



1st section of Tokyo stock exchange : 1959

KYUDENKO CORPORATION

FY ending March 2020

Reference Materials

May 11th ,2020

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Overview of business results

Orders

¥507,025million
Year-on-year 124.9%

Exceeded the previous fiscal year's level due to orders for large-scale solar work.

New record high

Sales

¥428,939million
Year-on-year 105.1%

Steady progress on the back of abundant construction work on hand (349.0 billion yen)

New record high

Operating profit

¥36,022million
Year-on-year 98.0%

Decrease due to lower gross profit margin of each project

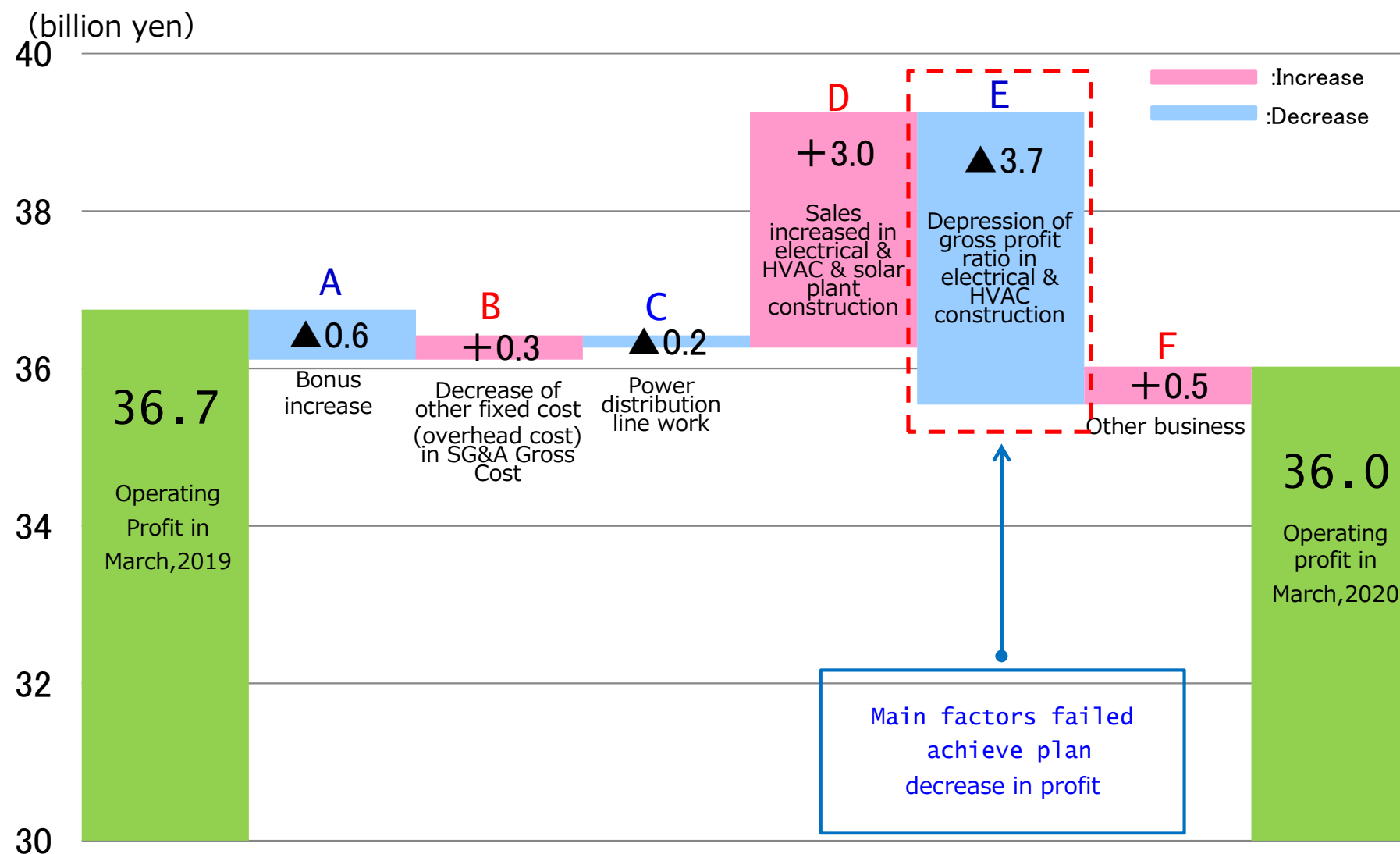
Outline of P/L March 2020



(Million yen)

	March 2019 Result	March 2020			
		Result	Year-on-year	Plan (2019.4.26)	Progress
Sales	408,143 (100.0%)	428,939 (100.0%)	105.1%	418,000 (100.0%)	102.6%
Gross profit	60,561 (14.8%)	60,093 (14.0%)	99.2%	62,700 (15.0%)	95.8%
Operating profit	36,747 (9.0%)	36,022 (8.4%)	98.0%	38,000 (9.1%)	94.8%
Ordinary project	39,924 (9.8%)	38,643 (9.0%)	96.8%	40,700 (9.7%)	94.9%
Net profit	26,691 (6.5%)	26,245 (6.1%)	98.3%	27,200 (6.5%)	96.5%
Net profit per share	¥375.17	¥370.00		¥382.31	

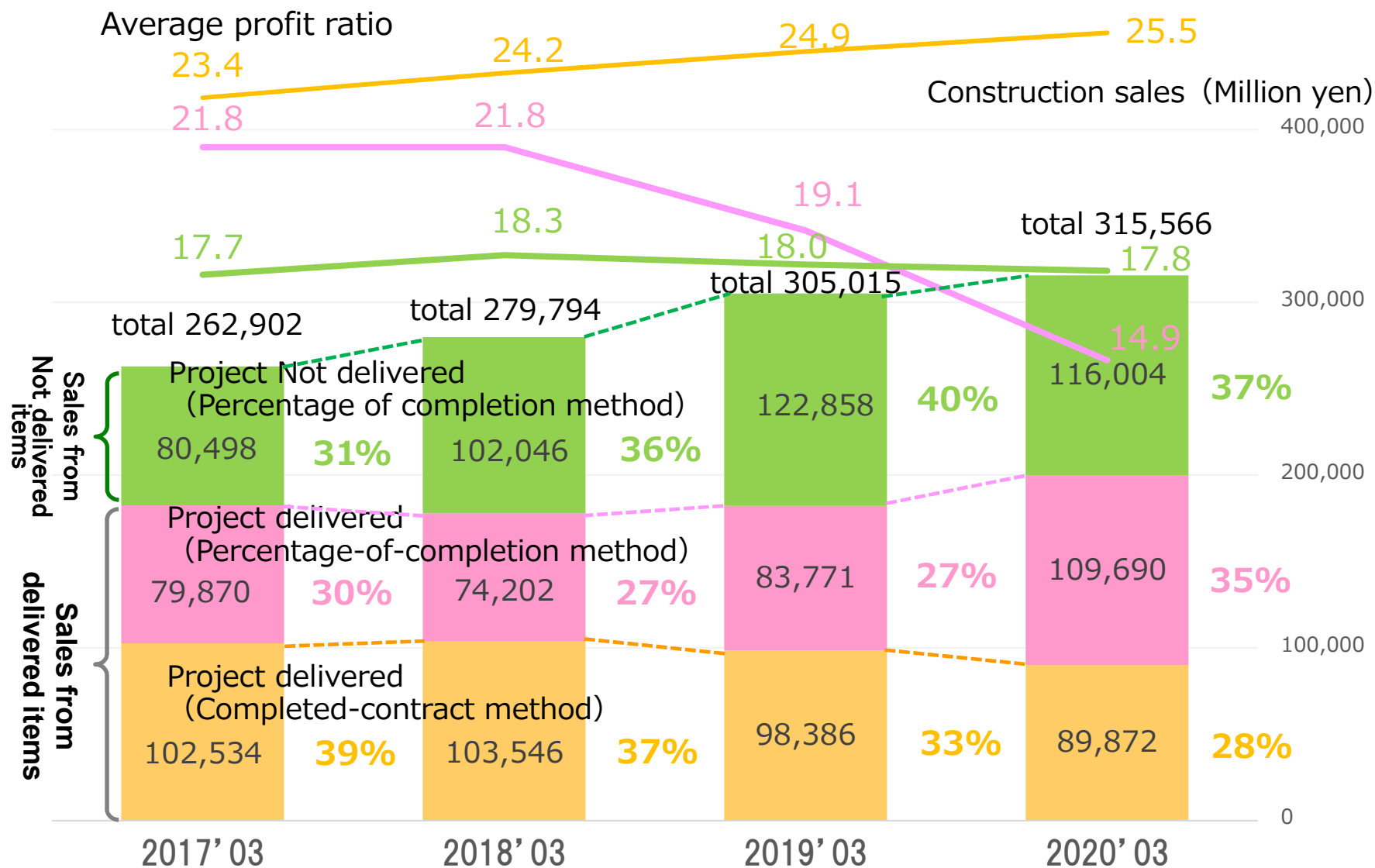
Factors of change in OP March 2020



Factor of gross profit ratio depression

Breakdown of construction sales(1)

(Kyudenko individual : excluding power distribution line work)



Factor of gross profit ratio depression

Breakdown of construction sales(2)

(Kyudenko individual : excluding power distribution line work)



(Million yen)

2018'03

Method of recognizing revenue		sales	profit	Profit ratio	Composition of sales
Percentage -of- completion	Not delivered	102,046	18,677	18.3%	36.5%
	Delivered	74,202	16,139	21.8%	26.5%
Total (percentage-of -completion)		176,247	34,817	19.8%	63.0%
Total(completed- contract)		103,546	25,009	24.2%	37.0%
Total		279,794	59,827	21.4%	100.0%

2019'03

Method of recognizing revenue		sales	profit	Profit ratio	Composition of sales
Percentage -of- completion	Not delivered	122,858	22,131	18.0%	40.3%
	Delivered	83,771	16,011	19.1%	27.4%
Total (percentage-of -completion)		206,629	38,143	18.5%	67.7%
Total(completed- contract)		98,386	24,518	24.9%	32.3%
Total		305,015	62,661	20.5%	100.0%

2020'03

Method of recognizing revenue		sales	profit	Profit ratio	Composition of sales
Percentage -of- completion	Not delivered	116,004	20,670	17.8%	36.8%
	Delivered	109,690	16,346	14.9%	34.7%
Total (percentage-of -completion)		225,694	37,017	16.4%	71.5%
Total(completed- contract)		89,872	22,891	25.5%	28.5%
Total		315,566	59,908	19.0%	100.0%

2020'03 – 2019'03

Method of recognizing revenue		sales	profit	Profit ratio	Composition of sales
Percentage -of- completion	Not delivered	▲6,853	▲1,460	-0.2%	-3.5%
	Delivered	25,918	334	-4.2%	7.3%
Total (percentage-of -completion)		19,065	▲1,126	-2.1%	3.8%
Total(completed- contract)		▲8,514	▲1,627	0.6%	-0.9%
Total		10,551	▲2,753	-1.6%	-

Factor of gross profit ratio depression

Breakdown of Project delivered (Percentage-of-completion method) (3)

(Kyudenko individual : excluding power distribution line work)



- Profits from large scale projects with long construction periods declined.
- Profit margins for construction projects with a construction period of less than one year increase, which are less susceptible to rising labor and material costs.

