株式会社関電工

KANDENKO INTEGRATED REPORT 2026

Who We Are





Corporate Motto

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.



Who We Are

Breathing life into buildings and bringing light to people's lives.



Kandenko has supported the foundations of society and daily life since our founding in 1944. As a comprehensive equipment company, we operate across a wide range of fields, from power infrastructure and building equipment to information and communications.

We will contribute to a sustainable society by harnessing the power of our people and technology and staying true to our mission of supporting society.





Corporate Philosophy

Charter of Corporate Behavior

Greetings

Thank you for reading KANDENKO INTEGRATED REPORT 2026.

Kandenko 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 strengthening sales efforts in fields with high growth potential, including AI, semiconductors, and renewable energy, as well as renovation proposals that address customer energy challenges. We have also expanded back-office functions to improve the division of labor and centralized on-site information to strengthen profit and schedule management. As a result of our efforts, we achieved record-high operating profit in fiscal 2025.

Even in this age of increasing digitization, we believe our people are our most important management resource. We are enhancing compensation and benefits to boost employee engagement and implementing diverse recruitment methods and training programs tailored to career development. We are also pursuing diversity, equity, and inclusion by supporting the success of overseas talent and actively appointing women while creating attractive workplaces and developing the people who will support society in the future.

The Kandenko 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*.



Representative Director, President and Executive Officer
Hirofumi Tamogami

Chairman and Representative Director
Seiichi Fubasami

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Reporting Period
April 1, 2025 to March 31, 2026 (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

Integrated Report

Financial Information Investor Relations Website	Non-Financial Information Sustainability Website
https://www.kandenko.co.jp/ir/	https://www.kandenko.co.jp/sustainability/
Financial Results and Reference Materials Annual Securities Report	Corporate Governance Report

Our Business Areas

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.

Building Infrastructure Work

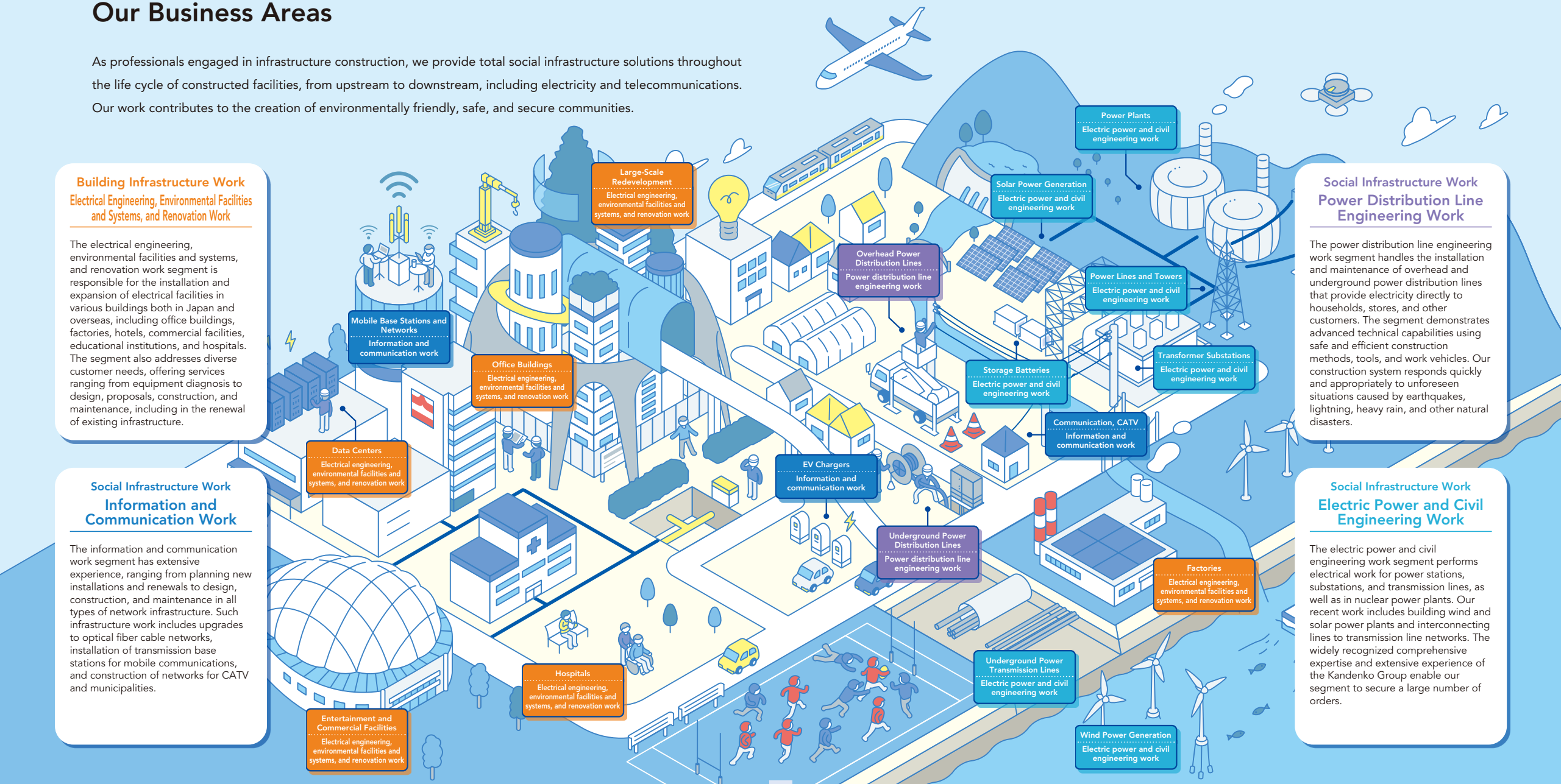
Electrical Engineering, Environmental Facilities and Systems, and Renovation Work

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.

