



Prime Market of Tokyo stock exchange : 1959

KYUDENKO CORPORATION

FY ending March 2024 2nd Quarter

Results briefing

Nov. 8th ,2023



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Overview of business results

Orders

¥245,063 million Year-on-year 91.7%

Sales

¥200,617 million Year-on-year 119.0%

Operating profit

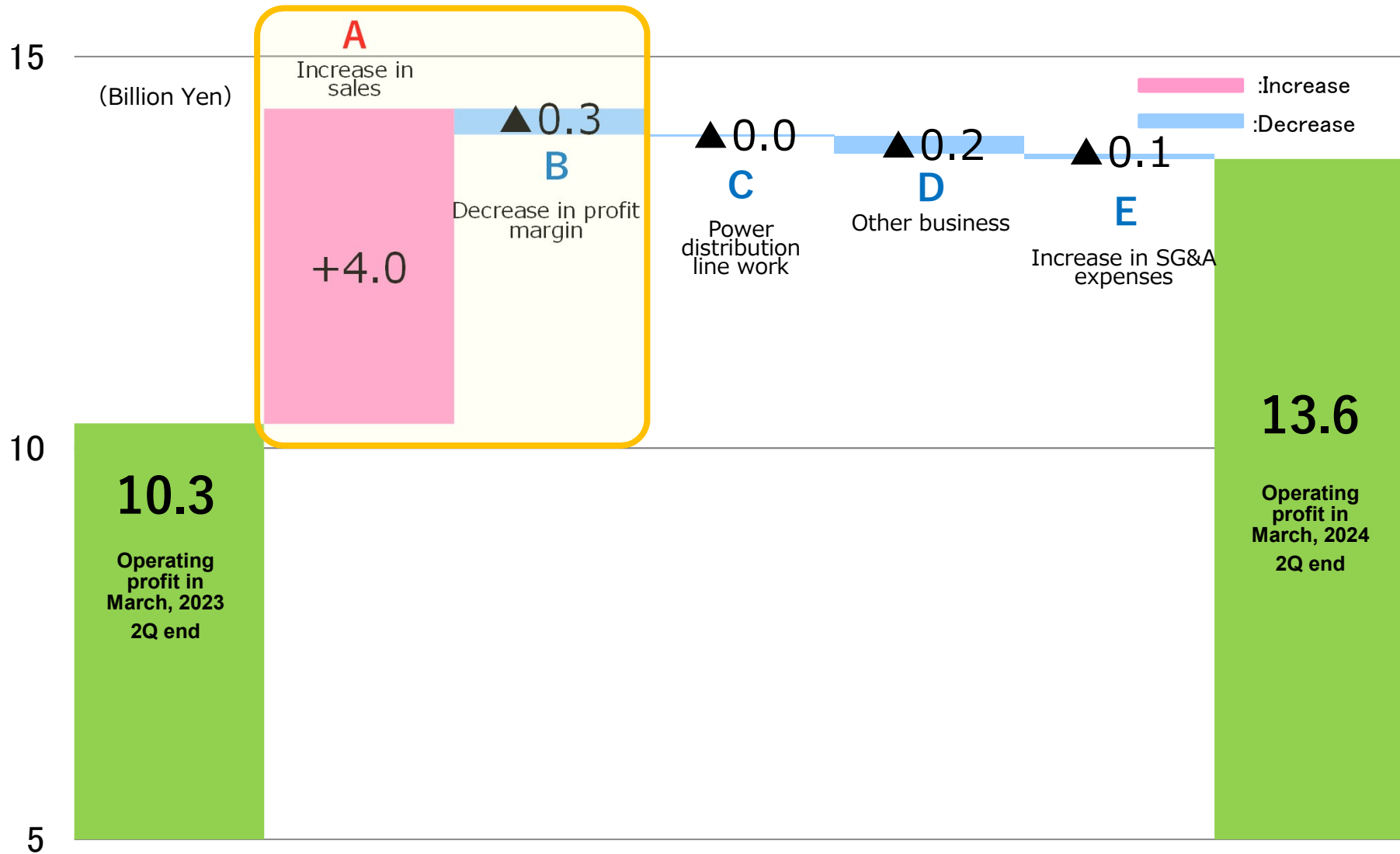
¥13,692 million Year-on-year 132.7%

Outline of P/L March 2024, 2nd quarter

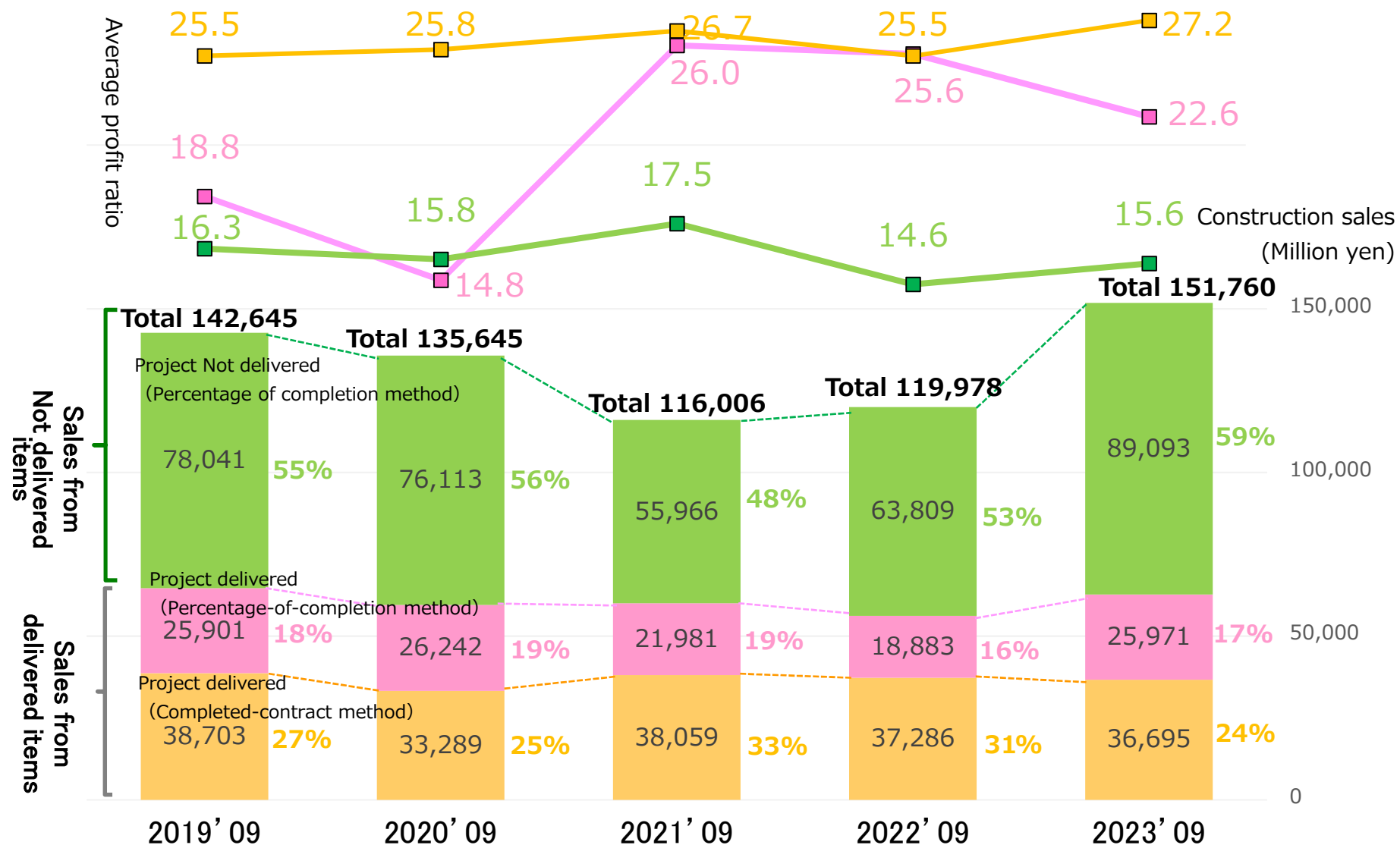
(Million yen)

	March 2023, 2Q Result	March 2024, 2Q		
		Result	Increase /decrease	2nd-on-2nd
Sales	168,522 (100.0%)	200,617 (100.0%)	+ 32,095	119.0%
Gross profit	23,417 (13.9%)	26,860 (13.4%)	+ 3,443	114.7%
Operating profit	10,315 (6.1%)	13,692 (6.8%)	+ 3,376	132.7%
Ordinary profit	12,015 (7.1%)	15,766 (7.9%)	+ 3,750	131.2%
Net profit	11,116 (6.6%)	10,160 (5.1%)	▲ 956	91.4%
Net profit per share	¥ 156.92	¥ 143.49	–	

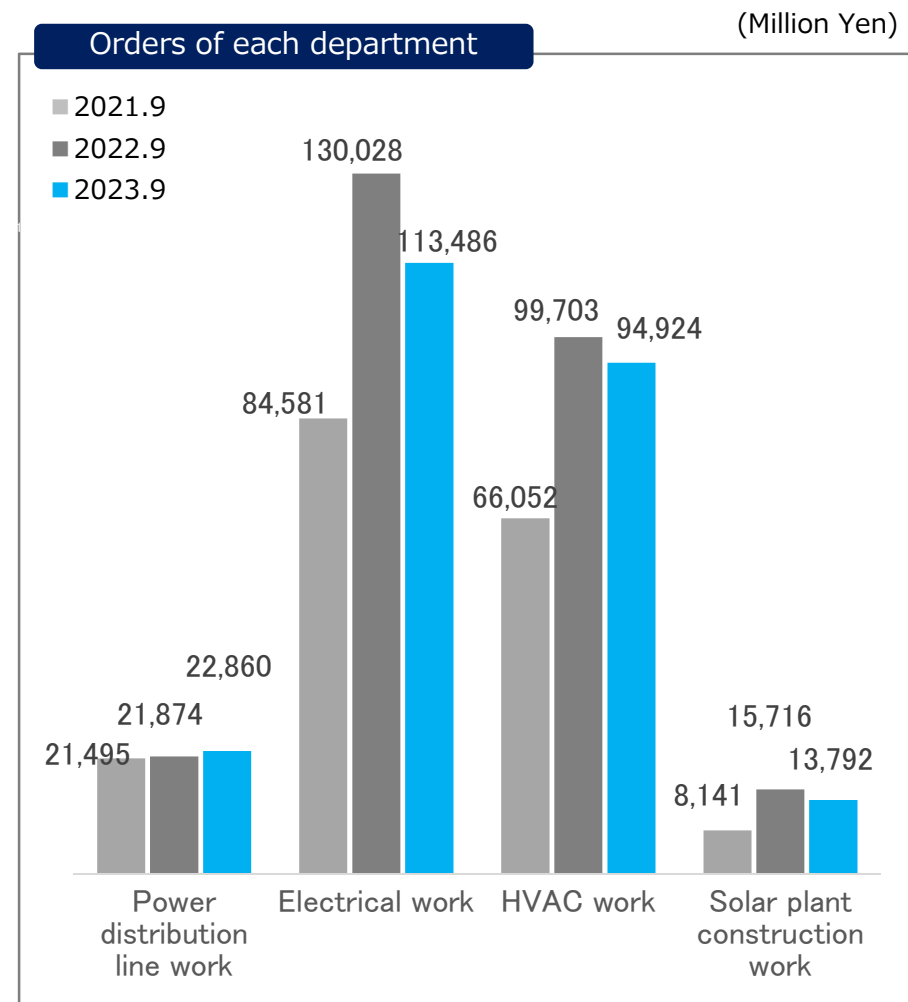
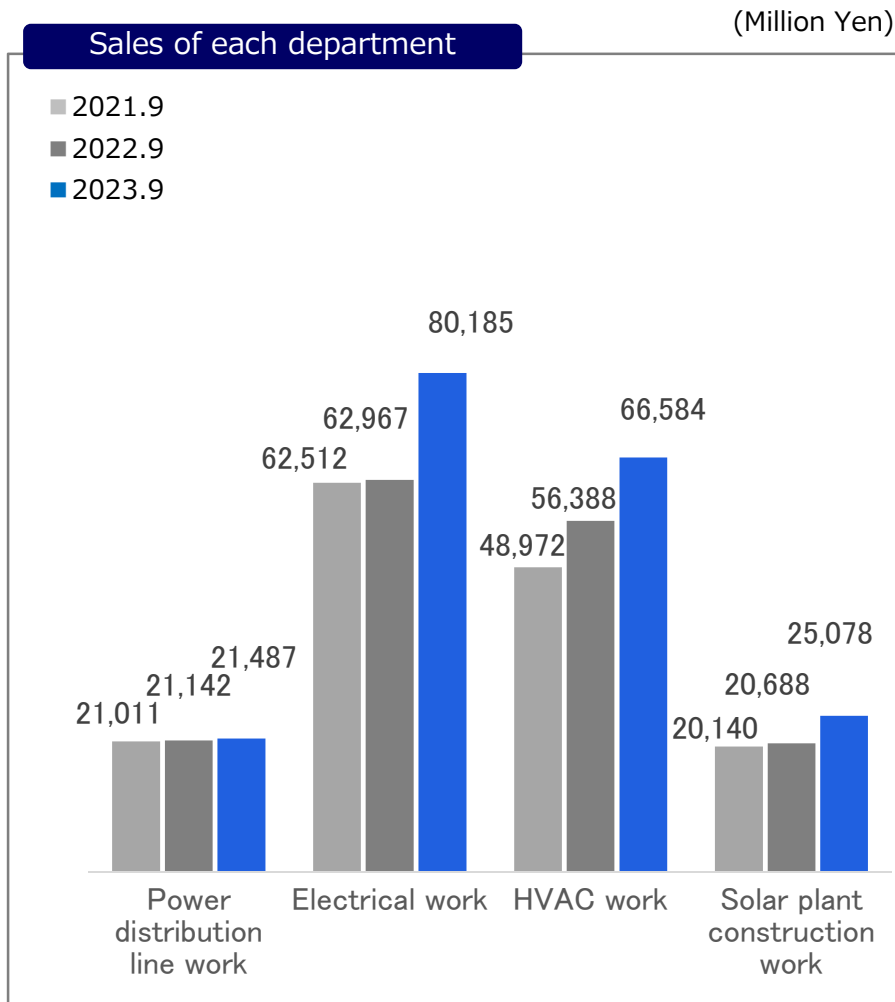
Factors of change in OP



