



1st section of Tokyo stock exchange : 1959

KYUDENKO CORPORATION

FY ending March 2020 2nd Quarter

Results briefing

Nov. 12th ,2019

Table of contents

| | |
|--|-------|
| Overview of business results | 2 |
| Highlights | 3 |
| P/L | 4 |
| Factors of change in OP | 5~9 |
| Sales, Orders and Works on hand | |
| 1. Orders received/sales by department | 10 |
| 2. Orders received/sales by customer | 11 |
| 3. Orders received/sales by region | 12・13 |
| 4. Year-end amount of works on hand | 14 |
| Actual results of works | 15 |
| B/S | 16 |
| C/F | 17 |
| Capital expenditure | 18 |
| Power generation business | 19~21 |

| | |
|---|----|
| Plan for fiscal year | 22 |
| Plan for fiscal year | 23 |
| Orders/sales by department | 24 |
| Power distribution line work | 25 |
| Trend of dividends | 26 |
| Actual results of recruitment of human resources and workforce planning | 27 |
| Mid-term management plan ・ growth strategy | 28 |
| Numerical targets | 29 |
| Road map of sales plan | 30 |
| Review of present mid-term management plan | 31 |
| Environmental prediction surrounding Kyudenko | 32 |
| Recurrence prevention measures | 33 |
| Appendix | 34 |

Overview of business results

Sales

¥195,870_{million} 2nd-on-2nd 118.6%

Operating profit

¥13,820_{million} 2nd-on-2nd 127.0%

Orders

¥194,086_{million} 2nd-on-2nd 89.4%

Outline of P/L March 2020, 2nd quarter

(Million yen)

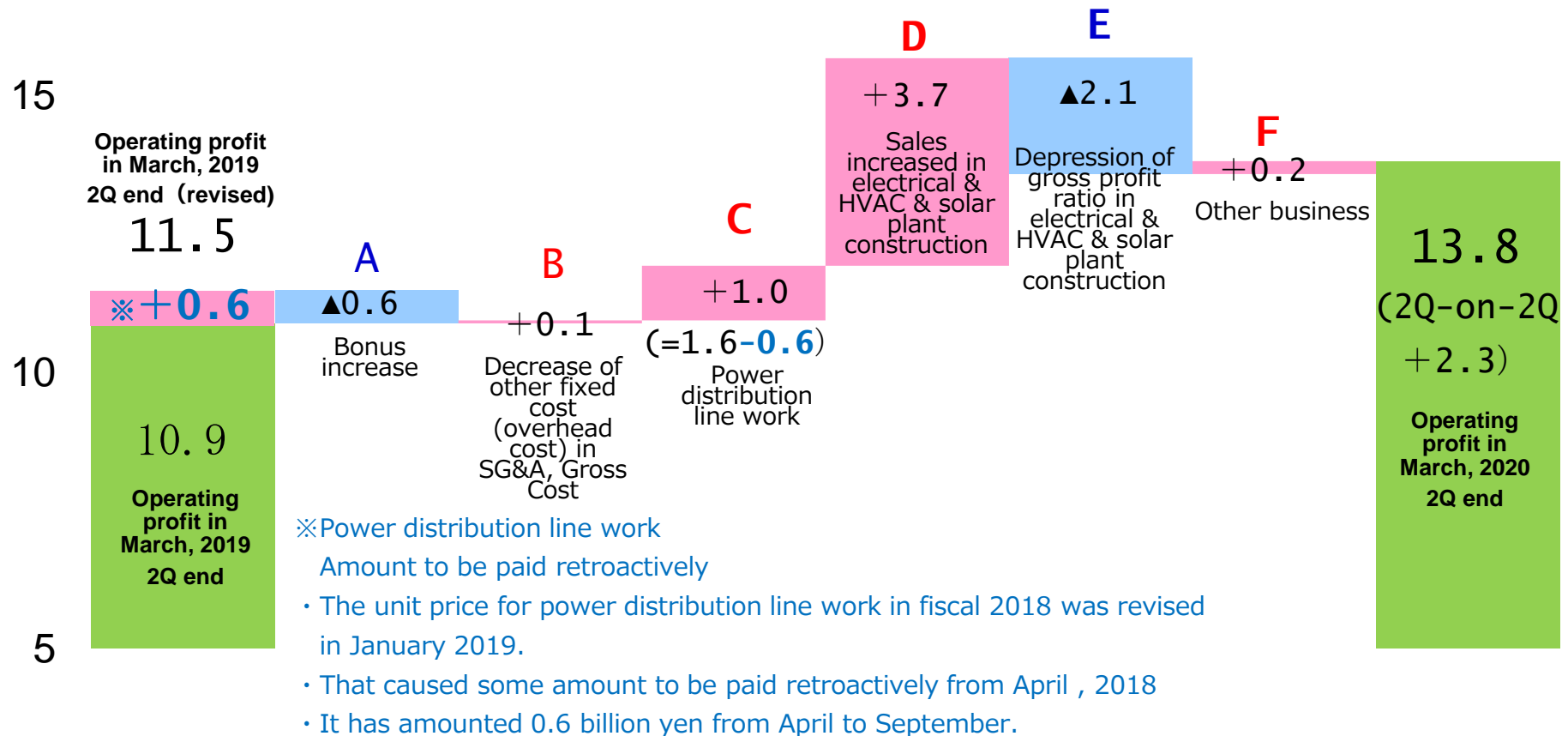
| | March 2019, 2Q Result | March 2020, 2Q | | |
|----------------------|--------------------------|---------------------|-----------------------|------------|
| | | Result | Increase /decrease | 2nd-on-2nd |
| Sales | 165,111 (100.0%) | 195,870 (100.0%) | + 30,759 | 118.6% |
| Gross profit | 23,033 (14.0%) | 26,324 (13.4%) | + 3,291 | 114.3% |
| Operating profit | 10,886 (6.6%) | 13,820 (7.1%) | + 2,934 | 127.0% |
| Ordinary profit | 12,428 (7.5%) | 15,179 (7.7%) | + 2,750 | 122.1% |
| Net profit | 8,013 (4.9%) | 10,471 (5.3%) | + 2,458 | 130.7% |
| Net profit per share | ¥112.64 | ¥147.47 | — | |

Factors of change in OP

20

(Billion Yen)

: Increase
 : Decrease



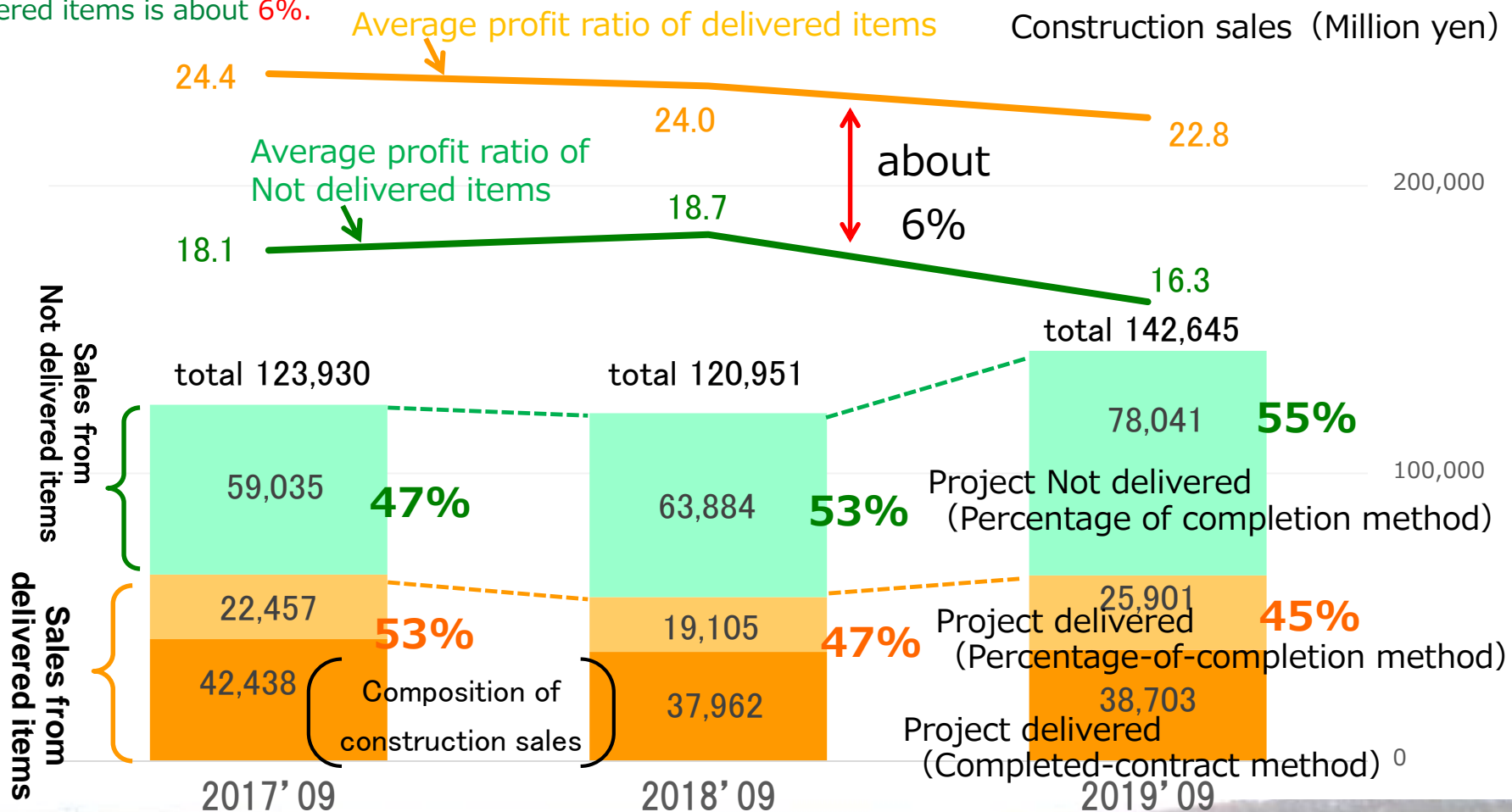
Factor of gross profit ratio depression

Breakdown of construction sales(1)

(Kyudenko individual : excluding power distribution line work)

Whole construction sales increased 21.6billion yen.
Sales from projects delivered increased 7.5billion yen.
Sales from projects Not delivered increased 14.1billion yen.

Difference of Project profit ratio between delivered items and Not delivered items is about 6%.



