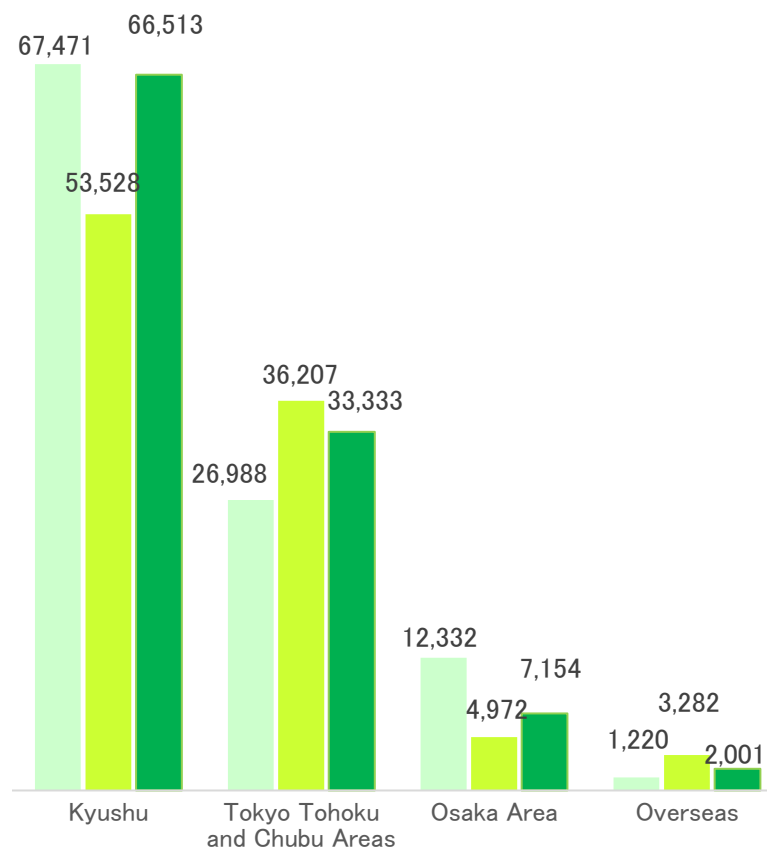
2023.06 2024.06 2025.06



Orders of each region

(Million yen)

2023.06 2024.06 2025.0



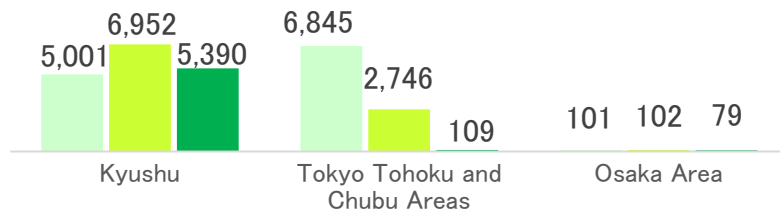
Order received / Sales by region FY March 2026,1st quarter

(Solar plant construction work)

Sales of each region

(Million yen)

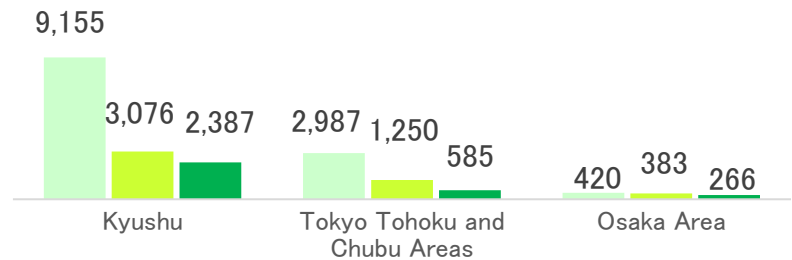
2023.06 2024.06 2025.06



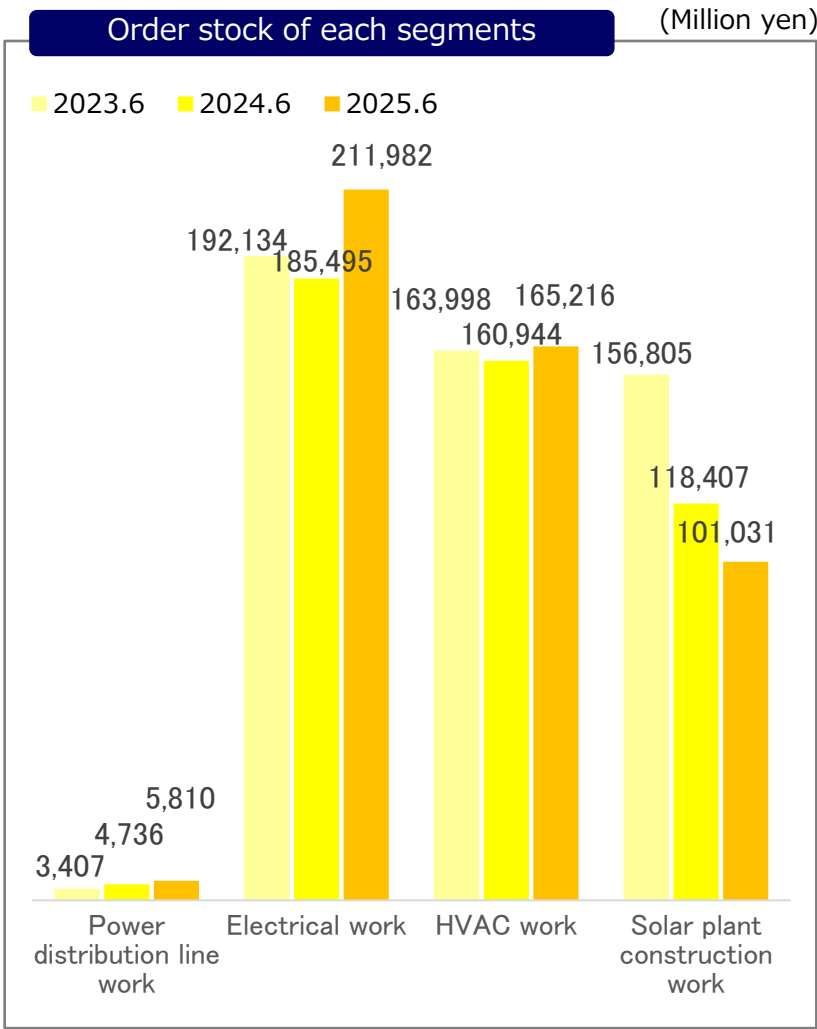
Orders of each region

(Million yen)