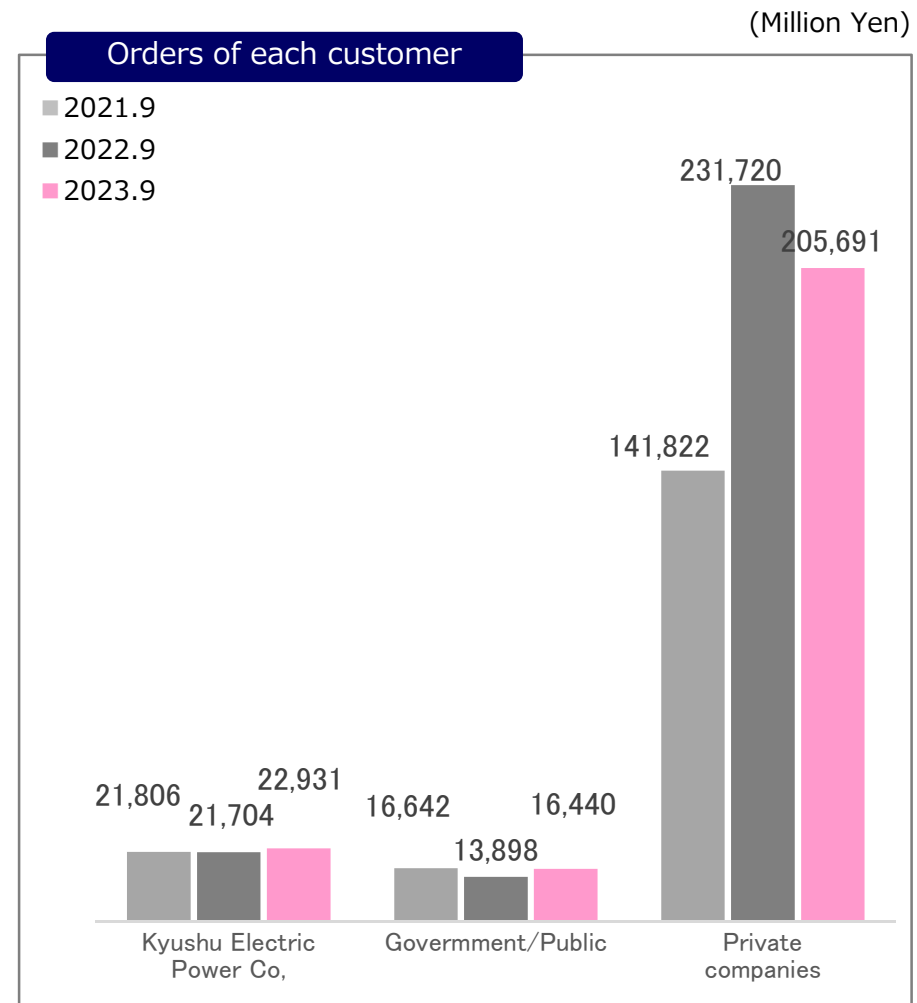
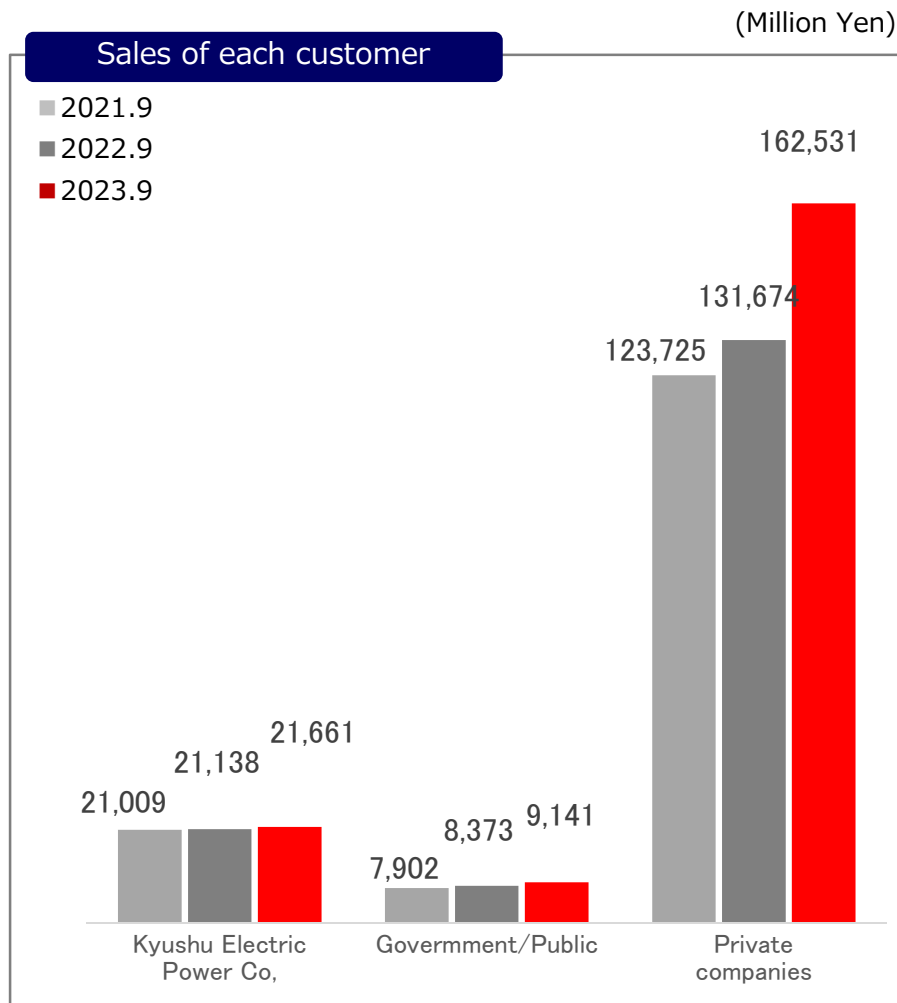
Breakdown of construction sales and average profit Sep.2023 (Kyudenko individual : excluding power distribution line work)



Order received / Sales by department Sep. 2023

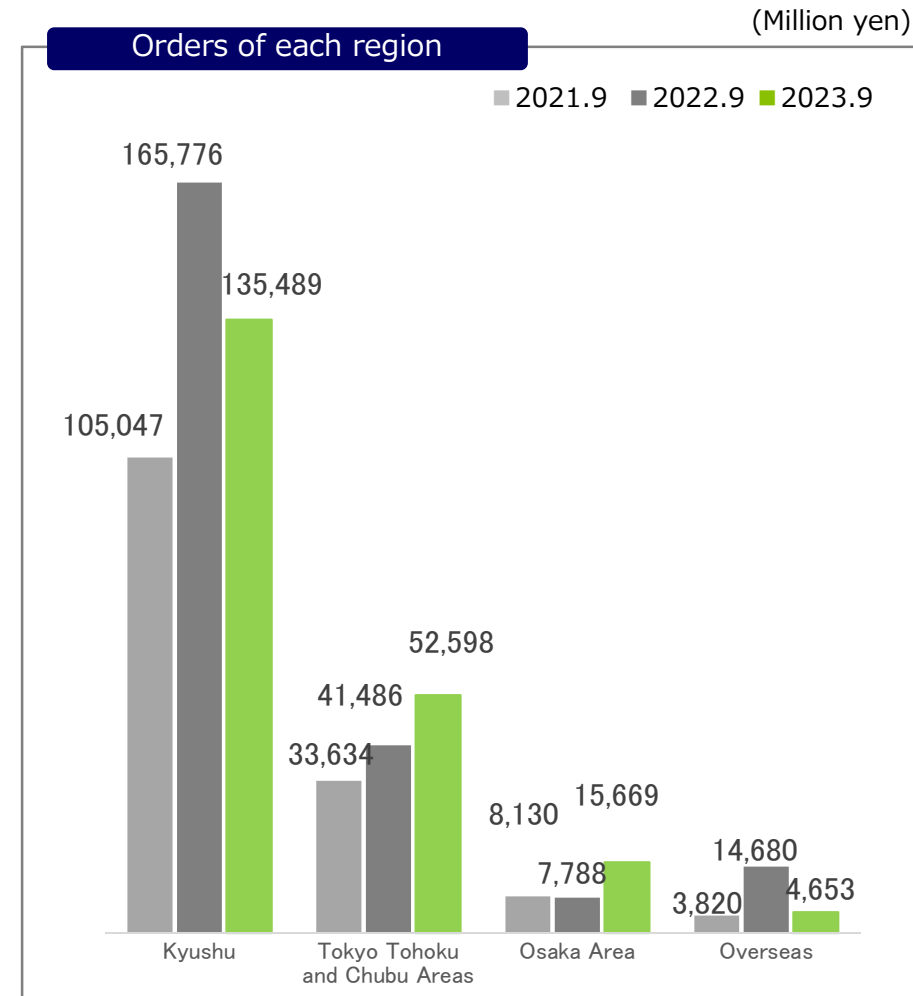
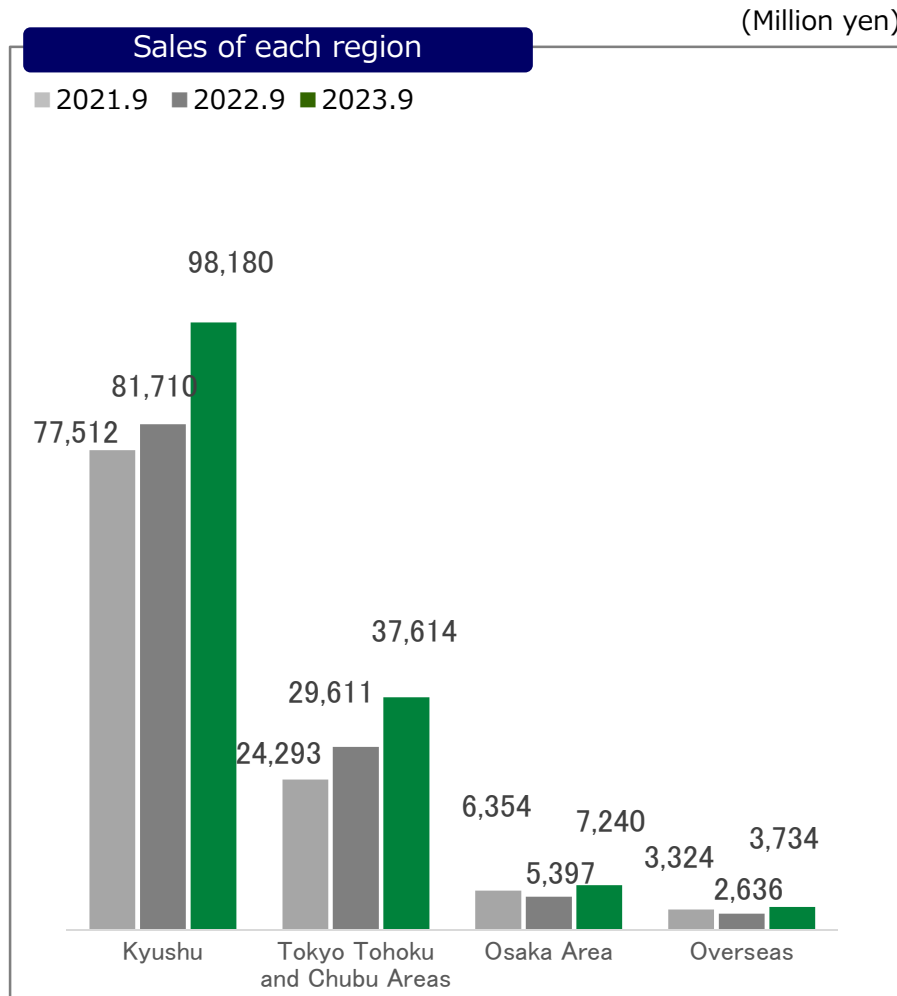


