

The background is a solid blue color. It features a large, wavy, light green shape that flows from the left side towards the right. Scattered across the blue background are numerous circles of various sizes and colors, including shades of blue, cyan, green, and yellow. Some circles overlap the green wavy shape.

# KANDENKO INTEGRATED REPORT 2025



# Humanity First

By *humanity*, we mean not only our employees, but also shareholders, customers, and local communities, reflecting our hope for abundance and happiness for all stakeholders. This motto has become an important element of Kandenko Group management culture and continues to be relevant today as a pillar supporting our corporate activities.





## Greetings



**Hirofumi Tamogami**  
Representative Director,  
President and Executive Officer

**Seiichi Fubasami**  
Chairman and  
Representative Director

Thank you for reading KANDENKO INTEGRATED REPORT 2025.

Kandenکو provides one-stop services ranging from planning to design, construction, maintenance, and subsequent renovations of building facilities. Our work covers electricity, HVAC, and telecommunications, and we support the stable supply of electric power through the maintenance and construction of social infrastructure facilities.

In recent years, we have focused on strategic order-taking activities based on accurate market trend analysis and improved renovation proposal sales to meet the demands of society and customers, including demand for decarbonization, disaster prevention, and business continuity planning. At the same time, we have made gains in productivity through the wider adoption and expansion of back-office functions that support on-site operations. As a result of our efforts, we achieved record-high operating profit in fiscal 2024.

Even in this age of increasing digitization, we believe our people are our most important management resource. We strive to enhance employee engagement through revised personnel and wage systems, as well as through flexible work and training frameworks tailored to each individual's work style and career development. At the same time, we practice diversity, equity, and inclusion by creating attractive workplaces and developing the people who will support society in the future.

The Kandenکو Group continues striving to be a Green Innovation Company that offers optimal solutions to stakeholders by ensuring consistent compliance, safety, and quality as the basic premise of our approach to management, while striving to become a 100-year company that supports society.

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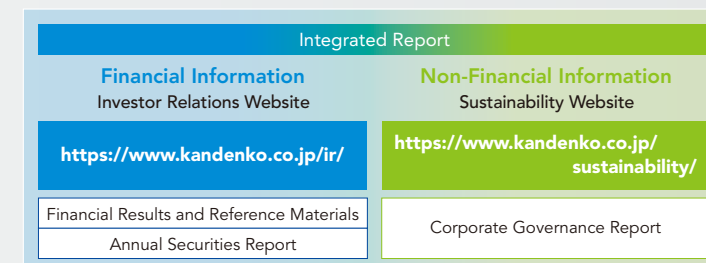
April 1, 2024 to March 31, 2025 (including certain information on activities outside the reporting period)

### Editorial Policy

We published our first KANDENKO INTEGRATED REPORT in fiscal 2021. This report integrates financial and non-financial information to provide stakeholders with a better understanding of our business operations and value creation over the medium to long term.

In preparing this report, we referenced the International Integrated Reporting Framework of the IFRS Foundation and Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry.

### Tool Map



# Beyond Our 80th Anniversary

Kandenko aims to establish ourselves as a Green Innovation Company by our 100th anniversary. Under this goal, we formulated Milestone 2030, our interim target, and the medium-term management plan (FY2024-FY2026), the implementation plan for Milestone 2030, during the year of our 80th anniversary. We supported postwar development in Japan by maintaining power infrastructure and customer facilities. We take pride in the role we have played in protecting daily lives and will continue to evolve to build a more abundant future.

■ Net Sales (Consolidated) — Operating Profit (Consolidated)



## 2044

Celebrated 100th anniversary

Contribute to decarbonized and resilient societies as a **Green Innovation Company**, maintaining and building social infrastructure, constructing customer facilities, and offering solutions to customer needs

Milestone 2030

2024

2026

Medium-Term Management Plan

More change.  
For a more abundant future.



Late 1940s  
Full launch of large-scale  
power line construction



1958  
Tokyo  
Tower  
completed



1981  
Nepal power distribution  
line network improvement  
work



1991  
Tokyo Metropolitan  
Government Building  
No.1 completed



2019  
National Stadium completed  
\*Image courtesy of Taisei  
Corporation



2024  
Fukaura Wind Farm completed





Engaging the passion of every employee and responding to the expectations of society. This is our impetus for medium- to long-term growth.

## Hirofumi Tamogami

President & Representative Director

### Career Highlights

In July 2011, Mr. Tamogami was appointed general manager of the Corporate Planning Department, where he took the helm of business operations in the wake of the Great East Japan Earthquake amid the significant impact of the disaster on the business environment. In his own words, the Company built thicker roots by overcoming the challenges of the time.

Mr. Tamogami's personal motto is *jozenjosui*, or *the highest good is like water*. In addition to his underlying humility and flexibility to adapt to circumstances, he has been fascinated by the energy of water, which flows like a great river and can wear away stone. Born in Tokyo, Mr. Tamogami is 61 years old.

### Summary

- Impressions on Assuming the Office of President
- FY2024 Financial Performance Review
- Growth Strategy for Next Fiscal Year and Beyond
- Green Innovation Strategy
- Expanding Business Overseas
- Human Resources as the Foundation for Growth
- A Message to Our Stakeholders

### Impressions on Assuming the Office of President

**Practicing *humanity first*, while aiming to be No. 1 in the industry, standing on four pillars: Safety and Security, Trust, Change, and Communication**

I took over as president and representative director on April 1, 2025. Involved in management as CSO and CHRO since fiscal 2024, I look very much forward to executing this important responsibility.

In my inaugural address as president, I spoke of my determination for Kandenko to practice a *humanity first* philosophy as we aim to become the No.1 company in our industry. This corporate motto, *humanity first*, is the foundation that underpins our corporate activities. Since my days as CSO and CHRO, I have conducted myself with this philosophy first and foremost in mind. As we embody this ideal, we aim to become the No.1 presence in the infrastructure construction industry. Kandenko must become an unyielding brand, and to this end, we must seek to become No.1 in all aspects of business. Not only in terms of sales and profits, but also in terms



of safety and security, in technology and skill, in employee compensation and job satisfaction, and in becoming an aspirational company for students as they look ahead to their careers.

In that inaugural address, I told our employees that we were going to build four pillars to support our business. The first pillar is safety and security. Our commitment is to creating safe and secure work environments for long-term employment. This is my promise to the Kandenko employees. The second is trust, which means to be a company worthy of trust. To this end, we value relationships with all stakeholders, including customers, local communities, business partners, shareholders, and investors. This is an area in which the entire Kandenko Group will engage to become better. The third pillar is change. The business environment today is both uncertain and changing rapidly. A company cannot achieve sustainable growth without constant innovation and high aspirations. A company cannot grow by resting on its past accomplishments. This aspiration is a challenge not only for our employees, but also for me as I lead from the front. The fourth pillar is communication. I believe that a good organization starts with good communication, and as a company, we strive to create workplaces of open

and free consultation on a daily basis. My work as president began with the narrative that we should aim to become No. 1 in our industry, our efforts building on these four pillars.

We introduced the chief officer system in fiscal 2023, and each chief officer is responsible for executing a policy to become No.1 in their area of responsibility. For example, we expect the CTO to be No.1 in technology, the CSQO to be No.1 in safety and security, and the CHRO to be No.1 in job satisfaction. We intend to delegate even more authority to each chief officer to speed up management and ensure progress.

FY2024 Financial Performance Review

**Supported by a favorable business environment, as well as the ingenuity of our employees, we made a good start out of the gate in the first year of the current medium-term management plan (FY2024-FY2026)**

Consolidated net sales rose 12.3% year-on-year to ¥671.8 billion, while consolidated operating profit increased 42.5% to ¥58.3 billion. In this way, we achieved higher sales and profits, meeting the performance targets for the final year of the current medium-term plan two years ahead of schedule. ROE and ROIC were 12.1% and 10.7%, respectively—results that also exceeded original targets.

The first factor in achieving these results was the strong demand for construction. We captured the wave of increased investment in semiconductor factories in Japan in line with rising global demand for semiconductors and supply shortages. As the volume of data flow continues to rise rapidly throughout society amid the spread of generative AI and automated driving, the construction of data centers has increased, and we expect this development to continue for some time into the future.

As data centers consume vast amounts of electricity, construction involves not only the building, but also the laying of high-voltage cables from transformer substations via underground conduits. Our ability to handle

FY2024 Financial Performance

Consolidated Results

|  |                |                           |
|--|----------------|---------------------------|
| Net Sales of Completed Construction Contracts      | ¥671.8 billion | 112.3% Compared to FY2023 |
| Operating profit                                   | ¥58.3 billion  | 142.5% Compared to FY2023 |
| Ordinary profit                                    | ¥59.4 billion  | 139.5% Compared to FY2023 |
| Profit (loss) attributable to owners of the parent | ¥42.3 billion  | 155.0% Compared to FY2023 |

Non-Consolidated Results

|   |                |                           |
|---|----------------|---------------------------|
| Orders Received                               | ¥647.3 billion | 113.1% Compared to FY2023 |
| Net Sales of Completed Construction Contracts | ¥583.1 billion | 111.9% Compared to FY2023 |
| Operating profit                              | ¥48.8 billion  | 142.5% Compared to FY2023 |
| Ordinary profit                               | ¥50.2 billion  | 139.0% Compared to FY2023 |
| Net Profit                                    | ¥37.3 billion  | 181.2% Compared to FY2023 |



building facilities and electric power infrastructure in a single package is not just a strength, but also a factor contributing significantly to our financial results.

At the same time, the last fiscal year was also the first year of overtime work regulations known as the 2024 Problem, making it essential that we improve productivity to perform work within the limited time available. Even before the regulation became law, we had been dealing with the overtime cap as part of our efforts to reform work styles. Given the circumstances, every work site became keenly aware of the need to change work styles, and we saw a number of innovations conceived and implemented, leading to productivity improvements on a time and cost basis. These innovations were a pleasant surprise, and I realized that I was seeing the latent strength of Kandenko at work.

In light of these circumstances, we revised our medium-term targets upward in April 2025. As mentioned earlier, we expect domestic demand to continue to be firm. However, the future outlook remains uncertain due to conflicts and tariff issues in various regions, making it difficult to read capital investment trends in the export manufacturing sector. We will continue to consider the impact on our medium- and long-term targets, while assessing how changes in the global situation might affect corporate investment sentiment.

Growth Strategy for Next Fiscal Year and Beyond  
Balancing Investments for Sustainable Growth

To achieve the measures of the medium-term business plan, we must invest in a number of areas, including M&A and other business investments, various capital investments, IT and DX investments, and R&D investments. Initially, we planned to invest a total of about ¥100 billion over the three years of the medium-term plan. However, we expanded this amount to ¥125 billion in light of market trends and performance in the most recent fiscal year.

In terms of business investments, we are studying M&A projects to expand business domains and deepen existing businesses. Capital investments will be weighted toward investments in machinery and tools used on-site that will improve the work environment. We will also make steady investments in resilience, including BCP support for power distribution plants.

At the same time, we aim to achieve data-driven management by 2030, and investments will reflect our focus on IT and DX to achieve this goal. DX is a focus on the front lines of our businesses, given the challenges of securing workers and improving productivity. The chief digital officer (CDO) is also in charge of the DX Promotion Division, and I have communicated to them that I expect DX to be incorporated into on-site production activities for labor savings and worker reduction, including the use of robotics and AI.

In addition to these investments, we will continue to strengthen shareholder returns. The medium-term plan initially called for increasing the dividend payout ratio to around 40% by fiscal 2026. With our strong performance, we moved up the timing to deliver a payout ratio of 40% beginning in fiscal 2024. We established the IR and Public Relations Office in April 2025 to strengthen communication with shareholders and investors. This office reports directly to the president and is charged with enhancing our corporate IR activities.

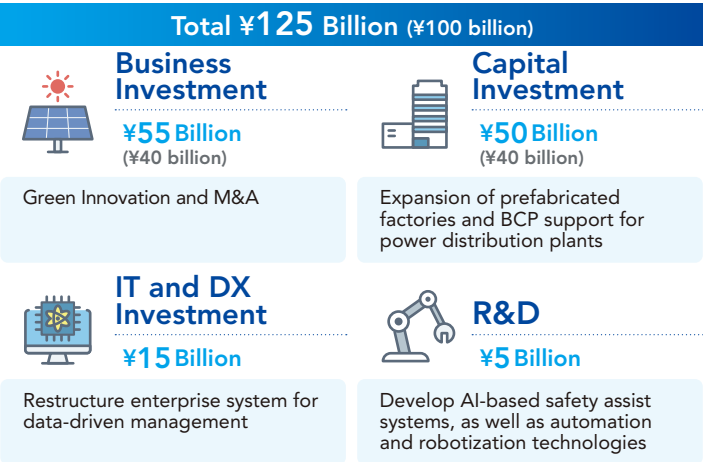
Green Innovation Strategy  
Contributing to society and achieving business growth as a company that contributes to carbon neutrality and resilience

We view Green Innovation and the contribution to carbon neutrality throughout society as a core business strategy of the medium-term management plan. We will achieve carbon neutrality through two major means: electrification and energy conservation. Electrification refers to substitutions for the direct use of fossil fuels, such as with electric vehicles,

where electricity substitutes for gasoline. Energy conservation, on the other hand, is an area requiring the wealth of knowledge, technology, and expertise we have cultivated through all manner of infrastructure construction, including electric power, HVAC, and lighting. We will rely on our capabilities in this area to make proposals to society across a broad range of applications. We are confident that our company, which offers a complete range of options for carbon neutrality, will meet the expectations of society and industry. Demand for our services is increasing as a natural result of the times, and we must step up to respond to this demand.

To respond more comprehensively and deeply, we offer a full range of services, from conventional construction and installation to post-construction operations and maintenance. We have already developed a monitoring tool called WATTMILL® that lets us monitor the energy usage at

Conducting Effective Investments for Sustainable Growth



\*Indicated investment represents a non-consolidated cumulative total for fiscal 2024-2026.  
\*Figures in parentheses represent targets as of April 2024.

## TOP MESSAGE Message From the President

customer facilities. In the future, we plan to launch full-scale consulting services that analyze the data obtained from this tool and propose more efficient operations and equipment upgrades.

To respond by other means to the expectations and demands of society, we will also focus on contributing to resilience, or the ability to withstand disasters. Amid rising concerns about the frequency and severity of natural disasters, we continue to support safety and security by staunchly protecting the infrastructure underlying power transmission and distribution.

In this way, we aim to achieve medium- to long-term growth through a combination of social contribution and business growth based on collaboration between our two existing businesses: construction equipment and social infrastructure. Creating new businesses related to Green Innovation through advanced technologies will be another element in these efforts.

### Expanding Business Overseas

#### Growing businesses overseas through co-creation with local partners while instituting governance

Overseas expansion will be a key focus for achieving medium- to long-term growth for Kandenko. Currently, sales in overseas markets account for about 2% of our total sales. We expect to expand this share to about 10% in the future.

First, we will solidify the foundation of our overseas operations, focusing on Southeast Asia, while clarifying targets and strategies for each business. We intend to recruit and train engineers at overseas offices and local subsidiaries, working closely with engineers in Japan to win projects for the Asian facilities of Japanese companies.

To expand overseas, we must collaborate with local construction companies and other partners. And to ensure quality is up to our standard, we will take the expertise we have cultivated in Japan overseas—even while

respecting local methods—adding governance at key points along the process.

### Human Resources as the Foundation for Growth

#### Fostering Human Resources, Which are Essential for Sustainable Growth

With the growth strategy described so far, we look ahead to one century in business in the year 2044, continuing to pursue a management vision of a 100-year company supporting society. One challenge in particular to achieving this goal is personnel development. As stated when first discussing the medium-term management plan, we seek joyful growth together with our employees, who are our greatest assets and the source of sustainable growth.

Maintaining and constructing the electric power infrastructure that supports society, as well as the facilities and equipment that support

business activity, all require human labor. The responsibility of management is to recruit and develop the engineers and technicians who will be responsible for these activities. At the same time, from my experience as CHRO, I am aware of the difficulties in recruiting human resources in this era. Therefore, we endeavor to expand our contacts with faculty and students at educational institutions, as well as to diversify our hiring practices. For example, we open recruitment for engineering positions to all departments and faculties, in addition to actively recruiting mid-career professionals. We also recruit global human resources through the specified skilled worker program of the Japanese government. We invite workers from Asia, hoping they choose our company as a place for long-term career development and to take advantage of working at our Kandenko offices overseas or local subsidiaries after returning to their home country.

To leverage the power of human resources recruited in this way for solid growth, we must create environments in which diverse human resources appreciate each other's values and play active roles contributing to the

### Direction of the Medium-Term Management Plan FY 2024-2026 (5 Directions)



● : Business strategy ● : Strategy to strengthen management foundation



TOP MESSAGE Message From the President

organization fully. To this end, we formulate and implement training plans tailored to the characteristics and duties of individual employees. At the same time, we encourage *K. Assertion* activities that create open, comfortable workplaces.

A Message to Our Stakeholders

Continuing to make strides toward building a better company under the motto of *jozenjosui*

I have long believed in the phrase *jozenjosui*, or *the highest good is like water*. The element of water features a variety of characteristics. One of the pillars of my life has been to be as humble as the flow of water that seeks the lowest elevation with the flexibility to change shape according to the vessel in which one is placed. I understand that this attitude means listening carefully to others, while being flexible in one's ways and adapting to one's surroundings. When water drops collect together, they can become a mighty river, pushing all in its path and even wearing down stone. In this way, water delivers enormous energy. Standing at the pinnacle of management at this point, I am reminded of the importance of such energy—this passion.

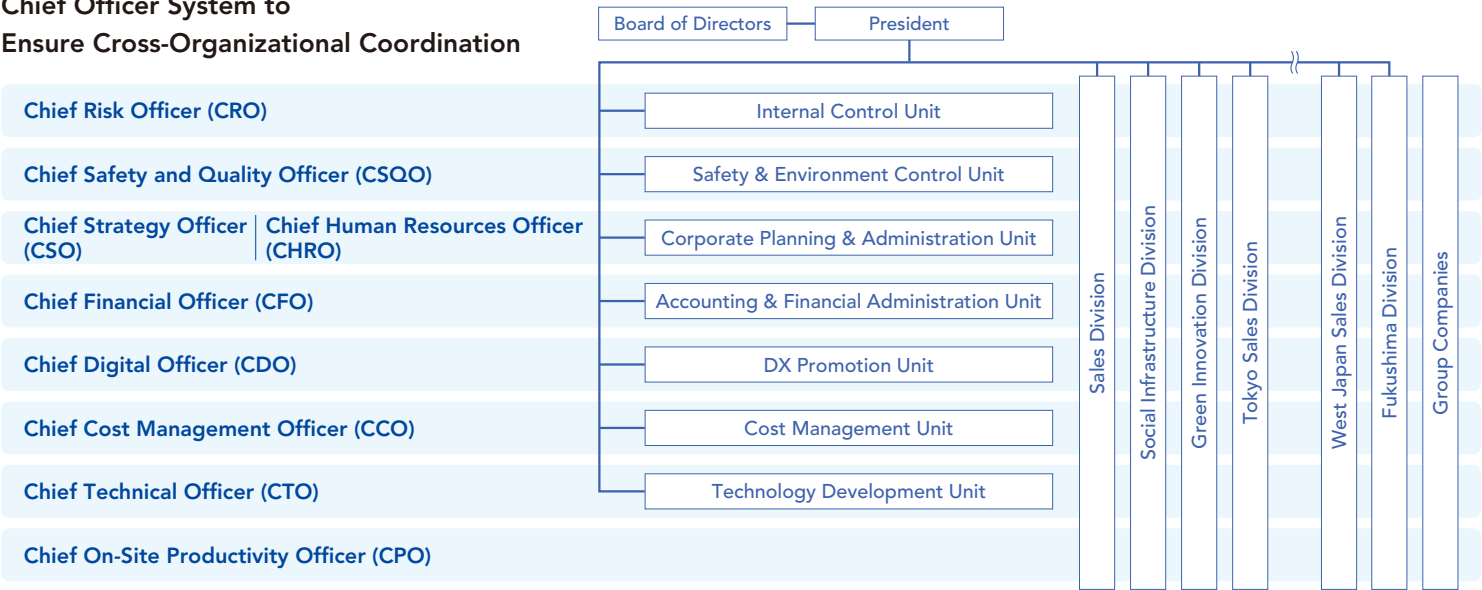
I believe the potential success of a job can be expressed in an equation: *(knowledge + skills) x passion*. No matter how much knowledge and skills one may have, if passion is zero, there is no potential. It is only natural that I approach everything I do with passion, while I also believe that it is my responsibility to inspire the passion of every employee and of the organization as a whole.

Kandenko is taking a serious approach to branding. What is Kandenko? What does the Company offer to the society? Asking such fundamental questions to employees at all levels—from young to experienced—we want to rearticulate and share our strengths, mission, and purpose. The objective of this activity is to enhance the sense of unity behind *monozukuri* (construction) among all employees. And I mean not only the front-line

employees, but also the administrative and back-office divisions, all working together to create better infrastructure and better facilities for local communities and customers. Becoming such a company will raise the enthusiasm of each individual for their work and create greater value for society. I speak on behalf of the more than 10,000 people of the Kandenko Group in Japan and overseas when I say that we will work as one to create new growth. Look forward to great things in the future of Kandenko.

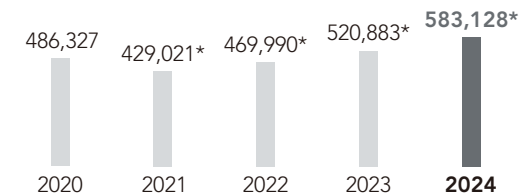
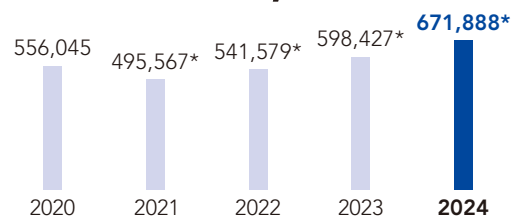


Chief Officer System to Ensure Cross-Organizational Coordination



## Net Sales

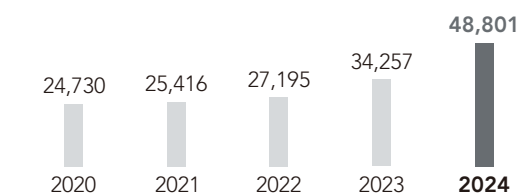
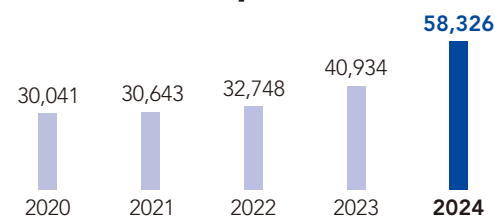
Millions of yen

Consolidated **¥671,888 million**Non-Consolidated **¥583,128 million**

\*The Company adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., in fiscal 2021.

## Operating Profit

Millions of yen

Consolidated **¥58,326 million**Non-Consolidated **¥48,801 million**

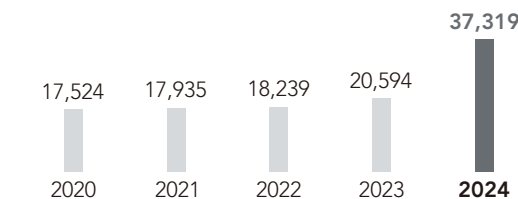
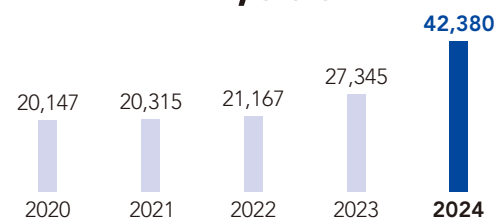
## Profit (Loss) Attributable to Owners of the Parent

Millions of yen

Consolidated **¥42,380 million**

## Net Profit

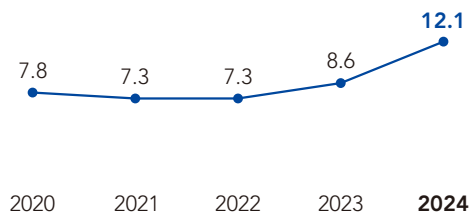
Millions of yen

Non-Consolidated **¥37,319 million**

\*The Company adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., in fiscal 2021.