2023.06 2024.06 2025.06



Situation of order stock FY March 2026,1st quarter



Construction achievements in FY March 2026,1Q



Work in progress in FY March 2026,1Q



Outline of balance sheet

(Million yen)

	End of Mar.2025	End of Jun.2024	Increase /decrease	Main factors behind increase/decrease
Current assets	299,268 (61.3%)	273,422 (59.0%)	▲25,846	Cash on hand and in banks +3,704 Trade notes and accounts receivable▲31,446
Fixed assets	189,203 (38.7%)	190,012 (41.0%)	+809	Investment securities +428 Asset for retirement benefits +475
Total assets	488,472 (100.0%)	463,434 (100.0%)	▲25,037	
Current liabilities	147,529 (30.2%)	118,346 (25.5%)	▲29,183	Trade notes and accounts payable ▲27,357 Income taxes payable ▲4,366
Fixed liabilities	28,789 (5.9%)	30,327 (6.5%)	+1,537	Long-term debt +1,144
Total liabilities	176,319 (36.1%)	148,673 (32.1%)	▲27,645	
Total net assets	312,152 (63.9%)	314,761 (67.9%)	+2,608	Shareholders' equity +2,049 (net income+7,719、 Dividend payment▲5,314)
Total liabilities and net assets	488,472 (100.0%)	463,434 (100.0%)	▲25,037	

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	-	-	-
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	56	856.1MW	248.2MW
Under construction	1	480.0MW	69.1MW
Total	57	1,336.1MW	317.3MW

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	4	44.0MW	43.2MW
Under construction	-	-	-
Total	4	44.0MW	43.2MW

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	-	-	-
Total	5	144.2MW	47.9MW

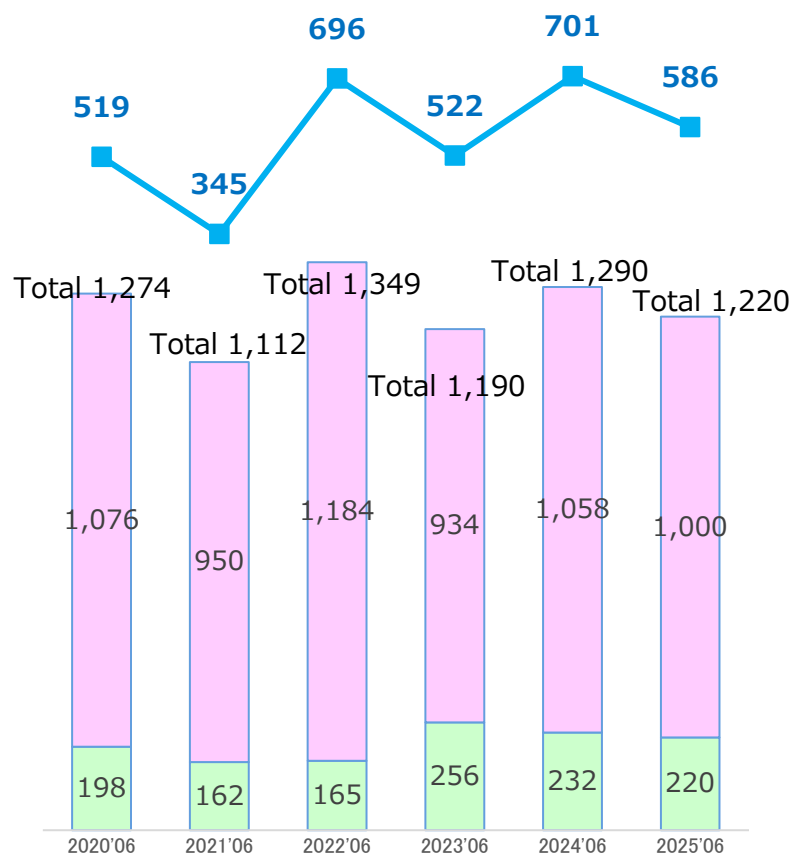
From April to June, a total of 50 controls on output were issued by Kyushu Electric Power Company.
Cumulative total of 47 times in the same period of the previous year

Investment in Power Operations

Deals operated by group

(Million yen)

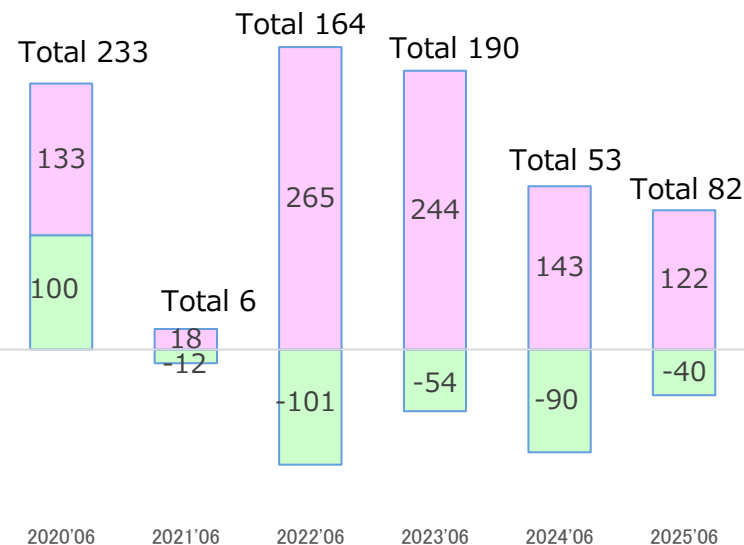
■ Solar Power Plants ■ Wind Power Plants
■ Operating profit



Deals through investment in equity (Non-operating income)

(Million yen)