Order received / Sales by customer Sep. 2023

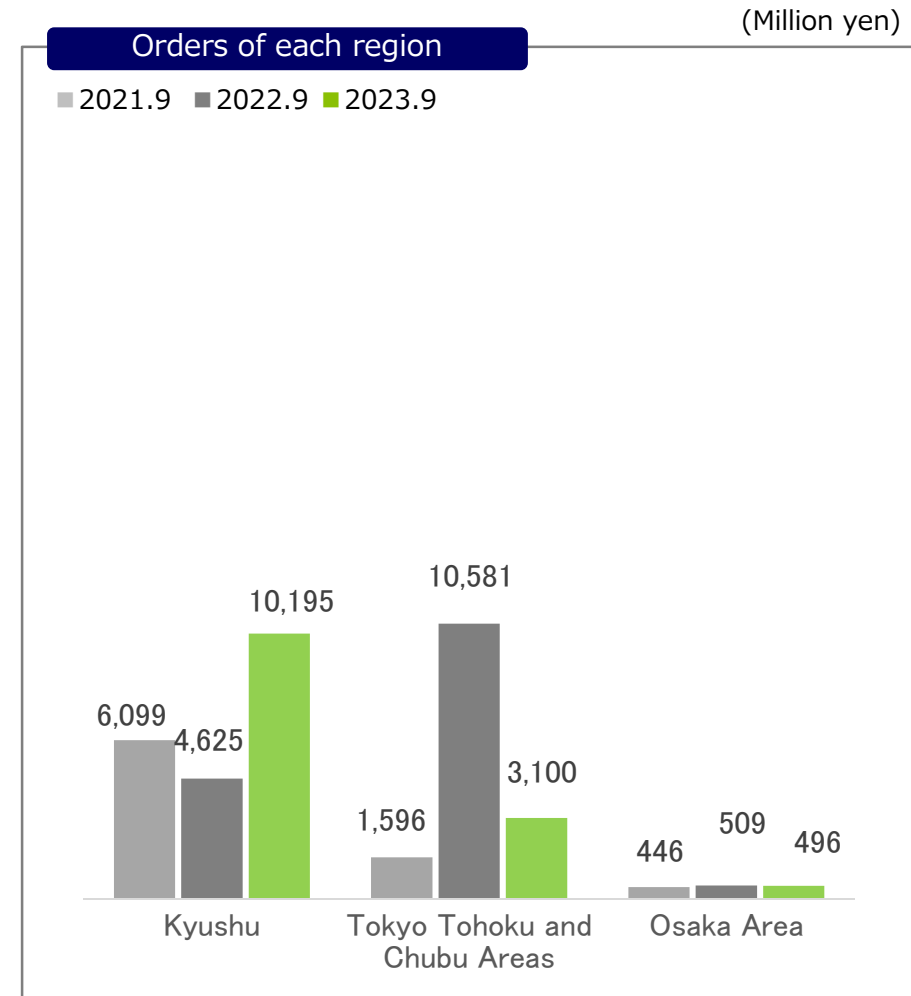
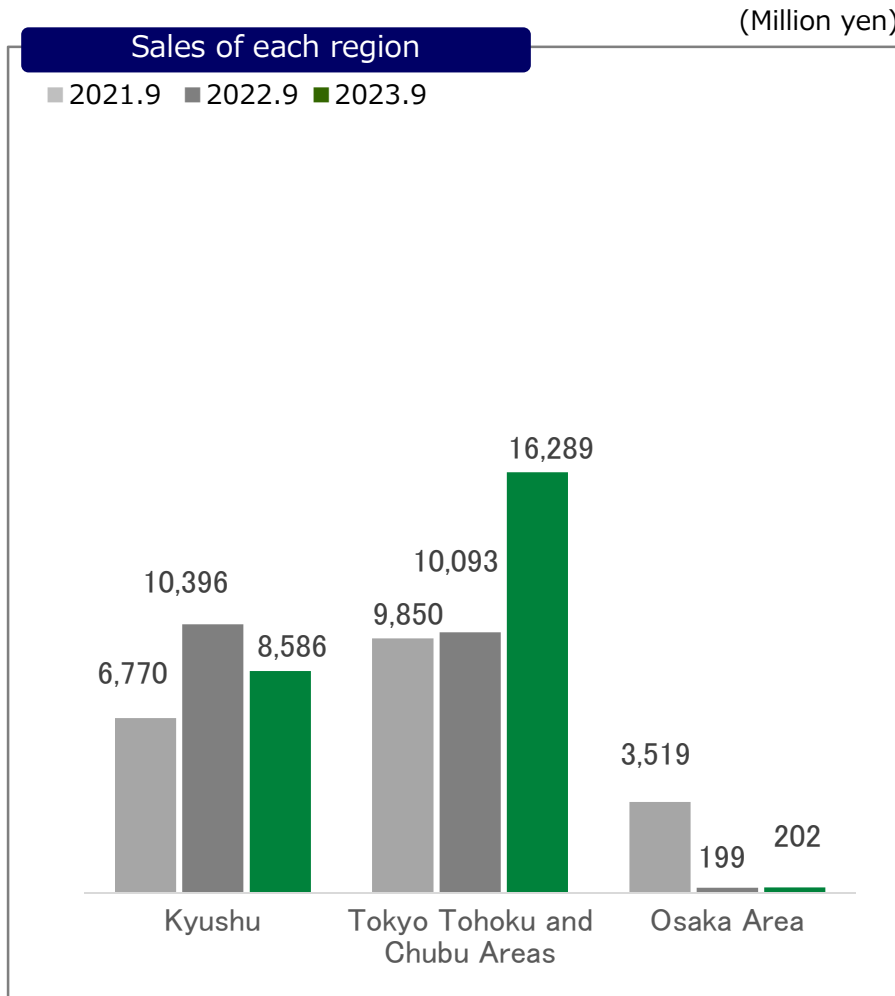


Order received / Sales by region Sep. 2023

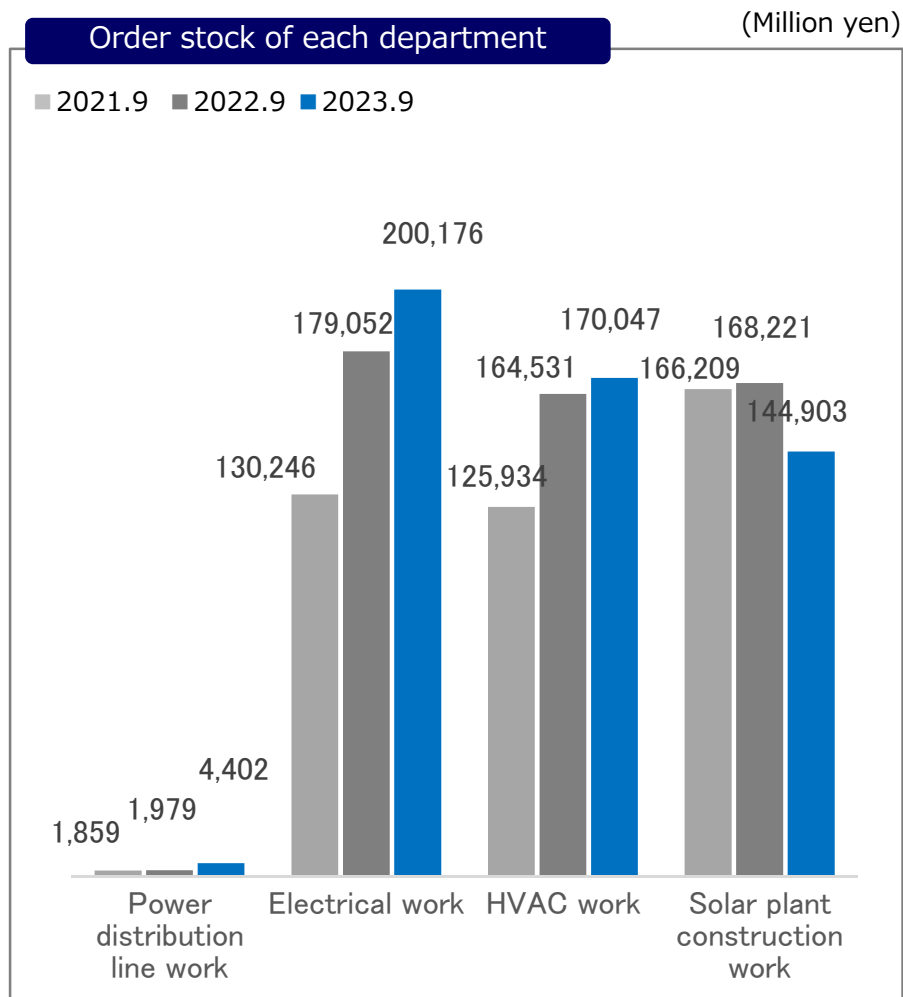
(Electrical & HVAC work excluding Solar plant construction work)



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



Situation of works on hand Sep. 2023



New orders in FY ended Sep. 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	53	746MW	211MW
Under construction	2	575MW	102MW
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	5	45MW	44MW
Under construction	-	-	-
Plan	-	-	-
Total	5	45MW	44MW

