Prime Market of Tokyo stock exchange：1959

KYUDENKO CORPORATION
FY ending March 2023
Results briefing

May 18th ,2023

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Overview of business results

High lights

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Orders

¥440,507million　Year-on-year 117.3%

Sales

¥395,783million　Year-on-year 105.1%

Operating profit

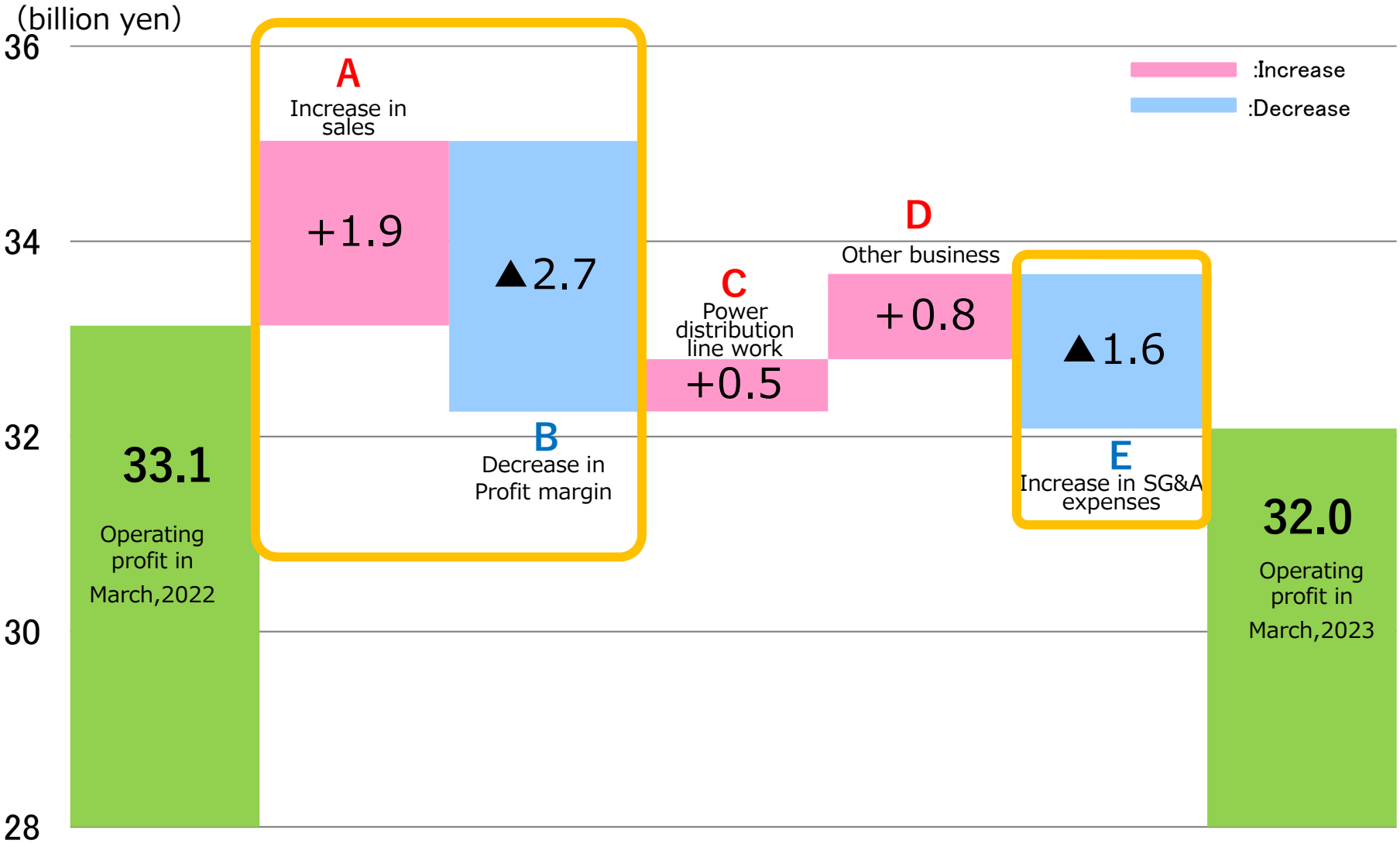
¥32,083million　Year-on-year 96.8%

Outline of P/L March 2023

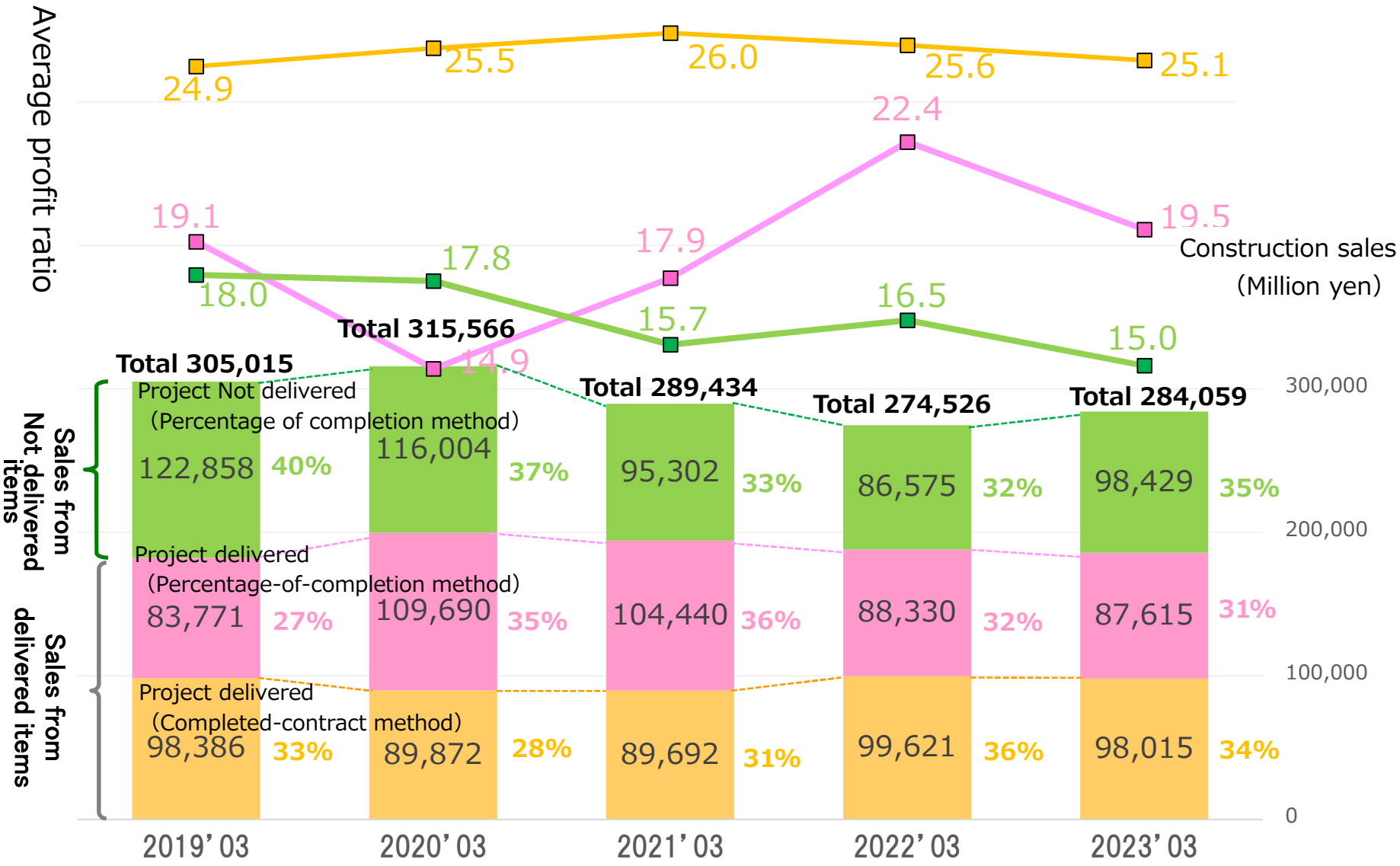
(Million yen)

	March 2022 Result	March 2023			
		Result	Year-on-year	Plan (2023.1.31)	Progress
Sales	376,563 (100.0%)	395,783 (100.0%)	105.1%	400,000 (100.0%)	98.9%
Gross profit	57,361 (15.2%)	57,889 (14.6%)	100.9%	59,000 (14.8%)	98.1%
Operating profit	33,137 (8.8%)	32,083 (8.1%)	96.8%	32,500 (8.0%)	98.7%
Ordinary project	36,828 (9.8%)	35,462 (9.0%)	96.3%	35,000 (8.8%)	101.3%
Net profit	26,216 (7.0%)	26,349 (6.7%)	100.5%	26,000 (6.5%)	101.3%
Net profit per share	¥370.05	¥371.93		¥367.00	

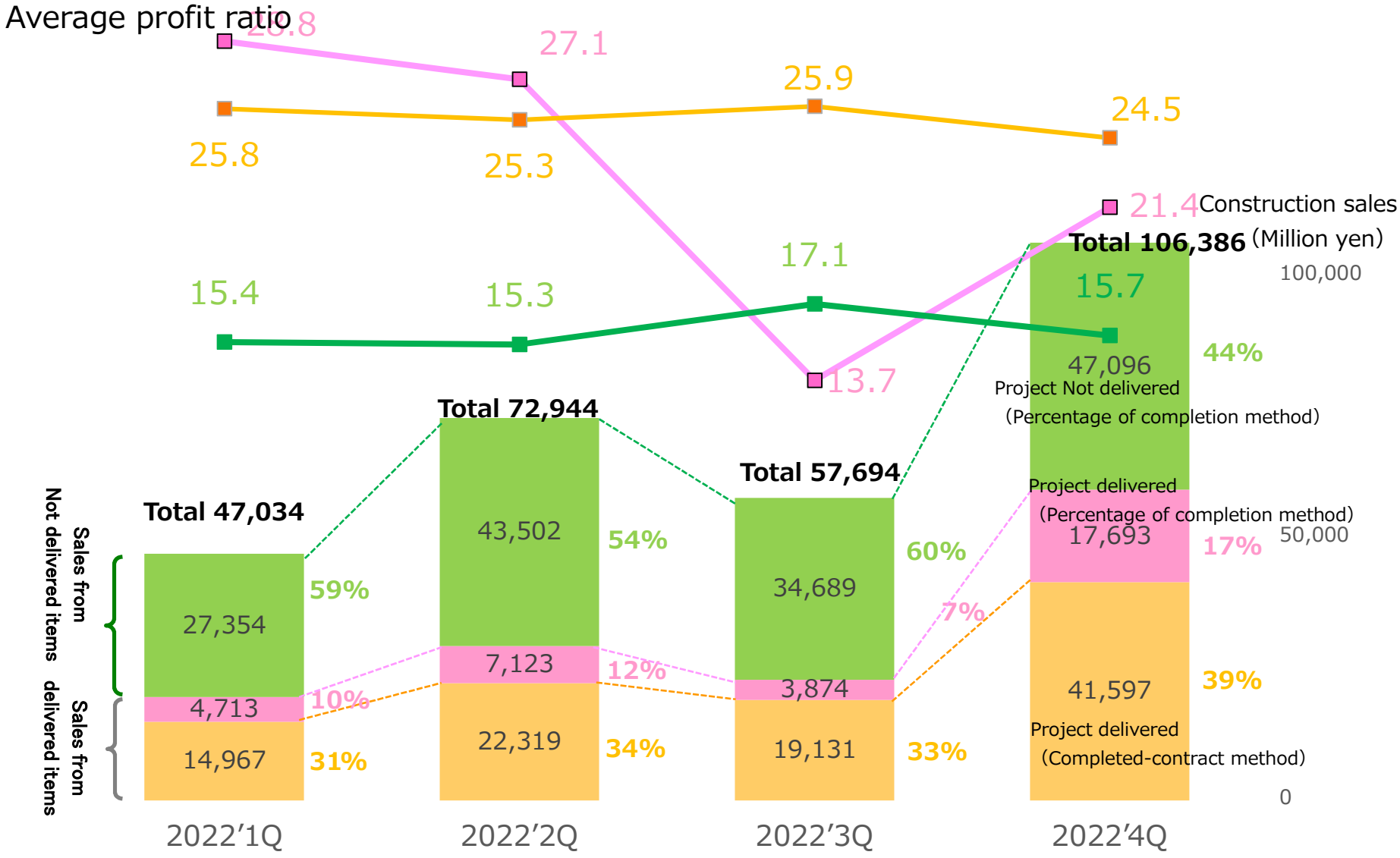
Factors of change in OP March 2023



Breakdown of construction sales and average profit margin (Kyudenko individual : excluding power distribution line work)