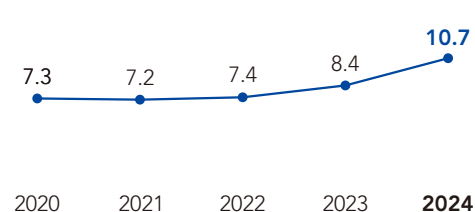
## ROE

%

Consolidated **12.1 %**

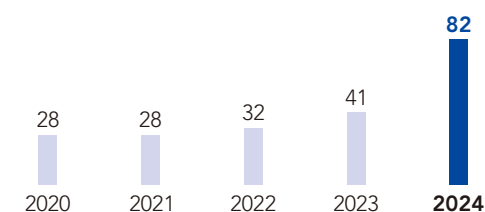
## ROIC

%

Consolidated **10.7 %**

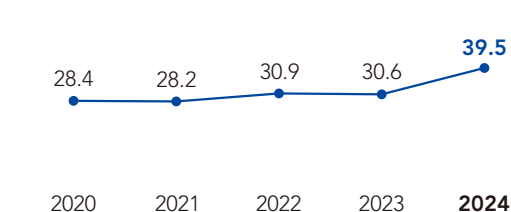
## Dividends Per Share

Yen

Consolidated **¥82**

## Dividend Payout Ratio

%

Consolidated **39.5 %**

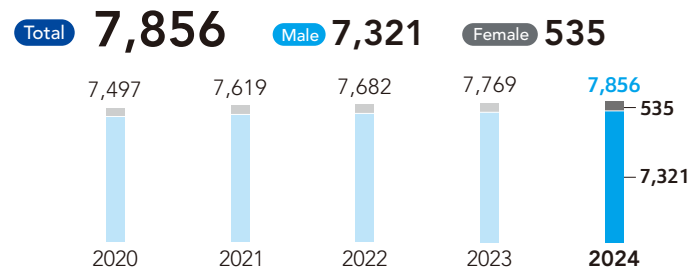


## At a Glance

### Non-Financial Information

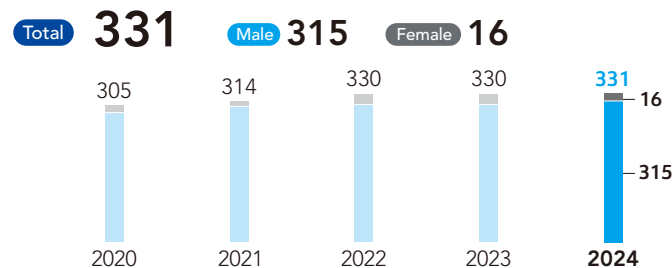
#### Employees

Persons



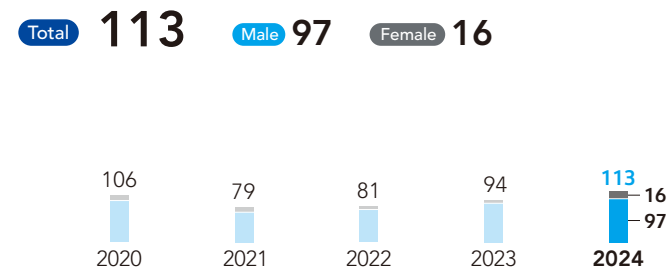
#### Number of Regular Hires

Persons



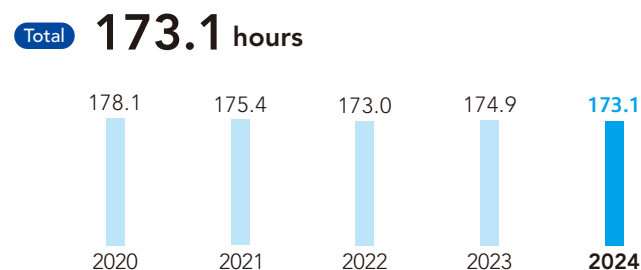
#### Number of Mid-Career Hires

Persons



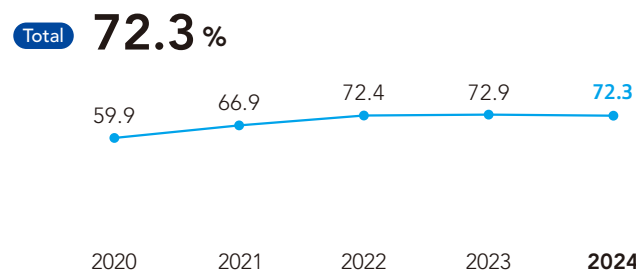
#### Average Total Working Hours Per Person Per Month

Hours



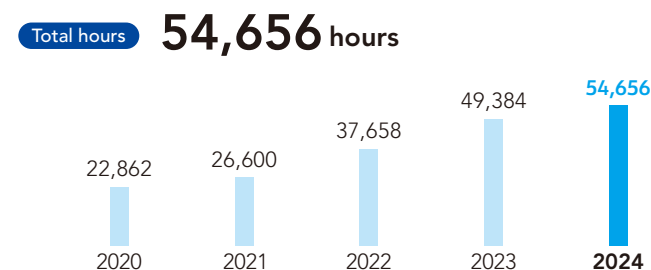
#### Paid Leave Usage Rate

%



#### Employee Training Hours\* (Company-Wide Training, Etc.)

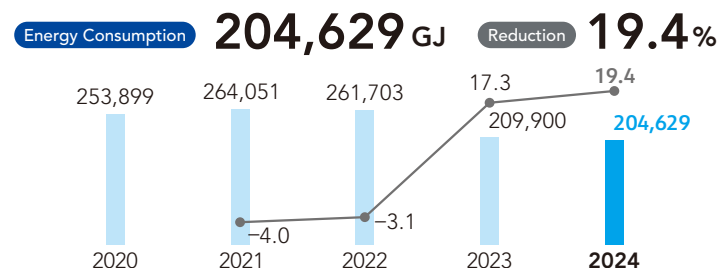
Hours



\*Training provided by Education & Training Center

#### Energy Consumption and Reduction\*

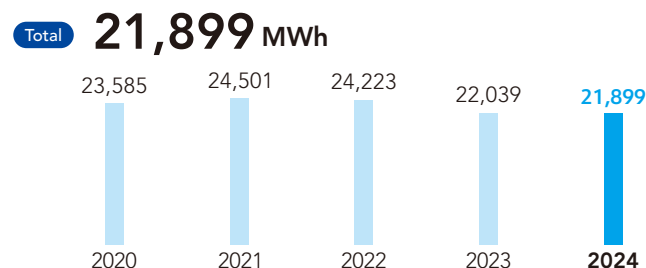
GJ and %



\*Vs. fiscal 2020 Reference Value: 253,899 GJ

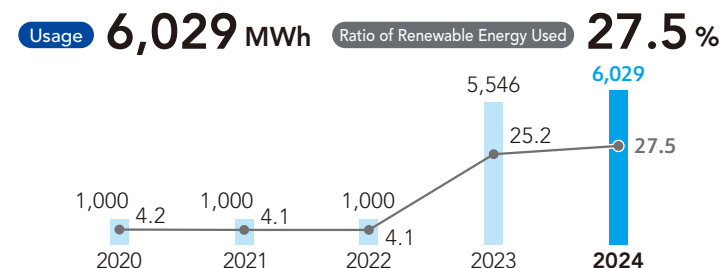
#### Electricity Consumption

MWh



#### Renewable Energy Usage\*, Ratio of Renewable Energy to Total Electricity Consumption

MWh and %



\* Renewable energy usage rate increased with the purchase of renewable electricity beginning in fiscal 2023



## Section 01

# Value Creation Story

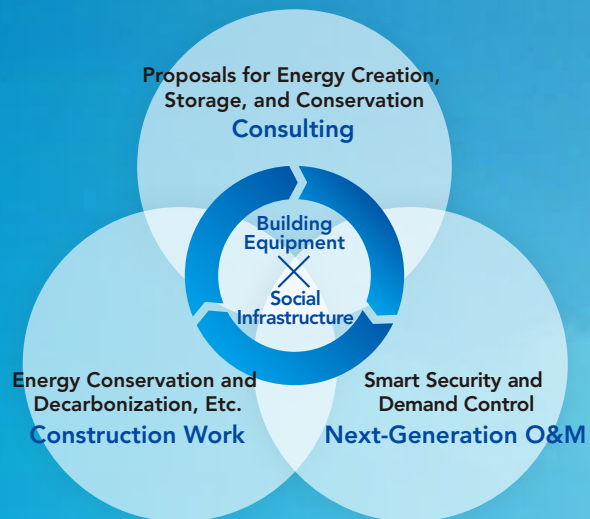
Kandenko aims to establish ourselves as a Green Innovation Company, working toward a 100-year legacy of supporting society. This section tells the story behind our efforts to achieve this vision, along with our value creation process, materiality, and value chain.

- 13 Becoming a Green Innovation Company
- 15 Materiality
- 16 Definition and Direction of Capital
- 17 Value Chain
- 18 Important Stakeholders

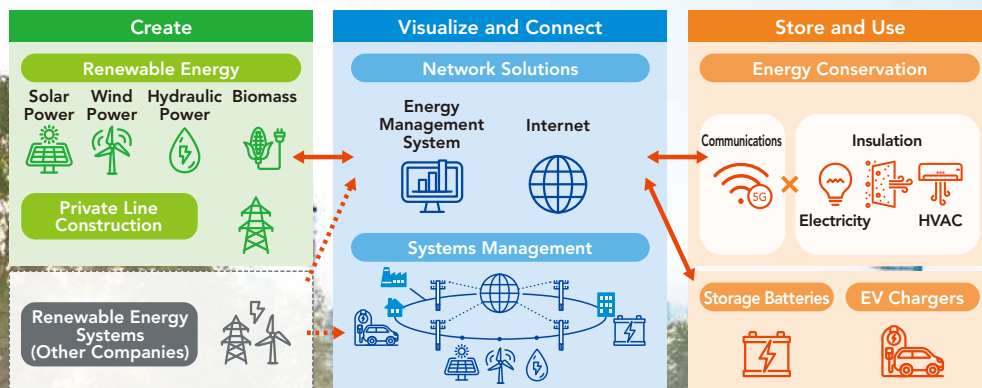


# A 100-Year Company Supporting Society as a Green Innovation Company

Kandenko maintains and develops social infrastructure and customer facilities to provide solutions that help realize a decarbonized and resilient society and respond to other social needs. Through these efforts, we help build a sustainable society.

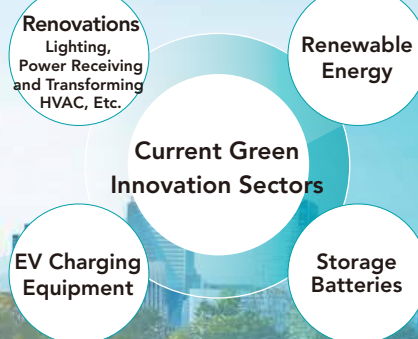


### One-Stop Solutions



**Future Technologies**  
Energy-Saving Transformers  
PoE Lighting

**Future Technologies**  
Power Generation Forecasting System  
Next-Generation Solar Cells



**Future Technologies**  
DC Power Supply

**Future Technologies**  
Sensing  
Wireless Power Transmission

EMS

**Green Innovation Sectors Targeted by FY2026**

PPA

**Renovations**  
Energy Heat Source Equipment  
Industrial HVAC, Etc.

**Future Technologies**  
Heat Pumps

Hydrogen

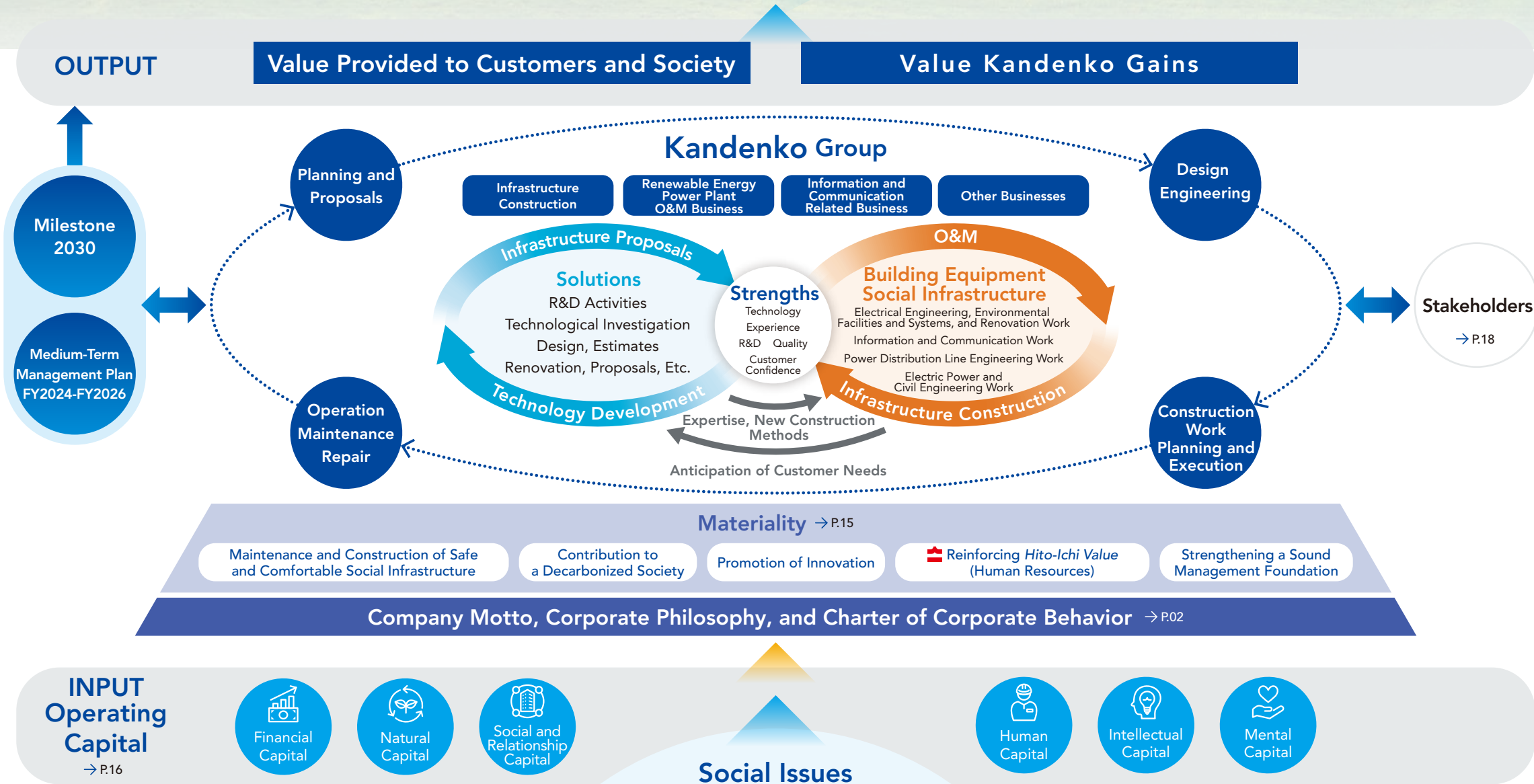
Next-Generation Nuclear Reactors

**Green Innovation Sectors Targeted for Future Expansion**

Solar Panel Recycling

CO<sub>2</sub> Storage

# A 100-Year Company Supporting Society as a Green Innovation Company



# Materiality

## How We Identify Materiality

STEP 1

Identify  
Social Issues

STEP 2

Assess the  
Importance of  
Social Issues

STEP 3






Review and  
Validate  
Measures

STEP 4

Identify  
Materiality

\*Follow link for  
more information.



|   | Materiality   | In-House Initiatives  | For Society  | Related SDGs   |
|---|---|---|--|--|
|  <b>Maintenance and Construction of Safe and Comfortable Social Infrastructure</b> | In addition to fulfilling our mission of building safe, comfortable facilities, maintaining and developing social infrastructure, and restoring and recovering after disasters, we contribute to sustainable society by solving issues faced by cities and regions and by creating new communities.   | <ul style="list-style-type: none"> <li>• Ensure occupational safety (compliance with rules and procedures)</li> <li>• Follow rules for building safe, high-quality facilities</li> <li>• Engage in health management</li> <li>• Research and develop technologies, methods to improve occupational safety and quality</li> </ul>  | <ul style="list-style-type: none"> <li>• Build and maintain electric power facilities that support daily life and business activities</li> <li>• Upgrade and maintain facilities, BCP</li> <li>• Construct rail, road, water, and local 5G-related infrastructure</li> <li>• Participate in new urban development (regional microgrids, smart cities, etc.)</li> </ul> | <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div>   |
|  <b>Contribution to a Decarbonized Society</b>                                     | In addition to our own initiatives to reduce environmental impact, we contribute to a prosperous social environment through the construction of renewable energy-related facilities, as well as decarbonization and energy-saving solutions for office buildings, factories, and other public facilities.   | <ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions from construction</li> <li>• Research and develop environmentally friendly technologies, construction methods</li> <li>• Reduce energy consumption through equipment upgrades, etc.</li> <li>• Convert to electric vehicles</li> <li>• Engage in proper waste control and disposal</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Offer decarbonization and energy-saving solutions for facility construction and operation</li> <li>• Engage in the renewable energy power generation business and build renewable energy-related facilities</li> </ul>  | <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>   |
|  <b>Promotion of Innovation</b>  | Looking to the future of the construction industry, we must pursue efficient operations and technological innovation through digital technology and other means. We must pursue a business model that contributes to high-quality facility construction, decarbonization, and resilience, collaborating with diverse partners inside and outside the Group.   | <ul style="list-style-type: none"> <li>• Engage in business process redesign</li> <li>• Make advancements in construction and management processes (IoT, AI, robotics, and drone technologies)</li> <li>• Improve operational efficiency (establish a back office, upgrade IT systems)</li> <li>• Conduct joint research with universities, local governments, other industries, etc.</li> </ul>            | <ul style="list-style-type: none"> <li>• Develop more extensive prefabrication methods and unitization to provide high-quality facilities</li> <li>• Offer rapid and efficient restoration in the event of a natural disaster</li> <li>• Prepare facilities against natural disasters</li> </ul>   | <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>   |
|  <b>Reinforcing Hito-Ichi Value (Human Resources)</b>                            | To embody our <i>Humanity First</i> philosophy in endeavoring for the mutual prosperity of humanity and society, the Kandenko Group must work together with partners, including subcontractors and material suppliers, pursuing high-value-added services through ever-higher levels of technology and expertise.<br>This idea is what we call <i>Hito-Ichi Value</i> —the driving force behind our business activities and contributions to society. | <ul style="list-style-type: none"> <li>• Develop professionals</li> <li>• Foster a mutual understanding through dialogue</li> <li>• Maintain and improve partnerships with business partners, material suppliers, etc.</li> <li>• Pursue work-style reform</li> <li>• Pursue diversity</li> <li>• Upgrade training programs</li> <li>• Develop and instill human rights and procurement policies</li> </ul> | <ul style="list-style-type: none"> <li>• Provide high quality services</li> <li>• Provide secure and rewarding employment opportunities</li> <li>• Co-create with partner companies (business partners, material suppliers, etc.)</li> </ul>   | <div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> |
|  <b>Strengthening a Sound Management Foundation</b>                              | We ensure management transparency through risk management and compliance, which form the basic premise of management. We engage in a management approach to remain a company trusted by society.  | <ul style="list-style-type: none"> <li>• Maintain and strengthen governance structure</li> <li>• Conduct appropriate risk and process management</li> <li>• Engage in consistent compliance</li> <li>• Maintain and strengthen information security measures</li> </ul>   | <ul style="list-style-type: none"> <li>• Implement sustainable measures to address social issues</li> <li>• Engage in honest and fair communication with shareholders, investors, and other stakeholders (dialogue, timely and accurate disclosures, etc.)</li> <li>• Pursue stable and sustainable shareholder returns</li> </ul>                                     | <div>10 REDUCED INEQUALITIES</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>   |



## Definition and Direction of Capital



### Financial Capital

Financial foundation that supports business

#### INPUT

As of March 31, 2025

- Total assets ¥603.2 billion
- Free cash flow ¥8.0 billion
- Equity ¥367.8 billion
- Interest-bearing debt ¥27.1 billion

#### OUTCOME

FY2026

- Operating profit ¥67.0 billion
- ROIC 10%+
- ROE 10%+
- Dividend payout ratio Approx. 40%



### Natural Capital

Renewable energy resources that reduce negative environmental impact

#### INPUT

As of March 31, 2025

- Number of renewable energy power plants 19
- Overall power generation facility capacity 74.2MW

#### OUTCOME

- Greenhouse Gas Emissions
- 2050 Net zero
- 2030 -50% (vs. FY2020)
- 2026 -18% (vs. FY2020)

\*Targets include Scope 1 and Scope 2.



### Social and Relationship Capital

Business implementation framework closely connected to local communities

#### INPUT

- Supply chain (partner companies, manufacturers, agencies)
- Research and project implementation partners (local governments, companies, universities, etc.)

#### OUTCOME

- Establishing a more robust and resilient supply chain
- Enhancing partnerships and addressing social issues



### Human Capital

Hito-Ichi value

Professionals with expertise in electricity, HVAC, communication, civil engineering, and other diverse fields

#### INPUT

As of March 31, 2025

- Professional engineers 202
- First and second grade electric work managing engineers 2,501
- First-class electricians 2,406
- First and second grade construction managing engineers 224
- First and second grade civil engineering managing engineers 475

#### OUTCOME

- Cultivation of next-generation professionals who generate novel value through the integration of technologies and skills
- Establishment of a system to connect professionals and harness synergies
- Recruitment of individuals with expertise in cutting-edge fields like AI, robotics, and data analysis



### Intellectual Capital

Hito-Ichi value

Leveraging foresight and distinctiveness to provide technologies, insights, and the exceptional service developed through years of supporting a stable electricity supply

#### INPUT

- Expertise in technology, management capabilities, and skilled labor for the maintenance and construction of facilities and social infrastructures
- R&D investment ¥2.7 billion
- Patents (excluding trademarks) 168

#### OUTCOME

- Pursuit of services with added value (integration of technologies and expertise in electrical and construction facilities)
- Enhancement of decarbonization technologies, including the development of environmentally friendly construction methods and the electrification of construction vehicles
- Advancing current business operations to build a data platform that creates new businesses



### Mental Capital

Hito-Ichi value

A sense of mission to engage with society and customers and successfully complete any task we undertake

#### INPUT

- A sincere attitude to address the demands and requests of society and customers
- A commitment to empathize with customers' feelings and ensure dedicated care for projects until completion
- A focused attitude toward the task at hand
- Individual and organizational capabilities that demonstrate strength during emergencies and crises (the ability to accomplish tasks using all available networks)

#### OUTCOME

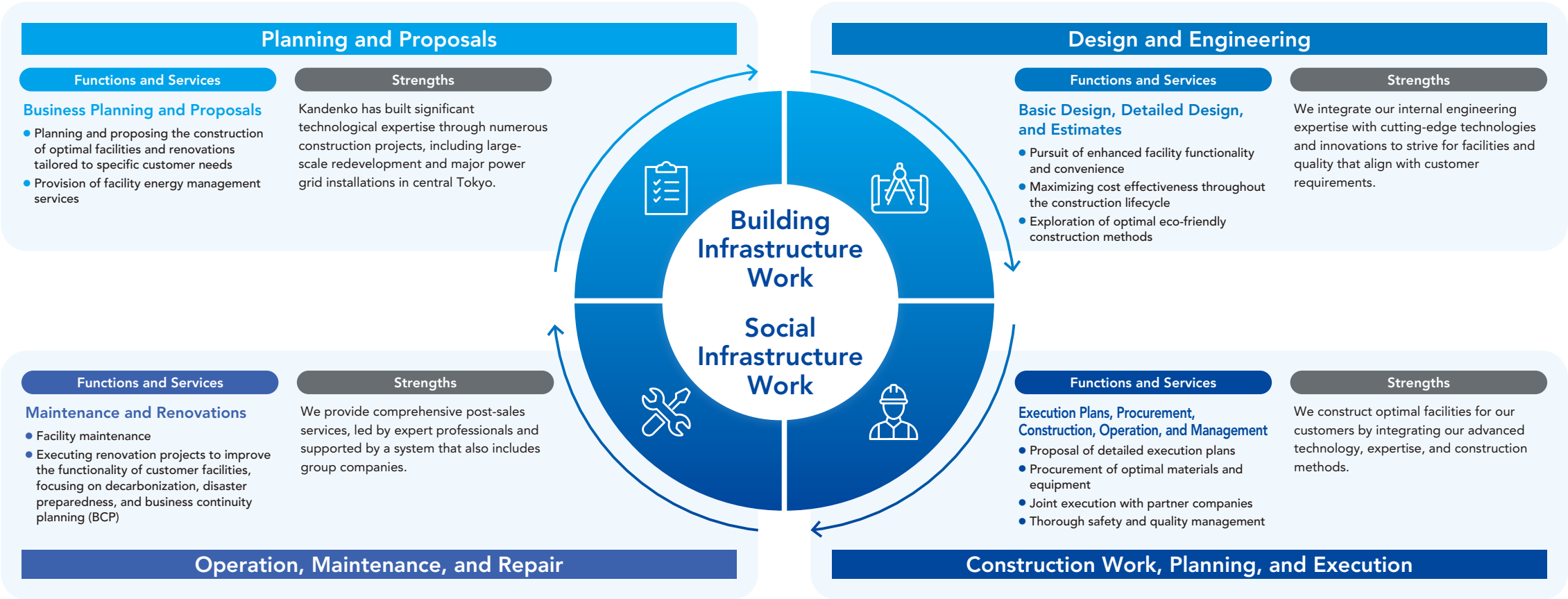
- Cultivating a cultural and organizational atmosphere that fosters the connection and expansion of minds



# Value Chain

The Kandenko Group provides comprehensive solutions through planning, design, construction, maintenance, and renovation. Our services address diverse customer needs, including energy conservation, decarbonization, disaster preparedness, and business continuity planning (BCP).

We aim to provide services that enhance energy utilization and support the development of next-generation facilities offering both convenience and flexibility while promoting carbon neutrality. By leveraging our strengths as a comprehensive facility company, we will integrate electricity, HVAC, communication, network systems, and other essential components to achieve this goal.



## Important Stakeholders

The Kandenko Group Corporate Motto is *Humanity First* \*. Here, “humanity” encompasses not only our employees, but also our shareholders, customers, local communities, and all others.






Our mission is to provide valuable services, aiming for the prosperity and happiness of these important stakeholders.

\*Corporate Motto



**KANDENKO**  
GROUP



|  | Stakeholders   | The Value We Provide   | Major Initiates and Methods  |
|--|--|--|--|
| <br>Customers           | <b>Owners and clients</b><br>Individuals who use our facilities and equipment<br><br><b>Customers of customers</b><br>Individuals who use the services of our client companies | High-value-added services that anticipate change and customer needs            | <ul style="list-style-type: none"> <li>● Provide comprehensive solutions throughout the lifecycle of building equipment to solve customer business challenges</li> <li>● Secure and utilize technologies for green innovation-related businesses</li> <li>● Advance digital transformation (DX) to streamline on-site efficiency through labor reductions and deliver higher-quality services</li> </ul>           |
| <br>Employees           | <b>Employees, etc.</b><br>Employees, contract employees, temporary employees, etc., and their family members   | Workplaces where diverse talent can thrive, grow, and work with confidence     | <ul style="list-style-type: none"> <li>● Engage in health management and offer work-life balance</li> <li>● Practice diversity, equity, and inclusion</li> <li>● Develop human resources who possess expertise and organizational skills</li> </ul>  |
| <br>Partners            | <b>Supply chain</b><br>Partner companies, manufacturers, and agencies<br><br><b>Joint operators</b><br>Joint business operators and joint researchers                          | Mutual growth and shared prosperity with diverse partners                      | <ul style="list-style-type: none"> <li>● Practice the Partnership Declaration</li> <li>● Develop technology through alliances, joint research, etc.</li> <li>● Expand support and incentives for growth of the business partners</li> </ul>  |
| <br>Shareholders, Etc. | <b>Shareholders</b><br>Holders of Company shares<br><br><b>Investors</b><br>Investors and institutional investors  | Sustainable growth and enhanced corporate value over the medium to long term   | <ul style="list-style-type: none"> <li>● Engage in active dialogue with shareholders and investors, disclose timely and accurate information</li> <li>● Establish and maintain an appropriate governance structure (function execution)</li> <li>● Pursue stable and sustainable shareholder returns</li> </ul>  |
| <br>Society           | <b>People in society</b><br>Local governments and communities  | Safe and comfortable social infrastructure that supports a sustainable society | <ul style="list-style-type: none"> <li>● Maintain and build power and communication infrastructure, and support restoration and recovery in the event of natural disasters</li> <li>● Develop, design, and implement environmentally conscious technologies to reduce environmental impact</li> <li>● Contribute to a prosperous social environment through decarbonization and energy-saving solutions</li> </ul> |

## Section 02

Special  
Feature

# Creating the Future

Kandenko aims for *Joyful growth, together with our employees* under our Medium-Term Management Plan FY2024-FY2026 slogan, *More change for a more abundant future*. This section features a discussion between the former and current CSO and CHRO on human resource strategies to create a more abundant future, along with employee insights on how they feel the Company has changed through these initiatives.

20 Former and New CSO, CHRO Discuss  
Human Resources Strategy to Create the Future

24 Real Changes Taking Shape at Kandenko





#### Special Feature

### Former and New CSO, CHRO Discuss Human Resources Strategy to Create the Future

Representative Director,  
President and Executive  
Officer

Hirofumi Tamogami

Chief Strategy Officer (CSO)  
and Chief Human Resources  
Officer (CHRO)

Yuichi Sugita

#### Taking Care of Our People to Begin Creating the Future

**Sugita** Following Mr. Tamogami's appointment as president, I have taken over the role of CSO and CHRO. This is the second time that I have succeeded Mr. Tamogami, including when I was named general manager of the Corporate Planning Department. Inheriting Mr. Tamogami's clear policies, including the medium-term management plan ("medium-term plan"), I believe my role is to ensure these policies remain on track.

**Tamogami** I have worked with Mr. Sugita in a supervisor/subordinate relationship for some time, and I am relieved that the job has been handed over to someone who is of the same mind. I hope to leverage our relationship to ensure that management and human resources strategies are integrated.

**Sugita** To this end, I believe we must share not only an understanding of policies, but also the purpose behind them. For example, the current medium-term plan indicates our strong desire for growth built in terms of human resources issues.

**Tamogami** The medium-term plan outlines five elements, the most important of which is joyful growth, together with our employees. This is our corporate motto, *Humanity First*, and human capital management put into practice. Behind this policy is our strong expectations for human resources, as just stated. By 2030, which is the future envisioned under the medium-term plan, the number of people working in the construction industry will decline even further, which could result in serious shortages of labor. We formulated the medium-term plan with a keen awareness of the issue and a sense of urgency.