(Billion yen)

Project scale (number of items)	Region (number of items)	Construction period (number of items)	March 2020 Result			Expected profit at the beginning of the year		Difference between assumed and actual results		Significantly reduced cases	
			Sales	Profit	Profit margin	Profit	Profit margin	Profit	Profit margin	Number of items	Reduced amount
Less than 500million yen (422)	Kyushu (335)	Within a year (108)	10.2	2.1	20.7%	2.1	20.3%	0.1	0.5%	—	—
		More than one year(227)	26.5	5.2	19.6%	5.6	21.3%	▲ 0.5	-1.7%	—	—
		Subtotal	36.7	7.3	19.9%	7.7	21.0%	▲ 0.4	-1.1%	—	—
	Out of Kyushu (87)	Within a year (18)	2.8	0.4	15.8%	0.4	15.2%	0.0	0.6%	—	—
		More than one year(69)	3.9	0.3	7.0%	0.9	22.1%	▲ 0.6	-15.1%	2	▲ 0.3
		Subtotal	6.7	0.7	10.7%	1.3	19.2%	▲ 0.6	-8.5%	2	▲ 0.3
	Total		43.4	8.0	18.5%	9.0	20.7%	▲ 1.0	-2.2%	2	▲ 0.3
More than 500million yen (95)	Kyushu (57)	Within a year (1)	0.5	0.1	25.7%	0.1	25.1%	0.0	0.6%	—	—
		More than one year(56)	33.8	6.4	18.9%	6.6	19.6%	▲ 0.2	-0.7%	3	▲ 1.4
		Subtotal	34.3	6.5	19.0%	6.8	19.7%	▲ 0.2	-0.7%	3	▲ 1.4
	Out of Kyushu (38)	Within a year (2)	1.9	0.4	19.6%	0.3	17.7%	0.0	2.0%	—	—
		More than one year(36)	30.1	1.4	4.7%	5.3	17.7%	▲ 3.9	-12.9%	15	▲ 4.5
		Subtotal	32.0	1.8	5.6%	5.6	17.7%	▲ 3.9	-12.1%	15	▲ 4.5
	Total		66.3	8.3	12.6%	12.4	18.7%	▲ 4.1	-6.2%	18	▲ 5.9
Total(517)			109.7	16.3	14.9%	21.4	19.5%	▲ 5.1	-4.6%	20	▲ 6.2

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

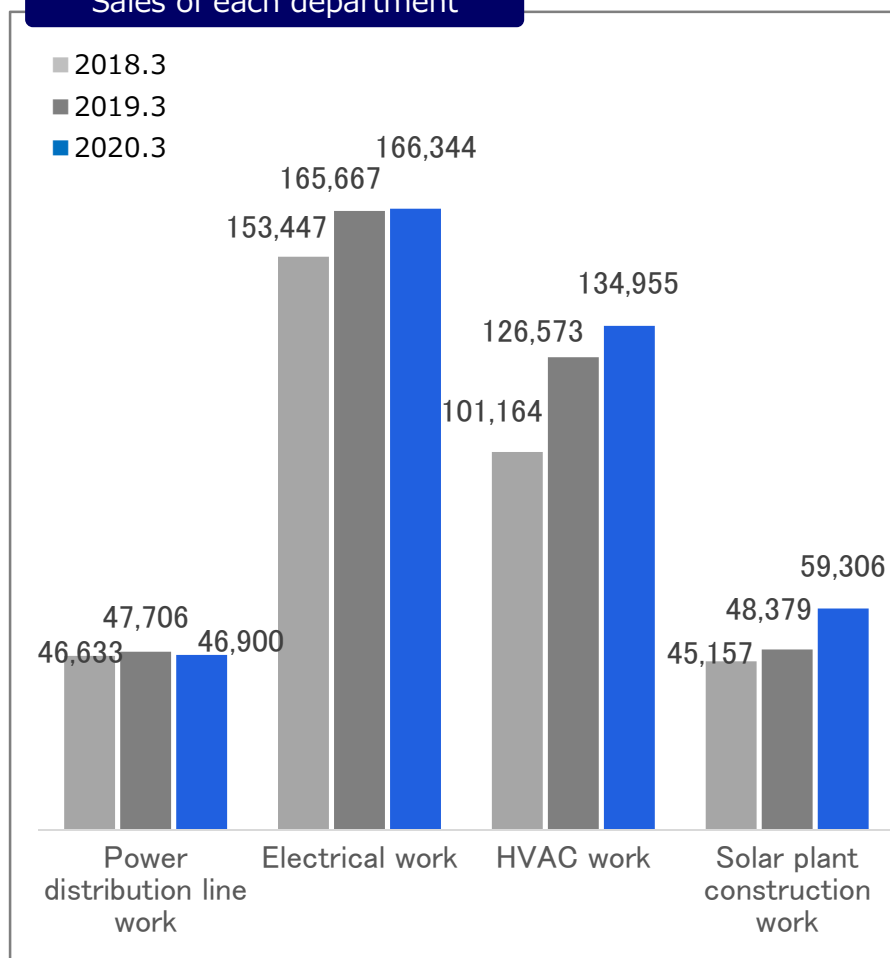
Factor	Measures	
1 .Cost increase caused by exceeding the planned labor and material cost after receiving an order.	A. Forecasting the busyness peak of construction	<ul style="list-style-type: none"> Forecasting the peak of busyness in the whole construction period, make an input plan for workers early 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.

Order received / Sales by department March 2020

**Net sales increased due to steady progress in hand-held construction.
Orders received decreased in Electrical,HVAC work, but increased in Solar power due to orders for large power plants.**

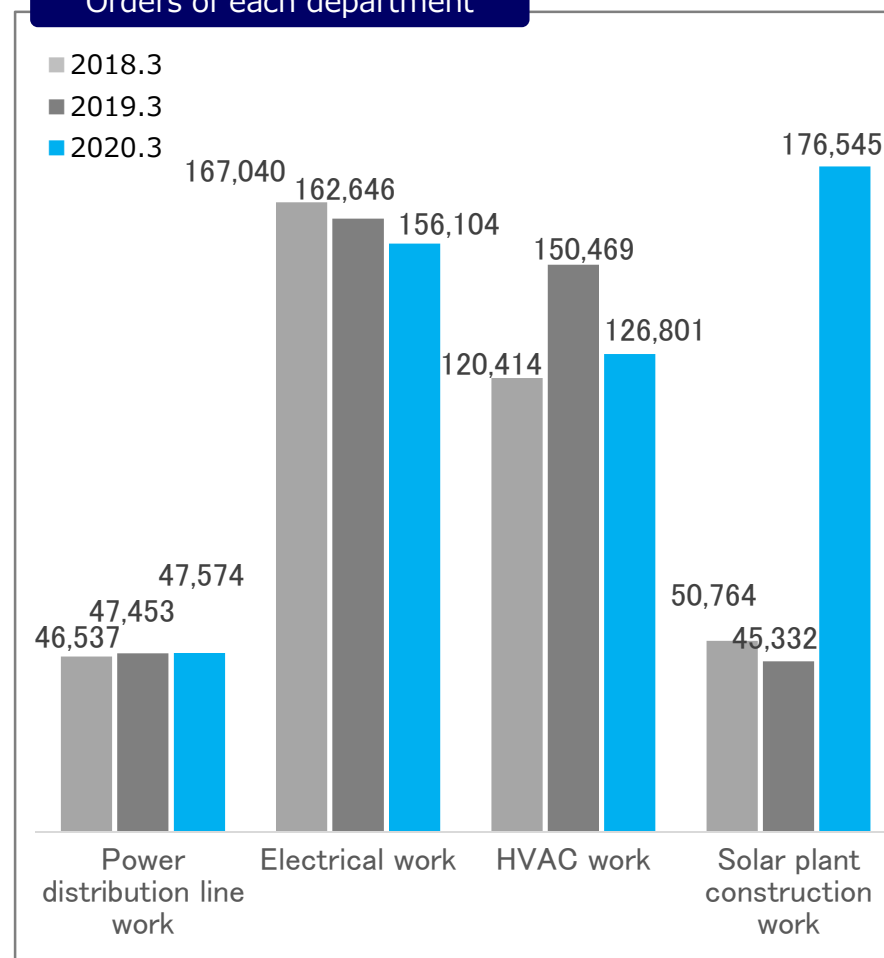
Sales of each department

(Million yen)



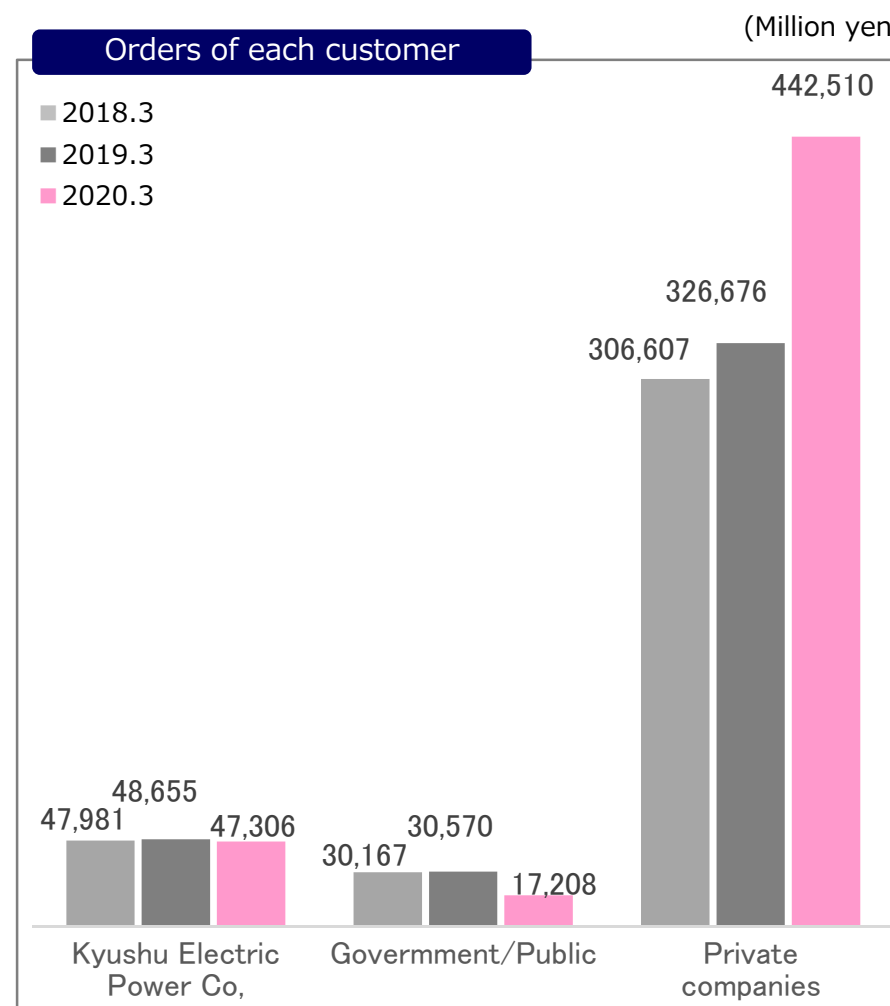
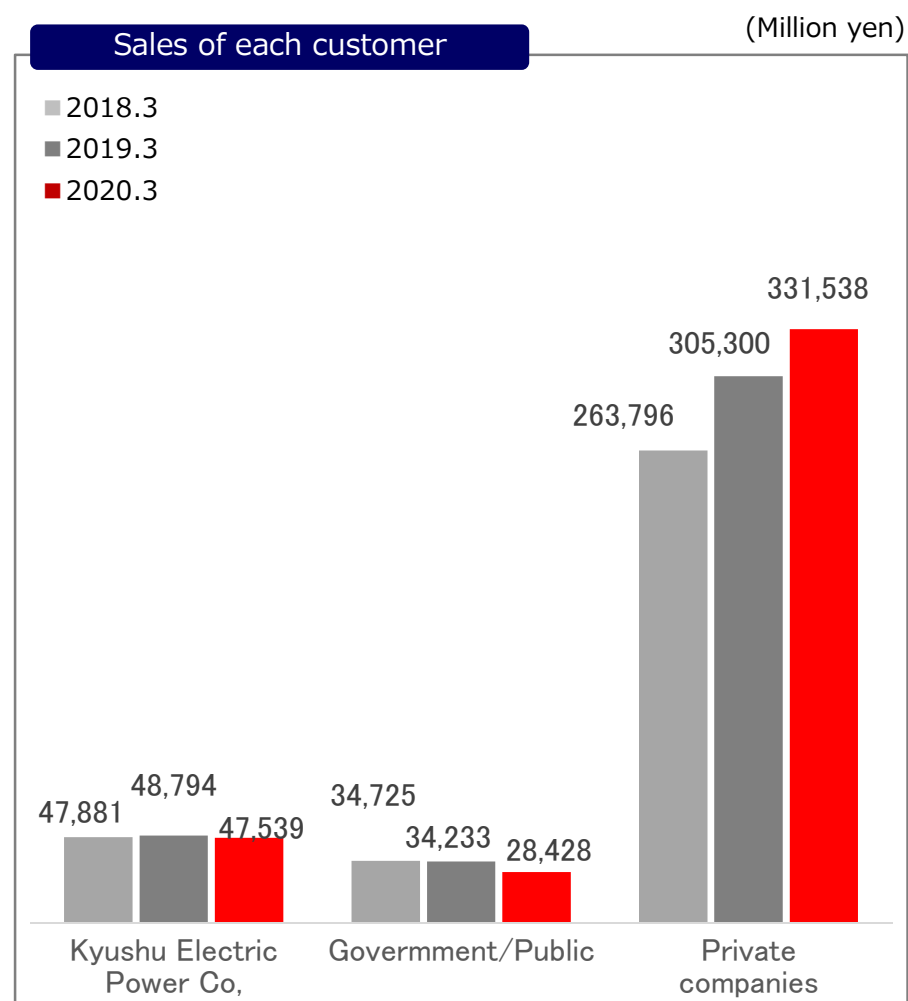
Orders of each department

(Million yen)



Order received / Sales by customer March 2020

Both sales and orders increased, partly due to solar plant construction work.

