

Securities code : 1959 **Kyudenko Corporation**
FY ended March 2022, Third quarter end



建物は命を吹き込んでいきます。



Sales

¥241,283_{million} 3rd-on-3rd 90.5%

Operating profit

¥16,741_{million} 3rd-on-3rd 88.6%

Orders

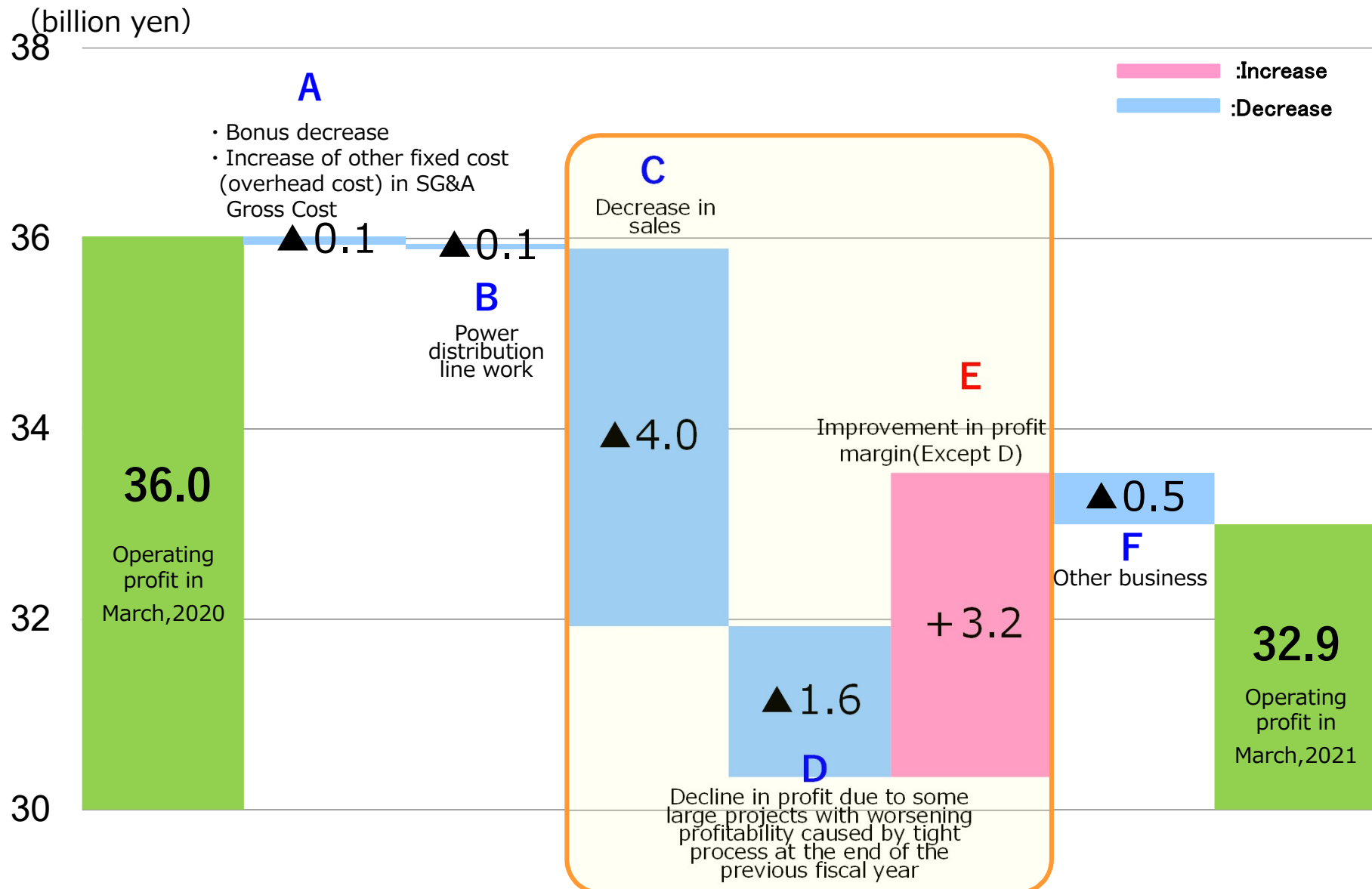
¥256,411_{million} 3rd-on-3rd 105.4%

Outline of P/L March 2021

(Million yen)

	March 2020 Result	March 2021			
		Result	Year-on-year	Plan (2020.7.31)	Progress
Sales	428,939 (100.0%)	391,901 (100.0%)	91.4%	413,000 (100.0%)	94.9%
Gross profit	60,093 (14.0%)	56,631 (14.5%)	94.2%	56,400 (13.7%)	100.4%
Operating profit	36,022 (8.4%)	32,998 (8.4%)	91.6%	32,000 (7.7%)	103.1%
Ordinary project	38,643 (9.0%)	35,906 (9.2%)	92.9%	34,000 (8.2%)	105.6%
Net profit	26,245 (6.1%)	25,042 (6.4%)	95.4%	22,500 (5.4%)	111.3%
Net profit per share	¥370.00	¥353.48		¥317.59	

Factors of change in OP March 2021

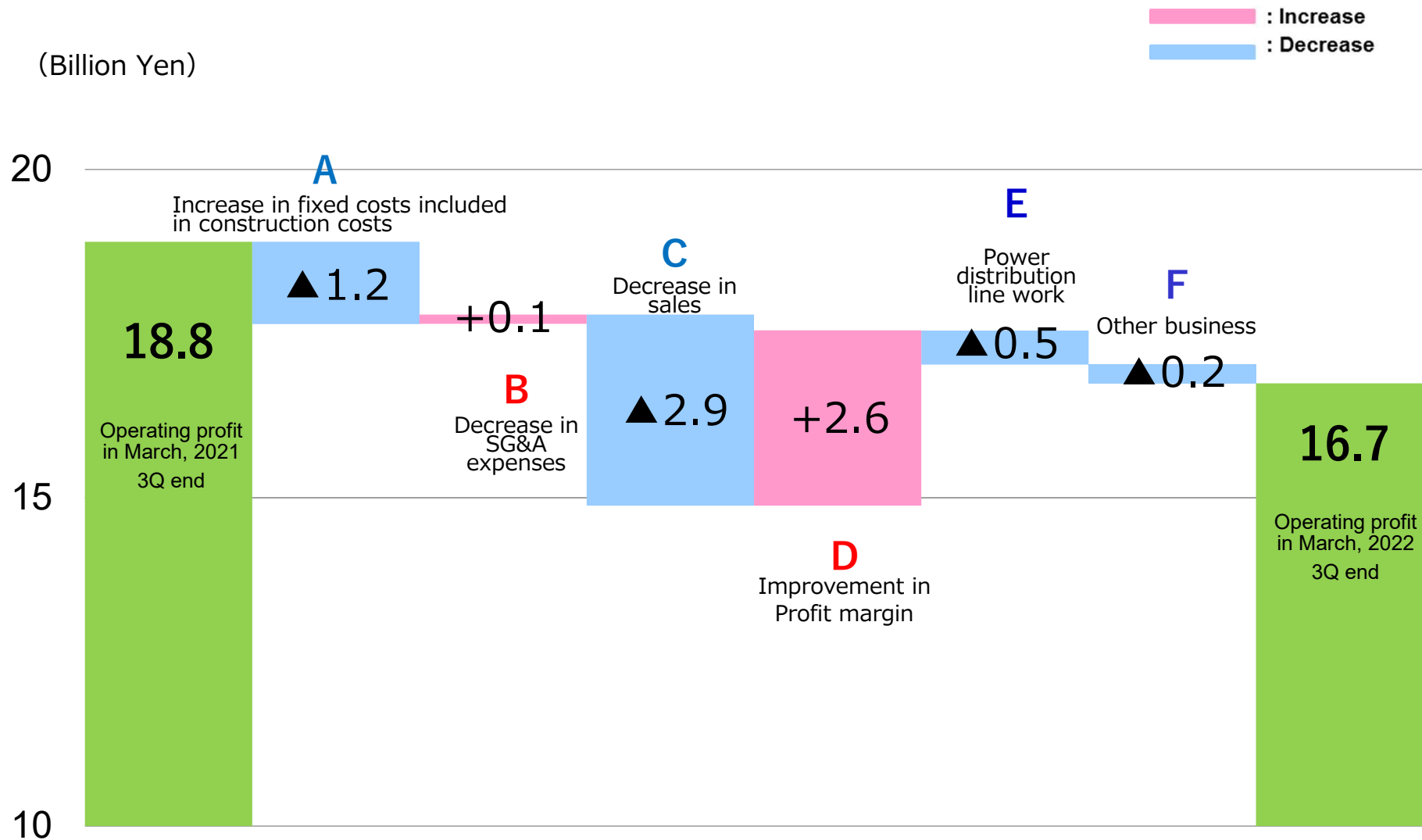


Outline of P/L March 2022, 3rd quarter end

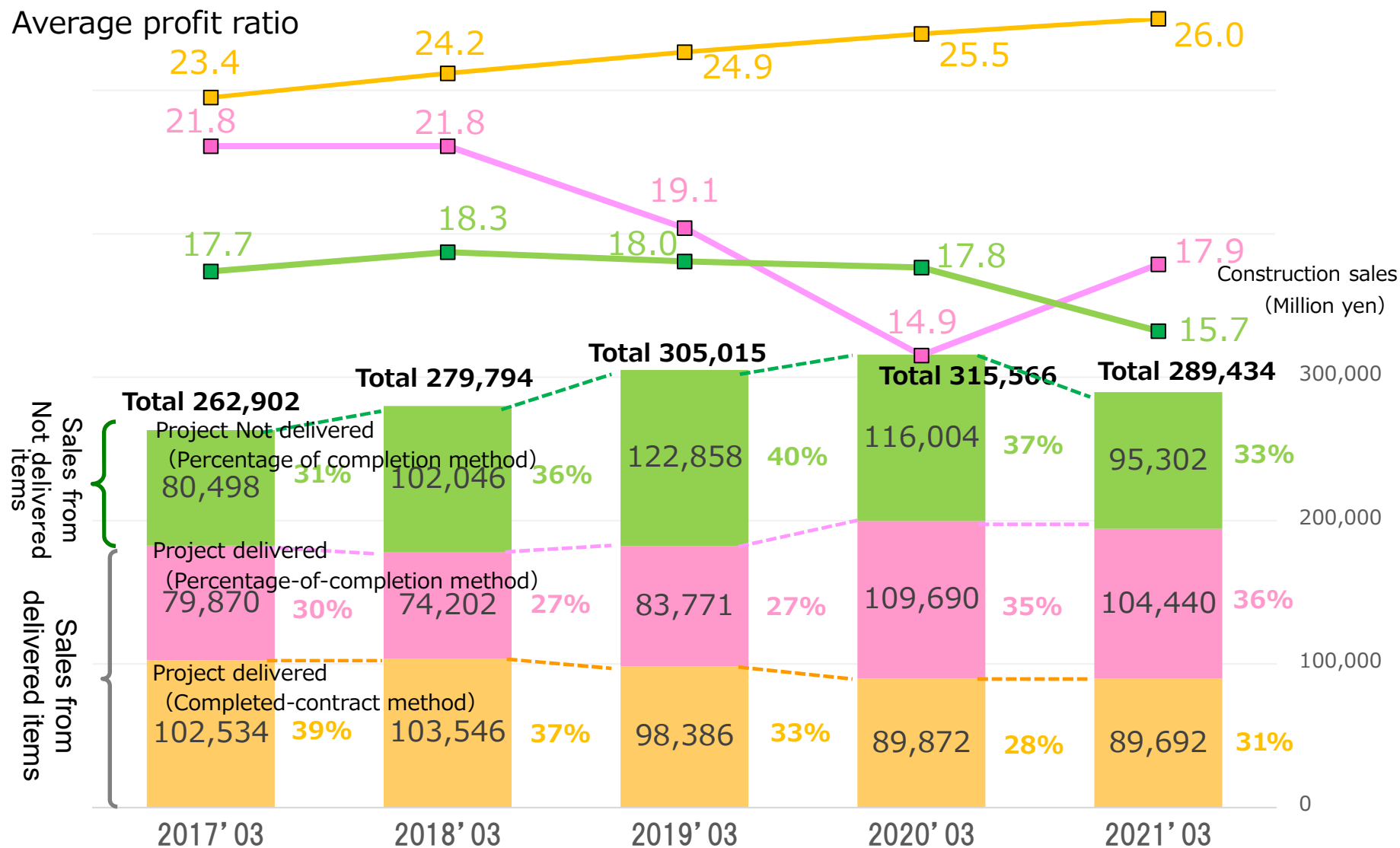
(Million yen)

	March 2021, 3Qend Result	March 2022, 3Qend Result	Change compared to the same period of the previous year	
			Increase /decrease	Rate of change
Sales	266,597 (100.0%)	241,283 (100.0%)	▲25,314	90.5%
Gross profit	36,863 (13.8%)	34,563 (14.3%)	▲2,299	93.8%
Operating profit	18,898 (7.1%)	16,741 (6.9%)	▲2,156	88.6%
Ordinary profit	20,940 (7.9%)	19,402 (8.0%)	▲1,538	92.7%
Net profit	13,845 (5.2%)	13,787 (5.7%)	▲57	99.6%
Net profit per share	¥195.43	¥194.62	-	

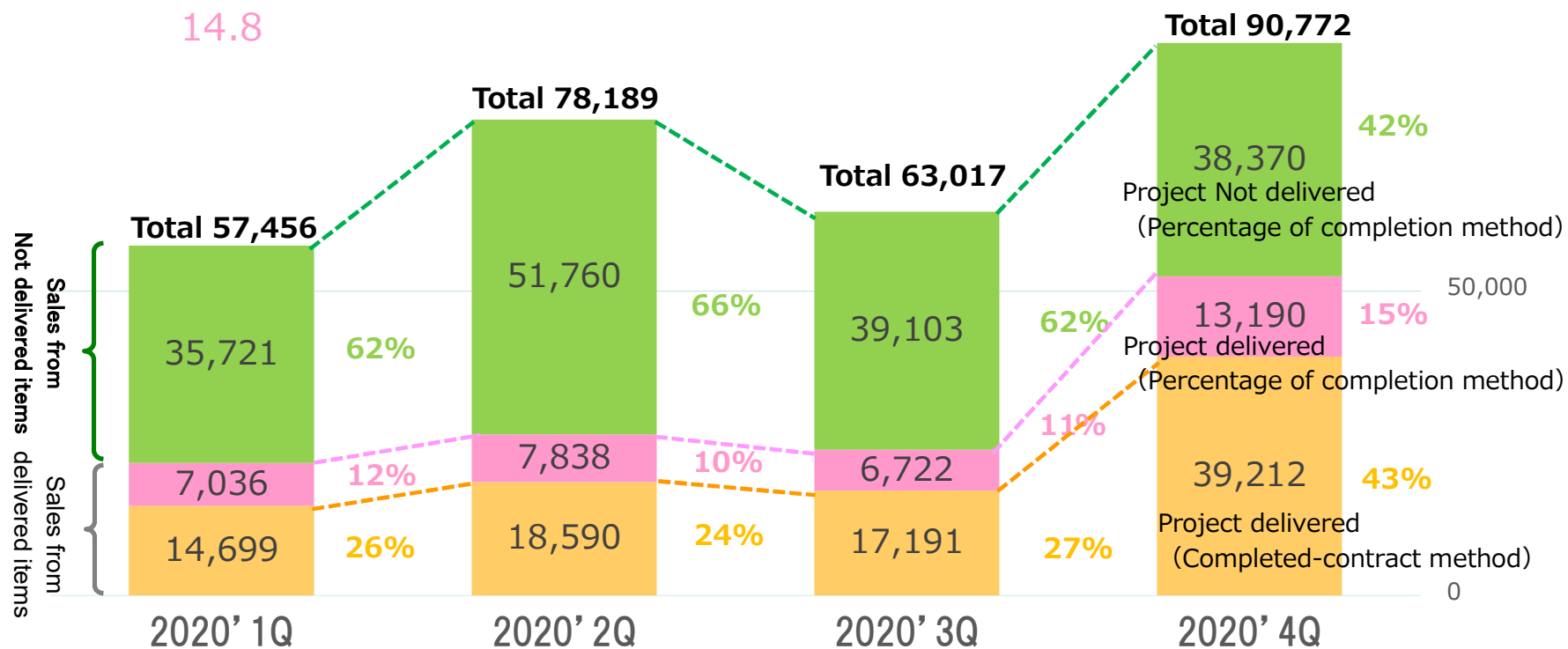
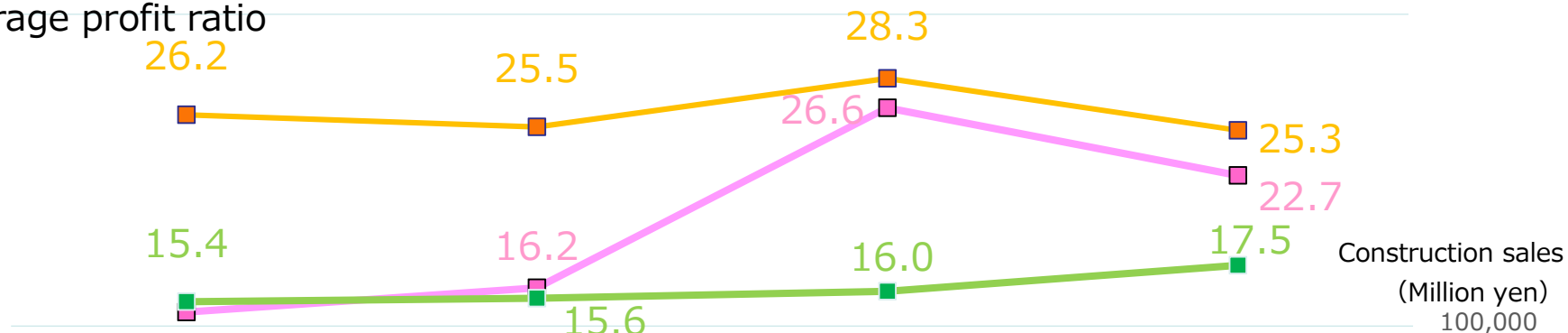
Factors of change in OP March 2022, 3rd quarter end