Factor of gross profit ratio depression

Breakdown of construction sales(2)

(Kyudenko individual : excluding power distribution line work)

(Million yen)

2017'09

| Method of recognizing revenue | | sales | profit | Profit ratio | Composition of sales |
|----------------------------------|---------------|---------|--------|--------------|----------------------|
| Percentage -of- completion | Not delivered | 59,035 | 10,704 | 18.1% | 47.7% |
| | Delivered | 22,457 | 5,782 | 25.8% | 18.1% |
| Total(percentage-of -completion) | | 81,492 | 16,486 | 20.2% | 65.8% |
| Total(completed- contract) | | 42,438 | 10,047 | 23.7% | 34.2% |
| Total | | 123,930 | 26,533 | 21.4% | 100.0% |

2019'09

| Method of recognizing revenue | | sales | profit | Profit ratio | Composition of sales |
|----------------------------------|---------------|---------|--------|--------------|----------------------|
| Percentage -of- completion | Not delivered | 78,041 | 12,720 | 16.3% | 54.7% |
| | Delivered | 25,901 | 4,866 | 18.8% | 18.2% |
| Total(percentage-of -completion) | | 103,942 | 17,586 | 16.9% | 72.9% |
| Total(completed- contract) | | 38,703 | 9,883 | 25.6% | 27.1% |
| Total | | 142,645 | 27,469 | 19.3% | 100.0% |

2018'09

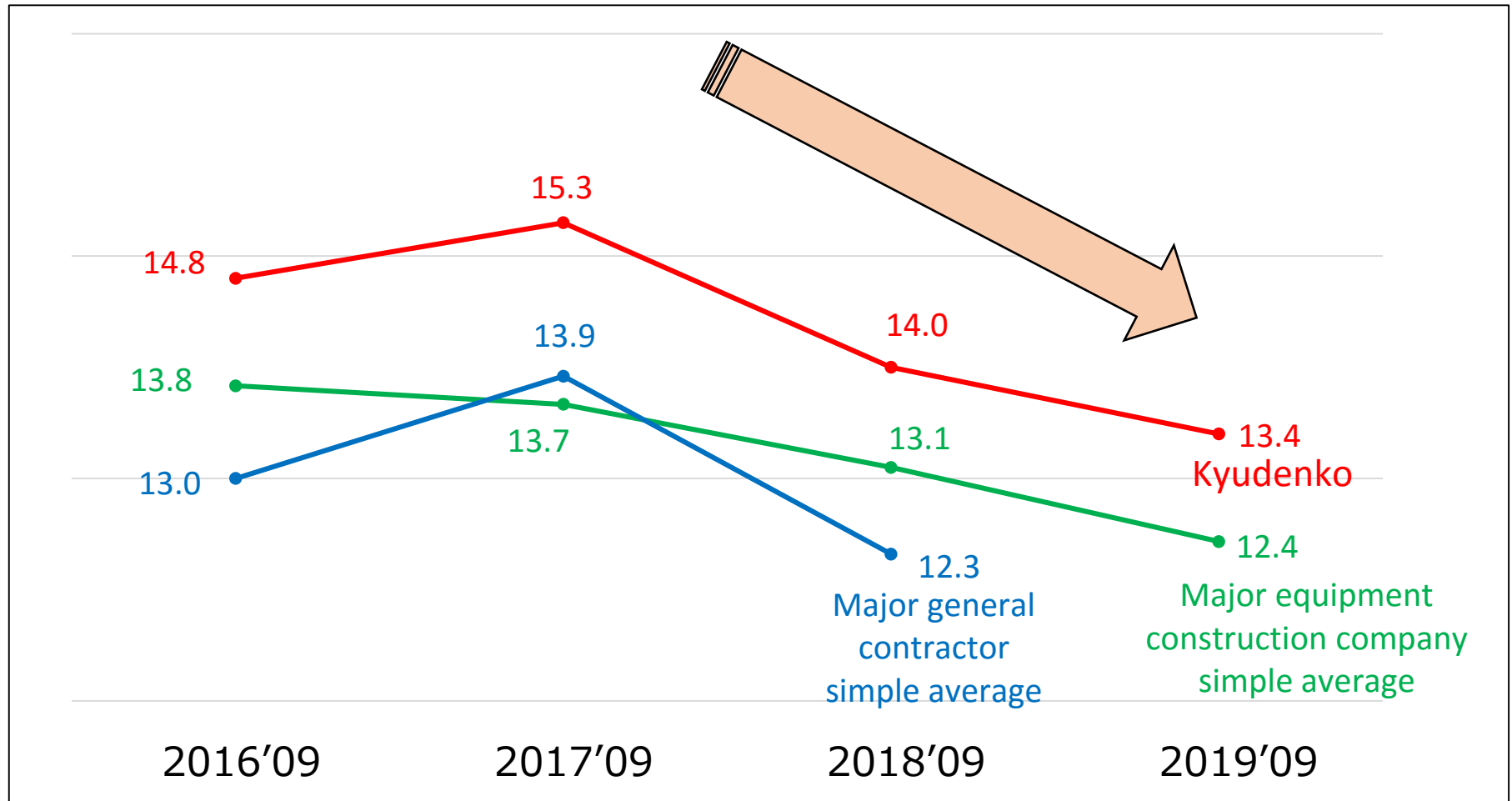
| Method of recognizing revenue | | sales | profit | Profit ratio | Composition of sales |
|----------------------------------|---------------|---------|--------|--------------|----------------------|
| Percentage -of- completion | Not delivered | 63,884 | 11,938 | 18.7% | 52.8% |
| | Delivered | 19,105 | 4,303 | 22.5% | 15.8% |
| Total(percentage-of -completion) | | 82,989 | 16,241 | 19.6% | 68.6% |
| Total(completed- contract) | | 37,962 | 9,368 | 24.7% | 31.4% |
| Total | | 120,951 | 25,609 | 21.2% | 100.0% |

2019'09 – 2018'09

| Method of recognizing revenue | | sales | profit | Profit ratio | Composition of sales |
|----------------------------------|---------------|--------|--------|--------------|----------------------|
| Percentage -of- completion | Not delivered | 14,157 | 782 | -2.4% | 1.9% |
| | Delivered | 6,796 | 563 | -3.7% | 2.4% |
| Total(percentage-of -completion) | | 20,953 | 1,345 | -2.7% | 4.3% |
| Total(completed- contract) | | 741 | 515 | 0.9% | -4.3% |
| Total | | 21,694 | 1,860 | -1.9% | - |

Reasons for decline in profit ratio for each project and measures (excerpt)

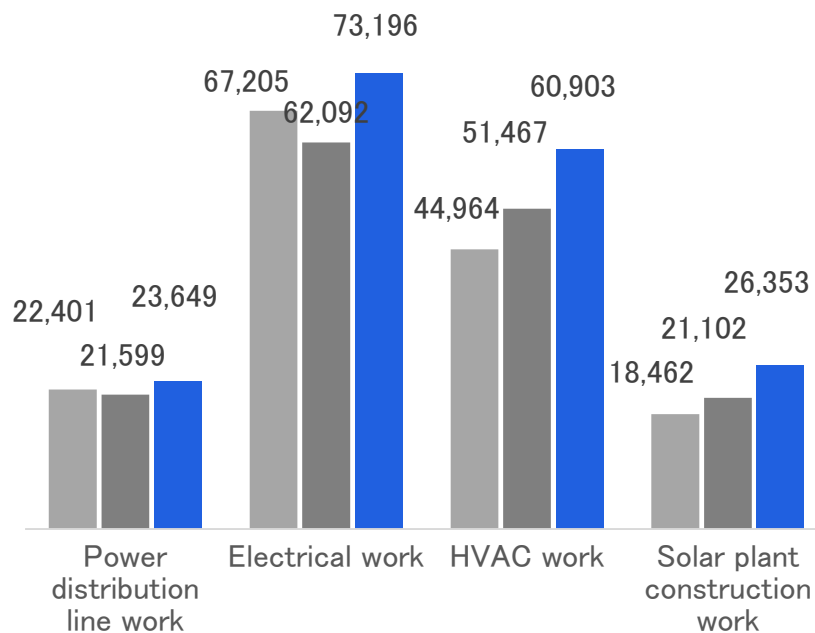
| Factor | Measures | |
|---|--|---|
| 1 .Cost increase caused by exceeding the planned labor and material cost after receiving an order. | A. Forecasting the busyness peak of construction | <ul style="list-style-type: none"> Forecasting the peak of busyness in the whole construction period, make an input plan for workers early and start the arrangement. Review the plan in a timely manner and make adjustments throughout the company. |
| | B. Measures for increase of construction cooperation companies' labor costs. | <ul style="list-style-type: none"> 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.) |
| | C. Establishment of team supporting construction. | <ul style="list-style-type: none"> Establishment of a team specialized for supporting construction by employee technicians. |
| | D. Material ordering linked to design change and further utilization of "Q-mast" which affiliated company specialized for purchasing material. | <ul style="list-style-type: none"> Technical department check whether each branch and affiliated company uses Q-mast for purchasing materials, in cooperation with "Q-mast". When utilization does not advance, technical department and Q-mast investigate the cause and solve. |
| 2 .Cost 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"> Make design changes possible based on budget by building a good relationship with design office. |
| | F. Sales representative's help to construction site after construction starts. | <ul style="list-style-type: none"> 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 |
| | G. Dealing to delays in the progress of building construction work | <ul style="list-style-type: none"> 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. |



Sales of each department

(Million Yen)