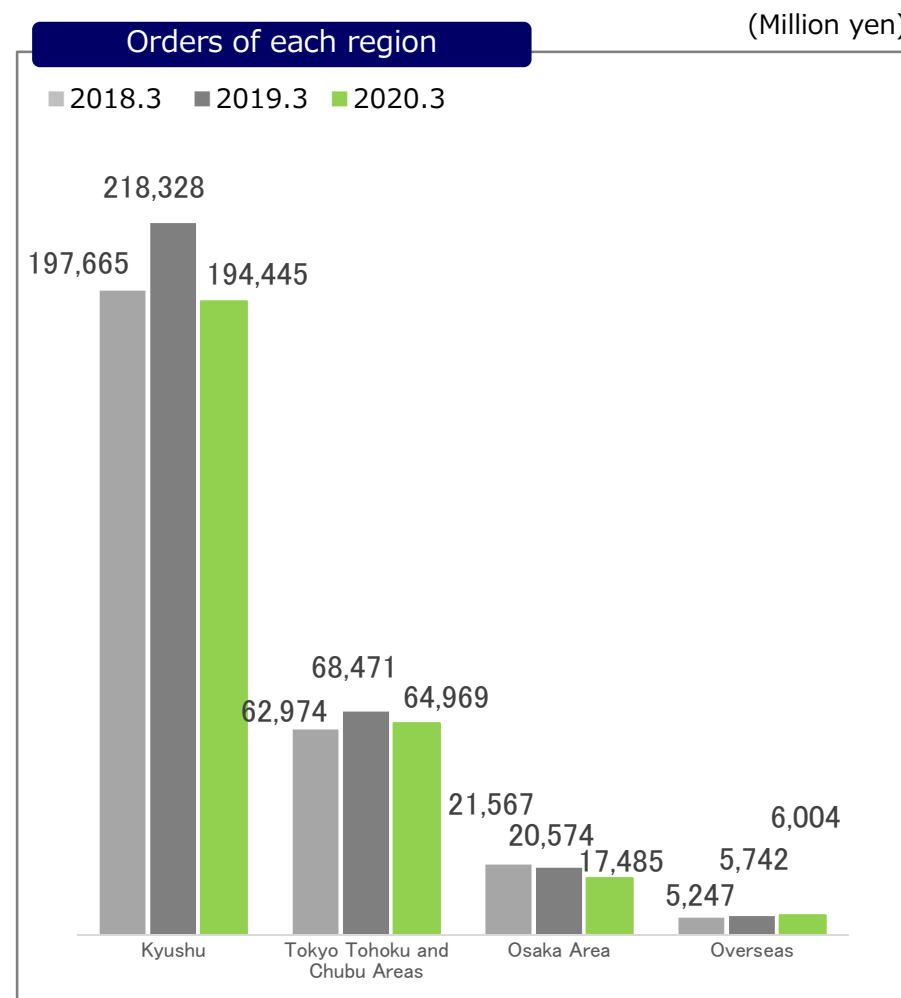
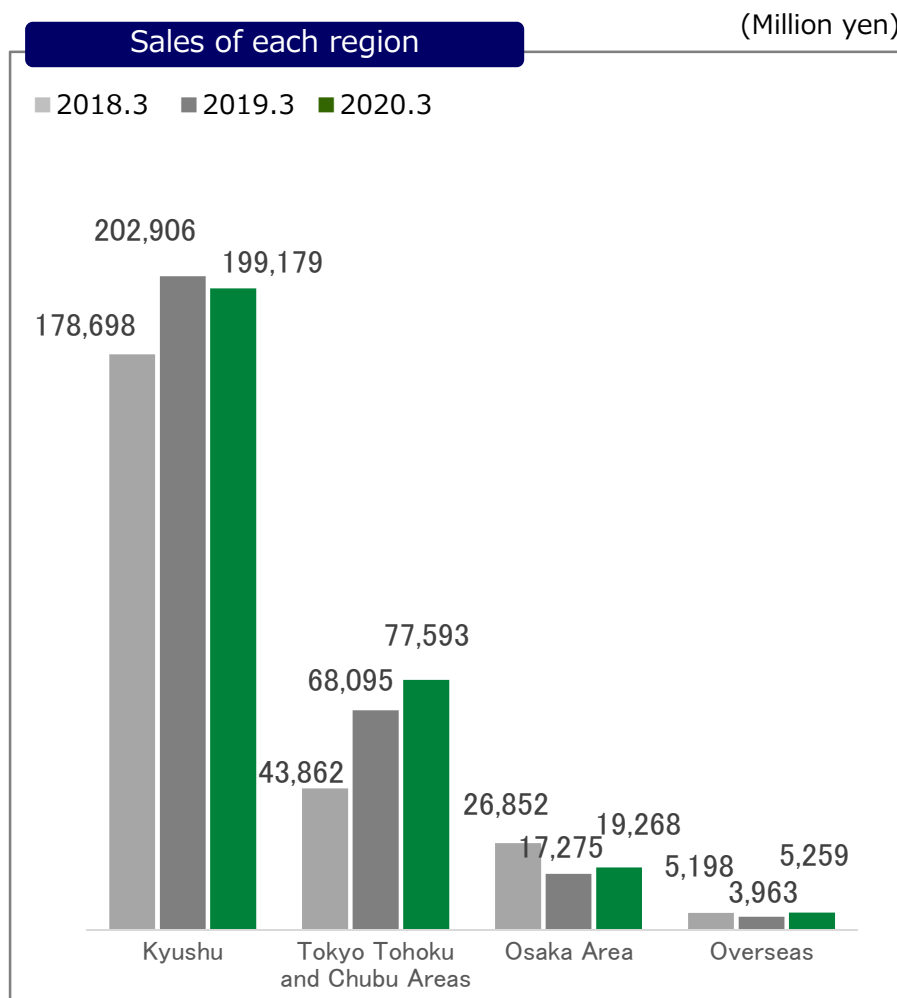


Order received / Sales by region March 2020

(Electrical & HVAC work excluding Solar plant construction work)



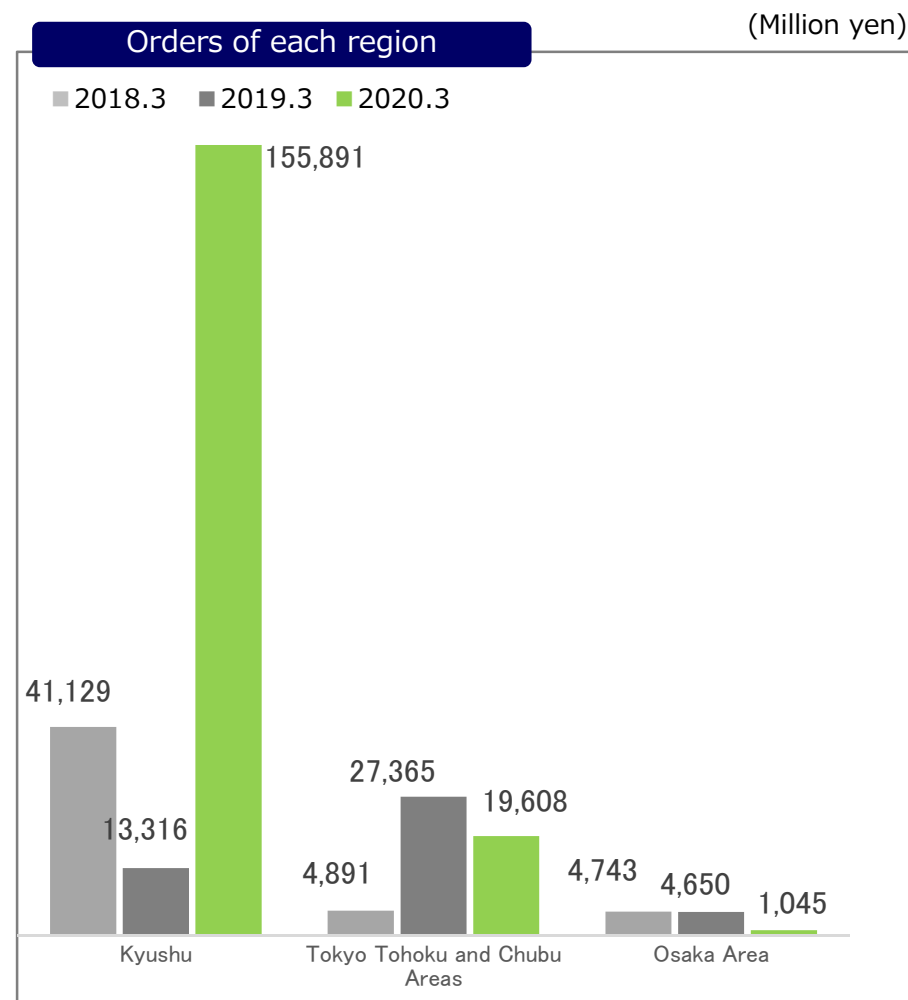
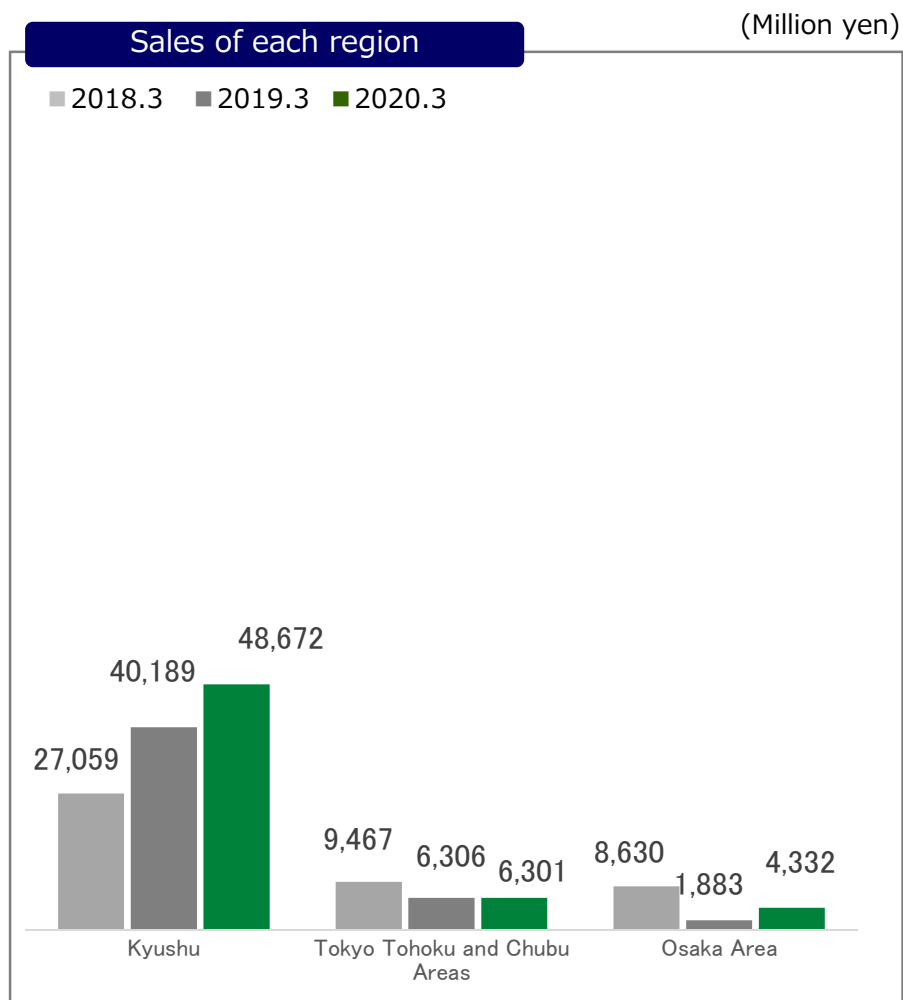
Steady growth in sales in the Tokyo metropolitan area.



Order received / Sales by region March 2020 (Solar plant construction work)



Received an order for a large power plant in the Kyushu region.