Kandenko History

Building the Foundations of Society for the Future

Kandenko was founded in September 1944 based on the principle that coexisting with our customers and the local community is the very purpose of our company's existence. We have since expanded into a broad range of businesses and grown into one of the leading comprehensive equipment companies in Japan.

Our history of helping ensure a stable power supply and supporting people's lives throughout the postwar development in Japan underpins our business foundation and ability to create value today. That legacy also provides the momentum for future growth.

Net Sales (Consolidated) — Operating Profit (Consolidated)

*Figures represent non-consolidated results through fiscal 1998.
*The Company adopted *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29), etc., in fiscal 2021.

Our Founding and the Postwar Reconstruction Period
From Rapid Economic Growth to a Period of Stable Growth
Expansion of Business Scale and Scope
Toward a Circular Society for the Future



1944
Founded as Kanto Denki Koji Co., Ltd.



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



1958
Tokyo Tower completed



1968
First skyscraper in Japan
Kasumigaseki Building completed



1981
Nepal power distribution line network improvement work



1991
Tokyo Metropolitan Government Building No.1 completed



2023
ES CON FIELD HOKKAIDO completed



2025
Yuchi Wind Farm completed

1944 1950 1960 1970 1980 1990 2000 2010 2020 2025

Message From the President



TOP MESSAGE

Representative Director, President and Executive Officer

Hirofumi Tamogami

Developing our people, strengthening capital, and expanding our business. Kandenko is moving forward with determination as we enter a new phase of growth.

Summary

- A Review of Fiscal Year 2025 and Indications of Growth
- Sale of Shares Held by TEPCO Power Grid
- Strengthening the Consulting and Services Businesses
- The Overarching Theme: Human Resources
- Toward Further Growth

A Review of Fiscal Year 2025 and Indications of Growth

Capitalizing on a favorable business environment to deliver solid results in building equipment and social infrastructure. Building step-by-step toward the next phase of growth.

Fiscal 2025 was a year in which we capitalized on the favorable business environment and translated our efforts into results. Our results reflected sheer determination, much like a sailing ship that sets sail and captures the wind for propulsion.

Over the past year, I visited our offices across the country and repeatedly explained, in my own words, the four pillars that I described when I took office as president: safety and security, trust, change, and communication. I truly feel that every employee has been mindful of these four pillars and is carrying out their duties with integrity.

Business performance for fiscal 2025 exceeded initial projections. We also achieved the financial targets for the final fiscal year defined in Medium-Term Management Plan FY2024-FY2026 ("Medium-Term Plan") ahead of schedule, and we therefore revised targets upward for fiscal 2026, which is the final year of the current medium-term plan. In particular, we raised the operating profit target from ¥67 billion to ¥90 billion. Our ongoing efforts to improve productivity and persistent price negotiations have contributed to improved profit performance.

TOP MESSAGE Message From the President

By segment, the Building Equipment Division saw an extremely favorable business environment, driven by growing demand for data centers, semiconductor factories, and large-scale redevelopment projects in the Tokyo metropolitan area. Increasing demand for the renovation of building systems constructed during the economic bubble era also contributed to the result. We will continue to closely monitor the situation, however, as rising labor costs and prices for materials and equipment, as well as the situation in the Middle East and other geopolitical risks, are causing a shift in customer investment sentiment.

Our order intake plan for fiscal 2026 is to continue to capture capital investment demand from data centers and semiconductor factories. With large-scale redevelopment projects in the Tokyo metropolitan area on the horizon, we aim to secure new orders and anticipate more business opportunities not only in the Tokyo metropolitan area but also in Osaka, Nagoya, and other regional cities.

The Social Infrastructure Work business is seeing a steady increase in demand for infrastructure upgrades due to aging facilities. Under the revenue cap system, systematic upgrades of power infrastructure have been institutionalized. We have capitalized on this development to secure a steady stream of orders.

We also expect to see market growth in the renewable energy sector. Driven by the government's energy mix policy, demand should grow for the construction of wind power generation facilities and large-scale energy storage facilities that store electricity and release it when needed.

And our talented workforce is what serves as the force behind our ability to capitalize on this favorable business environment and create a competitive edge in technology and skills. The number of workers in the construction industry as a whole continues to decline, and the shortage of skilled construction workers is particularly severe. The Ministry of Land, Infrastructure, Transport and Tourism shares our strong sense of urgency regarding this situation and has been working to create an environment that enhances the industry's sustainability. In addition to improving working conditions, these efforts include revisions to the Construction Business Act that require labor cost increases to be passed on appropriately to ensure worker pay and work-style reforms that institutionalize sufficient construction periods. We intend to strengthen our efforts to recruit and develop talent, which we recognize as an important issue for our organization.

FY2025 Financial Performance

Consolidated Results

Net Sales of Completed Construction Contracts	¥742.0 billion	YoY 110.4%
Operating Profit	¥83.1 billion	YoY 142.5%
Ordinary Profit	¥84.9 billion	YoY 142.8%
Profit Attributable to Owners of the Parent	¥63.5 billion	YoY 149.9%

Non-Consolidated Results

Orders Received	¥731.5 billion	YoY 113.0%
Net Sales of Completed Construction Contracts	¥637.7 billion	YoY 109.4%
Operating Profit	¥69.6 billion	YoY 142.8%
Ordinary profit	¥71.8 billion	YoY 143.1%
Net Profit	¥56.5 billion	YoY 151.4%

Sales of shares held by TEPCO Power Grid

A proactive growth strategy and strong governance in the face of growing market expectations.