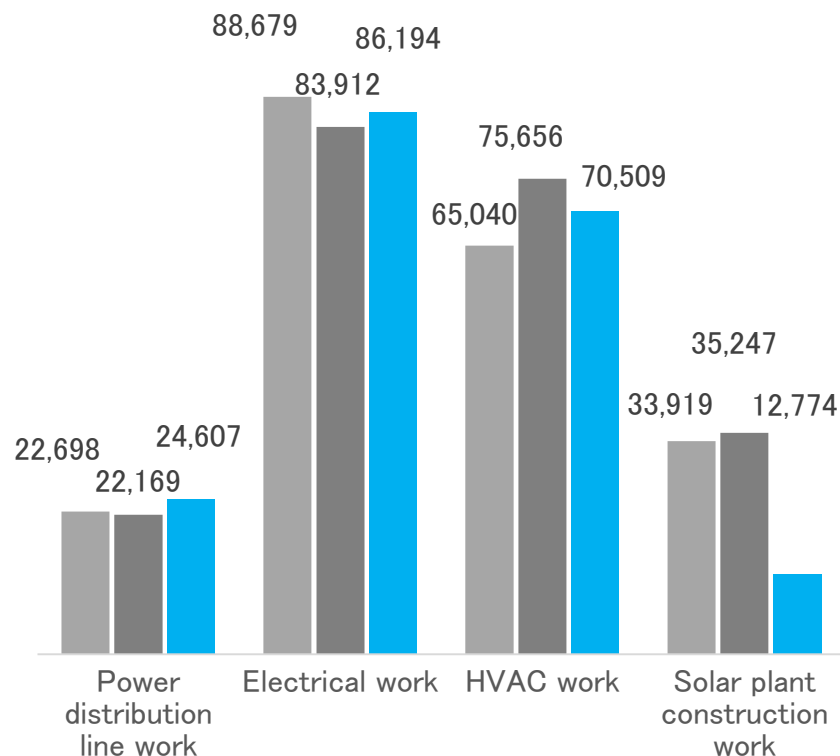
■ 2017.9
■ 2018.9
■ 2019.9

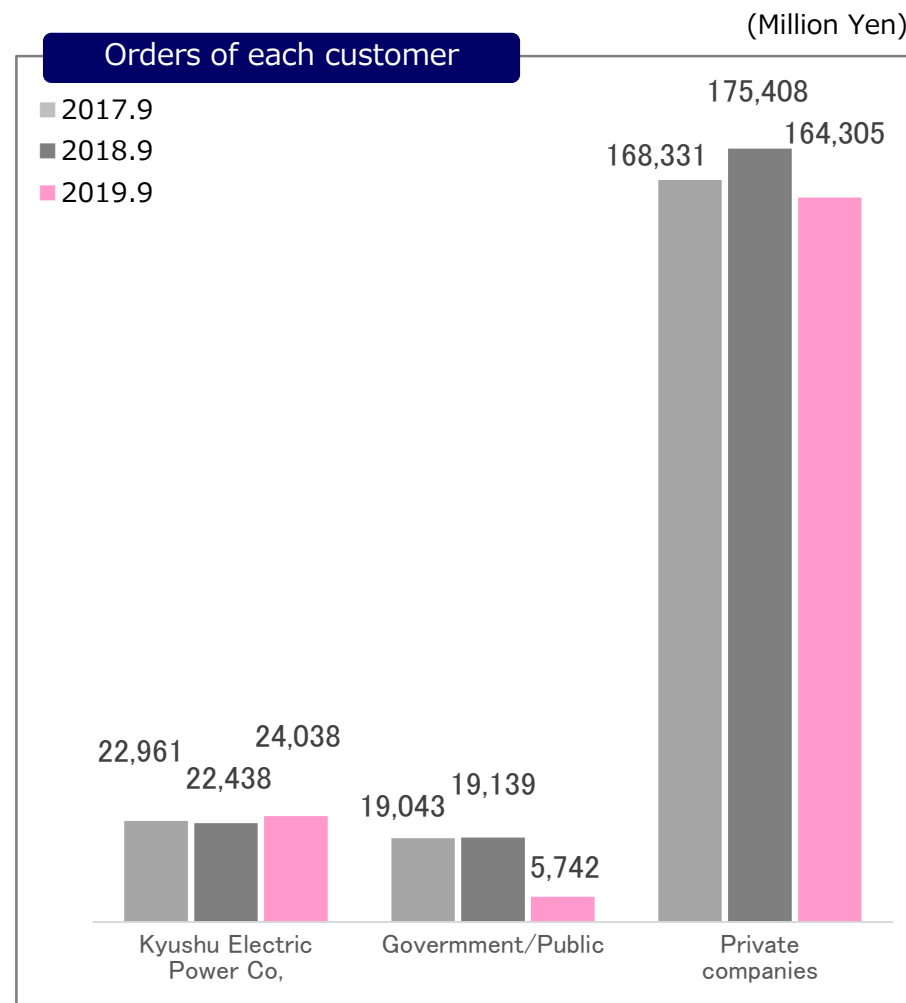
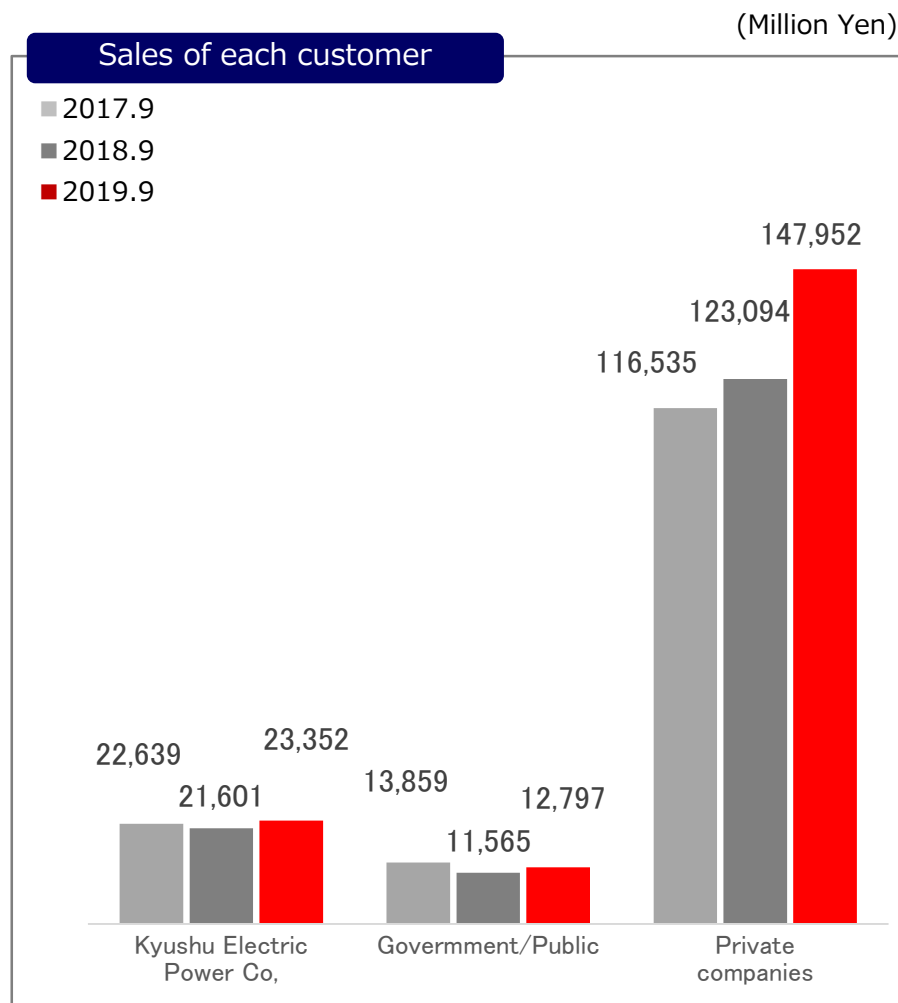


Orders of each department

(Million Yen)

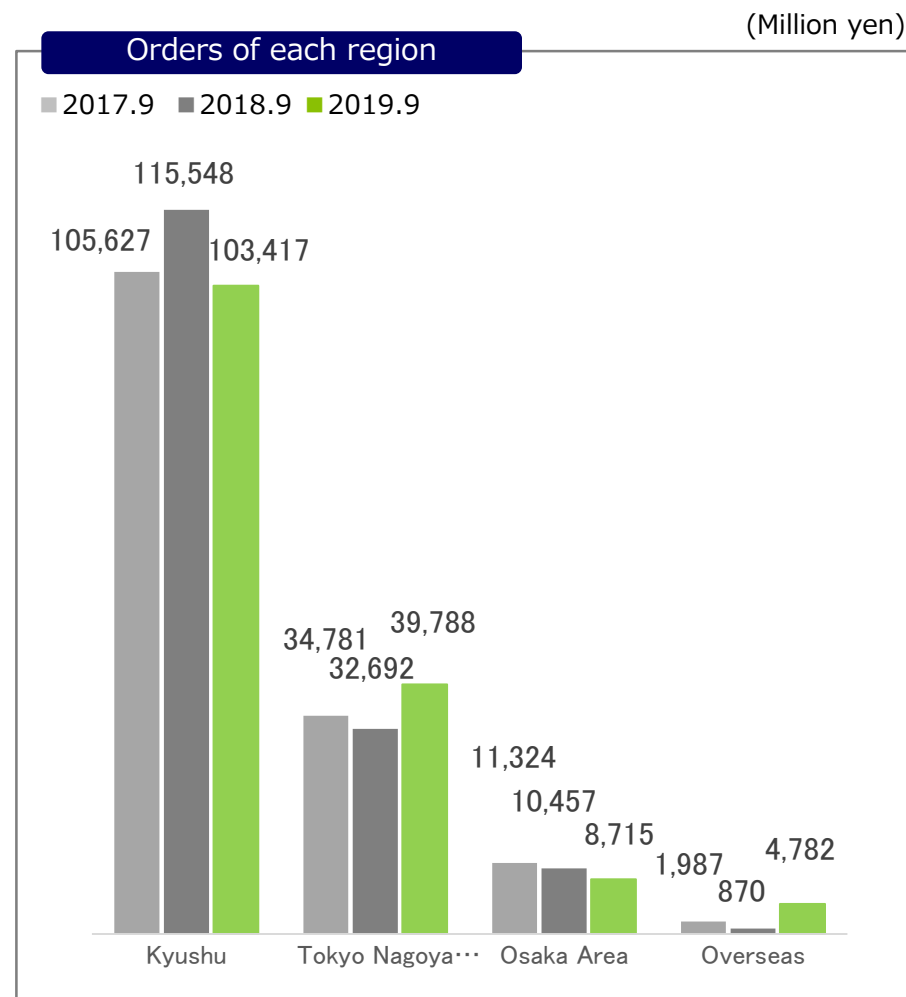
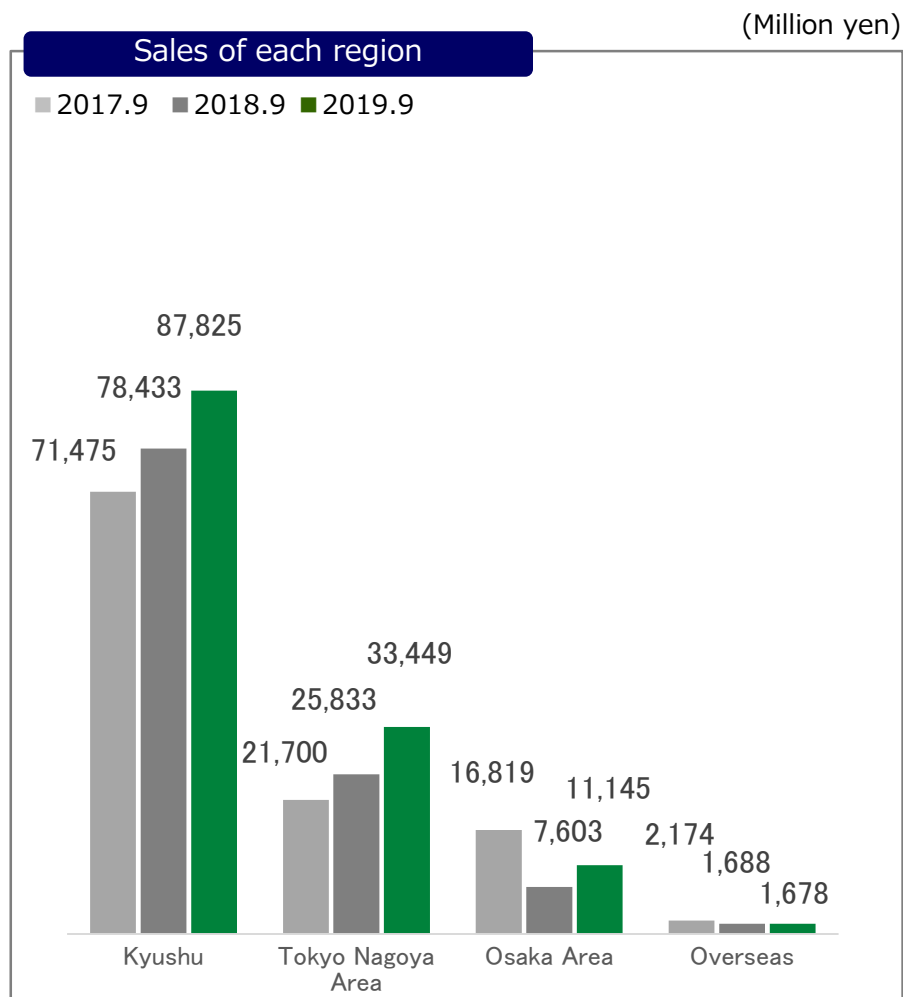
■ 2017.9
■ 2018.9
■ 2019.9