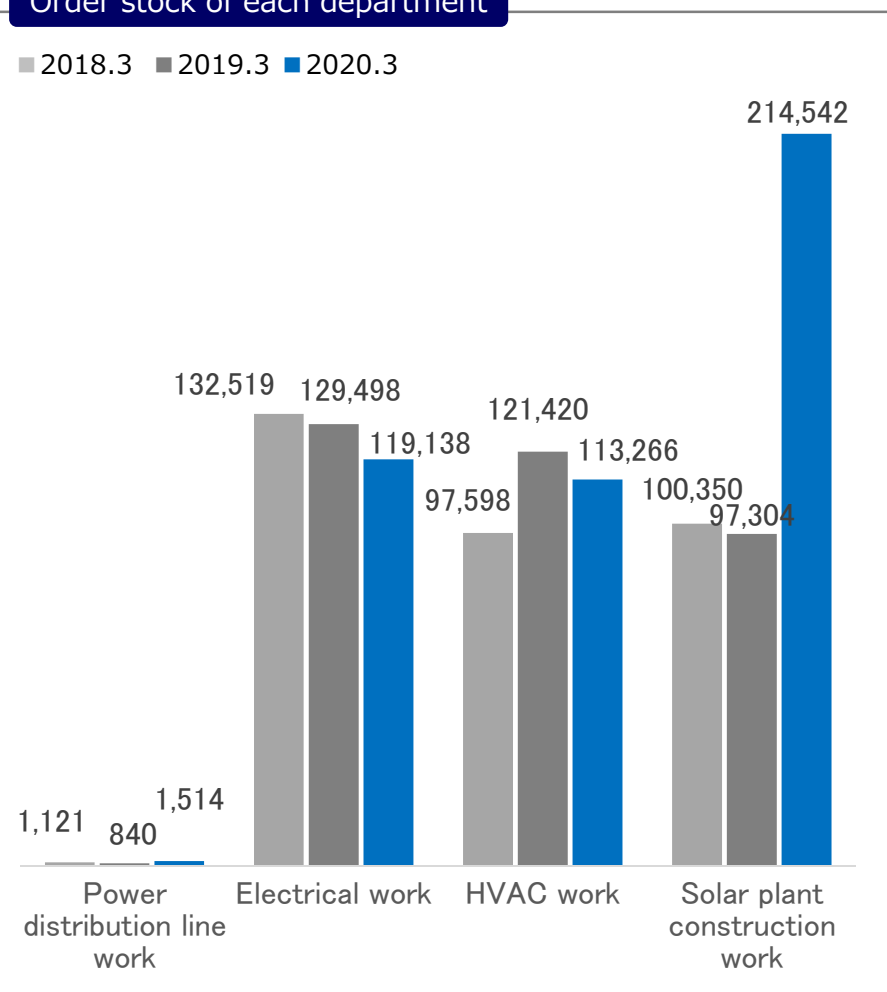


Year-end amount of works on hand

Sales of Electrical and HVAC work on hand decreased due to a decrease in orders and an increase in sales. The amount of Solar plant construction work on hand increased significantly due to an increase in orders.

Order stock of each department

(Million yen)



New orders in FY ended March 2020



Actual results of works FY March 2020

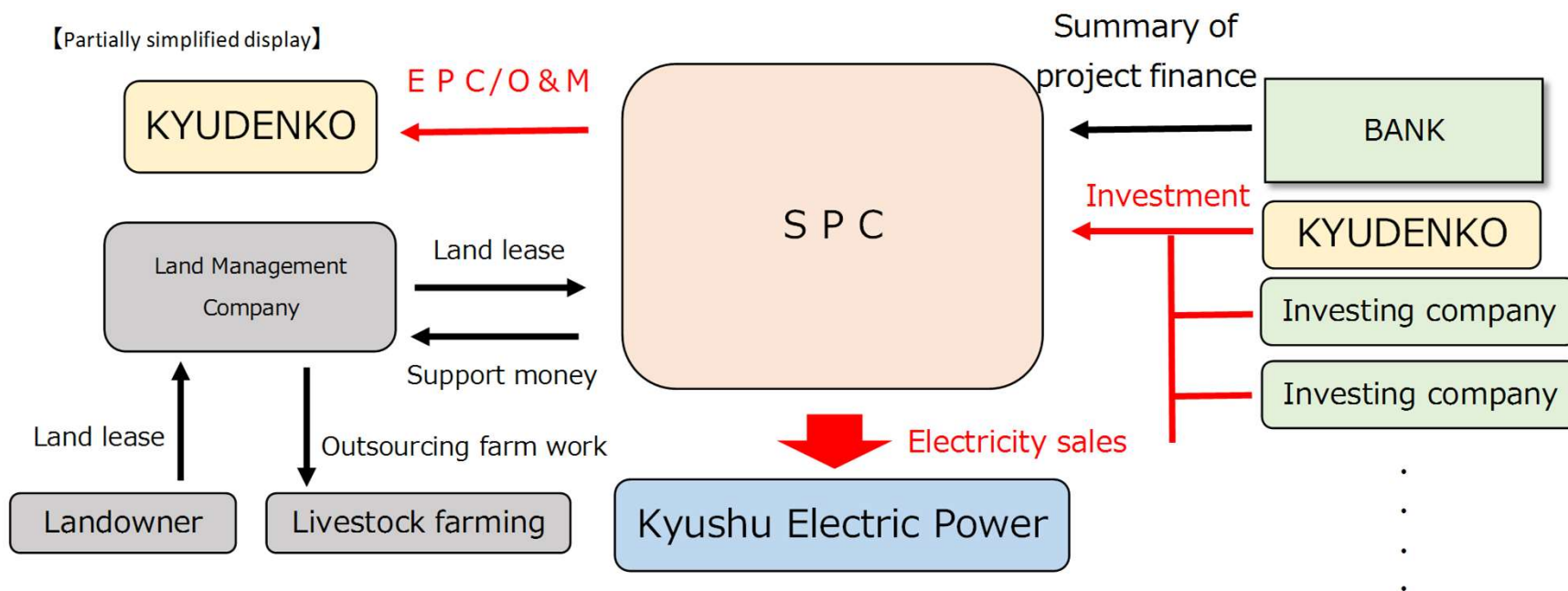
Electrical work of JAPAN NATIONAL STADIUM



Photo of JAPAN NATIONAL STADIUM was provided by TAISEI CORPORATION.

Uku island Mega solar generation business

Overview of business			
Content of business	Mega solar generation business while operating agriculture	FIT unit price	40yen/w
Scheduled operation start month	July 2023	EPC	KYUDENKO About 140 billion yen
Power generation output	The largest scale in Japan	O&M	KYUDENKO



Outline of balance sheet

(Million yen, composition ratio)

	End of Mar. 2019	End of Mar. 2020	Increase /decrease	Main factors behind increase/decrease
Current assets	206,268 (57.7%)	216,269 (58.7%)	10,001	Cash on hand and in banks +14,834
Fixed assets	151,002 (42.3%)	152,212 (41.3%)	1,209	Investment securities +2,257
Total assets	357,271 (100.0%)	368,482 (100.0%)	11,210	
Current liabilities	142,144 (39.8%)	142,723 (38.7%)	578	Advances received on uncompleted construction contracts +10,531 Trade notes and accounts payable ▲14,776
Fixed liabilities	32,949 (9.2%)	28,316 (7.7%)	▲4,633	Long-term debt ▲1,769
Total liabilities	175,094 (49.0%)	171,039 (46.4%)	▲4,055	
Total net assets	182,176 (51.0%)	197,442 (53.6%)	15,266	Retained earnings +18,241
Total liabilities and net assets	357,271 (100.0%)	368,482 (100.0%)	11,210	

Outline of C/F

(Million yen)

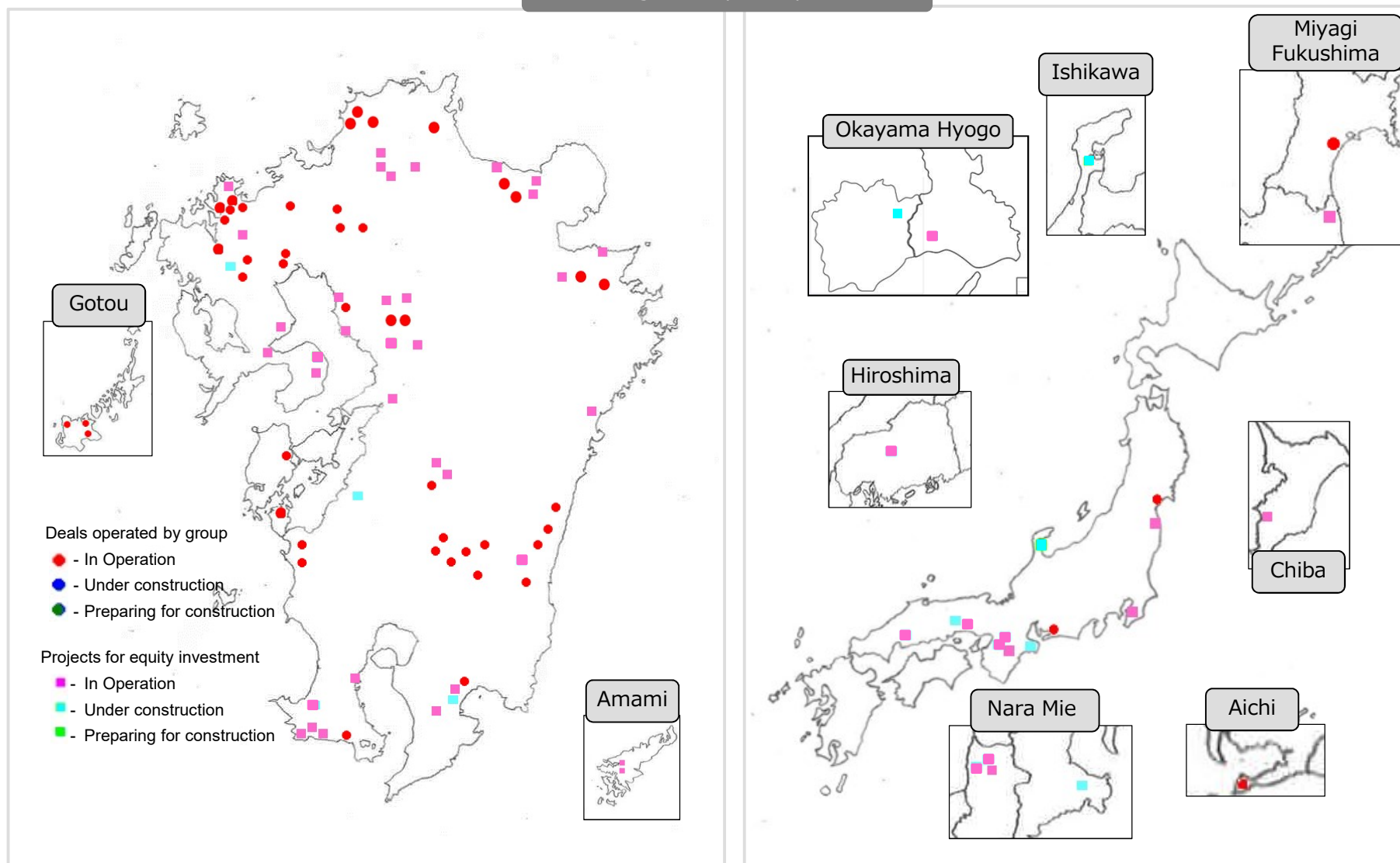
	Mar.2019	Mar.2020	Details of statement to Mar. 2020
Cash flow from operating activities	26,054	38,222	Income before income taxes and minority interests +38,423
Cash flow from investment activities	▲11,298	▲12,136	Purchase of investment securities ▲8,649
Free cash flow	14,755	26,086	
Cash flow by financial activities	▲9,021	▲11,250	Cash dividends paid ▲7,099
Increase/decrease of cash and cash equivalents	5,686	14,833	
Cash and cash equivalents at the beginning of the period	34,505	40,192	
Cash and cash equivalents at the end of the period	40,192	54,964	

Capital Investment

	FY2019 Mar.	FY2020 Mar.
Capital investment	4.3 billion yen	4.1 billion yen
	3.7 billion yen	3.9 billion yen
Facility work	Replacement of branches , business offices and sanatorium of Kyudenko Machinery and equipment, etc. for constructions Lease contracts on specialized vehicles for construction	Replacement of branches , business offices and sanatorium of Kyudenko Machinery and equipment, etc. for constructions Lease contracts on specialized vehicles for construction
	0.6 billion yen	0.2 billion yen
Others	Solar power plant facilities	Software
Depreciation	6.0 billion yen	6.0 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	46	402MW	130MW
Under construction	6	296MW	78MW
Plan	-	-	-
Total	52	698MW	208MW