■ Solar Power Plants ■ Wind Power Plants



Plan for fiscal year

PLAN for March 2026

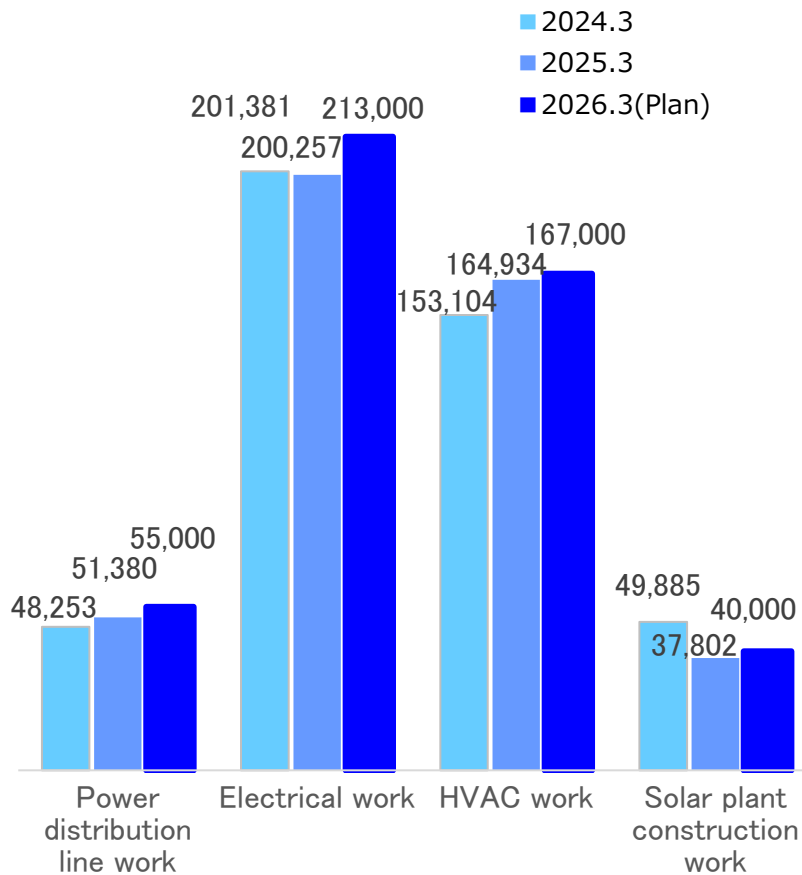
(Million yen)

	March 2024 Result	March 2025 Result①	Plan for March 2026		
			March 2026②	②－①	Percentage increase/ decrease
Sales	469,057 (100.0%)	473,954 (100.0%)	490,000 (100.0%)	+16,045	+3.4%
Gross profit	64,632 (13.8%)	70,701 (14.9%)	77,100 (15.7%)	+6,398	+9.1%
Operating profit	38,016 (8.1%)	41,388 (8.7%)	44,500 (9.1%)	+3,111	+7.5%
Ordinary profit	42,362 (9.0%)	44,434 (9.4%)	47,500 (9.7%)	+3,065	+6.9%
Current (quarter) net profit	28,017 (6.0%)	28,883 (6.1%)	32,000 (6.5%)	+3,116	+10.8%
Orders	440,864	452,113	485,000	+32,886	+7.3%
Current net profit per stock	¥ 395.87	¥ 408.36	¥ 452.42	—	—
Dividends	¥ 120 Interim ¥55 Year-end ¥65	¥ 140 Interim ¥65 Year-end ¥75	¥ 180 Interim ¥90 Year-end ¥90	+ ¥ 40	—

Orders & Sales plan by department

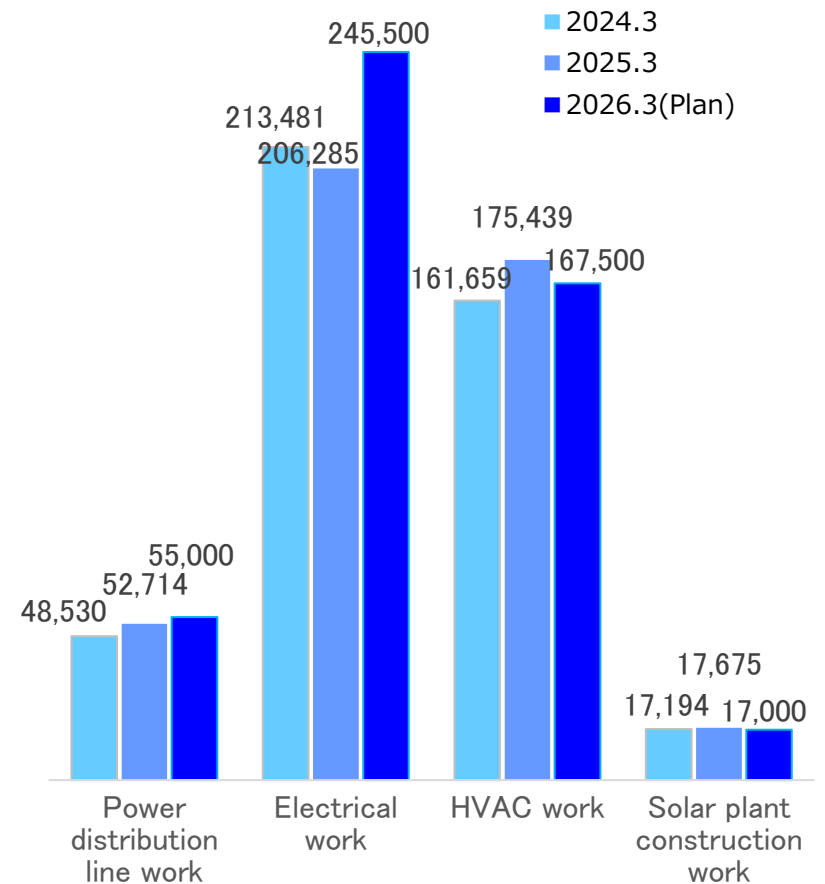
Sales of each department

(Million yen)



Orders of each department

(Million yen)



Ukujima solar power plant

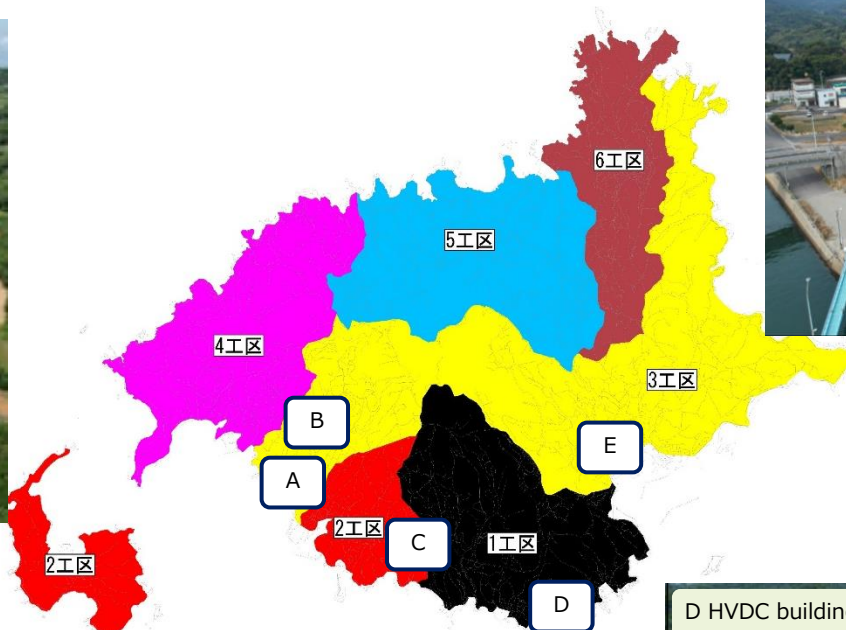
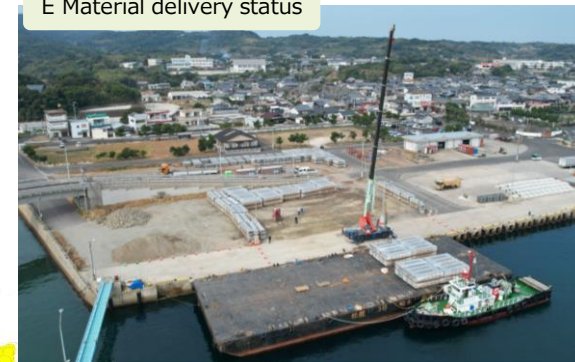
Situation on the island of Ukujima