In 2026, TEPCO Power Grid, Inc., a major shareholder, sold approximately 26 million shares of our stock. As a result, TEPCO Power Grid's ownership stake fell from more than 46% to about 34%, significantly altering our shareholder composition. Given the increase in the number of shares circulating in the market, we feel that the stock market has even higher expectations for us.

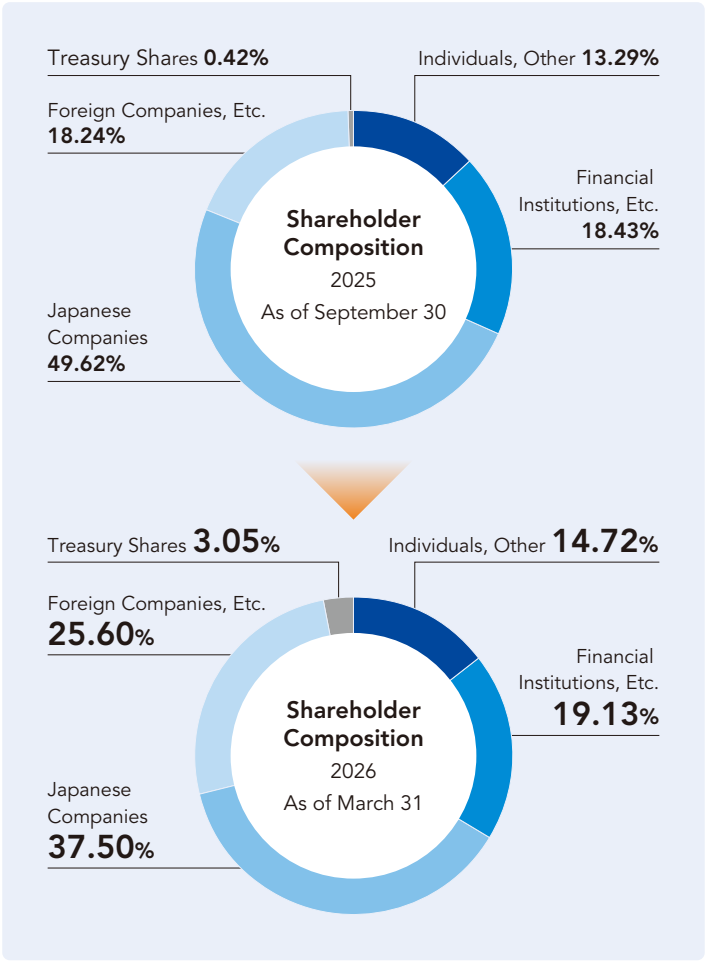
Concurrent with the stock offering, we carried out a share buyback of approximately ¥30 billion to improve the supply-demand balance of our shares. The proceeds from the sale of cross-shareholdings were used to fund this share buyback. That we were able to execute this transaction at this particular time owes much to the cash-generating capacity we have built up through business growth and capital strategies in recent years.

TOP MESSAGE Message From the President



Now that our capital structure has shifted, the responsibilities expected of our company will also change. We recognize that the revised Corporate Governance Code calls for us to establish proactive growth strategies and effective governance systems, and to clearly explain our actions to stakeholders. These explanations include where we invest capital and how we will grow as we continue to improve profitability. We must explain these matters in our own words and in a way that is convincing to shareholders and investors. The liquidity of our stock has improved and our shareholder base, both in Japan and internationally, is expanding to include more individual investors. Accordingly, I strive to manage our organization with a keen awareness of this responsibility to communicate.

Changes in Shareholder Composition Due to the Sale of Shares Held by TEPCO Power Grid, Inc.



Strengthening the Consulting and Services Businesses

Building deeper, longer-lasting relationships with customers. Pursuing Green Innovation through a collaborative business model.

Our growth story is centered on our track record and the trust we have built, as well as our efforts to create carbon neutrality across society as a whole. To this end, we will continue to provide the infrastructure necessary in both hardware and services. This vision is symbolized by our goal of becoming a Green Innovation Company by 2044, which is the 100th anniversary of our founding.

Green Innovation involves linking our Building Equipment and Social Infrastructure Work businesses to create new business opportunities, playing our part to build a decarbonized and resilient society. We are engaged in construction work related to energy conservation and decarbonization, as well as next-generation O&M services, such as smart security and demand control. We also focus on strengthening high-value-added consulting services that propose solutions for energy conservation, energy generation, and energy storage.

In particular, we believe that our consulting business, which involves working side-by-side with customers, is an area where we can leverage our strengths more effectively. The construction process consists of preliminary and follow-up phases. During the preliminary phase, we address customer challenges, such as reducing energy consumption, and provide consulting services to this end. In addition to upgrading existing equipment to high-efficiency models, we also offer energy-savings proposals based on a review of operational practices. Of course, we then handle the actual retrofit work ourselves. We also continue to focus on downstream processes—that is, service areas such as operations and maintenance.

In March 2026, we began selling the energy visualization tool WATTMILL®.

TOP MESSAGE Message From the President

We share accumulated data with customers and make specific recommendations for operational improvements and ways to reduce electricity bills by curbing peak power consumption.