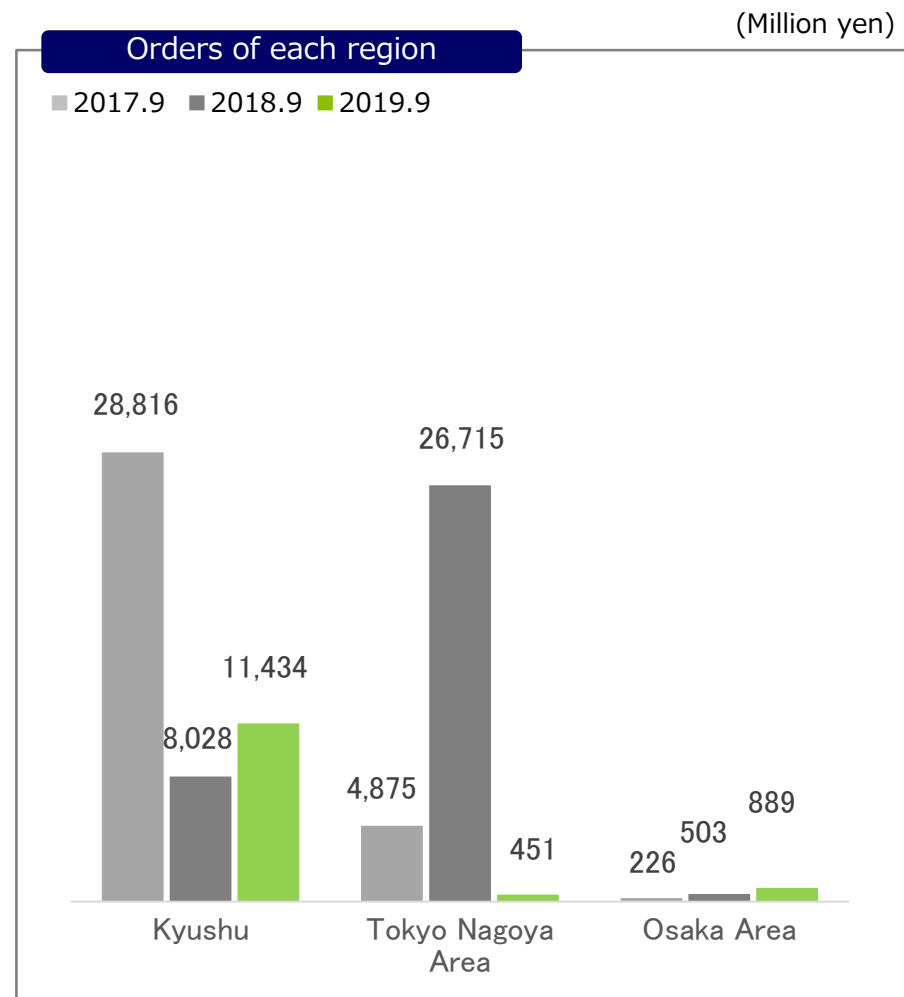
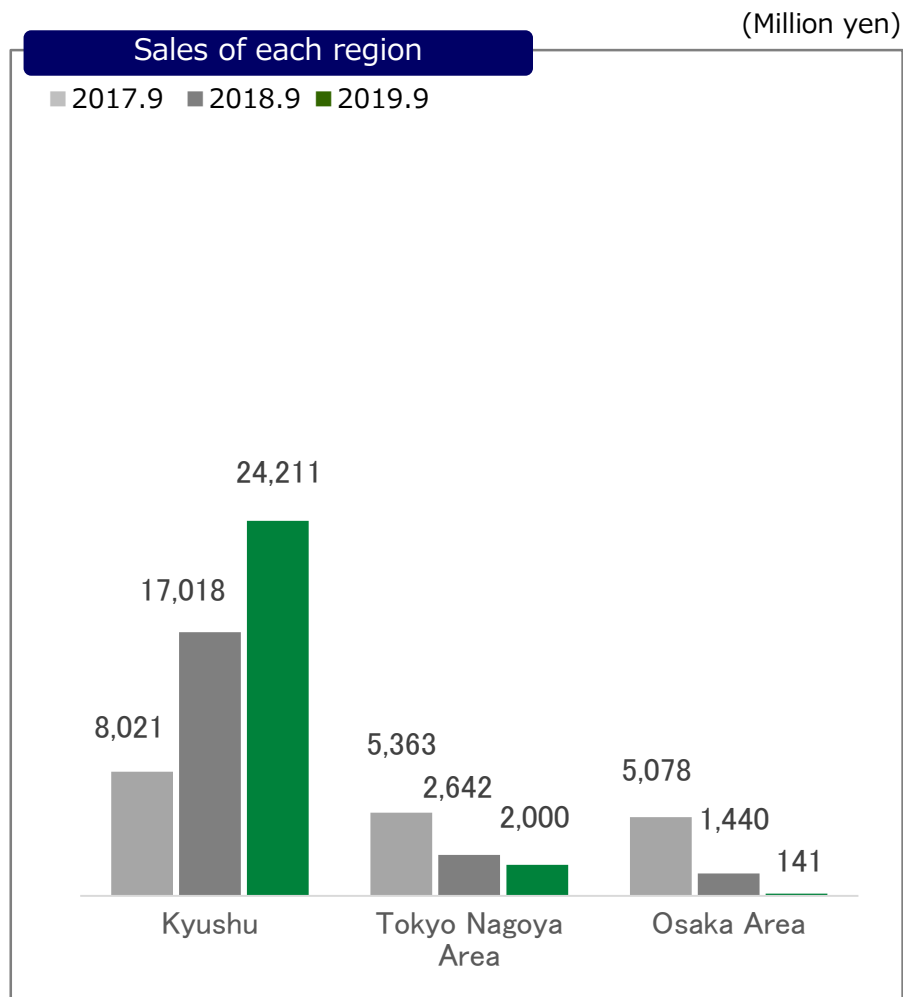
Order received / Sales by region Sep. 2019

(Electrical & HVAC work excluding Solar plant construction work)



Order received / Sales by region Sep. 2019

(Solar plant construction work)

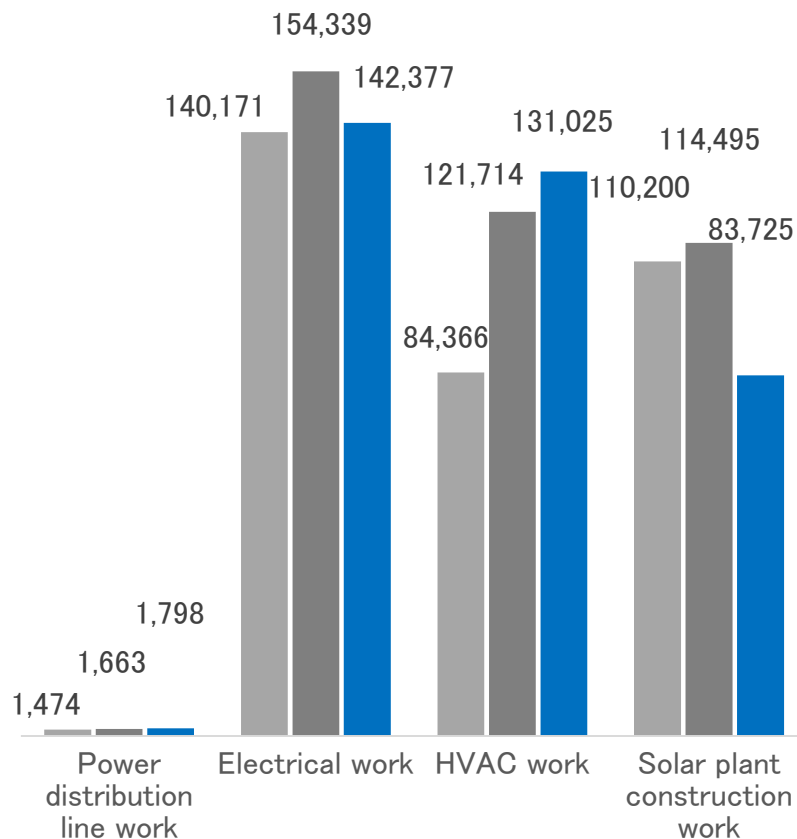


Situation of works on hand Sep. 2019

Order stock of each department

(Million yen)

■ 2017.9 ■ 2018.9 ■ 2019.9



New orders in FY ended Sep. 2019



Actual results of works Sep. 2019



Outline of balance sheet

(Million Yen, composition ratio)

| | | End of Mar. 2019 | End of Sep. 2019 | Increase /decrease | Main factors behind increase/decrease |
|-------------------------------------|---------------------|---------------------|---------------------|-----------------------|---|
| | Current assets | 206,268 (57.7%) | 184,761 (55.1%) | ▲21,507 | Trade notes and accounts receivable ▲23,313 |
| | Fixed assets | 151,002 (42.3%) | 150,700 (44.9%) | ▲302 | |
| | Total assets | 357,271 (100.0%) | 335,461 (100.0%) | ▲21,810 | |
| | Current liabilities | 142,144 (39.8%) | 118,823 (35.4%) | ▲23,321 | Trade notes and accounts payable ▲23,540 |
| | Fixed liabilities | 32,949 (9.2%) | 29,457 (8.8%) | ▲3,492 | Net defined benefit liability ▲2,709 |
| | Total liabilities | 175,094 (49.0%) | 148,281 (44.2%) | ▲26,813 | |
| Total net assets | | 182,176 (51.0%) | 187,179 (55.8%) | 5,003 | Retained earnings +6,011 |
| Total liabilities and net assets | | 357,271 (100.0%) | 335,461 (100.0%) | ▲21,810 | |