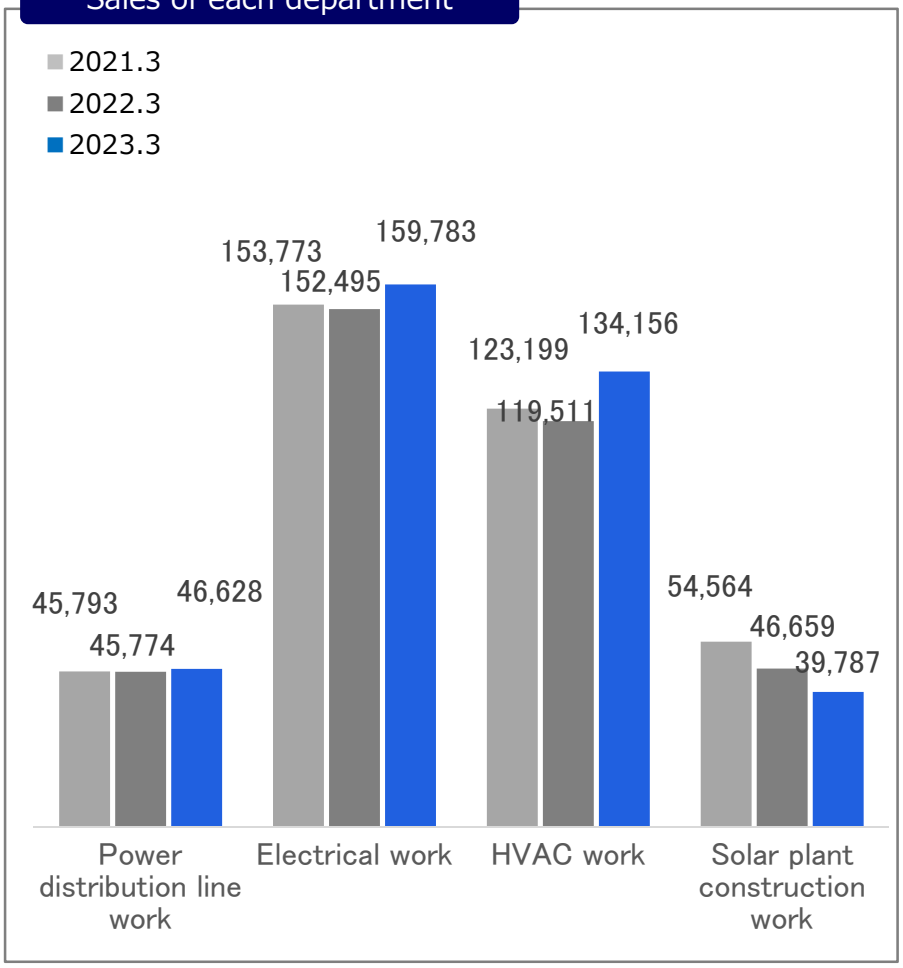


Breakdown of construction sales and average profit margin (by quarterly accounting period) (Kyudenko individual : excluding power distribution line work)

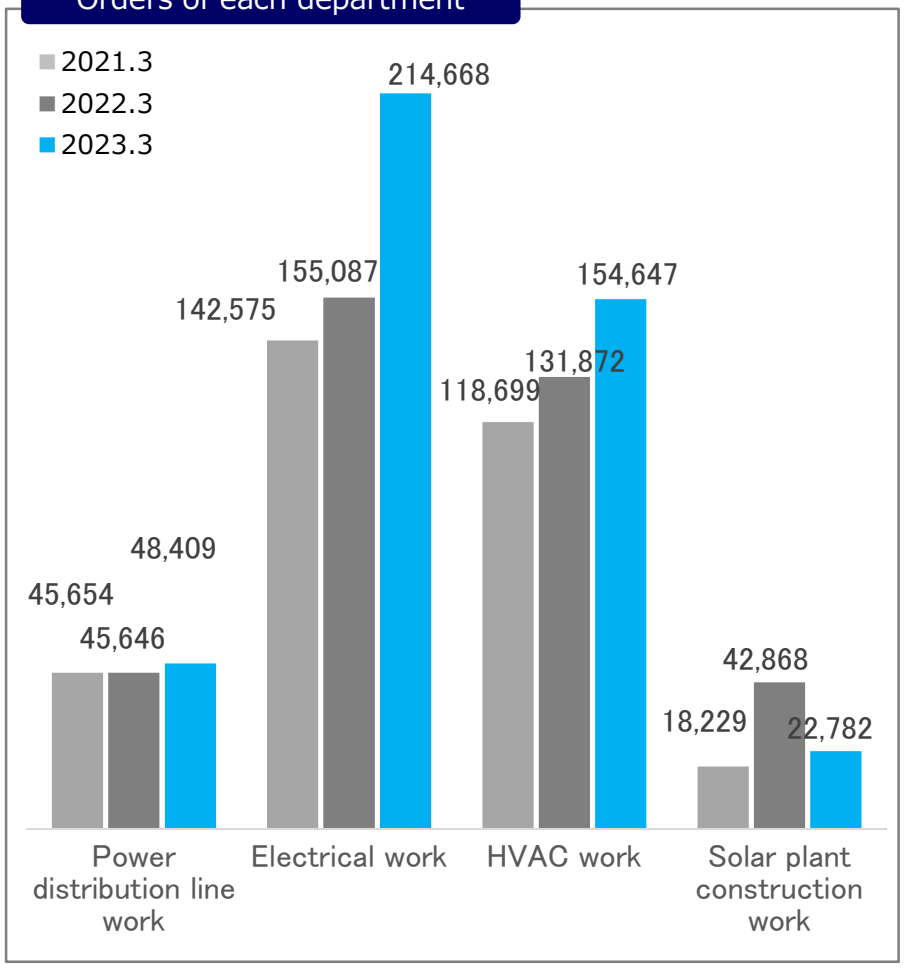


Order received / Sales by department　March 2023

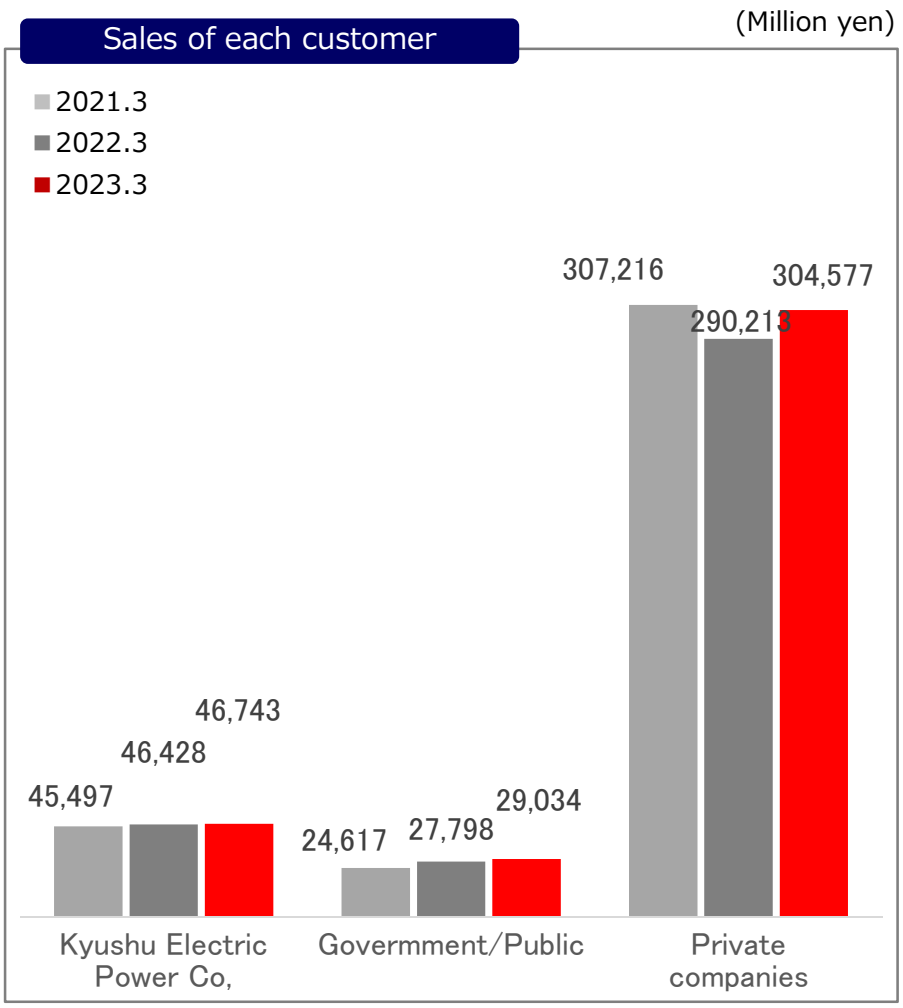
(Million yen)

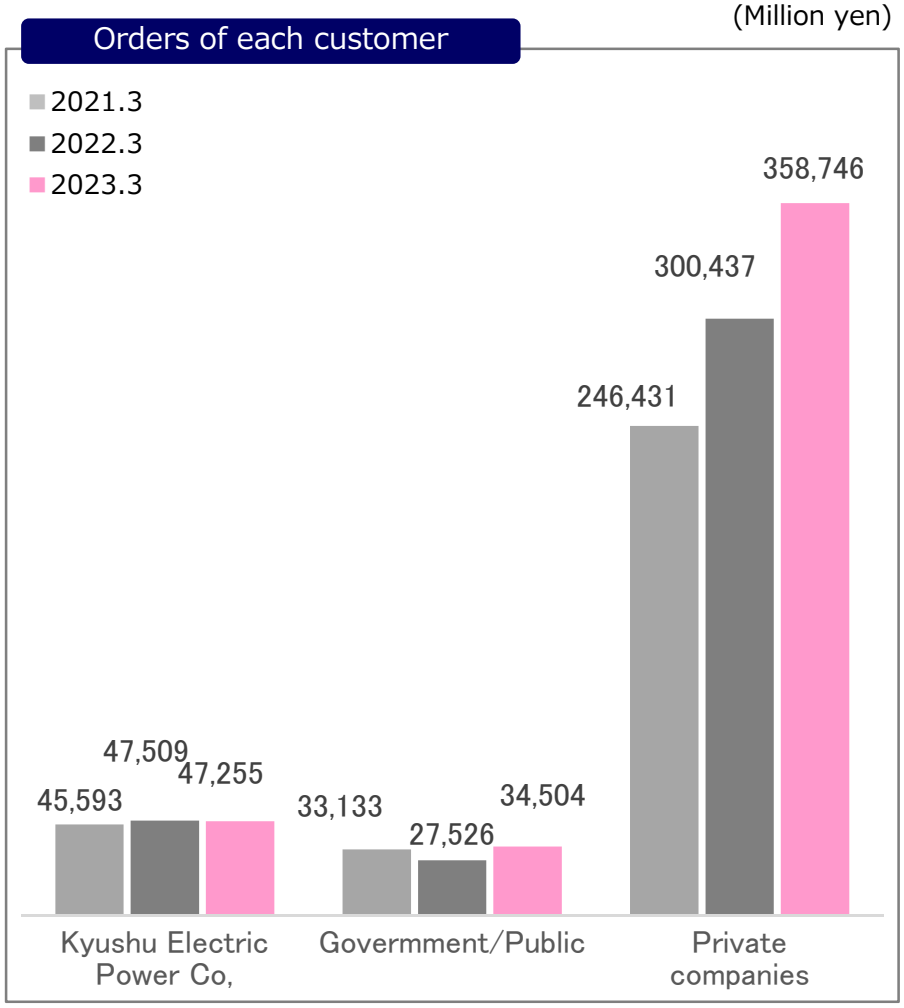


(Million yen)



Order received / Sales by customer March 2023





Order received / Sales by region March 2023
(Electrical & HVAC work excluding Solar plant construction work)