Deals through investment in equity

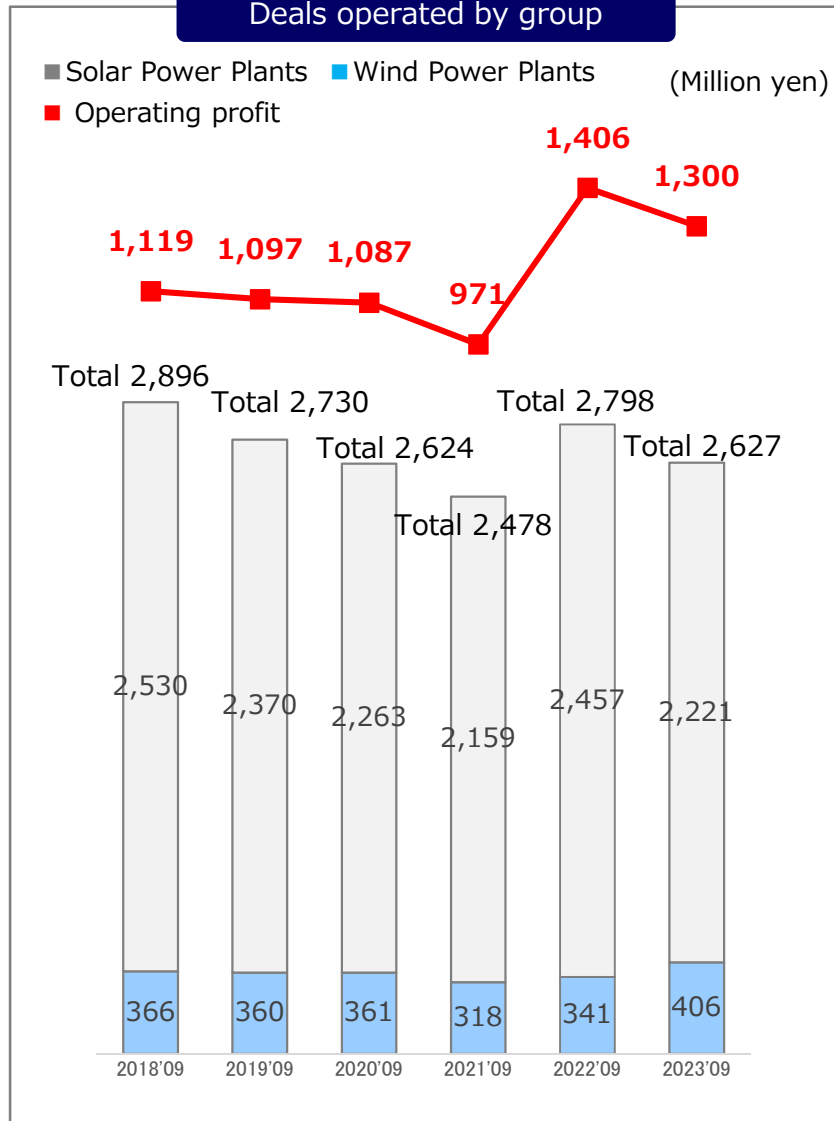
(acquire investment securities and record an amount equal to the equity to non-operating revenues)
Depreciated at the Mainly declining balance method

	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

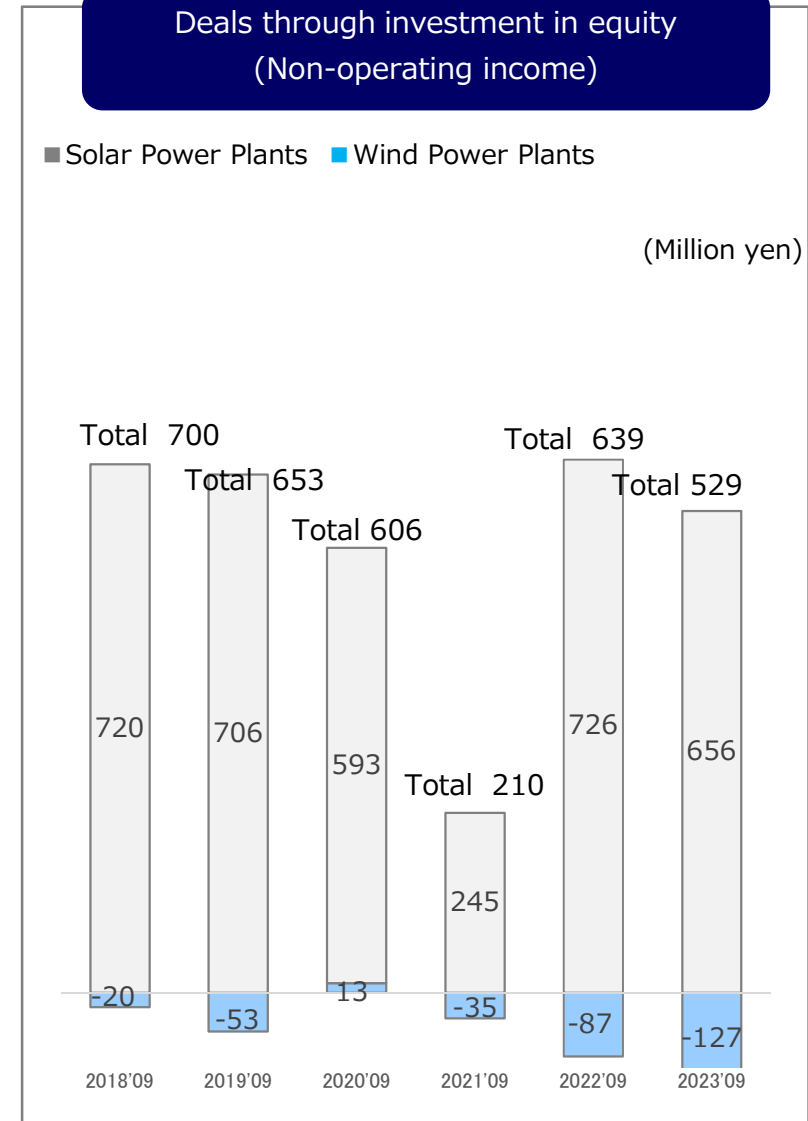
- From April to September, a total of 60 controls on output were issued by Kyushu Electric Power Company.
(In the same period of the previous year, it was 26 controls.)
- The number of issued orders has approximately doubled compared to the same period last year, and our power plants have also been affected by the output curtailment.

Investment in Power Operations Mar.2024 2nd quarter end

Deals operated by group



Deals through investment in equity (Non-operating income)



Outline of balance sheet

(Million Yen, composition ratio)

	End of Mar. 2023	End of Sep. 2023	Increase /decrease	Main factors behind increase/decrease
Current assets	278,220 (62.3%)	284,838 (62.4%)	6,617	Cash on hand and in banks +29,693 Trade notes and accounts receivable ▲25,757 Costs of uncompleted construction contracts +6,164
Fixed assets	168,189 (37.7%)	171,920 (37.6%)	3,730	Investments in securities +4,635
Total assets	446,410 (100.0%)	456,758 (100.0%)	10,347	
Current liabilities	141,691 (31.7%)	142,495 (31.2%)	803	Trade notes accounts payable ▲11,622 Electronically recorded obligations +6,973 Income taxes payable and other +5,177
Fixed liabilities	41,702 (9.3%)	42,126 (9.2%)	424	Long-term debt ▲219 Deferred tax liability +570
Total liabilities	183,393 (41.1%)	184,621 (40.4%)	1,227	
Total net assets	263,017 (58.9%)	272,136 (59.6%)	9,119	Retained earnings +5,908 Unrealized holding gain on securities +3,052
Total liabilities and net assets	446,410 (100.0%)	456,758 (100.0%)	10,347	

Outline of C/F

(Million Yen)

	Sep. 2022	Sep. 2023	Details of statement to Sep. 2023
Cash flow from operating activities	7,576	37,863	Profit before income taxes +15,437 Decrease in notes and accounts receivable on completed construction contracts +26,151 Increase in costs of uncompleted construction contracts ▲6,119
Cash flow from investment activities	1,829	▲3,106	Purchase of investments in securities ▲808 Purchase of property and equipment ▲609
Free cash flow	9,405	34,756	
Cash flow by financial activities	▲5,176	▲6,074	Cash dividends paid ▲4,251 Repayments of long-term debt ▲684 Purchase of treasury stock ▲499
Increase/decrease of cash and cash equivalents	4,862	28,794	
Cash and cash equivalents at the beginning of the period	37,791	63,851	
Cash and cash equivalents at the end of the period	42,653	92,645	

Capital Investment

	End of Mar. 2023	End of Sep. 2023
Capital investment	3.4 billion yen	1.3 billion yen
Facility work	3.0 billion yen	1.2 billion yen
	<ul style="list-style-type: none"> • Replacement of branches and business offices of Kyudenko • Machinery and equipment, etc. for constructions • Lease contracts on specialized vehicles for construction • Software(DX-related) 	<ul style="list-style-type: none"> • Replacement of branches and business offices of Kyudenko • Machinery and equipment, etc. for constructions • Lease contracts on specialized vehicles for construction • Software(DX-related)
Others	0.4 billion yen	0.1 billion yen
	Machinery etc.	Machinery etc.
Depreciation	6.0 billion yen	3.0 billion yen