- 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).

B Panel installation status



E Material delivery status



A Trestle assembly status



C Miscellaneous tree cutting status



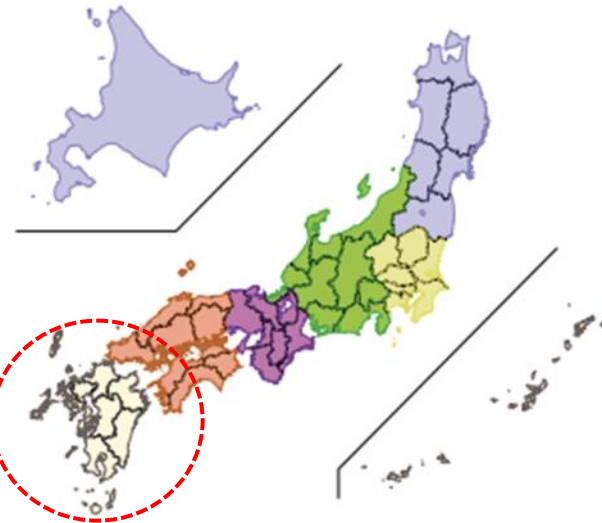
D HVDC building



Location of Ukujima

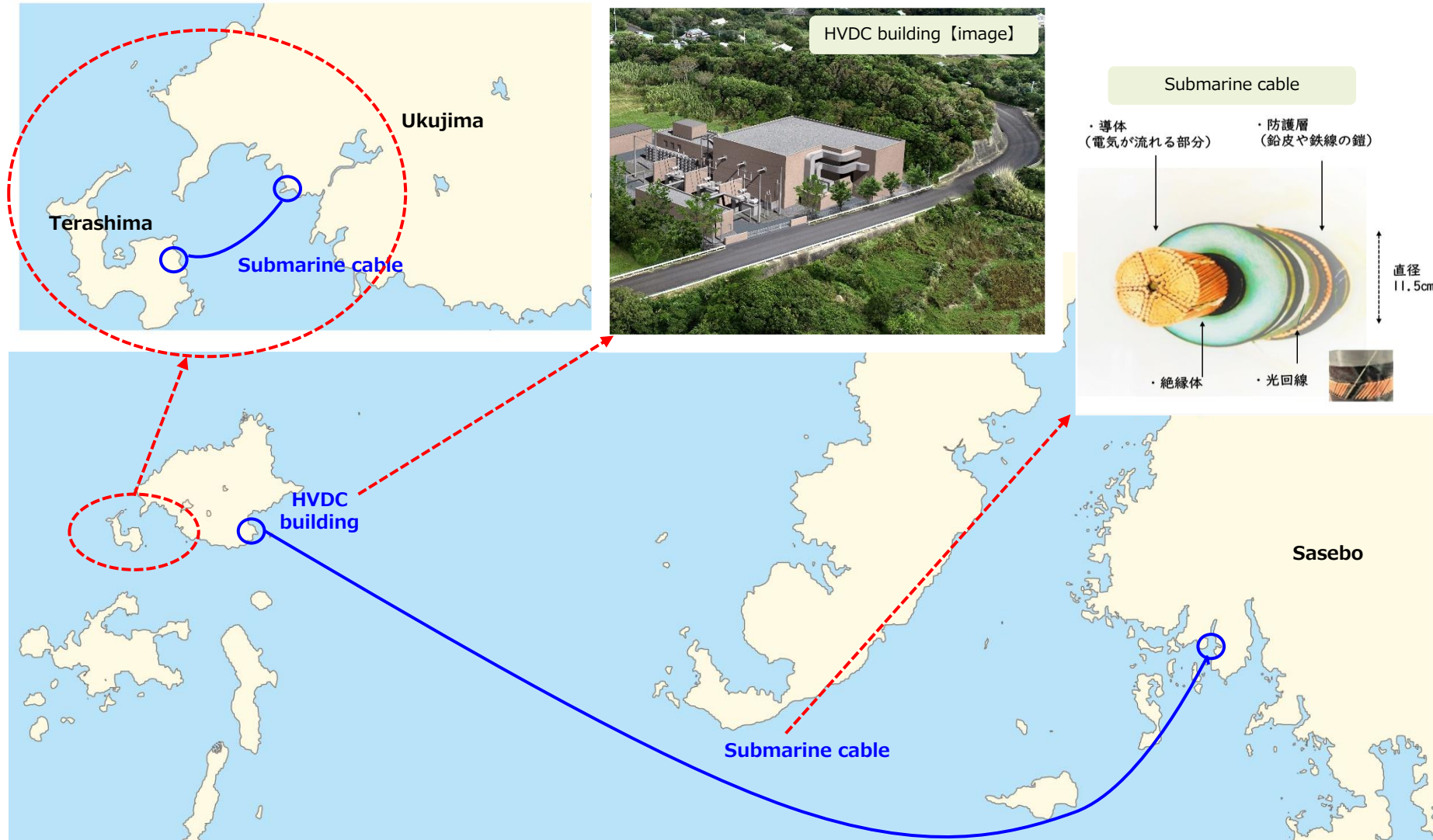
- Ukujima is located at the northernmost tip of the Goto Islands, Sasebo City, Nagasaki Prefecture, Kyushu.

The area is approximately 25km².



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

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.

Make **Next.**

Financial targets

Consolidated ordinary profit FY2029 ¥60 billion	ROIC*1 FY2029 10% or higher	Total investment Total during Mid-term Management Plan period ¥200 billion	Shareholder returns Consolidated dividend ratio: About 40% Offering a progressive dividend
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*1 ROIC is calculated using after-tax business profit, which appropriately reflects investment efficiency based on the company's business model.