Outline of C/F

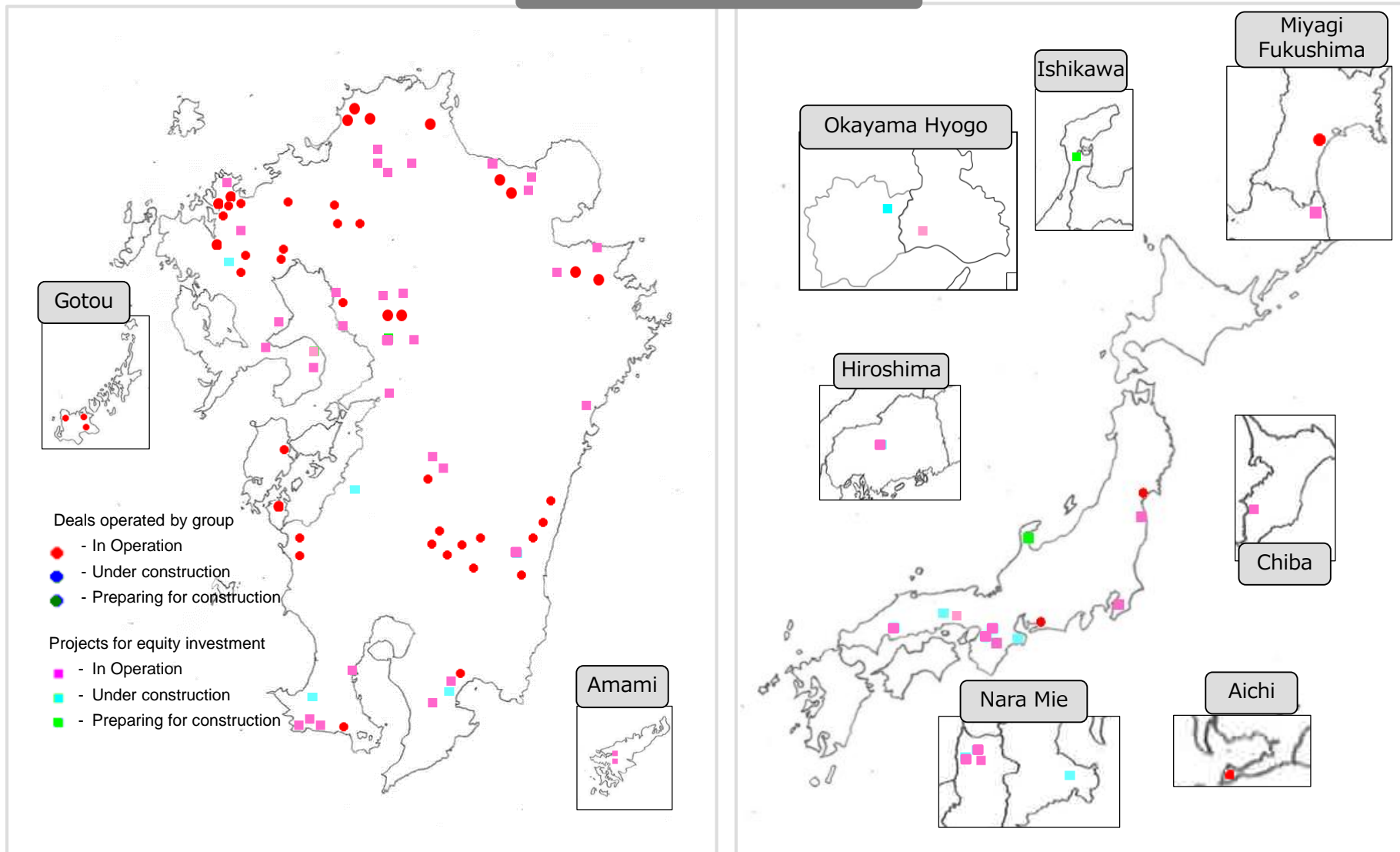
(Million Yen)

| | Sep. 2018 | Sep. 2019 | Details of statement to Sep. 2019 |
|--|-----------|-----------|--|
| Cash flow from operating activities | 8,771 | 5,318 | Income before income taxes and minority interests +15,102 Decrease in trade notes and accounts receivable +23,286 Decrease in trade notes and accounts payable ▲26,507 |
| Cash flow from investment activities | ▲7,812 | ▲5,729 | Purchase of investment securities ▲2,669 Purchase of property, plant and equipment ▲2,232 |
| Free cash flow | 958 | ▲410 | |
| Cash flow by financial activities | ▲3,942 | ▲6,090 | Cash dividends paid ▲3,557 Repayments of long-term loans payable ▲1,064 |
| Increase/decrease of cash and cash equivalents | ▲3,035 | ▲6,592 | |
| Cash and cash equivalents at the beginning of the period | 34,505 | 40,192 | |
| Cash and cash equivalents at the end of the period | 31,469 | 33,600 | |

| | End of Mar. 2019 | End of Sep. 2019 |
|--------------------|---|---|
| Capital investment | 4.3 billion yen | 1.8 billion yen |
| Facility work | 3.7 billion yen | 1.7 billion yen |
| | Replacement of branches , business offices and sanatorium of Kyudenko | Replacement of branches , business offices and sanatorium of Kyudenko |
| | Machinery and equipment, etc. for constructions | Machinery and equipment, etc. for constructions |
| | Lease contracts on specialized vehicles for construction | Lease contracts on specialized vehicles for construction |
| Others | 0.6 billion yen | 0.1 billion yen |
| | Solar power plant facilities etc. | Software etc. |
| Depreciation | 6.0 billion yen | 2.8 billion yen |

Investment in Power Operations (Solar Power Plants)

Mega solar power plant



Investment in Power Operations (Solar Power Plants)

Deals operated by group

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

Depreciated at the declining balance method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In operation | 49 | 92MW | 87MW |
| Under construction | - | - | - |
| Plan | - | - | - |
| Total | 49 | 92MW | 87MW |

2.0 to 2.4 billion yen at its maximum

Deals through investment in equity

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

Depreciated at the straight line method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In operation | 43 | 371MW | 117MW |
| Under construction | 6 | 277MW | 76MW |
| Plan | 1 | 50MW | 15MW |
| Total | 52 | 698MW | 208MW |

1.8 to 2.0 billion yen at its maximum

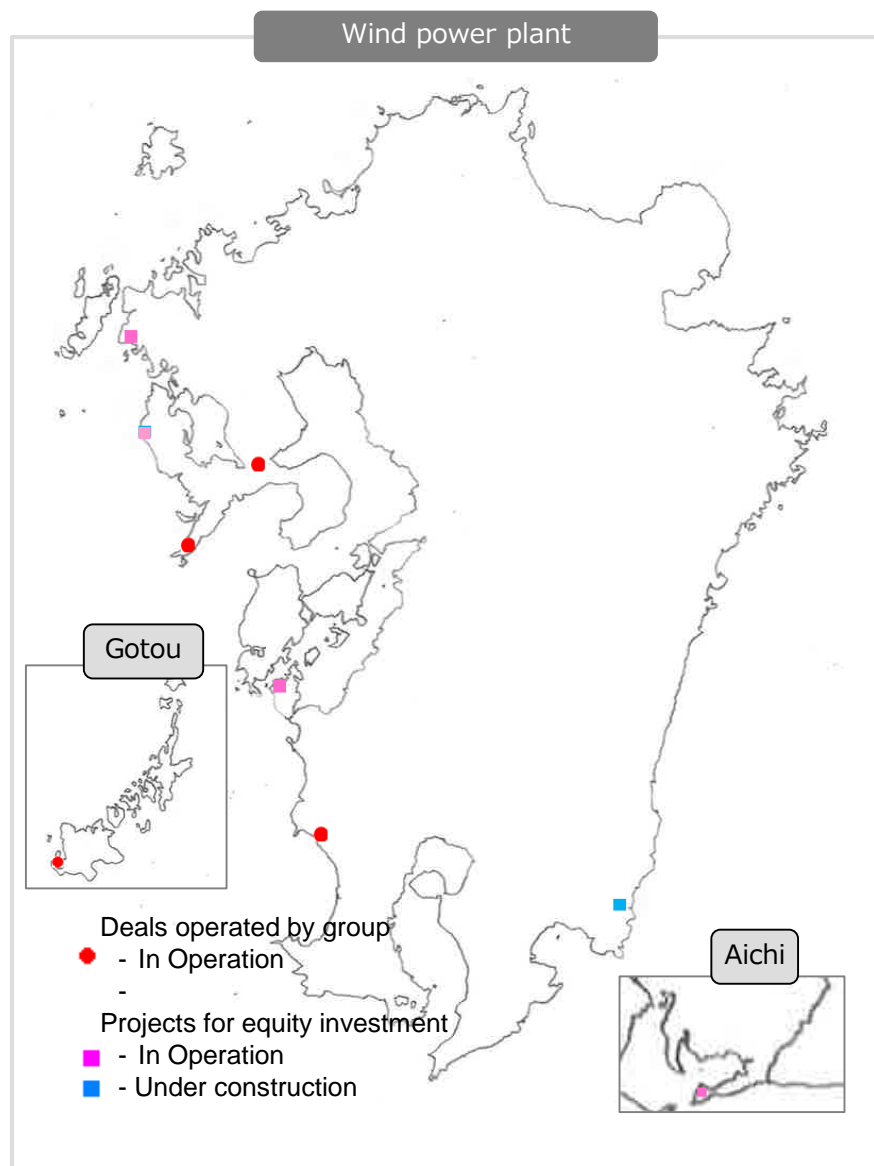
In the current fiscal year , the suppression of solar power's output was implemented by KEP from April to May . (Total 30 days)

Impacts Instruction to stop a total of 745 power station out of 86 power station in a whole
Loss of profit might be 198 million yen.(assumption)

※Projects in above table are old regulation (suppression is up to 30 days rule).

Business plans with 8% suppression instructions incorporated

Investment in Power Operations (Wind Power Plants)



Deals operated by group

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

Depreciated at the Mainly declining balance method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In Operation | 5 | 38MW | 38MW |
| Under construction | - | - | - |
| Plan | - | - | - |
| Total | 5 | 38MW | 38MW |

Deals through investment in equity

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

Depreciated at the Mainly declining balance method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In Operation | 4 | 80MW | 18MW |
| Under construction | 1 | 65MW | 32MW |
| Plan | - | - | - |
| Total | 5 | 145MW | 50MW |

Plan for fiscal year

Plan for March 2020

(Million yen)

| | March 2019 Result | Plan for March 2020 | | | |
|---------------------------------|----------------------|---------------------|--------------|---------------------|----------|
| | | March 2020 | Year-on-Year | 2Q Result | Progress |
| Sales | 408,143 (100.0%) | 418,000 (100.0%) | 102.4% | 195,870 (100.0%) | 46.9% |
| Gross profit | 60,561 (14.8%) | 62,700 (15.0%) | 103.5% | 26,324 (13.4%) | 42.0% |
| Operating profit | 36,747 (9.0%) | 38,000 (9.1%) | 103.4% | 13,820 (7.1%) | 36.4% |
| Ordinary profit | 39,924 (9.8%) | 40,700 (9.7%) | 101.9% | 15,179 (7.7%) | 37.3% |
| Current (quarter) net profit | 26,691 (6.5%) | 27,200 (6.5%) | 101.9% | 10,471 (5.3%) | 38.5% |
| Current net profit per stock | ¥375.17 | ¥382.31 | | ¥147.47 | |
| Dividends | 100円 Interim ¥50 | ¥100 Interim ¥50 | | | |

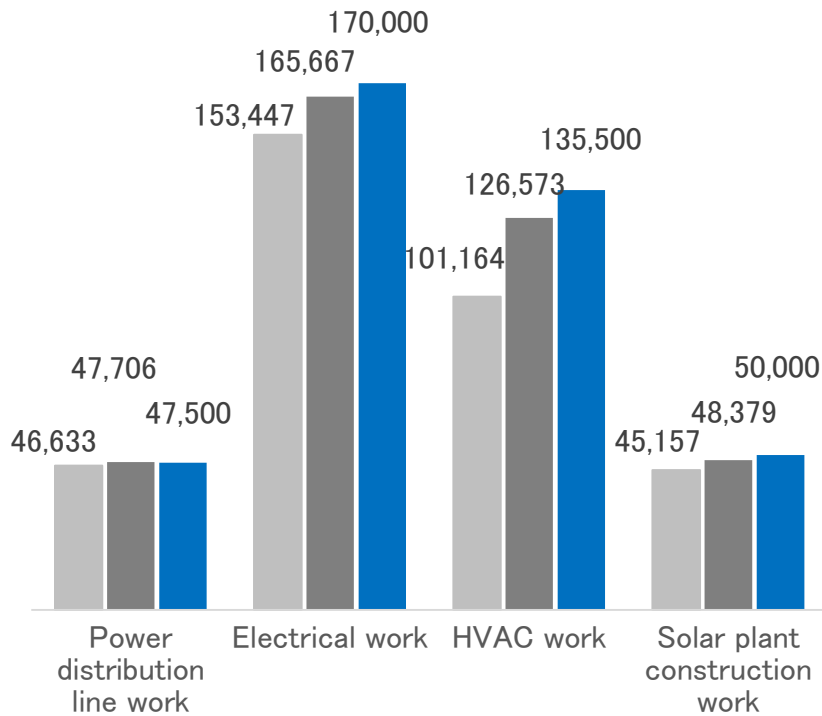
Orders & Sales plan by department

Order plans are biased toward the second half of electrical.