By sharing data with customers and maintaining deep, long-term relationships, we work side-by-side to address customer challenges and find the best solutions.

The Overarching Theme: Human Resources

Our people are our greatest asset. Maximizing productivity by maximizing the engagement of our most valuable asset—our people.

The most important factor in achieving these growth strategies is, without a doubt, our people. In a company such as ours, our people are the irreplaceable production engine. In other words, our people are the very foundation of our *monozukuri*. Precisely because the business environment is favorable currently, we cannot truly meet customer needs unless we keep pace by securing and developing the necessary human resources to reliably handle those needs.

This challenge is precisely why our efforts regarding human resources are a top management priority. In addition to regular hiring, we have also stepped up mid-career hiring efforts, resulting in a total of more than 500 new personnel additions in fiscal 2025. Kandenko actively recruits technical staff without limiting candidates based on gender, nationality, undergraduate major, or academic department. We are also stepping up efforts in human resources development, including training programs tailored to these diverse hiring practices. I feel that these efforts are beginning to yield tangible results.

Securing talent is not just about increasing the number of hires; talent only becomes a true asset when accompanied by high-quality training. Our next medium-term management plan covers FY2027–FY2030. For this plan, we must consider the future of training not only for the parent company but also for Group companies and business partners. How will we invest in training facilities and the people who provide instruction? How will we boost the motivation of the instructors themselves? As the organization continues to grow, how will we pass on to the next generation the sense of mission and corporate culture that we have carefully cultivated? These are among the core issues of the next medium-term plan.

Our strength lies in the fact that every single employee has a strong sense of mission and pride in protecting social infrastructure and customer facilities. This mindset is deeply ingrained throughout every corner of our organization. To leverage these strengths and continue providing customers with high-quality services, it is essential to create a workplace environment that realizes the goals set out in the human resources strategy of the FY2024–FY2026 Medium-Term Plan: being an attractive company workers want to join, and being a company where employees work with peace of

Human Resources Strategy Under Medium-Term Management Plan FY2024-FY2026

Recruiting

Recruit Human Resources
Capable of Meeting the Demands of Society and Customers

- Recruit new graduates regardless of academic background or course of study
- Recruit for job type and engineering category
- Diversify mid-career recruitment methods
- Create a recruitment brand through social media, etc.
- Reach out to students through seminars, joint research, etc.

Development

Develop Human Resources
Who Possess Expertise and Organizational Skills

- Provide training tailored to diversified recruitment
- Reskilling (senior employee contribution, etc.)
- Reactivate OJT through a supporter program
- Review our human resources development roadmap to develop young employees and gain important certifications as quickly as possible
- Train human resources for a new on-site production system

Use data and AI
Visualize Human Capital
Deployment and labor management optimization and efficiency

Deployment

Talent Management for
Effective Development and Deployment

- Give assignments based on aptitude, ability, etc.
- Diversity, Equity & Inclusion (contributions of senior employees, women, foreign nationals, etc.)
- Personnel interchange within the group
- Job rotations for skills development

Employee Engagement

An attractive company workers want to join
A company where employees work with peace of mind

- Salary and benefit increases based on contribution to company performance
- Widespread embrace of the K. Assertion

Work Environment

- Enhanced work-life balance
- Health Management (well-being)

TOP MESSAGE Message From the President

mind. Therefore, through various initiatives—including compensation and benefits aligned with performance contributions, improvements in working conditions, enhanced work-life balance, the establishment of *K. Assertion*, and the promotion of health-conscious management—we aim to improve employee engagement. By bringing out the best in each individual, we will deliver value to our customers and achieve sustainable growth in corporate value.

With regard to improving productivity, we have made significant progress on the measures we have been preparing to address the cap on overtime work—the so-called "2024 Problem." A prime example is prefabrication. We are moving certain assembly and fabrication work traditionally performed on-site to off-site locations. We then deliver the finished products to the site on a just-in-time basis to significantly reduce the workload for on-site operations. We continue to expand both the number of locations and the range of products we prefabricate, and we aim to expand this system in the future. At the same time, we are dividing labor by transferring some of the tasks previously handled solely by engineers to the back office. In this way, we are transforming the production system itself. We acquired shares in GCU Co., Ltd. in June 2026, welcoming the company to the Kandenko Group. GCU is a company with extensive expertise in IT consulting, system development, and operations. By combining GCU's strengths with our on-site capabilities, we aim to enhance on-site operations and improve productivity through digital transformation and IT technologies. At the same time, we expect to be able to provide new services to our customers. In the Corporate Division, we opened a shared services center in April 2026. This was a move we had been preparing since July 2025. We are now consolidating routine tasks such as accounting, human resources, and labor management in this shared services center. The effects of these improvements are emerging at both the on-site and corporate levels, and we will accelerate this momentum to drive improved profitability.

Toward Further Growth

An unwavering sense of mission and pride as we aim for even greater heights. Kandenko is paving the way for the future of the industry.

Building on the management foundation we strengthened under the current medium-term plan, we intend to set even more ambitious goals in the next plan. We will continue discussions among the management team for the optimal allocation of capital, including shareholder returns, investments in human resources development, business investments such as M&A, and capital investment necessary to maintain social infrastructure. Sometimes we receive feedback from investors calling for higher growth. We intend to carefully engage in ongoing dialogue both within and outside the company, incorporating the results into management decisions.