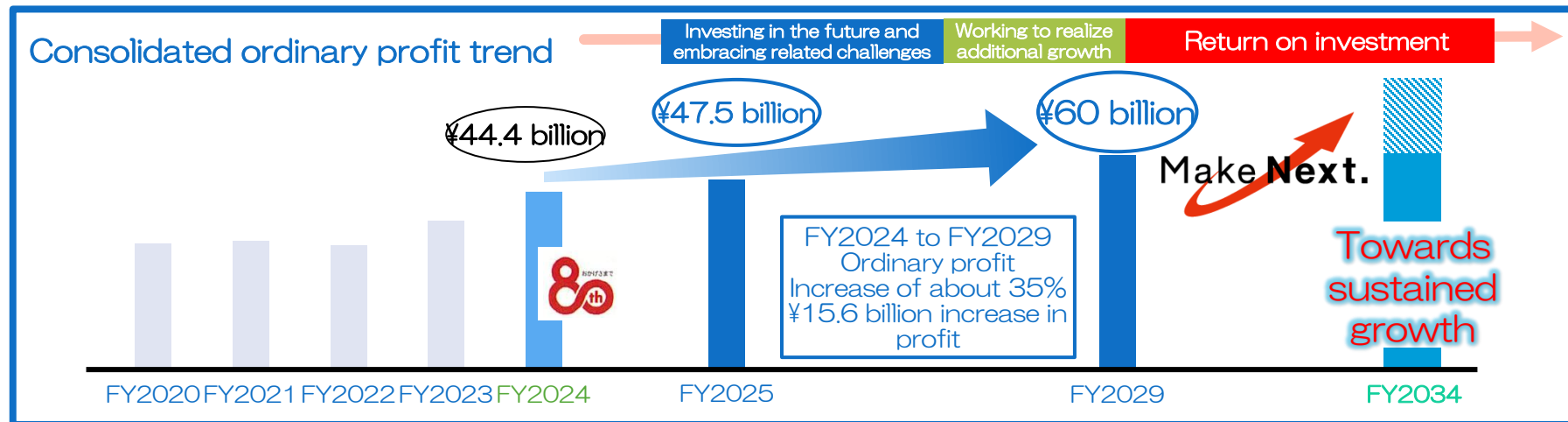
After-tax business profit = After-tax ordinary income + Interest expenses

Non-financial targets

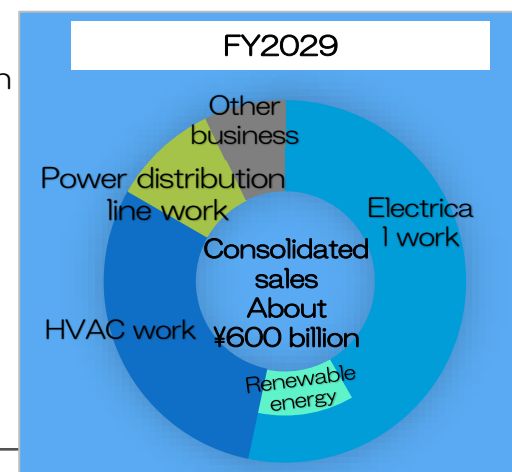
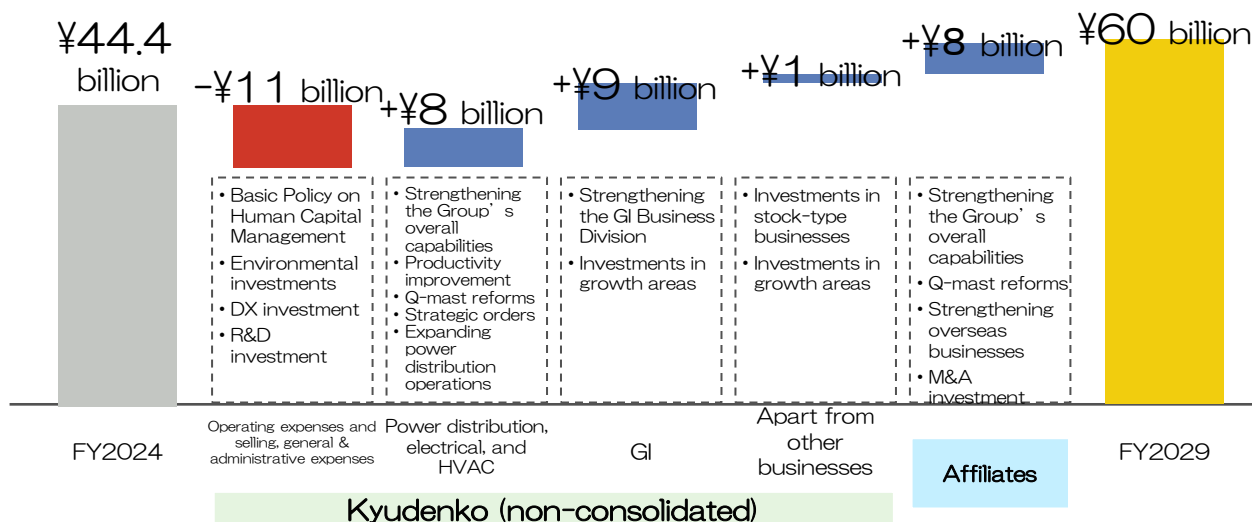
Basic Policy on Human Capital Management	Number of employees (consolidated) FY2029 12,000	Employee annual income level FY2029 ¥10 million average income for 45-year-old employees	Engagement score 72 points or higher	Education and training expenses FY2029 vs. FY2024 50%UP	Human capital management during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