Plan for fiscal year

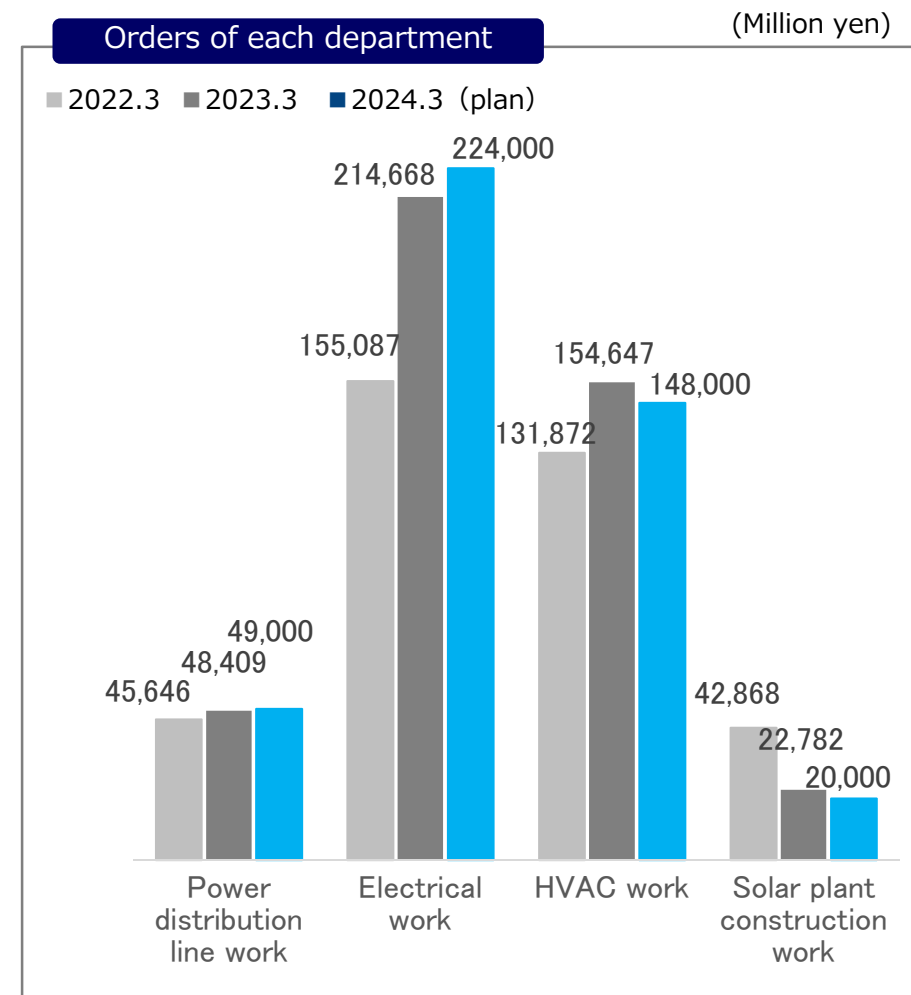
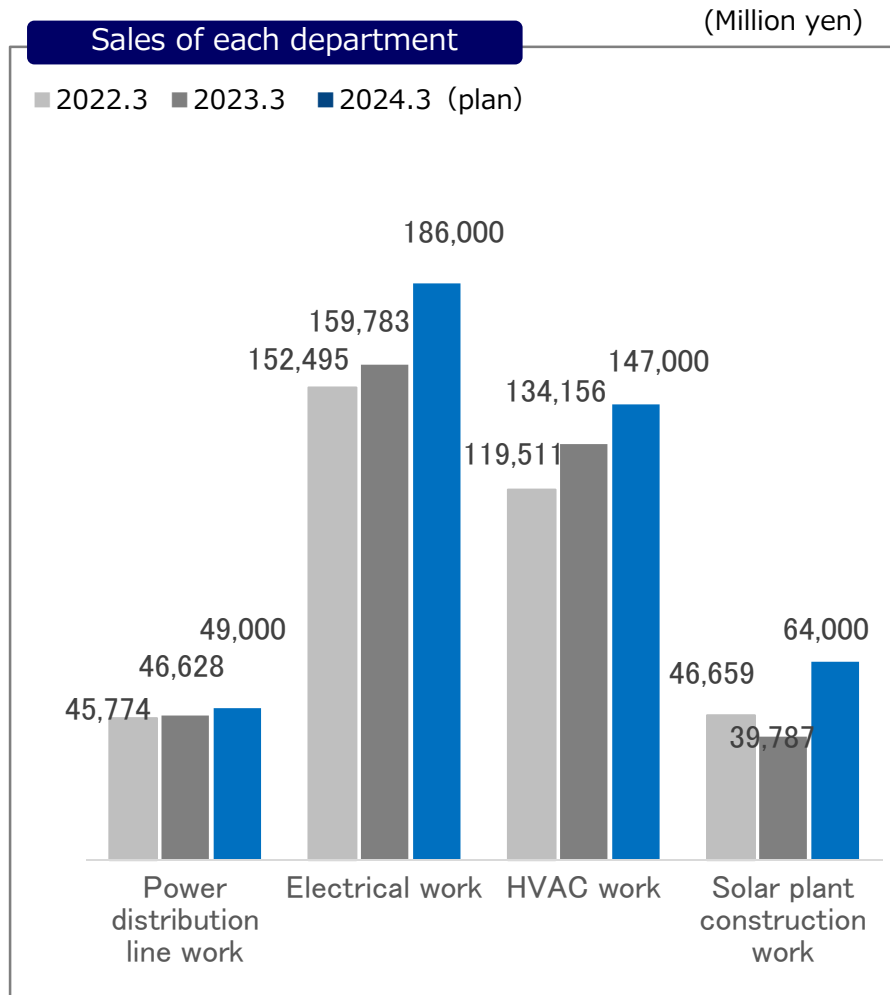
Plan for March 2024



(Million yen)

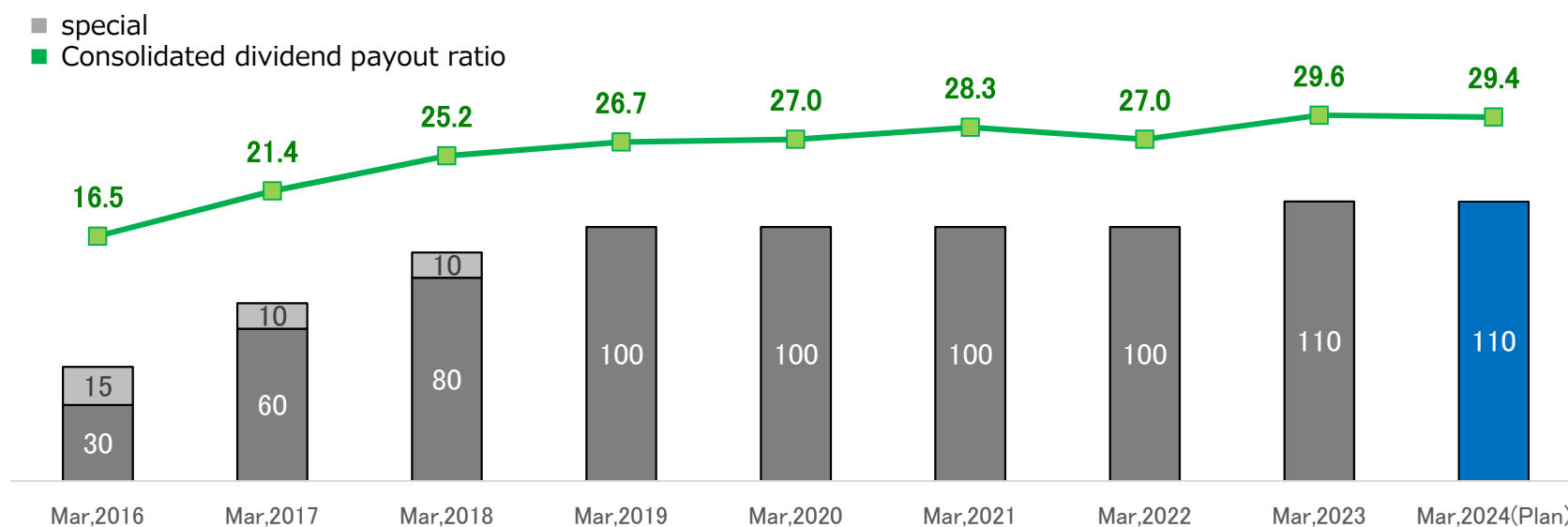
	March 2023 Result	Plan for March 2024			
		March 2024	Year-on-Year	2Q Result	Progress
Sales	395,783 (100.0%)	460,000 (100.0%)	116.2%	200,617 (100.0%)	43.6%
Gross profit	57,889 (14.6%)	64,500 (14.0%)	111.4%	26,860 (13.4%)	41.6%
Operating profit	32,083 (8.1%)	35,500 (7.7%)	110.7%	13,692 (6.8%)	38.6%
Ordinary profit	35,462 (9.0%)	38,000 (8.3%)	107.2%	15,766 (7.9%)	41.5%
Current (quarter) net profit	26,349 (6.7%)	26,500 (5.8%)	100.6%	10,160 (5.1%)	38.3%
Orders	440,507	441,000	100.1%	245,063	55.6%
Current net profit per stock	¥371.93	¥374.05		¥143.49	
Dividends	¥110 Interim ¥50 Year-end ¥60	¥110 Interim ¥55 Year-end ¥55			

Orders & Sales plan by department



Dividend Policy and Dividends for the Current Fiscal Year

- Regarding profit distribution, we will strive to maintain an appropriate financial structure and return profits to shareholders, while securing the internal reserves necessary to strengthen our management base and further expand our business for improved performance, with an awareness of the cost of capital.
- Regarding dividends, we will meet the expectations of our shareholders by paying stable dividends on an ongoing basis, with a target consolidated dividend payout ratio of 25%, based on comprehensive consideration of the business environment, business performance, financial position, and other factors.
- Based on this basic policy, we plan to pay an annual dividend of 110 yen per share (including an interim dividend of 55 yen per share) for the current fiscal year based on the current earnings forecast and other factors.



Mid-term management plan

(Published on April 28, 2020.)

Main theme

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

Numerical target

Final year (Mar.2025)

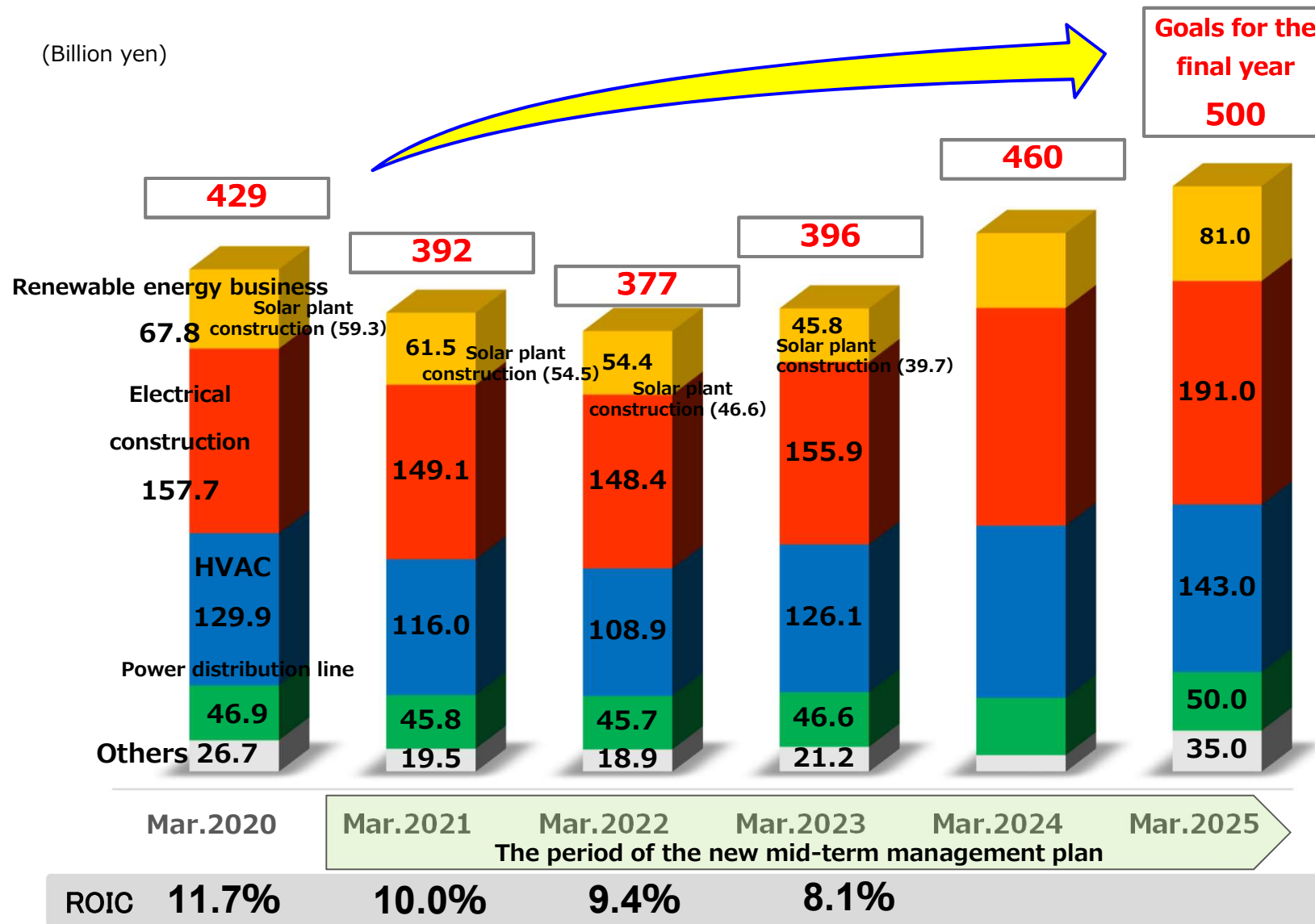
Sales	500 billion yen
Ordinary profit margin	50 billion yen Over 10.0 %
ROIC	Over 10.0 %

(Breakdown of construction sales)