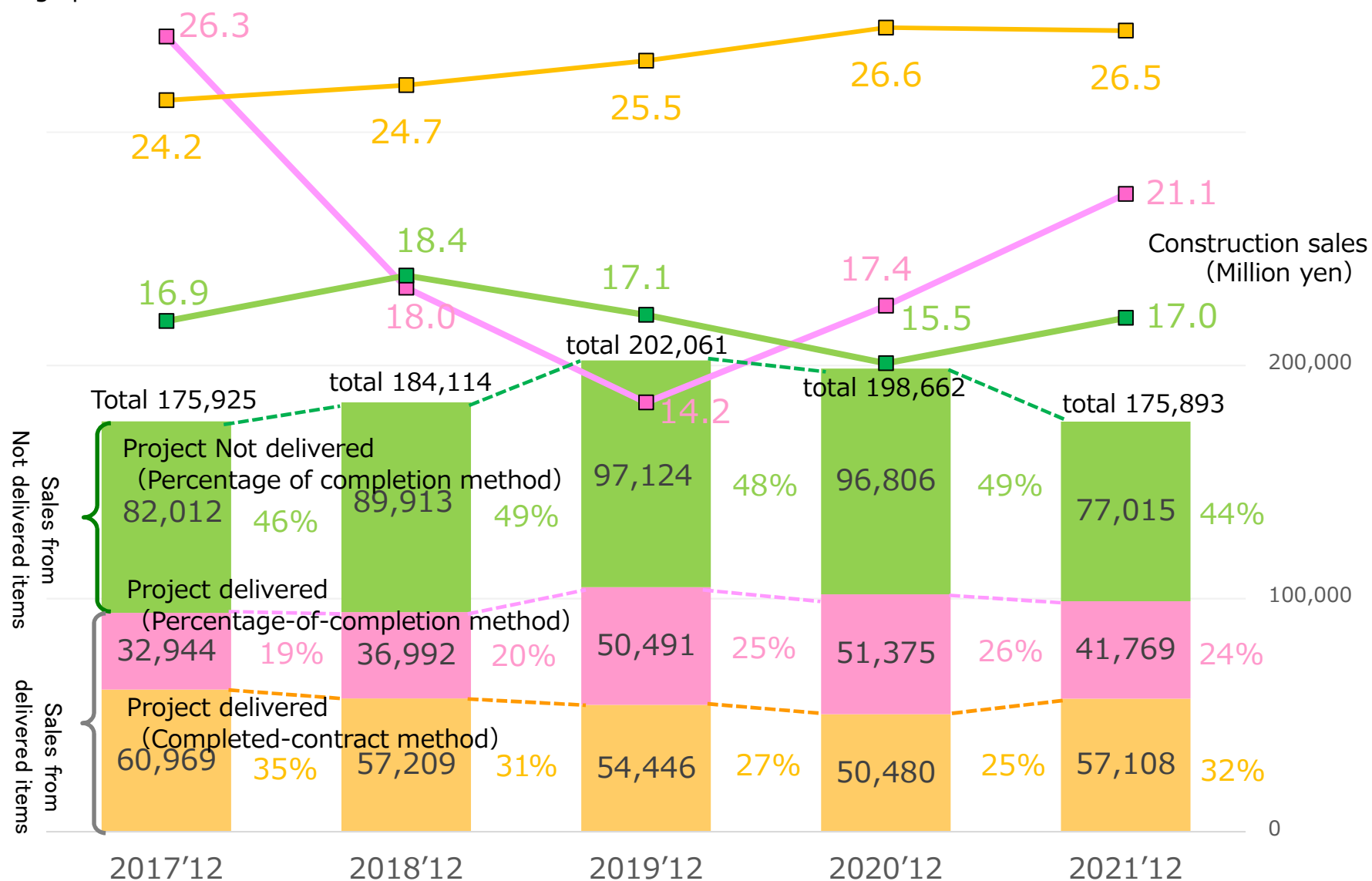
Breakdown of construction sales and Factor of gross profit ratio Mar.2021 Full Year
(Kyudenko individual : excluding power distribution line work)



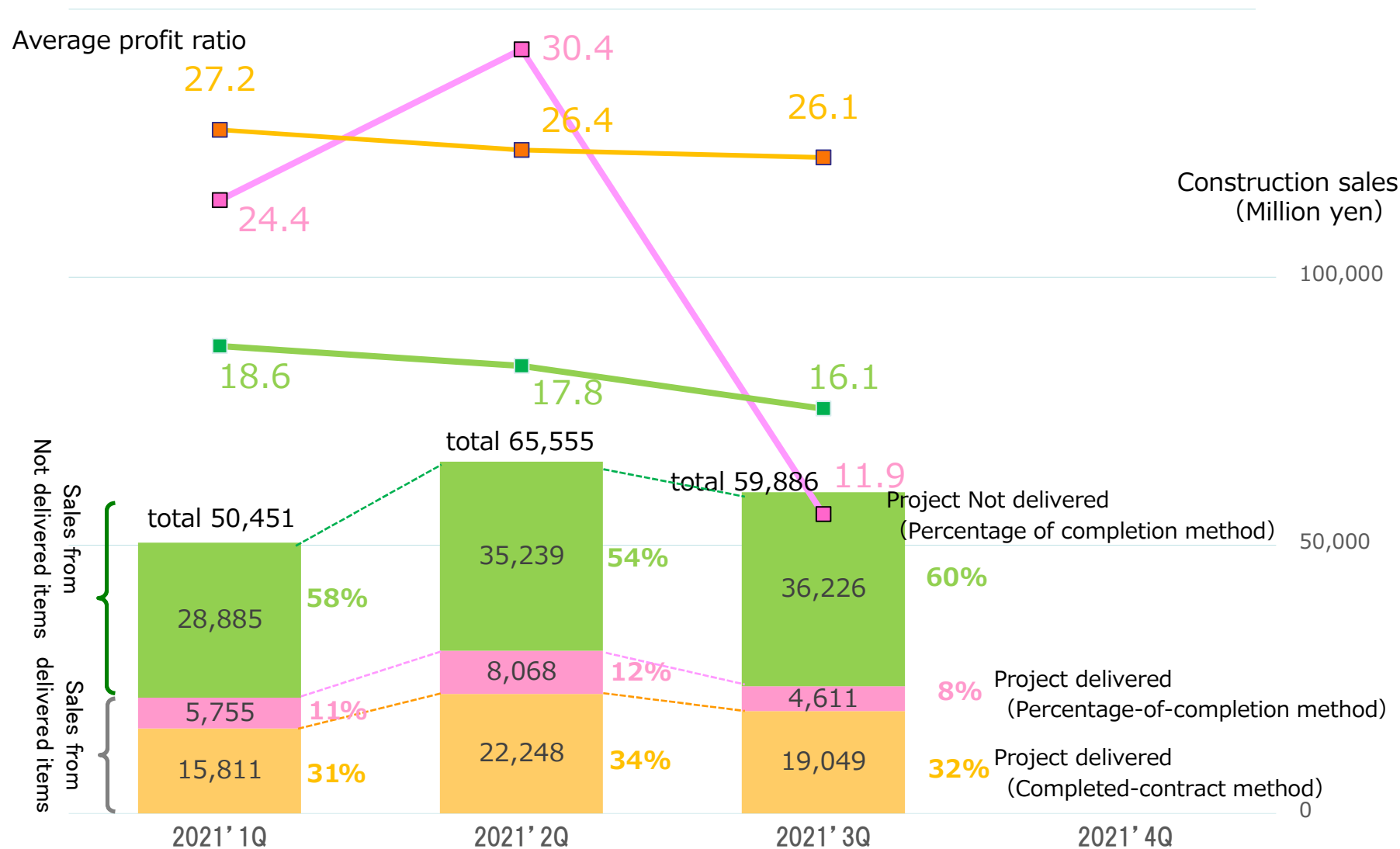
Average profit ratio



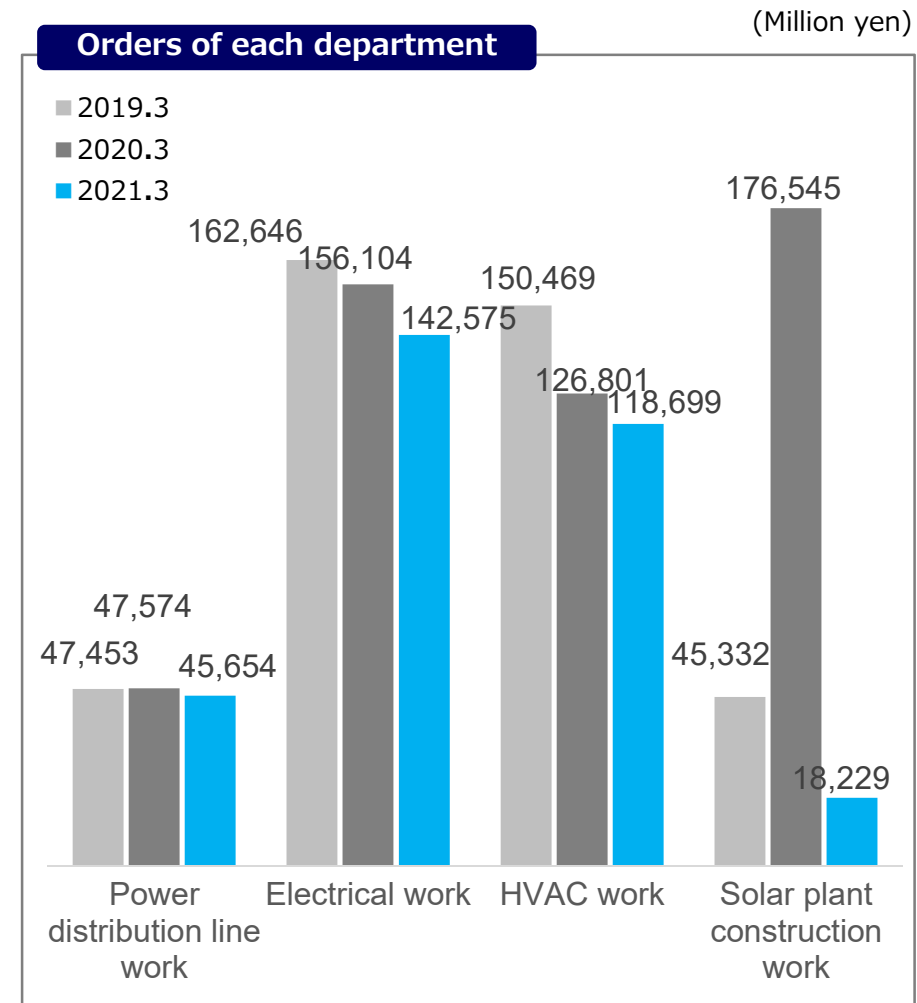
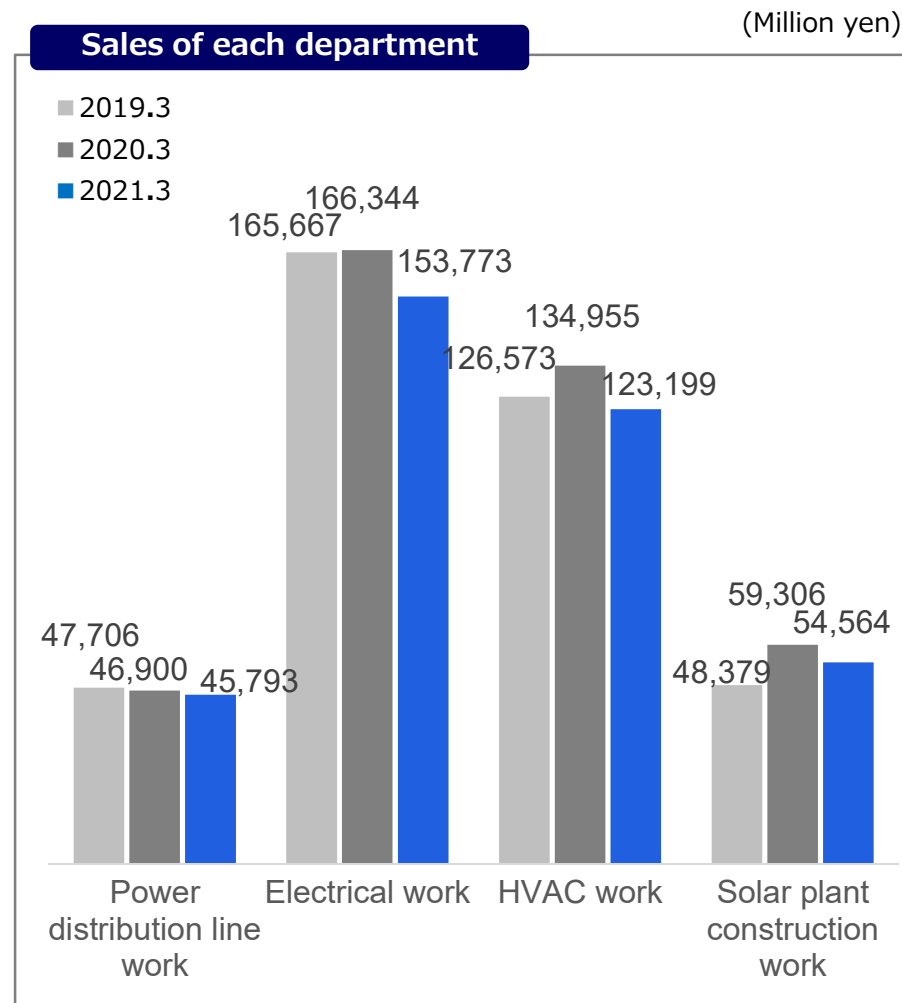
Average profit ratio



Breakdown of construction sales and Factor of gross profit ratio(Quarterly accounting period)
(Kyudenko individual : excluding power distribution line work)



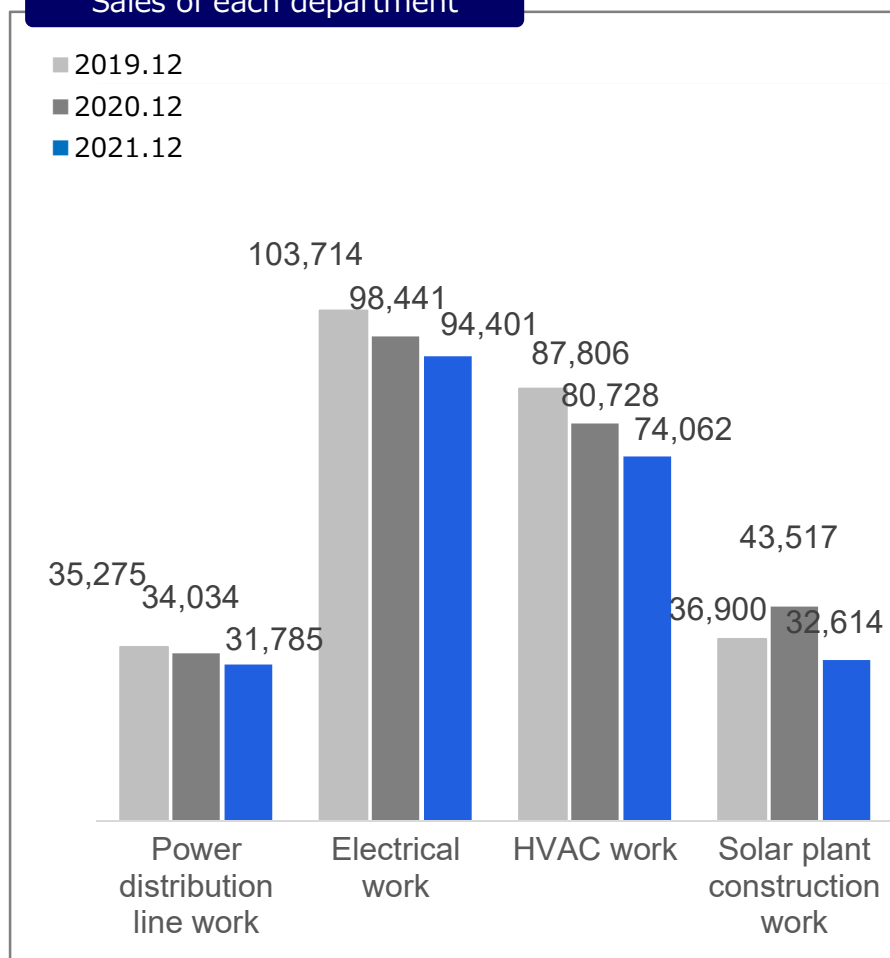
Order received / Sales by department March 2021