Overview of Financial Targets

- Consolidated ordinary profit: Model for transitioning to sustained growth



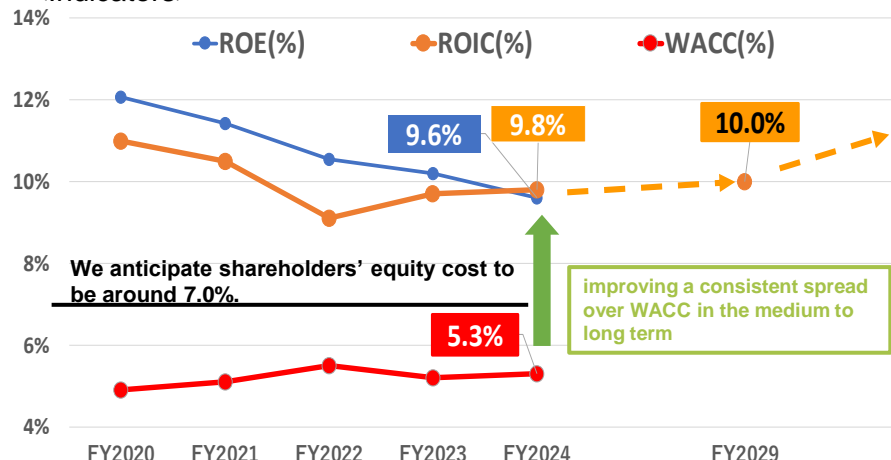
Consolidated ordinary profit target



Financial Targets - Improving Capital Efficiency

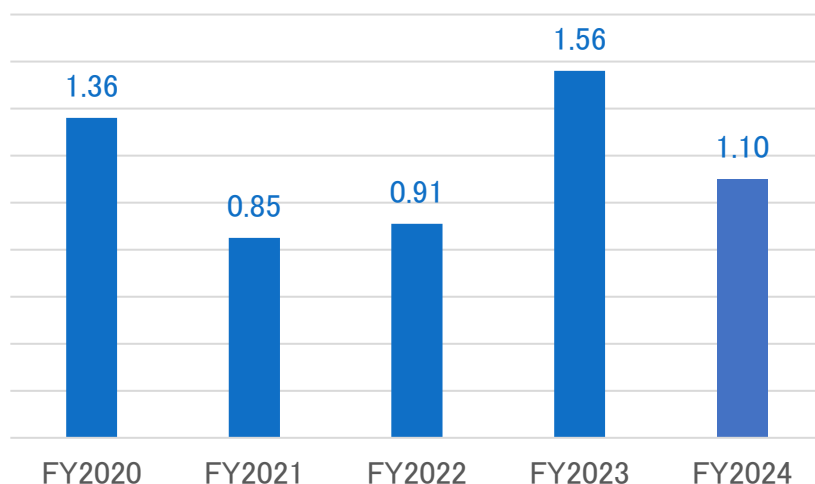
Trends in indicators

<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

Initiatives and Investment Strategies: Specific Investment Strategies

A Growth investments

- Expanding investments in carbon neutral-related businesses
- Investing in energy storage systems (grid storage batteries)
- Participating in datacenter (DC) related businesses
- Participating in real estate-related businesses
- Participating in urban infrastructure businesses (PPP/PFI businesses)

B M&A investment

- Carrying out strategic M&As to expand business domains (proactive M&As)
- Expanding collaboration in overseas businesses

Anticipated investment amount
¥80 billion

C Stock business investments

- Utilizing idle real estate
- Investing in battery storage businesses
- Utilizing post-FIT power sources
- Expanding PPA businesses such as solar carports
- Embracing the challenges of environmental value transactions (non-fossil certificates, J-Credits, etc.)
- Strengthening and restructuring facility operation subsidiaries

Anticipated investment amount
¥80 billion

D Investments in DX and R&D, etc.

- Investing in construction DX for operational efficiency and research
- Rebuilding internal business systems
- Studying use of generative AI in operations
- Implementing cybersecurity measures
- Carrying out R&D work related to energy savings, cost reductions, and labor savings
- Carrying out R&D work related to creating environmental value and post-FIT utilization

Anticipated investment amount
¥18 billion

E Facility updates (Including environmental investments)

- Renovating and replacing aging facilities
- Achieving carbon neutrality for in-house facilities
- Helping form a circular society
- Enhancing educational facilities

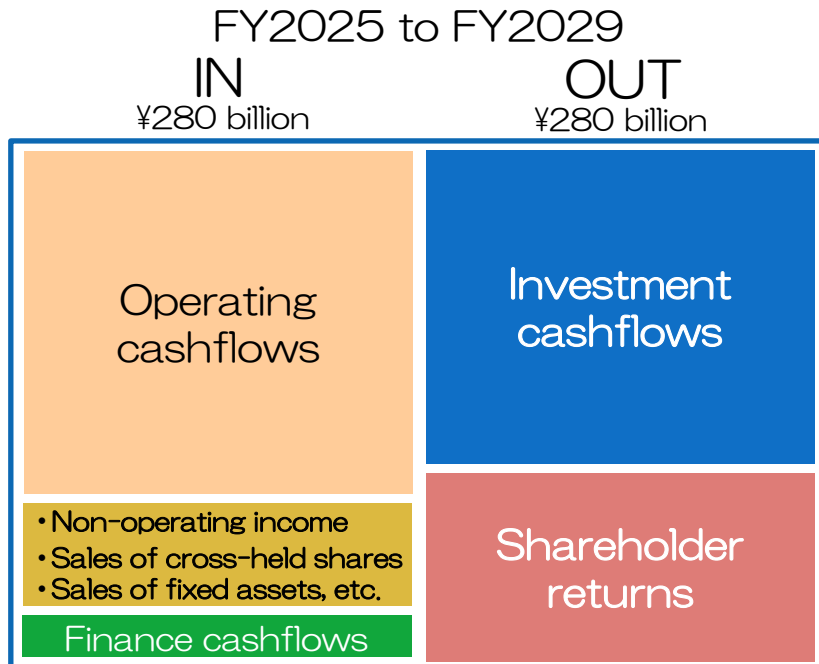
Anticipated investment amount
¥22 billion

Initiatives and Investment Strategy: Capital Policy

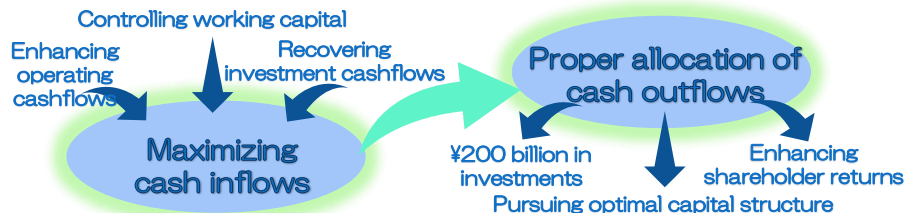
- We will make active investments while ensuring operating cash flow and financial soundness in an effort to achieve sustainable corporate value enhancement.