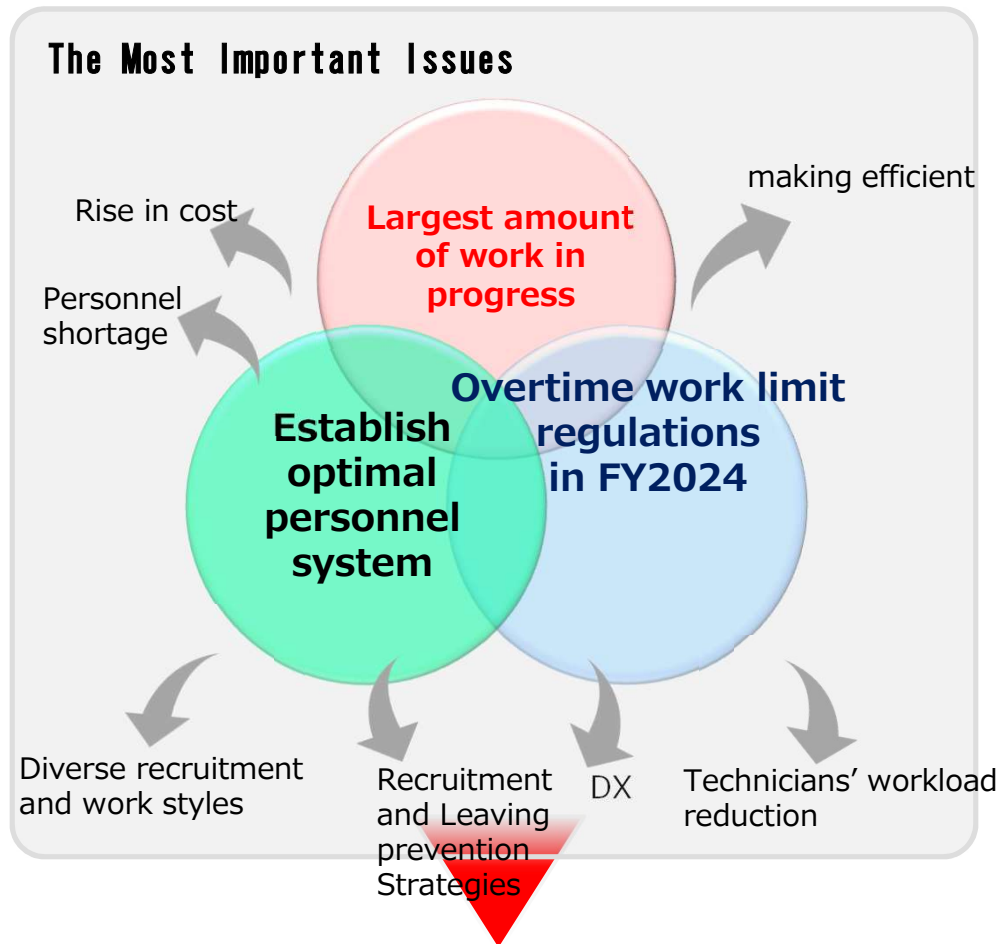
Power distribution line work	50 billion yen
Electrical·HVAC work	334 billion yen
Renewable Energy Business,etc.	81 billion yen
Other business	35 billion yen

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

Road map of sales plan



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.

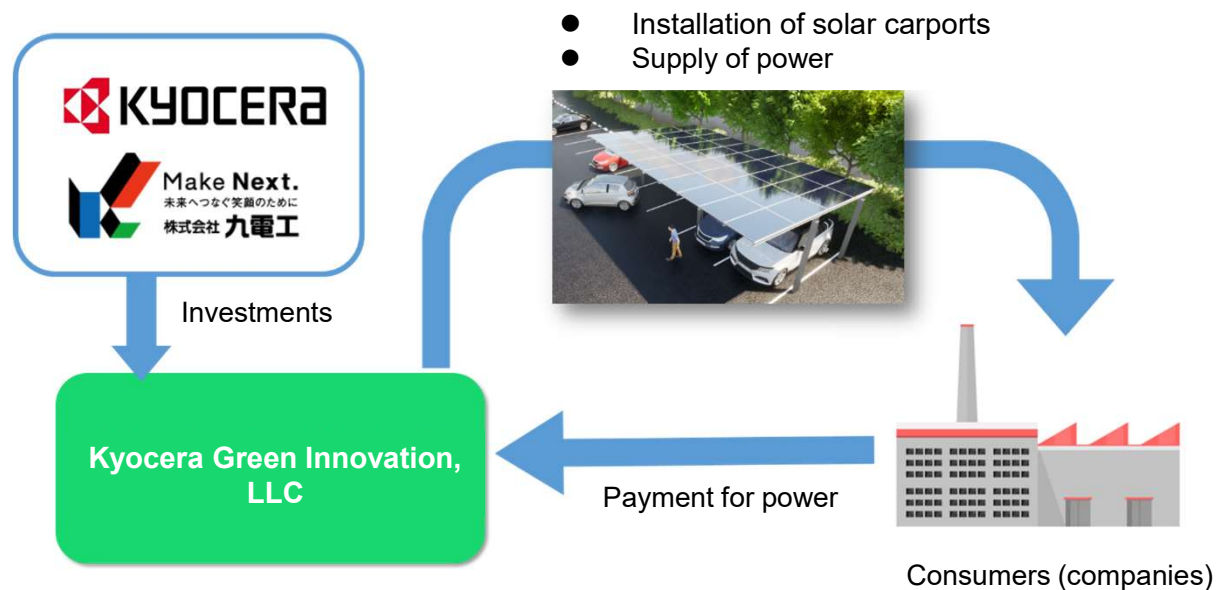
- (1)Based on the Workplace Reform Action Plan, scrutinize the contents of the implementation plans and manage some progress.
- (2)Establish a support system for construction personnel belonging to sales offices.
- (3)Plan and execute staffing some administrators to large job sites.

< 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	<ul style="list-style-type: none"> • Deploy head office technical staff to branch offices ahead • Deploy materials staff • Deploy technical staff • Deploy safety management staff
		①-2 Deploy administrators	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Deploy clerical employees belonging to branch offices to technical work • Switch clerical work in branch offices to temporary employees
Work Improvement	③Revise the policy to secure personnel	③-1 Work location selection ③-2 Contract rehiring ③-3 Mid-career hiring	<ul style="list-style-type: none"> • Establish area type: new scheme • Extend reemployment period • Ease hiring criteria
	④Transfer task	④-1 Transfer construction manager's tasks to other departments	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Use electronic official seals and review payment process. • Introduce and utilize P/L management system. • Digitize construction project documents (including contracts with subcontractors)

Overview of KYOCERA GREEN INNOVATION, LLC

Name	KYOCERA GREEN INNOVATION, LLC
Head Office	6 Takeda Tobadono-cho, Fushimi-ku, Kyoto-shi, Kyoto Prefecture (at Kyocera's Head Office)
Business	Renewable energy power generation
Established	June 8, 2023
Representatives	Kyocera Corporation Kyudenko Corporation
Capital	¥50 million
Ownership Stakes	Kyocera: 51% Kyudenko: 49%
Roles	Kyocera: Procurement of solar power equipment Kyudenko: Design, construction, and maintenance of renewable energy facilities



Appendix

Corporate profile



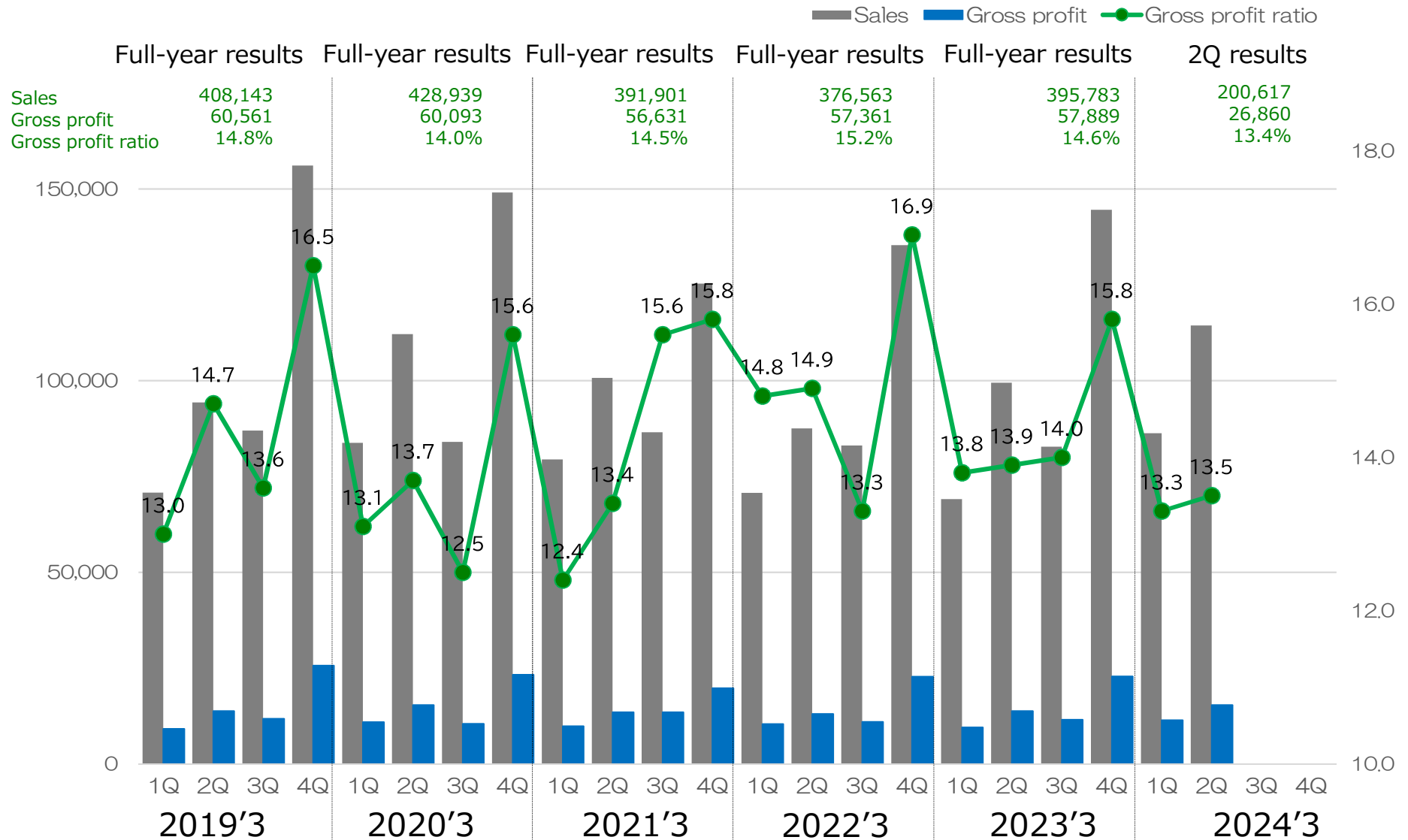
Company name	Kyudenko Corporation
Established	December 1, 1944
Capital	¥ 12,561 million
Listed market Code	Prime Market of Tokyo Stock Exchange, Fukuoka Stock Exchange 1959
Head office	1-23-35 Nanokawa, Minamiku, Fukuoka city
Tokyo head office	Sunshine 60 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo
Bases	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)