Sales of each department

(Million yen)

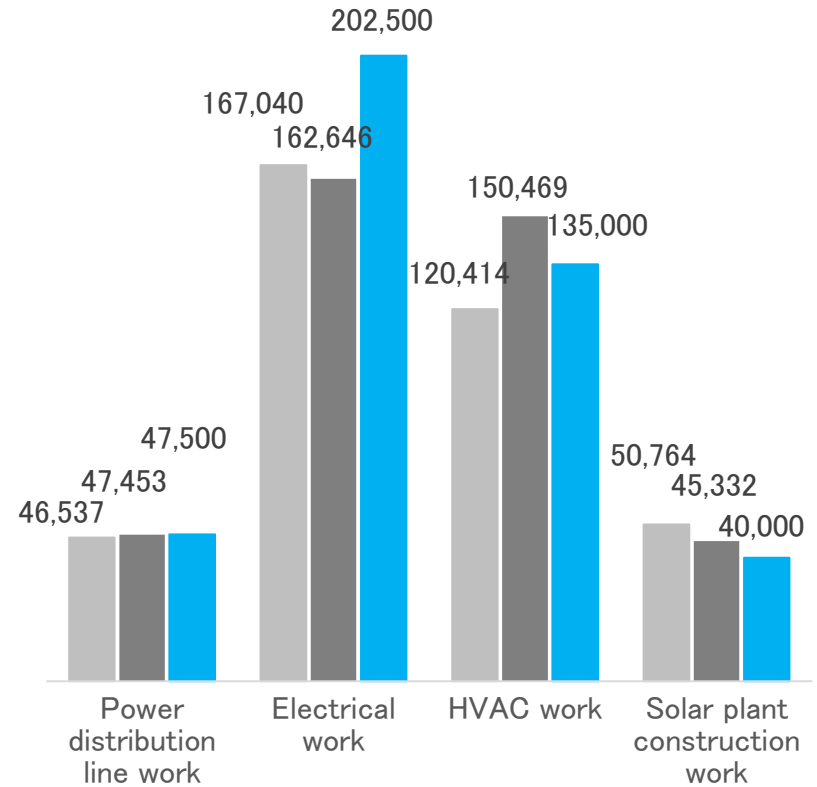
■ 2018.3 ■ 2019.3 ■ 2020.3 (plan)



Orders of each department

(Million yen)

■ 2018.3 ■ 2019.3 ■ 2020.3 (plan)



Present condition

- Four of Kyushu Electric's nuclear power plants are scheduled for periodic inspections, but have been in operation since the beginning of the period.
- Compared to the previous first half, work efficiency improved in the first half because orders were made with the work volume leveled.



Tasks and actions

- A cost cut by our technology development and efficiency is important, for Electricity Systems Reform , we improve the profitability by cost competitiveness having high transparency.
- We pursuit an appropriate profit rate appropriate to the capital cost for the maintenance of the distribution network, the security of the personnel required who can cope at a peak, the investment that is necessary for correspondence in emergency.

With regard to dividends for the fiscal year ending March 2020, we plan to pay an annual dividend of ¥ 100 per share, based on a consolidated payout ratio target of 25%.

Decision on acquisition and cancellation of treasury stocks (June 10, 2019)

We execute flexible capital policies according to changes in the business environment, and strive to improve capital efficiency and shareholder value.

Total number of shares that can be acquired :
300,000 shares(upper limit)

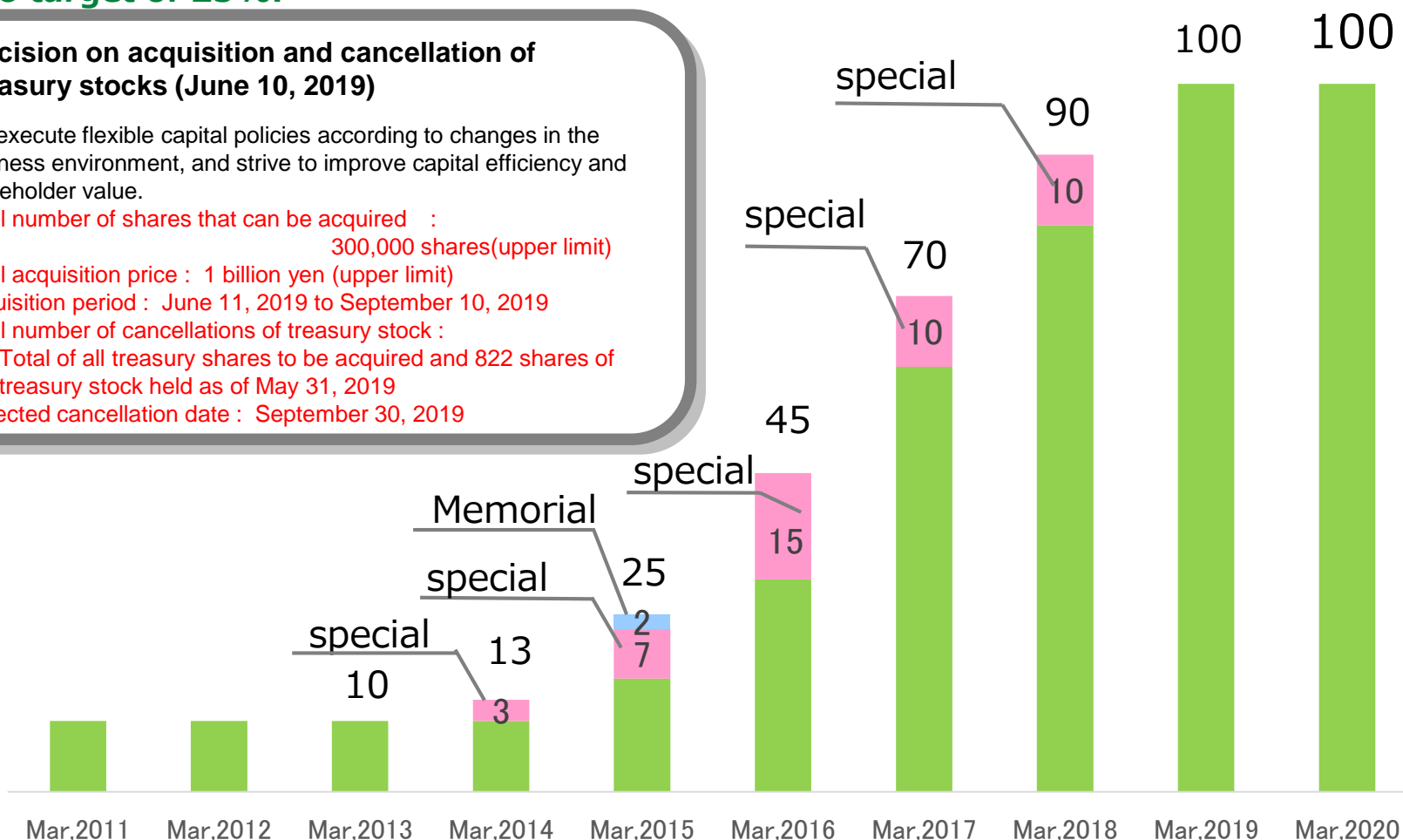
Total acquisition price : 1 billion yen (upper limit)

Acquisition period : June 11, 2019 to September 10, 2019

Total number of cancellations of treasury stock :

Total of all treasury shares to be acquired and 822 shares of treasury stock held as of May 31, 2019

Expected cancellation date : September 30, 2019



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

《 Actual results of periodic recruitment of engineers and skilled persons 》

| | 2007~2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|------------|------|------|------|------|------|
| Total engineers and skilled persons | Around 200 | 241 | 262 | 344 | 384 | 342 |
| High school graduates | Around 150 | 163 | 177 | 248 | 271 | 253 |
| University graduates | Around 50 | 78 | 85 | 96 | 113 | 89 |

《 Comparison in actual results of recruitment for April 2019 with other companies 》

| | Kyudenko | Large electrical construction companies | Large HVAC companies | Super general constructors |
|--------------------------|----------|---|----------------------|----------------------------|
| Total in all professions | 362 | 320~330 | 60~90 | 250~330 |
| High school graduates | 253 | Around 190 | Around 10 | Around 10 |
| University graduates | 109 | 130~140 | 60~80 | 250~320 |

《 Planned year-end workforce until FY2020 March 》

| | Mach 2016 | Mach 2017 | Mach 2018 | Mach 2019 | Mach 2020 | Increase or decrease in plan |
|---|-----------|-----------|-----------|-----------|-----------|------------------------------|
| Electrical work department | 1,728 | 1,826 | 2,090 | 2,203 | 2,228 | About +500 |
| HVAC work department | 921 | 990 | 1,052 | 1,107 | 1,160 | About +240 |
| Year-end workforce of electrical and HVAC | 2,649 | 2,816 | 3,142 | 3,310 | 3,388 | About +740 |
| Power distribution line department | 1,869 | 1,816 | 1,741 | 1,669 | 1,647 | About ▲220 |
| Other | 1,394 | 1,408 | 1,418 | 1,420 | 1,433 | About +40 |
| Employees of single Kyudenko | 5,912 | 6,040 | 6,301 | 6,399 | 6,468 | About +560 |
| Employees of group | 8,976 | 9,287 | 9,843 | 9,954 | 10,000 | About +1,000 |

Total 8,100 employees in technical field of total 9,900.

| | | | | | |
|---------------------------------|-------------|---|----------------|---|-------------|
| | (Kyudenko) | | (Subsidiaries) | | |
| Number of site technicians | About 2,100 | + | About 2,000 | = | About 4,100 |
| Number of construction managers | About 3,000 | + | About 1,000 | = | About 4,000 |