**Sugita** That awareness is also reflected in the fact that the medium-term plan is divided into business strategy and strategy to strengthen our management foundation, with the latter beginning with our human resources strategy.

**Tamogami** We designed the framework of the medium-term plan to be



## Special Feature: Human Resources Strategy to Create the Future

easy for employees to read, understand, and buy into. Our human resources strategy is based on five perspectives: (1) Recruitment, (2) Training, (3) Placement, (4) Employee Engagement, and (5) Work Environment. We place particular emphasis on the latter two, and we will focus on becoming an attractive company workers want to join, as well as a company where employees work with peace of mind. This emphasis is because we cannot know we cannot achieve our medium-term plan and create the future unless we are a company where every employee continues to look forward to work.

**Sugita** I was in the business division when the medium-term plan was announced, but even then I felt that the plan was very decisive. As soon as I was named CSO and CHRO in April, the first concrete measure we took was to increase starting salary and provide a base salary raise. I think we are making big changes within the company. We have heard stories of increased motivation from every work site. In fact, the number of employees

separating from the company between April and June has decreased considerably compared to the previous year. We expect that this is the result of various initiatives, not only in terms of compensation, but also in reducing work hours and improving follow-up systems for each new employee.

**Tamogami** Mr. Sugita will continue to lead the reform of our human resources system, but what I want emphasized are systems that employees can truly accept. One of the keys to achieving this is quantification. We must show in clear numbers that if an organization produces certain results, they will be evaluated at a certain level. On the other hand, individual results are difficult to quantify in a business like ours. Therefore, it may be necessary to focus on qualitative aspects, such as meeting with supervisors at the beginning of the fiscal year to evaluate performance in the previous fiscal year and set goals for the next fiscal year. I want to work with Mr. Sugita on how, for example, to introduce one-on-one meetings and other systems at busy work sites.

### Crafting a Human Resources Strategy Linked to Business Strategy to Foster People Who Will Make the Future Kandenko

**Sugita** During the first few months of my new role, I experienced many things that helped me understand the significance of serving as both CSO and CHRO. I became convinced of the need to always link business strategy to human resources strategy, because when we think about the organization, we always end up talking about *people*. For example, our goal to become a Green Innovation Company requires people who are skilled in new domains, such as consulting, in addition to the people who are responsible for construction work, which has been the mainstay of our business historically. To accelerate the growth on the business side of the company, we must nurture people internally, while actively recruiting



people who have gained experience externally. In the past, the ratio was about 300 new graduates to 100 mid-career hires. Today, we are taking steps to increase the number of mid-career hires.

**Tamogami** The area we call *Green Innovation* is a broad one, and key to achieving this vision is expanding the skill set of our human resources. My particular focus is on DX human resources. Digitalization has been a source of remarkable progress, not only in Green Innovation, but also in the traditional fields of construction and civil engineering. For example, building information modeling (BIM) and construction information management (CIM) have improved productivity and reduced the workload at work sites. We want to secure employees with skills in this area by strengthening mid-career recruitment and, in some cases, engaging in M&A.

**Sugita** In addition to building construction techniques, we must increase



## Special Feature: Human Resources Strategy to Create the Future

the number of people capable of providing total consulting for creating, storing, and saving in relation to energy solutions other than electricity, such as HVAC, as well as the digital domain. Hiring and training people with experience in each domain, such as electricity, HVAC, and telecommunications, is an effective means to this end. To investigate human resources strategies in this area, we will visualize the necessary skills and skill levels, compiling data across businesses. In addition, we must be an attractive place to work, if we are to attract talented people of the type we seek from outside the company. For example, remote work is the norm for people working in the IT industry, and people from this industry may wish to have flexible working hours. Here, a realistic work style is still a matter for consideration at our company, where we deal with construction sites mainly. We know that to eventually increase the number of IT and DX personnel, we must make our system more flexible, rather than insisting on a uniform work style.

**Tamogami** Certainly, we compete for outstanding human resources, including people from other industries. We must clearly define the unique attractiveness of Kandenko, communicating this attractiveness more aggressively. We are currently working on inner branding to reiterate Kandenko strengths, our mission, and our purpose. I think these messages could be used in recruitment as well.

**Sugita** Our work is closely tied to on-site processes, and we tend to have a generally high degree of direct interaction with our clients. That element is both an attraction and a strength of our work. In disasters, we are always the first to rush to the scene to help restore power and communications. The DNA of Kandenko is part of our brand, which is something I want to communicate more proactively.

### Management and leaders continue the commitment to their own learning to maximize the power of human resources

**Sugita** Due in part to improved compensation and benefits packages, we have seen recent increases in the number of applicants—both new graduates and mid-career hires. However, we must not rest on our laurels in recruiting outstanding human resources. We must also consider how to retain and train people after they join our company.

**Tamogami** The mainstream training method in the construction industry used to be the watch-and-learn school of training. This approach will not work in the future. We believe training should be provided as a well-structured program. I also hope that the training will not only provide the specialized knowledge and skills needed in the field, but also ensure that the philosophy and spirit of Kandenko are communicated and embraced throughout the company.

**Sugita** When bringing in someone from the outside, particularly through M&A, we start by explaining our *Humanity First* philosophy. However, our history and culture are something we have cultivated as an independent company. I think it is important that we do not impose the Kandenko style on others, but rather that we respect each other and aim for growth together in a considerate manner.

**Tamogami** This is an area I value as well, so I am relieved to hear that from the officer in charge. In the future, more employees will come from different environments through mergers, acquisitions, and mid-career hires. We will also have more opportunities to collaborate with external partners. For these reasons, we must be able to communicate effectively and easily with people who have other values. To this end, it will be important for management and leaders to be open to new things, willing to learn.

**Sugita** We have stepped up our leadership training in recent years, targeting executive candidates, the branch manager and general manager

class, and the leader class. These trainings are conducted in the form of so-called opposing schools, conducted in conjunction with other companies. By providing opportunities to interact with people from diverse industries, we hope to broaden the perspectives of our people and help them grow personally through dialogue with people who have different values.

**Tamogami** Our succession plan for training the next generation of managers also emphasizes the input of information from outside the company. We are moving forward with this program hoping that every executive officer gains experience early in their careers and learn the traits of managers who become leaders of their organizations.

### Investing more in our people increases engagement and fosters greater capacity to create the future.

**Sugita** Our business is labor-intensive. The power of people is literally



# Special Feature: Human Resources Strategy to Create the Future

the power of the company itself. Therefore, investing in people is essential if we are to grow as a company. Personnel expenses, such as salaries and benefits, as well as recruitment and training costs, are traditionally categorized as costs on the ledger. However, improving personnel-related measures through investments to create the future has become linked with financial results. We see these results in the strong performance of the company this fiscal year.

**Tamogami** When we formulated the medium-term plan, a member of the Corporate Planning Department suggested the concept of a happy growth cycle. Of course, the starting point of the cycle is that the company takes care of its employees. Offering better salary and benefits. Improvements in this area increase employee motivation and work quality. These improvements in turn increase the company's profits, and the cycle of giving back to employees continues.

**Sugita** Indeed, I have seen personally how the company's efforts to create a better work environment—not only wage increases but also enhanced benefits closely tied to daily life—have fostered a growing sentiment among employees to work harder in response to the value we place on every employee. Our long-running *K.Assertion* activities and other active internal communications have led to wider-spread positive sentiment throughout our organization and rising employee motivation.

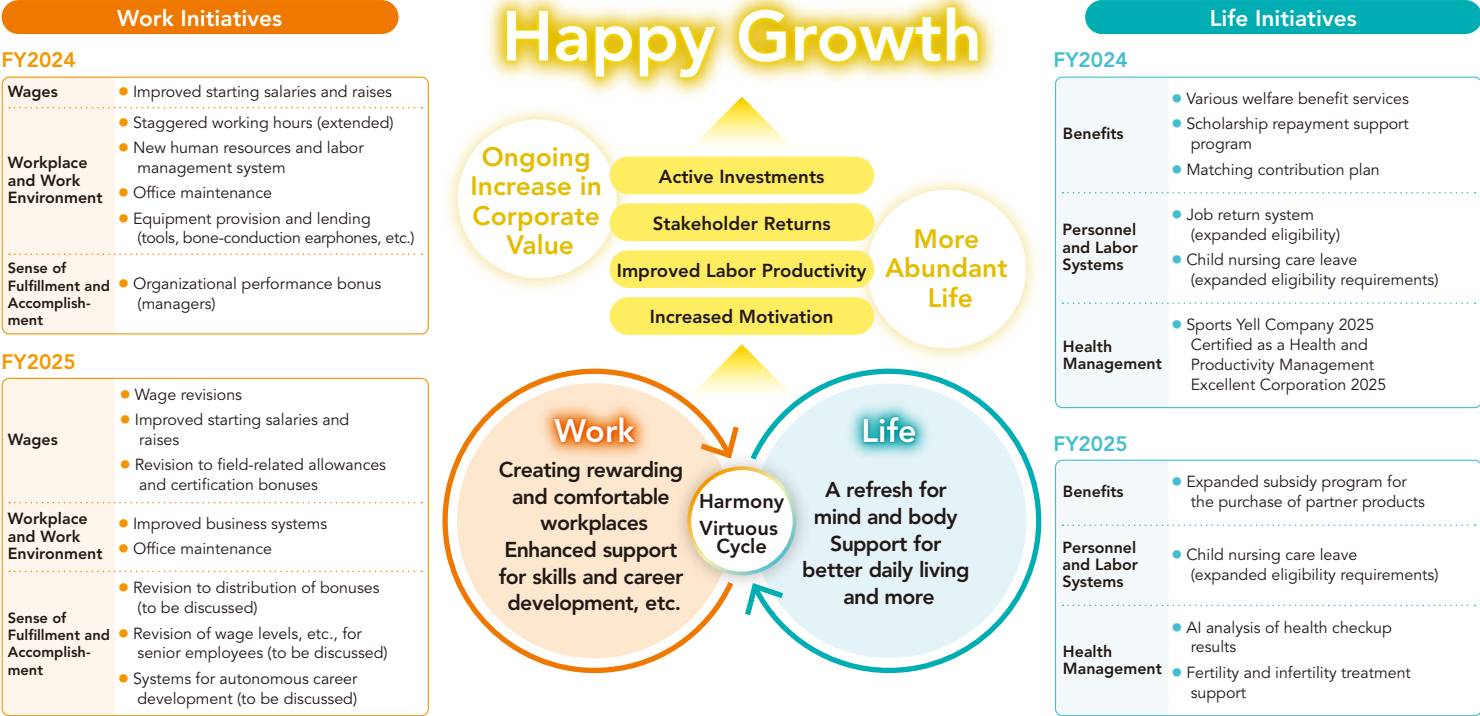
**Tamogami** In the end, an organization is supported by every one of its employees. We want to invest actively to improve the workplace and work environment for all employees, including those at Kandenko Group and partner companies. For example, we want to prioritize investments that improve safety, including investments in accident prevention. This is the very practice of *Humanity First*. By investing in people, we spark a happy growth cycle in which employees are rewarded for solving customer issues. As a result, our performance improves as a company, which then leads to greater returns to shareholders and investors. The more often we repeat this virtuous cycle, the more people understand the importance that

Kandenko places on our stakeholders.

**Sugita** We still have much to learn and issues to address in our practice of *Humanity First* and pursuit of advancements in our work. I feel today, more than ever, the responsibility to continue with fundamental elements

that Mr. Tamogami and his predecessors have put into place. My responsibility is to make the company even better through the business strategy and strategy to strengthen our management foundation.

## Happy Growth Cycle



## Real Changes Taking Shape at Kandenko

Kandenko advances various initiatives under our medium-term management plan (FY2024-FY2026) slogan *More change. For a more abundant future.*

We conducted a survey to assess the real changes employees have experienced through the Company's commitment to taking on new challenges.

There are more chances to talk about work styles, and communication in the workplace has opened up

Technician, 30s

The quality and speed of information on areas like safety has improved

Engineer, 50s

Incorporating front-line feedback has made workplaces more comfortable

Engineer, 30s

It feels like people are more valued for taking on the challenge of making change

Office worker, 40s

Labor savings in on-site operations through the promotion of prefabrication and unitization

Engineer, 50s

Stronger back-office support has reduced the workload on-site

Engineer, 40s

AI tools for creating meeting notes and automated design and estimating have reduced working hours

Engineer, 40s

Many documents are now digital, and I can feel real progress in digital transformation

Engineer, 30s

Remote meetings and other flexible work styles are more common

Engineer, 50s

Employees are becoming more aware of Green Innovation and carbon neutrality

Sales staff, 50s

Efficient staffing and a rotation system have made it easier to take time off

Technician, 30s

Attitudes toward overtime have changed, and it's easier to talk about work issues

Engineer, 20s

Better treatment and stronger compliance have created a more comfortable work environment

Engineer, 30s

Better benefits have helped raise motivation

Technician, 20s



## Section 03

# Value Creation Initiatives

The medium-term management plan (fiscal 2024–2026) marks the first step toward becoming a Green Innovation Company and bringing our value creation story to life. This section details the progress of our medium-term management plan and introduces specific initiatives for value creation, including our financial strategy and capital policy, DX strategy, and forward-looking research and development activities.

26 Medium-Term Management Plan Progress

27 Financial Strategy and Capital Policy

29 DX Strategy

30 R&D Activities



## FY2024–FY2026 Medium-Term Management Plan Progress

In fiscal 2024, in a climate of robust private-sector construction investment, we achieved our medium-term targets two years ahead of schedule and posted record profits.

Although concerns remain regarding the impact of external factors such as the international situation, the target for fiscal 2026 has been revised upward in anticipation of firm construction demand.



### FY2024 Main Initiatives

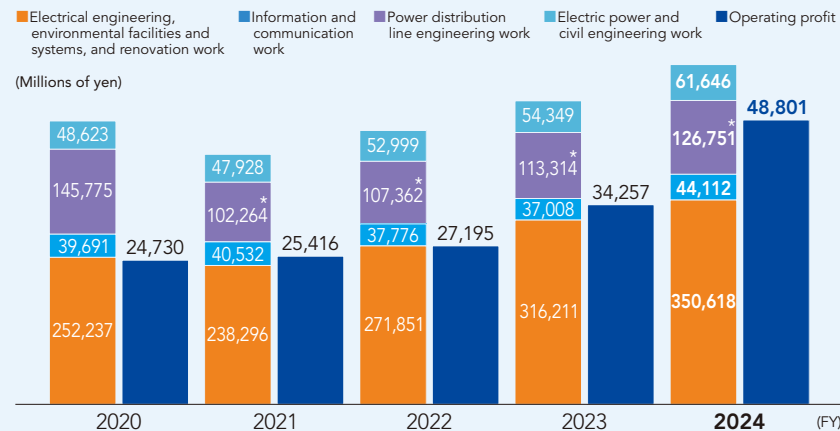
| Achieve Fulfillment and Growth for Our Company and Our Employees   | Contribute to the Building and Upkeep of Social Infrastructure and Customer Facilities  | Pursue Green Innovation  | Use all Measures Available to Increase Productivity and Efficiency  | Build Solid Relationships Based on Trust With Stakeholders  |
|--|---|--|---|---|
| <ul style="list-style-type: none"> <li>• Diversifying recruitment</li> <li>• Employing non-Japanese with specific skills</li> <li>• <b>Reviewing HR and compensation systems</b></li> <li>• <b>Expanding benefits programs</b></li> <li>• Shifting personnel to on-site support offices</li> <li>• Enhancing reskilling of senior employees</li> <li>• Promoting energy efficiency and BCP at offices</li> <li>• Selling cross-shareholdings to fund investment</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Expanding construction projects related to factories, data centers and similar facilities, driven by current robust private-sector investment climate</b></li> <li>• <b>Reliably executing facility upgrade projects under the revenue cap system</b></li> <li>• Conducting strategic sales activities using customer analysis tools</li> <li>• Strengthening overseas local construction systems</li> <li>• Strengthening cooperation between group and partner companies</li> </ul> | <ul style="list-style-type: none"> <li>• Enhancing renovation proposals contributing to carbon neutrality and exploring development of maintenance and service technologies</li> <li>• Trialing decarbonization consulting services</li> <li>• <b>Developing our WATTMILL® energy management system</b></li> <li>• Developing demonstration-test plan of battery storage integration at company solar power plant</li> </ul> | <ul style="list-style-type: none"> <li>• Establishing a roadmap to develop DX talent</li> <li>• Delivering company-wide e-learning to develop DX skills</li> <li>• Investigating the use of prefabricated unit production factories for logistics operations</li> <li>• Practicing on-site division of labor</li> <li>• <b>Expanding use of back-office optimization and prefabricated unit production factories</b></li> </ul> | <ul style="list-style-type: none"> <li>• Fostering compliance awareness by expanding training programs</li> <li>• Strengthening hands-on and observational safety and quality training</li> <li>• Using digital technology to improve safety and quality</li> <li>• Establishing and promoting our carbon-neutral roadmap</li> <li>• Electrifying business vehicle fleet (excluding special-purpose vehicles)</li> <li>• <b>Implementing proactive shareholder returns (bringing forward 40% dividend payout ratio target)</b></li> </ul> |

## Financial Strategy and Capital Policy



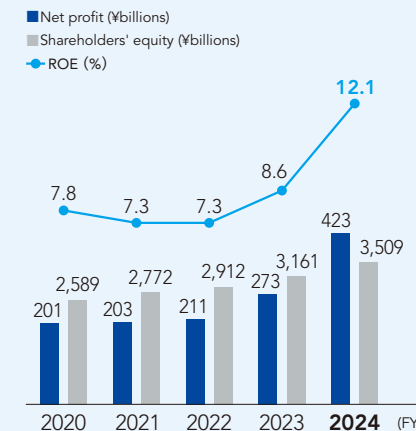
Chief Financial Officer (CFO)  
**Hitoshi Sugizaki**

Net Sales of Completed Construction Contracts and Operating Income (Non-Consolidated)

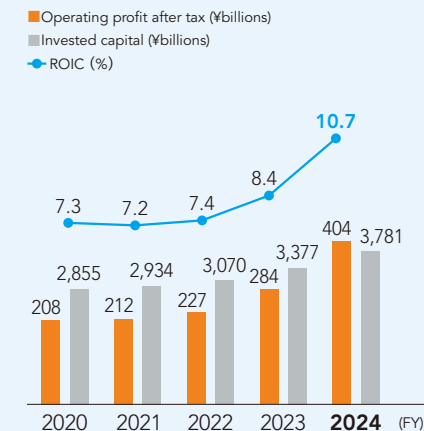


\*The Company adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., in fiscal 2021.

ROE (Consolidated)



ROIC (Consolidated)



### FY2024 Review

#### Sales and profit increased with progress in large-scale factory and data center-related construction work, etc.

Financial results for the fiscal year ended March 31, 2025, showed an increase in both sales and profit year on year. Net sales rose with steady progress in private-sector construction investment in large-scale factories for semiconductors and other products and in data center-related projects. Capital investments were also strong in electric power, where we met the demand for facility upgrades amid the revenue cap system, which encourages electric power companies to make systematic capital investments. Profits were higher year on year as a result of our efforts to improve productivity through value engineering (VE) proposals and the enhancement of systems to support on-site operations (office

administration, etc.).

Our cash position remained generally on par with the previous fiscal year, although working capital rose due to an increase in large-scale construction projects, and we procured short-term debt from banks necessary to make progress toward strengthening construction capabilities and improving productivity.

#### Medium-Term Management Plan Progress

##### Focus on creating an optimal business portfolio to achieve upwardly revised targets

Amid favorable market conditions, we achieved the initial numerical targets in our medium-term management plan (FY2024-FY2026) ahead of schedule. Accordingly, we revised our final year target figures upward. The revised

numerical targets call for net sales of ¥716 billion and operating profit of ¥67 billion for fiscal 2026. ROE and ROIC (efficiency indicators) have improved steadily, at 12.1% and 10.7%, respectively, as of fiscal 2024. We also view financial soundness as essential for stable corporate growth. Here, we maintain a high level of safety with an equity ratio of 61.0% as of fiscal 2024. We will continue with measures to increase profits and improve capital efficiency, which may include the sale of underperforming assets.

In response to our current strong performance, we plan to invest about ¥125 billion over a three-year period in growth investments, up ¥25 billion from the initial plan. Our breakdown of these investments is as follows: ¥55 billion in business investments (Green Innovation, M&A, etc.); ¥50 billion in capital investments (new prefabricated and unit factories, functional expansion, early replacement cycle for aerial work vehicles, new energy-saving equipment at work sites, BCP measures, etc.); ¥15 billion for

IT and DX investments (restructure core systems for data-driven management, business and production process innovation, etc.); and ¥5 billion for R&D investments (AI-based safety assist systems, automation and robotics technologies, etc.). We will continue to invest aggressively to achieve sustainable growth.

Growing sales in the midst of a favorable external environment requires more working capital. Accordingly, we pursue management that is conscious of the cost of capital by improving the cash conversion cycle and selling cross-shareholdings.

For example, we are selling cross-shareholdings that are no longer necessary in light of economic rationality and contributions to business performance. By fiscal 2026, we plan to sell more than ¥20 billion and reduce the ratio of cross-shareholdings to consolidated net assets to less than 10%. We will use the cash generated for investments in future growth.

Financial Preparation for Becoming a Green Innovation Company

**Approach to achieving carbon neutrality by strengthening existing businesses and entering new fields**

Our first and top priority is to strengthen the profitability of existing businesses. While we focus on prefabrication and unitization of on-site work, among other means, to improve productivity, we are considering new fields that have synergies with our existing businesses, such as carbon-neutrality consulting services. We will continue to maintain financial soundness and allocate the cash we earn to investments in new areas, including carbon neutrality-related fields.

Shareholder Returns and Communication With Investors

**We intend to actively return profits to shareholders based on an appropriate assessment of business performance and the business environment**

Shareholder returns reflect our basic policy of maintaining stable dividends, taking into consideration business performance, the business environment, and other factors. Based on this policy, we have set a target for a dividend payout ratio at around 40%.

To enhance transparency in corporate management, we endeavor to disclose corporate information (business performance, business conditions, business strategies, etc.) in a timely and appropriate manner. We strive to strengthen communication with shareholders and investors through regular financial results briefings for analysts and institutional investors and by responding to individual IR interviews.

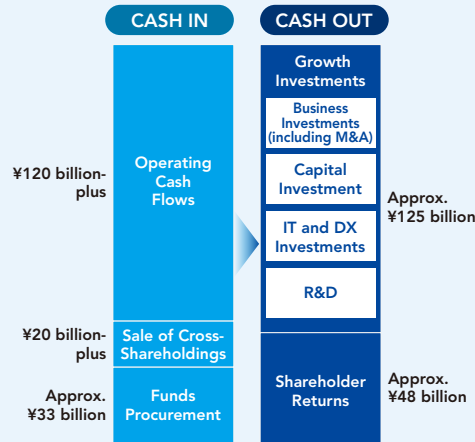
A Message to Our Stakeholders

**We established the IR and Public Relations Office under the direct control of the president to engage more effectively in dialogue with stakeholders as we strive to achieve our medium- to long-term targets**

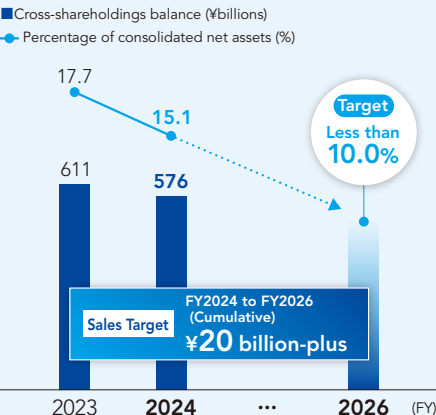
We recognize the importance of constructive dialogue with shareholders and investors as part of improving our corporate value over the medium to long term. In April 2025, we established the IR and Public Relations Office as an organization under the direct control of the president to engage in strategic IR and public relations activities.

We take the opinions received from shareholders and investors seriously as feedback toward achieving our medium- to long-term management targets and sustainable growth, reflecting those opinions in future management, financial, and capital policies.

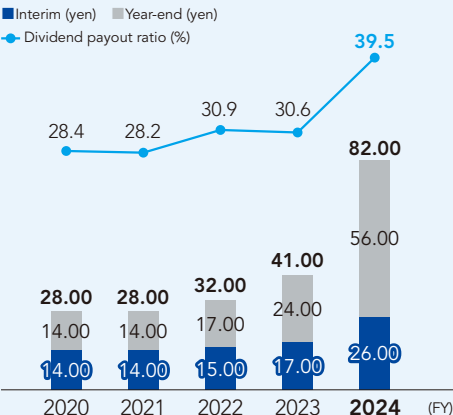
FY2024-FY2026 Cash Allocation



Cross-Shareholdings Balance and Percentage of Consolidated Net Assets



Dividends



\*Follow the link for more information.





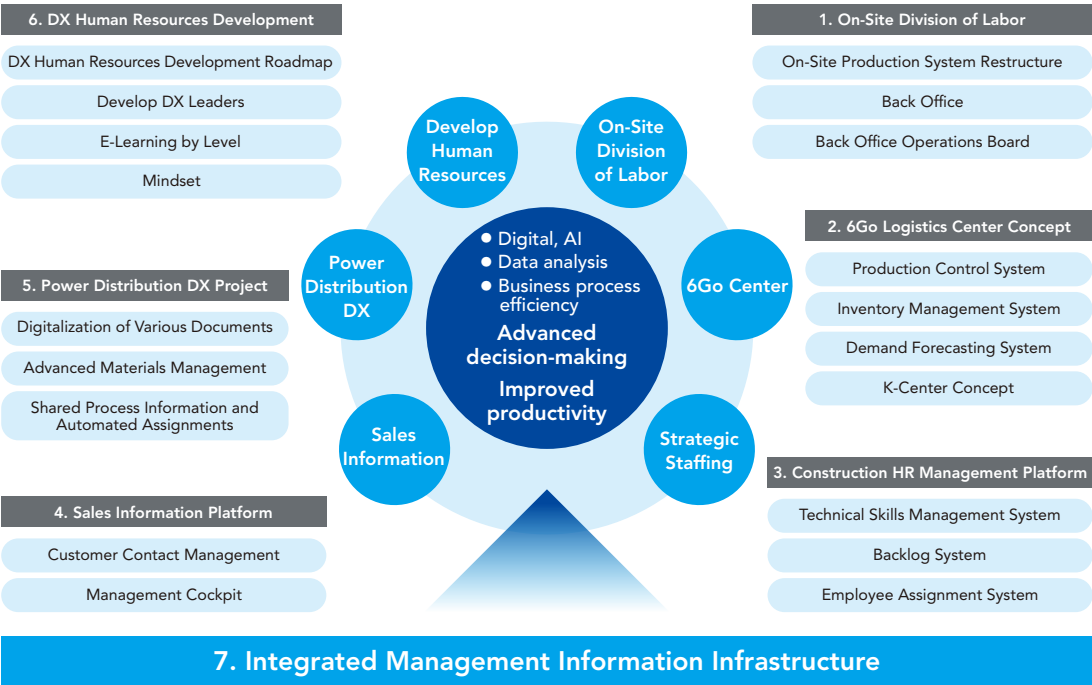
# DX Strategy

Under the current Kandenko Group medium-term management plan (FY2024-FY2026), we define DX as one of our strategies to strengthen our management foundation. The main theme for this strategy is to achieve data-driven management by 2030. We will utilize the knowledge and data accumulated through organization-wide day-to-day operations, creating a system that speeds up and enhances the decision-making process. These processes involve everything from individual employee decision-making in daily operations to management decisions across departments and hierarchies.