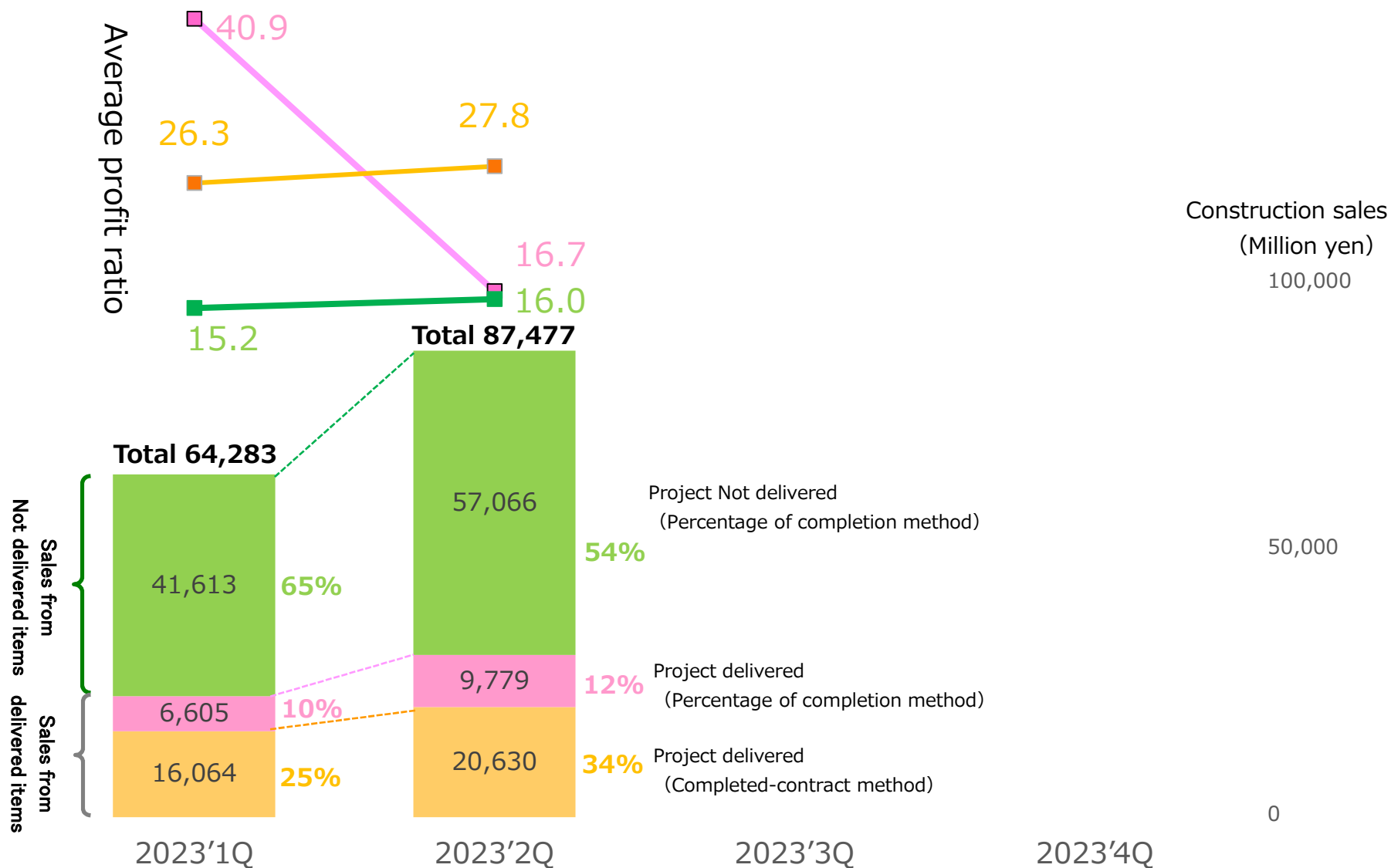


(Sales , gross profit : million yen)

(Gross profit ratio : %)



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

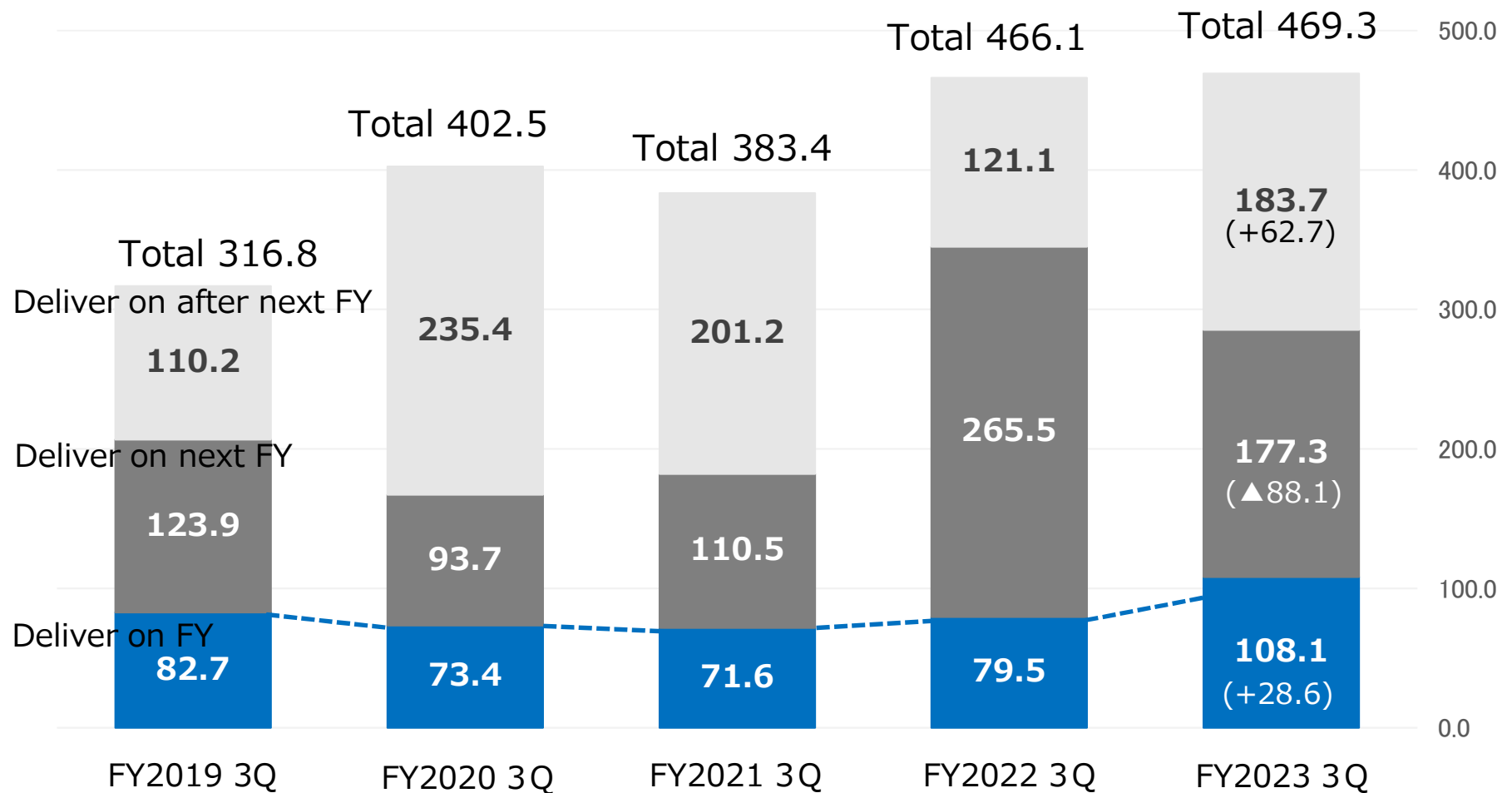


Analysis of works on hand (Kyudenko individual : excluding power distribution work)



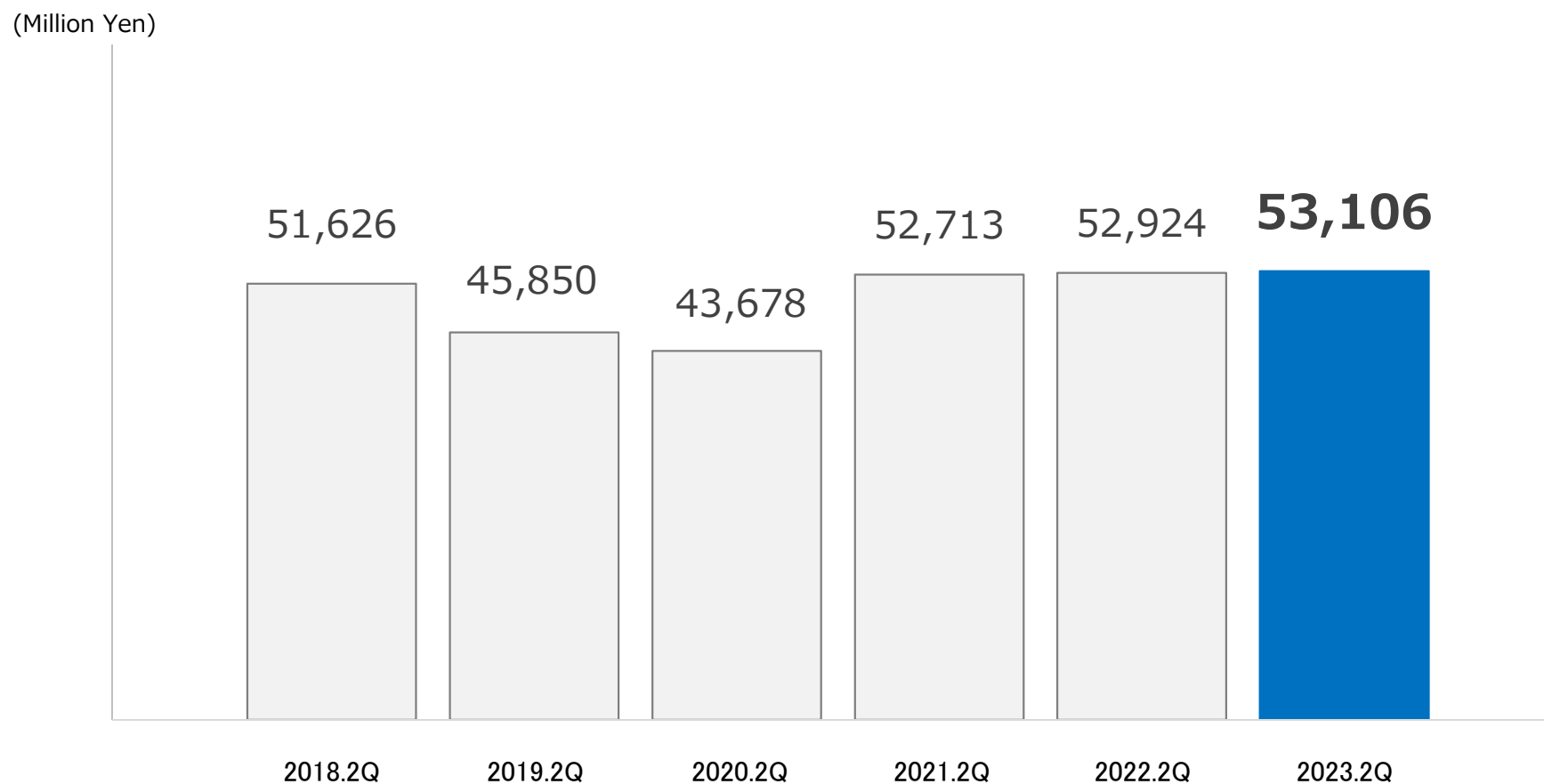
Works on hand
(Billion yen)

[Third quarter opening construction works on hand by delivery schedule timing]



Orders for small and medium-sized projects (Kyudenko individual : excluding power distribution work)

Orders for small and medium-sized projects with short construction periods and relatively high profit margins