Mid-term management plan growth strategy

« Main theme »

Challenge to a Further Growth

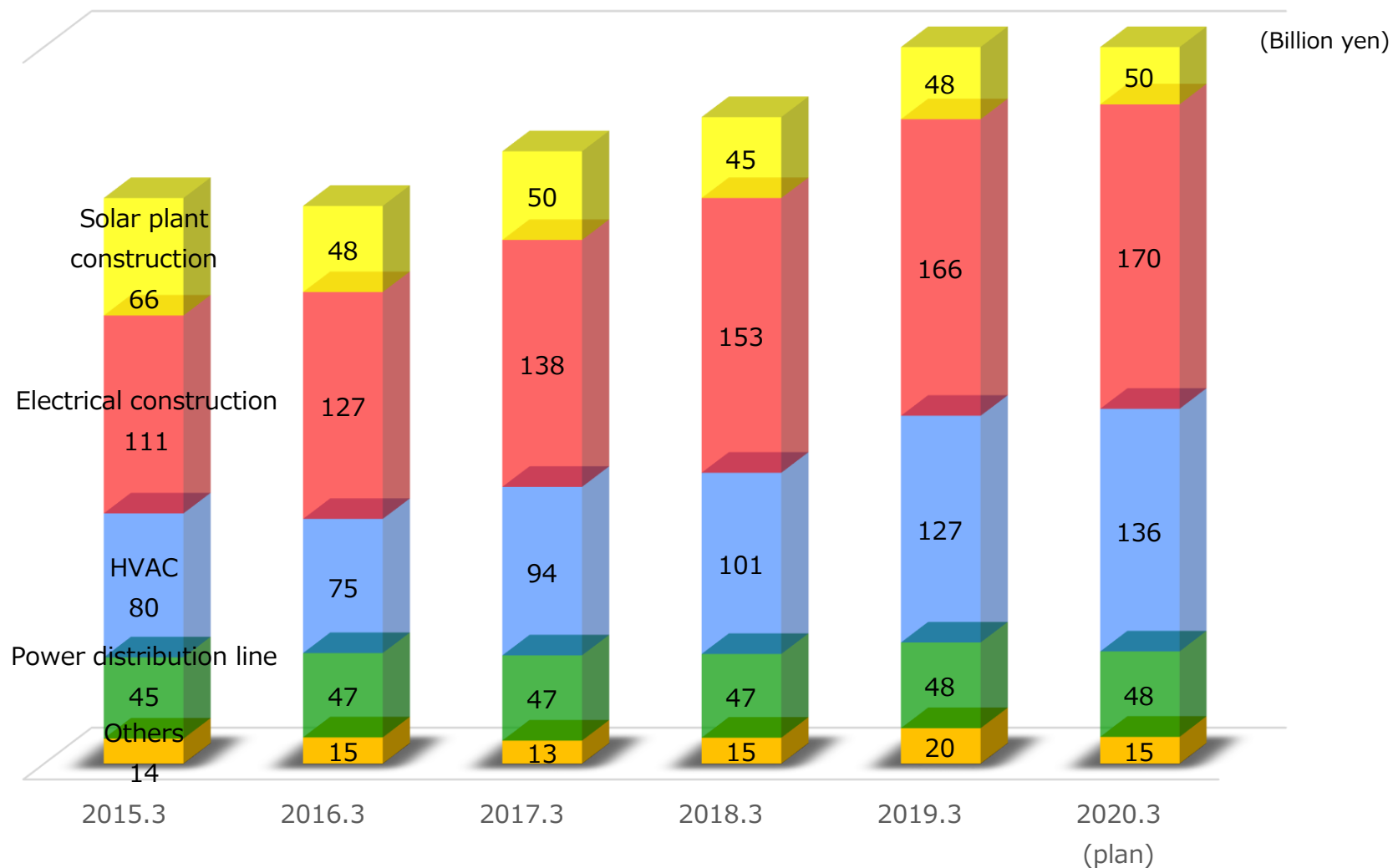
～To the next growth stage～

« Numerical target at March 31, 2020 »

(Results in March 2019)

| | | |
|------------------------|-----------------------|-----------------------|
| S a l e s | 400 BillionYen | 408 BillionYen |
| Gross Profit Ratio | Over 15 % | 14.8 % |
| Operating Profit Ratio | Over 9 % | 9.0 % |
| R O E | Over 14 % | 15.6 % |

Road map of sales plan



Medium-term management plan (2016.3~2020.3)

Review of present mid-term management plan

※Figures are from internal management materials

| Tokyo headquarters result | FY2018 result | Increase or decrease from FY2014 |
|-------------------------------------|---------------|----------------------------------|
| Sales | 74. 8B Yen | +41. 4B Yen |
| Group companies | 16. 2B Yen | +15. 2B Yen |
| Number of engineers and technicians | 756 ppl | +391 ppl |
| Group companies | 223 ppl | +154 ppl |

| Kyudenko (Individual) | | | FY2018 result | Increase or decrease from FY2014 |
|-----------------------|-------------------|------------|---------------|----------------------------------|
| Order probability | Design project | Electrical | 93. 5% | +13. 5% |
| | | HVAC | 94. 1% | +18. 5% |
| | Estimates project | Electrical | 50. 9% | +18. 8% |
| | | HVAC | 63. 1% | +29. 3% |
| project profit | Electrical | | 20. 3% | +2. 5% |
| | HVAC | | 17. 2% | +3. 7% |

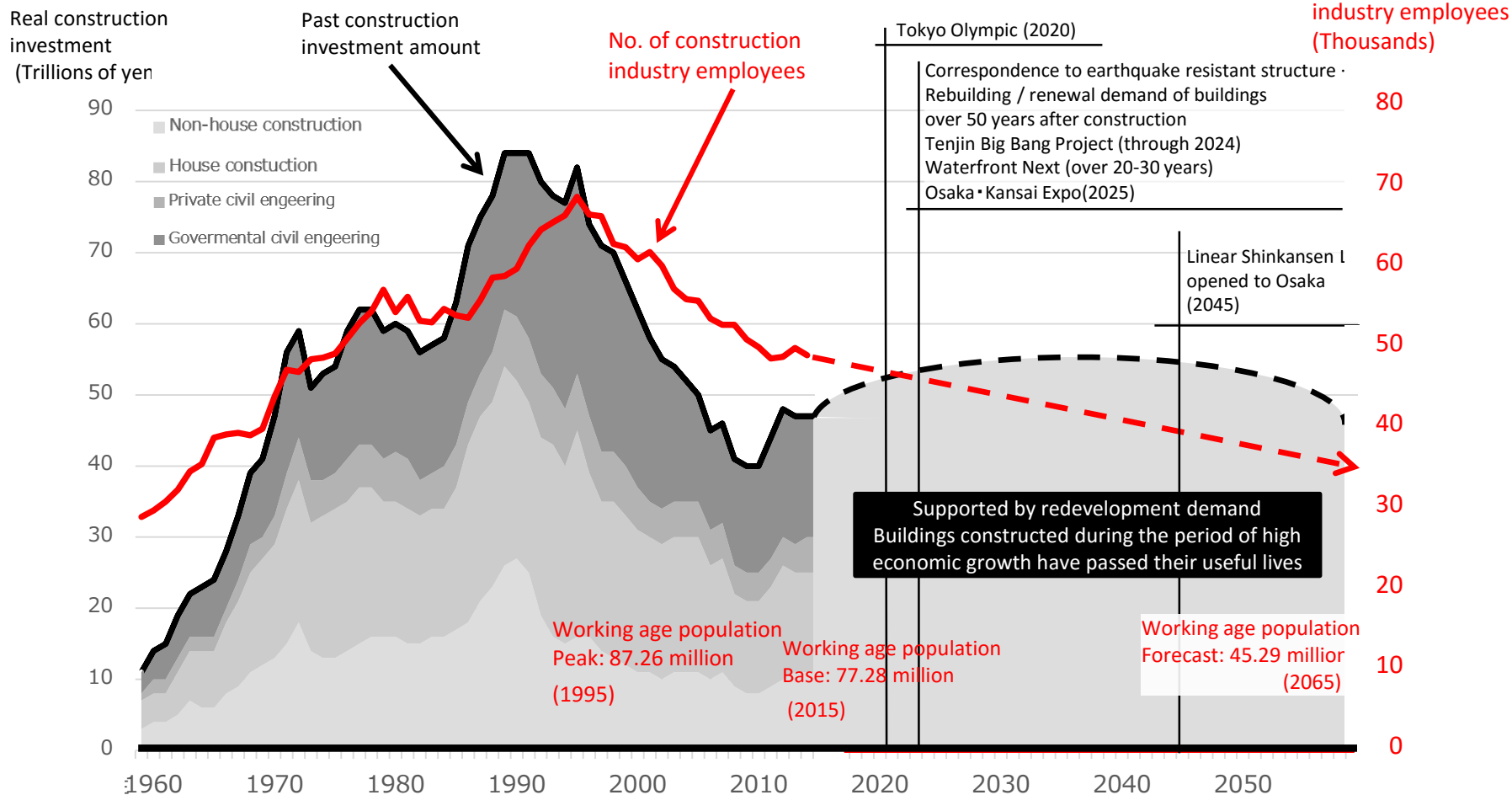
| Number of engineers and technicians | FY2018 result | Increase or decrease from FY2014 |
|-------------------------------------|---------------|----------------------------------|
| Kyudenko(individual) | 3, 310 ppl | +785 ppl |
| Group companies | 1, 572 ppl | +402 ppl |
| M&A | 220 ppl | +220 ppl |
| Total | 4, 882 ppl | +1, 187 ppl |

※Engineers and technicians dedicated to domestic electrical and HVAC
(excluding power distribution line and other business)

- Established a sales office in Tokyo.
- Reinforcement of Yokohama and Nagoya sales offices
- Shift construction personnel to Tokyo headquarters
- Strengthening construction capabilities using M & A
 - ※Ergotech co. , Shoeidensetsu co. etc
- Company-wide horizontal deployment of experience and know-how through thorough cost control and personnel rotation in the technical management department
- Reduction of material costs
(new establishment of Q-mast)
- Transfer of Quatec co employees to improve our design and design change capabilities
- Introduction of QC method
- Increase in new graduate recruitment
- Extended employment period for engineers
(up to 67 years)
- Utilization of mid-career recruitment and M & A

Environmental prediction surrounding Kyudenko

Large-scale projects in metropolitan areas and local Fukuoka will support construction demand.
The labor shortage will accelerate with the decline in the working age population, with a rapid falloff in supply capability.



<As regards to scandal of employee concerning Chikujyo town water and waste sewage treatment facility>

• Recurrence prevention measures

KYUDENKO Group has formed an investigation committee, which includes outside directors and lawyers, and thoroughly investigated the causes, such as the opportunities and the motivation for the fraud. The recurrence prevention measure based on this survey is as follows.