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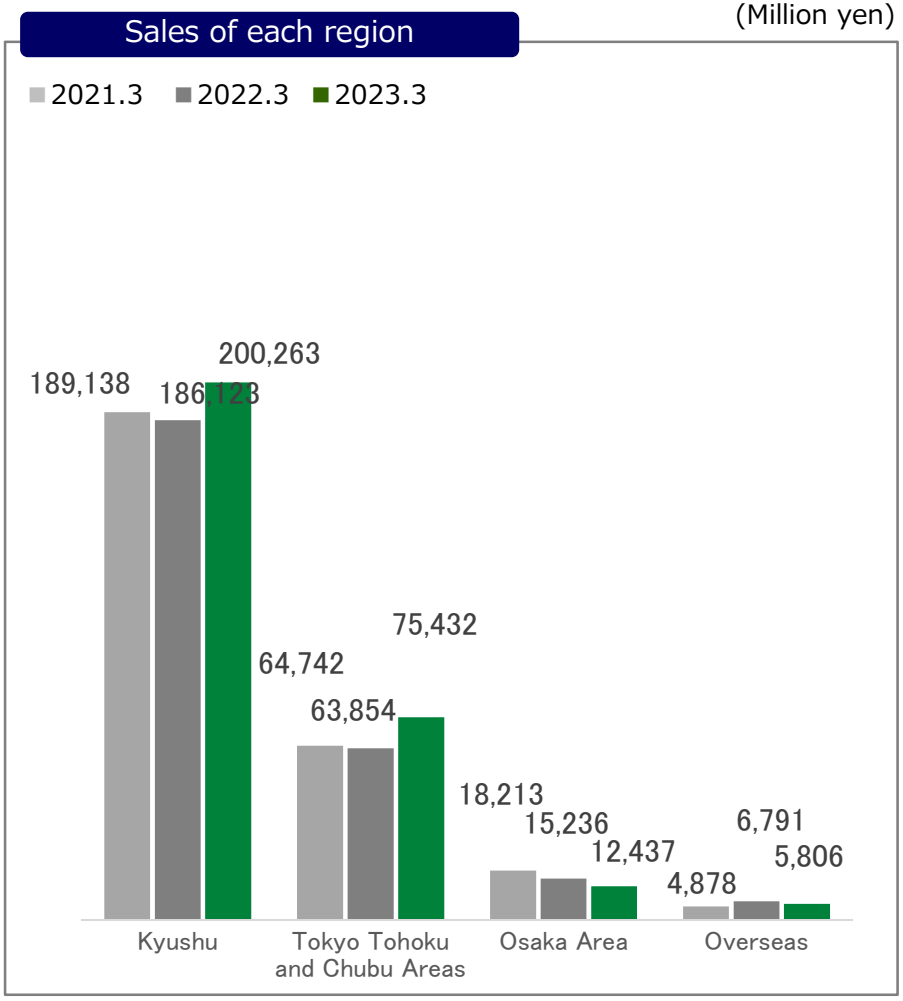
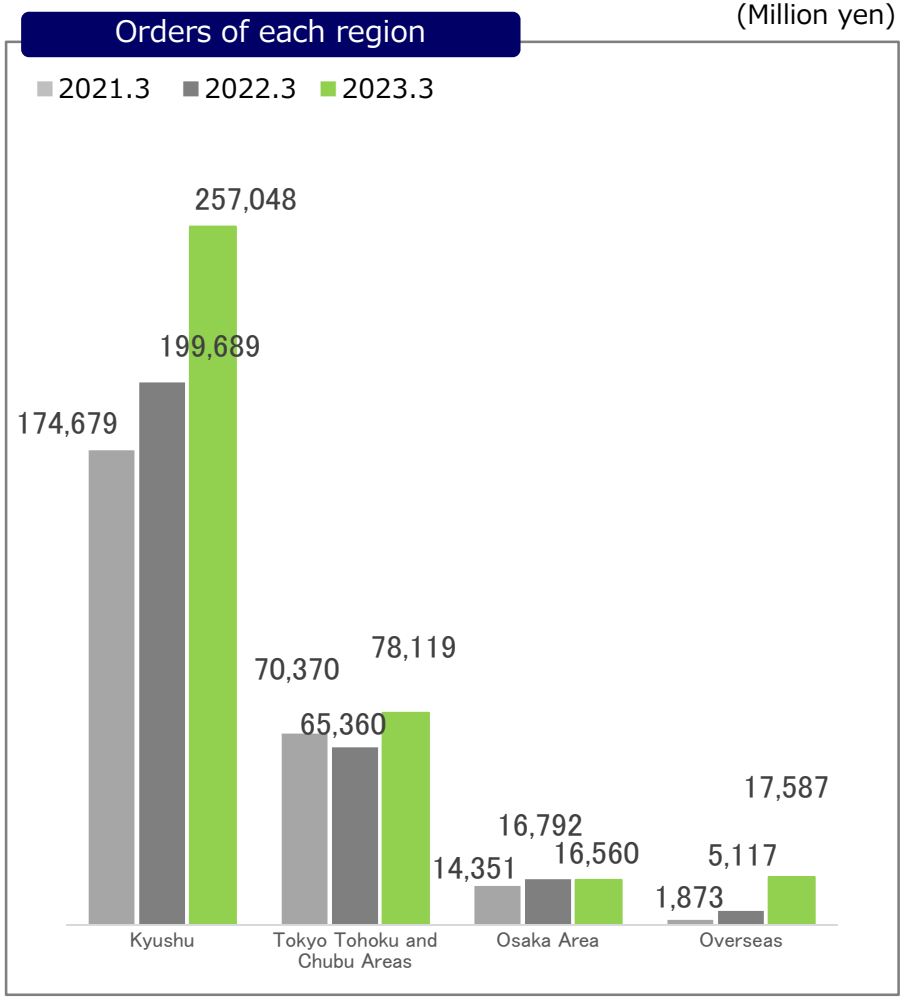
(Million yen)



(Million yen)



Order received / Sales by region March 2023
(Solar plant construction work)

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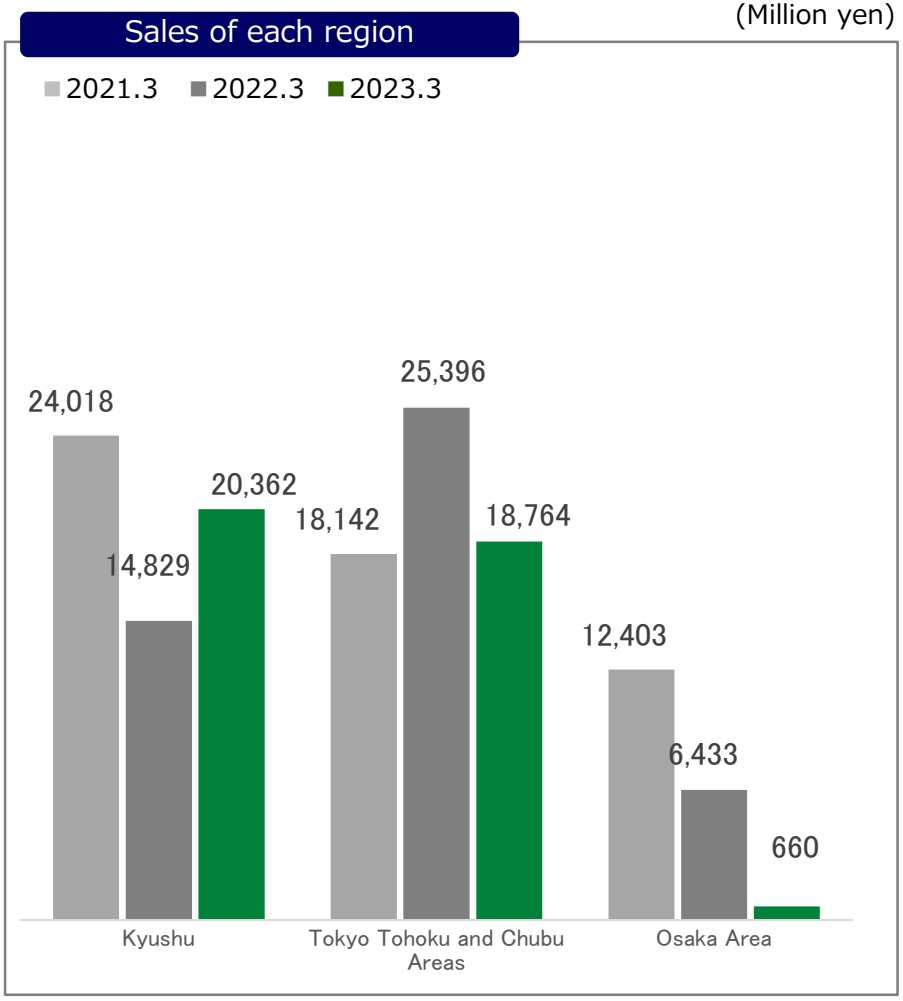
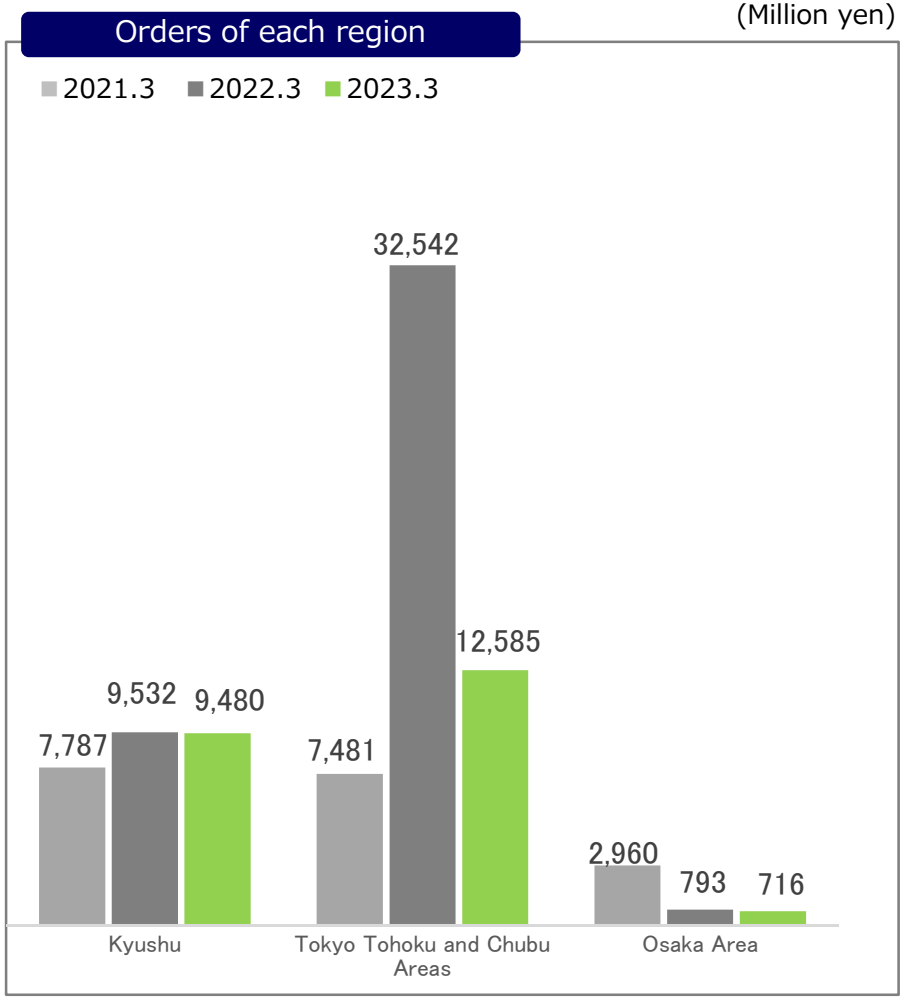
(Million yen)



(Million yen)



Year-end amount of works on hand

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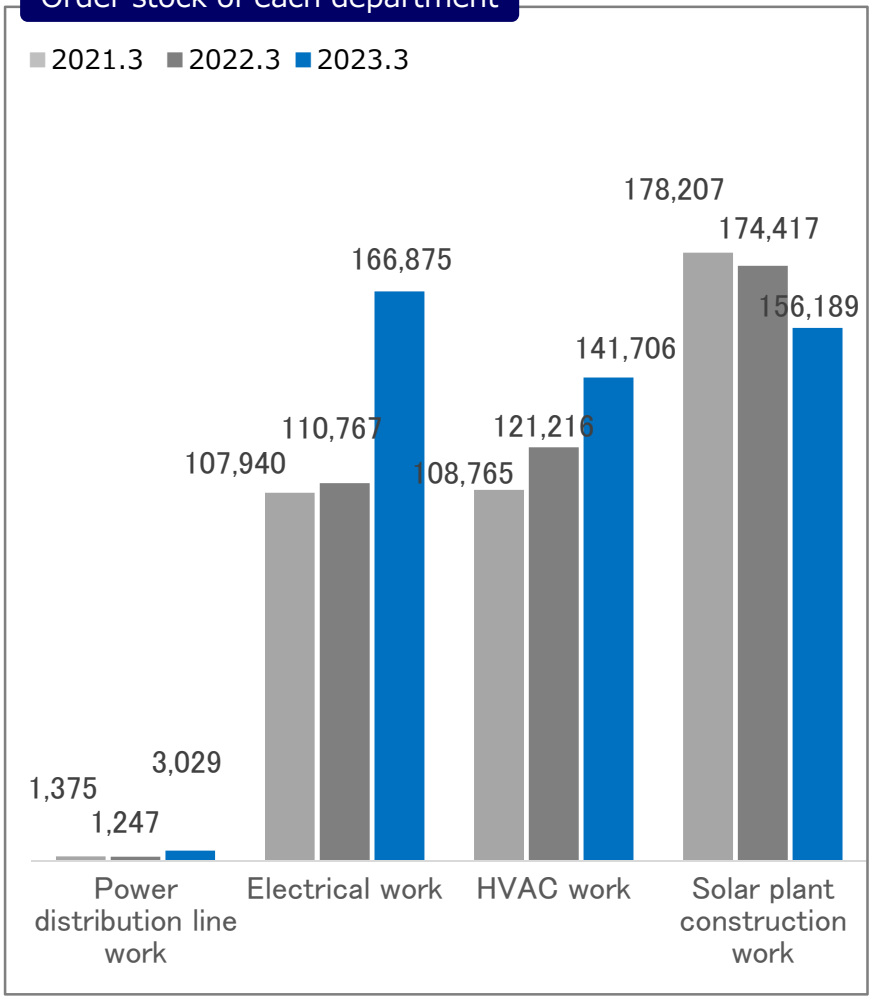
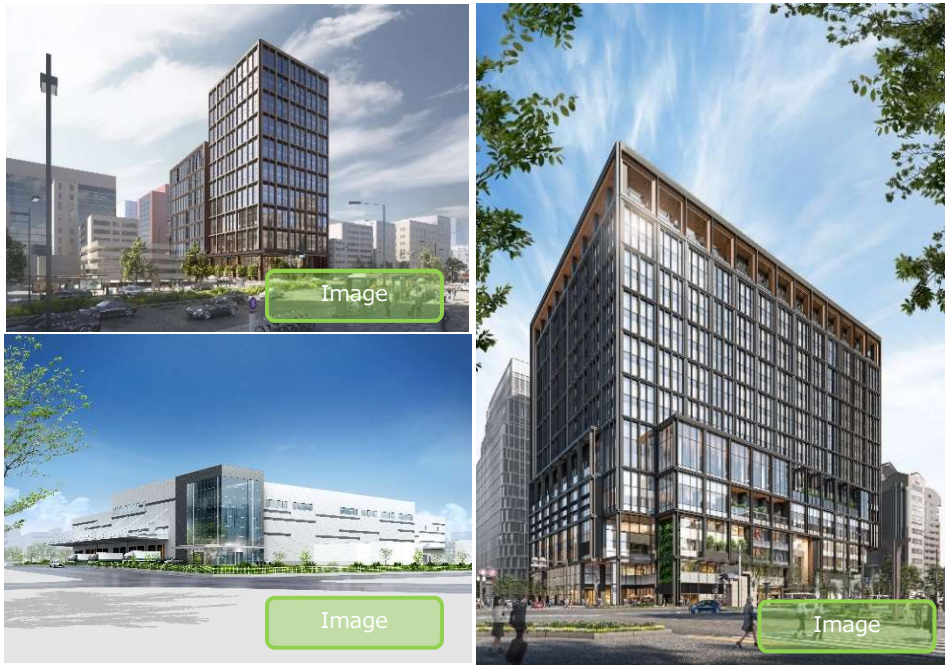
Order stock of each department