However, our basic policy will remain unchanged going forward. A sense of mission and pride as we support the development of lifestyles and society. This is the foundation of all we do. While seeking to fulfill this social responsibility, we aim to transform ourselves into a problem-solving services company that builds deeper, longer-lasting relationships with customers. We will continue to take on new challenges as we strive to reach even greater heights. From the very beginning of my tenure as president, I have stated that I aim to make Kandenko the No. 1 company in the industry based on four pillars: Safety and Security, Trust, Change, and Communication. Over the past year, a new feeling has begun to take root within me as I've engaged in various activities as president. This feeling is a belief that we must go beyond simply comparing ourselves to our competitors and strive to elevate the status of the entire infrastructure construction industry. This is not just a challenge for our company; it is a challenge shared by the entire industry. How will we convey to society the appeal of a career in infrastructure construction?

Beyond that, I want to create a path that inspires the younger generation to aspire to a career in our industry. For example, power distribution line engineering work is conducted across all urban areas and is visible to many people. Using more robotics in this work, we can show how we accomplish this important task safely without having to cut power. We encourage Group members to experiment with various approaches and fresh perspectives to make this dream a reality.

By building on each of these individual initiatives, we will accurately and convincingly convey to society both Kandenko's vision and the dedication of every employee working on the front lines. We believe our work will help pave the way for the future not only of our company but of the entire industry. For my part, I intend to keep our vision for the company firmly in mind and pursue that vision with passion.