Scandal farewell declaration

『 KYUDENKO Group will comply with law thoroughly in all business activities 』

1. Enhance compliance awareness

- (1) Reform Employee's awareness aiming at creating a corporate culture to point out scandal
- (2) Reeducate compliance thoroughly
- (3) Formulate and disseminate "salespersons action guidelines" thoroughly
- (4) Raise awareness for the prevention of scandal

2. Enhance in-house check function

- (1) Thorough scrutiny of costs
- (2) Thorough new personnel and evaluation system
- (3) Enhancement of check function in business processing
- (4) Verification enhancement by system

3. Review of outsourcing order scheme

- (1) We thoroughly pursue a scheme to avoid scandal in outsourcing orders.
- (2) Verification enhancement of the validity of the outsourcing order amount
- (3) Enhancement of scandal monitoring function for construction orders

4. Thorough prevention of scandal to outsourcing companies

- (1) Cooperation request for prevention of scandal to outsourcing companies
- (2) Review the items of the contract with the outsourcing company

5. Enhancement of reporting system and stricter internal disposal

- (1) Common knowledge and completion of the reporting system
- (2) Stricter internal disposal

Appendix

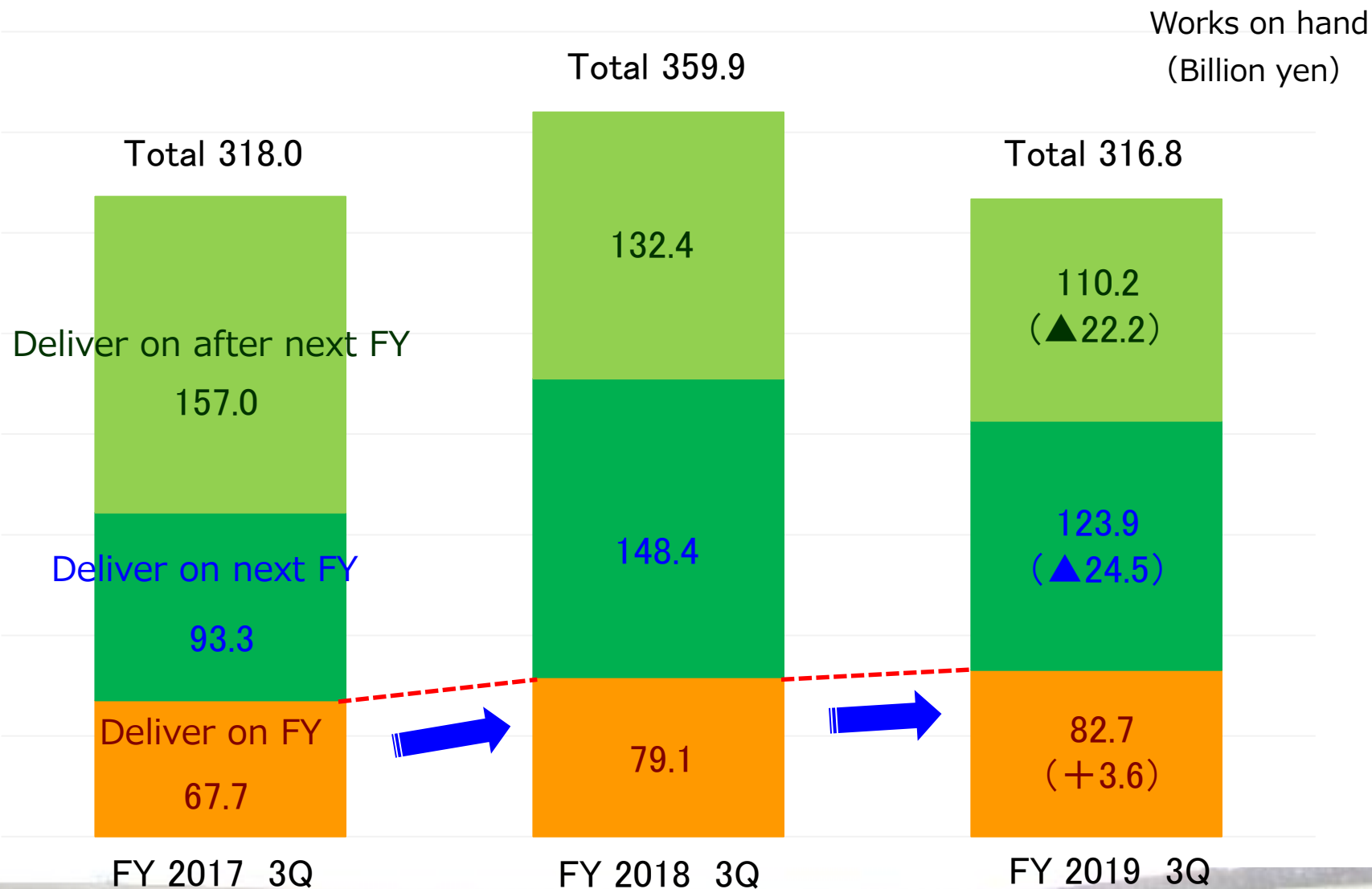
| | |
|---------------------------|---|
| Company name | Kyudenko Corporation |
| Established | December 1, 1944 |
| Capital | ¥ 12,561 million |
| Listed market Code | 1st Section of Tokyo Stock Exchange, Fukuoka Stock Exchange 1959 |
| Head office | 1-23-35 Nanokawa, Minamiku, Fukuoka city |
| Tokyo head office | Sunshine 60 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo |
| Bases | Head office, Tokyo head office, 10 branches in Japan, 120 sales offices, / 5 overseas subsidiaries |
| Approval for construction | Approved by Minister of Land, Infrastructure, Transport and Tourism (Sp. 24) No. 1659 |
| Number of employees | Consolidated: 9,954 persons (March 31, 2019) |

Appendix(2)

Analysis of works on hand

(Kyudenko individual : excluding power distribution work)

(Third quarter opening construction works on hand by delivery schedule timing)



Appendix(3)

Analysis by scale of order

(Kyudenko individual : excluding power distribution work)

(Million yen)

■ 2017.9 ■ 2018.9 ■ 2019.9

25,426 26,626 22,265

100~300 million yen

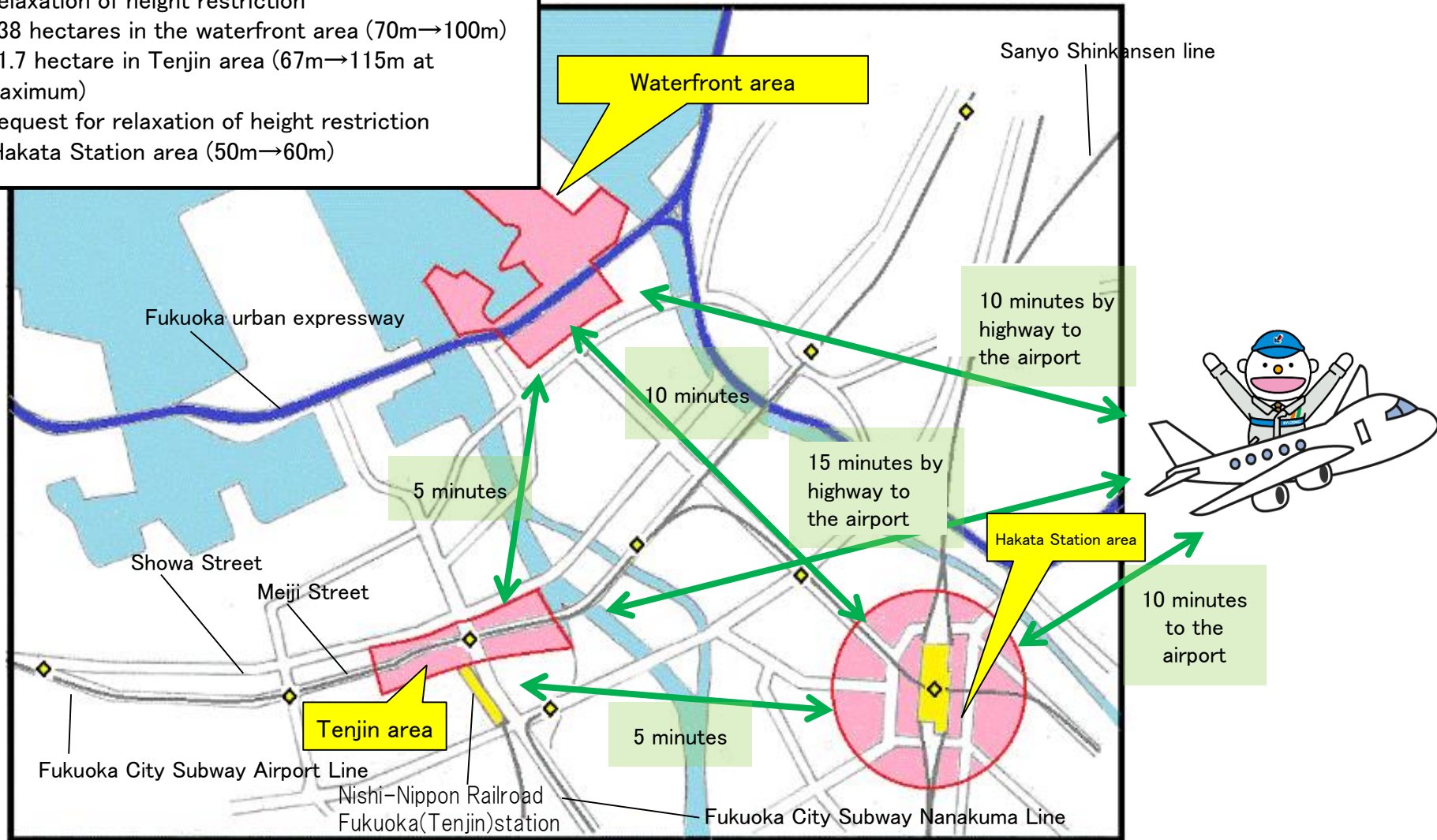
50,090 51,626 45,850

Under 100 million yen

| 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 40 % | about 50 % | about 10 % |

Fukuoka Waterfront Next, Tenjin Big Bang, Hakata Connected

Request for relaxation of height restriction
Hakata Station area (50m→60m)



| Project | Purpose | Period and scale |
|--------------------------|--|---|
| ①Tenjin Big Bang | <ul style="list-style-type: none"> • By promoting the redevelopment of the Tenjin area, which is the center of Fukuoka, enhance the role and function as a hub city in Asia and create jobs | <ul style="list-style-type: none"> • Through 2024 • Total floor area 757,000m² • Reconstruction of buildings in Tenjin area (30 buildings) |
| ②Fukuoka Waterfront Next | <ul style="list-style-type: none"> • Create bustle around Hakata Port, the gateway to Kyushu • Improved urban functions to meet MICE and cruise demand | <ul style="list-style-type: none"> • Over 20-30 years • Cruise terminal, MICE, commercial facilities, hotels |
| ③Hakata Connected | <ul style="list-style-type: none"> • Connect the vitality and bustle of Hakata Station, the gateway to Kyushu, to the surrounding area. | <ul style="list-style-type: none"> • Through 2028 • About 80ha of about 500m in radius from Hakata Station • Reconstruction of buildings around Hakata Station (20 buildings) |