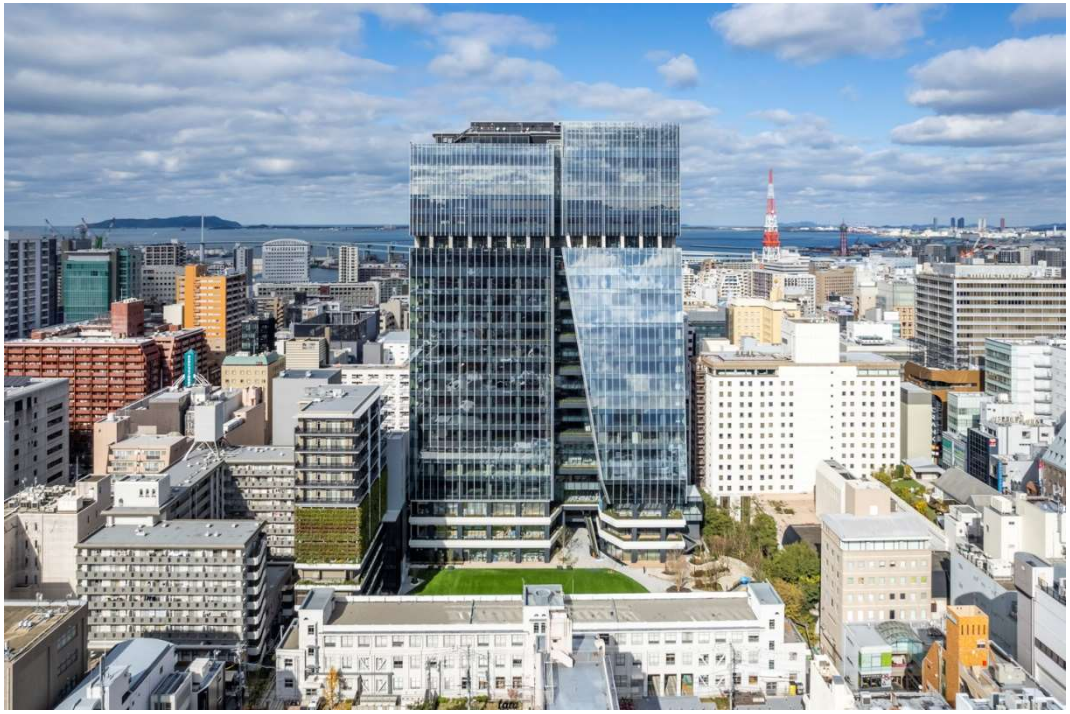
(Million yen)



New orders in FY ended March 2023



Actual results of works FY March 2023



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	51	624MW	169MW
Under construction	4	697MW	144MW
Plan	-	-	-
Total	55	1,321MW	313MW

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	6	47MW	46MW
Under construction	-	-	-
Plan	-	-	-
Total	6	47MW	46MW

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	144MW	48MW
Under construction	1	15MW	4MW
Plan	-	-	-
Total	6	159MW	52MW

In this fiscal year, a total of 80 controls on output were issued by Kyushu Electric Power Company.

The average number of controls at our power plants was 12.

The total amount of lost profits for the group was about 183 million yen.

(In the same period of the previous year, it was 570 million yen.)

Investment in Power Operations

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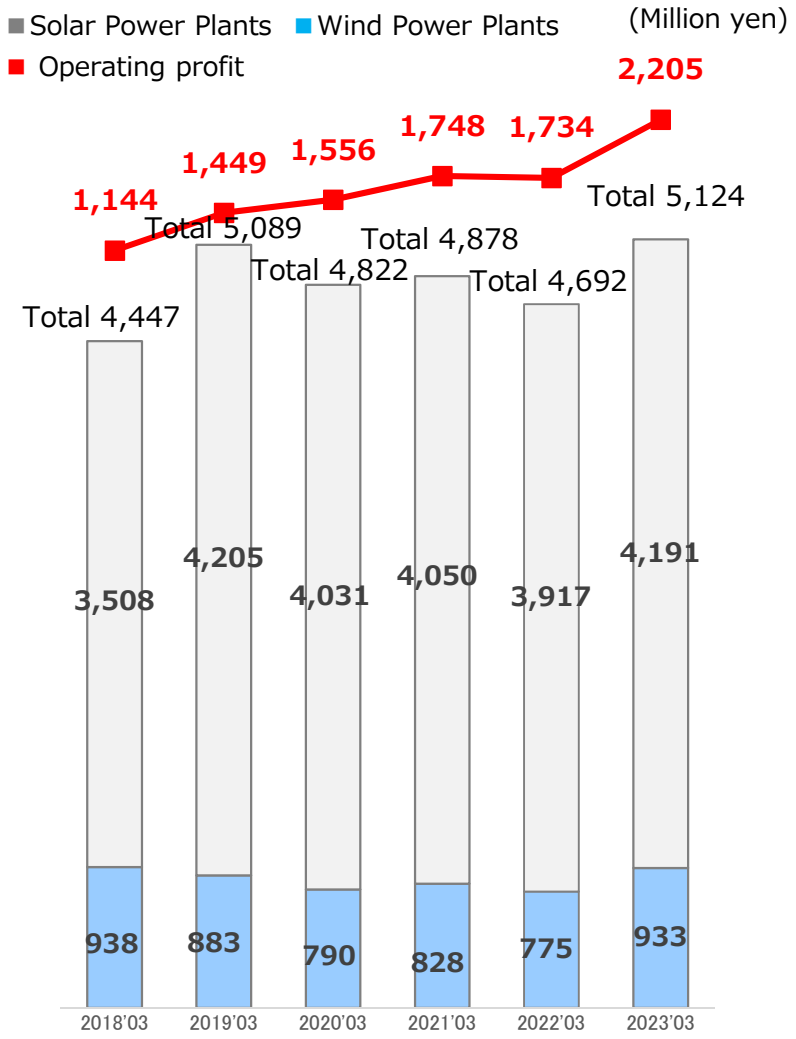
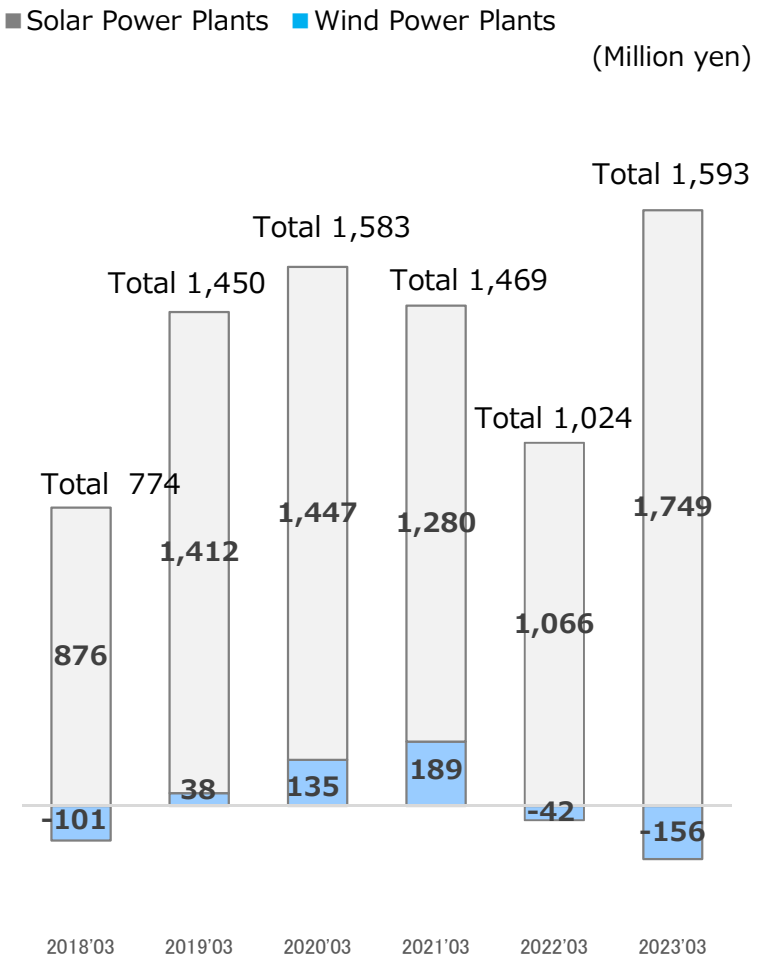
Deals operated by group



Deals through investment in equity (Non-operating income)



Outline of balance sheet

(Million yen, composition ratio)

	End of Mar. 2022	End of Mar. 2023	Increase /decrease	Main factors behind increase/decrease
Current assets	216,979 (57.3%)	278,220 (62.3%)	61,241	Cash on hand and in banks+28,512 Trade notes and accounts receivable +12,226 Raw materials and supplies+8,573
Fixed assets	161,416 (42.7%)	168,189 (37.7%)	6,773	Investments in securities+3,319 Asset for retirement benefits +4,321
Total assets	378,396 (100.0%)	446,410 (100.0%)	68,014	
Current liabilities	123,446 (32.6%)	141,691 (31.7%)	18,244	Advances received on uncompleted construction contracts +15,087
Fixed liabilities	13,754 (3.6%)	41,702 (9.3%)	27,947	Long-term debt +27,110
Total liabilities	137,201 (36.3%)	183,393 (41.1%)	46,192	
Total net assets	241,194 (63.7%)	263,017 (58.9%)	21,822	Retained earnings +19,263
Total liabilities and net assets	378,396 (100.0%)	446,410 (100.0%)	68,014	

Outline of C/F

(Million yen)

	Mar.2022	Mar.2022	Details of statement to Mar. 2023
Cash flow from operating activities	5,252	17,386	Profit before income taxes＋38,793 Decrease in costs of uncompleted construction contracts +15,076 Income taxes paid ▲12,474
Cash flow from investment activities	▲7,536	▲3,113	Payments into time deposits ▲3,738 Purchase of investments in securities ▲4,817 Proceeds from sales of investments in securities +5,754
Free cash flow	▲2,284	14,273	
Cash flow by financial activities	▲10,191	11,615	Proceeds from long-term debt +27,000 Repayments of long-term debt ▲7,057 Cash dividends paid ▲7,087
Increase/decrease of cash and cash equivalents	▲12,175	26,060	
Cash and cash equivalents at the beginning of the period	49,800	37,791	
Cash and cash equivalents at the end of the period	37,791	63,851	

Capital Investment

		FY2022 Mar.	FY2023 Mar.
Capital investment		4.4 billion yen	3.4 billion yen
Facility work		4.3 billion yen	3.0 billion yen
	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
Others		0.1 billion yen	0.4 billion yen
	Software		Machinery etc.
Depreciation		5.8 billion yen	6.0billion yen