Order received / Sales by department Dec. 2021

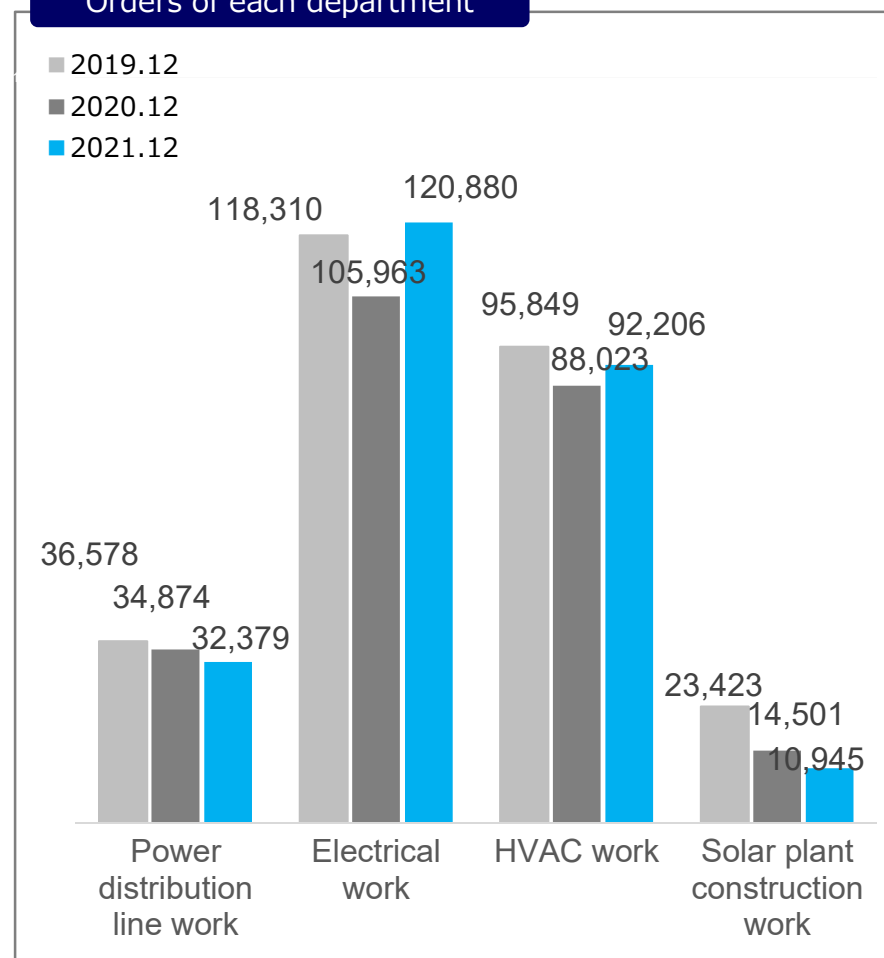
Sales of each department

(Million Yen)

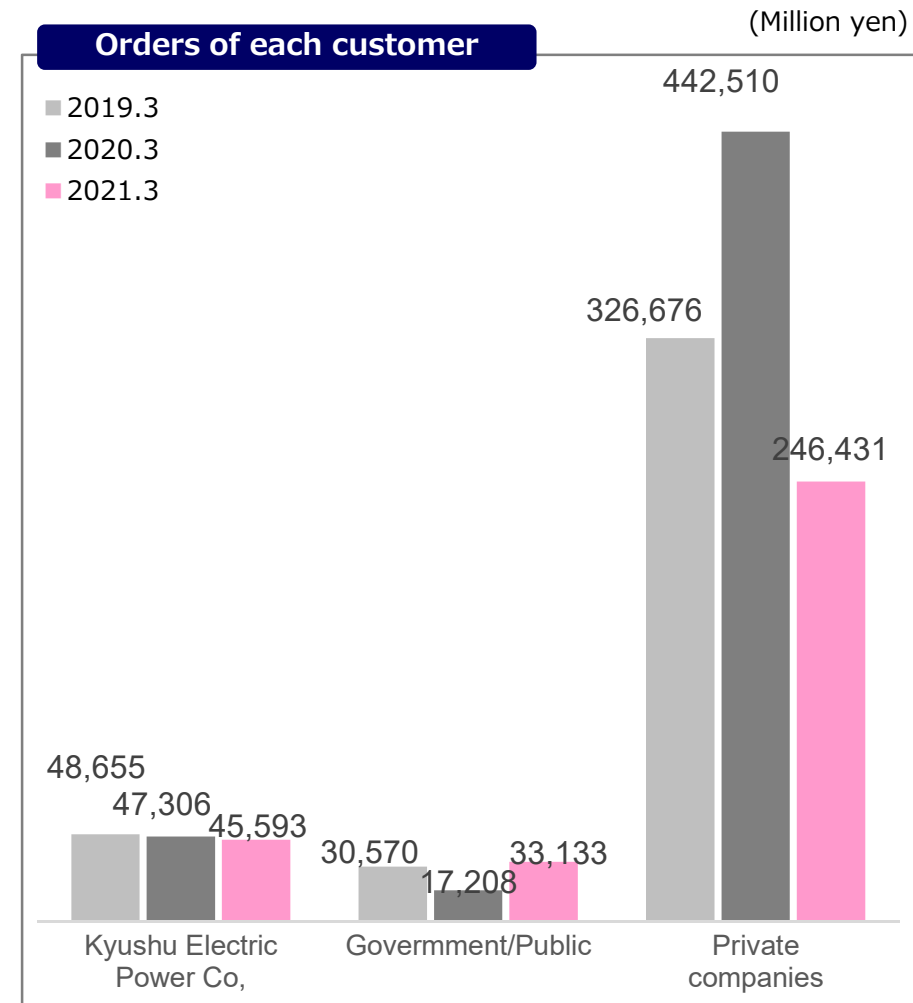
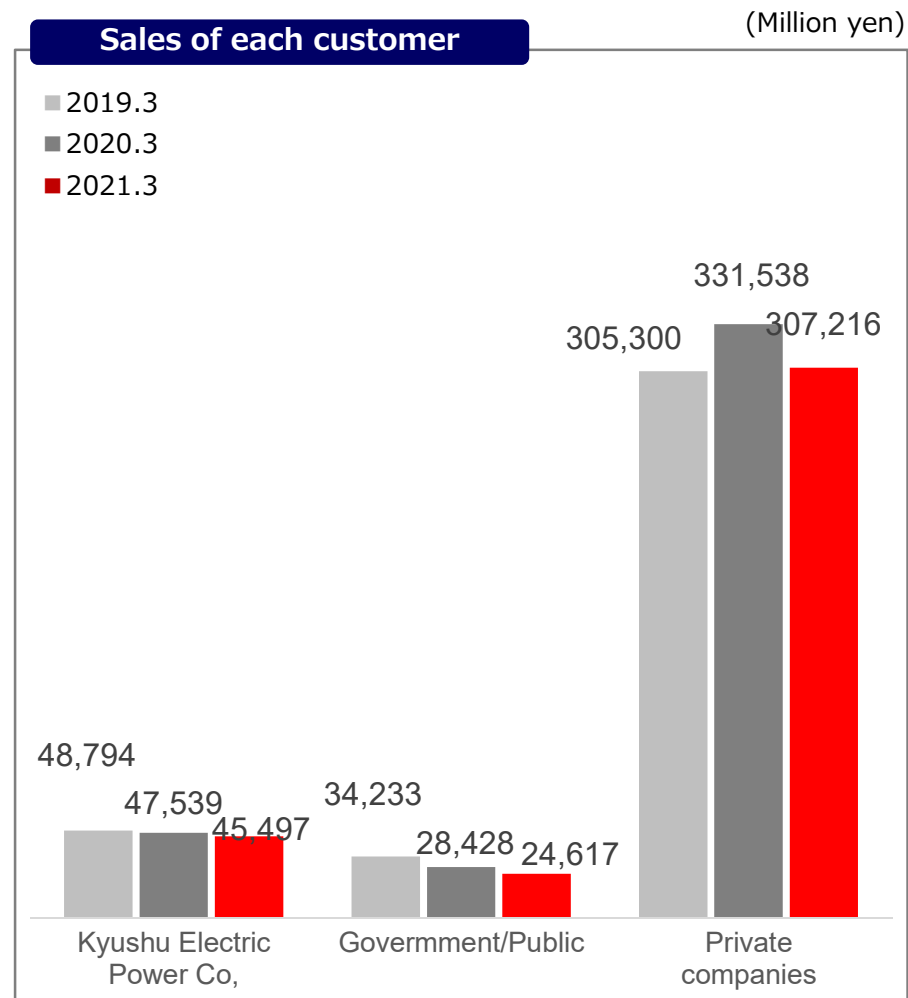


Orders of each department

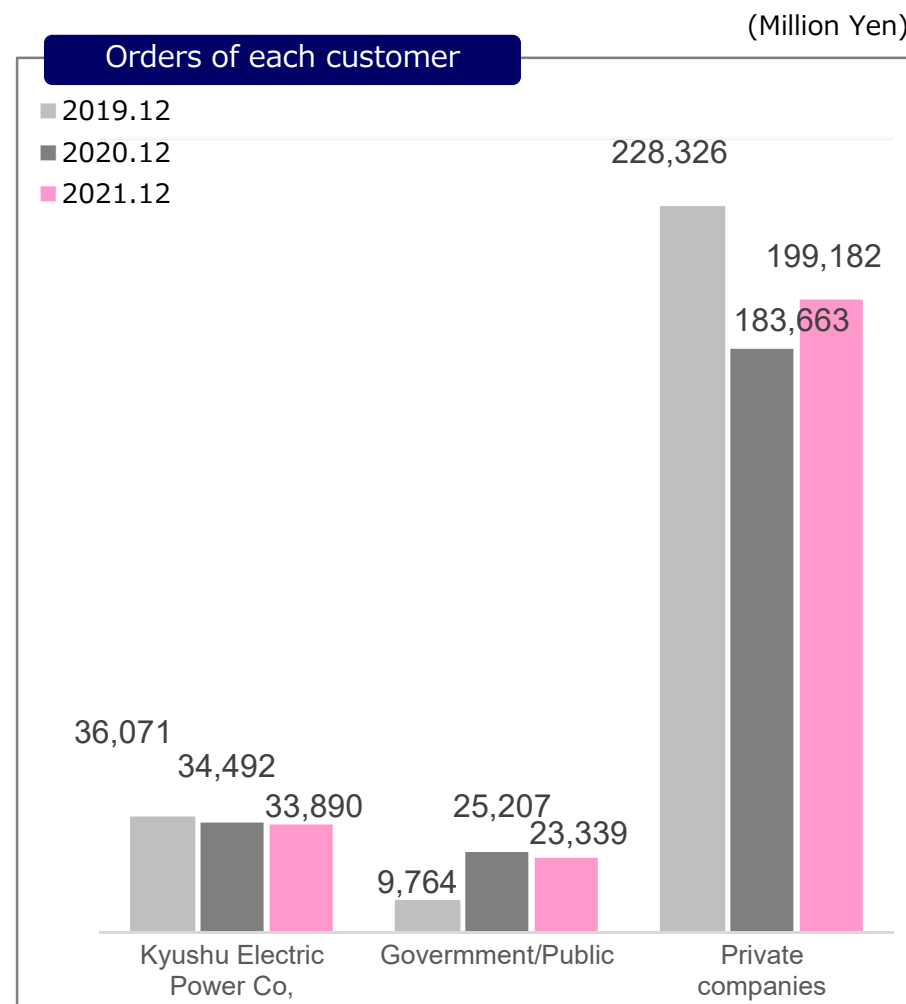
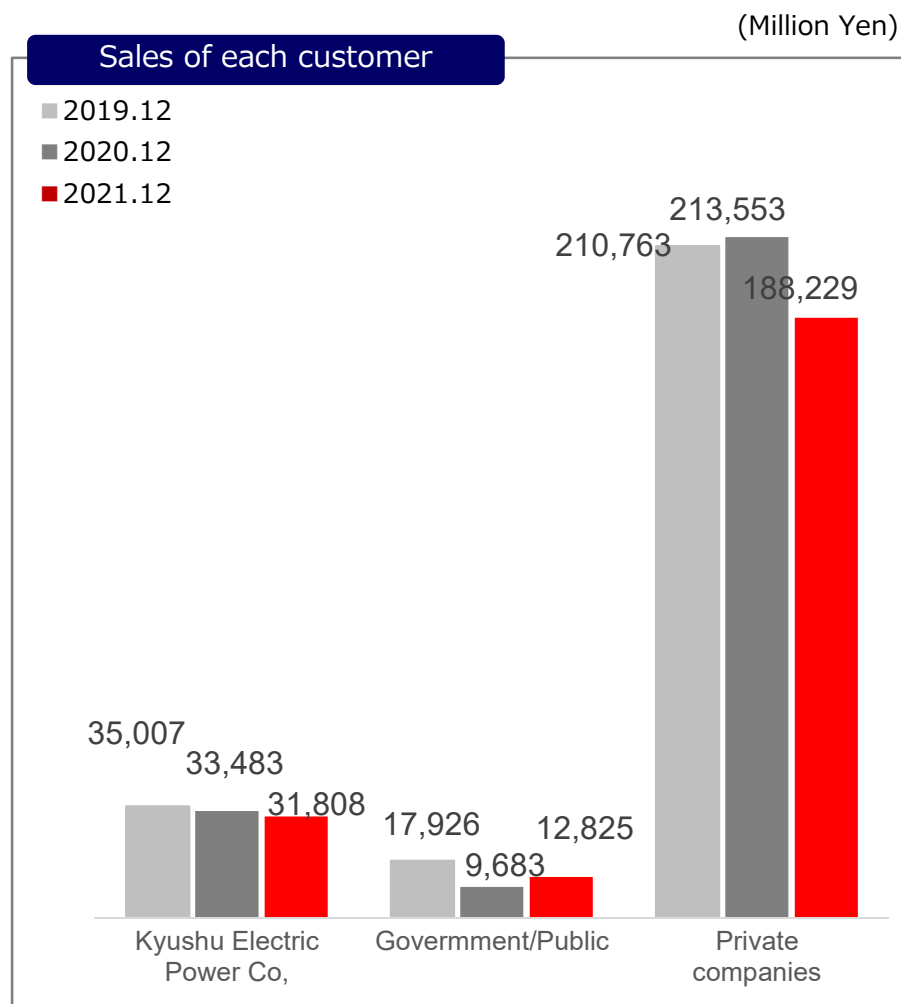
(Million Yen)



Order received / Sales by customer March 2021



Order received / Sales by customer Dec. 2021

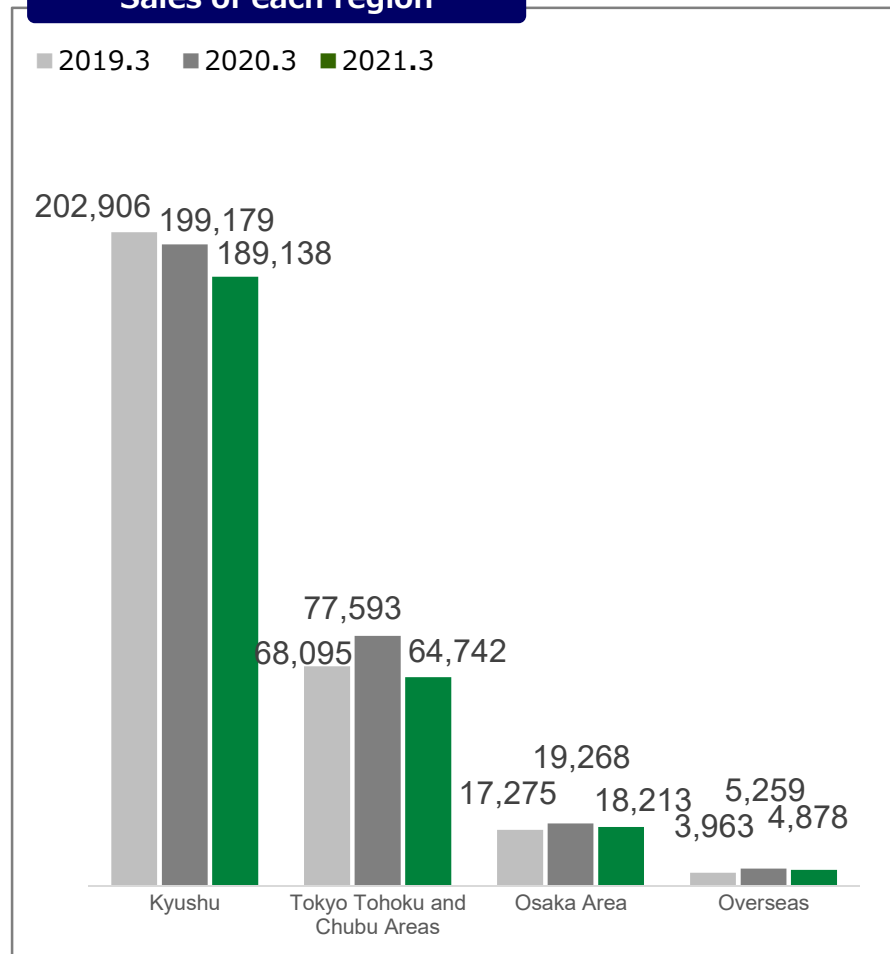


Order received / Sales by region March 2021

(Electrical & HVAC work excluding Solar plant construction work)

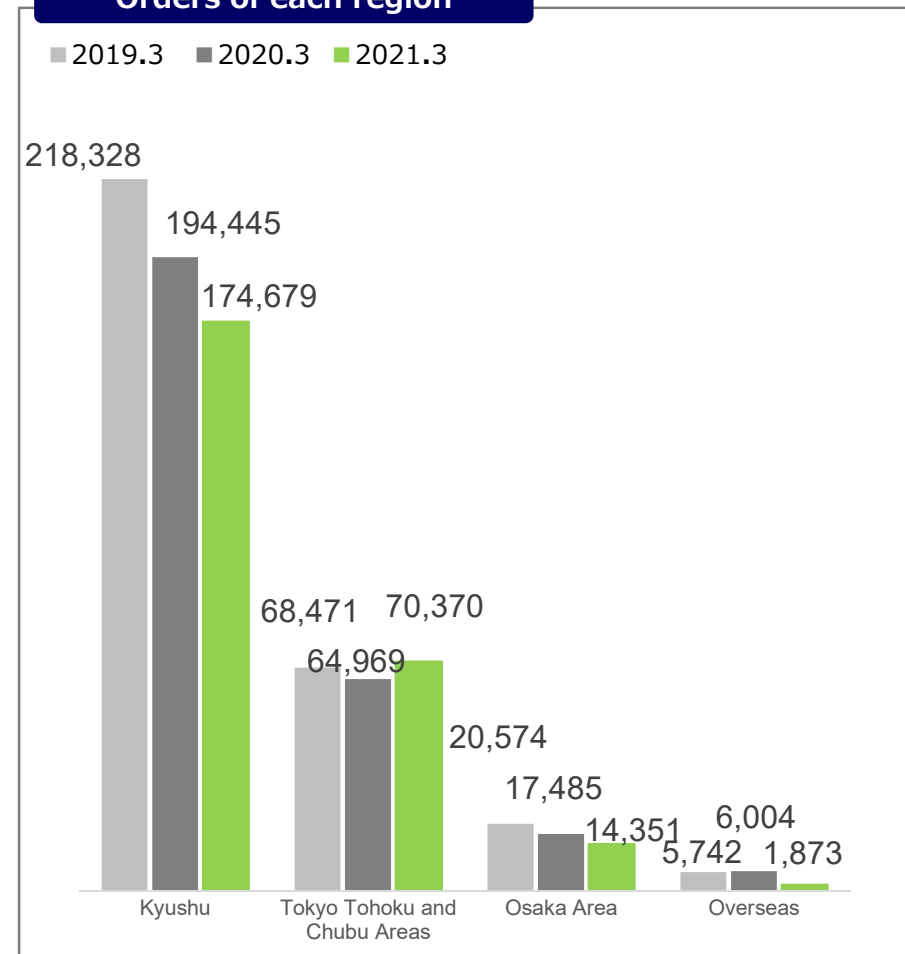
Sales of each region

(Million yen)