## Big Picture

We are pursuing numerous DX initiatives toward advanced data-driven decision-making and productivity improvement. Specifically, we aim to implement data-driven management by 2030 under seven priorities, which include reforms in on-site business processes, the strategic use of sales information, and the development of DX human resources for the future.

Kandenko DX Strategy - Toward Data Driven Management by 2030



## Specific Initiatives

### Construction HR Management Platform

This platform will consolidate and manage information related to construction resources (employee technical skills, assignments, staffing plans, etc.) for the efficient and strategic management of construction personnel.

| Centralized Information by Linking Two Systems |  |
|--|--|
| Technical Skills Management System             | Visualizes skills and backgrounds of technical employees   |
| Backlog System                                 | Simulates employee and partner-company staff workload for managing order assessments and assigning staff |

### Power Distribution DX Project

We aim to reform business processes and improve productivity through DX to deal with increasing construction volume, decreasing available labor, the continuity of accumulated skills, and other issues.

|  |   |
|--|---|
| Digitalization of Various Documents                  | Digitize paper documents (input and confirmation) using electronic devices                    |
| Advanced Materials Management                        | Automate inventory tracking with IoT devices and streamline ordering and inventory operations |
| Shared Process Information and Automated Assignments | Share process information using systems and delegate work automatically using AI              |

## DX Human Resources Development

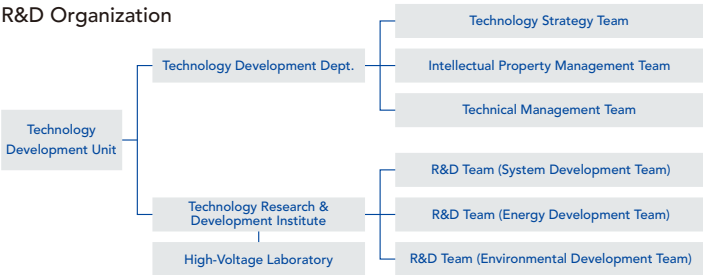
Training plan to develop employees capable of improving their own work through digital transformation

| Basic Training |   | Training by Level                           |  |                          | Basic Training                   |  |
|----------------|---|---|--|--------------------------|----------------------------------|--|
| LV5            | Digital Skills Training<br>by Job Level/Job | Managerial Positions                        | Roles Required for DX                    |                          | DX Leader Training<br>(Selected) | Learning Throughout<br>the DX Leader Community |
| LV4            |   | General Manager and<br>Branch Manager level | Policy for DX                            |                          |                                  |  |
| LV3            |   | Manager                                     | DX Advancement Organization              |                          |                                  |  |
| LV2            |   | General Employees                           | Basic (All)                              | Advanced (Non-Engineers) |                                  |  |
| LV1            |   | Mid-Level and<br>Senior Management          | Consider Solutions<br>to Business Issues | Propose DX Solution      |                                  |  |
|                |   | New Hires and<br>Young Employees            | Interest in DX                           | Discover Business Issues |                                  |  |
|                |   |   |  |                          |                                  |  |

# R&D Activities

## R&D Organization

In July 2023, the Company renewed our R&D structure to encourage cross-functional R&D, establishing a Technology Development Unit directly under the CTO. The Technology Development Unit consists of two organizations. The Technology Development Department is responsible for formulating plans and policies related to technology development and general management. The Technology Research & Development Institute engages in specific technology development and research activities. We also own a technical research laboratory and a high-voltage research laboratory.

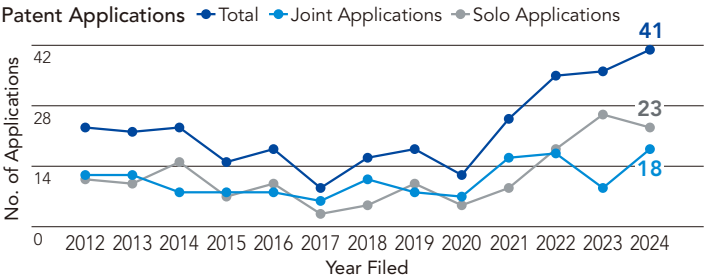


## Intellectual Property Initiatives

We create, protect, and utilize intellectual property, focusing on technologies that improve construction techniques and ensure safety and quality, particularly in electrical equipment construction. In addition to these technologies, we secure high-value intellectual property that strengthens our business foundation by strategically applying for patents beginning at the ideation stage.

In fiscal 2024, we applied for a total of 41 patents (including 23 sole patents), including patents related to on-site support systems using DX and patents related to Green Innovation (solar power generation and algae cultivation equipment, etc.). We also filed trademark applications for new businesses, including KANDENKO V-hub and WATTMILL®.

SDGs-related patents account for more than 83% of our total patents. We intend to step up our efforts to build an IP portfolio in areas that contribute to the expansion of our business areas and services.



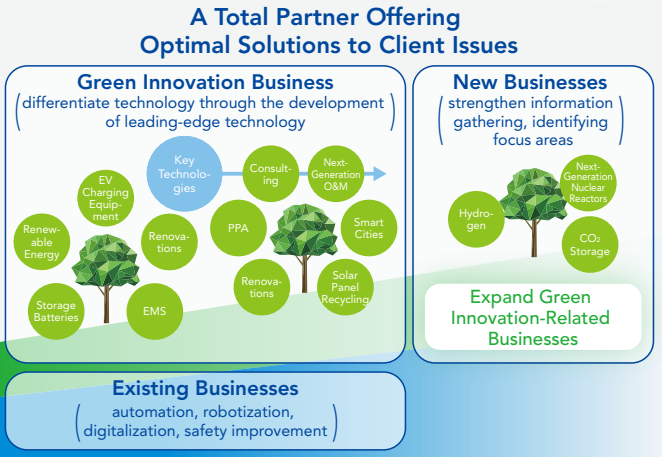
| Number of SDGs-Related Patents | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | N/A Other | Total |
|--------------------------------|-------------------------------|-----------------------------------|--|---------------------------------------|-----------|-------|
|                                | 44                            | 40                                | 7  | 49                                    | 28        | 168   |

\*Created using tools provided by the Japan Patent Information Organization

## Specific Initiatives

### Basic Policy

We pursue development related to three business areas as described in our medium-term management plan (FY2024-FY2026).



- Existing business domains**  
Areas to discover more opportunities in existing businesses by improving the efficiency of construction operations through digitalization, robotization, and automation
- Green Innovation-related businesses**  
Areas that contribute to carbon neutrality (e.g., energy management systems and solar power repowering)
- New business areas**  
Gather information on new technologies (e.g., next-generation nuclear reactors) and identify areas of focus to quickly power up our technological capabilities toward the creation of future businesses

KANDENKO V-hub

KANDENKO V-hub is a mobile communication power supply vehicle providing comfortable and safe information and power services in environments where communication and power infrastructure is absent or disrupted. The vehicle includes satellite communications and a large-capacity battery, which can be recharged while driving or by an external power source, providing a long-lasting power supply and a stable communication environment. In February 2025, we performed a proof-of-concept test at the Moriya Half Marathon held in Moriya City, Ibaraki Prefecture, simulating performance during a disaster. These vehicles are useful not only during disasters, but also at events, construction sites, and other areas where infrastructure is not yet in place. We use these vehicles for remote field support, supporting administrative office functions and visual situation awareness, even in areas without mobile coverage or reliable power supply, contributing to streamlined field operations and improved safety.



KANDENKO V-hub

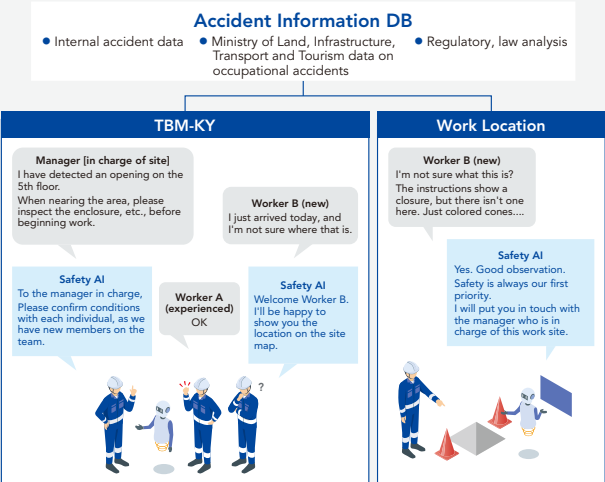


Proof-of-concept Test at the Moriya Half Marathon

Safety AI

We are developing a safety management system that incorporates generative AI and ICT to reduce personal injuries and equipment accidents at construction sites, thereby enhancing safety management. Using a database documenting information from past accidents, as well as relevant laws and regulations, the AI system provides supplemental safety instructions, and hazard prediction is optimized for each work situation. By linking webcams and robots with the AI system, we will create a system capable of detecting and correcting unsafe conditions on-site in real time. In this way, the system will monitor conditions at workplaces and disaster risks (e.g., holes, stairs, objects scattered on the floor) to reduce the risk of occupational accidents and improve worker safety awareness.

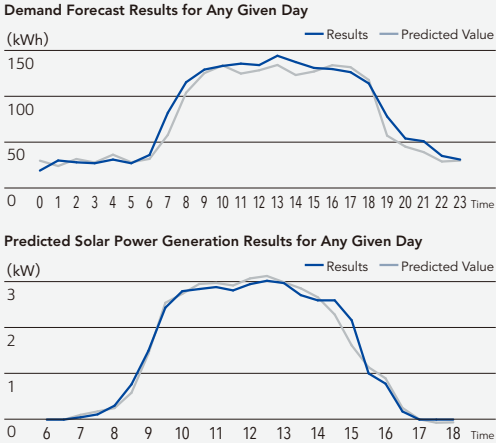
The Future of AI-Supported Safety Management



Demand Forecasting and PV Power Generation Forecasting

We have developed demand forecasting and solar power generation forecasting technologies to help customers use energy more efficiently. Since demand forecasting technology can identify electricity usage trends in advance, customers can control electricity usage systematically through peak shifting operations, peak shaving, and adjusting HVAC and lighting. Power generation forecasting technology fosters efficient planning for the use of generated power (internal consumption, etc.) or sale of solar-generated power.

Through both types of forecasting technologies, we strive to improve the accuracy of forecasts that reflect the nature of buildings and facilities in question through unique innovations and combined technologies. These technologies have the potential to facilitate participation in the wholesale electricity market in the future.



WATTMILL®

WATTMILL® is an energy management system that visualizes the secondary energy consumption of electricity, gas, etc., for an entire building. The system is easy to use by any person, not just engineers with technical knowledge. Sensors installed in buildings are wireless and self-powered, essentially eliminating the need for wiring. As the system is viewable via web browser, no dedicated terminal is required. Buildings at multiple locations can be managed centrally. Kandenکو developed the dashboard and IoT gateway in-house. The interfaces are versatile enough to be linked with new measuring instruments and systems provided by other companies. We offer a carbon-neutral consulting service based on highly accurate measurement data stored at one-minute intervals. In this way, we help customers achieve carbon neutrality through operational improvements, facility renovations, and maintenance support.

WATTMILL® Features \*Some power supply and wiring required



Main Data Visualization



## Section 04

# Kandenko Businesses

As professionals engaged in infrastructure construction, we provide total social infrastructure solutions throughout the life cycle of constructed facilities, from upstream to downstream, including electricity and telecommunications. Our work contributes to the creation of environmentally friendly, safe, and secure communities. This section outlines our overall business structure and the strategies of each segment.

### 33 Overview of Our Businesses

#### Building Infrastructure Work: Business Strategy

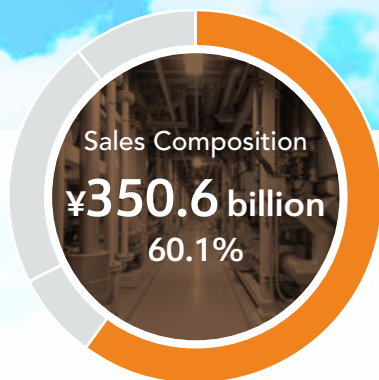
- 35 ■ Electrical Engineering, Environmental Facilities and Systems, and Renovation Work

#### Social Infrastructure Work: Business Strategy

- 37 ■ Information and Communication Work
- 39 ■ Power Distribution Line Engineering Work
- 41 ■ Electric Power and Civil Engineering Work



# Overview of Our Businesses



Building Infrastructure Work

## Business Overview

The electrical engineering, environmental facilities and systems, and renovation work segment designs and constructs electrical systems for large-scale buildings to create comfortable indoor spaces for users. We tailor each project to its specific use, and no two installations are the same.

### Customers

Construction companies  
Real estate developers  
Manufacturing companies  
Government offices, etc.



Business Strategy

Construction reform  
Sales and engineering reform



Social Infrastructure Work

## Business Overview

The information and communication work segment develops diverse businesses to meet growing IT demand and build internet infrastructure that supports today's information society.

### Customers

Mobile phone carriers  
CATV operators  
Government offices  
Electric power company  
Telecommunications service providers, etc.



Business Strategy

Contribute to decarbonization

Respond to aging infrastructure

Improve construction systems and strengthen construction capacity



Social Infrastructure Work

## Business Overview

The power distribution line engineering work segment plays a vital role in maintaining lifelines by delivering electricity to cities. During power outages caused by natural disasters, we quickly engage in restoration work as part of our mission.

### Customers

Electric power companies, etc.



Social Infrastructure Work

## Business Overview

The electric power and civil engineering work segment handles large-scale power facility construction essential for energy supply. Our work forms the starting point for delivering the electricity that powers daily life.

### Customers

Electric Power companies  
Renewable energy power generation businesses  
Government offices, etc.





## Overview of Our Businesses

### Building Infrastructure Work Electrical Engineering, Environmental Facilities and Systems, and Renovation Work

The electrical engineering, environmental facilities and systems, and renovation work segment is responsible for the installation and expansion of electrical facilities in various buildings both in Japan and overseas, including office buildings, factories, hotels, commercial facilities, educational institutions, and hospitals. The segment also addresses diverse customer needs, offering services ranging from equipment diagnosis to design, proposals, construction, and maintenance, including in the renewal of existing infrastructure.

### Social Infrastructure Work Information and Communication Work

The information and communication work segment has extensive experience, ranging from planning new installations and renewals to design, construction, and maintenance in all types of network infrastructure. Such infrastructure work includes upgrades to optical fiber cable networks, installation of transmission base stations for mobile communications, and construction of networks for CATV and municipalities.

### Social Infrastructure Work Power Distribution Line Engineering Work

The power distribution line engineering work segment handles the installation and maintenance of overhead and underground power distribution lines that provide electricity directly to households, stores, and other customers. The segment demonstrates advanced technical capabilities using safe and efficient construction methods, tools, and work vehicles. Our construction system responds quickly and appropriately to unforeseen situations caused by earthquakes, lightning, heavy rain, and other natural disasters.

### Social Infrastructure Work Electric Power and Civil Engineering Work

The electric power and civil engineering work segment performs electrical work for power stations, substations, and transmission lines, as well as in nuclear power plants. Our recent work includes building wind and solar power plants and interconnecting lines to transmission line networks. The widely recognized comprehensive expertise and extensive experience of the Kandenko Group enable our segment to secure a large number of orders.

# Electrical Engineering, Environmental Facilities and Systems, and Renovation Work

## Medium-Term Management Plan Business Strategy

### Electrical Engineering

- ① Discover more opportunities in existing businesses
- ② Expand business domains

### Air Conditioning and Sanitation

- ① Secure long-term orders for large projects and enter the industrial HVAC sector

- ② Propose upgrades for heat source equipment, etc.

### Indoor Networking Plants

- ① Transition to a stock-type business [Indoor Networking]
- ② Total engineering [Plant]

## Business Activities

- **Electrical engineering work**  
Work on electrical facilities and equipment, building interiors work, control equipment, and indoor network in all types of buildings and structures
- **Environmental facilities and systems and renovation work**  
Work on air-conditioning and sanitation systems, water and heat systems, and disaster prevention systems

## Net Sales of Completed Construction Contracts in FY2024

¥350,618 million YoY 110.9%

### Orders Received

¥381,742 million  
YoY  
+¥35,003million

### Net Sales of Completed Construction Contracts

¥350,618 million  
YoY  
+¥34,407million

Chugai Pharmaceutical Plant (Shizuoka Prefecture, Japan)

## Captured steady construction investment in Japan, achieving record-high results

### FY2024 Review

Orders received in the segment reached a record high for the second consecutive year, amount to ¥381.7 billion (up 10.1% year on year). This result surpassed previous-year results, when we achieved over ¥300 billion in orders received for the first time in 32 years. In Japan, we captured major construction investments for semiconductor-related factories, data centers, and urban redevelopment projects in the Tokyo metropolitan area. We also secured steady investment demand for renovation work for aging facilities

and investments in capacity expansion at tenant buildings and manufacturing plants. In overseas markets, we won government projects for subways and expressways, mainly in Singapore.

Net sales of completed construction contracts totaled ¥350.6 billion, up 10.9% year on year. This increase was mainly supported by steady progress on large-scale construction projects in Japan. Such projects included semiconductor and automotive factories, urban redevelopment projects in Tokyo, and public-sector facilities such as universities and hospitals. Steady overseas progress in public facilities and resort hotels also contributed to this result.

Our strong financial results were supported by persistent sales negotiations that successfully reflected rising material and labor costs in contract prices, as well as proactive human resource initiatives. We also implemented proactive recruitment efforts amid the chronic shortage of construction workers and exceeding mid-career hiring targets, recruiting new graduates regardless of academic major, and providing reskilling

opportunities for senior employees. These efforts strengthened our construction capabilities, enabling our segment to meet the strong investment appetite of our customers. Improvements in profitability stemmed from our efforts to shift on-site administrative tasks to the back office, advance prefabrication and unitization to raise construction productivity, and identify and address construction risks early and effectively.

Looking ahead, we expect demand to remain strong for redevelopment projects in urban areas, including tenant buildings and hotels, and for the renovation of aging facilities constructed during Japan's bubble era. We also project active movements in data centers and semiconductor-related facilities, which serve as core industrial infrastructure. Our segment will continue mobilizing our full resources to pursue new orders against this backdrop.

On the other hand, potential risks we face include restrained capital investment among certain manufacturers due to U.S. trade policies; a

chronic shortage of construction workers; intensified price competition resulting from a sharp economic downturn; market entry by companies from other industries into the electrical construction sector; and stricter compliance requirements under revised overtime work regulations. We intend to address these concerns by building a resilient business structure capable of adapting to change through the steady implementation of initiatives to reform construction, sales, and engineering operations.

## Medium-Term Management Plan and Initiatives Toward Change

Our segment achieved strong results in fiscal 2024, the first year of the medium-term management plan. To achieve further sustainable growth, we intend to implement active measures focusing on change.

Our first step is to improve construction productivity and reduce labor burdens. To this end, we revised the Site Management Guidelines to streamline on-site workflows and established new Site Administration Guidelines to transfer clerical tasks previously handled on-site to the back office. At the same time, we also strive to improve operational efficiency and reduce the workload of on-site staff by shifting personnel from administrative and indirect departments to on-site administration roles and strengthening back-office functions. We also aim to improve on-site efficiency through prefabrication and unitization. To do so, we are working to expand the functions and production capacity of our existing off-site factory (6Go Center) and establishing a logistics center to enable just-in-time delivery to construction sites. Furthermore, our segment strives to secure engineers



Nakanosouth-Stella (Tokyo)

and workers by supporting the growth of existing partner companies while building relationships with new ones. Leveraging our new Partner Company Personnel Management System, we intend to manage construction capacity more efficiently.

Our efforts to comply with regulations limiting overtime work include the active pursuit of the aforementioned productivity measures, and efforts to enhance the individual labor management at sites designated as priority locations with high expected workloads.

Our second area of focus in achieving further sustainable growth is differentiating ourselves in terms of both sales capabilities and cost management. Corporate awareness of environmental protection and social responsibility is increasing. Against this backdrop, we aim to strengthen our sales capabilities by identifying customer sustainability challenges, particularly those related to carbon neutrality, and proposing solutions that address their specific needs. We will also expand our customer base by offering integrated prime contracts that cover electricity, HVAC, and

network systems, while continuing to increase the overall scale of the HVAC business.

Our efforts in managing costs include developing automated estimate and preliminary estimate systems to improve the efficiency and accuracy of estimating operations. We will create a system that uses AI to analyze data from past and comparable projects, enabling us to efficiently calculate accurate costs in a short period and deliver optimal proposals to our clients.

In implementing such initiatives focusing on change, we will continue to approach customer concerns and requests with sincerity and stay committed to delivering the most suitable solutions. At the same time, we will continue to improve our workplace environments to assure the psychological safety of our employees and ensure they feel comfortable seeking advice and expressing their views. Our segment will set ambitious, forward-looking goals and steadily put our initiatives into action to address challenges, driving continuous growth for the years ahead.

## Becoming a Green Innovation Company

Our segment believes that the key to becoming a Green Innovation Company lies in making proposals that combine demand for replacing aging facilities with carbon-neutral solutions that help save, create, and store energy, while staying deeply committed to meeting customer needs. We aim to continue making such proposals and solving customer challenges from multiple perspectives.

Our segment also aims to not only strengthen proposals for electrical work, but also proposals in HVAC work for energy-efficient equipment renovation in industrial HVAC and related fields. We intend to actively incorporate WATTMILL®, a system that measures and analyzes energy

consumption, into our proposals through close collaboration with related departments.

We will strengthen proposals for the use of storage batteries as a countermeasure against electricity rate hikes, while also proposing solutions that combine renewable energy power generation and storage batteries. Our current plans are to participate in PPA projects as a contractor, but we will also explore future investment in special purpose companies (SPCs). Through these business developments to bring further change, we are committed to supporting customers' sustainable business operations and achieving carbon neutrality across society.

### Specific Initiatives

- Proposing the use of storage batteries as a countermeasure against rising electricity rates (proposals for a new installation combining renewable energy generation and battery storage)
- Currently planning to participate in upcoming PPA projects as a contractor
- Although investment details are still under review by the Investment Committee and other related parties, future investment in SPCs remains possible



# Information and Communication Work

Medium-Term  
Management  
Plan Business  
Strategy

- ① Restructure revenue base
- ② Improve productivity and operational efficiency

Mobile base station installation (Chiba Prefecture)

## Business Activities

- Installation of optical fiber cables and equipment for electric power companies and telecommunications carriers
- Construction and maintenance of CATV and municipal networks
- Construction and maintenance of mobile communication base stations

Net Sales of Completed Construction Contracts in FY2024

¥44,112 million YoY 119.2%

Orders Received

¥45,304 million  
YoY  
+¥5,293million

Net Sales of Completed Construction Contracts

¥44,112 million  
YoY  
+¥7,103million

## Continuing to take on new challenges to help build the next-generation digital society

### FY2024 Review

Orders received increased 13.2% year on year. This result was supported by the steady acquisition of TEPCO-related projects and other work in communication cable equipment installation work. Our efforts to expand orders for highway and EV charging equipment work also contributed to this result.

In net sales of completed construction contracts, we also accumulated unit-price contracts from TEPCO and telecommunications carriers in

communication cable equipment work and completed the planned CATV equipment projects. These factors, together with an increase in renovation work for mobile facilities and steady progress in highway and EV charging equipment work, led to a 19.2% year-on-year increase in net sales of completed construction contracts.

The business environment going forward will likely expand in the market for data centers, driven by the rapid spread of generative AI. We also expect to see progress in infrastructure development that strengthens resilience in local communities, as well as advancements in optical transmission technologies that reduce power consumption toward carbon neutrality. We believe that new market opportunities will arise from the increase in communication and power supply facilities driven by next-generation expressway development (e.g., dedicated autonomous driving roads). Our segment plans to secure stable earnings against this backdrop by expanding into new business areas while leveraging the knowledge and technical expertise we have accumulated to date.

On the other hand, key challenges in our segment include shortages in on-site workers caused by the declining number of construction industry employees amid Japan's aging and shrinking population, as well as reduced profitability resulting from higher material and labor costs. We will continue to take proactive recruitment measures, allocate personnel flexibly, streamline operations, and increase productivity through the use of digital transformation and other means.



## Medium-Term Management Plan and Initiatives Toward Change

The business environment surrounding information and communication work is undergoing major changes with the advancement of a digital and carbon-neutral society, such as the introduction of next-generation communication technologies. Our segment addresses these changes by strengthening human resources development, driving product development, and improving productivity through the use of digital transformation (DX).

Our efforts in human resources development include proactive job rotations aimed at increasing the number of multi-skilled employees. We also strengthen our training programs for younger employees to help them acquire technical skills at an early stage to meet the diverse needs of our customers.

Our efforts in product development focus on enhancing software engineering capabilities through the recruitment and training of personnel

skilled in digital technologies. We also aim to accurately identify diverse customer needs and challenges, establish a solution business in the decarbonization and energy-saving fields, and achieve sustainable growth.

DX initiatives to improve productivity include developing systems that enable remote monitoring of on-site conditions and safety, systems that automate designs for power systems and cabling routes for mobile base stations installed in communication equipment rooms and buildings via cloud technology, and systems that support on-site management using databases and AI. We will also introduce office cars (mobile offices) at highway-related construction sites to replace temporary on-site offices and provide space for office work, meetings, and breaks.

Our segment has long responded to society's needs by building communication infrastructure through power fiber-optic, CATV, and mobile base station construction. Providing highly safe and reliable services to our customers is our mission. We will pass down this unwavering commitment to the next generation and continue fulfilling our responsibility to support the communication infrastructure of our society.



CATV FTTH construction work (Kanagawa Prefecture)

## Becoming a Green Innovation Company

Our segment uses information and communication technologies to carry out EV charging equipment work and for work related to the power generation and storage battery facilities in corporate and municipal Power Purchase Agreement (PPA) projects. Increasing momentum toward carbon neutrality has led to growing demand, particularly in efficient energy coordination. We intend to leverage the Company's internally developed energy management system to optimize energy use through load control, aiming to provide solution

services that reduce both CO<sub>2</sub> emissions and energy costs. Through these initiatives, we intend to contribute to the Kandenko vision of becoming a Green Innovation Company.

Our segment also developed the KANDENKO V-hub, a mobile communication power supply vehicle that can provide information and power services even in environments where communication and power infrastructure is absent or disrupted in times of disaster. KANDENKO V-hub provides visible, connected, and supply-based services, including video

transmission, satellite Wi-Fi, and power supply functions. Furthermore, we will begin developing and testing a platform for entry into the equipment maintenance service business, supporting the introduction of power generation projects in corporate and municipal PPA businesses, while also advancing collaboration with other companies in the smart energy and smart city fields. Other efforts include collaborating with NETSAVE Co., Ltd. and NextCadix Ltd. in the development of an optimal facility operation solution business.

### Specific Initiatives

- Developed the KANDENKO V-hub, a mobile communication power supply vehicle equipped with a satellite communication antenna, large-capacity battery, and large alternator (generator) to strengthen disaster response capabilities; the vehicle provides visible, connected, and supply-based services, including video transmission, satellite Wi-Fi internet connectivity, and power supply functions.
- Began developing a platform for entry into the equipment maintenance service business and begin system demonstration tests (including remote facility control functions)
- Support the installation of power generation facilities in corporate and municipal PPA businesses
- Collaborate with other companies in the fields of smart energy and smart cities
- Collaborate with group companies NETSAVE Co., Ltd. and NextCadix Ltd. in the development of an optimal facility operation solution business

# Power Distribution Line Engineering Work

Medium-Term  
Management  
Plan Business  
Strategy

- ① Expand business domains
- ② Increase construction capacity and operate efficiently

Overhead power distribution line engineering work using the indirect hot-line method (Tokyo)

## Business Activities

- **Overhead power distribution line work**  
Construction and maintenance of overhead power distribution lines facilities involving power poles with power cables
- **Underground power distribution line work**  
Construction and maintenance of underground distribution lines facilities involving power cables underground

Net Sales of Completed Construction Contracts in FY2024

¥126,751 million YoY 111.9%

Orders Received

¥128,226 million  
YoY  
+¥8,507million

Net Sales of Completed Construction Contracts

¥126,751 million  
YoY  
+¥13,436million

## Supporting stable power supply through initiatives toward change and an unwavering mission

### FY2024 Review

Our segment worked to secure maintenance and repair work for TEPCO Group facilities. Efficient and agile construction in overhead power distribution line engineering work enabled us to increase orders, including projects covered under the revenue cap system. We also increased orders in underground power distribution line engineering work, mainly for power pole-free construction. General customer projects also generated orders for LED streetlight renewal work and other related projects. As a result, orders

received increased 7.1% year on year, exceeding previous year results.