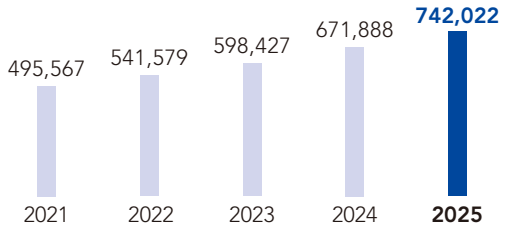


At a Glance Financial Information

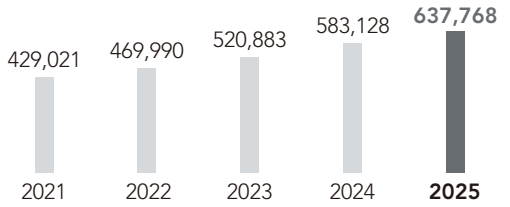
Net Sales

Millions of yen

Consolidated **¥742,022 million**



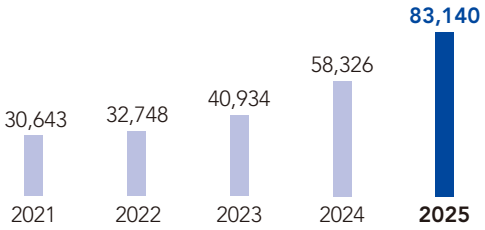
Non-Consolidated **¥637,768 million**



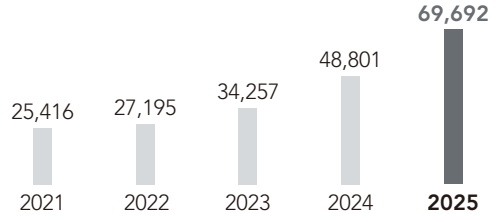
Operating Profit

Millions of yen

Consolidated **¥83,140 million**



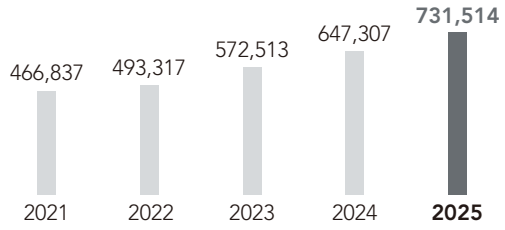
Non-Consolidated **¥69,692 million**



Orders Received

Millions of yen

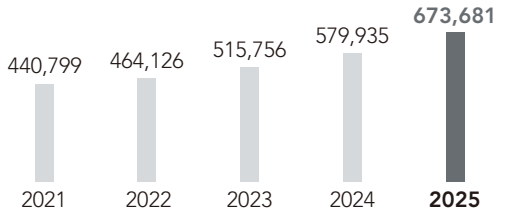
Non-Consolidated **¥731,514 million**



Backlog

Millions of yen

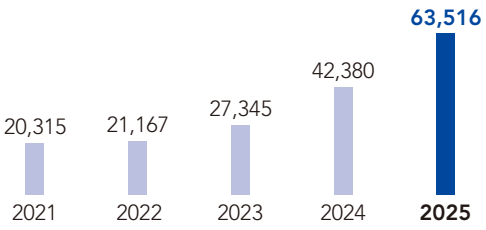
Non-Consolidated **¥673,681 million**



Profit (Loss) Attributable to Owners of the Parent

Millions of yen

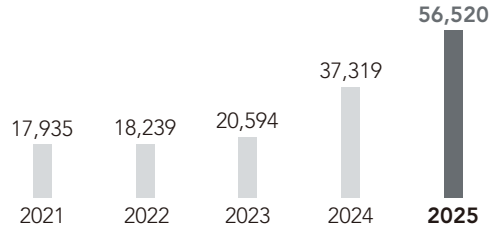
Consolidated **¥63,516 million**



Net Profit

Millions of yen

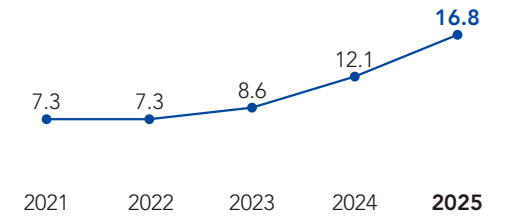
Non-Consolidated **¥56,520 million**



ROE

%

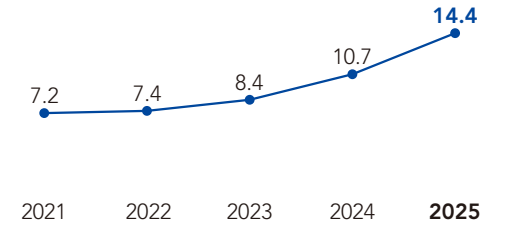
Consolidated **16.8%**



ROIC

%

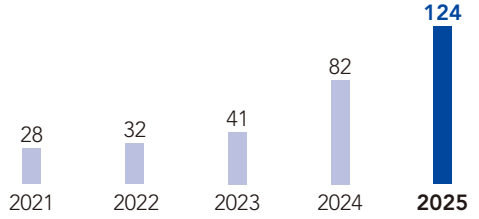
Consolidated **14.4%**



Dividends Per Share

Yen

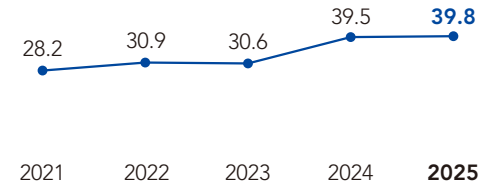
Consolidated **¥124**



Dividend Payout Ratio

%

Consolidated **39.8%**

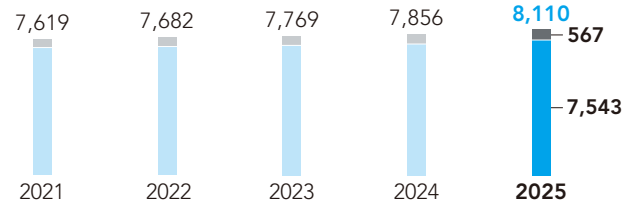


At a Glance Non-Financial Information

Employees

Persons

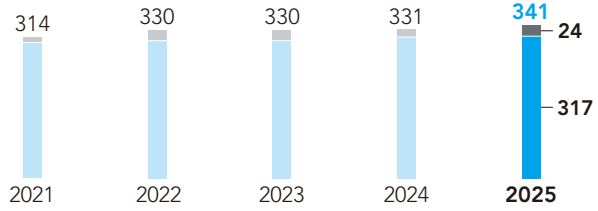
Total **8,110** Male **7,543** Female **567**



Number of Regular Hires

Persons

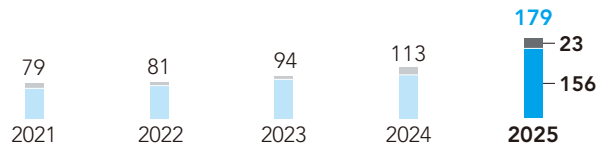
Total **341** Male **317** Female **24**



Number of Mid-Career Hires

Persons

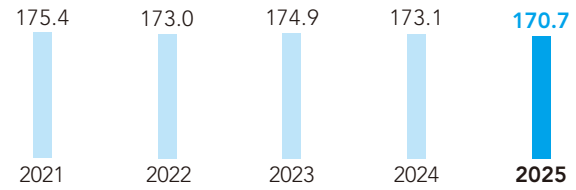
Total **179** Male **156** Female **23**



Average Total Working Hours Per Person Per Month

Hours

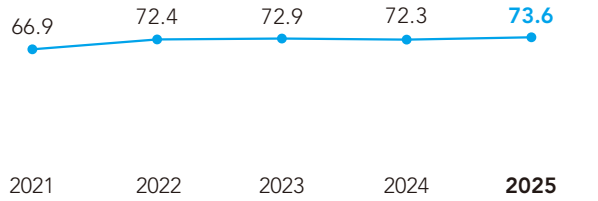
Total **170.7 hours**



Paid Leave Usage Rate

%

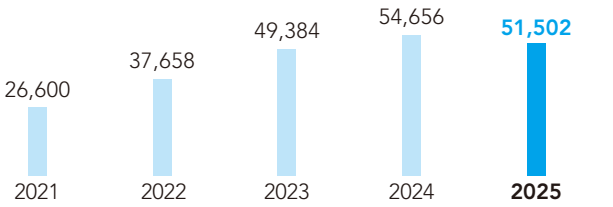
Total **73.6 %**



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

Hours

Total **51,502 hours**

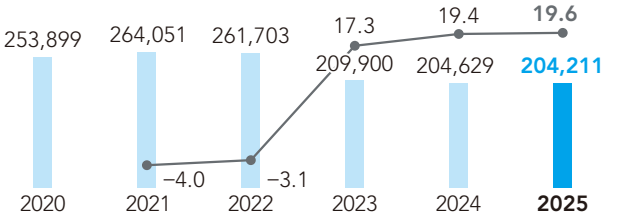


*Training provided by Education & Training Center

Energy Consumption and Reduction*

GJ and %

Energy Consumption **204,211 GJ** Reduction **19.6 %**

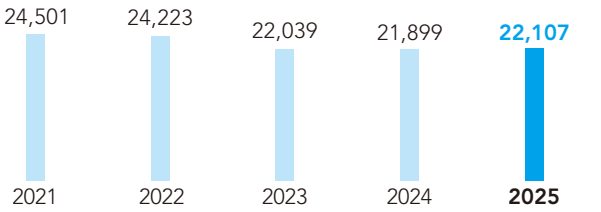


*Vs. fiscal 2020. Reference Value: 253,899 GJ

Electricity Consumption

MWh

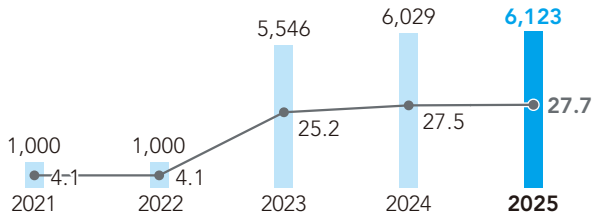
Total **22,107 MWh**



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

MWh and %

Usage **6,123 MWh** Ratio of Renewable Energy Used **27.7 %**



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

Section

01 Value Creation Story

We aim 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.