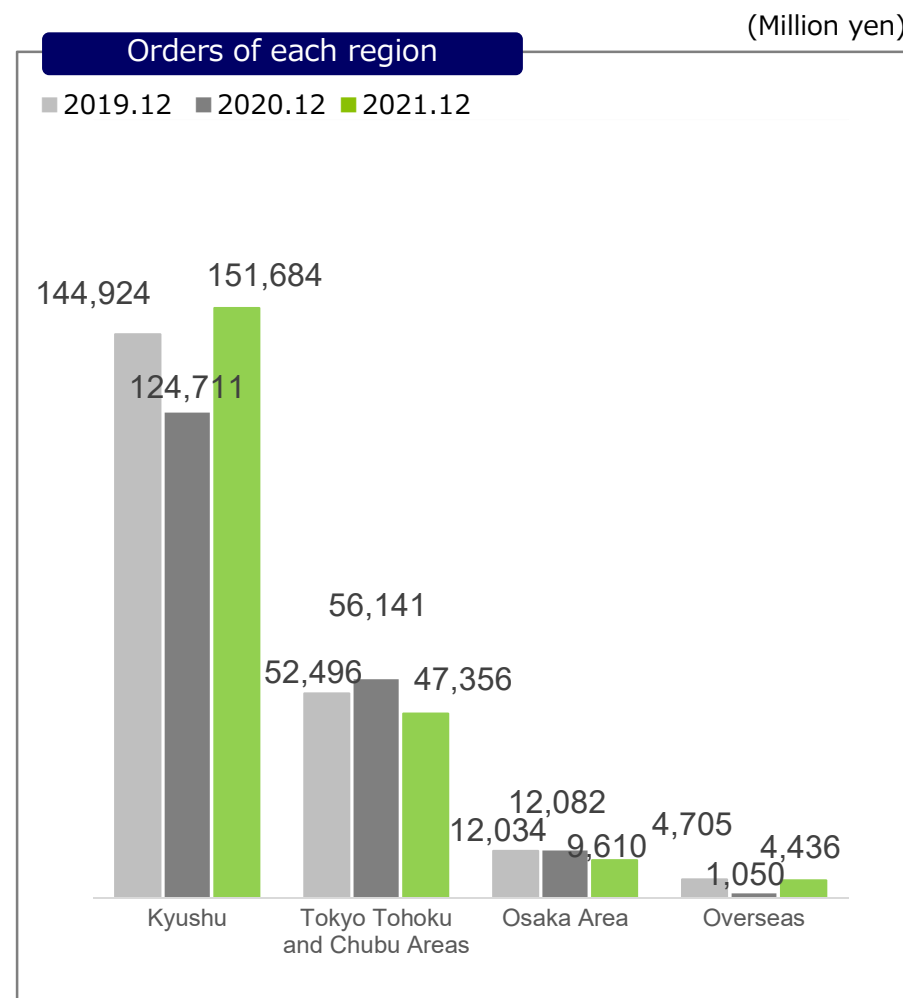
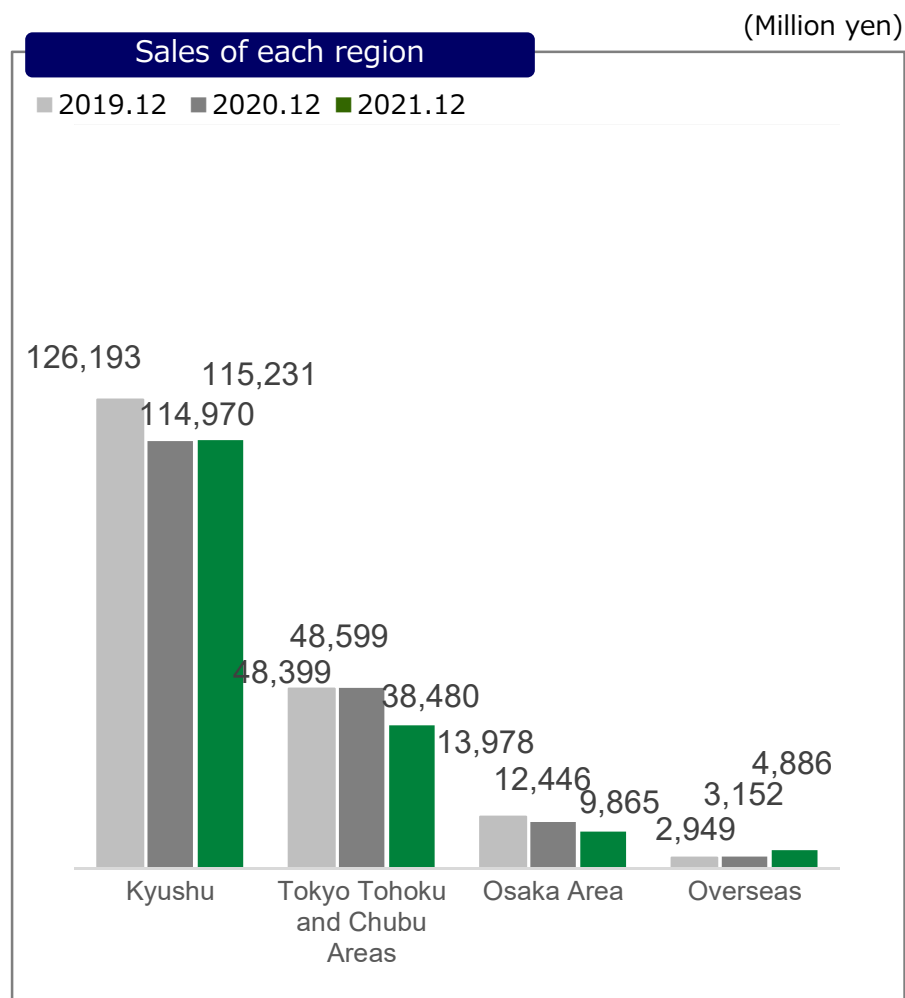
Orders of each region

(Million yen)

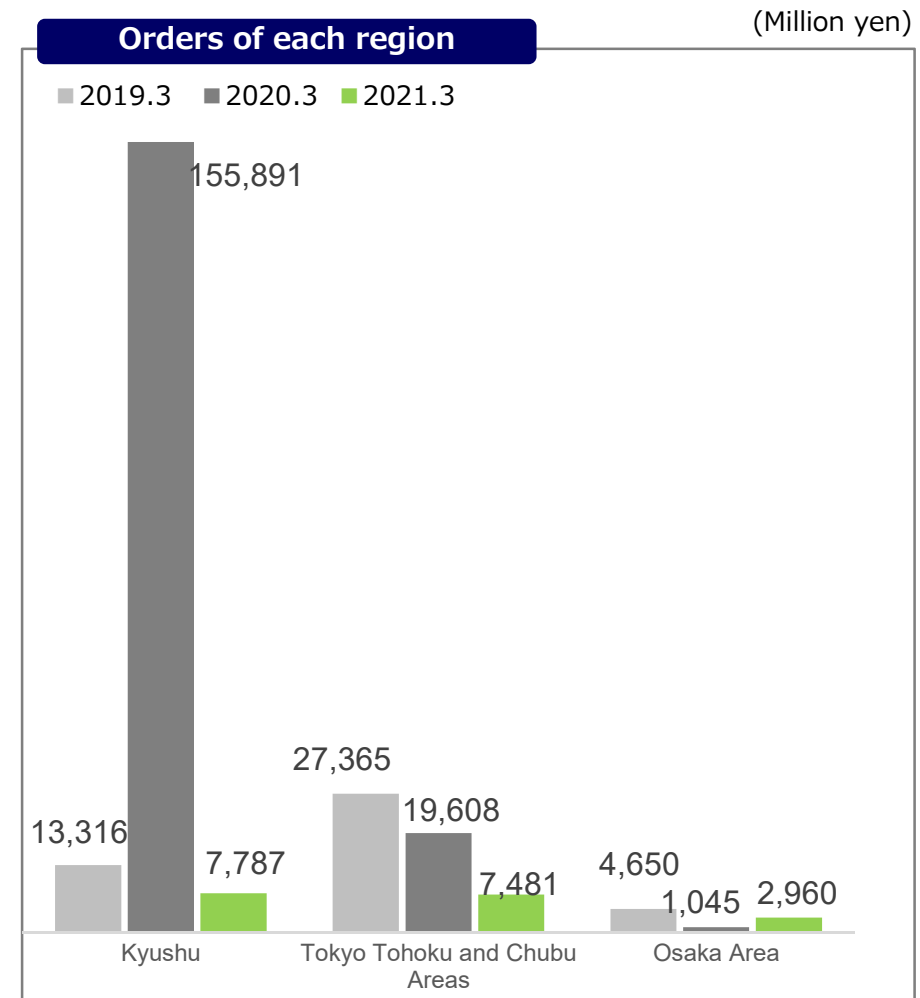
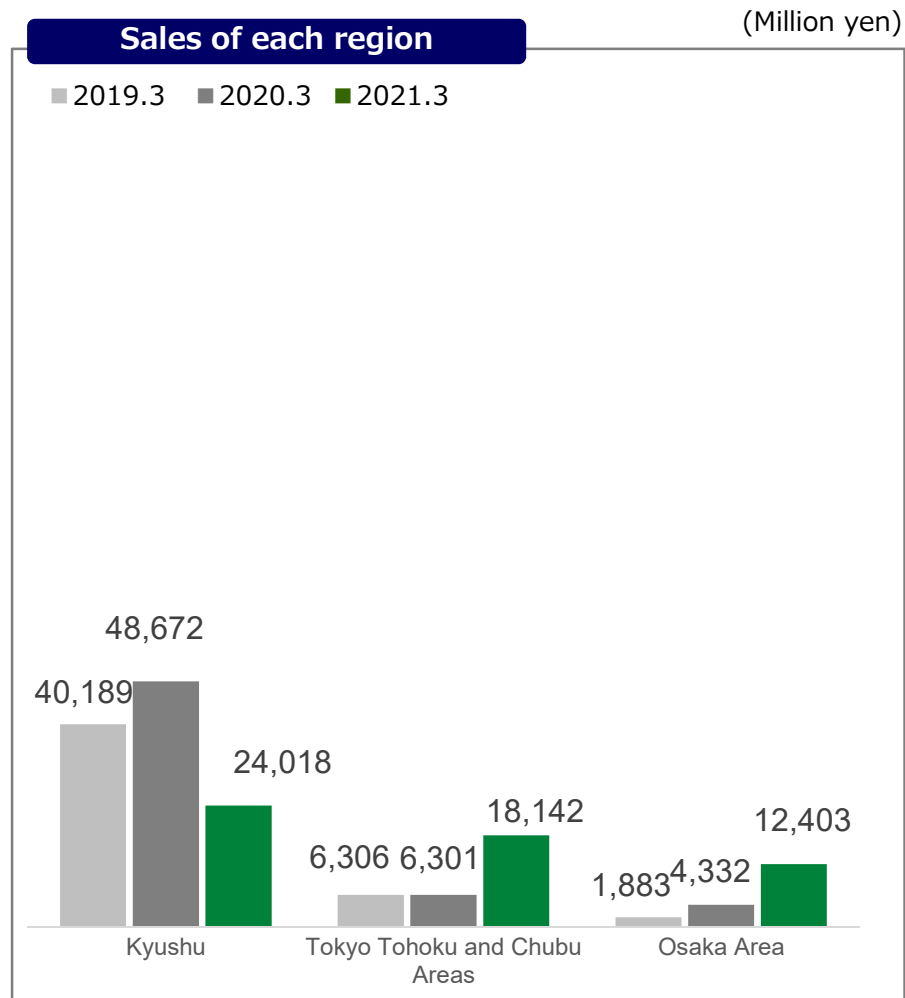


Order received / Sales by region Dec. 2021

(Electrical & HVAC work excluding Solar plant construction work)

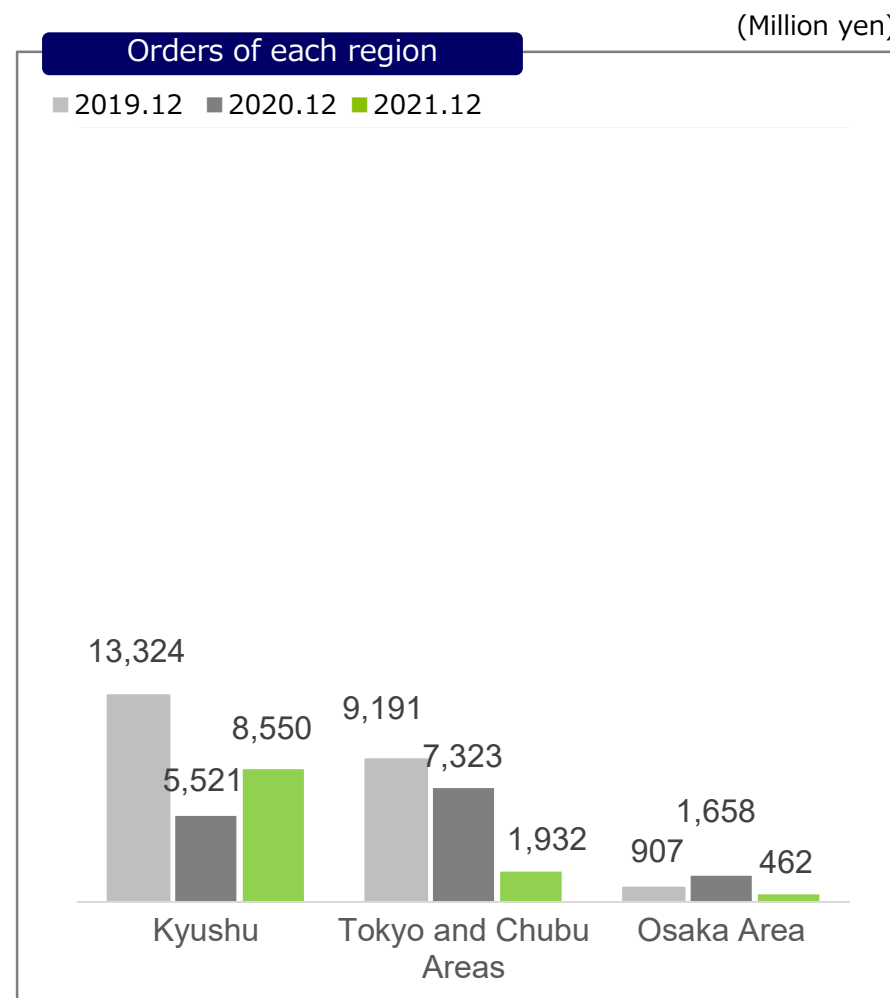
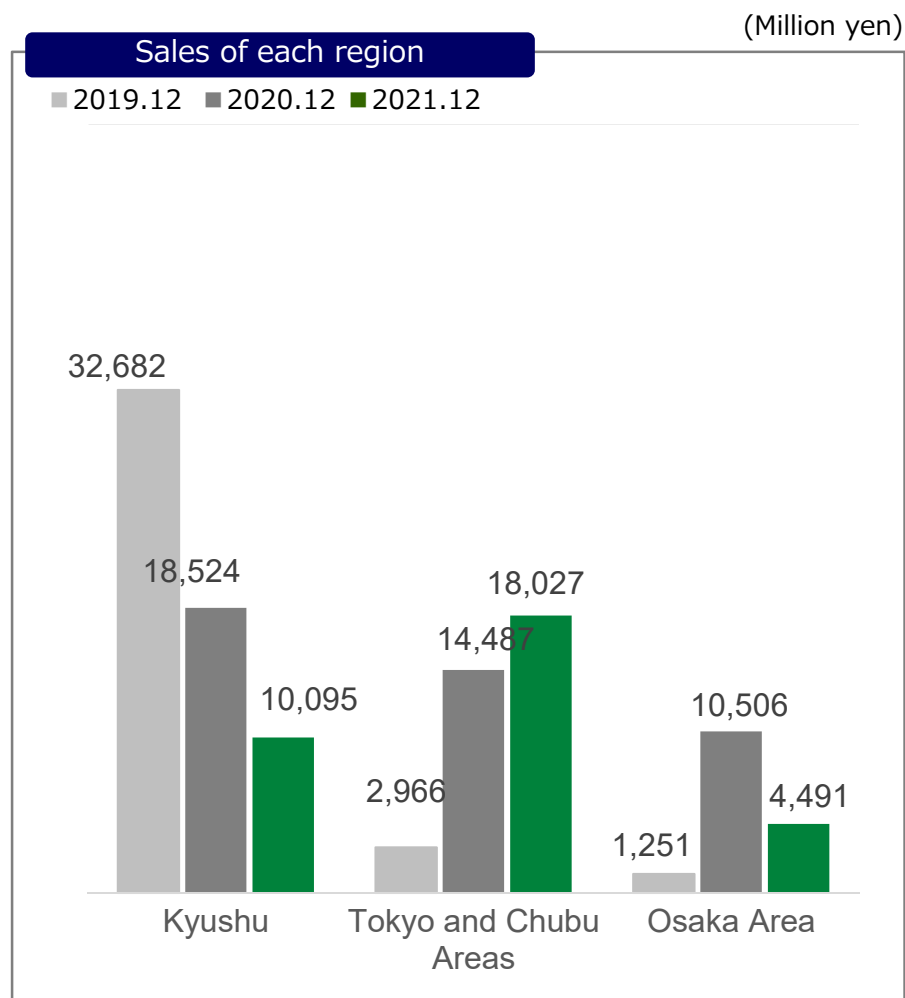