Net sales of completed construction contracts also exceeded previous year results, increasing by 11.9% year on year. This result was supported by a solid backlog of projects, mainly revenue cap-eligible work such as power pole replacement and transformer replacement work for TEPCO-related projects, which we completed and delivered as planned through the efficient use of our construction capabilities. General customer projects, including power pole-free construction in island areas and power distribution line engineering work within factory premises, also contributed to the overall increase.

We expect to see continued growth in our segment, supported by strong social demand for securing stable power supply and advancing disaster prevention and mitigation going forward. Specifically, we expect to see continued demand driven by planned facility renewals by electric power companies under the revenue cap system, government and municipal initiatives to advance power pole-free construction, and the expansion of

power distribution networks to support greater renewable energy integration under Japan's Seventh Strategic Energy Plan. Our segment intends to capture these trends and make the most of opportunities to receive orders in each field.

On the other hand, we face concerns regarding a shrinking and aging workforce, as well as increased risks of heat-related illness due to the growing number of extremely hot days, which could lead to lower work efficiency. We will address these concerns by securing experienced workers, accelerating the development of younger talent, and making active efforts to improve working conditions through labor saving and automation using digital and robotic technologies.

## Medium-Term Management Plan and Initiatives Toward Change

Our segment focuses on two key areas in our initiatives toward change: recruiting workers to maintain and strengthen our construction systems, and making the most of digital transformation (DX) to enhance productivity and efficiency.

Our efforts to maintain and strengthen construction systems include focusing our full efforts on securing and developing workers across group and partner companies. We strengthen new graduate and referral hiring and provide training for new employees from other industries. Our segment also strives to review on-the-job training programs to accelerate practical skill development. We will formulate staffing plans that allocate construction capabilities efficiently and coordinate personnel flexibly based on support plans to maximize performance with limited resources.

Our efforts in our second key area of enhancing productivity and efficiency focus on driving the Power Distribution DX Project, launched in

the previous fiscal year, to transform our entire work process. Specifically, we digitize numerous operations ranging from site management and safety management support to inventory control using IoT devices.

In overhead power distribution line engineering work, we develop assist suits and tools for power line work to reduce worker strain and improve efficiency. We also conduct on-site testing, evaluation, and refinement of electric remote operation winches. Looking ahead, we will focus on developing power line work robots in collaboration with TEPCO Power Grid and introduce innovative technologies to achieve labor saving and automation.

In underground power distribution line engineering work, we strive to expand the application of the small-diameter curved piping method. This method which enables pipe installation in narrow spaces and along complex routes. We also take an active stance in developing tools and equipment that support on-site labor saving to improve construction efficiency further.

Improving outdoor on-site work environments during periods of extreme heat is another important issue to our segment. We aim to assure worker

safety and ensure comfortable working environments through efforts to reduce heatstroke risks and improve work efficiency. These efforts include developing worksite coolers that can be mounted on aerial work vehicle buckets and deploying battery-powered spot coolers

While our segment pursues change, we remain steadfast in our unwavering mission to protect power infrastructure. We remain committed to building a resilient society by ensuring a stable power supply and staying true to this steadfast mission. At the same time, we will lay the foundation for sustainable growth by strengthening compliance awareness further, providing thorough education and training on safety and quality, and fostering open workplace environments.



Electrical manhole installation (Ibaraki Prefecture)

## Becoming a Green Innovation Company

Our efforts in the fields of decarbonization and resilience (disaster prevention and business continuity planning) include reducing CO<sub>2</sub> emissions by converting aerial work vehicle bodies to battery-powered systems and electrifying general-purpose vehicles and tools. We also contribute to energy conservation through LED streetlight renovation projects, and help build a more resilient society through power pole-free construction and other disaster prevention and mitigation projects.

As part of new business development, the

segment works together to help build a safe and sustainable society through various projects, including cable installation for renewable energy facilities, as well as power pole-free construction and tree removal work for disaster prevention in areas vulnerable to natural disasters. We support these efforts in new business areas through active recruitment of engineers and early development of construction management personnel to help build a more prosperous future.

### Specific Initiatives

- LED streetlight renovation projects (energy conservation)
- Disaster prevention and mitigation construction (power pole-free construction)
- Accelerate the development of engineers and management personnel to establish a foundation for future growth; secure new laborers



# Electric Power and Civil Engineering Work

Medium-Term  
Management  
Plan Business  
Strategy

- ① Expand our revenue base
- ② Improve the efficiency of and bolster construction systems

Yuchi Wind Farm Construction (Hokkaido)

## Expanding solution-based sales to meet market needs toward a decarbonized and resilient society

### FY2024 Review

Orders received increased 39.4% year on year. This result was mainly supported by steady orders for large-scale wind power plant-related work in renewable energy construction, as well as growth in large-scale battery storage facility work and TEPCO-related construction projects under the revenue cap system. Net sales of completed construction contracts also exceeded the previous-year results, increasing by 13.4%. This result was supported by efficient engineer allocation, strengthened on-site backup

#### Business Activities

- **Power generation and transformer construction**  
Power generation and transformer construction, renewable energy power plant construction
- **Power line construction**  
Overhead power line construction
- **Underground line and civil engineering work**  
Underground power line construction, civil engineering work
- **Nuclear power construction**  
Nuclear power plant facility repairs and maintenance inspections

#### Net Sales of Completed Construction Contracts in FY2024

¥61,646 million YoY 113.4%

#### Orders Received

¥92,033 million  
YoY  
+¥25,988million

#### Net Sales of Completed Construction Contracts

¥61,646 million  
YoY  
+¥7,296million

systems, and rigorous project progress management, as well as progress in extra-high-voltage power transformer facility work and TEPCO-related construction projects.

We expect the business environment surrounding our segment to offer a variety of growth opportunities, supported by policies to position renewable energy as a main power source under Japan's Seventh Strategic Energy Plan and by increased planned capital investment under the revenue cap system. Additional areas where we expect further growth include extra-high-voltage power transformer facility work, safety compliance construction for nuclear power plants and reprocessing plants, and preventive maintenance and renewal projects for aging extra-high and high-voltage substations, all driven by the need for carbon neutrality and business continuity planning measures. Moreover, construction volumes are expected to rise across multiple markets, including large-scale water purification plant renovation projects under the TOKYO Resilience Project.

On the other hand, our segment faces concerns in the declining number

of construction workers due to the aging and shrinking population in Japan, as well as the impact of yen depreciation and rising material costs. To address these challenges, we engage in active recruitment to ensure a steady pipeline of personnel while accelerating the development of engineers through on-the-job training programs. Another potential risk is that the weaker yen and rising material costs may prompt renewable energy developers to revise their plans or delay construction starts. Here, our plans to address this risk include developing talent to support future growth, achieving labor saving through digital transformation, and strengthening cost management to improve productivity and ensure profitability.



## Medium-Term Management Plan and Initiatives Toward Change

Our segment aims to leverage our strengths in providing one-stop services from design through construction to steadily build up orders received and net sales of completed construction contracts. We will focus mainly on renewable energy power generation facility construction and eligible substation and transmission line facility work under the revenue cap system. We aim to meet anticipated future increases in construction volumes by further enhancing the management skills of on-site employees for large-scale projects, expanding material and equipment suppliers, supporting stronger construction capabilities among group and partner companies, and developing new partner relationships.

To drive change, we optimize our work processes to improve efficiency and productivity by establishing a clear division of responsibilities and strengthening collaboration across divisions. We established a front-loading system for large-scale construction projects prior to commencement to manage process progress and improve profits from an earlier stage than in the past.

Our segment also develops work support systems to improve productivity

and labor efficiency. Our efforts here advance on-site digital transformation by using BIM/CIM to advance ICT-based civil engineering, using 3D point cloud data for construction simulations, and introducing and operating construction applications. By leveraging these digital technologies, we aim to achieve more efficient and higher-quality construction, strengthen our ability to handle large-scale construction, and improve operational efficiency.

Our segment had continued to advance initiatives that drive change while remaining steadfast in our commitment to build, protect, maintain, and sustain electric power infrastructure. At the core of these efforts are our people, who work with a constant awareness of improving their technical skills and expertise, aiming to strengthen our ability to restore social infrastructure quickly in the event of a disaster and enhance our specialized technological capabilities. Our segment continue providing customers with safe, reliable services by passing down technical and practical skills to develop and retain the talent who will lead our future.



New substation construction (Chiba Prefecture)

## Becoming a Green Innovation Company

As renewable energy adoption accelerates, our efforts to become a Green Innovation Company focus on strengthening our work on construction related to wind power plants, solar power plants, and energy storage plants. In wind and solar power plant-related construction, we draw on our extensive experience to participate from the planning and design stages, working closely with customers to deliver optimal facilities. We also

pursue orders for repowering and replacement work at onshore wind farms, as well as wide-area power grid electric power transmission-related work associated with the expanding rollout of renewable energy. Our efforts in energy storage plant projects, which serve as a balancing power source for renewable energy, build on more than 20 years of experience in NAS battery-related work to expand orders further. Our segment will

also strengthen work related to the renewal and replacement of aging civil infrastructure that aims to enhance national resilience. We aim to help build a decarbonized and resilient society through collaboration with group companies, human resources development, and stronger construction frameworks.

### Specific Initiatives

- Energy storage plant projects installed alongside wind and solar power plants to address output curtailment
- Repowering and replacement work at onshore wind farms
- Substation and transmission line facility projects covered under the revenue cap system
- Work related to the renewal and replacement of aging civil infrastructure
- Collaboration with group companies to develop automation technologies, develop human resources, share equipment, and train partner companies

## Section 05

# ESG Management

The Kandenko Group builds on a solid management foundation to engage in ESG management that creates value for all people, supports environmental conservation, and fosters sustainable societal development. This section includes a roundtable discussion between the chairman of the board and outside directors, as well as our various ESG initiatives.

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# ESG Management to Become a Green Innovation Company

## Kandenko ESG Management

### Sustainability and Management Vision

The Kandenko Group aims to become a Green Innovation Company that delivers high value to both society and its customers. Guided by our management vision of becoming *A 100-Year Company Supporting Society*, we create safe and comfortable communities by integrating our core businesses in building equipment and social infrastructure.

We began identifying materiality in fiscal 2022 to embed sustainability in our business strategy, selecting key issues from broader social challenges that require particular focus for the Kandenko Group.

The Group works to establish the foundations to help build sustainable cities and communities by focusing on decarbonization and resilience (disaster prevention and business continuity planning).

The ESG Promotion Committee, composed of responsible departments, identifies and examines sustainability-related issues. The committee also drafts key policies and initiatives for discussion and review by the Management Council and the Board of Directors. We incorporate approved policies and initiatives into management and business plans. We then implement these plans and monitor progress and results to drive further improvement and new initiatives.

#### Purpose and Positioning of the ESG Promotion Committee



|                                    |                                     |
|------------------------------------|-------------------------------------|
| Corporate Planning Department      | ESG Promotion Committee secretariat |
| Internal Control Unit              | Compliance                          |
| IR and Public Relations Office     | Investor and public relations       |
| Safety Department                  | Safety and quality                  |
| Group Business Planning Department | Affiliated companies                |
| General & Legal Affairs Department | Legal affairs                       |
| Labor & Human Resources Department | Human and mental capital            |
| Education & Training Center        | Human capital                       |
| Accounting Department              | Accounting                          |
| Finance Department                 | Finance                             |
| Green Innovation Division          | Environment                         |
| DX Department                      | DX                                  |
| IT Systems Department              | IT                                  |
| Procurement Department             | Supply chain                        |
| Sales Division                     | Sales and construction              |
| Social Infrastructure Division     | Sales and construction              |
| International Business Division    | Overseas sales and construction     |



### Basic Policy on Sustainability

#### Creating a Rich Environment

Kandenko works to protect the global environment through sound management and business activities, including efforts to reduce CO<sub>2</sub> emissions and prevent disasters. At the same time, we strive to create social, living, and workplace environments that enable people to live rich and fulfilling lives.

#### For All People

Kandenko aims to bring a shared prosperity to all stakeholders, including our shareholders, customers, local communities, and employees across the Group. We pursue employee health and job satisfaction while fostering a corporate culture that encourages continuous growth through unwavering self-improvement.

#### Change and Diversity

We strive to create services with high added value that anticipate changes in society and respond to customer needs by enabling people with diverse perspectives and strengths to demonstrate their full potential.

## Outside Directors Roundtable



Creating  
Corporate Value  
Through Evolving  
Governance

**Kandenko encourages active discussions from diverse perspectives, continuing to drive changes in the field.**

### A Balanced Board Supports More Change Through Discussions and Diverse Perspectives

**Fubasami** Board of Directors meetings during FY2024 involved lively discussions under the newly launched medium-term management plan ("medium-term plan"). I believe the current composition of the Board of Directors is a very good balance toward achieving the targets of the medium-term plan, *More Change for a More Abundant Future*. Directors from diverse backgrounds, including law, accounting, and corporate management, continue to exchange opinions frankly from their respective

experiences and knowledge, providing a positive stimulus to overall management. The result is a momentum fostering change across many areas, including improved performance, which translates into positive returns to employees. The Company is creating a virtuous cycle in which change leads to successful experiences for employees, which increases motivation and encourages them to aim even higher.

**Tanaka** Speaking of change, in my four years of service as an outside director, I have noted that Board meetings have become more dynamic and more substantial. The Company has reflected the opinions of the outside directors to a large extent in the formulation of the new medium-term plan. For example, Kandenko is a company that protects social infrastructure. In this capacity, the company tends to be conservative in target-setting. However, lately, we have seen opinions calling for aiming at higher targets and communication with the markets through clearly defined investments. These opinions and others supported the creation of a more ambitious medium-term plan than in the past. Medium- to long-term management strategies should be discussed on an ongoing basis, not only when formulating a medium-term plan, but also on a regular schedule. We hope to hold more in-depth discussions in this area in the future.

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**Tanaka** Speaking of change, in my four years of service as an outside director, I have noted that Board meetings have become more dynamic and more substantial. The Company has

**Suto** I appreciate mainly two things about the Kandenko Board of Directors. The first is the ongoing virtuous cycle in which the chair provides a conclusion at the end of a discussion, while the executives execute the policy conscientiously. Outside directors receive reassurance that doubts or concerns are resolved in a short period of time. This assurance fosters a sense of unity to cooperate and enhance corporate value, even amid the checks-and-balances relationship between supervision and business execution. The second is the active dialogue with the executives that has driven a revitalization in the Board of Directors. The executive side follows up promptly and enthusiastically on matters raised by the outside directors and members of the Audit & Supervisory Board, and this enthusiasm translates into greater quality in our discussions. Executive officers are sometimes asked for their opinions outside Board meetings, which serves as a good follow-up to the Board.

Given these developments, I think Board discussions have become more effective over the past two years since I was named an outside director. In fact, we tend to engage in even deeper discussions from the perspectives of finance and business management when results exceed plan. We don't just congratulate ourselves that the Company outperformed plan. We discuss how to improve the accuracy of plans and what assumptions should be used for the next plan.

**Kato** It is easy to become complacent when business is strong, but I think it is wonderful that the company remains aware of the need to aim even higher. In fact, Board meeting discussions note both strengths and weaknesses—weaknesses that can be complemented through M&A and business alliances. Of course, there are challenges, but the company is open to us outsiders, even while conserving a serious corporate culture. This future-oriented outlook also shows up in the company's current stock price, which reflects expectations for further growth, including expectations of higher compensation for employees and dividends to shareholders. We want to contribute as much as possible to maintaining this momentum.



**Narahashi** I was named an outside director just this year, and my first impression was that Kandenko is a very honest and serious company. I see no barriers between outside and inside directors in Board of Directors meetings, both sides interacting freely and openly. When I have the chance to meet employees in person, I feel that they are a group of people with strong aspirations, many of whom like Kandenko, want to make a positive contribution, and want to grow with the company. This is a tremendous strength for Kandenko.

**Fubasami** As has already been said, the company is fortunate to be performing so well. However, it is in times like these that a company must stretch the wings of its business. There are still things that can and must be done. To create group-wide synergies and increase corporate value, the company must strengthen governance further. This enhancement can take the form of selection and concentration toward greater efficiency in the use of management resources (people, goods, and cash) across the Kandenko Group. My hope is that we continue to build carefully on each of these efforts, as paying attention to these perspectives as a Board is a step forward to an even better future.

### True Diversity Through Proper Talent-Based Evaluations; Increasing Diversity and Career Development for Women

**Kato** One challenge for Kandenko is how to increase diversity from the perspective of human capital management. Looking back on my own experience in global companies, I feel one of the greatest strengths was an



environment encouraging diverse people to flourish, rather than imposing limits based on one's gender. This is an issue not only for Kandenko, but one for all Japanese companies. To strengthen an organization requires greater diversity at all levels, including the front lines. The company hires about 100 mid-career professionals every year, while also hiring more women. But results take time. To compete in the global marketplace may all but require the company to continue down this path.

**Fubasami** The medium-term plan includes initiatives for the advancement of women. Unfortunately, however, the challenge remains how to improve the position of women across an already small population. We must continue to pay attention to the efforts of the executives in this matter.

**Suto** The company does offer certain positions that are rewarding for women. Unfortunately, these positions are not publicized, nor are the career paths for women in such positions clearly defined, which I feel is a wasted opportunity. Certainly, Kandenko must accelerate the process of clarifying the vision and logic of women's success as related to greater earning power for the Company, or helping women spread their wings to become greater assets, highlighting the opportunities inside and outside the company.

**Tanaka** As symbolized by the slogan *Humanity First*, the Kandenko stance of placing people first is a tremendous commitment of not found in many other

companies. However, numerous Kandenko employees serve in the same workplace for extremely long periods of time. Experiencing different work or expanding their field of activity through reskilling could lead not only to personal development, but also revitalize the entire Kandenko organization. The potential is very great, and the company needs to create a system allowing for a wider range of experiences for employees to develop their potential even more.

**Fubasami** It is true that the company has aspects of siloed human resources or strong departmental affiliation, but diverse jobs exist across the organization, and I would like to see a system such as the one proposed by Mr. Tanaka. For example, experience in both on-site and corporate duties would lead to a broader range of work experience and increased knowledge, and the company would be able to develop human resources capable of understanding optimization in individual terms as well as optimization overall as an organization.

**Narahashi** From a woman's perspective, if a woman cannot see a career path for their gender, or if there are no women to serve as role models, one might feel unwanted by the company. However, if women become more active in areas closer to managerial positions, serving as mentors and

demonstrating career paths to junior staff, then I think we will see a positive cycle. At the same time, the company must create systems that allow women to continue working. It is hard to be the first to speak up, so I think the company must be proactive and supportive in this area. Together with Ms. Suto as outside directors, I think we can offer advice on this topic.

**Suto** If women work in an organization where they feel comfortable and rewarded, the workplace will be pleasant for men as



well, leading to diversity in the true sense. Creating systems of the type mentioned by Ms. Narahashi will address diversity across a wide range of areas, including nursing care, for example, making Kandenko a stronger organization.

**Fubasami** I agree. Diversity is not only about increasing the number of women, but also about properly valuing both men and women. The same applies to mid-career hires, which should be evaluated on the basis of ability and performance, regardless of when the individual joined the company. This is also true for executive compensation, where the company adopted a performance-linked system in fiscal 2024, similar to what was done with employee bonuses. We will continue to closely examine the proper goals of each executive officer, including non-financial indicators.

### Helping to Meet Challenges in New Domains While Identifying and Appropriately Addressing Diverse Risks

**Fubasami** Shareholders trust the Board of Directors, and we must offer views on how to minimize risk to protect the rights of all shareholders, including minority shareholders. We receive updates on changes in the business environment, the impact on Kandenko's business, and other risks to monitor when receiving monthly order management reports from the executives. In response, outside directors have asked questions and made suggestions from diverse perspectives, and we believe we are doing an appropriate job of risk management.

**Narahashi** Risks are becoming more varied these days, and I am particularly concerned about cybersecurity risks. For example, the damage stemming from a personal information leakage could be enormous and devastating to trust in the company. Once lost, trust is difficult to regain, so prevention is still the key. I will continue pushing for more budget for security measures—something I constantly brought up at another company

where I served as an outside director.

**Kato** From a financial perspective, M&A, in particular, is a risky process that is impacted largely by prior research. If something is missed, the result could be significant losses in the future. Multiple layers of professional due diligence must be performed. On the other hand, while individual business initiatives are important to counter business risks, the best countermeasure is business diversity. One approach is to diversify the business portfolio to ensure that any risk arising in one business can be covered by other businesses. Even with a diverse business portfolio, some business risks are unavoidable, given the origins of Kandenko. Since business is concentrated in Kanto, the company must consider countermeasures against the risk of natural disasters.

**Tanaka** I maintain that risks exist overseas. Although Kandenko has been growing its overseas business in recent years, the nature of risk is still different from that in Japan. The direction of the company is to take on challenges in new domains. Therefore, the Company must draw a line between risks to avoid and risks to take, even though some risk will always be present. The role of the Board of Directors is to push the company, but also to apply the brakes. We hope to give the best advice to the company on identifying and facing risks.

**Suto** Kandenko provides a thorough explanation of risks in advance of Board meetings. Outside directors and outside members of the Audit & Supervisory Board engage in spirited discussions from a variety of personal perspectives. By taking the information as homework and organizing our thoughts before Board meetings, we can focus on high-priority risks in meetings and hold deeper discussions from multiple perspectives. We



hope to have more opportunities to exchange views with the company's executive side to improve the accuracy of our risk assessment.

**Fubasami** To become the Green Innovation Company that Kandenko aspires to be, the company must not only grow its construction business, but also grow the O&M and consulting businesses necessary to be a comprehensive facilities company. As Kandenko takes on new domains, we must think more precisely about the resources

needed and the risks involved. We look forward to the continued advice from our outside directors in many areas.

### Contributing to the Sustainable Enhancement of Corporate Value; Sometimes the Accelerator, Sometimes the Brakes

**Suto** For Kandenko to enhance corporate value, the company must focus on improving brand power at this stage, which is something I reiterate at meetings of the Board of Directors. The source of the company's brand power is the trust of customers and other stakeholders, and sincere efforts to focus on this trust have led to the Company's current achievements. In other words, we might say that the Company has accumulated "trust capital." Now, the Company must communicate its current strengths more actively to society, in addition to its strategies for the future. Kandenko tends to be cautious about being self-praising due to its conservative nature, but Kandenko should engage in communications, aware that it is important for stakeholders to be informed. This communication gives employees a sense of pride and motivation, and also gives their families a

## Outside Directors Roundtable

sense of security. This, in turn, becomes an advantage in recruiting, leading to returns of corporate value to investors. At the same time, the company must be careful not to do anything that could damage its brand. While an immediate reaction in the face of a crisis is important, the key is to prevent a crisis before it happens. I will do my best to support the development and strengthening of systems in this area.

**Tanaka** As Chairman Fubasami said, Kandenko still has room for growth. I cite two reasons for this. The first is that the company has a large number of customers, especially in the fields of electrical engineering and environmental facilities and systems and renovation. The growth potential will be significant if the company can propose additional services to a larger number of customers. The second reason is the company's evolution into a Green Innovation Company. Social issues related to energy can only be solved by a company that has total knowledge of a wide range of elements and safety concerns, including renewable energy, storage batteries, or electrical systems. Kandenko is one of the few companies that can do this, and the company should be able to grow with the social movement toward decarbonization.

**Kato** As mentioned earlier, Kandenko is a company full of really good people, but one concern is the high degree of homogeneity. In this respect, we as outside directors represent a variety of backgrounds, and, although there may be some tension involved, we must support the overall potential of the organization by raising objections when necessary and pointing out different ways to approach certain matters. There are still many areas with potential to increase corporate value. I hope to help draw out this potential through comments, working together with the rest of the directors to



achieve even greater heights. At the same time, we must pay attention to external stakeholders. As outside directors, we are responsible for delivering good news to the shareholders, so we want to engage in deeper dialogue, not only within the company, but also with those outside the company.

**Narahashi** In venturing into Green Innovation and other domains, it is highly likely that Kandenko will be involved in risks unanticipated in previous experience. In my

experience, once a project is won, it is often impossible to avoid risks and unexpected cost overruns, no matter how much effort is made. I hope to contribute my knowledge in legal affairs to help Kandenko win projects that run smoothly, pointing out the risks at stages prior to winning the job, avoiding risks to the greatest extent possible, or mitigating risks when unavoidable. The outside directors bring a wealth of knowledge and experience in their respective specialties. We should be able to share our opinions from various perspectives and engage in discussions that boost the effectiveness of the company's executive divisions. When a company is excited about doing something, asking whether they have thought about things from a different perspective may put a damper on the enthusiasm. But it is always better to say what needs to be said with the company's best interests in mind.

**Fubasami** My role as the chair of the Board of Directors and the role of the outside directors, who are not responsible for business execution, is to monitor and oversee. It is important that we properly assess the efforts and results of the executives, while also evaluating the risks associated with the business. At the same time, there is no business without risk. A Board that supports the executives through risk identification and other means

contributes to sustainable growth and enhanced corporate value.

Kandenko is a company that supports the social infrastructure, fulfilling a responsibility for the stable supply of electric power and the creation and protection of customer facilities. The Company's mission is to continue to be this presence for society. However, the approach to providing support for social infrastructure and stable power supplies is changing gradually with changes in the environment, including Japan's declining population. As we keep an eye on these changes, the question will be how to continue to efficiently utilize and support management resources in the form of people, goods, money, and technology. The Board of Directors hopes to support Kandenko in taking on these challenges, continuing to discuss issues and helping all employees work with more vitality to contribute to Kandenko as a company that is appreciated by shareholders and investors.



## Environment Initiatives Toward Carbon Neutrality

In July 2022, Kandenko announced our goal of achieving net-zero greenhouse gas emissions by 2050. In fiscal 2023, we set an interim target to strengthen progress toward this goal. Our additional target aims for a 50% reduction in greenhouse gas emissions by 2030 (compared with fiscal 2020 levels), through the full use of renewable energy.