Plan for fiscal year

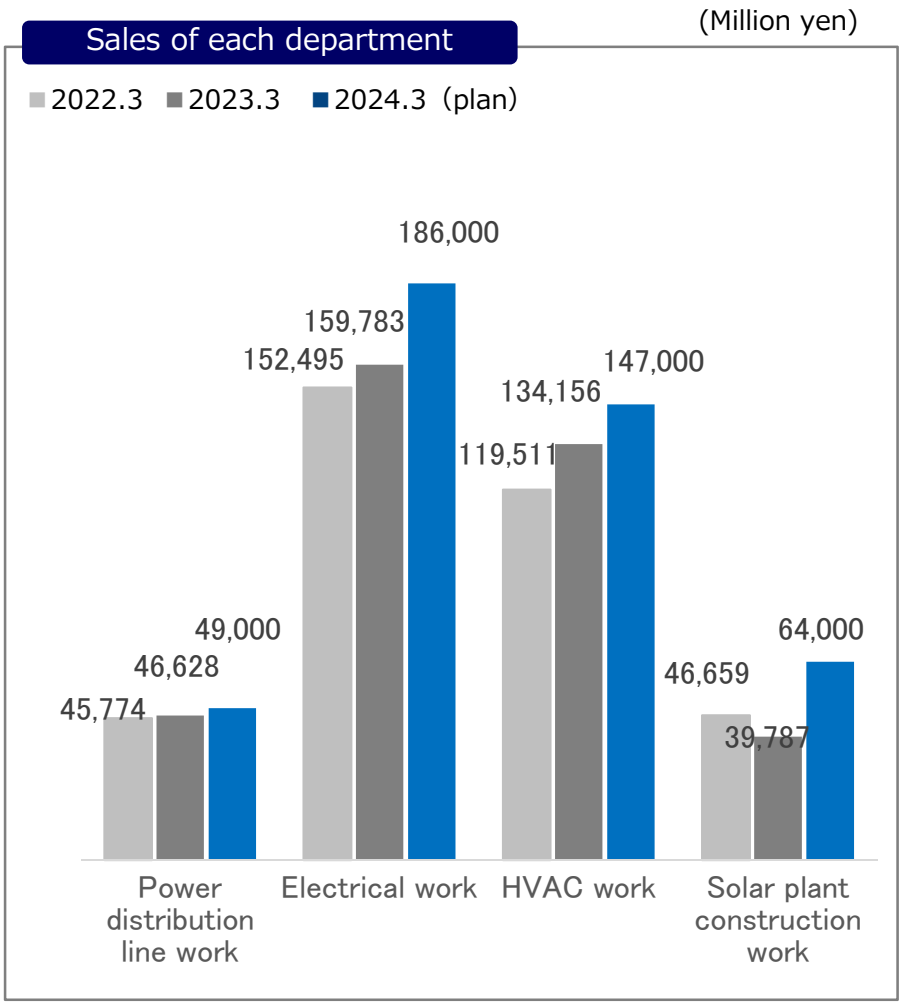
Plan for March 2024

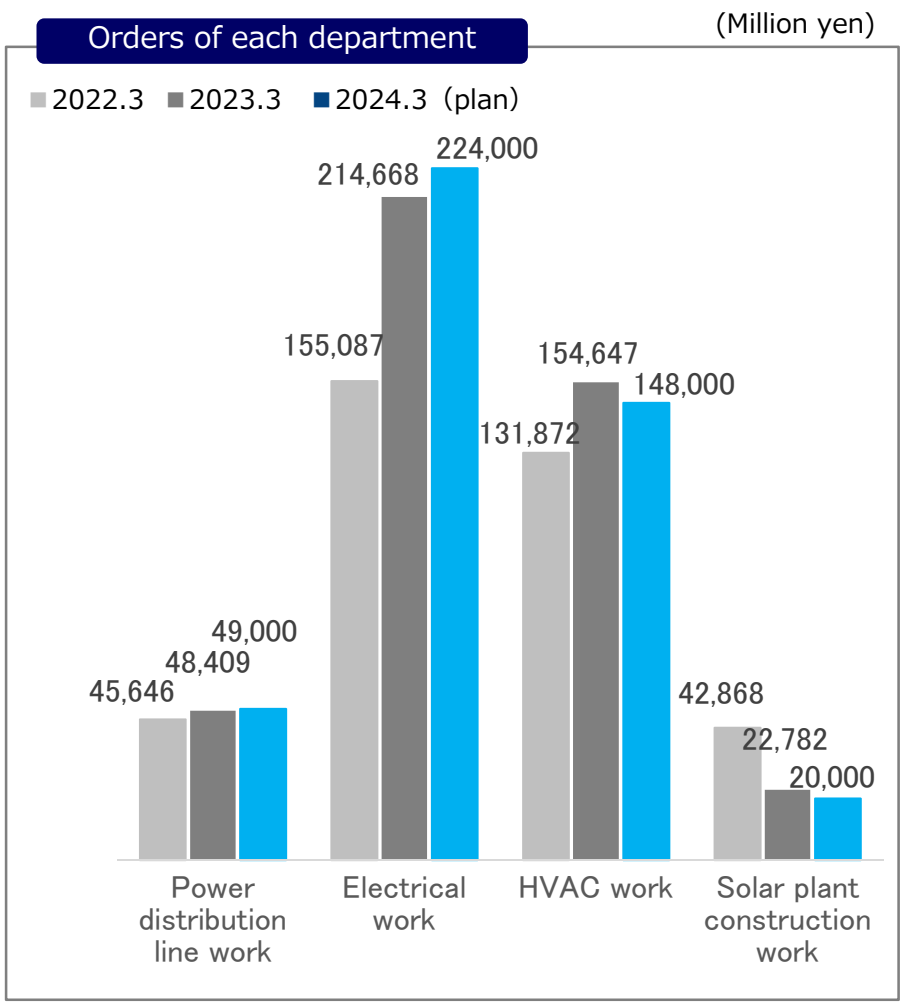
(Million yen)

	March 2023 Result	Plan for March 2024	
		March 2024	Year-on-Year
Sales	395,783 (100.0%)	460,000 (100.0%)	116.2%
Gross profit	57,889 (14.6%)	64,500 (14.0%)	111.4%
Operating profit	32,083 (8.1%)	35,500 (7.7%)	110.7%
Ordinary profit	35,462 (9.0%)	38,000 (8.3%)	107.2%
Current (quarter) net profit	26,349 (6.7%)	26,500 (5.8%)	100.6%
Orders	440,507	441,000	100.1%

Current net profit per stock	¥371.93	¥374.05
Dividends	110円 Interim ¥50 Year-end ¥60	¥110 Interim ¥55 Year-end ¥55

Orders & Sales plan by department





Trend of dividends

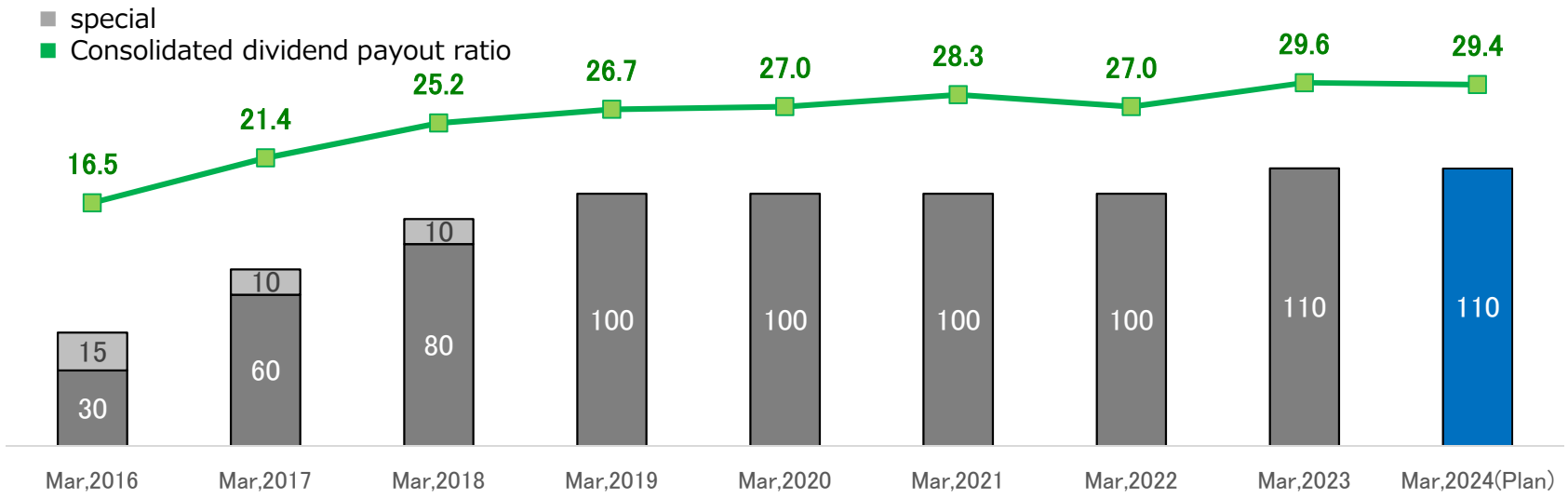
- The year-end dividend for the fiscal year ending March 31, 2023, is resolved at 60 yen per share, an increase of 10 yen per share from the latest dividend forecast.
- The annual dividend for the fiscal year ending March 31, 2024 is planned to be 110 yen per share.

Dividend Policy and Reason for Dividend Increase

With regard to distribution of profits, we seek to keep appropriate financial strength and appropriately return profits to shareholders with an awareness of the cost of capital 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.

Based on this basic policy, the year-end dividend for the current fiscal year, which was previously announced as 50 yen per share, will be 60 yen per share in light of the financial results for the fiscal year ending March 31, 2023 and the record-high volume of construction work on hand.

For the fiscal year ending March 31, 2024, we plans to pay an annual dividend of 110 yen per share (including an interim dividend of 55 yen per share) based on the current earnings forecast and other factors.



Mid-term management plan

(Published on April 28,2020.)

Numerical targets

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Main theme

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

Numerical target

Final year（Mar.2024）

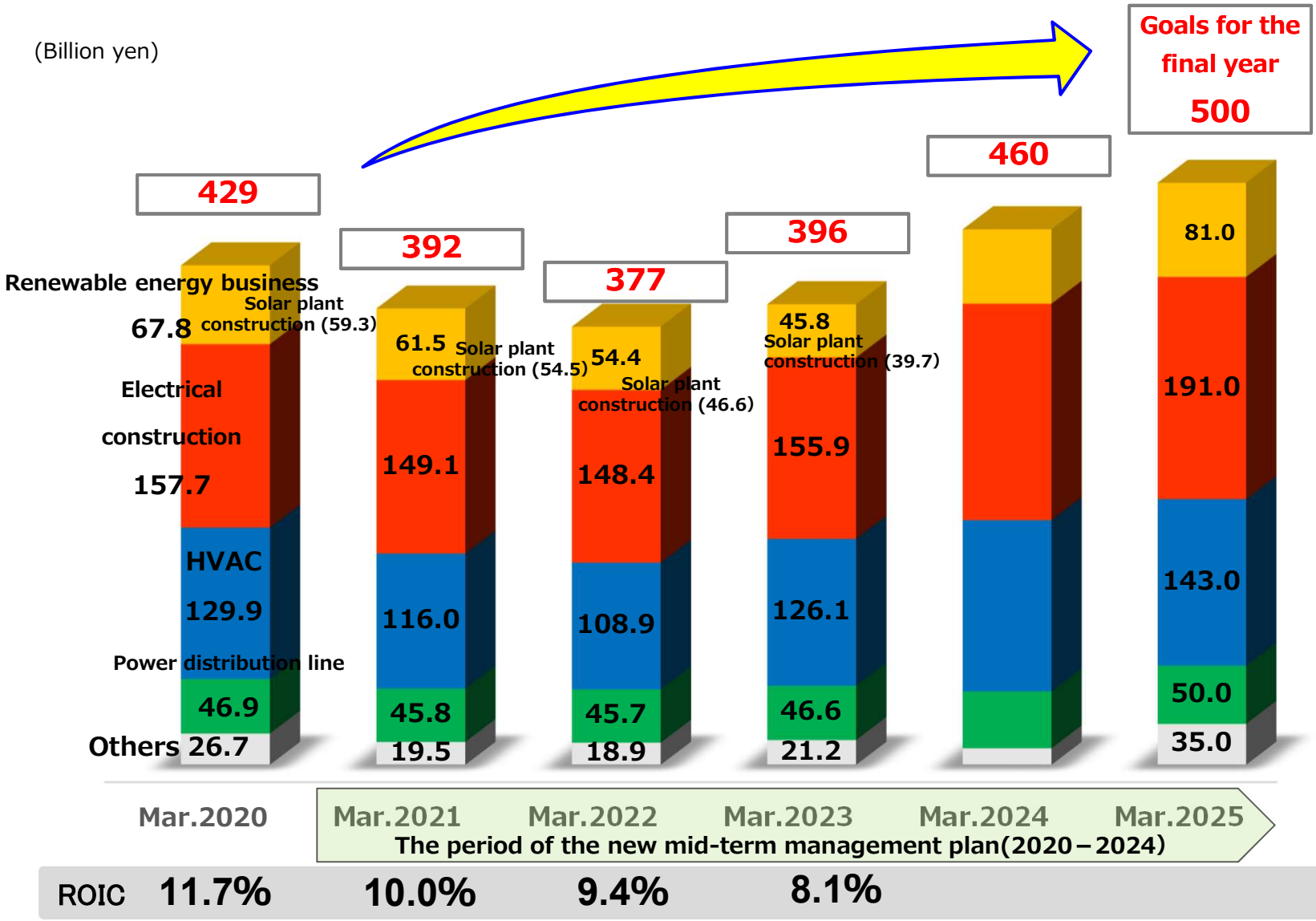
Sales	**500** billion yen
Ordinary profit **margin**	**50** billion yen **Over 10.0** %
ROIC	**Over 10.0** %

(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



Summary of the Third year (FY2022)

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Theme for FY2022 『 Practice business reforms to adapt the environmental changes 』

Most Important Initiatives

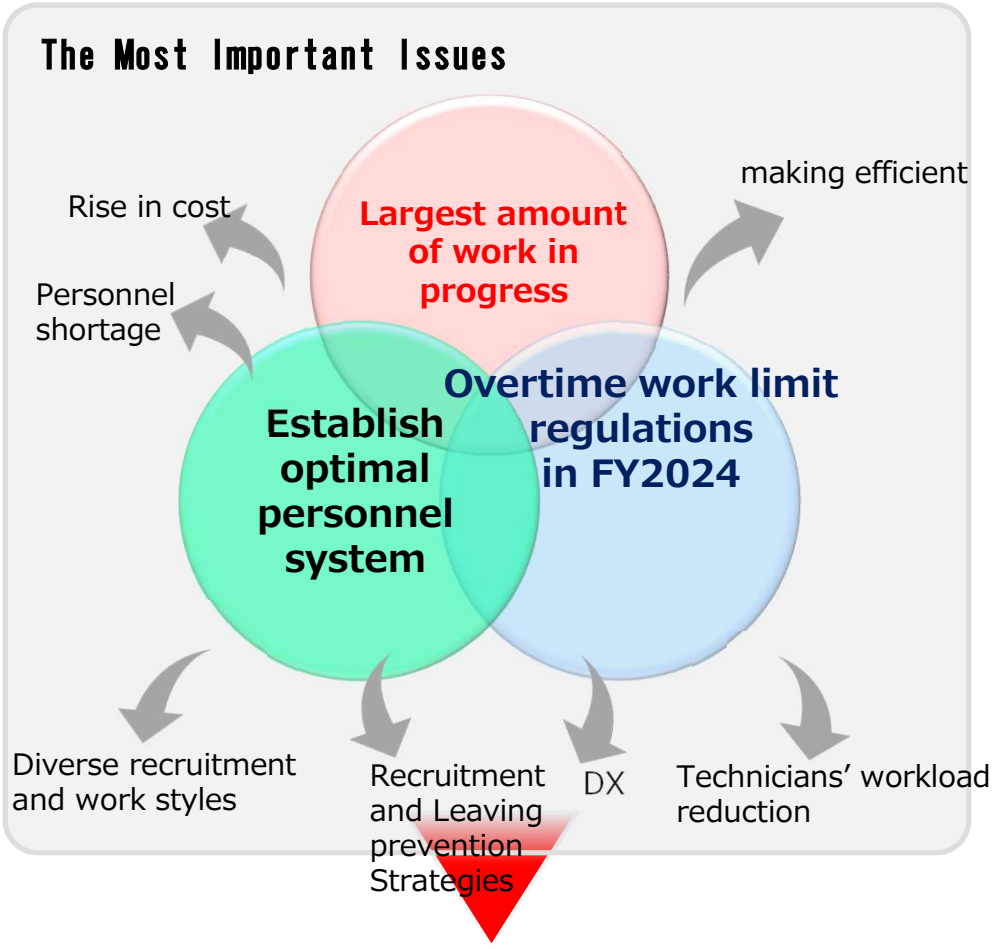
Implement Business Reforms

- Developed internal digital infrastructure
  (All employees were provided with smartphones and mobile PCs.)
- Discussed specific initiatives to reduce the workload of engineers.
  (Promotion of Work-style Reforms)

Promote price negotiations

- Implement initiatives to improve profitability at the time of order receipt.