Order received / Sales by region March 2021 (Solar plant construction work)



Order received / Sales by region Dec. 2021

(Solar plant construction work)

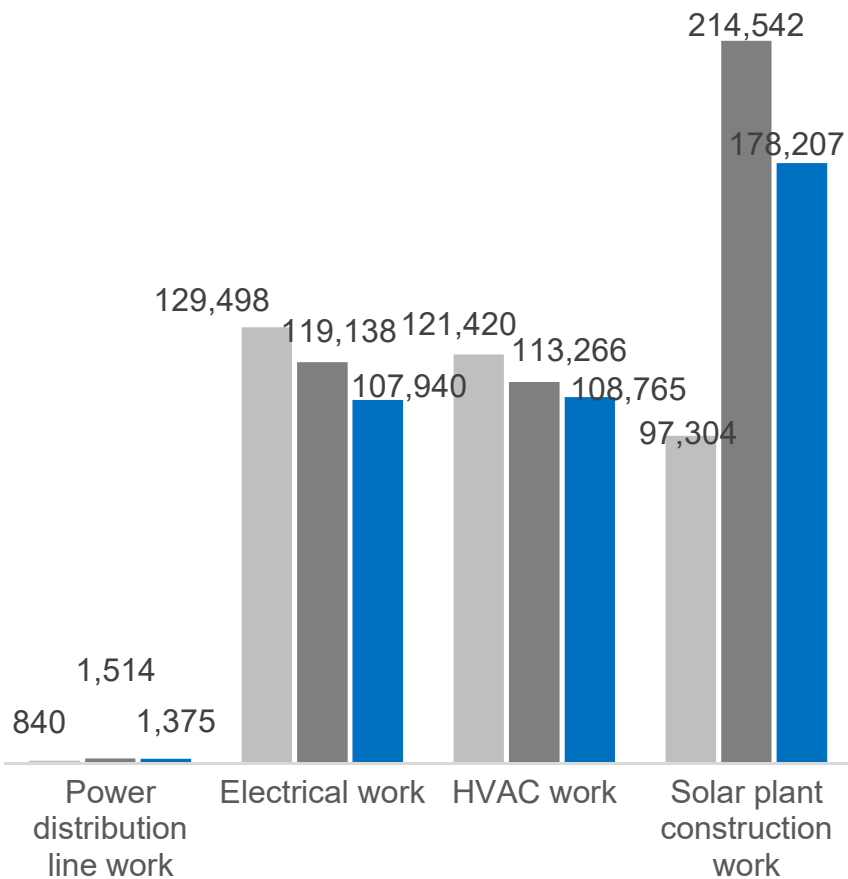


Year-end amount of works on hand

Order stock of each department

(Million yen)

■ 2019.3 ■ 2020.3 ■ 2021.3



New orders in FY ended March 2021

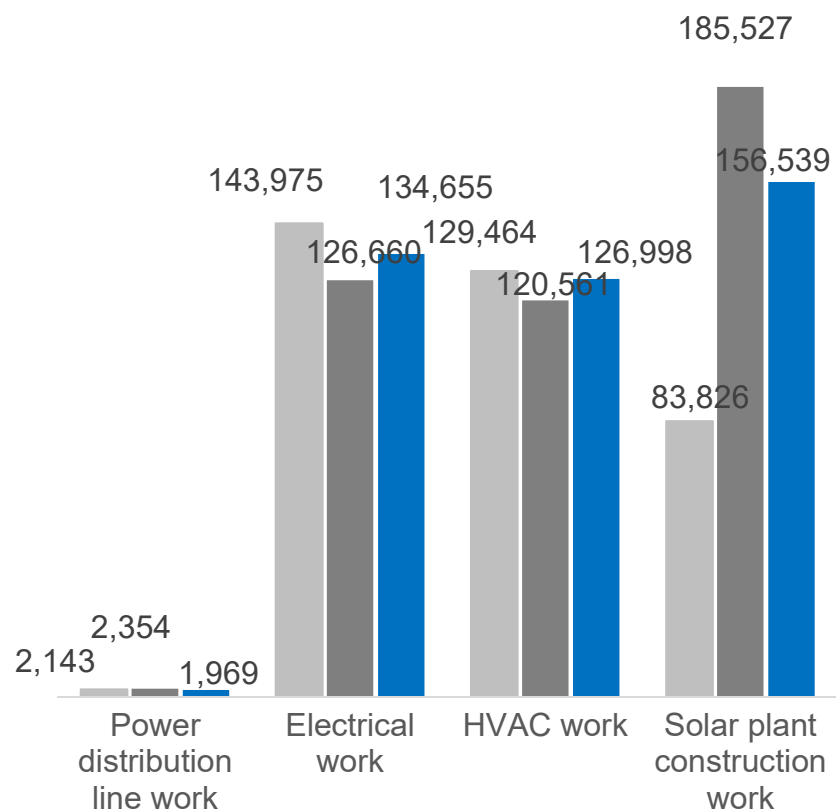


Situation of works on hand Dec. 2021

Order stock of each department

(Million yen)

■ 2019.12 ■ 2020.12 ■ 2021.12



New orders in FY ended Dec. 2021



Outline of balance sheet

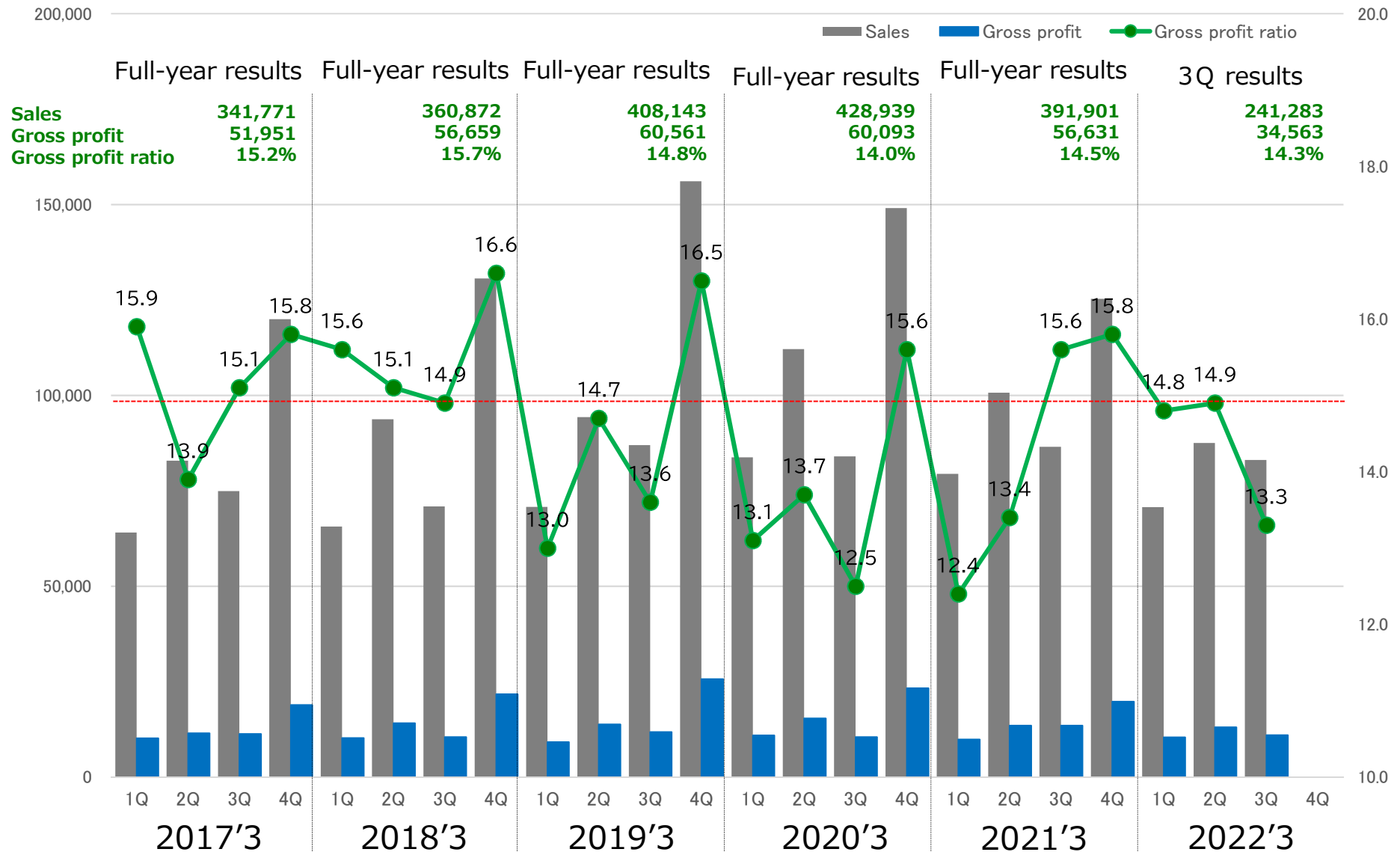
(Million yen)

	End of Mar.2020	End of Mar.2021	End of Dec 2021	Increase /decrease	Main factors behind increase/decrease
Current assets	216,269 (58.7%)	212,574 (58.0%)	191,040 (54.9%)	▲21,533	Trade notes and accounts receivable ▲36,711 Costs of uncompleted construction contracts + 11,746 Raw materials and supplies + 7,302
Fixed assets	152,212 (41.3%)	153,957 (42.0%)	157,127 (45.1%)	+ 3,169	Goodwill + 1,935 Investment securities ▲2,420 Asset for retirement benefits + 2,763
Total assets	368,482 (100.0%)	366,532 (100.0%)	348,168 (100.0%)	▲18,363	
Current liabilities	142,723 (38.7%)	125,361 (34.2%)	102,974 (29.6%)	▲22,387	Trade notes and accounts payable ▲22,978
Fixed liabilities	28,316 (7.7%)	19,429 (5.3%)	18,600 (5.3%)	▲828	Long-term debt ▲1,257
Total liabilities	171,039 (46.4%)	144,790 (39.5%)	121,574 (34.9%)	▲23,215	
Total net assets	197,442 (53.6%)	221,741 (60.5%)	226,593 (65.1%)	+ 4,852	Retained earnings + 6,625
Total liabilities and net assets	368,482 (100.0%)	366,532 (100.0%)	348,168 (100.0%)	▲18,363	

Sales and gross profit (quarterly accounting period)

(Sales , gross profit : million yen)

(Gross profit ratio : %)



Plan for March 2022

(Million yen)

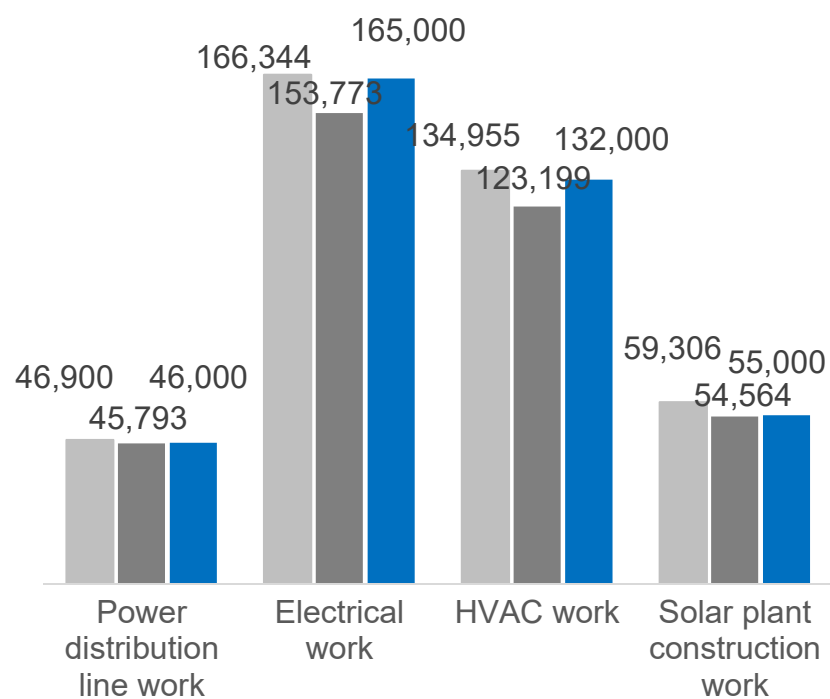
	March 2021 Result	Plan for March 2022			
		March 2022	Year-on-Year	3Q Result	Progress
Sales	391,901 (100.0%)	410,000 (100.0%)	104.6%	241,283 (100.0%)	58.8%
Gross profit	56,631 (14.5%)	60,000 (14.6%)	105.9%	34,563 (14.3%)	57.6%
Operating profit	32,998 (8.4%)	35,000 (8.5%)	106.1%	16,741 (6.9%)	47.8%
Ordinary profit	35,906 (9.2%)	37,700 (9.2%)	105.0%	19,402 (8.0%)	51.5%
Current (quarter) net profit	25,042 (6.4%)	25,500 (6.2%)	101.8%	13,787 (5.7%)	54.1%
Current net profit per stock	¥353.48	¥359.94		¥194.62	
Dividends	¥100 Interim ¥50	¥100 Interim ¥50			

Orders & Sales plan by department

Sales of each department

(Million yen)

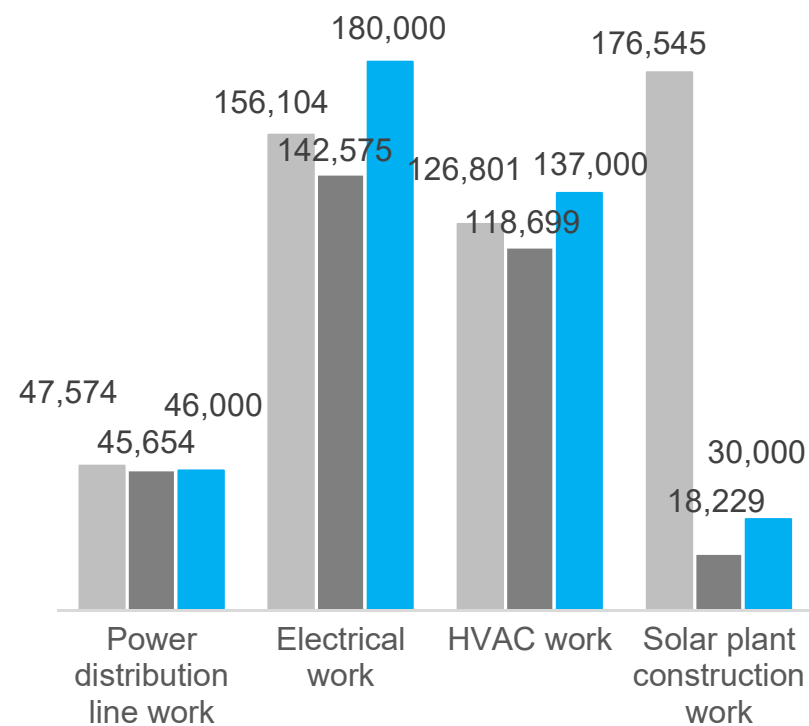
■ 2020.3 ■ 2021.3 ■ 2022.3 (plan)



Orders of each department

(Million yen)