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



《 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

- **"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



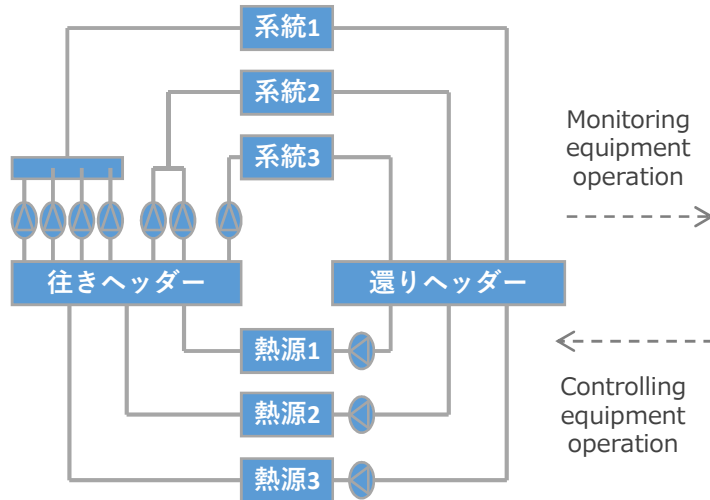
『Air conditioning/heat source control optimization system using AI optimization technology』



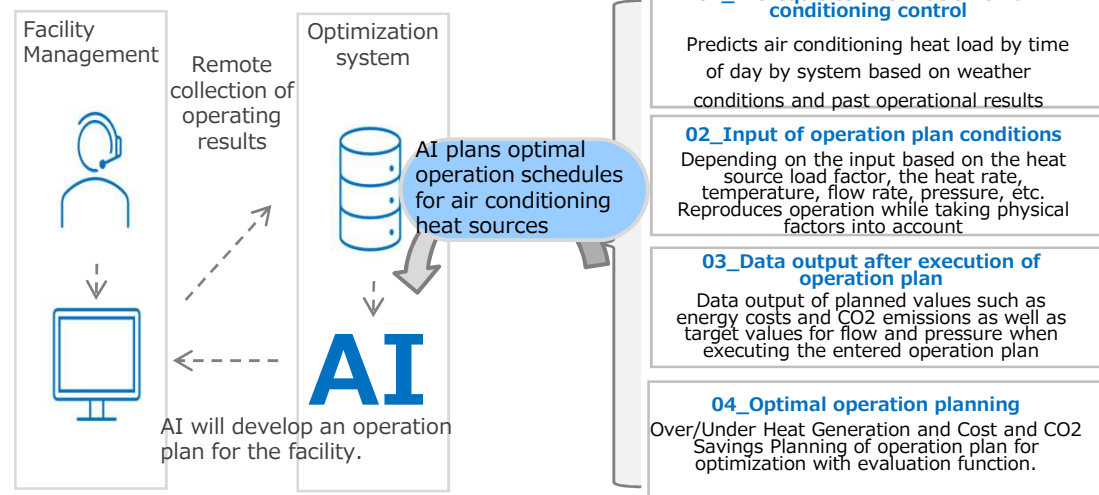
- Jointly developed with Grid Corporation, a company with proprietary cutting-edge AI technology, as a project partner
- An automatic operation system that calculates parameters and performs optimally to conserve energy and reduce CO2 by using AI, which is to analyze and learn operational data of air 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.



Provides operation results and operation plans remotely



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

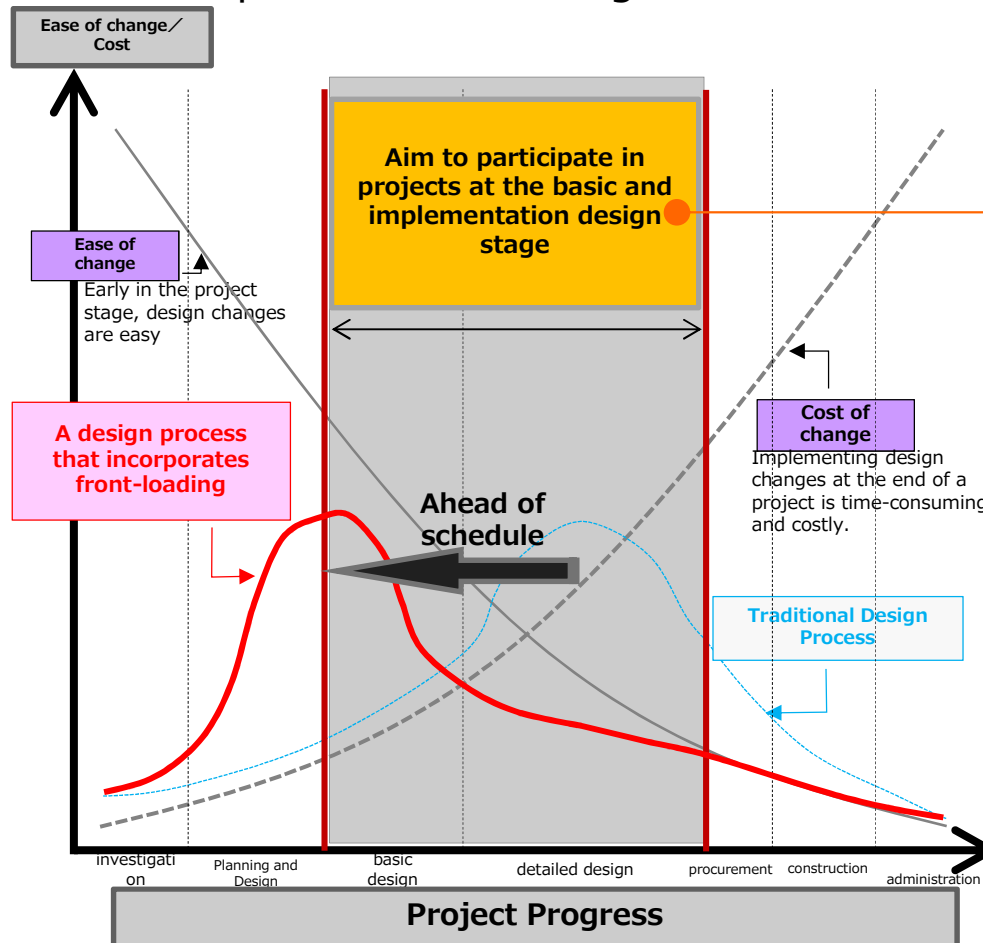
1. **We will create a corporate culture that respects and utilizes diversity.**
We will create a corporate culture that respects and recognizes diversity in terms of gender, age, disability, race, ability, values, sexual minorities, etc., and maximizes its use as an organizational strength.
2. **Fostering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

Front-loading initiatives

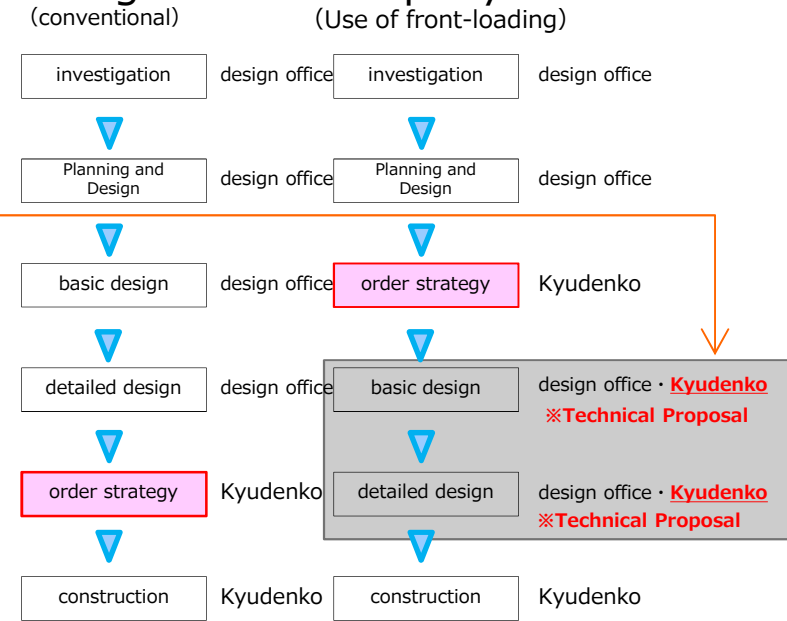
Benefits of being involved from the design stage

- [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>



<Image in our company>



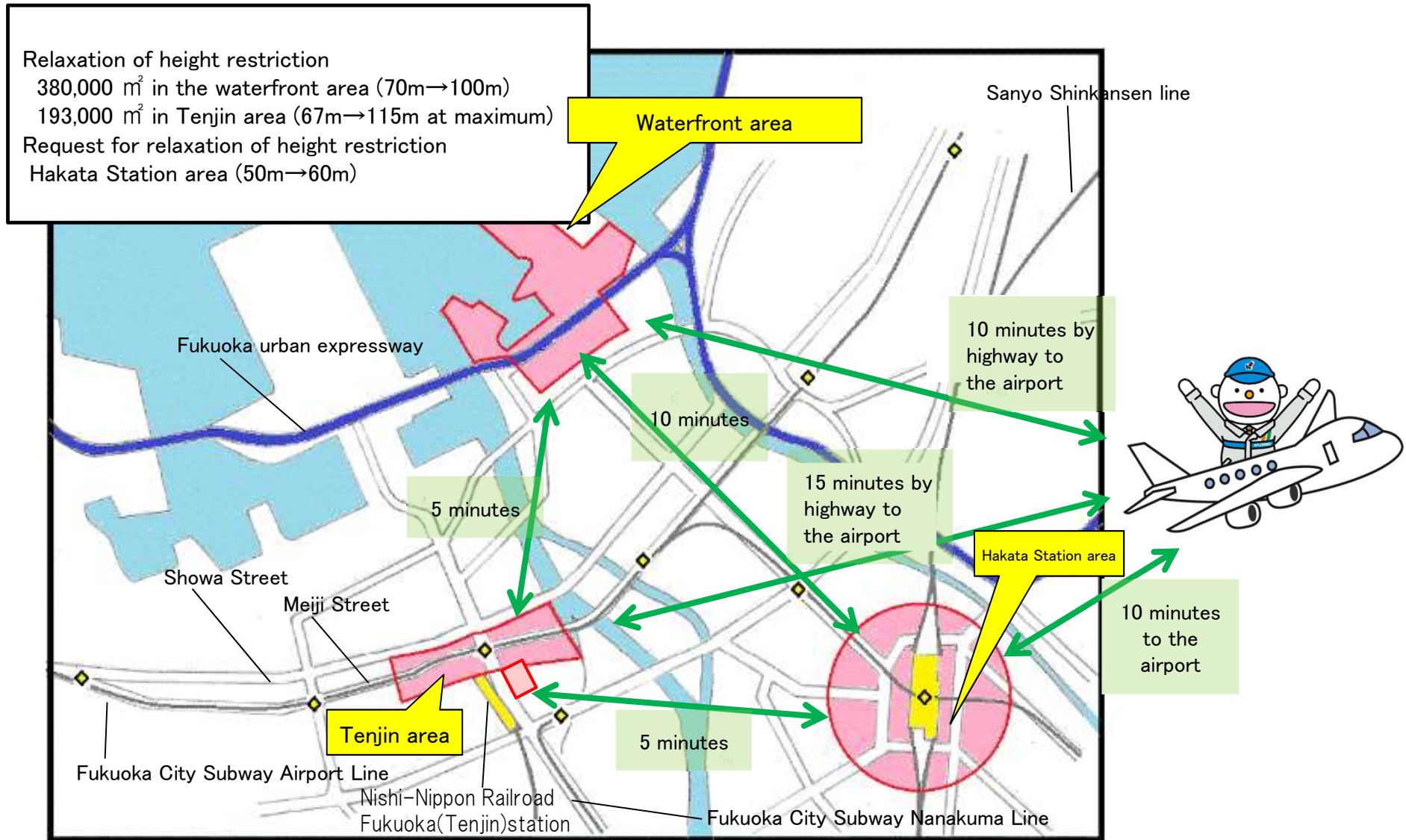
Specific measures to improve the profit margin (excerpt)

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.

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%

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



Project	Purpose	Period and scale
① Tenjin 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)
② Fukuoka 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 <p>※Policy to scale back due to COVIT-19</p>
③ Hakata 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)