Key measures for the fourth year (FY2023)



Themes for FY2023

『 Improve Productivity for a New Era

(Acceleration of work style reform)』

Strategies[Excerpt]

Practice Productivity Reform

- Achieve operational efficiency through DX
- Promote the plan for work style reform by the department.

Promote human capital management

- Establish policies to accommodate diverse work styles
- Promote on-the-job training and check the effects.
- Manage mental health care using the rate of engagement

Strengthen and expand orders

- Build strong community-based system

Develop new business areas

- Develop the renewable energy power generation business areas
- Expand business areas through energy conservation, creation, and storage
- Expand business ground through M&A and industry-academia collaboration

Promote Sustainability Management

- Develop environment-related business
- Execute environment-related capital investment plans

Acceleration of Work Style Reform

■ **In April 2023, "Work Style Reform Department" was established as an organization directed by the President.**

⑴Based on the Workplace Reform Action Plan, scrutinize the contents of the implementation plans and manage some progress.

⑵Establish a support system for construction personnel belonging to sales offices.

⑶Plan and execute staffing some administrators to large job sites.

＜ Work Style Reform Action Plan（excerpt）＞

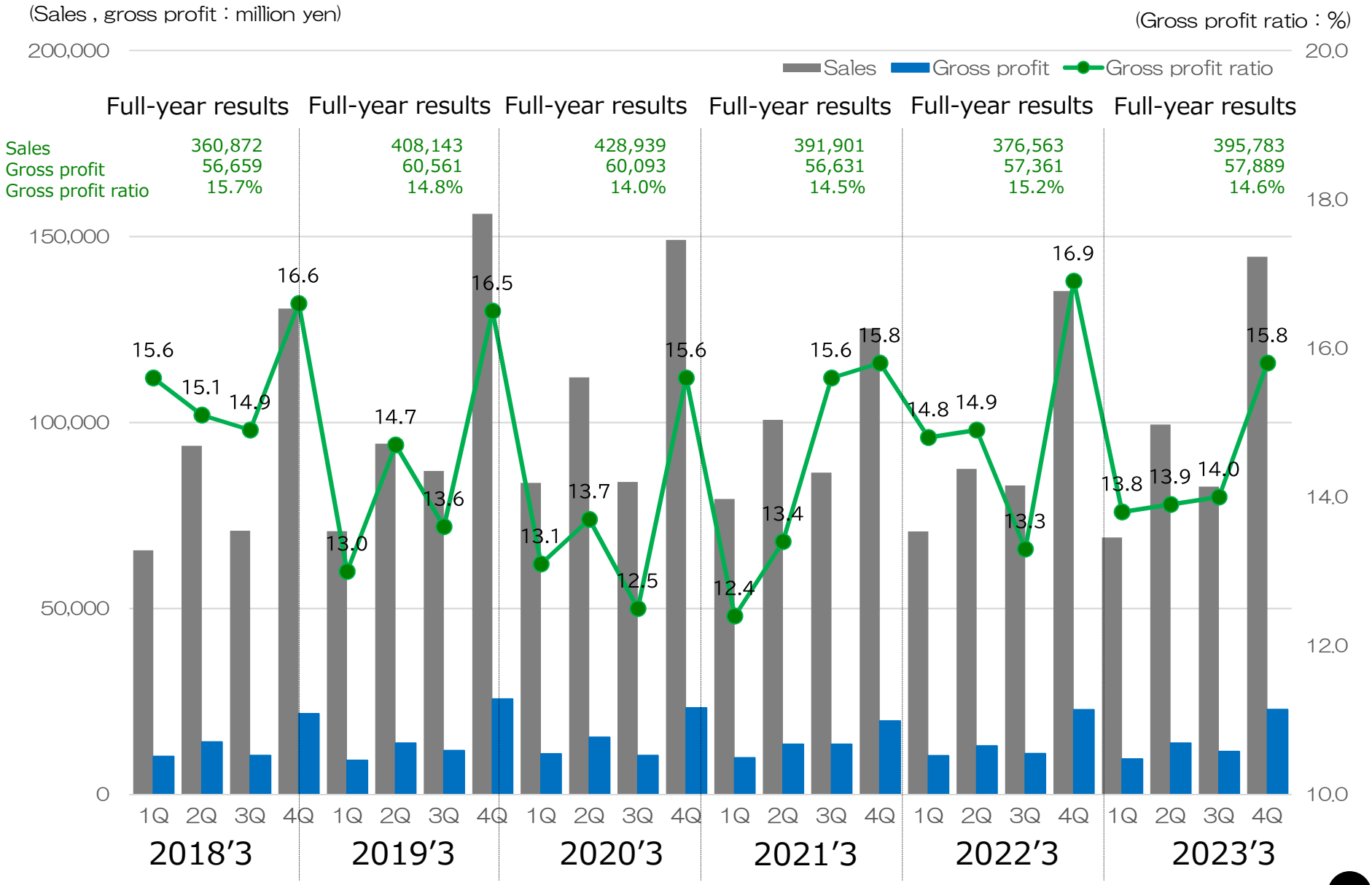
項目	対策	実施内容	
Personnel Measures	①Deploy staff to large job sites	①-1 Deploy technicians	・Deploy head office technical staff to branch offices ahead ・Deploy materials staff ・Deploy technical staff ・Deploy safety management staff
		①-2 Deploy administrators	・Deploy administrative staff from head and branch offices to large job sites
	②Assign staff to sales offices (to handle small and medium-sized construction projects)	②-1 Deploy technical staff ②-2 Deploy, train, and hire clerical employees	・Deploy clerical employees belonging to branch offices to technical work ・Switch clerical work in branch offices to temporary employees
	③Revise the policy to secure personnel	③-1 Work location selection ③-2 Contract rehiring ③-3 Mid-career hiring	・Establish area type: new scheme ・Extend reemployment period ・Ease hiring criteria
Work Improvement	④Transfer task	④-1 Transfer construction manager's tasks to other departments	・Safety (ex. Training, etc.) ・Sales (ex. receive order sheet, and issue invoices, etc.) ・Affairs (ex. manage materials, subcontracting, expenses , etc.)
	⑤Reduce workload	⑤-1 Engineer's workload ⑤-2 Administrator's workload	・Review business processes (ex. Preparing documents, etc.) ・Review the number of meetings and their members ・Review Kyudenko Academy's training programs (ex. enrich and streamline the contents) ・Review how engagement surveys should be conducted
	⑥Improve productivity (ex. paperless, etc.)	⑥-1 Operational efficiency through DX	・Use electronic official seals and review payment process. ・Introduce and utilize P/L management system. ・Digitize construction project documents (including contracts with subcontractors)

Appendix

Corporate profile

Company name	Kyudenko Corporation
Established	December 1, 1944
Capital	￥12,561 million
Listed market Code	Prime Market of Tokyo Stock Exchange, Fukuoka Stock Exchange 1959
Head office	1-23-35 Nanokawa, Minamiku, Fukuoka city
Tokyo head office	Sunshine 60 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo
Bases	Head office, Tokyo head office, 13 branches in Japan, 109 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: 10,626persons (March 31, 2023)

Sales and gross profit (quarterly accounting period)



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

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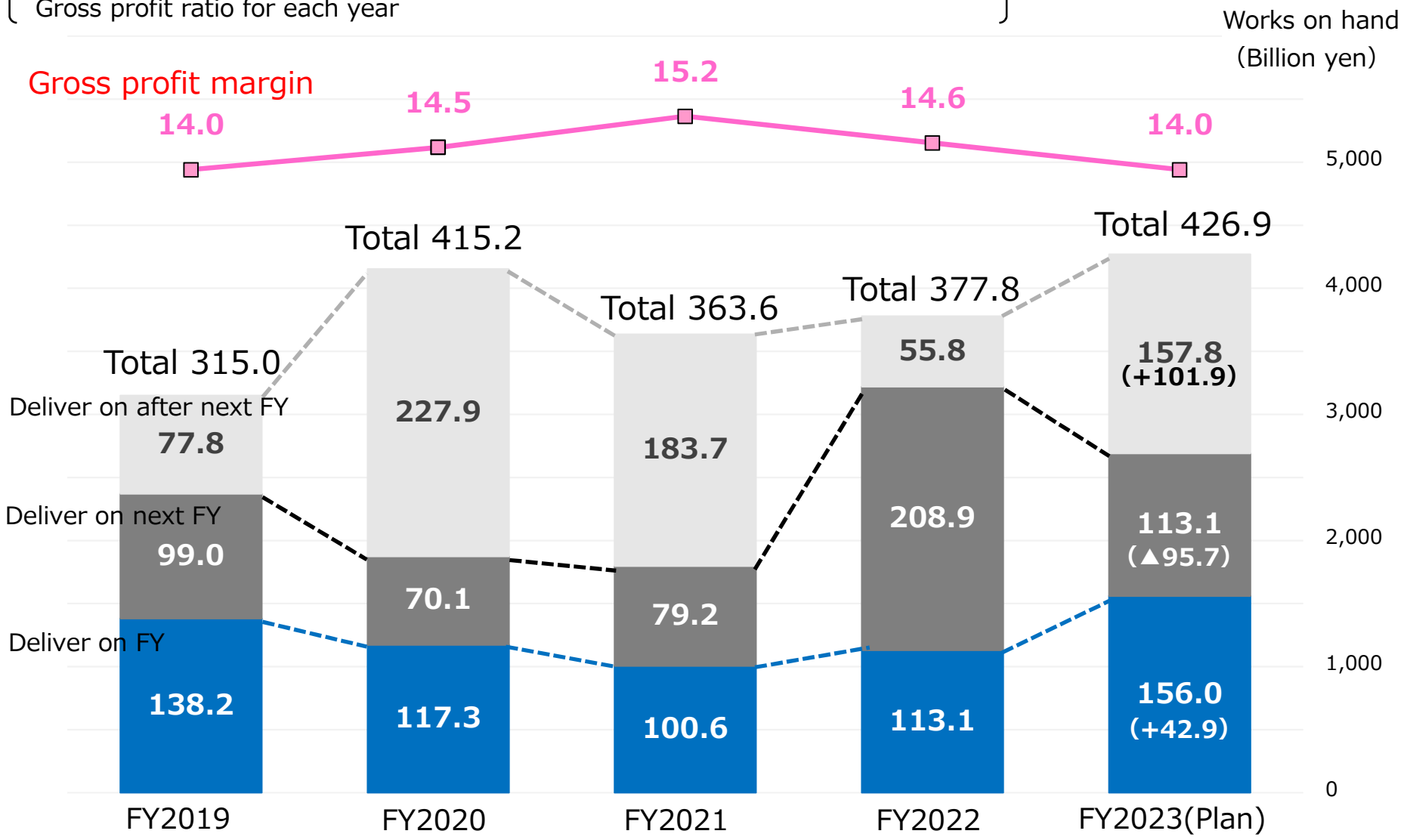
[Opening amount of construction works on hand by delivery schedule timing and Gross profit ratio for each year]