14 Becoming a Green Innovation Company
15 Value Creation Process
16 Materiality
17 Definition and Direction of Capital
18 Value Chain
19 Important Stakeholders

Becoming a Green Innovation Company

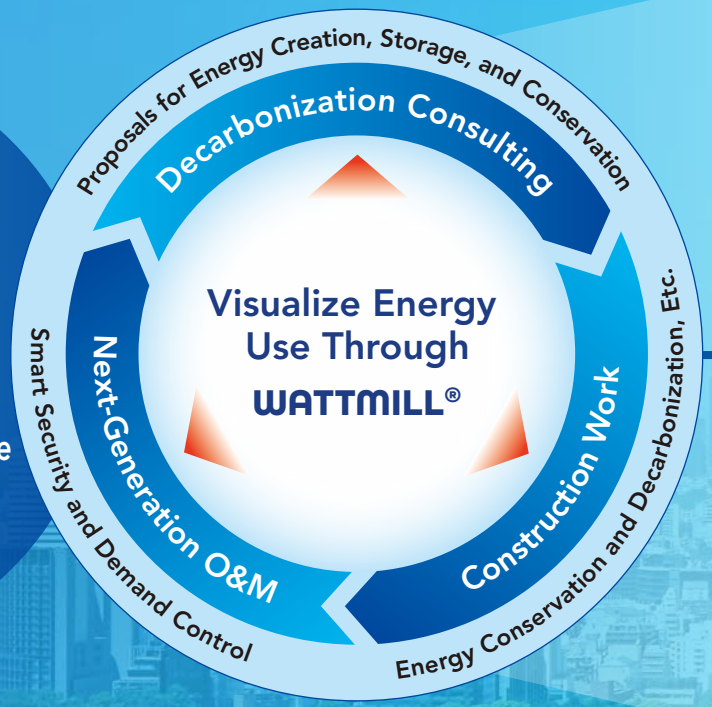
A 100-Year Company Supporting Society as a Green Innovation Company

Green Innovation Company refers to the type of company that Kandenko aims to become by our 100th anniversary in 2044.

At the core of this vision is our commitment to meeting society's need for decarbonization and greater resilience.

We aim to help create a sustainable society by providing optimal solutions in addition to maintaining and building social infrastructure and customer facilities.

Building Equipment × Social Infrastructure



Current Green Innovation Sectors

- EV Charging Equipment
- Storage Batteries
  - Future Technologies
    - DC Power Supply
- Renewable Energy
  - Future Technologies
    - Power Generation Forecasting System
    - Next-Generation Solar Cells
- Renovations
  - Lighting, Power Receiving, and Transforming
  - HVAC, Etc.
  - Future Technologies
    - Energy-Saving Transformers
    - PoE Lighting

Green Innovation Sectors Targeted by FY2026

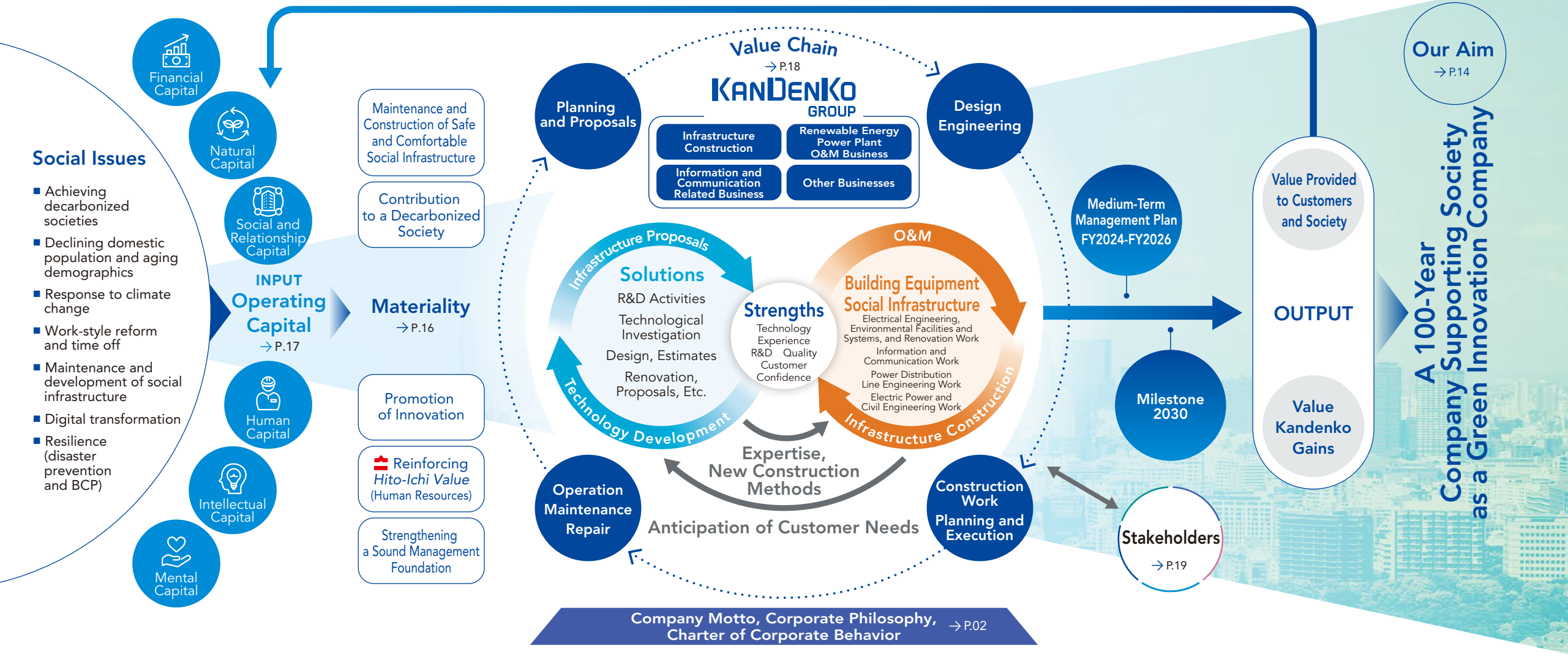
- EMS
  - Future Technologies
    - Sensing
    - Wireless Power Transmission
- Renovations
  - Energy Heat Source Equipment
  - Industrial HVAC, Etc.
  - Future Technologies
    - Heat Pumps
- PPA