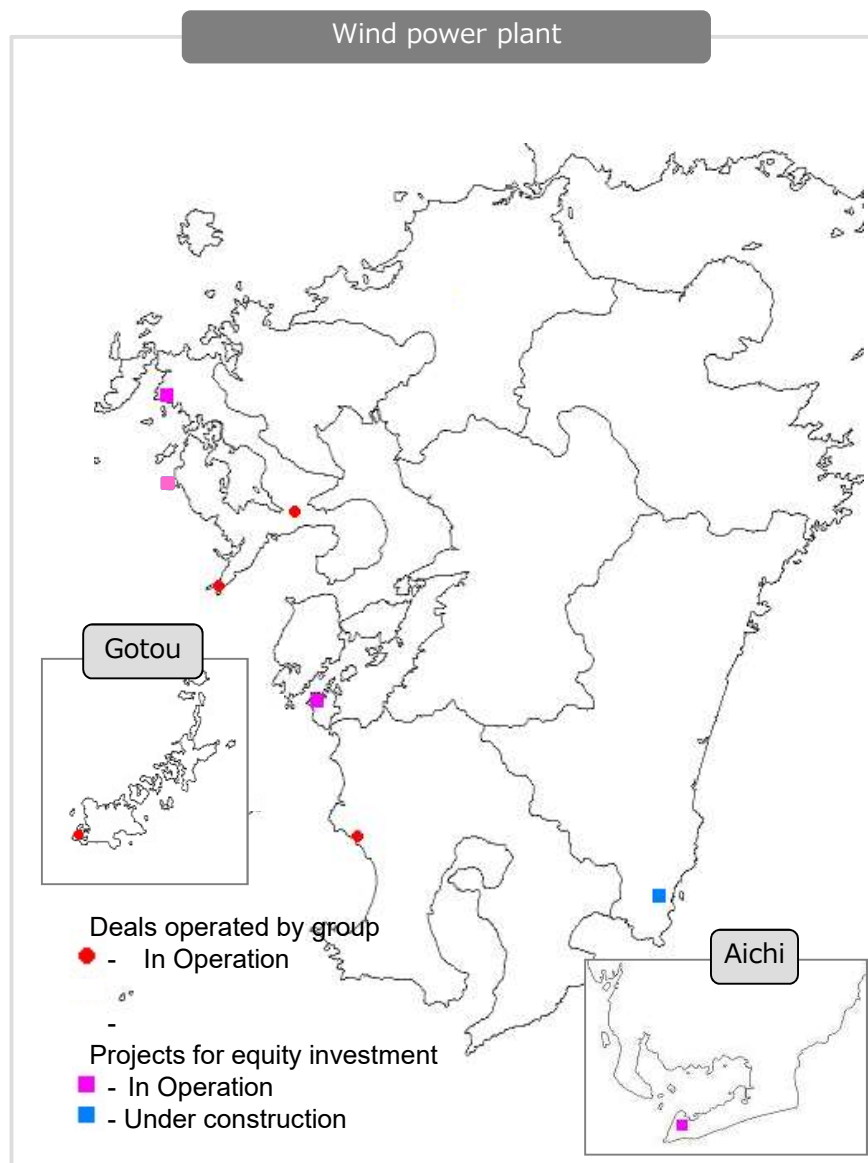
1.8 to 2.0 billion yen at its maximum

The suppression of solar power's output was implemented by KEP from April to May, October to March (Total 74 days)
Impacts Instruction to stop a total of 1,919 power station out of 88 power station in a whole Loss of profit might be 470 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 2021



With respect to the consolidated results for the next fiscal year (the fiscal year ending March 2021), the Company will proceed with the initiatives set forth in its medium-term management plan and basic management policies while aiming for the same level as the current fiscal year (the fiscal year ending March 2020); however, due to the uncertain timing of the end of the new coronavirus and its impact on business results, the Company has not yet decided.

We will disclose the information as soon as a certain prospect becomes clear and it becomes possible to make a reasonable calculation.

Some of the major anticipated impacts include the following

- Construction delays due to quarantine measures resulting from illnesses or severe contact with sick employees of the Group.
- Delays in construction due to the closure of the construction site or the closure of the Company's business office at the discretion of the client or prime contractor.
- Delays in construction due to business stoppages at material suppliers and partner companies.
- Decrease in construction orders due to stagnant economic activity.

Present condition

- Of the four units at Kyushu Electric Power Company's nuclear power plant, Sendai Unit 1 has been shut down for regular inspections since March 16, 2020.

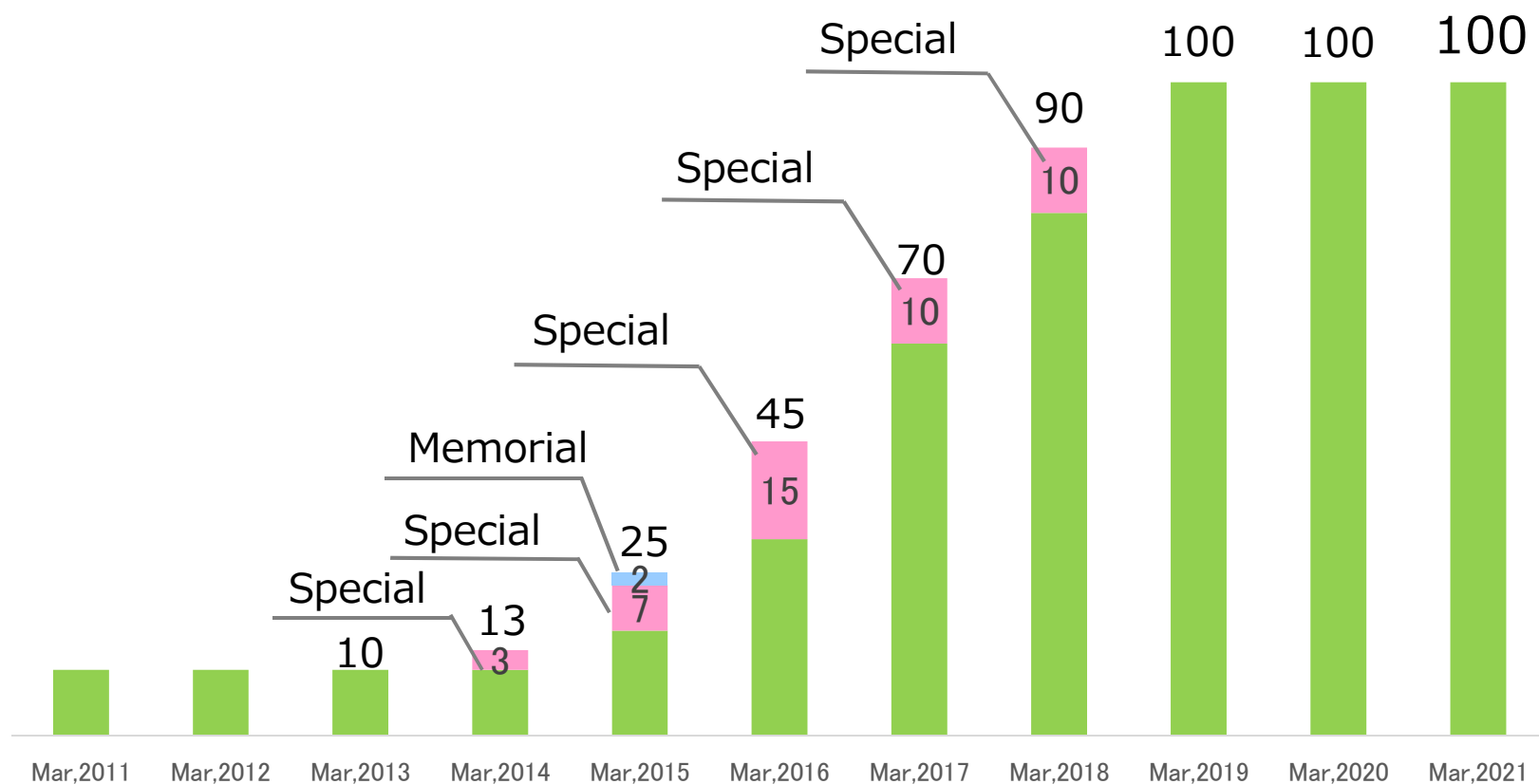


Tasks and actions

- 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.

Trend of dividends

For FY03/2021, the company plans to pay an annual dividend of 100 yen per share, based on the assumption that profits will remain at the same level as in FY03/2020, although the company has not announced its earnings forecast at this time.



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	2020
Total engineers and skilled persons	Around 200	241	262	344	384	342	336
High school graduates	Around 150	163	177	248	271	253	253
University graduates	Around 50	78	85	96	113	89	83

《 Comparison in actual results of recruitment for April 2020 with other companies 》

	Kyudenko	Large electrical construction companies	Large HVAC companies	Super general constructors
Total in all professions	356	330~360	70~100	250~350
High school graduates	253	Around 200	Around 10	Around 10
University graduates	103	100~160	70~100	250~320

《 Planned year-end workforce until FY2025 March 》

	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025	Increase or decrease in plan
Electrical work department	2,274	2,340	2,475	2,599	2,750	2,893	About+550
HVAC work department	1,138	1,192	1,269	1,355	1,435	1,517	About+320
Year-end workforce of electrical and HVAC	3,411	3,532	3,744	3,954	4,185	4,410	About+870
Power distribution line department	1,642	1,612	1,618	1,632	1,641	1,666	About+50
Other	1,446	1,417	1,407	1,402	1,397	1,408	
Employees of single Kyudenko	6,500	6,561	6,769	6,988	7,223	7,484	About+900
Employees of group	10,018					12,000	About+2,000

Total 8,100 employees in technical field of total 10,000

(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

=

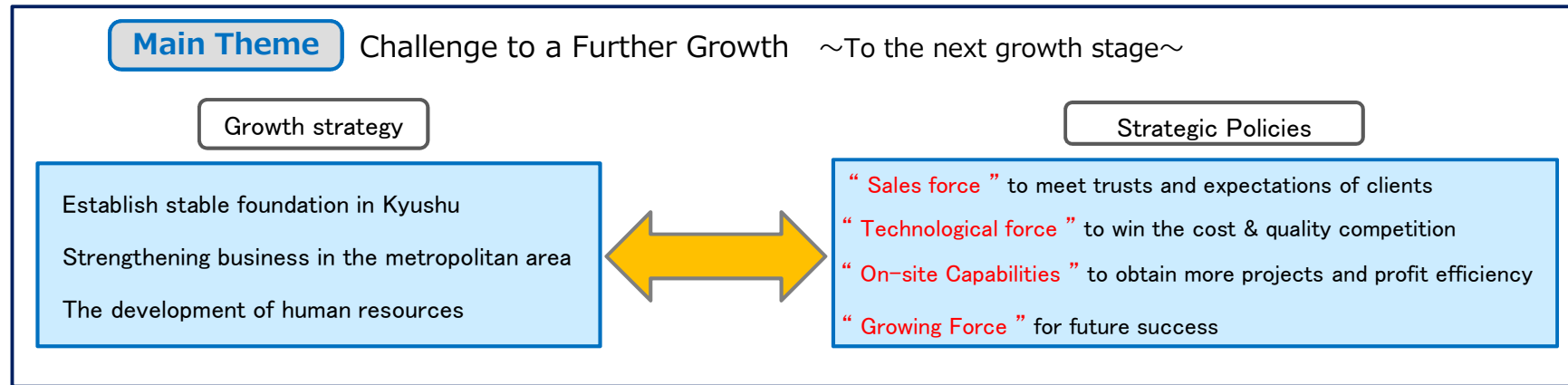
About 4,000

Mid-term management plan growth strategy

Overview of the previous mid-term management plan (2015~2019)