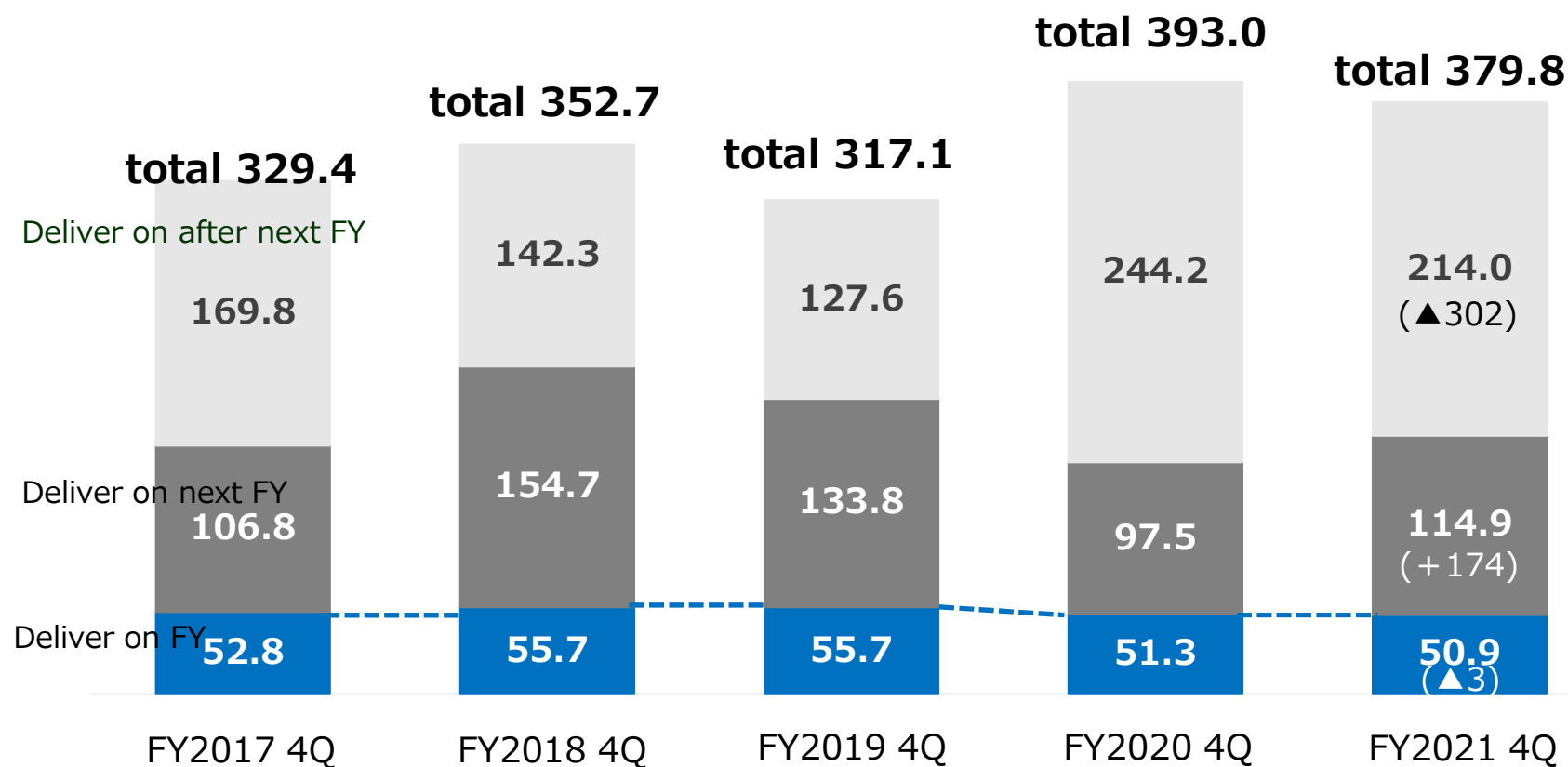
■ 2020.3 ■ 2021.3 ■ 2022.3 (plan)



Analysis of works on hand (Kyudenko individual : excluding power distribution work)

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

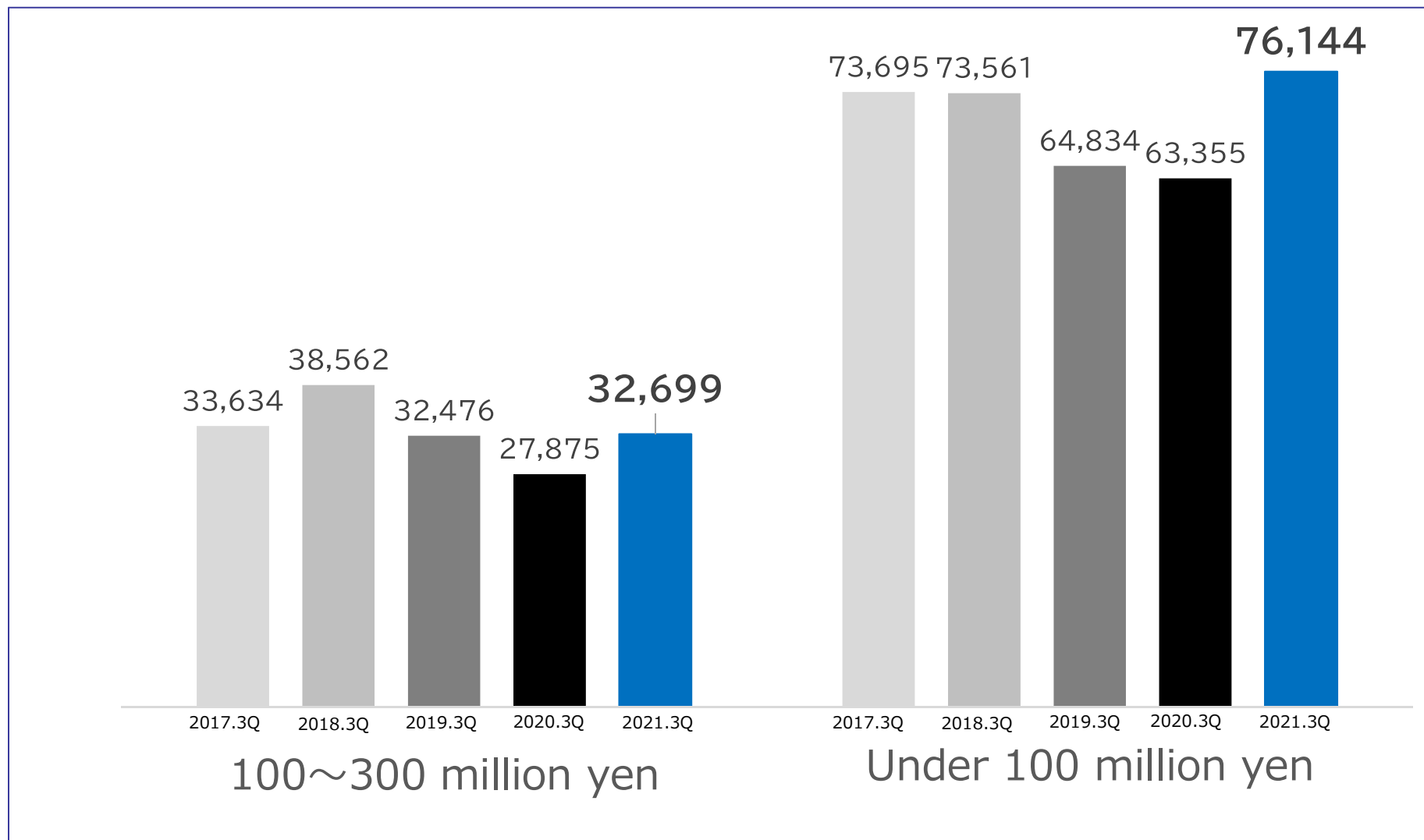
Works on hand
(Billion yen)



Analysis by scale of order

(Kyudenko individual : excluding power distribution work)

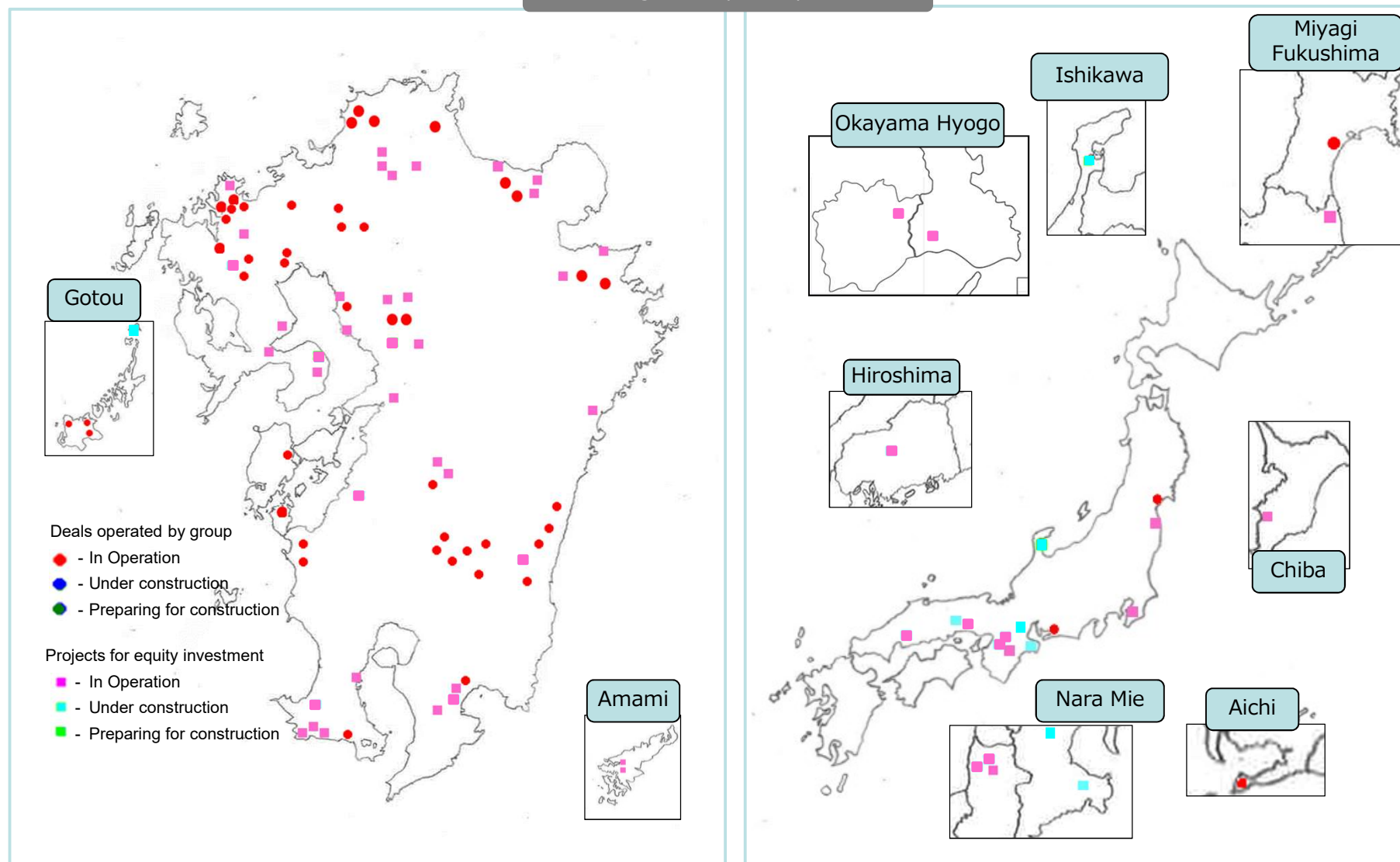
(Million yen)



Overview of power generation business

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

Deals through investment in equity

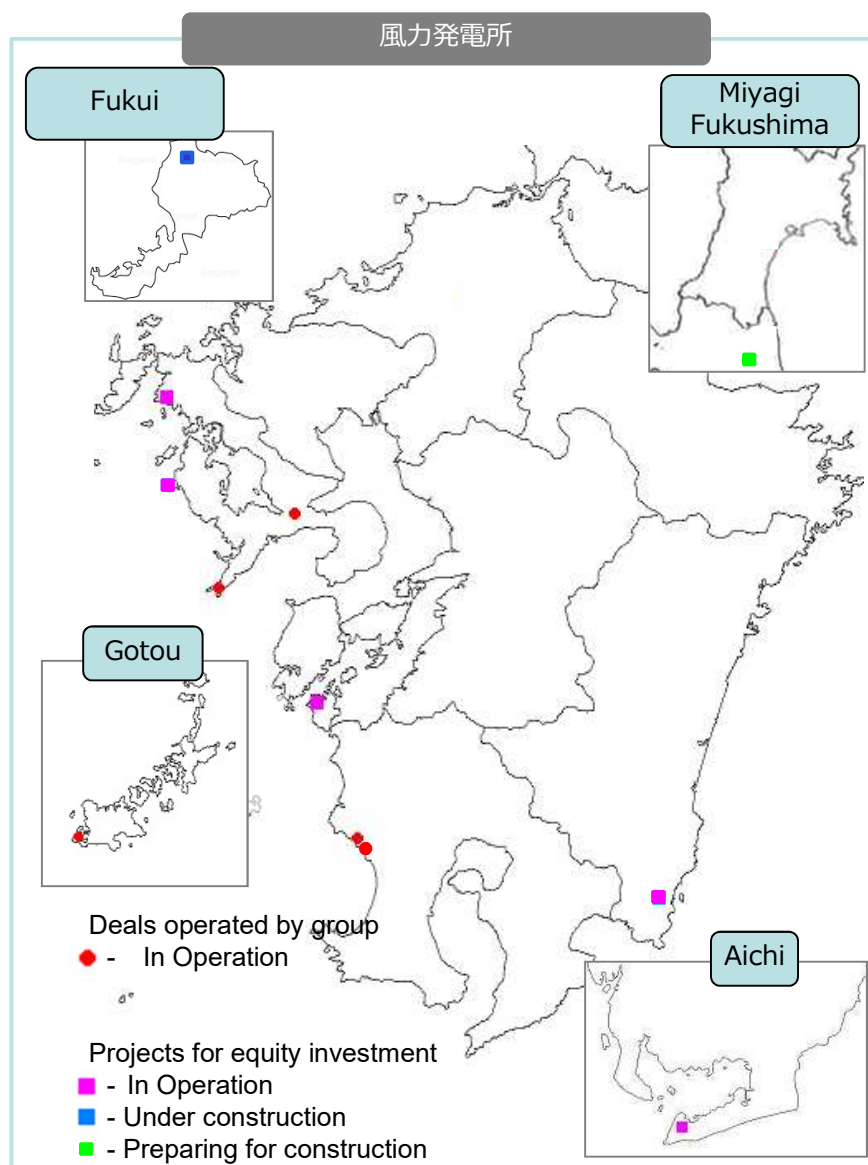
(acquire investment securities and record an amount equal to the equity to non-operating revenues)

Depreciated at the straight line method

	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	50	577MW	155MW
Under construction	4	649MW	124MW
Plan	-	-	-
Total	54	1,227MW	279MW

From April to December, a total of 63 controls on output were issued by Kyushu Electric Power Company.
 The average number of controls at our power plants was 20.
 The total amount of lost profits for the group was about 460million yen.

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	4	37MW	37MW
Under construction	-	-	-
Plan	-	-	-
Total	4	37MW	37MW

Deals through investment in equity

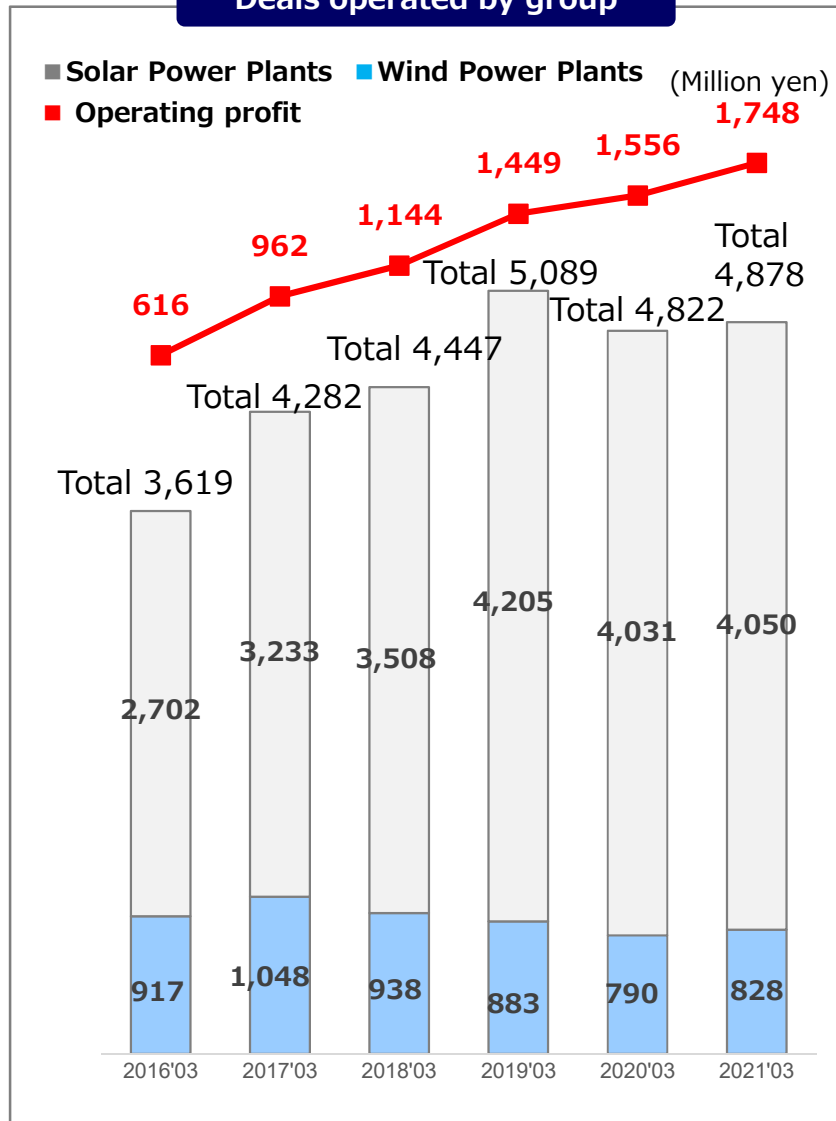
(acquire investment securities and record an amount equal to the equity to non-operating revenues)