### Carbon Neutral Roadmap

| Medium-Term Management Plan |   |        |   |      |      |     |      |     |          |
|-----------------------------|---|--------|---|------|------|-----|------|-----|----------|
| Target                      | Target Details  |        | 2024  | 2025 | 2026 |     | 2030 |     | 2050     |
|                             | Greenhouse Gas Emissions (Market Base)<br>Base Year: FY2020 | Scope1 | -16%<br>Result: -24.9% (estimate)   | -17% | -18% | ... | -50% | ... | Net Zero |
|                             |   | Scope2 |   |      |      |     |      |     |          |
| Measures                    | Electrification of business vehicles                        | Scope1 | Electrification of our own business fleet (from fossil fuels to electrification) 100%   |      |      |     |      |     |          |
|                             |   | Scope2 | Installation of EV chargers and infrastructure for internal EVs 100%  |      |      |     |      |     |          |
|                             | Energy Conservation<br>Energy Generation<br>Energy Storage  | Scope2 | Rationalization of energy use (ongoing energy conservation activities) Over 1% reduction year on year   |      |      |     |      |     |          |
|                             |   | Scope2 | Converting to renewable energy for electricity (purchasing of renewable electricity and certificates) 100%  |      |      |     |      |     |          |
|                             |   | Scope2 | Introducing in-house power transfer system*<br>*System that supplies and utilizes renewable electricity generated internally for use at other locations |      |      |     |      |     |          |
|                             |   | Scope2 | Installing Kandenko EMS (visualization) FY2025: 40 sites  |      |      |     |      |     |          |
|                             |   | Scope2 | Installing PV and storage batteries at internal facilities FY2025: 10 sites   |      |      |     |      |     |          |
|                             |   | Scope2 |   |      |      |     |      |     |          |

Shifting to Carbon Neutral Business Activities

\*We are currently reviewing reduction targets for Scope 3 emissions and reducing emissions through collaboration with suppliers.

### Example Initiative

#### Electrification of Business Vehicles\* (Scope 1, 2)

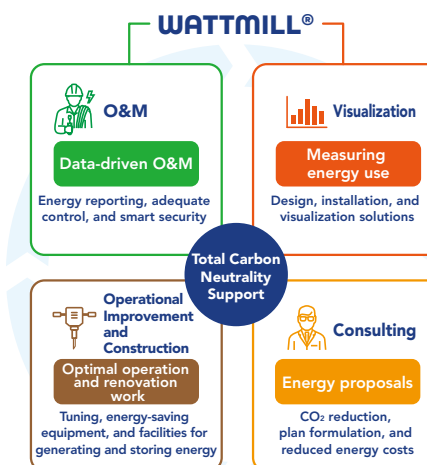
Kandenko introduces electric and hybrid vehicles to reduce CO<sub>2</sub> emissions from our work fleet. The electric vehicles we introduce possess superior environmental performance, producing no emissions during operation, while our hybrid vehicles offer excellent fuel efficiency.

\*Excludes aerial work vehicles and other such special vehicles



#### Kandenko EMS Installation at In-House Buildings (Scope 2)

Kandenko installs our proprietary energy management system (EMS), WATTMILL®, across in-house offices and business sites. WATTMILL® visualizes energy use for air conditioning, lighting, outlets, gas, and district heating and cooling, helping to reduce environmental impact through improved facility operations. We plan to install WATTMILL® at 40 sites by fiscal 2025, with plans for broader rollout across the company to follow.





## Environmental Promotion Framework

Kandenko established a basic policy for environmental conservation activities, aiming to ensure the effective decarbonization efforts. To ensure such efforts, we formed the Safety, Environment, and Quality Committee, chaired by the president. We also established the Green Innovation Division and the CN Department as the lead bodies to oversee environmental management.



## Environmental Initiatives

The Kandenko Group believes that adopting a long-term perspective and establishing an environmental vision to create a sustainable society are essential social responsibilities of corporate management. We are dedicated to business activities that reduce negative environmental impacts to achieve a sustainable society.

\*Follow link for more information.



## Specific Initiatives

### Acquiring ZEB\* Certification for Company Buildings

Kandenko strives to spread the adoption of ZEB buildings, which simultaneously achieve both comfort and decarbonization. We are dedicated to advancing our decarbonization efforts while leveraging the expertise gained from our buildings to support sales activities and help customers acquire ZEB certification.

\*Net Zero Energy Building (ZEB): Buildings that combine energy-saving and energy-creating technologies to achieve an annual energy consumption balance of net zero.



Mobara Office

### Kandenko ZEB Initiatives

|               |  |
|---------------|--|
| November 2019 | The Education & Training Center (Ushiku City, Ibaraki Prefecture) acquired ZEB Oriented certification through renovation work. This is our second acquisition in Japan, and our first renovated building in the nation to receive certification. |
| February 2020 | We registered as a ZEB Leading Owner, an owner of a leading building who publicly announces their ZEB promotion goals, ZEB implementation plans, and achievements in ZEB implementation.   |
| December 2022 | We registered as a ZEB Planner, offering consultation services to the general public to support the spread of ZEB and providing operational support.   |
| June 2023     | The Tochigi Branch Kennan Interior Wiring Office and Sano Office acquired ZEB Ready certification.   |
| January 2024  | The Saitama Branch Honjo Construction Office acquired ZEB, the highest certification.  |
| January 2025  | The Kanagawa Branch Atsugi Interior Wiring Office and Hiratsuka Office acquired ZEB Ready certification.   |
| March 2025    | The Fukushima Division Okuma Construction Office acquired ZEB Ready certification.   |
| August 2025   | The Chiba Branch Mobara Office and Mobara Interior Wiring Construction Office acquired Nearly ZEB certification.   |

### Environmental Seminar

Kandenko invites outside lecturers to our annual environmental seminars to raise employee awareness on the environment. We invited Mr. Tsukasa Yoda, a weather forecaster and weathercaster, in fiscal 2024 to speak at the session on the latest developments and countermeasures in climate change.



### Participation in the Zero Disposable Umbrellas by 2030 Project

Aikasa is a sharing service that aims to eliminate all plastic and other disposable umbrellas. The service allows users to borrow umbrellas at train stations and other urban locations and return them to the nearest umbrella spot. Kandenko participates in this project by creating original umbrella designs and encouraging employees to use Aikasa. In 2025, we renewed our original umbrella design to double as a parasol. We hope this design helps users protect themselves against summer heat and heatstroke.



### K-eCo My Bottle Campaign

Kandenko drives a campaign encouraging employees to use reusable bottles. We installed a dedicated vending machine and a high-speed bottle-cleaning machine in the head office building to reduce plastic bottle consumption and help reduce negative environmental impacts.



## Social History of Our Natural Disaster Recovery Support

The Kandenko Group has supported our nation and local communities during earthquakes, typhoons, floods, heavy snowfalls, and other natural disasters that have occurred since our founding in 1944. We have responded swiftly to disaster sites, working as a unified group to restore and rebuild power and telecommunications infrastructure. The following is a brief history of our major initiatives to date to aid recovery from natural disasters.

### Previous Disaster Recovery Aid

September 1959  
Typhoon in Ise Bay

June 1964 Niigata earthquake

September 1966  
Typhoon No.26



January 1978 Izu Oshima earthquake

June 1978 Miyagi Offshore Earthquake

October 1983 Miyakejima eruption

December 1987  
1987 Chiba Eastern Offshore Earthquake

September 1991 Typhoon No.19

September 1996  
Typhoon No.12 (Miyakejima restoration)

October 2004 Niigata Chuetsu Earthquake in 2004

July 2007 Niigata Chuetsu Offshore Earthquake in 2007

May 2012 Tornado damage in Northern Kanto

September 2013 Tornado damage in Saitama and Chiba Prefectures

February 2014 Heavy snow damage in Gunma Prefecture

September 2015 Torrential rain in Kanto and Tohoku

September 2019 Boso Peninsula Typhoon

October 2019 East Japan Typhoon

January 2024 The 2024 Noto Peninsula Earthquake

December 1980  
Snow damage within Tohoku  
Electric Power Company

March 1986  
Snow damage in Kanto Koshinetsu

December 1990  
Tornado damage in Mobara City,  
Chiba Prefecture

January 1995  
Southern Hyogo Earthquake  
(Great Hanshin-Awaji Earthquake)

March 2011  
Great East Japan Earthquake

April 2016

2016 Kumamoto earthquakes

August 2016 Typhoon No.9



|   |   |   |   |
|---|---|---|---|
| 1 | 4 | 5 | 6 |
| 2 | 3 | 7 |   |
|   |   | 8 | 9 |

1: Mar. 2011 Great East Japan Earthquake  
2: May. 2012 Tornado damage in the northern Kanto region

3: Sep. 2013 Tornado damage in Saitama and Chiba prefectures  
4: Feb. 2014 Heavy snowfall damage in Gunma Prefecture  
5: Sep. 2015 Heavy rainfall in the Kanto and Tohoku regions

6: Apr. 2016 Kumamoto earthquakes  
7: Sep./Oct. 2019 Boso Peninsula Typhoon and Eastern Japan Typhoon

8 and 9: Jan. 2024 The 2024 Noto Peninsula Earthquake

## Safety

### Health and Safety Policy

Kandenko regards health and safety initiatives as a top priority in our corporate activities under our company motto, *Humanity First*. We are committed to eliminating occupational accidents and maintaining the good physical and mental health of those involved in our corporate activities.

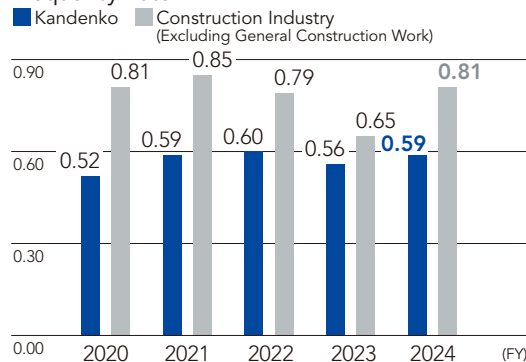
### Action Guidelines

#### Safety

We prioritize the following items to eliminate occupational accidents.

- 1 Strengthening our on-site risk management capabilities
- 2 Enhancing safety education
- 3 Applying digital technologies in on-site risk countermeasures
- 4 Enhancing communication with affiliated and partner companies and supporting safety activities

### Frequency Rate\*1



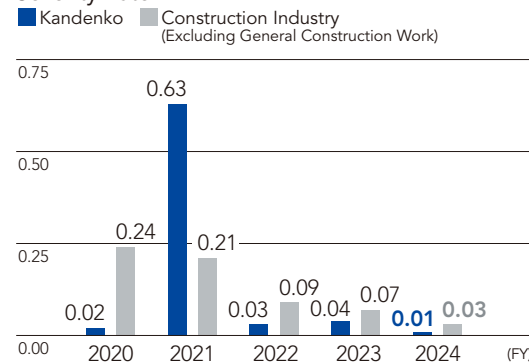
\*1 Frequency rate = Number of injuries and deaths (involving at least one day of lost work) ÷ 1,000,000 total labor hours

#### Health

We prioritize the following items to maintain good physical and mental health.

- 1 Reforming work-styles and time off
- 2 Encouraging mental health initiatives
- 3 Ensuring good employee health and creating a comfortable work environments

### Severity Rate\*2



\*2 Severity rate = Total lost workdays ÷ 1,000 total labor hours

## Quality

### Kandenko Basic Policy on Quality

Kandenko pursues technological innovation to enhance safety and security. We deliver top-quality services and equipment throughout the entire equipment life cycle, from planning and proposals to post-completion maintenance.

### Action Guidelines

- 1 We anticipate customer needs and deliver satisfactory quality through advanced technologies and sophisticated skills.
- 2 We conduct ongoing technological research and development, enhancing our operations to consistently develop products with value.
- 3 Our organization and employees work to improve our quality management system on an ongoing basis to maintain and improve quality.
- 4 We conduct education and training to enhance our technologies, pass down skills, and develop reliable human resources.

### Quality Management System

We established a quality management system (QMS) based on our Basic Policy on Quality. This system complies with each requirement of ISO 9001 to achieve sustainable growth.

### ISO 9001 External Certification Acquisition Chart

| Construction Type          | Divisions and Offices  | Registration Scope  | Registration Number                                  |
|----------------------------|--|---|--|
| Social Infrastructure Work | Social Infrastructure Division (excluding Nuclear Energy Department)                         | Design and construction of electrical systems, communication systems, civil engineering works, water and sewage systems, gas systems, and railway systems.  | Management System Assessment Center<br>MSA-QS-4734   |
|                            | Rokkasho Office, Tokai Office, Kashiwazaki Kariwa Office, Tsuruga Office, Fukushima Division | Design, construction, and associated services for electrical, instrumentation, and mechanical systems in the construction, maintenance, and periodic inspection of nuclear power plants, nuclear fuel handling facilities, and related equipment. | ISO Registration Organization Co., Ltd.<br>RB-Q11039 |
|                            |  | Registration date: February 24, 2021 (Expiration date: February 23, 2027)   |  |
|                            |  | Registration date: February 16, 2001 (Expiration date: February 28, 2028)   |  |



Slogan

**Safety ▶ Prevent Accidents by Ensuring Compliance With Laws and Rules and Enhancing Hazard Awareness Activities**

**Quality ▶ Earn Trust With Solid Skills and Professionalism**

## Prevent Occupational Accidents and Improve Quality

| Priorities  | Main Initiatives (Examples)  |
|---|--|
| Prevention of personal injury and equipment-related accidents | Enhancement of accident prevention education <ul style="list-style-type: none"> <li>• Scaling-up of education by utilizing video and animation</li> <li>• Expansion of hazard awareness training using VR hazard simulation equipment</li> </ul>   |
|   | Elimination of electric shocks, crashes, and falls <ul style="list-style-type: none"> <li>• Strict enforcement of personal protective equipment use and voltage verification</li> <li>• Enforcement of personal fall arrest systems use</li> <li>• Strict enforcement of the 3-3-3 hoisting safety rule</li> </ul>   |
|   | Elimination of erroneous connections, disconnections, and operations <ul style="list-style-type: none"> <li>• Adherence to key planning points to prevent work plan omissions</li> <li>• Intensification of ongoing guidance to ensure procedural compliance</li> </ul>  |
|   | Expansion of education and training <ul style="list-style-type: none"> <li>• Training in human error prevention by external instructors</li> <li>• Promotion of pointing-and-calling practices</li> <li>• Improvement of training in standardized work-related physical movements</li> </ul>   |
|   | Enhancement of hazard awareness <ul style="list-style-type: none"> <li>• Improvement of hazard awareness by increasing use of individual hazard prediction apps</li> </ul>   |
|   | Prevention of heat stroke and traffic accidents <ul style="list-style-type: none"> <li>• Expansion of preventative education using e-learning video content</li> <li>• Increased use of thermal protection helmets and other heat stroke prevention products</li> <li>• Reinforcement of safe driving guidance via the use of driving management apps</li> </ul> |
|   | Supporting Group and partner companies <ul style="list-style-type: none"> <li>• Dissemination of safety and quality information and development of educational materials</li> </ul>  |
| Fostering of a safety and quality culture                     | Promotion of generative AI and DX <ul style="list-style-type: none"> <li>• Pilot implementation of AI traffic guidance system</li> <li>• Hazard prediction using generative AI</li> </ul>  |
|   | Personnel development in safety and quality <ul style="list-style-type: none"> <li>• Improvement of specialized knowledge and skills by attending seminars and external training sessions</li> <li>• Improvement of safety and quality via third-party evaluation and analysis</li> </ul>  |



Individual hazard prediction app  
Above: Device admin panel  
Below: On-site implementation

## TOPICS Technology and Skills Competition

Our Education & Training Center hosts our Technology and Skills Competition every year, with events in four categories: internal wiring; information and communications; overhead power distribution line; and underground power distribution lines. The numerous participants, made up of personnel from both group and partner companies, compete to show their speed, accuracy, adherence to safety, and work quality. This is an opportunity for our Group employees and others to improve their skills and techniques and, at the same time, convey the value of installing and maintaining social infrastructure and facilities for our customers, thereby increasing interest not only in our company but the industry as a whole.







\*Follow link for more information.



## Initiatives to Reinforce *Hito-Ichi Value*

We formulate staffing plans, human resource development plans, and procurement policies to continuously reinforce *Hito-Ichi Value*. We measure progress using metrics and action plans to identify and address issues. We also incorporate feedback into plans and policies, working holistically on operating personnel, talent, and procurement systems, developing personnel, maintaining and strengthening partnerships, and creating better workplace environments.

### Policies and Plans to Reinforce *Hito-Ichi Value*



### Outline of Human Resource Development Initiatives

We are committed to building systems that nurture talent capable of thriving across various workplaces.



### Ideal Human Resources and Development Initiatives



### Number of Training Participants\* (Total)

| FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|--------|--------|--------|--------|--------|
| 1,618  | 2,114  | 2,442  | 4,081  | 4,372  |

\*Training provided by Education & Training Center

### Number of Qualified Personnel (as of March 31, 2025)

|  |       |   |       |  |     |
|--|-------|---|-------|--|-----|
| Professional engineers   | 202   | First- and second -class civil engineering managing engineers | 475   | First-class instrumentation engineers                                  | 319 |
| Assistant professional engineers                                 | 357   | Building mechanical and electrical engineers                  | 112   | Certification for grades 1 and 2 of the Japan Business Law Examination | 231 |
| First- and second-class architects                               | 41    | First-class electricians                                      | 2,406 | Certification for grades 1 and 2 of Construction Accounting Specialist | 394 |
| First- and second-class electric work managing engineers         | 2,501 | First- and second-class chief electricity engineers           | 45    | First-class health officers  | 835 |
| First- and second-class electric construction managing engineers | 224   | Third-class chief electrical engineers                        | 694   |  |     |

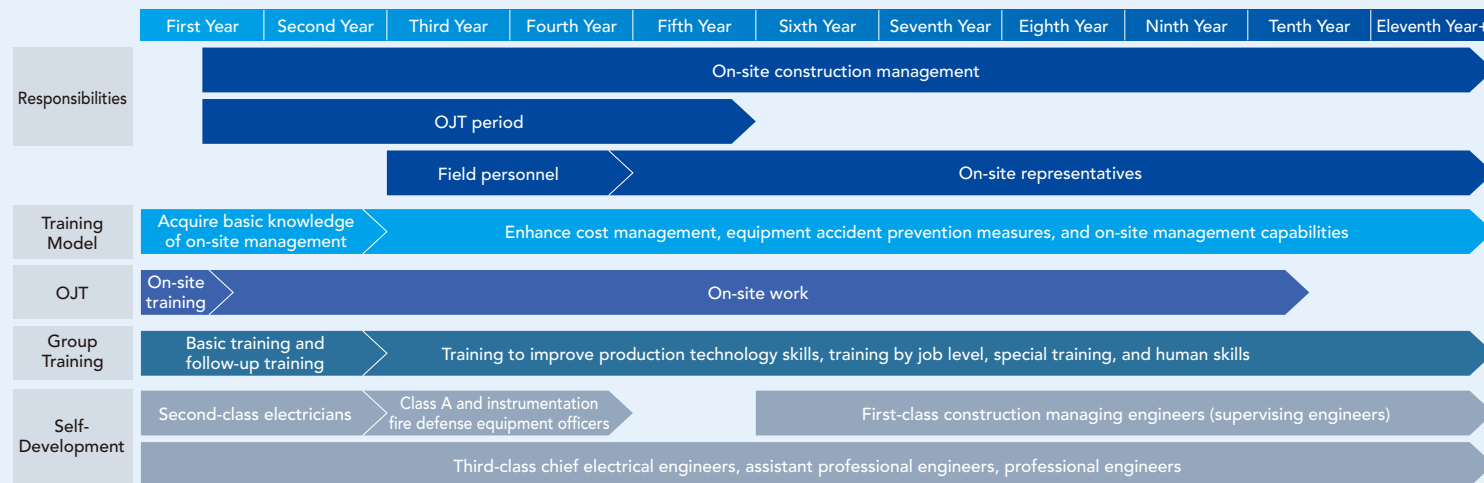
## Training Systems

We design our training to equip employees with the necessary skills commensurate with their positions in the Kandenko Group, striving to improve the skills of individual employees.

**Training Overview** ■ Available for Kandenko Group company employees

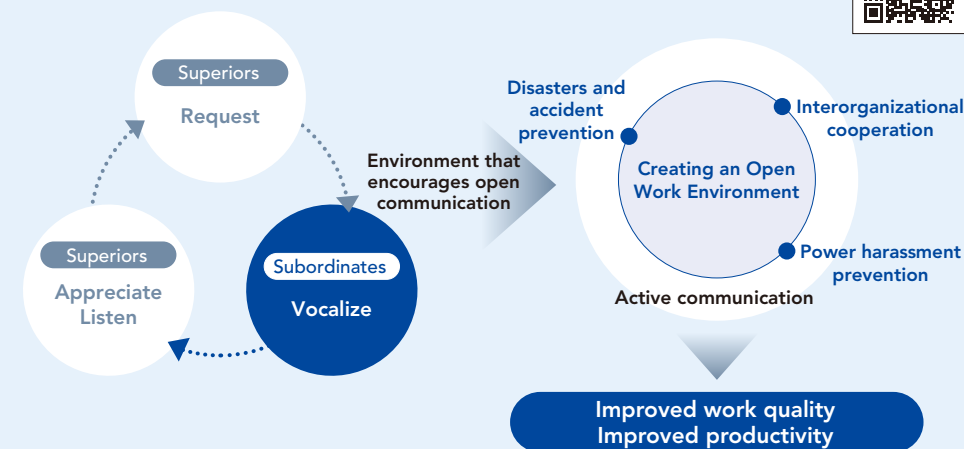
|                          | Parent Company Employees                          |                     |                   |                                   | Kandenko Group Employees          |
|--------------------------|---|---------------------|-------------------|-----------------------------------|-----------------------------------|
|                          | Common Training                                   | Specialist Training | Elective Training | Selected Training                 |                                   |
| Officers                 | Training for new officers                         |                     |                   |                                   | New director and auditor training |
| Managerial Positions     | Training for managers at each level               |                     |                   | Business acumen training          |                                   |
| Non-Managerial Positions | Management skills training                        |                     |                   | Next-Generation Group training    |                                   |
|                          | New team leader training                          |                     |                   | Management of Technology training |                                   |
| Non-Managerial Positions | Business skills training for administrative roles |                     |                   |                                   |                                   |
|                          | Follow-up orientation                             |                     |                   |                                   |                                   |
| Non-Managerial Positions | New employee orientation                          |                     |                   |                                   |                                   |
|                          |   |                     |                   |                                   |                                   |

## Human Resources Development Roadmap Concept: Engineering (Electrical Engineering)



## Creating an Open Workplace (K. Assertion)

The Kandenko Group engages in K. Assertion activities under the slogan Turn awareness into words, and words into gratitude, striving to foster a more open work environment. Continuous promotion of these activities encourages active communication among employees and builds stronger relationships of trust. These efforts lead to improved work quality and productivity, including strengthened inter-organizational collaboration and disaster and accident prevention.



\*Follow link for more information.



## Health Management Initiatives

Kandenko has engaged in various initiatives related to employee health to date. We believe that the foundation for our sustainable growth lies in supporting health initiatives that enable each employee to fully utilize their abilities and thrive in their work. With this in mind, we are committed to practicing health management.

### Health Management Declaration

We value and actively support each employee in maintaining and improving mental and physical health under our company motto, *Humanity First*. In this way, we strive to ensure the happiness and prosperity of our employees and their families.

The Kandenko Group Health Management enables us to create high corporate value and achieve sustainable company growth. We are committed to contributing to the sustainable development of society, with the hope that everyone connected to the Company will lead richer and happier lives.

Hirofumi Tamogami, President & Representative Director, Kandenko Co., Ltd.

### Health Management Promotion Framework

The president leads health management, coordinating efforts across all headquarters, branches, relevant departments, industrial physicians, public health nurses, the health insurance association, and the labor union.



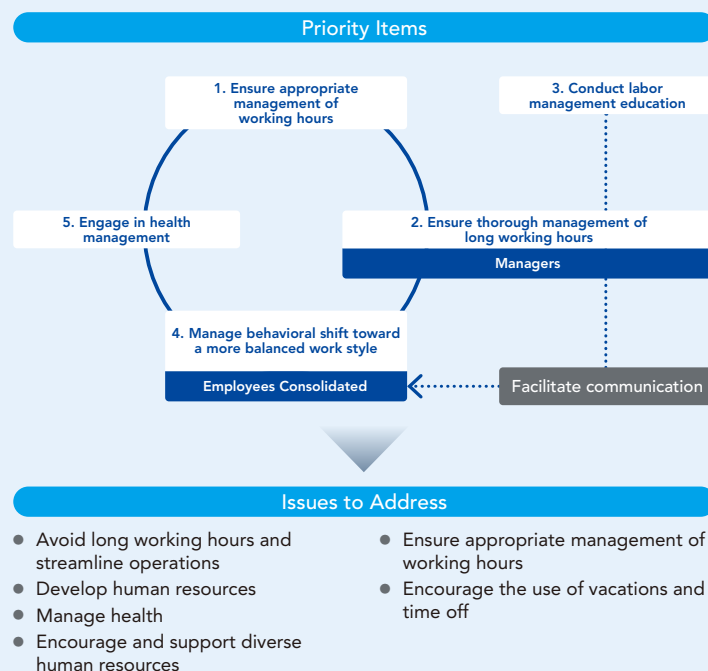
## Work-Style and Time-Off Reform

The Company strives to create workplaces that enable all employees to thrive in their work. To achieve such workplaces, we encourage diverse work styles and approaches to taking time off while enhancing health management initiatives.

### Basic Policy

- Managers and executives lead and implement reforms
- Shift awareness toward work-life balance
- Strengthen the occupational health system and encourage self-care obligations

### Priority Items and Issues to Address

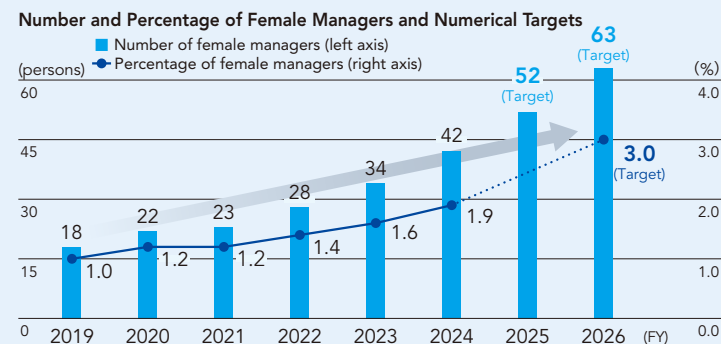


## Promoting Women's Empowerment

Promoting women's empowerment is a pressing priority for the Company. We place particular emphasis on developing female managers, fostering career awareness, and nurturing women engineers.

### Action Plan (Targets and Current Progress)

**Target:** Ensure women hold at least 3% of management positions by the end of fiscal 2026



\* The Company business owner action plan is accessible on the Database of Companies Promoting Women's Empowerment Supporting Women's Career.

### Denko Komachi Workshop

Kandenko has been holding these workshops since fiscal 2024 for female technical employees from our company, Toenec Corporation, and Yurtec Corporation to discuss and exchange opinions on their life-career development. Employees of various ages and from different departments gather to foster deeper connections.





### Career Training for Female Employees

We offer career design training to raise awareness among female employees and support their career development.



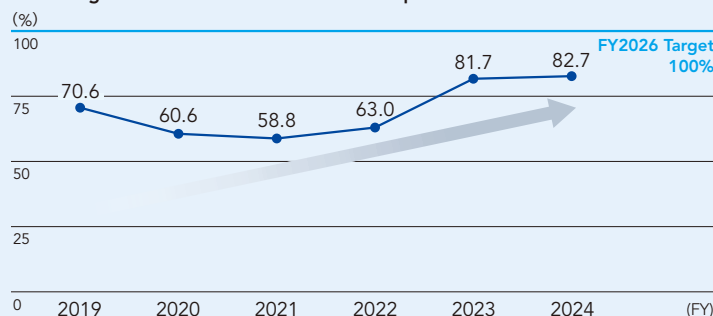
### Childcare Leave for Male Employees

If both men and women are to balance work and childcare, it is important for men to also participate, and we consider childcare leave to be an important opportunity for this.

#### Action Plan (Targets and Current Progress)

**Target:** Ensure all male employees utilize childcare leave by the end of fiscal 2026

#### Percentage of Leave Taken for Childcare Purposes



\* The Company business owner action plan is accessible on the Database of Companies Promoting Women's Empowerment Supporting Women's Career.