<Outline of the Previous Mid-term management plan>

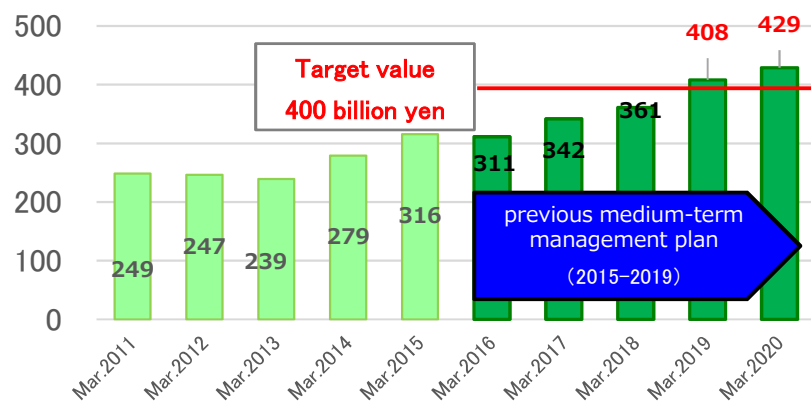


< Results in the final year of the previous medium-term management plan>

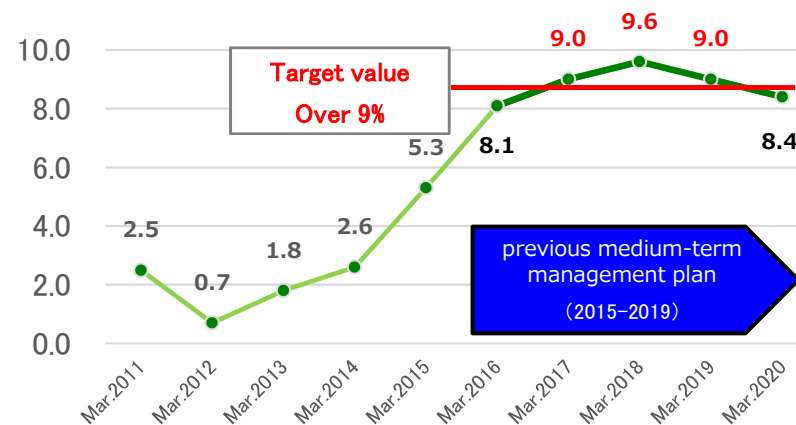
	Numerical target at Mar.2020	Results in Mar.2020	Status of achievement	Results	Issue
Sales	400 billion yen	429 billion yen	Achieved	1) Riding the tailwind of booming construction demand •Expansion of orders outside the Kyushu region •Expanding the air-conditioning pipe business by leveraging the strengths of the comprehensive equipment business •M&As of construction companies	1)Challenges in developing human resources and improving productivity in response to the rapid increase in the volume of construction 2)Increased overtime work and turnover ↓ Concerns about future deterioration in quality and the risk of disasters
Gross Profit Ratio	Over 15%	14.0%	FY2016&2017 achieved	2) Thorough cost control by the Technology Management Department. Improving profit margins through the establishment of the Q-mast Company.	3)Profit margins declined in the final stages of the fiscal year, although the target was achieved once.
Operating Profit Ratio	Over 9%	8.4%	FY2016 & 2017 & 2018 achieved	3) Strengthen construction capabilities, including increased hiring of engineers ↓ expansion of one's business	
ROE	Over 14%	14.0%	Achieved		

Changes in previous years

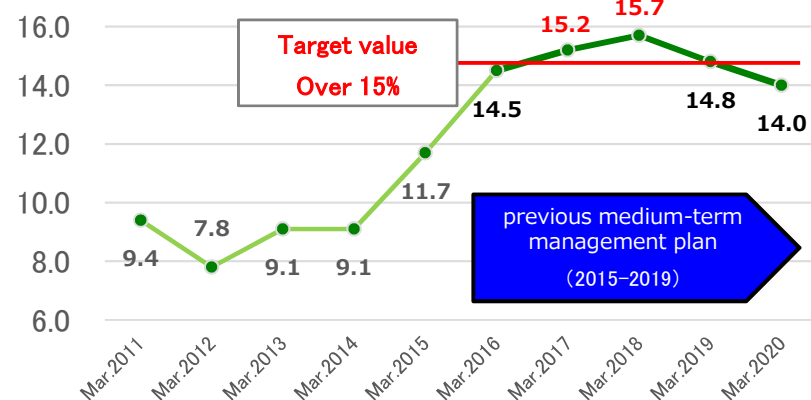
Sales



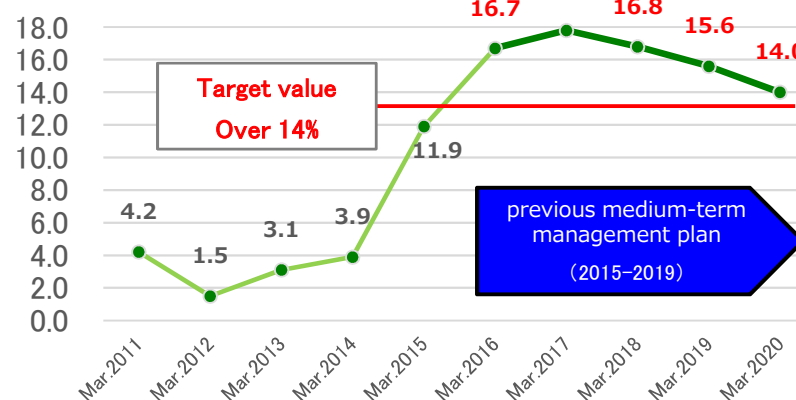
Operating Profit Ratio



Gross Profit Ratio



ROE



New mid-term management plan(2020~2024)



<Premise>

The impact of the new coronavirus infection on the Group's performance is not reflected because it is difficult to estimate the scale and duration of the infection.

<Forecast of the business environment surrounding the group>

(1) Domestic construction market

Large-scale projects in central Tokyo and the Kansai region
Tenjin Big Bang and Hakata Connected in Fukuoka



A sharp decline is unlikely

(2) Solar plant construction work

It is expected to come to an end in the future, but the existence of concrete projects, including the Uku island mega solar



The amount of construction in the next two to three years is expected to be adequate.

(3) working environment

The worsening shortage of skilled construction workers and the use of the latest technology



The movement to reform the way we work is in full swing

New mid-term management plan(2020~2024)



Main theme

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

Numerical target

Final year (Mar.2024)

Sales	500 billion yen
Ordinary profit margin	50 billion yen Over 10.0 %
ROIC	Over 10.0 %

(Breakdown of construction sales)

Power distribution line work	50 billion yen
Electrical·HVAC work	334 billion yen
Renewable Energy Business,etc.	81 billion yen
Other business	35 billion yen

※ROIC is used as an accurate measure of a company's capital efficiency.

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

Strong and muscular
corporate structure

Three reform

construction capability

productivity

governance

Issues continuing from the previous mid-term management plan

Deepen measures to improve profit
margins

Development of new business areas

Strengthen and expand the order
base of the domestic equipment

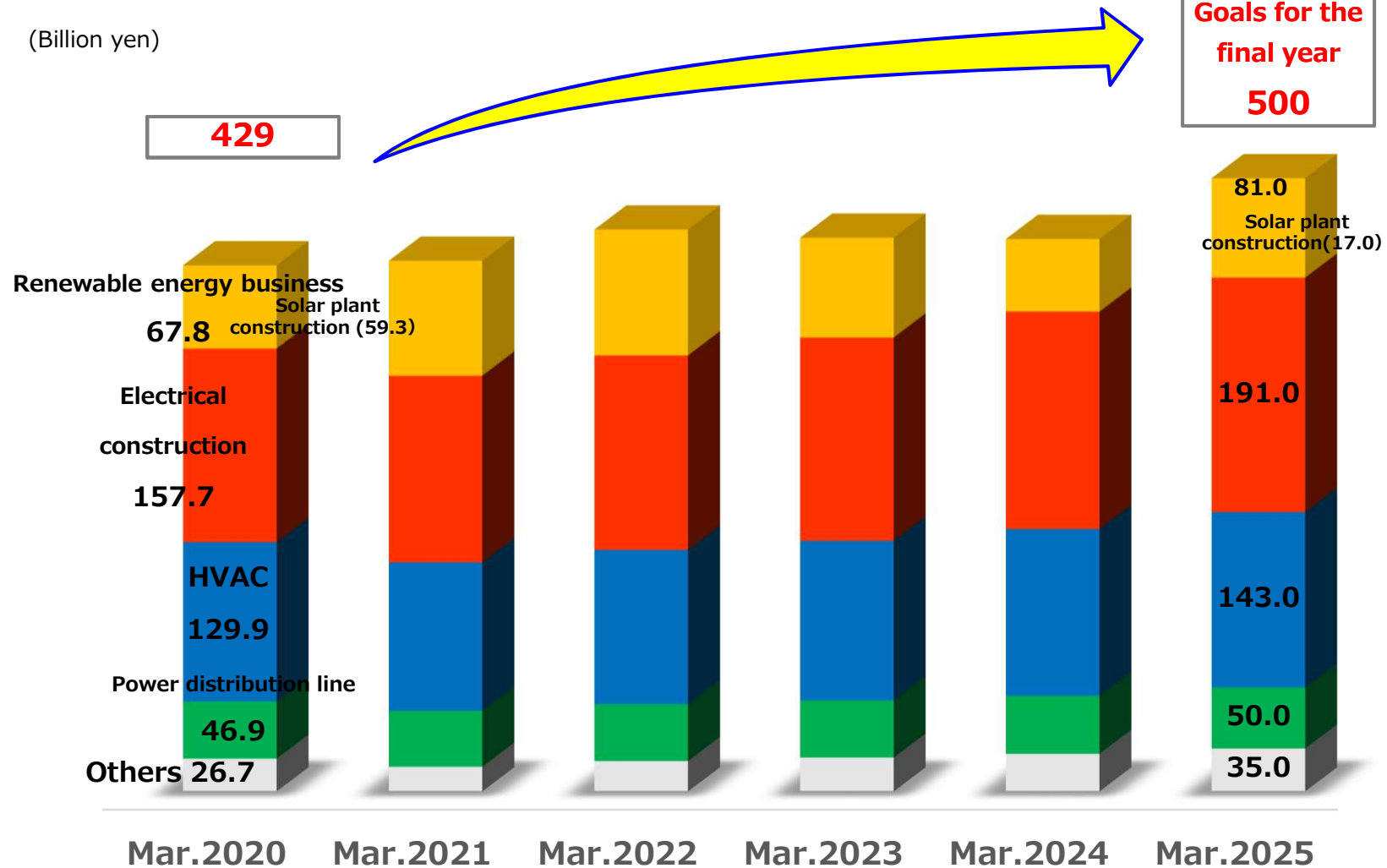
Creating an Attractive Workplace
Environment

Strengthen the profitability of power
distribution line work

Improving corporate value

Road map of sales plan

(Billion yen)



The period of the new mid-term management plan(2020—2024)

1) Reform of construction capability

« Specific issues to be addressed »

- Strengthen hiring of engineers based on a long-term workforce plan
- Reduce the turnover rate of young engineers by reviewing technical education
- Establishment of a system to ensure the timely and optimal deployment of all technicians
- Review of the construction management system by strengthening and utilizing the technical management department
- Promotion of multifunctional worker

2) Reform of productivity

« Specific issues to be addressed »

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

3) Reform of Governance

« Specific issues to be addressed »

- Implement measures to prevent recurrence of fraud
- Strengthening and Thoroughly Implementing a Governance System Based on the Kyudenko Corporate Governance Guidelines

Issues continuing from the previous mid-term management plan

- 1) Deepen measures to improve profit margins
- 2) Strengthen and expand the order base of the domestic equipment construction industry
- 3) Strengthen the profitability of power distribution line work
- 4) Development of new business areas
- 5) Creating an Attractive Workplace Environment
- 6) Improving corporate value

New mid-term management plan(2020~2024)

(Relevance to the SDGs)