Depreciated at the Mainly declining balance method

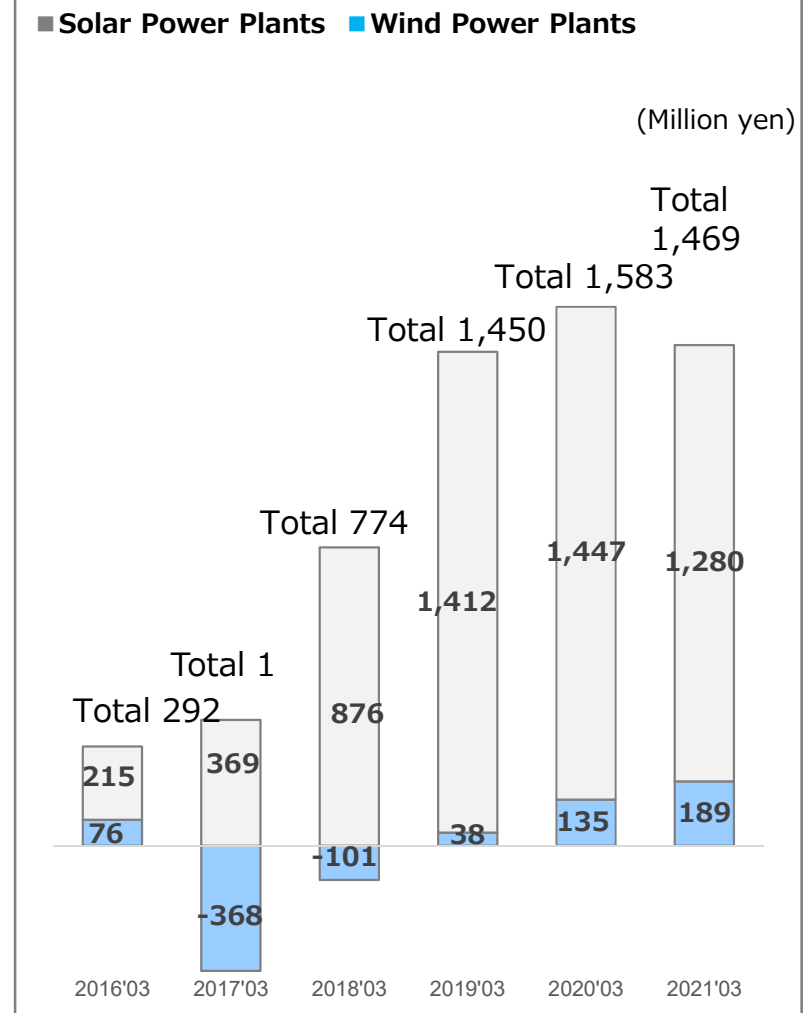
	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In Operation	5	145MW	50MW
Under construction	1	7MW	2MW
Plan	1	15MW	3MW
Total	7	167MW	55MW

Investment in Power Operations Mar.2021 Result

Deals operated by group



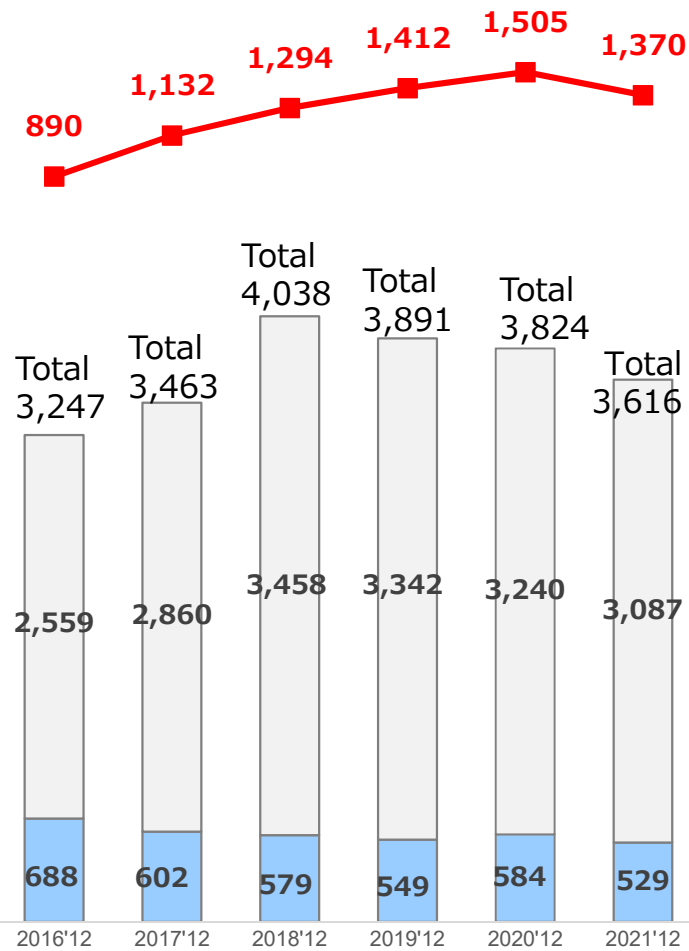
Deals through investment in equity (Non-operating income)



Investment in Power Operations March 2022, 3rd quarter end

Deals operated by group

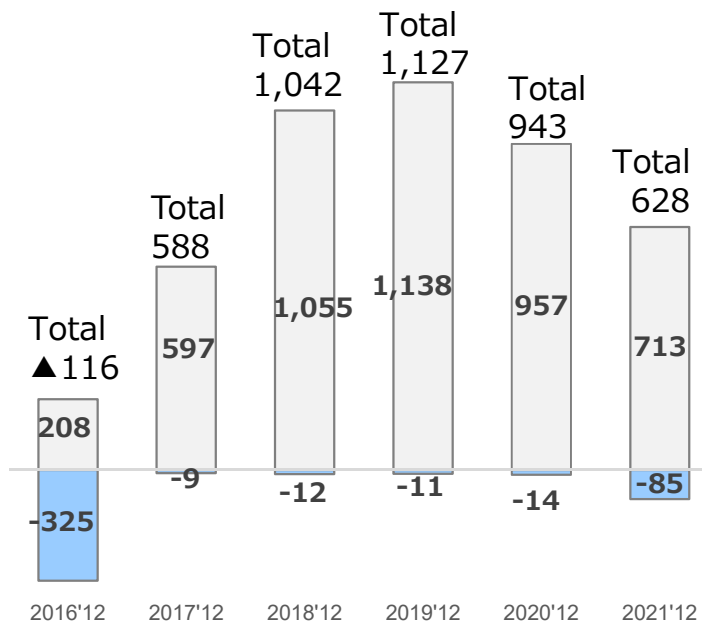
■ Solar Power Plants ■ Wind Power Plants (Million yen)
■ Operating profit



Deals through investment in equity (Non-operating income)

■ Solar Power Plants ■ Wind Power Plants

(Million yen)



Mid-term management plan

New mid-term management plan(2020~2024)

Main theme

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

Numerical target

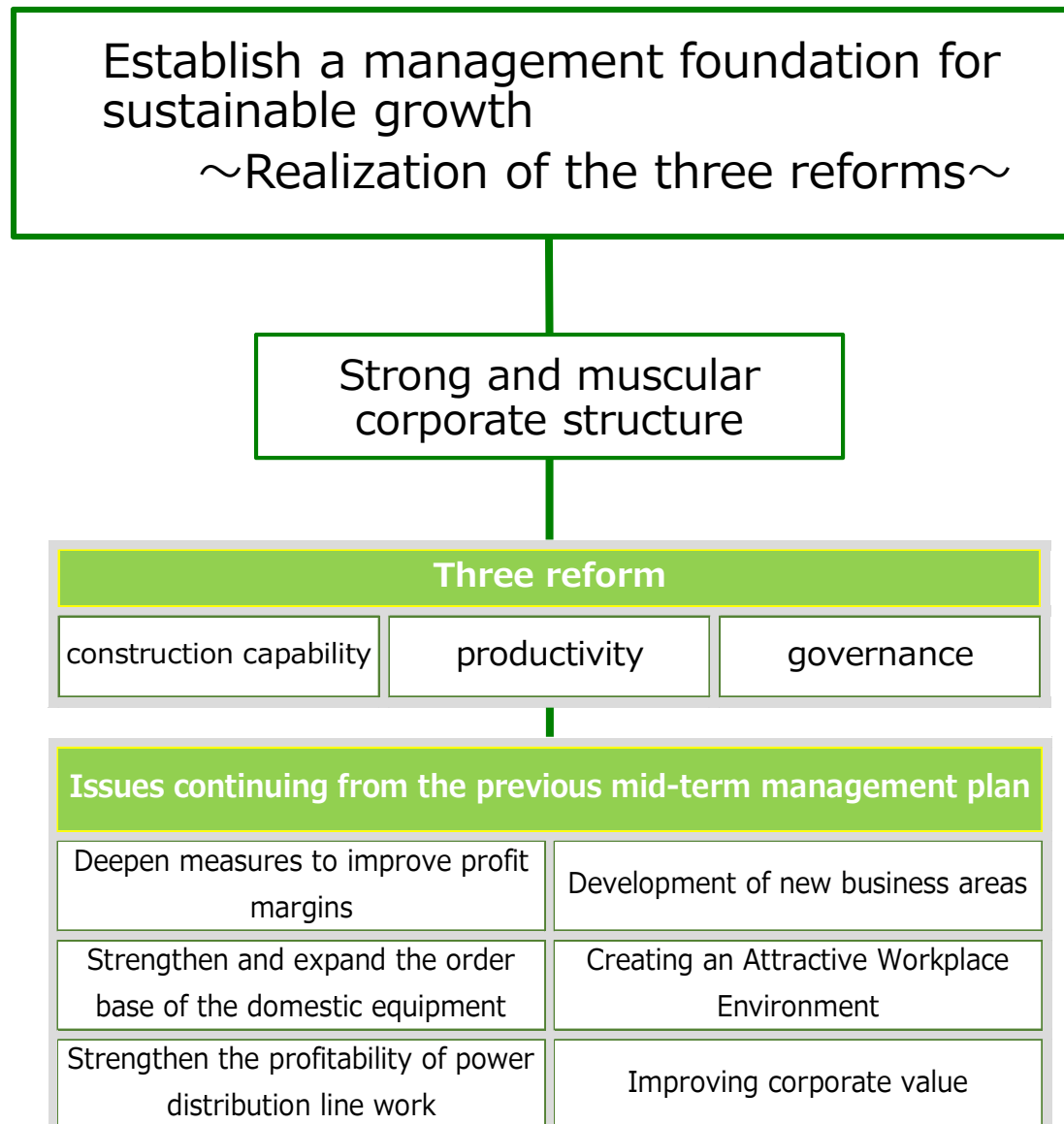
Final year (Mar.2024)

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

(Breakdown of construction sales)

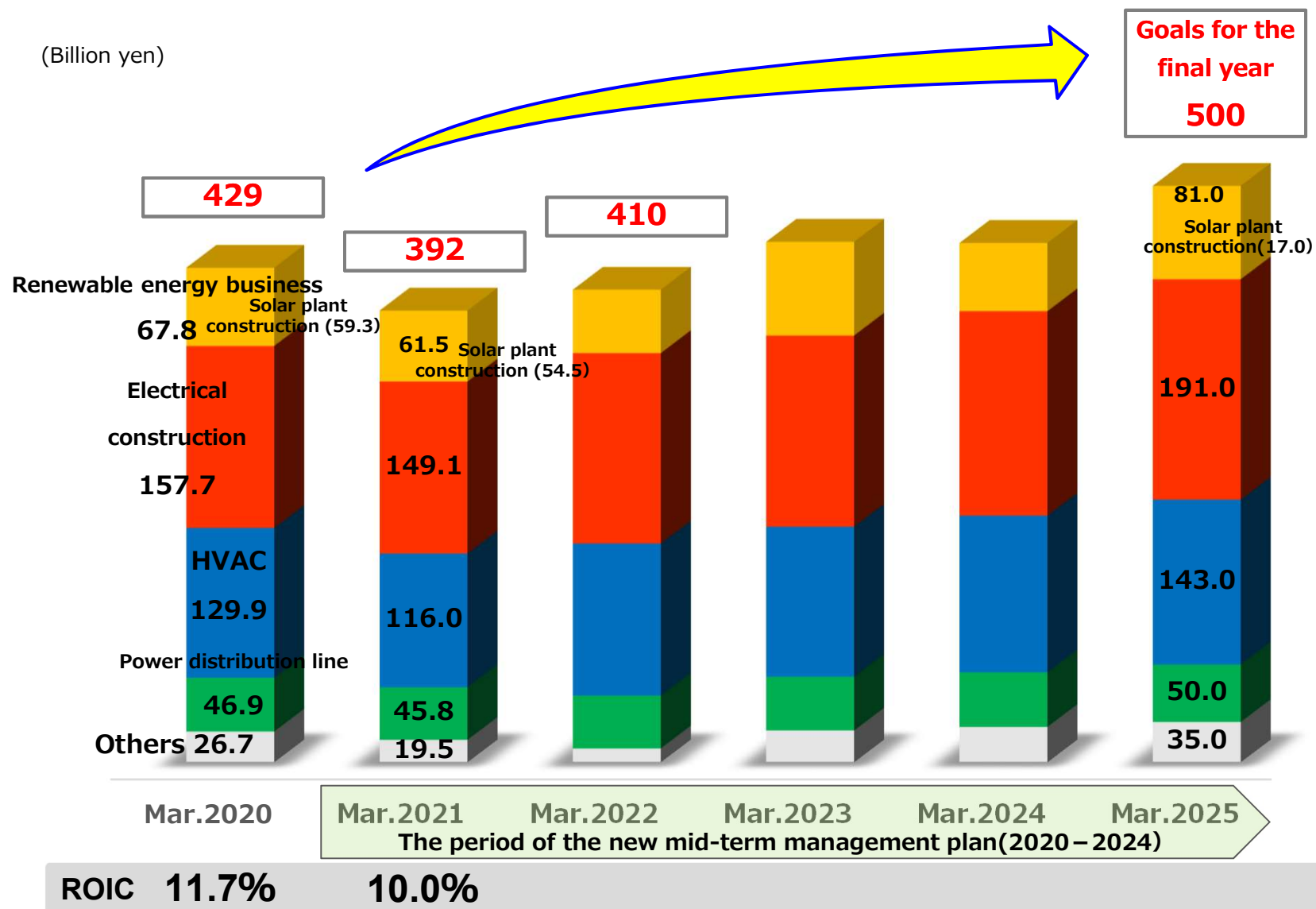
Power distribution line work	50 billion yen
Electrical·HVAC work	334 billion yen
Renewable Energy Business,etc.	81 billion yen
Other business	35 billion yen

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



Road map of sales plan

(Billion yen)



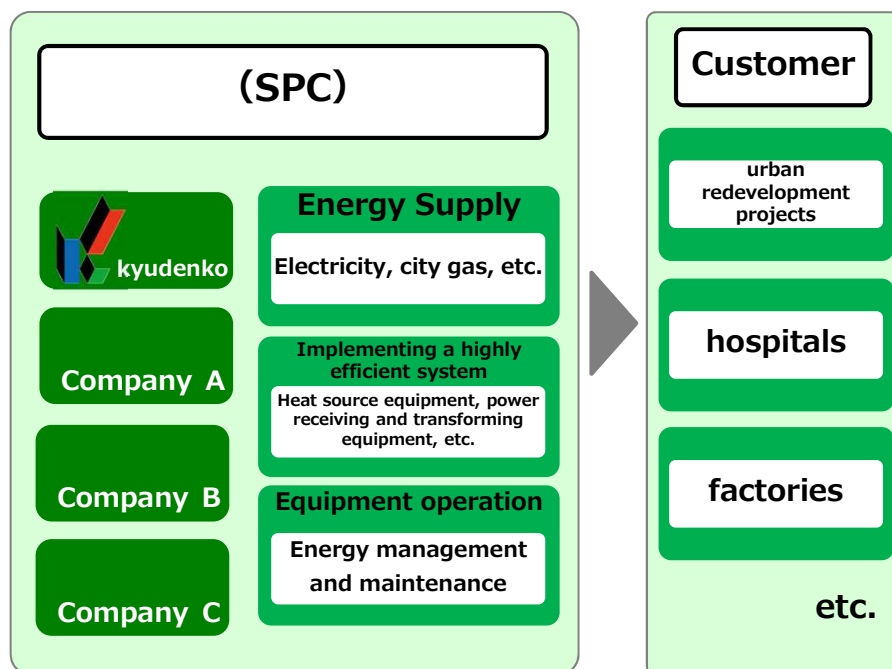
Development of new business areas

Green Innovation Business Unit

Strategy1 Strengthen energy services

- In addition to urban redevelopment projects, the company will strengthen its proposals for hospitals and factories.
- By winning orders for ES, the company will be able to win subsequent orders for electrical and air conditioning and sanitation work.

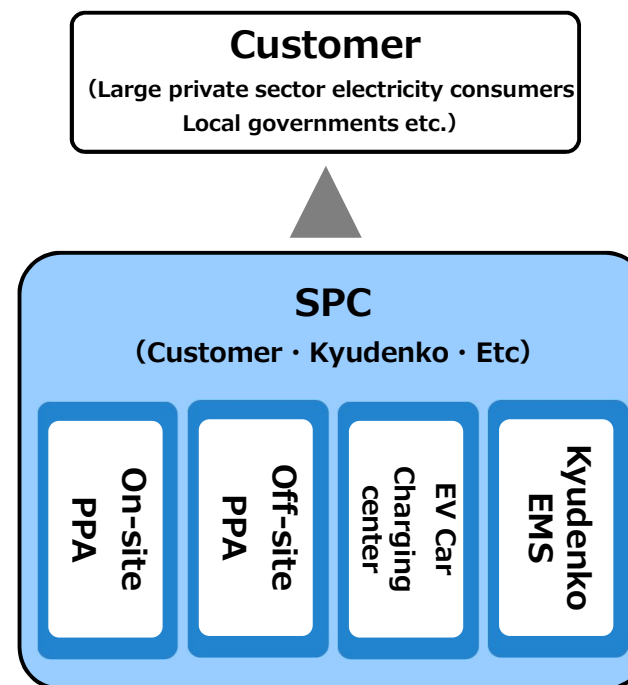
■ Image of the business scheme



Strategy2 Deployment for PPA solar

- Proposals for large private sector electricity consumers
- Proposals to local governments to convert public facilities to renewable energy
- Proposal for the introduction of Kyudenko EMS

■ Image of the business scheme



CHUORIKA KOUGYO Co.,Ltd.	CENTRAL GENERAL DEVELOPMENT CO.,LTD.	JEPLAN,INC.
<p>Company Profile</p> <ul style="list-style-type: none"> • Location: Sugamo, Toshima-ku, Tokyo • Business activities: Construction of disaster prevention equipment, etc. • Capital: 99 million yen • Establishment: 1948 • Number of employees: Approximately 160 (Group total) • Business locations: Kanto area and nationwide • Shareholding ratio: 100% (subsidiary) <p>Purpose of share acquisition</p> <ul style="list-style-type: none"> ■ Expansion of the Group's business domain (Acquisition and utilization of know-how in the disaster prevention field) ■ Creation of new order opportunities through mutual collaboration (Synergy effects) ■ Prevention of outflow of disaster prevention-related costs in the Company (Maintenance orders placed with target companies for properties constructed by the Company) ■ Expansion of the Group's business (Contribution to the achievement of the goals of the medium-term management plan) 	<p>Company Profile</p> <ul style="list-style-type: none"> • Location: Idabashi, Chiyoda-ku, Tokyo • Business activities: Real estate sales business, etc. • Capital: 1,008 million yen • Establishment: 1959 • Number of employees: Approximately 160 (Group total) • Business locations: Expand to the whole country • Shareholding ratio: 20.0% (Affiliates accounted for by the equity method) <p>Purpose of share acquisition</p> <ul style="list-style-type: none"> ■ Tie-up of the residential portion of urban redevelopment (Participation in PFI projects and other development projects) ■ Expansion of orders and accumulation of construction know-how in the condominium field ■ Proposing environmentally friendly new equipment for existing condominiums undergoing large-scale repairs (Proposals for the introduction of the latest equipment, including solar power generation, air conditioning control equipment, information and communications infrastructure, and disaster prevention equipment) 	<p>Company Profile</p> <ul style="list-style-type: none"> • Location: Kawasaki-City, Kanagawa • Business activities: Recycling business Technology licensing business Environmental Consulting Business • Business locations: Kitakyushu Hibikinada Factory Kawasaki Plant • Establishment: 2007 <p>Purpose of share acquisition</p> <ul style="list-style-type: none"> ■ The company's efforts are in line with the direction of "promoting environmentally friendly urban development," a key issue in our mid-term management plan. ■ We believe that our technological capabilities and know-how in renewable energy and energy conservation can greatly assist the company in its efforts to achieve zero CO2 emissions at its plants and other facilities.