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

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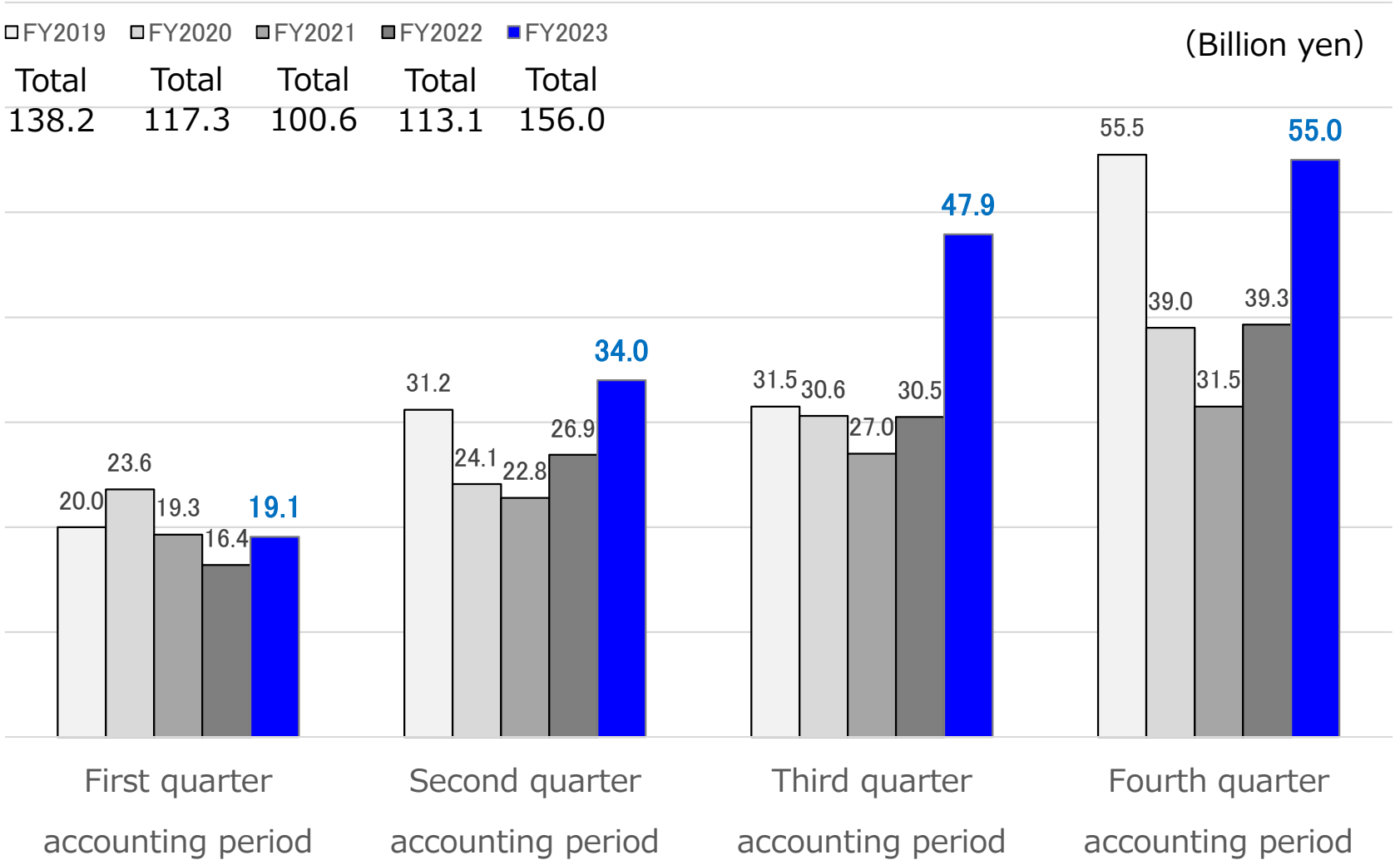
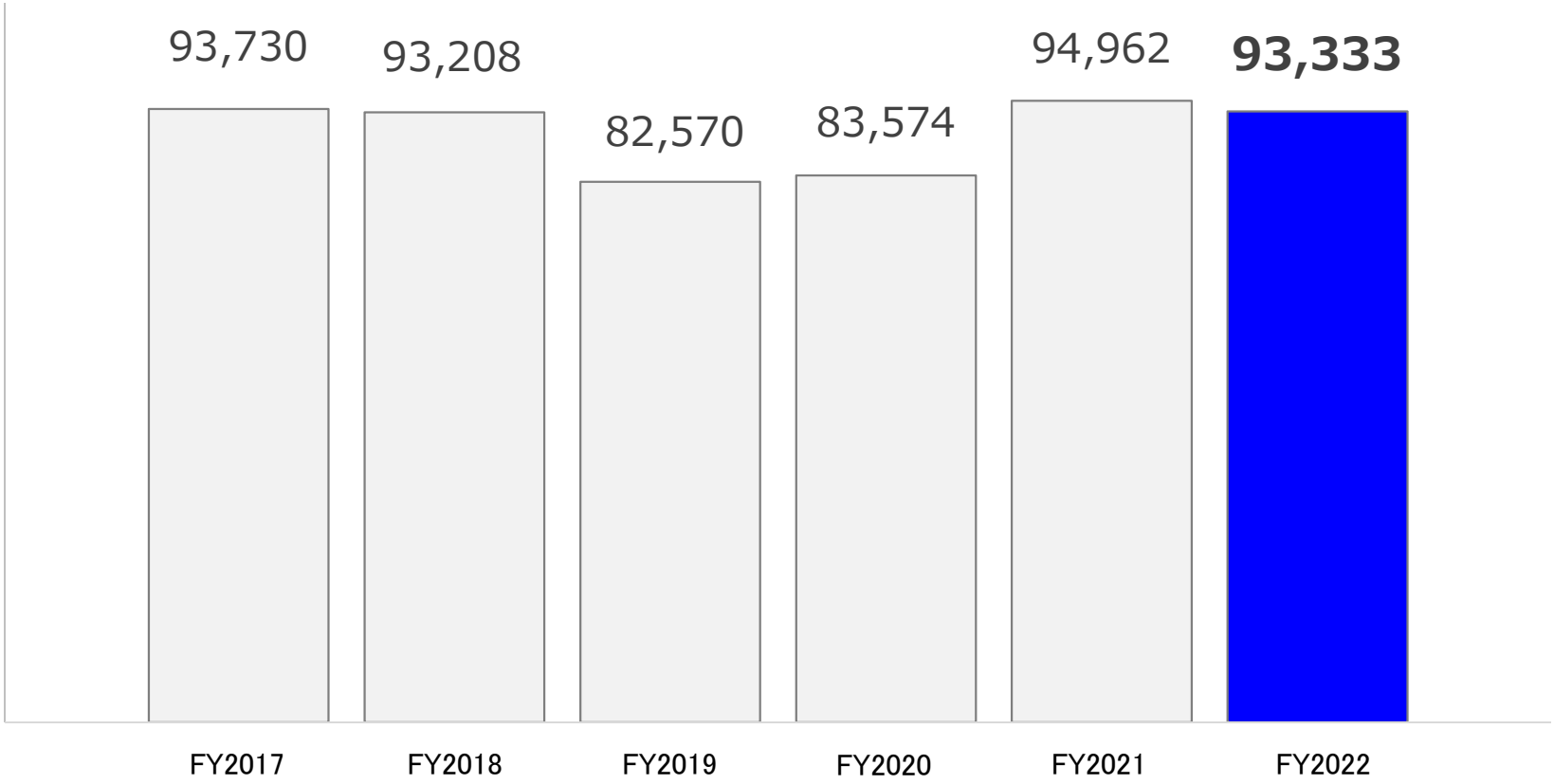
[Opening amount of construction works on hand of quarterly accounting period
Scheduled delivery amount]



Orders received for small and medium-sized projects (less than 100 million yen) (Kyudenko individual: excluding power distribution work)

■ Orders for small- and medium-sized projects (contract amounts of less than 100 million yen), which have short construction periods and relatively high profit margins, are shown.

(Million yen)



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

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≪ Actual results of periodic recruitment of engineers and skilled persons≫

	2007～2016	2017	2018	2019	2020	2021	2022	2023
Total engineers and skilled persons	Around 200	344	384	342	336	387	306	259
High school graduates	Around 150	248	271	253	253	263	225	187
University graduates	Around 50	96	113	89	83	124	81	72

≪ Comparison in actual results of recruitment for April 2023 with other companies≫

	Kyudenko	Large electrical construction companies	Large HVAC companies	Super general constructors
Total in all professions	292	330～420	70～90	210～350
High school graduates	194	Around 240	Around 10	Around 10
University graduates	98	90～190	70～90	200～330

≪ 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	2,468	2,519	2,750	2,893	**About+550**
HVAC work department	1,138	1,188	1,212	1,202	1,435	1,517	**About+320**
Year-end workforce of electrical and HVAC	3,411	3,547	3,680	3,721	4,185	4,410	**About+870**
Power distribution line department	1,642	1,566	1,519	1,471	1,641	1,666	About+50
Other	1,446	1,469	1,508	1,516	1,397	1,408	
Employees of single Kyudenko	6,500	6,582	6,707	6,708	7,223	7,484	**About+900**
Employees of group	10,018	10,198	10,528	10,626		12,000	**About+2,000**

■ Total 8,600 employees in technical field of total 10,000

	(Kyudenko)		(Subsidiaries)		
Number of site technicians	About 2,100	+	About 2,100	=	About 4,200
Number of construction managers	About 3,200	+	About 1,200	=	About 4,400

Key measures

■ **"Promotion of Environmental Management"** was added as a new issue to be addressed.
While incorporating environmental management and CSV management into our management strategy, we will adapt to an environment that is changing at an unprecedented pace.

Three reforms

Reform of construction capability

・Strengthen hiring of engineers based on a long-term workforce plan
・Reduce the turnover rate of young engineers by reviewing technical education
・Establish a system to ensure the timely and optimal deployment of all technicians
・Review the construction management system by strengthening and utilizing the Technology Management Department
・Promote multifunctional workers

Reform of productivity

・Review the 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
・Realize business reforms

Reform of governance

・Strengthen and thoroughly implement a governance system

Issues continuing from the previous Mid-term Plan

・Deepen measures to improve profit margins
・Strengthen and expand the order base of the domestic facility work industry
・Strengthen the profitability of power distribution line work
・Develop new business areas
・Create an attractive workplace environment

New Issues to be addressed

・Promotion of Environmental Management
・Thorough management of progress in major projects
・Promote human capital management

Basic Sustainability Policy

Basic Policy

Based on the corporate philosophy, the Kyudenko Group will create a sustainable society and improve the corporate value of the Group by solving social issues through its business activities.

■ Important issues (materialities)

Social issues		Important issues (materialities)	SDGs	Orientation of measures
Environment (E)	Climate change Decarbonized society Energy	Contribute to the spread and expansion of clean energy		Promote energy creation related construction and projects (solar, wind, biomass, PPA, EMS, etc.)
		Contribute to energy conservation		Promote energy saving related construction (proposals for energy efficiency improvement (ES) construction, EV charging equipment, ZEB, energy saving equipment, etc.)
		Kyudenko to achieve carbon neutrality by 2050		Respond to TCFD and reduce our own CO_2 emissions
Society (S)	Diversity Labor practices Employment Human rights	Create an environment that embraces diverse values and maximizes individual capabilities		Promote diversity and inclusion, build diverse and flexible ways of working, and respect human rights
	Occupational safety and health	Create rewarding workplaces with safety as the highest priority		Eliminate critical disasters, promote health and productivity management, improve employee engagement
	Education and training	Strengthen the overall human capacity (business performance, human capacity, creativity (thinking skills))		Strengthen human resource development and build diverse career maps
	Communities	Maintain and develop local infrastructure through stable supply of electricity and facility work, etc.		Maintain and develop social infrastructure through existing businesses
	Disaster prevention	Use our technical capabilities to contribute to infrastructure development that is resistant to natural disasters		Disaster-resistant urban development, disaster recovery, support for areas affected by disasters, community contribution activities
	Innovation	Create new value through technical development and active collaboration		Create new business areas, improve productivity, promote investment in DX and technology development, promote open innovation, promote M&A
	Waste	Contribute to the formation of a circular society		Promote 3R (reduce, reuse, recycle), promote green purchasing
Governance (G)	Organizational governance Anti-corruption Compliance Fair business practices Anti-competitive behavior	Implement fair and transparent business practices		Enhance corporate governance, ensure compliance, implement information security management, strengthen risk management, ensure fair transactions in the supply chain

Efforts to Achieve Carbon Neutrality

Medium- and Long-term Objectives for Environmental Management

2030 : Reduce CO2 emissions intensity per sales of completed construction by at least 50% (compared to 2013)

2050 : Achieve carbon neutrality

【Action items toward achieving these goals】

・Introduction of EMS into Kyudenko Academy ・Environmentally friendly capital investment in equipment related to office buildings

・Deployment of EVs and chargers (special vehicles for construction that cannot be replaced are not eligible)

・Utilization of graduate feed-in tariffs (FITs) (assets at the end of project period)

・R&D through industry-academia collaboration

CO2 emissions volume

	Unit	FY2013(1)	FY2019	FY2020	FY2021(2)	(2) – (1)	FY2030
Scope 1	t-CO2	9,059	7,670	6,816	6,947	▲2,112	–
Scope 2	t-CO2	5,677	5,094	5,163	5,262	▲415	–
Kyudenko (non-consolidated) / total	t-CO2	14,736	12,764	11,979	12,209	▲2,527	–
Net sales	100 million yen	2,597	3,651	3,374	3,226	+629	–
Intensity	t-CO2／100 million yen	5.67	3.50	3.55	3.78	▲1.89	2.83
Intensity unit reduction rate (compared with FY2013)	%	—	▲38.2%	▲37.3%	▲33.3%	–	▲50%

Scope1: Direct greenhouse gas (GHG) emissions generated by business activities
Scope2: Indirect emissions resulting from the use of electricity, heat, and steam supplied by external entities
Scope3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the Company)

Intensity: (Scope 1 + Scope 2) / Kyudenko's non-consolidated net sales (t-CO2/100 million yen)

*The Company will work to expand the scope, including Scope 3

Development of new business areas
: Air conditioning/heat source control optimization system