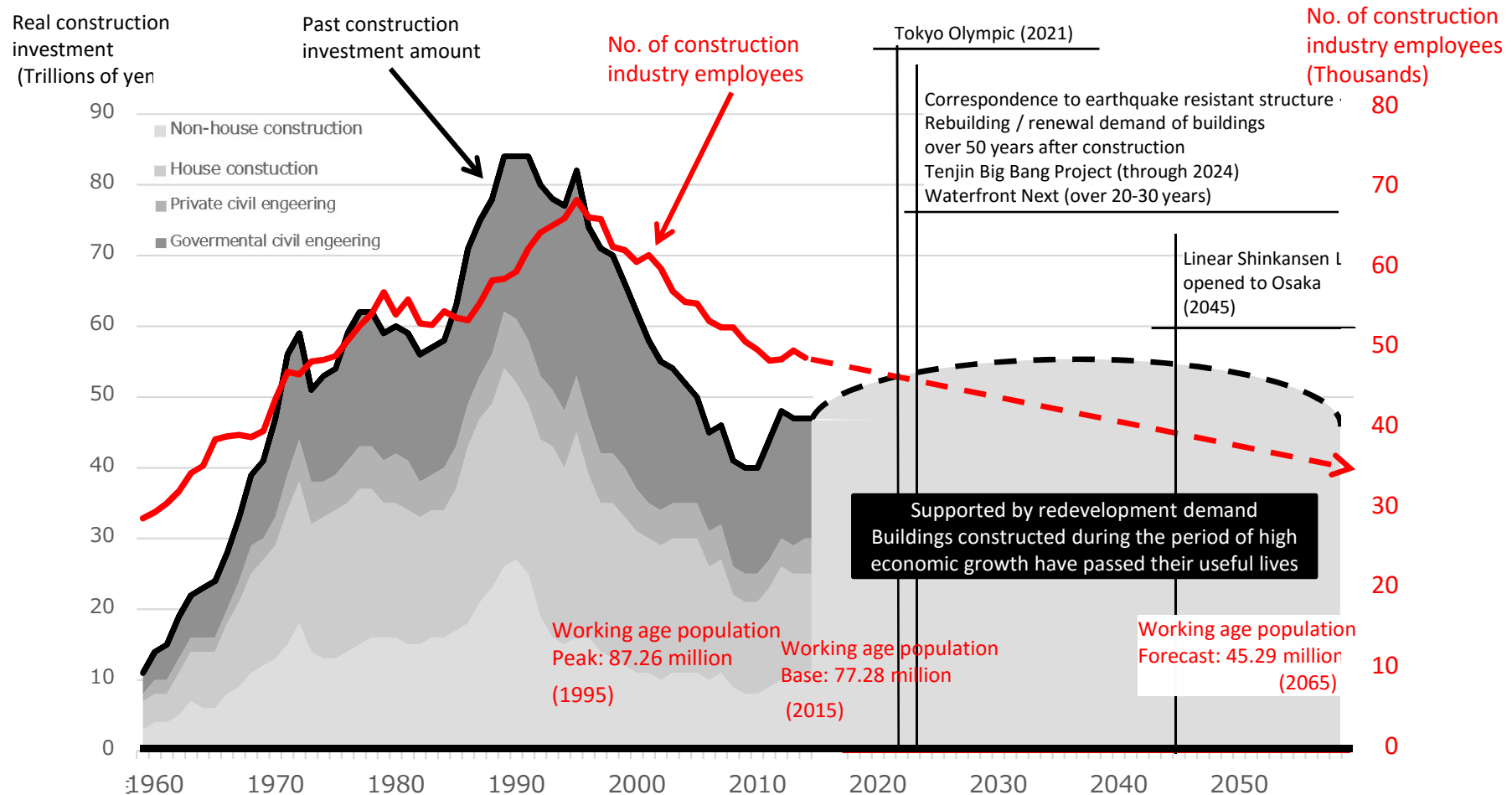
We will steadily advance the initiatives set forth in the Medium-Term Management Plan and contribute to the realization of the SDGs, which have a high degree of affinity with the businesses of the Group, through our business activities.

Specific Initiatives in the Mid-Term Management Plan	key issue	SDGs
<ul style="list-style-type: none"> ○Strengthen initiatives for concessions, PPP and PFI businesses (Participation in waterworks, waste treatment plants, airports/ports, public facilities, etc.) ○Develop new business areas (real estate, agricultural revitalization, etc.) 	1) Promotion of Environmentally Conscious Town Planning	
<ul style="list-style-type: none"> ○Expansion of the renewable energy power generation business ○Expand energy services (ES) business ○Strengthening of Kyudenko EMS Business (Indonesian) 	2) Enhancement of energy-saving and energy-creating technologies	
<ul style="list-style-type: none"> ○Maintain a stable power supply through the construction of power distribution lines ○Increased productivity ○Promotion of research and development of advanced technologies and IT (promotion of labor saving and rationalization) ○Eliminate significant work-related injuries 	3) Ensuring construction quality and safety	
<ul style="list-style-type: none"> ○Strengthen recruitment of engineers (diversify recruitment) ○Reconstruct a development plan that leads to dreams, a sense of achievement, and confidence ○Development of executives and next-generation leaders 	4) Continue stable recruitment and promote human resource development	
<ul style="list-style-type: none"> ○Reduce the turnover rate of young engineers ○Securing holidays and reducing overtime work through thorough work style reforms ○Promoting Diversity 	5) Creating a challenging and rewarding work environment	
<ul style="list-style-type: none"> ○Implement measures to prevent recurrence of fraud ○Strengthening and Thoroughly Implementing a Governance System Based on the Kyudenko Corporate Governance Guidelines 	6) Strengthening and implementing compliance management	

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: 10,018 persons (March 31, 2020)

Construction demand will be supported by large-scale projects and renovation of aging infrastructure built more than 50 years ago. The labor shortage will accelerate with the decline in the working age population, with a rapid falloff in supply capability.

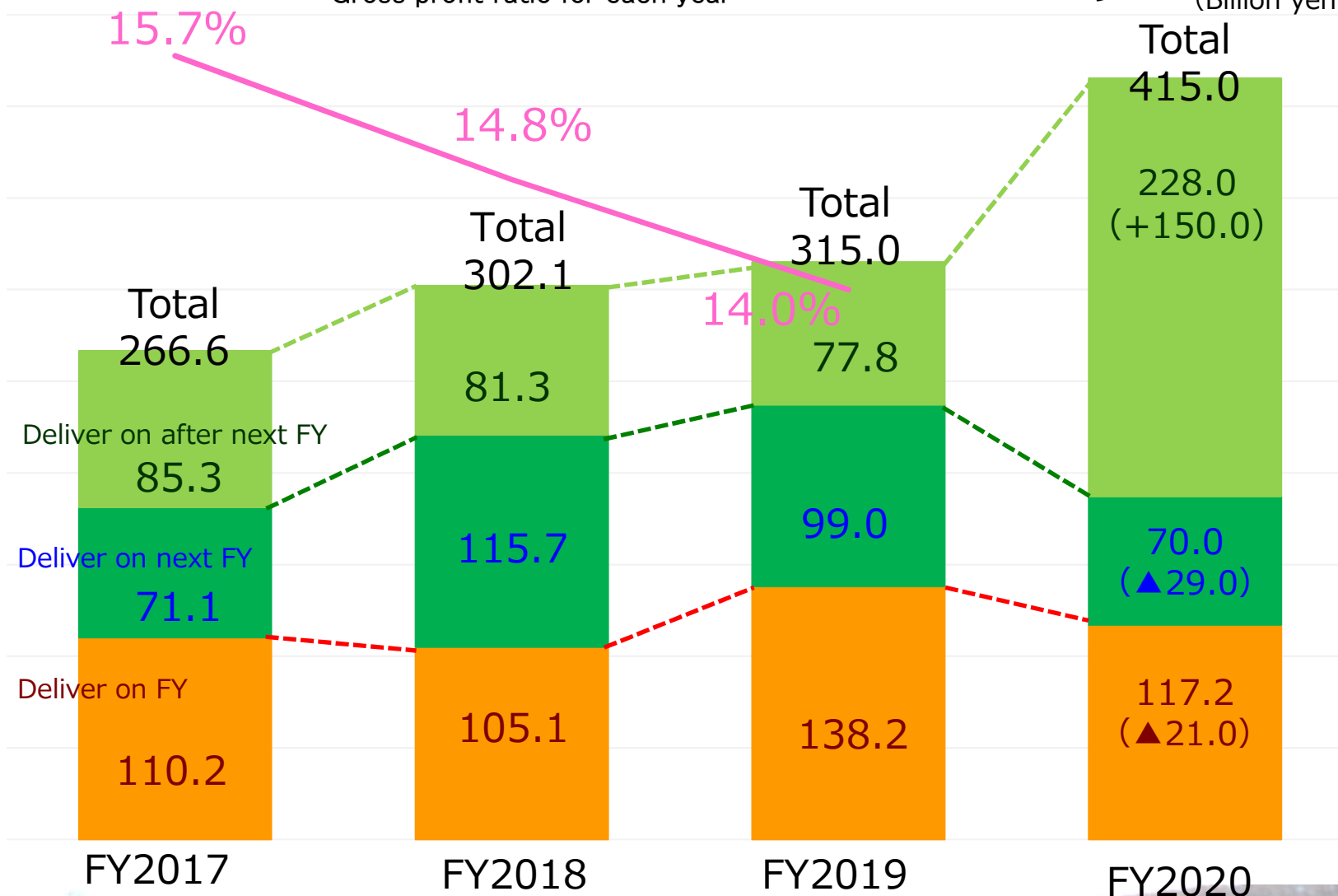


Analysis of works on hand

(Kyudenko individual : excluding power distribution work)

Opening amount of construction works on hand by delivery schedule timing and
Gross profit ratio for each year

Works on hand
(Billion yen)

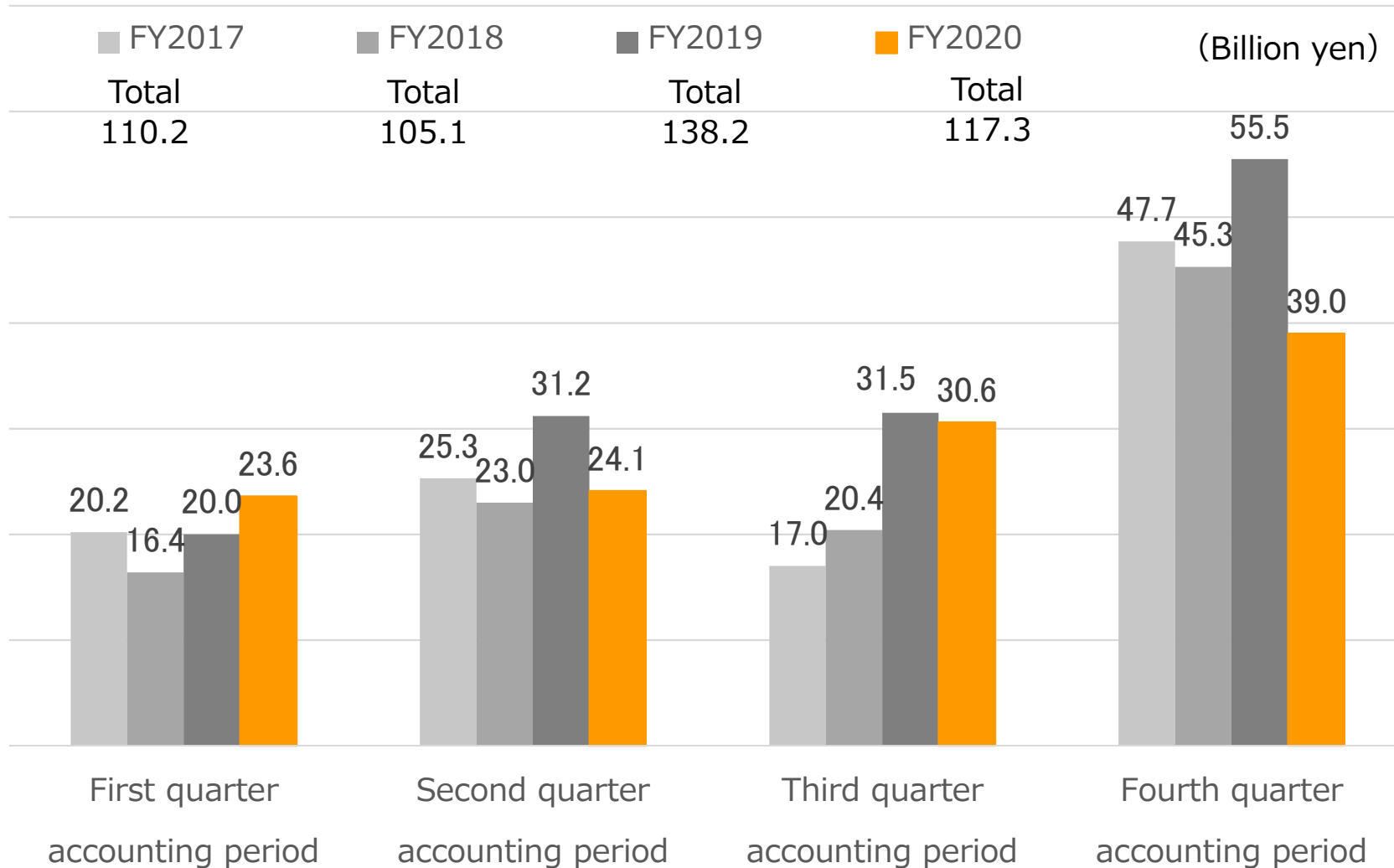


Appendix(4)