Basic Policy on Diversity Promotion

Based on our Corporate Philosophy and Charter of Corporate Behavior, we believe that our greatest management resource is our human resources. By respecting and utilizing diversity as a strength of our organization, we aim to create new value and enhance our competitiveness. We are committed to promoting diversity by setting the following goals. Through these efforts, we will contribute to the achievement of the SDGs (Sustainable Development Goals).

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.**

Charter of Corporate Behavior

1.
4. **By realizing employee comfort and affluence, we will ensure a safe, easy-to-work-in, and open workplace environment, and create a bright and energetic corporate culture that respects the personality, individuality, and diversity of our employees.**
10.

Basic Policy on Diversity Promotion



What we aim for

1. We will create a corporate culture that respects and utilizes diversity.

We will create a corporate culture that respects and recognizes diversity in terms of gender, age, disability, race, ability, values, sexual minorities, etc., and maximizes its use as an organizational strength.

2. Fostering diverse human resources and promoting their activities.

We will promote the hiring, training, and promotion of diverse human resources, and support diverse career development and skills development.

3. We will create an attractive work environment that is rewarding and challenging.

We will strive to improve engagement by creating a workplace environment in which employees want to work and continue to work, including an environment in which each employee can maximize his or her abilities and in which diverse and flexible work styles are possible.



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	2021
Total engineers and skilled persons	Around 200	241	262	344	384	342	336	387
High school graduates	Around 150	163	177	248	271	253	253	263
University graduates	Around 50	78	85	96	113	89	83	124

《 Comparison in actual results of recruitment for April 2021 with other companies 》

	Kyudenko	Large electrical construction companies	Large HVAC companies	Super general constructors
Total in all professions	411	300~390	90~100	250~350
High school graduates	263	Around 200	Around 10	Around 10
University graduates	148	90~180	80~90	190~330

《 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	2,359	2,475	2,599	2,750	2,893	About+550
HVAC work department	1,138	1,188	1,269	1,355	1,435	1,517	About+320
Year-end workforce of electrical and HVAC	3,411	3,547	3,744	3,954	4,185	4,410	About+870
Power distribution line department	1,642	1,566	1,618	1,632	1,641	1,666	About+50
Other	1,446	1,469	1,407	1,402	1,397	1,408	
Employees of single Kyudenko	6,500	6,582	6,769	6,988	7,223	7,484	About+900
Employees of group	10,018	10,198				12,000	About+2,000

Total 8,200 employees in technical field of total 10,000

(Kyudenko)

(Subsidiaries)

Number of site technicians

About 2,000

+

About 2,000

=

About 4,000

Number of construction managers

About 3,100

+

About 1,100

=

About 4,200

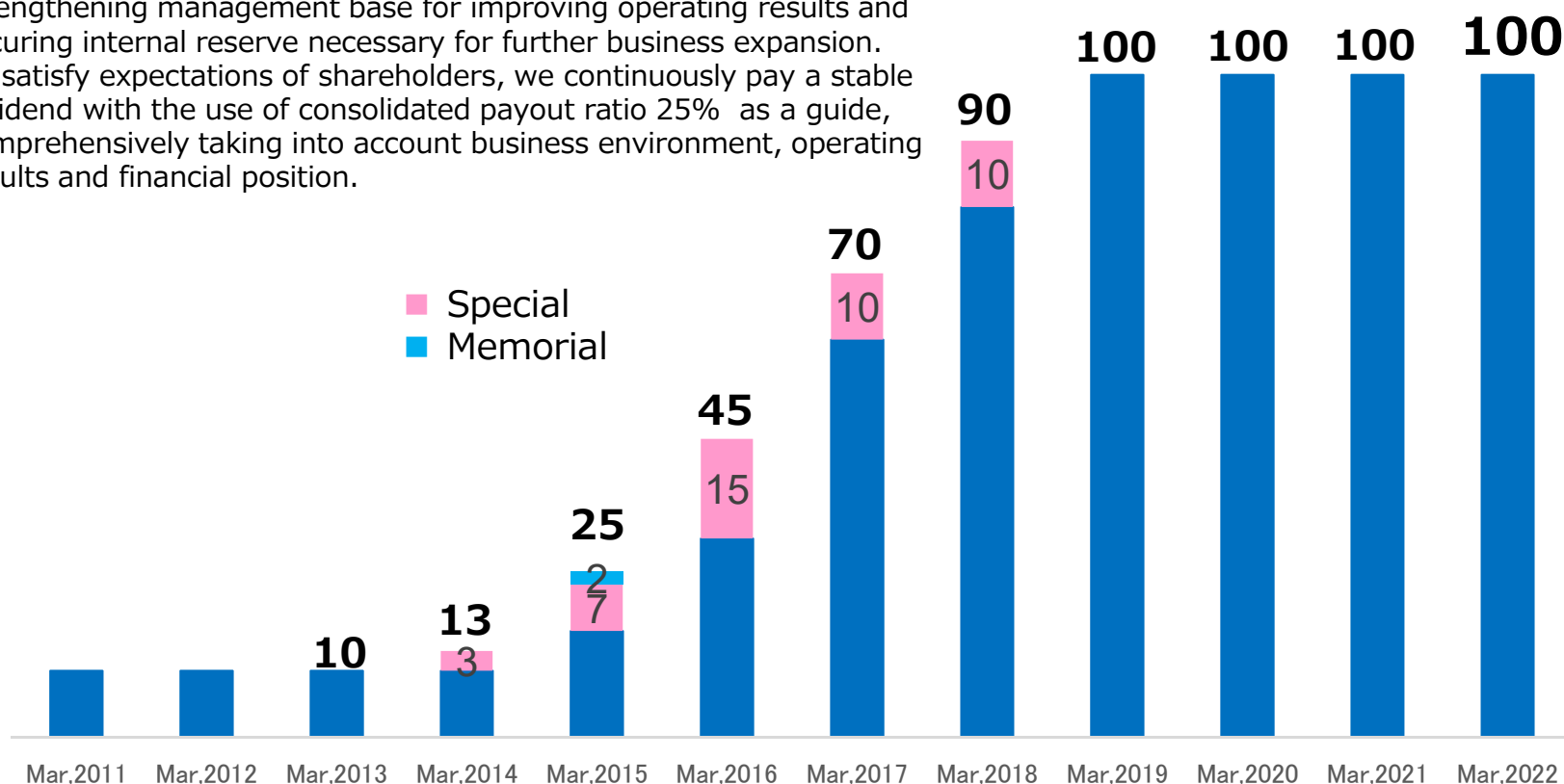
Appendix

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. 29) No. 1659
Number of employees	Consolidated: 10,198 persons (March 31, 2021)

**For the fiscal year ending March 31, 2022,
we plan to pay an annual dividend of 100 yen per share.**

Dividend policy

With regard to distribution of profits, we seek to keep appropriate financial strength and appropriately return profits to shareholders with strengthening management base for improving operating results and securing internal reserve necessary for further business expansion. To satisfy expectations of shareholders, we continuously pay a stable dividend with the use of consolidated payout ratio 25% as a guide, comprehensively taking into account business environment, operating results and financial position.



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 %

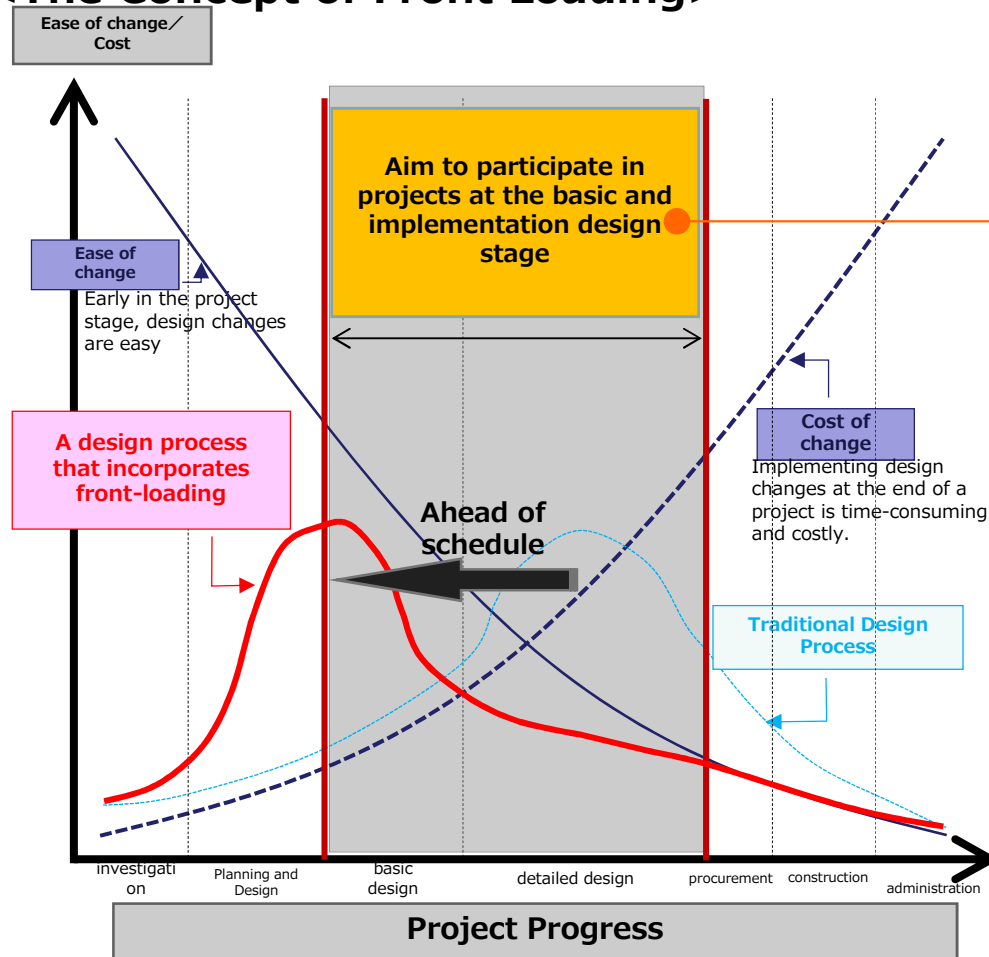
Specific measures to improve the profit margin (excerpt)

Factor	Measures	
1 .Cost increase caused by exceeding the planned labor and material cost after receiving an order.	A. Forecasting the busyness peak of construction	<ul style="list-style-type: none"> 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.

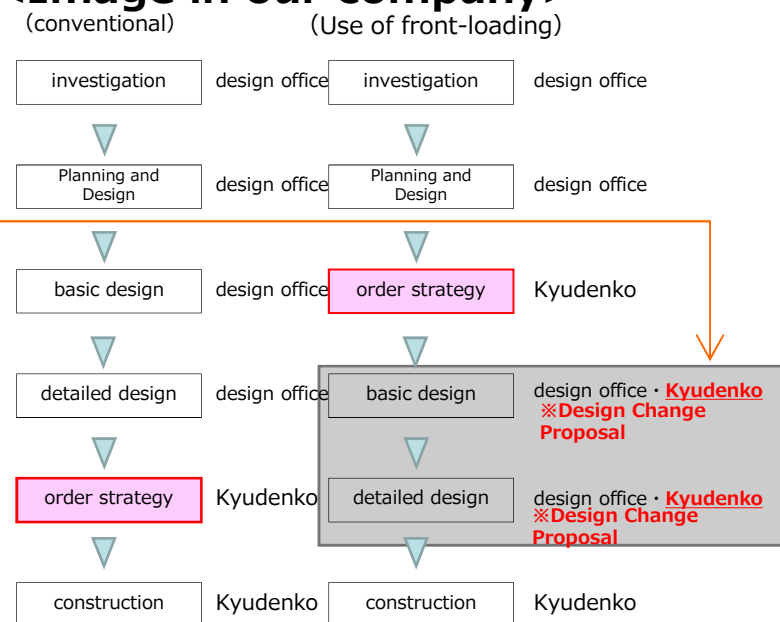
Benefits of being involved from the design stage

- [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>

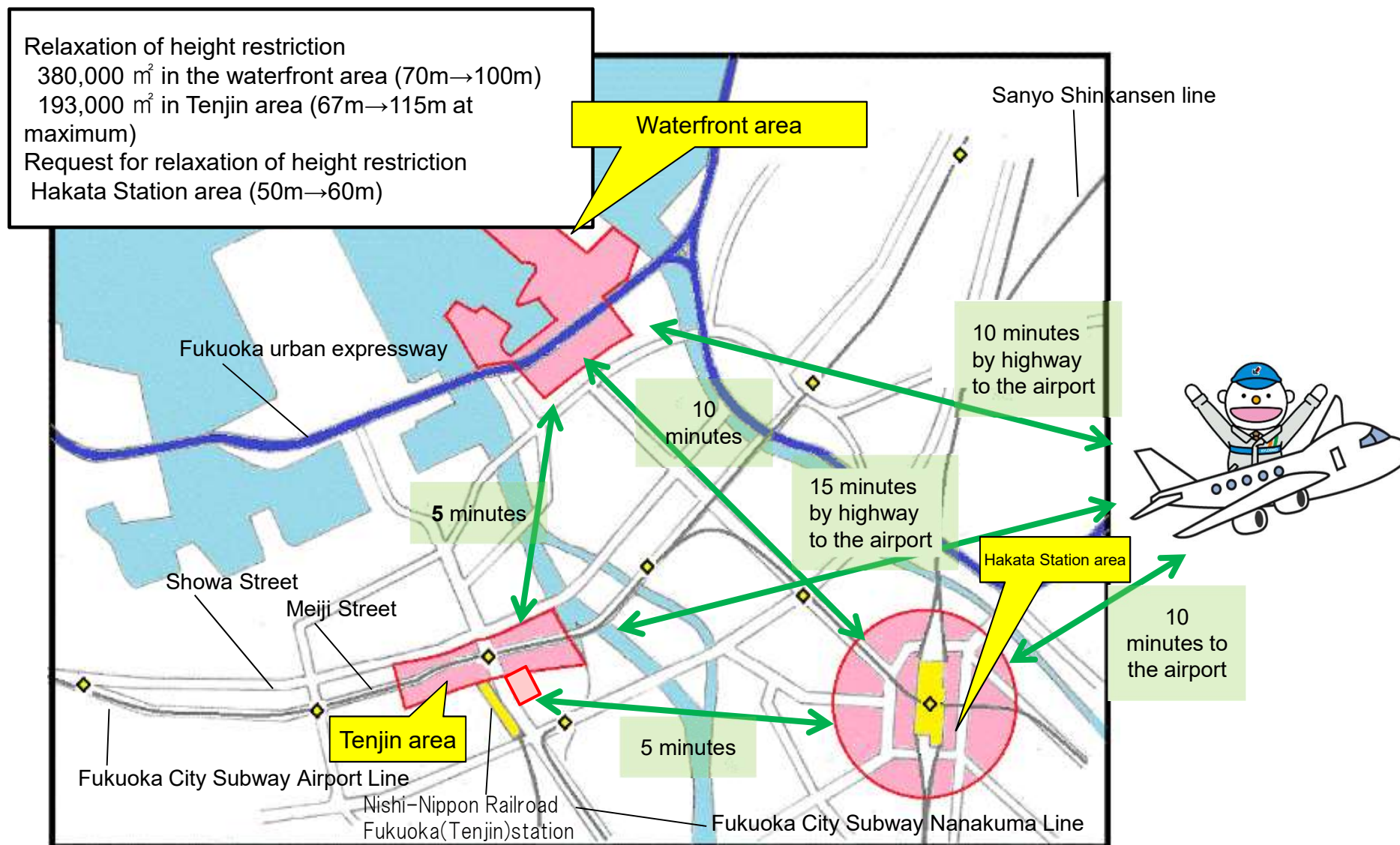


<Image in our company>



【Positional relationship】

Fukuoka Waterfront Next, Tenjin Big Bang, Hakata Connected



【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 2026 About 193,000m² of about 500m in radius from Tenjin intersection Total floor area About 800,000m² 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 10-20 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 800,000m² of about 500m in radius from Hakata Station Reconstruction of buildings around Hakata Station (20 buildings)

Post-2020 Prediction about industry

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.