#### Training on Childcare Leave for Male Employees (e-Learning)

We conduct company-wide training for all employees to encourage workplace-wide discussions on childcare leave. The aim is to foster a culture where anyone wishing to take leave can do so easily.

### TOPICS

#### Opening of the Kandenko Technical Training Center

In March 2025, we opened the Kandenko Technical Training Center in Ushiku City, Ibaraki Prefecture, Japan, for the purpose of training and developing competitors for the WorldSkills Competition. This is a consolidated facility that brings together training centers that were previously dispersed across separate locations for the electrical, pipe fitting, and information network cabling trades. The aim is to foster a sense of unity through interaction among competitors and instructors from each trade, as well as leverage various synergies to improve skills through cross-trade encouragement and competition. It is also dedicated to developing top-tier skilled workers, securing the next generation of talent, and ensuring technology and skills are passed on.



#### Family Visitation Events

Kandenko began holding regular family events in fiscal 2019 as part of our drive to create an attractive company with a good work-life balance.

#### Kandenko SunSun Family Day 2025

A total of 107 people, made up of employees and their families, took part in this event. It featured 15 booths designed to deepen everyone's understanding of our business and workplaces. These booths included introductions to the work of each department, hands-on experience stations, and showcases of technological development and how we are making social contributions.



#### Employee Wellness Support

As part of how we handle health management, we actively support employee wellness.

#### Walking Event

The event has been held annually since fiscal 2022, with the objectives of eliminating lack of exercise among employees, preventing lifestyle-related diseases, and promoting communication within the company. Since fiscal 2024, this event has been held in conjunction with a Neighborhood Cleanup Activity. This means employees are maintaining and improving their health while simultaneously raising their environmental awareness.



## Human Rights Policy

Since our founding, Kandenko has conducted business based on the principle that coexisting with our customers and the local community is the very purpose of our company's existence.

Respect for human rights forms the foundation of our business activities.



\*Follow link for more information.

- 1 **We commit to respecting human rights in all aspects of our business activities.**
- 2 **We ensure this policy applies to all officers and employees of the Kandenko Group.**
- 3 **We actively promote human rights initiatives.**  
We prohibit discrimination and unfair treatment, improve workplace environments, and engage with local communities
- 4 **We strive to enhance our efforts through information disclosure, dialogue, and consultation.**
- 5 **We maintain a reporting system accessible to directors, employees, and business partners.**
- 6 **We conduct human rights due diligence.**
- 7 **We have a Human Rights Promotion Committee, chaired by the director who has responsibility for labor and human resources, to lead these efforts.**

## Procurement Policy

The Kandenko Group is committed to contributing to the sustainable development of society through the provision of high-quality services by building, maintaining, and improving relationships with our



\*Follow link for more information.



## Human Rights Due Diligence (Employee Questionnaires)

We conduct surveys of our employees using in-house questionnaires to identify, analyze, and assess human rights risks. We will monitor changes over time with our ongoing surveys and take early action to address potential risks. We will also strive to prevent risks from materializing by having our in-house Human Rights Promotion Committee continue to conduct training and awareness activities.

**Respondents** New managers (155), new team leaders (196)  
**Survey period** January 2025 - March 2025  
**Questionnaire content (overview)** Prohibiting discrimination and unfair treatment; improving work environments; and engaging local communities

## Supplier Questionnaires

In accordance with our Human Rights and Procurement Policies, we require sound ethical management within the company as well as from our suppliers, and we conduct our own surveys to identify current situations and any issues. For suppliers requiring improvement regarding matters stipulated in our Human Rights and Procurement Policies, we conduct monitoring and follow-ups, including individual dialogues.

**Respondents** Outsourced suppliers (753 companies), main materials suppliers (257 companies)  
**Survey period** November 2024 - December 2024  
**Questionnaire content (overview)** Prohibiting discrimination and unfair treatment; improving work environments; engaging local communities; complying with laws, regulations, and social norms; assuring health and safety; assuring quality; conserving the environment; securing information; and developing internal systems

## Dispatching Employees on the Japanese Antarctic Research Expedition

Kandenko sends employees to the National Institute of Polar Research when requested by the institute. Dispatched employees join the Japanese Antarctic Research Expedition, handling various tasks at the Showa Station, including installing and maintaining electrical and air conditioning systems. We have dispatched employees over 30 times since the 28th expedition in 1968. The institute certified the Company as an Antarctic Research Partner Company in February 2024 in recognition of our significant contributions to Antarctic regional observations. We are committed to continue leveraging our technical skills developed as a comprehensive equipment company and our expertise gained through Antarctic assignments to provide a stable research foundation and contribute to advancing environmental change forecasting.

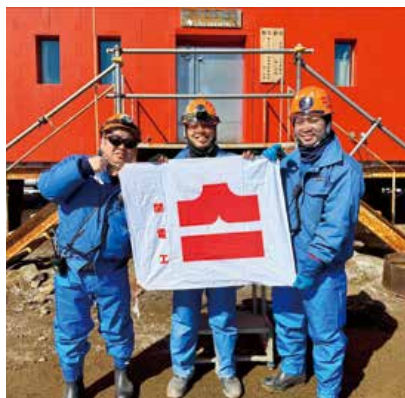


Photo: Courtesy of (Japanese) National Institute of Polar Research

\*Follow link for more information.



## Kandenko is an Official Partner of the National High School Rugby Football Tournament

Kandenko has been an official partner of the National High School Rugby Football Tournament since the 97th tournament in 2017. This tournament is hosted by the All Japan High School Athletic Federation, the Japan Rugby Football Union, and other organizations. We hope our sponsorship of this tournament, held at the iconic Hanazono Rugby Stadium, will contribute to the growth of the sports community and support the next generation of young leaders.



## Kandenko x Toshiaki Hirose Connection Support Project

Kandenko appointed former captain of Japan's national rugby team, Toshiaki Hirose, as our Corporate Communication Captain (CCC). Together, we are currently promoting the *Kandenko x Toshiaki Hirose Connection Support Project*.

Kandenko employees work closely with Mr. Hirose to publish picture books, host internal events and lectures, and engage in various other activities in keeping with the key message *Connecting Individuality to Shape the Future*.

\*Follow link for more information.



## Sponsored Green Future Classroom Junior Golf Lessons

Kandenko sponsored the Green Future Classroom Junior Golf Lessons, which took place in September and October 2025. Hosted by the Japan Golf Association, a public interest incorporated foundation, this event was held to commemorate the 35th Japan Senior Open Golf Championship and the 58th Japan Women's Open Golf Championship, with the event's objective being to support the physical and mental development of children, tomorrow's leaders.

Participants began by learning the proper form and other basics using SNAG Golf designed for beginners. They then moved through a specially prepared course, thoroughly enjoying physical activity on the beautifully maintained grass.



## Fuji Forestation Activities

The Fuji Forestation Activities aim to preserve ecosystems that closely resemble natural forests, driven by concerns about the loss of the rich forests and ecosystems of Mt. Fuji. Numerous companies and organizations participate in these activities, led by the OISCA Foundation as secretariat.

Kandenko began participating in 2017. Each year, we invite employees and their families to plant trees and install nets to prevent deer from feeding on the saplings. A total of 82 employees and their family members participated in 2025.

\*Follow the link to learn more about our other social contributions.



## Basic Approach to Corporate Governance

Kandenko recognizes that enhancing our corporate governance system is essential for ensuring efficiency, transparency, and integrity in management and business operations, enabling the company to remain valued by stakeholders.

To this end, we implement measures to foster equality in shareholder rights and enhance communication with shareholders. At the same time, we are dedicated to open and proactive communication with stakeholders and timely, appropriate information disclosure.

We also develop management policies and establish systems for their implementation to ensure sustainable growth and enhance corporate value over the medium to long term.

## Basic Corporate Governance Policy

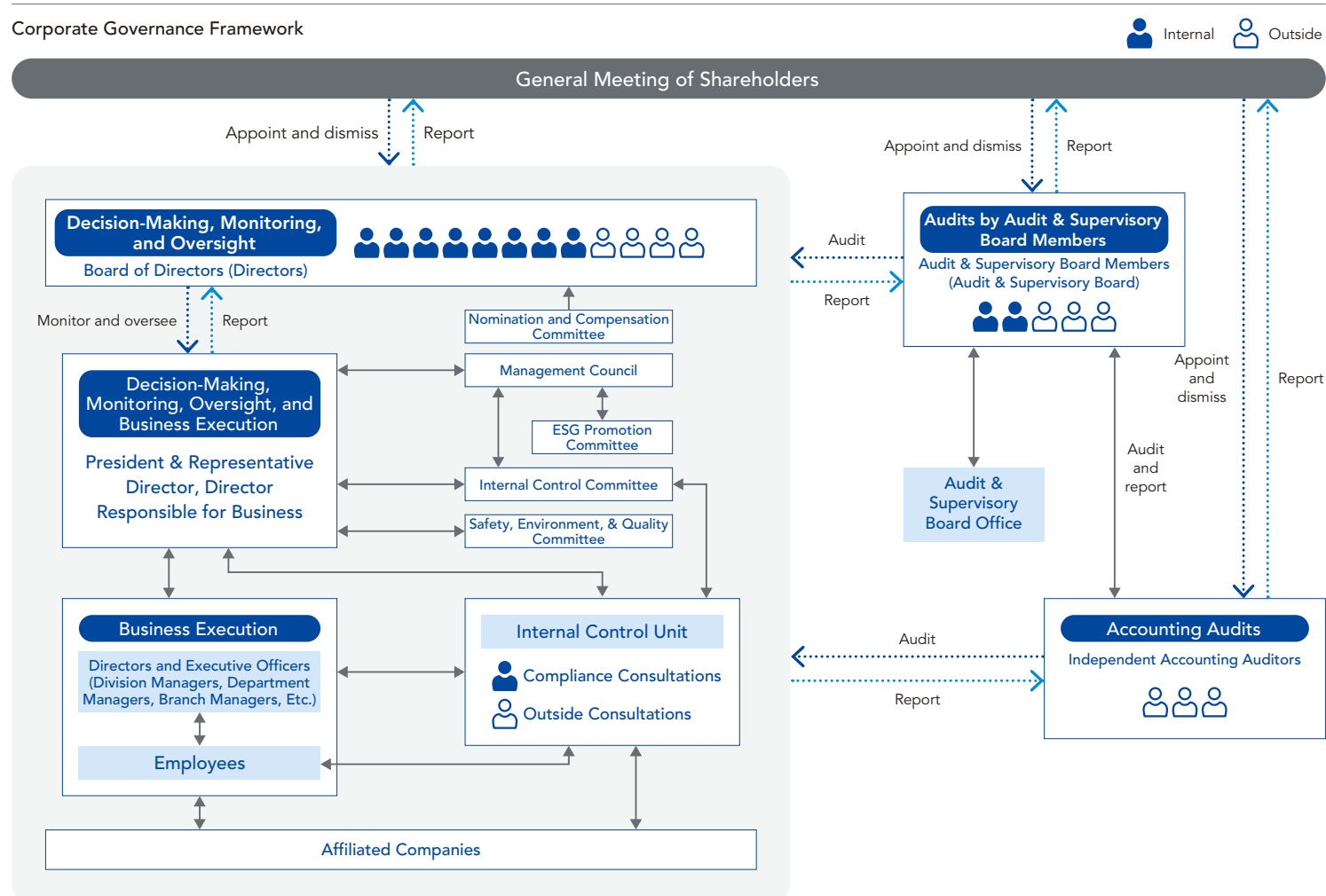
Kandenko adopts a basic corporate governance policy that outlines our fundamental approach to enhancing the practical effectiveness of corporate governance. This policy aligns with the content and essence of the Corporate Governance Code established by the Tokyo Stock Exchange.

\*See our website for more information.



## Corporate Governance Framework Overview

Corporate Governance Framework





## Board of Directors

The Kandenko Board of Directors consists of 12 members, including 4 outside directors. The Board holds regular monthly meetings and convenes additional sessions as needed. Members deliberate on important business execution, make final decisions based on input from independent officers, and oversee directors' work duties. The Management Council discusses important managerial issues, including those to be tabled at the Board of Directors. The council holds regular weekly meetings and convenes additional sessions as needed. Kandenko strives for rational corporate administration under this structure. Kandenko also introduced an executive officer system, which separates managerial oversight from business execution, speeding up decision-making and strengthening business operations while improving the efficiency of the directors' operational framework. Directors serve one-year terms to enable swift responses to changes in the operating environment and revitalize management.

## Effectiveness Evaluations

All Kandenko directors and Audit & Supervisory Board members conduct self-evaluations after the end of each fiscal year regarding the effectiveness of the Board of Directors. Evaluation content is then analyzed and assessed by the Board of Directors.

Analyzing the efforts to ensure the effectiveness of the above measures and self-evaluations revealed several key areas for improvement. These areas include matters to be discussed by the Board of Directors, monitoring and supervisory functions of the Board of Directors, and more effective information sharing. Despite these results, the assessment concluded that the Board of Directors remained effective in fiscal 2024.

Kandenko remains committed to enhancing the overall effectiveness of the Board of Directors in light of these opinions.

## Audit & Supervisory Board

The Company has traditionally adopted a corporate

auditor system for our auditing system. Five Audit & Supervisory Board members, including three outside members, conduct audits in compliance with legal requirements and the Kandenko audit policy. Outside members heighten the independence and neutrality of our auditing system, attending the Board of Directors and other key meetings to share independent and objective opinions. Audit & Supervisory Board members, including outside members, hold regular and as-needed meetings with directors to discuss their work. Kandenko also established the Audit & Supervisory Board Office to enhance the duties and effectiveness of the Audit & Supervisory Board.

## Nomination and Compensation Committee

Kandenko established the Nomination and Compensation Committee to enhance the effectiveness and transparency of the Board of Directors. This committee deliberates and reviews matters concerning the nomination and compensation of directors and Audit & Supervisory Board members.

The following is an overview of the committee.

|               |  |
|---------------|--|
| Name:         | Nomination and Compensation Committee  |
| Members:      | Chairman (committee chair), president, independent outside directors   |
| Agenda items: | Matters related to Director and Audit & Supervisory Board Member nominations and compensation<br>Other matters related to corporate governance, compliance, etc. |

## Independent Accounting Auditors

Kandenko appointed Inoue Audit Corporation as our independent accounting auditor. Three certified public accountants (CPAs) audit Kandenko's accounts. These members are Hideo Hayashi, Masamichi Sakuma, and Shuichi Tamaoki, none of whom have audited our accounts for more than seven consecutive years. Three CPAs, three individuals who have passed the CPA

### No. of Board of Directors Meetings Held in FY2024 17

| Position   | Name              | Attendance |
|--|-------------------|------------|
| Chairman and Representative Director                     | Seiichi Fubasami  | 17/17      |
| Representative Director, President and Executive Officer | Hirofumi Tamogami | 17/17      |
| Representative Director, President and Executive Officer | Nobuhiro Iida     | 17/17      |
| Representative Director, President and Executive Officer | Yuji Ueda         | 17/17      |
| Senior Managing Director and Executive Officer           | Mitsuru Fujii     | 17/17      |
| Senior Managing Director and Executive Officer           | Hiroyuki Enoki    | 17/17      |

| Position                                | Name             | Attendance |
|---|------------------|------------|
| Managing Director and Executive Officer | Koichi Nakahito  | 17/17      |
| Managing Director and Executive Officer | Satoshi Takeuchi | —          |
| Outside Director                        | Koji Tanaka      | 17/17      |
| Outside Director                        | Miwa Suto        | 17/17      |
| Outside Director                        | Takaaki Kato     | 12/12      |
| Outside Director                        | Mika Narahashi   | —          |

\*Differences in the number of meetings are due to the timing of appointment dates.

### No. of Audit & Supervisory Board Meetings Held in FY2024 16

| Position         | Name                  | Attendance |
|------------------|-----------------------|------------|
| Full-Time Member | Shoichiro Kashiwabara | 16/16      |
| Full-Time Member | Eiichi Oba            | 11/11      |
| Outside Member   | Takashi Suetsuna      | 14/16      |
| Outside Member   | Nozomu Kano           | 9/11       |
| Outside Member   | Kazuyuki Shiokawa     | —          |

\*Differences in the number of meetings are due to the timing of appointment dates.

### No. of Nomination and Compensation Committee Meetings Held in FY2024 5

| Position   | Name              | Attendance |
|--|-------------------|------------|
| Chairman and Representative Director                     | Seiichi Fubasami  | 5/5        |
| Representative Director, President and Executive Officer | Hirofumi Tamogami | —          |
| Outside Director   | Koji Tanaka       | 5/5        |
| Outside Director   | Miwa Suto         | 5/5        |
| Outside Director   | Takaaki Kato      | 3/3        |
| Outside Director   | Mika Narahashi    | —          |

\*Differences in the number of meetings are due to the timing of appointment dates.

exam, and two others serve as assistants for accounting audit operations.

### Internal Audits

Six staff members of the Internal Audit Division conduct audits in accordance with internal control enhancement plans. We ensure necessary remedial actions by reporting audit results to the Internal Control Committee and the Management Council. We also report results to the Board of Directors when necessary.

The independent accounting auditor and the Internal Audit Division report the results of their respective audits to the Audit & Supervisory Board. The independent accounting auditor and the Internal Audit Division also hold regular discussions with Audit & Supervisory Board members, including the outside members, to exchange opinions as needed to maintain mutual coordination. Audit & Supervisory Board members (including outside members), independent accounting auditor, and the Internal Audit Division conduct audits while receiving regular reports on the establishment and operation of internal controls from each operational division.

## Policy on the Appointment of Directors and Audit & Supervisory Board Members

The Company considers the characteristics of our businesses and effectiveness of our governance functions to determine the diversity and size of the Board of Directors.

Our policy calls for appointing directors and Audit & Supervisory Board members with extensive experience and insight who contribute to Kandenko's sustainable growth and enhance corporate value over the medium

to long term, regardless of gender, nationality, or other personal characteristics. The Board of Directors determines these appointments following deliberation and review by the Nomination and Compensation Committee.

Furthermore, we select outside directors and outside Audit & Supervisory Board members capable of supervising and auditing director duties from an independent and objective standpoint. We also ensure that at least one such member has experience in management at another company.

The following skills matrix outlines the knowledge, experience, and expertise of our directors and Audit & Supervisory Board members.

|                                   | Name                  | Corporate Management | ESG and Compliance | Finance and Accounting | Human Resources and Labor | Sales and Marketing | Operations and Management | Purchasing | New Business | Technology Development, DX, and IT | Overseas Business |
|-----------------------------------|-----------------------|----------------------|--------------------|------------------------|---------------------------|---------------------|---------------------------|------------|--------------|------------------------------------|-------------------|
| Directors                         | Seiichi Fubasami      | ●                    | ●                  | ●                      |                           |                     |                           |            | ●            |                                    |                   |
|                                   | Hirofumi Tamogami     | ●                    | ●                  |                        | ●                         | ●                   |                           |            |              |                                    |                   |
|                                   | Nobuhiro Iida         | ●                    |                    |                        |                           | ●                   |                           | ●          |              |                                    | ●                 |
|                                   | Yuji Ueda             | ●                    | ●                  |                        |                           | ●                   |                           |            | ●            |                                    |                   |
|                                   | Mitsuru Fujii         |                      | ●                  |                        |                           | ●                   | ●                         | ●          |              |                                    |                   |
|                                   | Hiroyuki Enoki        | ●                    |                    |                        | ●                         | ●                   |                           |            |              |                                    | ●                 |
|                                   | Koichi Nakahito       |                      | ●                  |                        |                           |                     | ●                         |            | ●            | ●                                  |                   |
|                                   | Satoshi Takeuchi      |                      |                    |                        |                           | ●                   | ●                         | ●          |              |                                    |                   |
|                                   | Koji Tanaka           | ●                    |                    |                        |                           |                     |                           |            | ●            | ●                                  | ●                 |
|                                   | Miwa Suto             | ●                    |                    | ●                      |                           |                     |                           |            |              | ●                                  |                   |
| Audit & Supervisory Board Members | Takaaki Kato          | ●                    | ●                  | ●                      |                           |                     |                           |            |              |                                    | ●                 |
|                                   | Mika Narahashi        |                      | ●                  |                        | ●                         |                     |                           |            | ●            |                                    |                   |
|                                   | Shoichiro Kashiwabara | ●                    | ●                  | ●                      |                           |                     |                           | ●          |              |                                    |                   |
|                                   | Eiichi Oba            |                      | ●                  |                        |                           |                     | ●                         | ●          |              |                                    |                   |
|                                   | Takashi Suetsuna      |                      | ●                  | ●                      | ●                         |                     |                           |            |              |                                    | ●                 |
|                                   | Nozomu Kano           | ●                    | ●                  | ●                      |                           |                     |                           |            | ●            |                                    |                   |
|                                   | Kazuyuki Shiokawa     | ●                    |                    |                        |                           |                     | ●                         |            |              | ●                                  |                   |
|                                   |                       |                      |                    |                        |                           |                     |                           |            |              |                                    |                   |

\*Areas in the above matrix marked with represent up to four of the most specialized skills held by each individual, as well as the skills we expect of them as directors or Audit & Supervisory Board members.

## Outside Directors and Outside Audit & Supervisory Board Members

### Outside Directors and Outside Audit & Supervisory Board Members

Currently, the Company has four outside directors and three outside Audit & Supervisory Board members. Six of these individuals are independent directors under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

When selecting outside directors and outside Audit & Supervisory Board members, we strive to enhance

oversight and supervisory functions and improve transparency in accordance with the Companies Act and other regulations. We choose candidates whose external experience and expertise add value to Company management. We also select candidates based on their ability to supervise and audit the execution of directors' duties from an independent and neutral standpoint. The Audit & Supervisory Board consents to the selection of outside Audit & Supervisory Board members, followed by approval by the Board of Directors and a final resolution at the General Meeting of Shareholders.

### Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members

Kandenko deems candidates for outside directors and outside Audit & Supervisory Board members as independent if they do not meet any of the following exclusion criteria.

- (1) Candidate currently serves or was previously served as an executive of the Company or our subsidiaries
- (2) Candidate serves as an executive of a major shareholder of the Company (holding 10% or more of voting rights, including indirect ownership) or as an executive of a company of which the Company is a major shareholder
- (3) Candidate serves as a business executive of a major creditor of Kandenko (a creditor that has provided loans exceeding 1% of consolidated assets in the most recent fiscal year)
- (4) Candidate serves as a business executive of a major business client of Kandenko (a client accounting for more than 1% of consolidated net sales of completed construction contracts in the most recent fiscal year) or a business executive of a company of which Kandenko is a major business client
- (5) Candidate serves as a representative employee or

- an employee of an accounting auditor of Kandenko
- (6) Candidate serves as an individual or a member of a group that has received material benefits or high-value gifts from Kandenko (exceeding ¥10 million, excluding compensation for corporate officers)
- (7) Candidate serves as a business executive of a company with a reciprocal relationship with Kandenko through outside officers
- (8) Candidate has a relative (spouse or relative within the second degree of kinship) who falls under any of the criteria (1) to (6) above (limited to officers and key employees)
- (9) Candidate has met any of the criteria (2) to (8) within the past five years

## Director and Audit & Supervisory Board Member Compensation, Etc.

### Policy for determining individual director compensation, etc.

The compensation, etc. of Company directors shall be within the total amount approved at the General Meeting of Shareholders. This total consists of base compensation, bonuses as performance-linked compensation, and restricted share-based compensation (only base compensation is applicable to outside directors). We determine individual compensation based on each director's responsibilities. The Nomination and Compensation Committee deliberates and reviews compensation, etc., before resolution by the Board of Directors. The ratio of base compensation, bonuses, and restricted share-based compensation to the total compensation is shown in the table below. These ratios may vary depending on fluctuations in performance-linked bonuses.

|                             | Base Compensation | Performance-Linked Compensation (Bonuses) | Restricted Share-Based Remuneration |
|-----------------------------|-------------------|---|-------------------------------------|
| Representative Director     | 60%               | 30%                                       | 10%                                 |
| Non-Representative Director | 65%               | 25%                                       | 10%                                 |

\*We provide only base compensation to outside directors.

#### (A) Base compensation

We pay base compensation on a regular monthly basis in fixed amounts for each position.

#### (B) Performance-linked compensation (bonuses)

We treat bonuses as compensation tied to short-term performance and calculate the amount using the following methods. Payments are made at a fixed time each year.

- Set KPIs for consolidated operating income and consolidated net sales (key performance evaluation metrics)
- Set coefficients based on the year-over-year change rates for each KPI and calculate the base bonus amount for each position by applying these coefficients to the previous year's bonus payments
- Determine the final payment amount by reflecting the director's individual evaluation on the basic payment amount

#### (C) Restricted share-based compensation

We pay restricted share-based compensation at a determined time each year within the compensation limit approved at the General Meeting of Shareholders. This compensation aims to enable directors to share the benefits and risks of stock price fluctuations with shareholders. This compensation also motivates directors further to contribute to stock price growth and the long-term improvement of corporate value.

### FY2024 Director and Audit & Supervisory Board Member Compensation Amounts

| Category  | Number of Recipients | Total Compensation, Etc.      |
|---|----------------------|-------------------------------|
| Directors<br>(of which are outside directors)                       | 13<br>(5)            | ¥493 million<br>(¥43 million) |
| Audit & Supervisory Board Members<br>(of which are outside members) | 7<br>(4)             | ¥91 million<br>(¥37 million)  |

| Category  | Total Compensation, Etc. by Type |   |                                     |
|---|----------------------------------|---|-------------------------------------|
|   | Base Compensation                | Performance-Linked Compensation (Bonuses) | Restricted Share-Based Remuneration |
| Directors<br>(of which are outside directors)                       | ¥291 million<br>(¥43 million)    | ¥167 million<br>(—)                       | ¥34 million<br>(—)                  |
| Audit & Supervisory Board Members<br>(of which are outside members) | ¥91 million<br>(¥37 million)     | (—)                                       | (—)                                 |

\*The number of recipients and the amount of compensation includes one director and two Audit & Supervisory Board members who retired at the conclusion of the 110th Annual General Meeting of Shareholders held on June 27, 2024.

### Internal Control System Progress

Kandenko established an Internal Control Committee chaired by the president based on the Basic Policy for Enhancing the Internal Control System adopted by the Board of Directors (enacted April 2006, revised May 2015). This committee discusses issues related to the internal control system. The Company also lays down internal control regulations that set out the basic principles of internal control and management regulations for affiliated companies that set out relevant management principles. Through measures such as these, Kandenko establishes a system that ensures the Company and the corporate group,

consisting of Kandenko and our subsidiaries, conduct appropriate business. The Company also determined a department in charge of reviewing internal controls relating to financial reporting to facilitate compliance with the internal control reporting system introduced in fiscal 2008 in accordance with the Financial Instruments and Exchange Act. The department strives to guarantee the reliability of our financial reporting by ensuring proper operation and evaluation.

### Compliance System

The Company formulated the Kandenko Group Charter of Corporate Behavior to clarify materialities in the Kandenko Group's business activities and encourage deeper compliance. We are working to embed this practice and enhance awareness among all employees of the Kandenko Group. We established internal and external compliance consultation points for employees and offer a system that also addresses internal reports on legal violations. In this way, we strive to establish and maintain a fair and transparent corporate culture (89 consultations received in fiscal 2024).

The Kandenko Group adopts a firm stance against antisocial forces and eliminates any actions that could raise suspicion of inappropriate relationships. We conduct compliance education and training to ensure thorough awareness of our stance across the entire organization based on the Kandenko Group Charter of Corporate Behavior and internal control enhancement plans adopted by the Internal Control Committee.