Scheduled delivery amount by quarterly accounting period [Opening time]
(Kyudenko individual : excluding power distribution work)

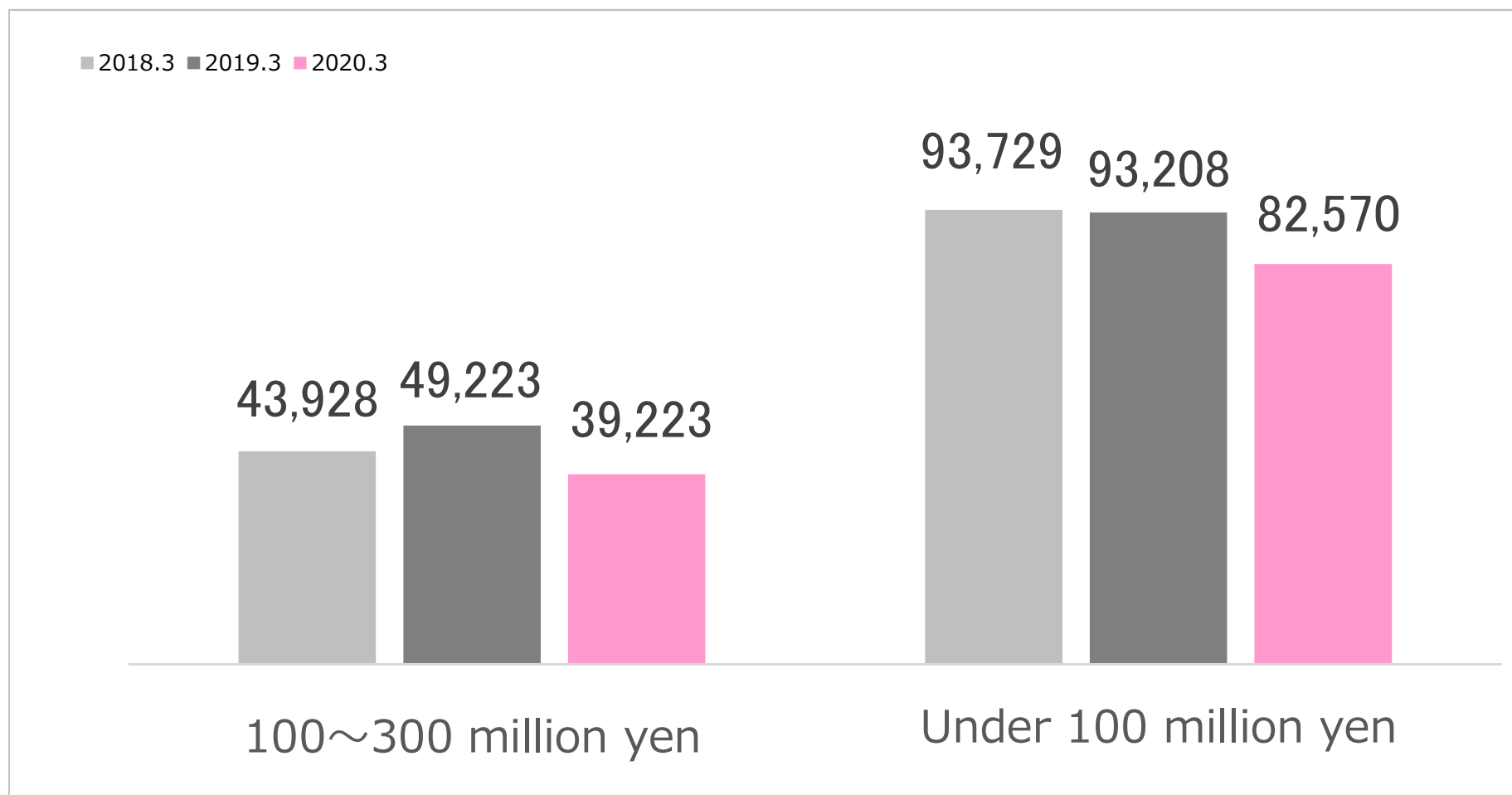


(Opening amount of construction works on hand of quarterly accounting period
Scheduled delivery amount)



The number of orders for small-scale projects with a contract value of less than 300 million yen decreased from the previous year.

(Million yen)

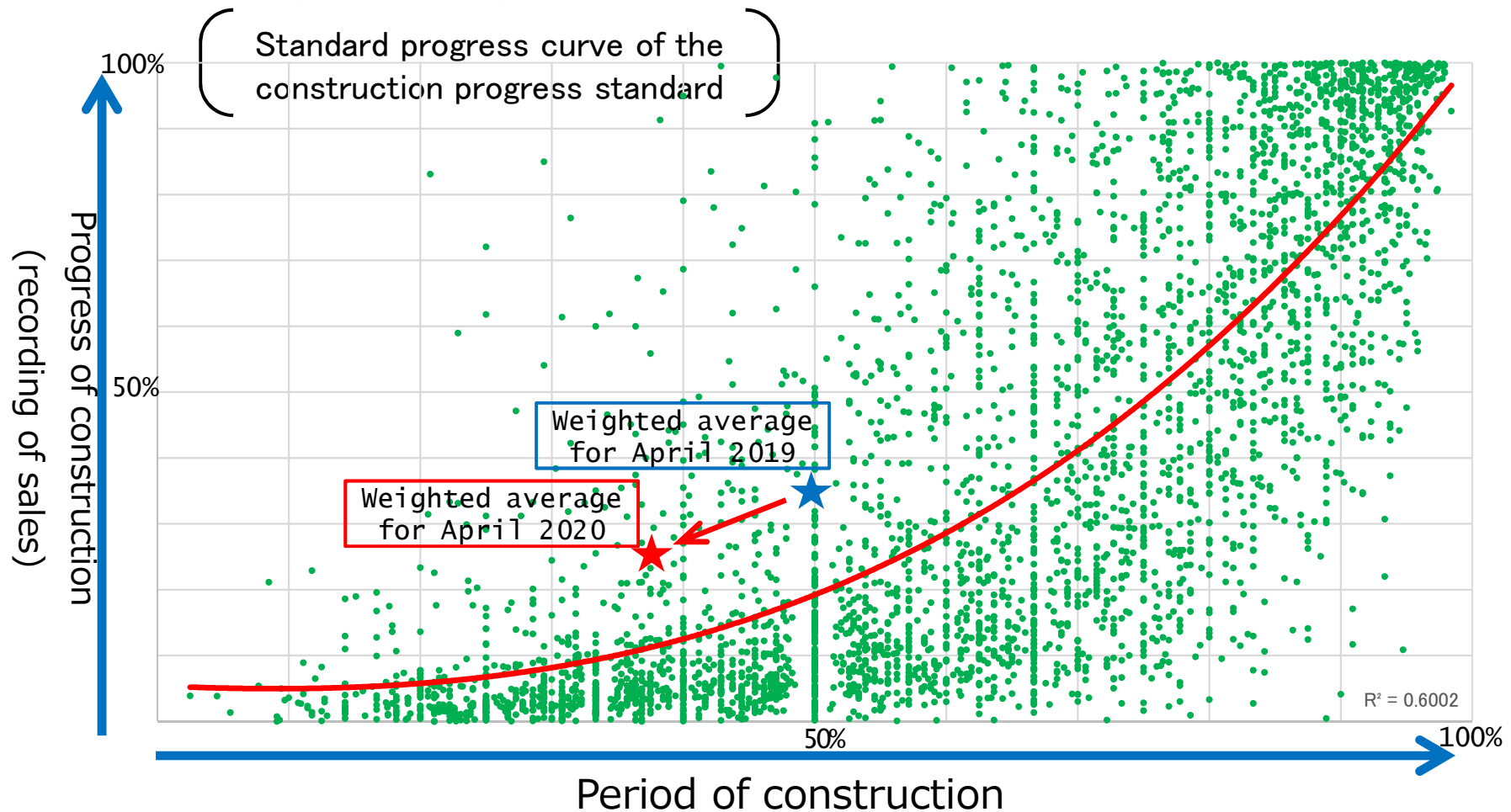


Appendix(6)

Correlation between the progress of construction and the progress of the construction period (Kyudenko individual)



Under the percentage-of-completion method, the progress of construction (sales) tends to progress rapidly after about 50% of the construction period has passed. There is a strong possibility that sales for the current fiscal year will be biased toward the second half of the year compared to the previous year.



(Kyudenko individual) Analysis of projects to which the percentage-of-completion standard has been applied for the past two years.
Correlation coefficient 0.75

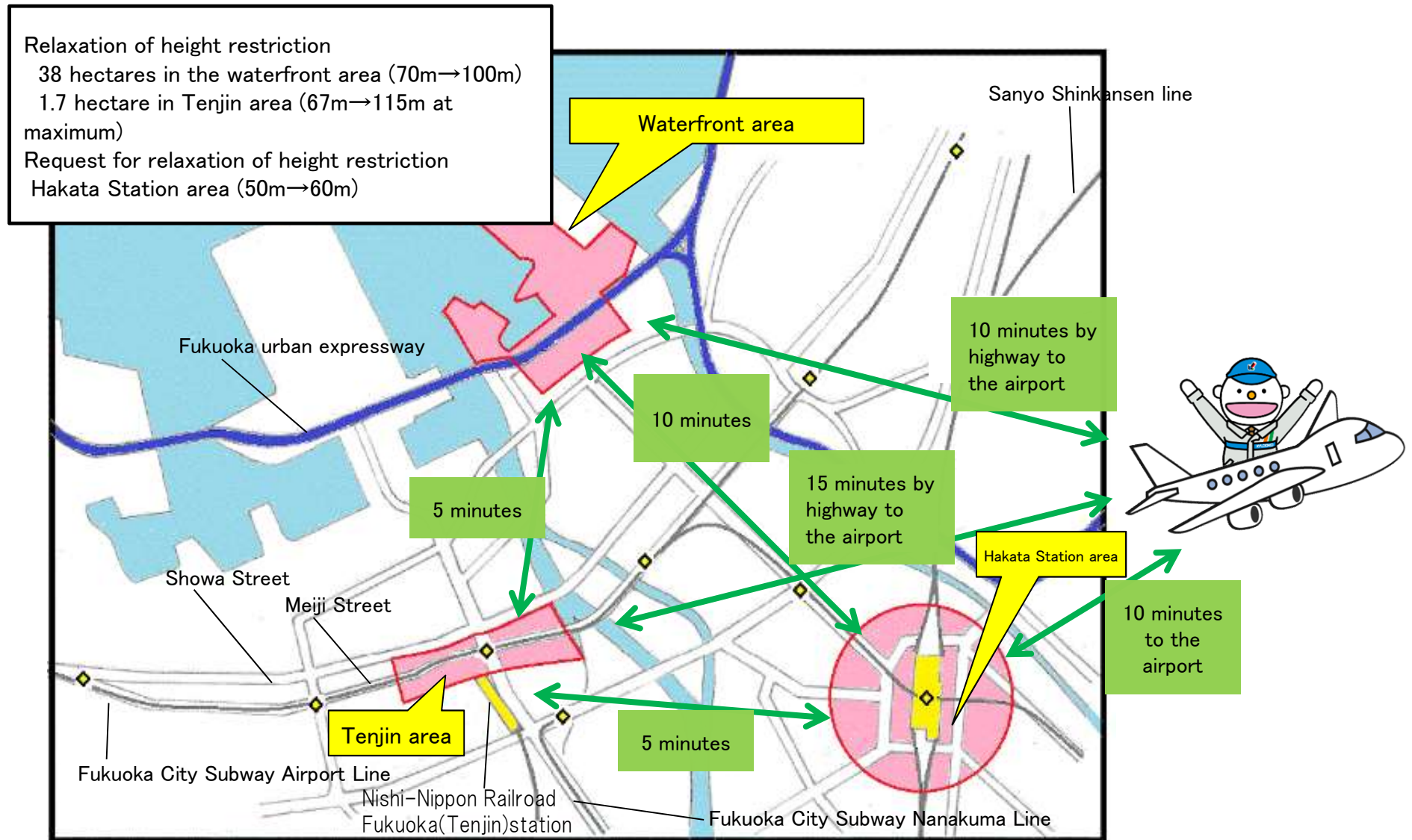
Details of diverse business models (facility work)

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 40%	about 50%	about 10%

Appendix(8)

【Positional relationship】

Fukuoka Waterfront Next, Tenjin Big Bang, Hakata Connected



Appendix(9)

【Project contents】

Fukuoka Waterfront Next, Tenjin Big Bang, Hakata Connected



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)

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