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

Capital allocation



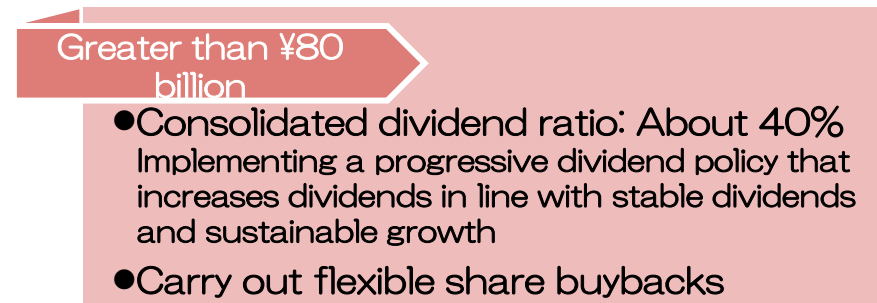
Balance sheet management



Investment cashflows

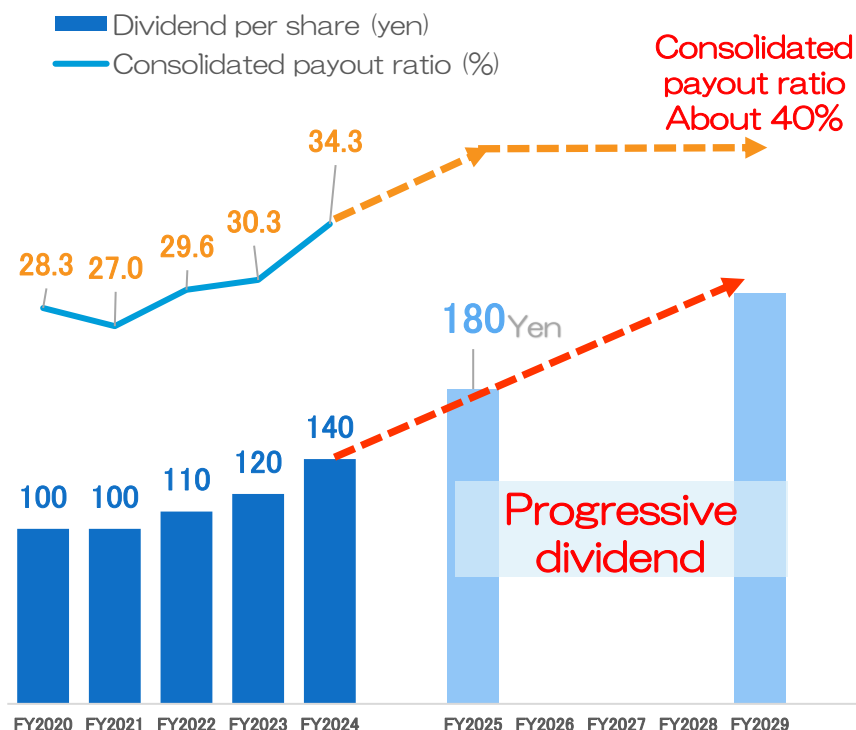


Shareholder returns



Initiatives and Investment Strategy: 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)

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	11-1,Tenjin 1-chome,Chuo-ku,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, 101 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.

K + CRAFT + I + A

K
Kyushu /
Kyudenko

CRAFT
Craft
Technology, skill, craftsmanship

I
Innovation

A
Action

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.

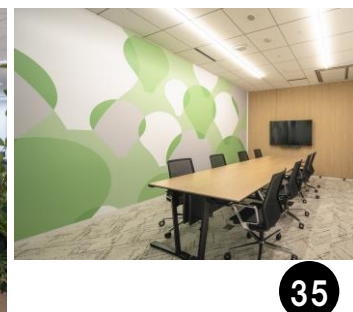
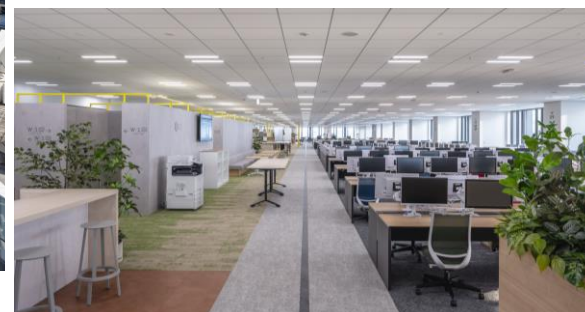
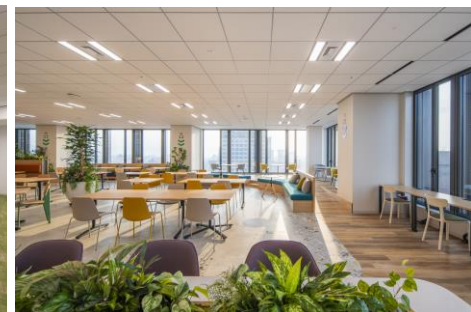
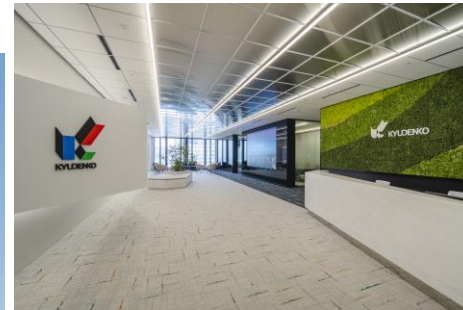
New Headquarters 【ONE FUKUOKA BLDG.】

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.



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

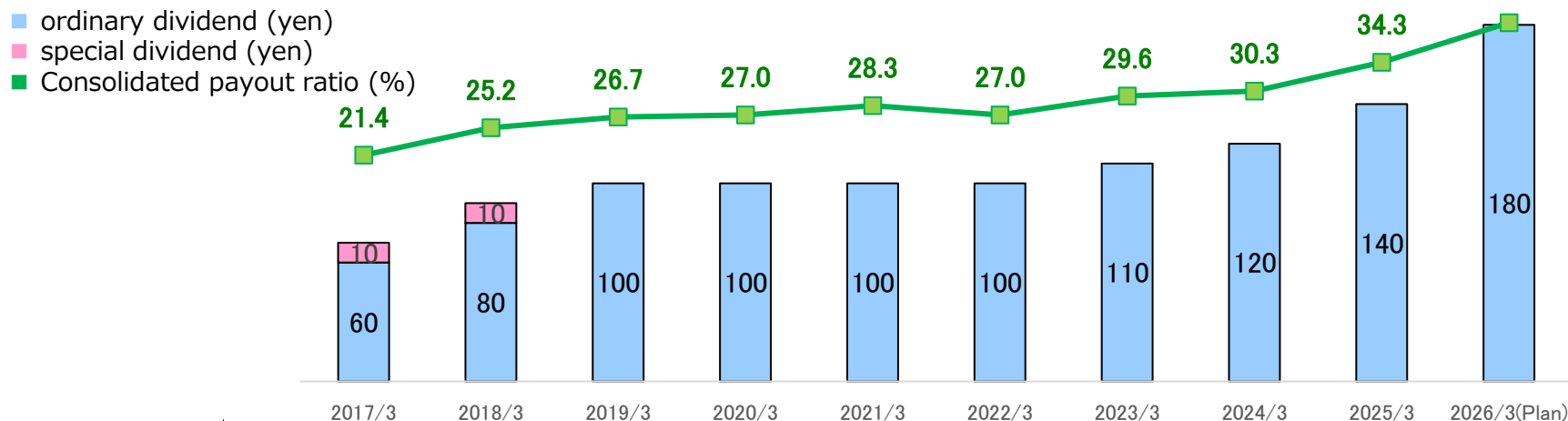
« Actual number of personnel at the end of the fiscal year »