### Risk Management System

The Kandenko Group operates a set of internal regulations on risk management. We devise countermeasures to match the degree of impact and likelihood of occurrence after categorizing and

defining operational risks by item. In addition to taking preventative measures against such risks, Kandenko establishes reporting channels and response systems to address risks should they materialize.

Additionally, the Internal Control Committee holds regular meetings to check the operational status of the risk management system. The committee also analyzes and evaluates risk status and related matters, while the dedicated Internal Control Unit serves to strengthen our risk management system.

The following factors may have a significant impact on investor decisions.

The Kandenko Group recognizes the potential of such risks and takes the initiative to prevent their occurrence and minimize their impact on our business activities should they occur.

Any forward-looking statements reflect the Kandenko Group's judgments based on information available as of the end of fiscal 2024.

### Changes in the business environment

Significant changes in the business environment may impact performance and other results. Such changes include greater-than-expected declines in construction-related or power facility investments. Note that TEPCO accounts for approximately 30% of the Kandenko Group's revenue.

### Fluctuations in the cost of material and labor costs

Significant increases in material and labor costs that cannot be reflected in the contract fees may impact performance and other results.

We address this risk by negotiating adjustments to construction contract terms and working on various measures to reduce costs, including diversifying the supply chain.

### Work and related risks

Serious personal injury accidents, quality defects, or accidents in construction work may impact performance and other results.

To address these risks, we established the Safety & Environment Division and step up efforts of the subordinate Safety Department, which strengthens risk management to eliminate serious personal injury accidents and facility incidents. The Head Safety Committee analyzes and develops measures for personal injury accidents, while the Head Quality Committee does the same for facility incidents and quality defects. We ensure safety and construction quality by reinforcing training programs and hazard awareness activities across the organization.

### Credit risk associated with client companies

Contract fees for each transaction are large in the construction industry. In many cases, contracts require a significant portion of the construction payment to be made upon the delivery of the completed project. Financial difficulties faced by a client before we receive construction payments may impact performance and other results.

We address this risk by striving to prevent bad debts through rigorous verification of client companies' credit status.

### Asset holding risk

We hold assets such as real estate and securities to support business activities. Significant declines in the market value of held assets or substantial decreases in the profitability of business-use real estate may impact performance and other results.

We address this risk by monitoring impairment risks and other factors in real estate for business purposes. The Board of Directors annually reviews cross-shareholdings among investment securities, evaluating their significance and asset efficiency. As a general

rule, we sell stocks with diminished significance.

### Retirement benefit obligations

Declines in the market value of pension assets or adjustments to assumptions used in calculating investment returns and retirement benefit obligations (e.g., discount rates) may impact performance and other results.

To address this risk, the Company has established a basic policy for the management of pension assets and regularly assesses the assets under management.

### Legal regulations

We are subject to legal regulations, including the Construction Business Act, the Antimonopoly Act, and the Industrial Safety and Health Act. Changes to, repeals of, or enactments of legal regulations, adjustments to application criteria, or administrative sanctions under these regulations may impact performance and other results.

We address this risk by ensuring compliance with legal regulations. To do so, the division responsible for business execution and the legal department continuously monitor trends in changes, repeals, or enactments of legal regulations and assess compliance measures and adherence.

### Risk of information leakage

Significant damages from cyberattacks resulting in information theft, system data tampering, or loss may impact performance and other results.

We address this risk by developing internal regulations, working to strengthen the security of our information systems, and educating our employees. We implemented the Computer Security Incident Response Team (CSIRT) within the organization to minimize the impact of cyberattacks. CSIRT strives to clarify roles and reporting structures.

### Disaster risk

Disrupted and delayed business activities stemming from large-scale earthquakes, typhoons, and other natural disasters may impact performance and other results.

We address this risk by establishing internal regulations, raising employee awareness, implementing power outage countermeasures at business sites, and stockpiling emergency supplies.

## System to Ensure Proper Operations of Our Corporate Group (Kandenko and Subsidiaries)

Kandenko established a system to share information with subsidiaries, ensuring we report key matters in business execution to our Board of Directors. Such matters include items related to the financial reporting of our subsidiaries and items related to our internal control systems.

We also establish internal regulations on subsidiary risk management to prevent risks and minimize any impacts on business activities should they occur. At the same time, we advise and support subsidiaries in establishing a risk management system while periodically checking and evaluating their risk management status.

Periodically receiving reports from our subsidiaries enables us to check their operations and assess management status. We also offer advice and other support for any management challenges.

The Internal Audit Division audits our subsidiaries in accordance with internal control enhancement plans. The division reports audit results to the Internal Control Committee and the Management Council to ensure necessary remedial actions. When necessary, the division also reports to the Board of Directors.



## Directors



**Seiichi Fubasami**  
Chairman and Representative Director



**Hirofumi Tamogami**  
Representative Director, President and Executive Officer



**Nobuhiro Iida**  
Representative Director, Executive Vice President and Executive Officer



**Yuji Ueda**  
Representative Director, Executive Vice President and Executive Officer



**Mitsuru Fujii**  
Senior Managing Director and Executive Officer



**Hiroyuki Enoki**  
Senior Managing Director and Executive Officer



**Koichi Nakahito**  
Managing Director and Executive Officer



**Satoshi Takeuchi**  
Managing Director and Executive Officer



**Koji Tanaka**  
Outside Director



**Miwa Suto**  
Outside Director



**Takaaki Kato**  
Outside Director



**Mika Narahashi**  
Outside Director

## Audit & Supervisory Board Members



**Shoichiro Kashiwabara**  
Full-Time Member



**Eiichi Oba**  
Full-Time Member



**Takashi Suetsuna**  
Outside Member



**Nozomu Kano**  
Outside Member



**Kazuyuki Shiokawa**  
Outside Member



## Section 06

# Data Section

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This section provides a variety of detailed data, primarily quantitative financial and non-financial information, offering further insight into Kandenko.

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69 Non-Financial Information

70 Corporate Information

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## Consolidated 11-Year Financial Summary

| Consolidated Fiscal Year Ending March 31           | 2014    | 2015    | 2016     | 2017     | 2018     | 2019     | 2020     | 2021     | 2022     | 2023     | 2024     |
|--|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net sales  | 436,682 | 447,673 | 470,943  | 507,205  | 563,550  | 616,143  | 556,045  | 495,567  | 541,579  | 598,427  | 671,888  |
| Operating profit                                   | 9,388   | 16,416  | 26,397   | 29,261   | 30,012   | 34,693   | 30,041   | 30,643   | 32,748   | 40,934   | 58,326   |
| Operating profit ratio (%)                         | 2.1     | 3.7     | 5.6      | 5.8      | 5.3      | 5.6      | 5.4      | 6.2      | 6.0      | 6.8      | 8.7      |
| Ordinary profit                                    | 10,336  | 17,077  | 27,345   | 30,031   | 30,795   | 35,565   | 31,043   | 31,754   | 34,059   | 42,648   | 59,498   |
| Profit (loss) attributable to owners of the parent | 4,615   | 9,412   | 17,591   | 19,058   | 19,703   | 22,515   | 20,147   | 20,315   | 21,167   | 27,345   | 42,380   |
| Comprehensive income                               | 11,984  | 7,137   | 18,422   | 22,927   | 20,319   | 15,685   | 29,222   | 19,831   | 21,024   | 44,375   | 45,492   |
| Total assets                                       | 366,177 | 407,681 | 424,874  | 443,751  | 459,854  | 488,701  | 456,999  | 470,967  | 487,828  | 567,275  | 603,220  |
| Net assets   | 193,345 | 197,980 | 213,356  | 230,810  | 245,954  | 255,821  | 279,459  | 293,514  | 308,457  | 345,800  | 380,949  |
| ROE (%)  | 2.5     | 4.9     | 8.8      | 8.8      | 8.5      | 9.3      | 7.8      | 7.3      | 7.3      | 8.6      | 12.1     |
| ROA (%)  | 2.8     | 4.4     | 6.6      | 6.9      | 6.8      | 7.5      | 6.6      | 6.8      | 7.1      | 8.1      | 10.2     |
| Equity ratio (%)                                   | 51.44   | 47.22   | 48.72    | 50.51    | 51.85    | 50.62    | 59.17    | 60.30    | 61.17    | 58.87    | 60.98    |
| Net assets per share (yen)                         | 922.05  | 942.42  | 1,013.33 | 1,097.36 | 1,167.30 | 1,211.13 | 1,323.90 | 1,389.96 | 1,460.23 | 1,633.95 | 1,799.74 |
| Earnings per share (yen)                           | 22.59   | 46.07   | 86.11    | 93.31    | 96.46    | 110.23   | 98.64    | 99.45    | 103.59   | 133.80   | 207.35   |
| Dividends per share (yen)                          | 14.00   | 14.00   | 20.00    | 24.00    | 26.00    | 28.00    | 28.00    | 28.00    | 32.00    | 41.00    | 82.00    |
| Cash flows from operating activities               | 2,921   | 18,042  | 6,751    | 11,469   | 28,251   | 29,155   | 12,873   | 27,150   | 7,455    | 19,841   | 18,263   |
| Cash flows from investing activities               | 2,253   | (7,101) | (17,867) | (10,015) | (10,131) | (13,481) | (972)    | (9,224)  | (6,635)  | (19,077) | (10,168) |
| Cash flows from financing activities               | (3,743) | 19,807  | (169)    | (7,857)  | (9,153)  | (7,151)  | (26,317) | (7,789)  | (7,319)  | 567      | (12,625) |
| Cash and cash equivalents at end of period         | 40,157  | 70,899  | 59,612   | 54,099   | 63,068   | 71,579   | 57,187   | 67,423   | 61,015   | 62,438   | 57,835   |
| Number of employees (persons)                      | 8,839   | 8,915   | 9,244    | 9,571    | 9,818    | 10,003   | 10,154   | 10,264   | 10,320   | 10,442   | 10,558   |

\*The Company adopted *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020), etc., in fiscal 2021. Accordingly, key management indicators and other figures for fiscal 2021 and beyond reflect the application of these standards.

\*Follow link for more information.



## Non-Financial Information (As of March 31, 2025)

| Item   |   | Unit    | Results |        |        |        |        |
|--|---|---------|---------|--------|--------|--------|--------|
|  |   |         | FY2020  | FY2021 | FY2022 | FY2023 | FY2024 |
| Employees (Consolidated)                             | Total   | Persons | 10,154  | 10,264 | 10,320 | 10,442 | 10,558 |
| Employees  | Total   | Persons | 7,497   | 7,619  | 7,682  | 7,769  | 7,856  |
|  | Male  |         | 7,007   | 7,123  | 7,180  | 7,244  | 7,321  |
|  | Female  |         | 490     | 496    | 502    | 525    | 535    |
| Average Age  | Total   | Age     | 41.7    | 41.9   | 42.1   | 42.3   | 42.4   |
|  | Male  |         | 41.6    | 41.8   | 42.1   | 42.2   | 42.3   |
|  | Female  |         | 42.1    | 42.6   | 43.4   | 43.4   | 43.8   |
| Years of Service                                     | Total   | Years   | 19.0    | 19.1   | 19.4   | 19.6   | 19.5   |
|  | Male  |         | 19.2    | 19.3   | 19.5   | 19.7   | 19.7   |
|  | Female  |         | 16.5    | 16.4   | 16.9   | 17.3   | 17.1   |
| Turnover   | Total   | %       | 2.1     | 1.8    | 2.4    | 2.6    | 2.6    |
|  | Male  |         | 2.1     | 1.8    | 2.5    | 2.7    | 2.6    |
|  | Female  |         | 1.2     | 1.6    | 1.9    | 1.5    | 2.7    |
| Promotion to Managerial Positions                    | Earliest age                                  | Age     | 40      | 39     | 39     | 38     | 38     |
|  | Number of males in managerial positions       | Persons | 1,792   | 1,864  | 1,932  | 2,027  | 2,117  |
|  | Number of females in managerial positions     | Persons | 22      | 23     | 28     | 34     | 42     |
|  | Percentage of females in managerial positions | %       | 1.2     | 1.2    | 1.4    | 1.6    | 1.9    |
| Employment of Persons With Disabilities              | Employment rate                               | %       | 2.3     | 2.7    | 2.6    | 2.7    | 2.8    |
| Number of Regular Hires                              | Total   | Persons | 305     | 314    | 330    | 330    | 331    |
|  | Male  |         | 289     | 303    | 307    | 307    | 315    |
|  | Female  |         | 16      | 11     | 23     | 23     | 16     |
| Number of Mid-Career Hires                           | Total   | Persons | 106     | 79     | 81     | 94     | 113    |
|  | Male  |         | 93      | 67     | 73     | 87     | 97     |
|  | Female  |         | 13      | 12     | 8      | 7      | 16     |
| Ratio of Mid- Career Hires Among Full-Time Employees | Total   | %       | 25.8    | 20.1   | 19.7   | 22.2   | 25.5   |
|  | Male  |         | 24.3    | 18.1   | 19.2   | 22.1   | 23.5   |
|  | Female  |         | 44.8    | 52.2   | 25.8   | 23.3   | 50.0   |

| Item  |   | Unit             | Results |        |        |        |        |
|---|---|------------------|---------|--------|--------|--------|--------|
|   |   |                  | FY2020  | FY2021 | FY2022 | FY2023 | FY2024 |
| Number of Employees Using the Nursing Care Leave Program          | Total                                   | Persons          | 3       | 5      | 3      | 5      | 5      |
|   | Male                                    |                  | 2       | 3      | 3      | 4      | 3      |
|   | Female                                  |                  | 1       | 2      | 0      | 1      | 2      |
| Number of Employees Using the Childcare Leave Program             | Total                                   | %                | 13.1    | 11.2   | 18.3   | 36.7   | 42.3   |
|   | Male                                    |                  | 6.3     | 5.6    | 10.9   | 31.4   | 37.5   |
|   | Female                                  |                  | 100.0   | 100.0  | 100.0  | 100.0  | 100.0  |
| Percentage of Employees Using the Spouse Childbirth Leave Program |   | %                | 60.6    | 58.8   | 63.0   | 81.7   | 81.5   |
| Number of Foreign Employees                                       |   | Persons          | 15      | 14     | 16     | 34     | 42     |
| Female Technical and Engineering Staff                            |   | Persons          | 94      | 105    | 108    | 117    | 128    |
| Percentage of Employees Rehired After Mandatory Retirement Age    |   | %                | 86.8    | 89.8   | 89.1   | 90.6   | 93.5   |
| Average Annual Salary   | Total                                   | Thousands of yen | 7,689   | 7,547  | 7,449  | 8,185  | 9,060  |
|   | Male                                    | Thousands of yen | 7,841   | 7,694  | 7,602  | 8,296  | 9,177  |
|   | Female                                  | Thousands of yen | 5,496   | 5,486  | 5,367  | 6,340  | 7,178  |
|   | Ratio of Female's Wages to Male's Wages | %                | 70.1    | 71.3   | 70.6   | 76.4   | 78.2   |
| Paid Leave Usage Rate   | Total                                   | %                | 59.9    | 66.9   | 72.4   | 72.9   | 72.3   |
| Average Total Working Hours Per Person Per Month                  | Total                                   | Hours            | 178.1   | 175.4  | 173.0  | 174.9  | 173.1  |
| Ratio of Employees Who Undergo Stress Checks                      |   | %                | 95.2    | 95.6   | 96.8   | 96.2   | 96.0   |
| Work Engagement   |   | %                | —       | 67.5   | 66.0   | 67.0   | 67.5   |
| Employee Engagement   |   | %                | —       | —      | 69.6   | 71.5   | 73.6   |
| Employee Training Hours* (Company-Wide Training, Etc.)            | Total hours                             |                  | 22,862  | 26,600 | 37,658 | 49,384 | 54,656 |
| Number of Employee Training Days* (Company-Wide Training, Etc.)   | Total days                              |                  | 3,048   | 3,547  | 5,021  | 6,585  | 7,288  |
| Number of Training Participants* (Company-Wide Training, Etc.)    | Total number of persons                 |                  | 1,618   | 2,114  | 2,442  | 4,081  | 4,372  |
| Cost of Training Per Person                                       | Thousands of yen                        |                  | —       | —      | 54     | 57     | 52     |

\*Training provided by Education & Training Center



# Corporate Information (As of March 31, 2025)

## Company Profile

|                     |   |
|---------------------|---|
| Company Name        | Kandenko Co., Ltd.                                |
| Established         | September 1, 1944                                 |
| Head Office         | 4-8-33 Shibaura, Minato-ku, Tokyo 108-8533, Japan |
| Paid-In Capital     | ¥10,264 million                                   |
| Total Shares Issued | 205,288,338 shares                                |
| Employees           | Consolidated 10,558; Non-Consolidated 7,856       |

## Corporate Website

Kandenko understands that our corporate website serves as an important source of information. Visit our website for more information on investor relations, technology, services, and the latest news.



## Network

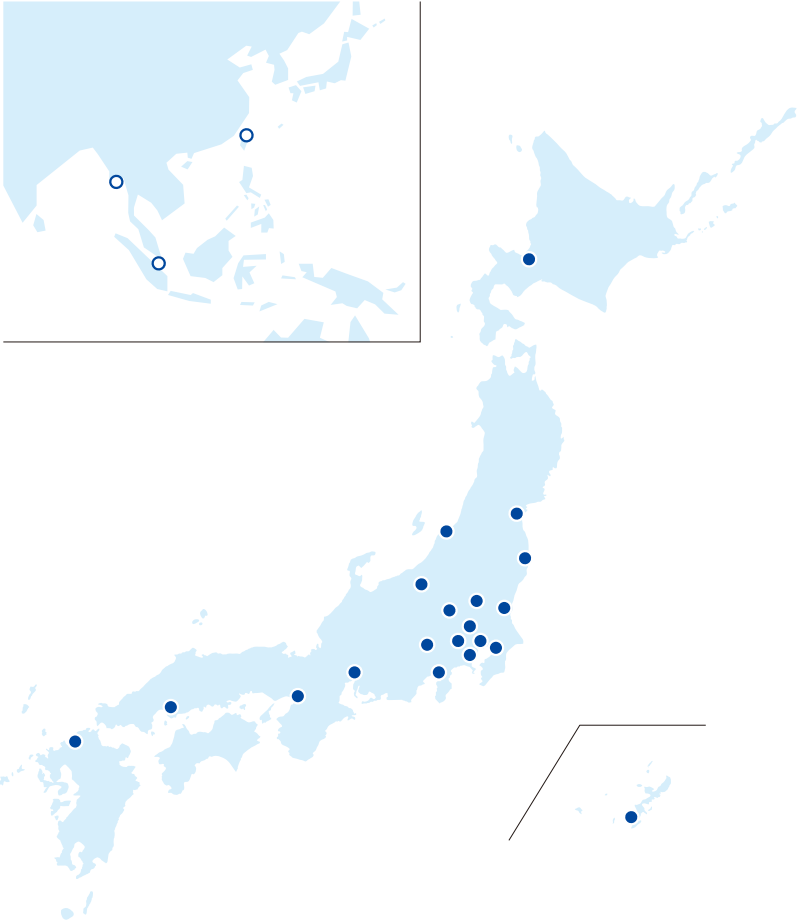
### Domestic Offices

|                    |   |
|--------------------|---|
| Head Office        | 4-8-33 Shibaura, Minato-ku, Tokyo, Japan  |
| Tokyo Main Branch  | 4-8-33 Shibaura, Minato-ku, Tokyo, Japan  |
| Hokkaido Branch    | 3F, J&S Resona Building, 4-1-2 Kitaichijo Nishi, Chuo-ku, Sapporo-shi, Hokkaido, Japan          |
| Tohoku Branch      | Sendai Dai-ichi Seimei Tower Building, 4-6-1 Ichibancho, Aoba-ku, Sendai-shi, Miyagi, Japan     |
| Saitama Branch     | 8F, Omiya Solamichi KOZ, 1-195-1 Sakuragicho, Omiya-ku, Saitama-shi, Saitama, Japan             |
| Tochigi Branch     | 91-1 Imaizumicho, Utsunomiya-shi, Tochigi, Japan  |
| Gunma Branch       | 215-6 Furuichimachi, Maebashi-shi, Gunma, Japan   |
| Niigata Branch     | 3F, Hokuetsu Daiichi Building, 1-2-25 Higashiodori, Chuo-ku, Niigata-shi, Niigata, Japan        |
| Nagano Branch      | 1629-32 Midoricho, Nagano-shi, Nagano, Japan  |
| Chiba Branch       | 2-1-24 Shinjuku, Chuo-ku, Chiba-shi, Chiba, Japan   |
| Ibaraki Branch     | 2-7-14 Jonan, Mito-shi, Ibaraki, Japan  |
| Kanagawa Branch    | 1-1-8 Hiranuma, Nishi-ku, Yokohama-shi, Kanagawa, Japan   |
| Shizuoka Branch    | 8-12 Yoneyamacho, Numazu-shi, Shizuoka, Japan   |
| Nagoya Branch      | 6F, Nagoya Toho Building, 1-2-7 Sakae, Naka-ku, Nagoya-shi, Aichi, Japan                        |
| Tama Branch        | 2-24-6 Myojincho, Hachioji-shi, Tokyo, Japan  |
| Yamanashi Branch   | 4-12-25 Chuo, Kofu-shi, Yamanashi, Japan  |
| Kansai Branch      | 20F, Nakanoshima Festival Tower, 2-3-18, Nakanoshima, Kita-ku, Osaka-shi, Osaka, Japan          |
| Chugoku Branch     | 6F, J-pro Kami-Noboricho Building, 7-3 Kami-Noboricho, Naka-ku, Hiroshima-shi, Hiroshima, Japan |
| Kyushu Branch      | 4F, Yakuin Business Garden, 1-1-1 Yakuin, Chuo-ku, Fukuoka-shi, Fukuoka, Japan                  |
| Okinawa Branch     | 2F, Okinawa Tokuden Minatomachi Building, 3-7-58 Minatomachi, Naha-shi, Okinawa, Japan          |
| Fukushima Division | 15-2, Jkonishi, Ide, Naraha-machi, Futaba-gun, Fukushima, Japan                                 |

### Overseas Offices

|                           |   |
|---------------------------|---|
| Singapore Regional Branch | 2 Leng Kee Road #06-05<br>Thye Hong Centre, Singapore 159086                                    |
| Taiwan Branch             | R106, 10F, No. 10, Nanjing West Road, Zhongshan District, Taipei City 104002, Taiwan (R.O.C.)   |
| Yangon Branch             | No(291), Corner of Yazathingyan 7th & 8th Street, Yatana Road, South Okkalapa Township, Yangon. |

- : Domestic Offices
- : Overseas Offices



# Stock Information

The Company's shares are listed on the Prime Market of the Tokyo Stock Exchange.

As of March 31, 2025, Kandenko had 16,603 shareholders.

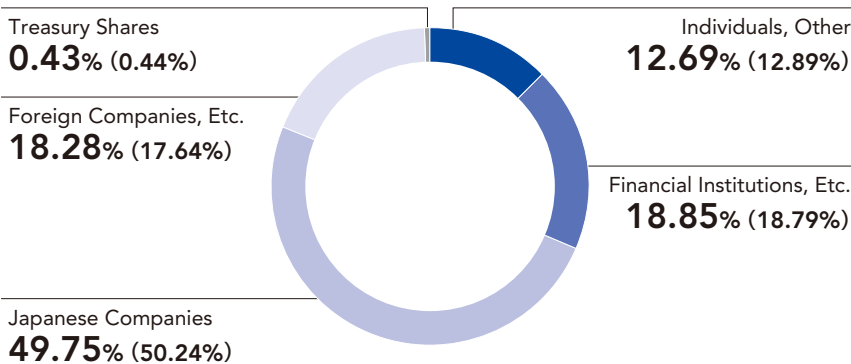
The table on the right side lists our main shareholders.

## Main Shareholders (As of March 31, 2025)

| Name   | Shares      | Ownership Ratio |
|--|-------------|-----------------|
| 1 TEPCO Power Grid, Inc.                               | 94,753,552  | 46.35%          |
| 2 The Master Trust Bank of Japan, Ltd. (Trust Account) | 15,717,700  | 7.68%           |
| 3 The Custody Bank of Japan, Ltd. (Trust Account)      | 10,352,900  | 5.06%           |
| 4 STATE STREET BANK AND TRUST COMPANY 505001           | 7,034,766   | 3.44%           |
| 5 Kandenko Group Employees Shareholding Association    | 5,613,640   | 2.74%           |
| 6 Mizuho Bank, Ltd.                                    | 2,053,039   | 1.00%           |
| 7 JPMorgan Securities Japan Co., Ltd.                  | 1,990,730   | 0.97%           |
| 8 THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT          | 1,598,800   | 0.78%           |
| 9 JP MORGAN CHASE BANK 385781                          | 1,447,195   | 0.70%           |
| 10 STATE STREET BANK WEST CLIENT -TREATY 505234        | 1,401,000   | 0.68%           |
| Total  | 141,963,322 | 69.45%          |

\*Ownership ratios are calculated by subtracting 891,322 shares of treasury stock from the total number of shares issued and outstanding.

## Shares Held by Type of Shareholder (As of March 31, 2025)

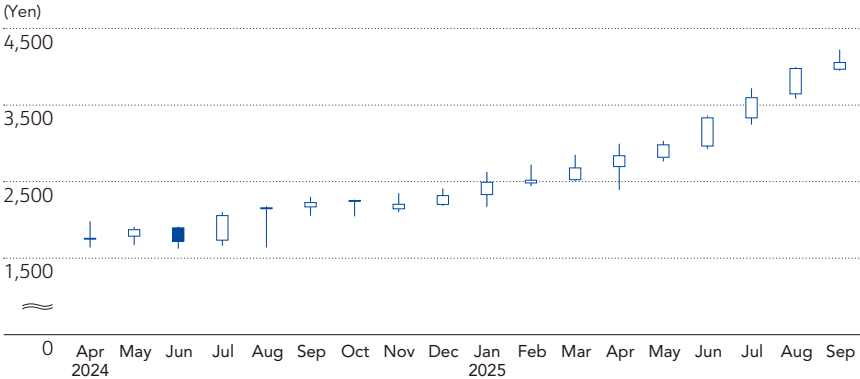


\*Figures in parentheses are as of March 31, 2024

## Stock-Related Information

|   |   |
|---|---|
| Fiscal Year-End                                 | March 31  |
| Ordinary General Meeting of Shareholders        | June  |
| Record Date for Dividend Payments               | March 31 (year-end dividend)<br>September 30 (interim dividend)   |
| Record Date                                     | The date on which shares must be owned for shareholders to exercise voting rights at the general meeting of shareholders is March 31. If other votes are required, the record date will be set and announced in advance.  |
| Method of Public Notice                         | Public announcements will be posted electronically. However, if the Company cannot issue an electronic notification, we will place a notice in the Nihon Keizai Shimbun published in Tokyo. The Kandenko URL for public notices is as follows.<br><a href="https://www.kandenko.co.jp/english/">https://www.kandenko.co.jp/english/</a> |
| Transfer Agent                                  | Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan   |
| Contact (Inquiries About Stock-Related Matters) | Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department, 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan<br>Tel: 0120-782-031 (toll-free)  |

## Monthly Share Price





**KandenKo Co., Ltd.**

4-8-33 Shibaura, Minato-ku, Tokyo 108-8533, Japan

TEL: 03-5476-2111

<https://www.kandenko.co.jp/english/>

**Notes on the Proper Use of Earnings Forecasts**

Any forward-looking statements related to earnings forecasts, etc., in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable.



The main text of this report uses a Universal Design Font to ensure optimal readability and accessibility for all stakeholders.