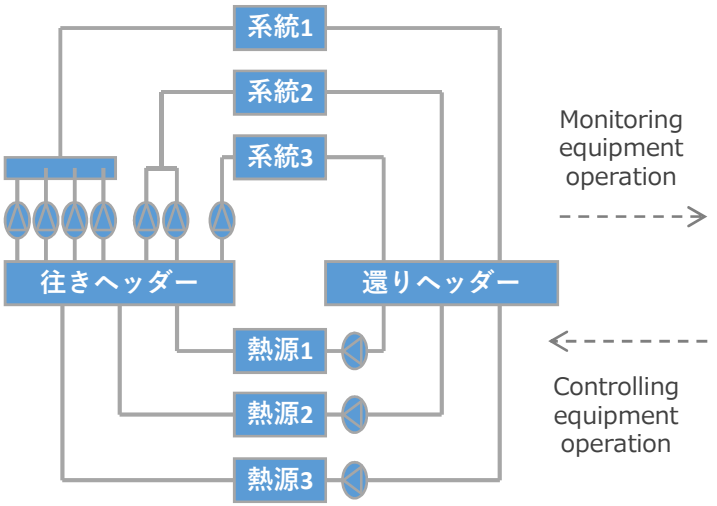
『Air conditioning/heat source control optimization system using AI optimization technology』

空調設備の技術ノウハウ Make Next. 九電工 × デジタルツインAI技術 GRID

- Jointly developed with Grid Corporation, a company with proprietary cutting-edge AI technology, as a project partner
- An automatic operation system that calculates parameters and performs optimally to conserve energy and reduce CO2 by using AI, which is to analyze and learn operational data of air conditioning and heat sources. (AI plans optimal operation schedules for air conditioning heat sources)
- Simulated the performance for multiple large-scale facilities (scheduled to be introduced to a demonstration test at a facility in FY2022)

Support for the introduction of services that can be utilized in various facilities with central heat source systems

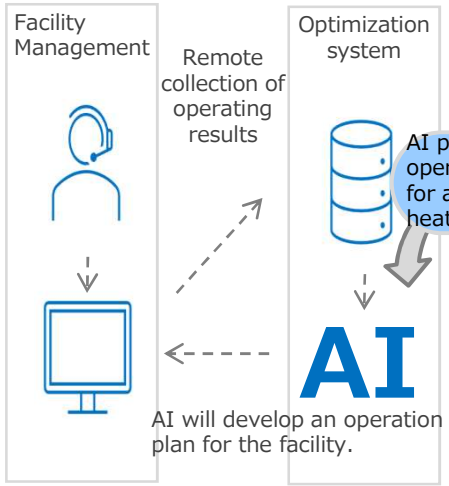
It can be installed in a variety of heat source configurations for various building applications to automate and optimize operations.



Monitoring equipment operation

Controlling equipment operation

Provides operation results and operation plans remotely



AI plans optimal operation schedules for air conditioning heat sources

01_Prerequisite information on air conditioning control
Predicts air conditioning heat load by time of day by system based on weather conditions and past operational results

02_Input of operation plan conditions
Depending on the input based on the heat source load factor, the heat rate, temperature, flow rate, pressure, etc. Reproduces operation while taking physical factors into account

03_Data output after execution of operation plan
Data output of planned values such as energy costs and CO2 emissions as well as target values for flow and pressure when executing the entered operation plan

04_Optimal operation planning
Over/Under Heat Generation and Cost and CO2 Savings Planning of operation plan for optimization with evaluation function.

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

Relevance to SDGs

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.

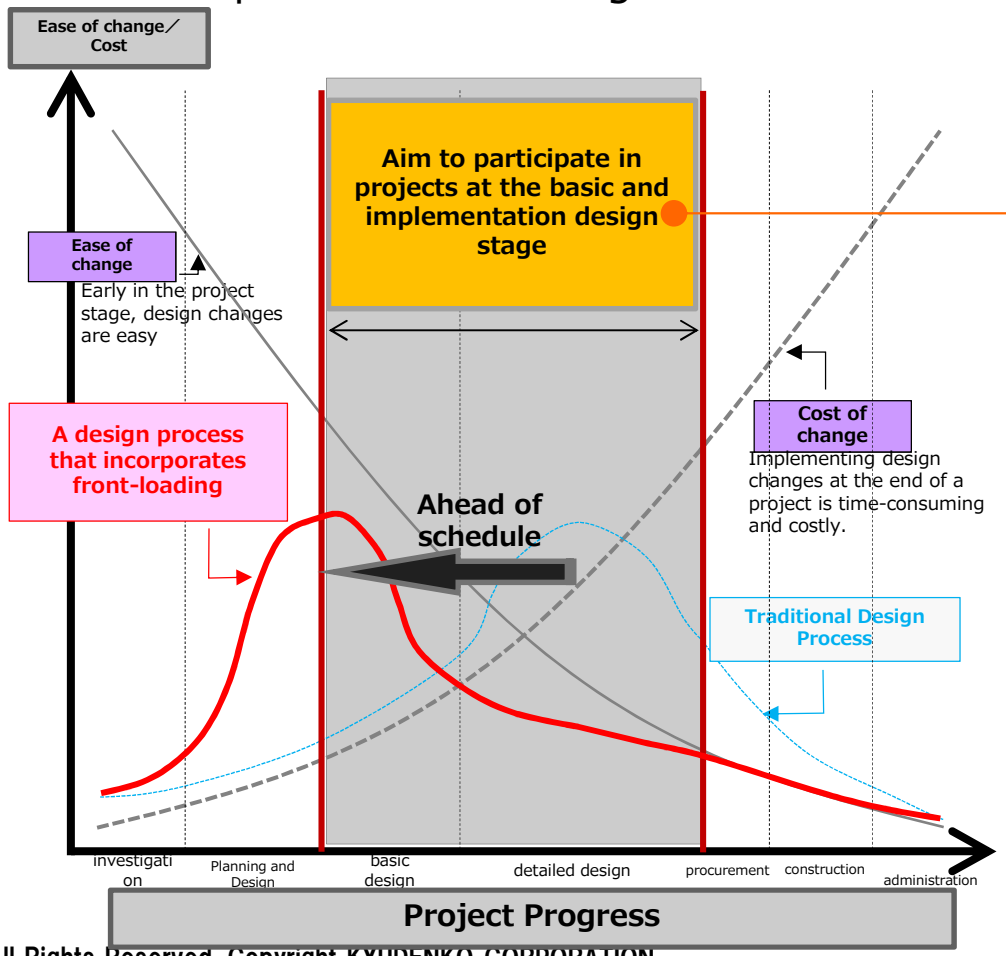
3.We will create an attractive work environment that is rewarding and challenging.
We will strive to improve engagement by creating a workplace environment in which employees want to work and continue to work, including an environment in which each employee can maximize his or her abilities and in which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

Front-loading initiatives

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>



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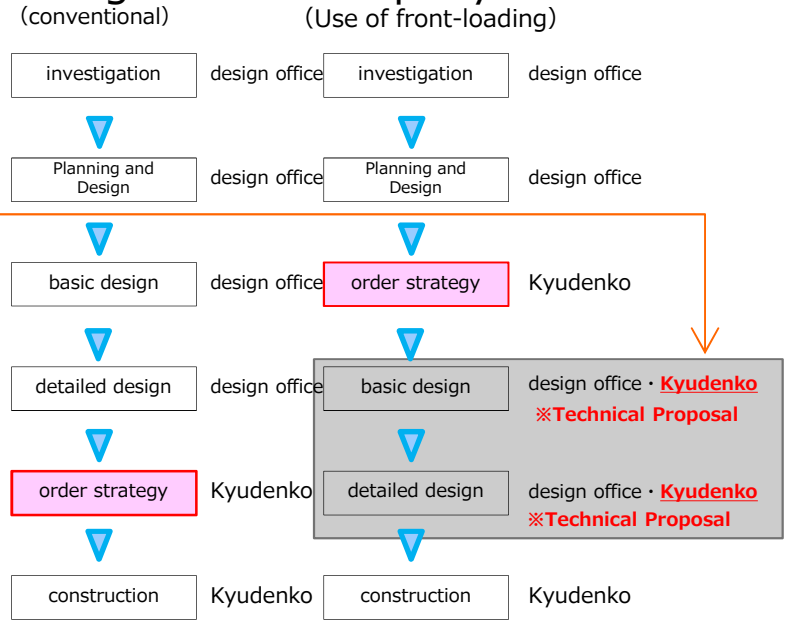

Specific measures to improve the profit margin (excerpt)

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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	・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.	・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.	・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.	・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"	・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.	・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	・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.

【Positional relationship】
Fukuoka Waterfront Next, Tenjin Big Bang, Hakata Connected

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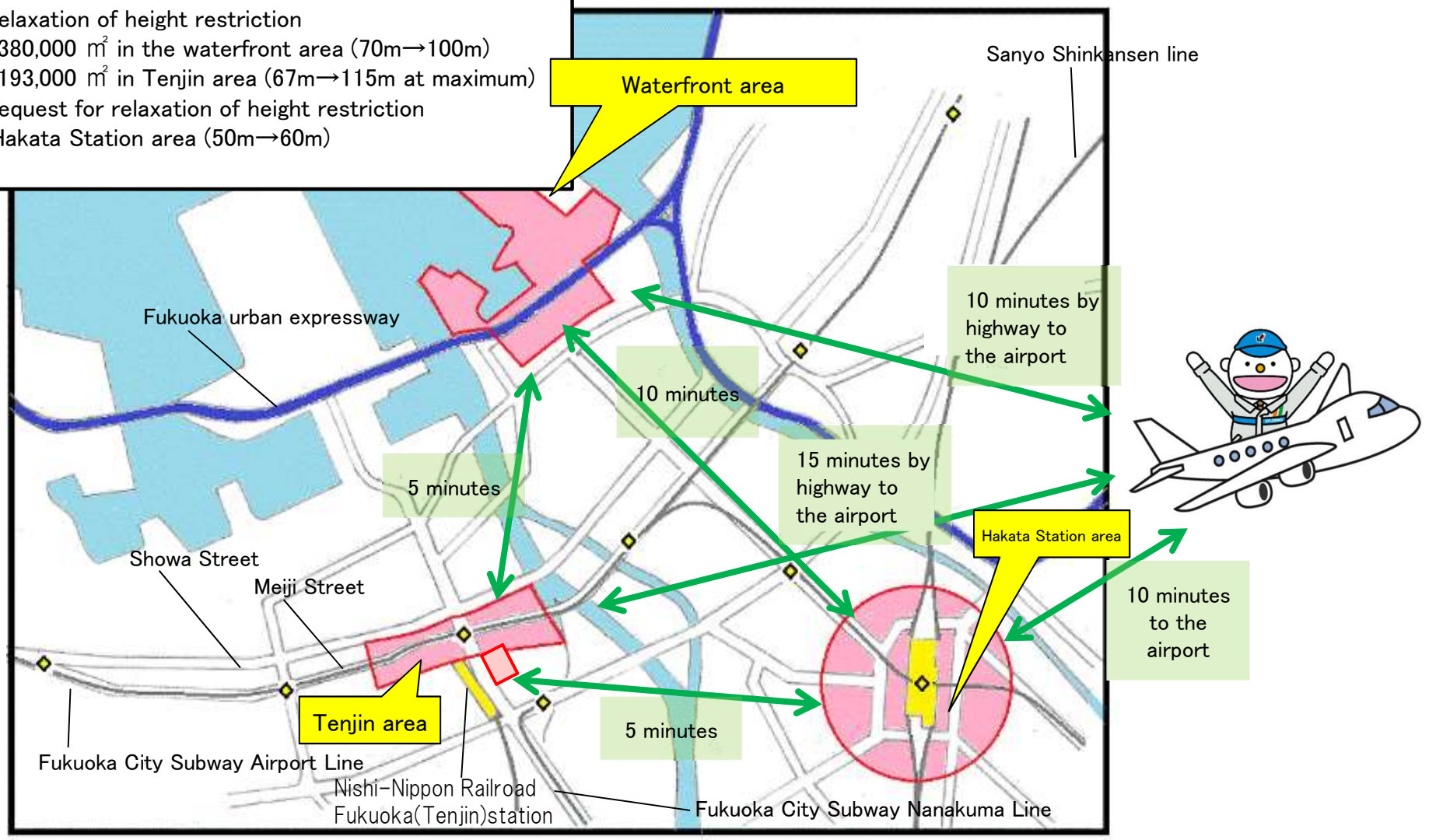
Relaxation of height restriction
380,000 ㎡ in the waterfront area (70m→100m)
193,000 ㎡ in Tenjin area (67m→115m at maximum)
Request for relaxation of height restriction
Hakata Station area (50m→60m)



【Project contents】
Fukuoka Waterfront Next, Tenjin Big Bang, Hakata Connected

Project	Purpose	Period and scale
①Tenjin Big Bang	・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	・Through 2026 ・About 193,000㎡ of about 500m in radius from Tenjin intersection ・Total floor area About 800,000㎡ **・Reconstruction of buildings in Tenjin area (30 buildings)**
②Fukuoka Waterfront Next	・Create bustle around Hakata Port, the gateway to Kyushu ・Improved urban functions to meet MICE and cruise demand	・Over 10-20 years **・Cruise terminal, MICE, commercial facilities, hotels** ※Policy to scale back due to COVIT-19
③Hakata Connected	・Connect the vitality and bustle of Hakata Station, the gateway to Kyushu, to the surrounding area.	・Through 2028 ・About 800,000㎡ of about 500m in radius from Hakata Station **・Reconstruction of buildings around Hakata Station (20 buildings)**