	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

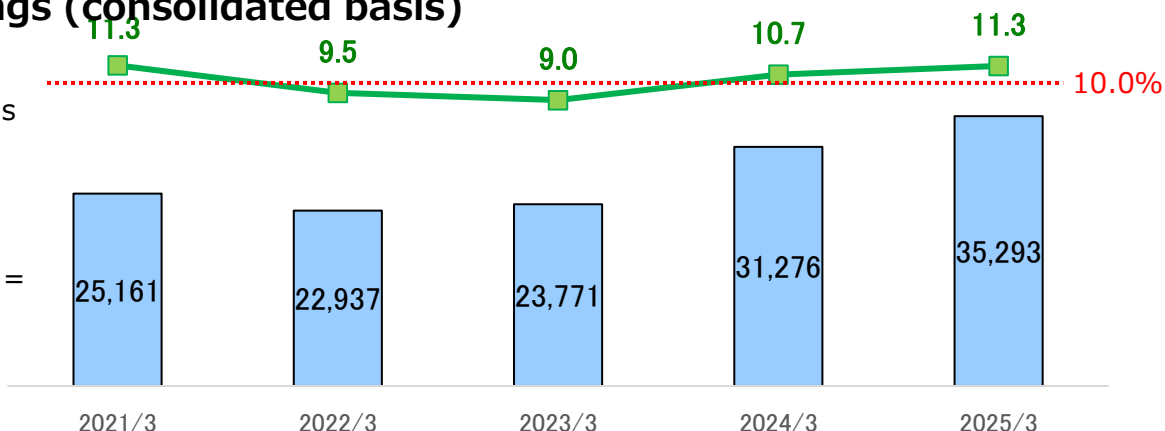
Dividend per share (annual) and consolidated dividend payout ratio



Changes in policy shareholdings (consolidated basis)

- Market value of policy holdings (Millions of yen)
■ Percentage of policy shareholdings (%)※

※Percentage of policy shareholdings (%) =
Market value of consolidated policy
shareholdings (millions of yen) / Total
consolidated net assets (millions of yen)



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

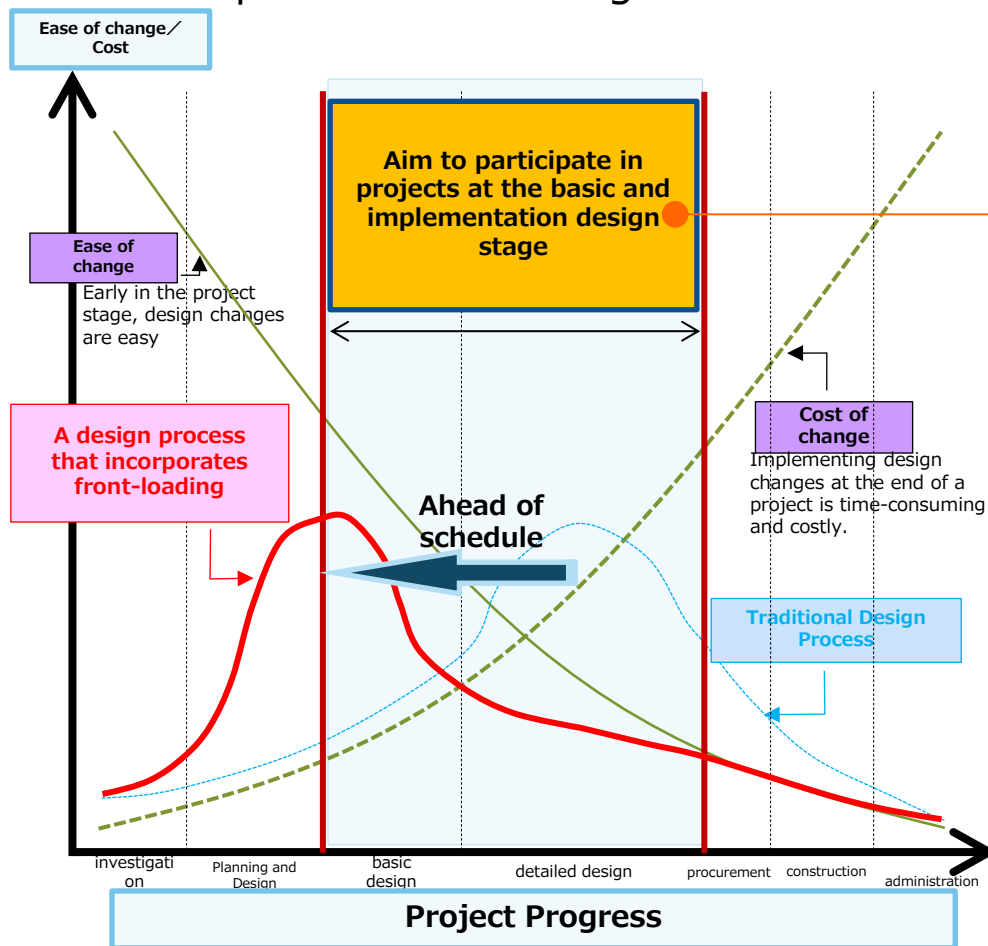
Details of diverse business models (facility work)

business model item	㊤ Proposal and original contract type(Local based)	㊤ Sub-contract type	㊤ Capital participation type
① Feature	<ul style="list-style-type: none"> • Mainly small- and med-sized deals • Order directly from the owner (prime contractor) 	<ul style="list-style-type: none"> • Large sized deals • Subcontractor of a general contractor 	<ul style="list-style-type: none"> • Capital participation in a project of collaboration with different industries, and receiving an order for construction • Construction profit + Business profit according to the amount of investment
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 4 0 %	about 5 0 %	about 1 0 %

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>