Green Innovation Sectors Targeted for Future Expansion

- Hydrogen
- Next-Generation Nuclear Reactors
- CO_2 Storage
- Solar Panel Recycling

Value Creation Process

The Kandenko Group aims to achieve sustainable growth and enhance corporate value by leveraging the strengths passed down from previous generations.



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

Materiality

*Follow link for more information.

Materiality		In-House Initiatives	For Society	Related SDGs
Maintenance and Construction of Safe and Comfortable Social Infrastructure	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.	■ Ensure occupational safety (compliance with rules and procedures) ■ Follow rules for building safe, high-quality facilities ■ Engage in health management ■ Research and develop technologies, methods to improve occupational safety and quality	■ Build and maintain electric power facilities that support daily life and business activities ■ Upgrade and maintain facilities, BCP ■ Construct rail, road, water, and local 5G-related infrastructure ■ Participate in new urban development (regional microgrids, smart cities, etc.)	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
Contribution to a Decarbonized Society	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.	■ Reduce CO_2 emissions from construction ■ Research and develop environmentally friendly technologies, construction methods ■ Reduce energy consumption through equipment upgrades, etc. ■ Convert to electric vehicles ■ Engage in proper waste control and disposal	■ Offer decarbonization and energy-saving solutions for facility construction and operation ■ Engage in the renewable energy power generation business and build renewable energy-related facilities	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Promotion of Innovation	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.	■ Engage in business process redesign ■ Make advancements in construction and management processes (IoT, AI, robotics, and drone technologies) ■ Improve operational efficiency (establish a back office, upgrade IT systems) ■ Conduct joint research with universities, local governments, other industries, etc.	■ Develop more extensive prefabrication methods and unitization to provide high-quality facilities ■ Offer rapid and efficient restoration in the event of a natural disaster ■ Prepare facilities against natural disasters	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS
Reinforcing *Hito-Ichi Value* (Human Resources)	To embody our *Humanity First* 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. This idea is what we call *Hito-Ichi Value*—the driving force behind our business activities and contributions to society.	■ Develop professionals ■ Foster a mutual understanding through dialogue ■ Maintain and improve partnerships with business partners, material suppliers, etc. ■ Pursue work-style reform ■ Pursue diversity ■ Upgrade training programs ■ Develop and instill human rights and procurement policies	■ Provide high quality services ■ Provide secure and rewarding employment opportunities ■ Co-create with partner companies (business partners, material suppliers, etc.)	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS
Strengthening a Sound Management Foundation	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.	■ Maintain and strengthen governance structure ■ Conduct appropriate risk and process management ■ Engage in consistent compliance ■ Maintain and strengthen information security measures	■ Implement sustainable measures to address social issues ■ Engage in honest and fair communication with shareholders, investors, and other stakeholders (dialogue, timely and accurate disclosures, etc.) ■ Pursue stable and sustainable shareholder returns	10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Definition and Direction of Capital

Financial Capital

Financial foundation that supports business

INPUT

As of March 31, 2026

- Total assets ¥635.6 billion
- Free cash flow ¥84.6 billion
- Equity ¥390.2 billion
- Interest-bearing debt ¥14.0 billion

OUTCOME

FY2026

- **Operating profit ¥90.0 billion**
- **ROIC Approx. 14%**
- **ROE Approx. 16%**
- **Dividend payout ratio Approx. 40%**

Natural Capital

Renewable energy resources that reduce negative environmental impact

INPUT

As of March 31, 2026

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

Power generation business
https://www.kandenko.co.jp/business/service31.html

OUTCOME

- **Greenhouse Gas Emissions**
  - **2050 Net zero**
  - **2030 -50% (vs. FY2020)**
  - **2026 -32% (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, 2026

- Professional engineers 194
- First and second grade electric work managing engineers 2,571
- First-class electricians 2,504
- First and second grade construction managing engineers 198
- First and second grade civil engineering managing engineers 626

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 social infrastructure and customer equipment
- R&D investment ¥3.3 billion
- Patents (excluding trademarks) 181

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.

Planning and Proposals

Functions and Services

Business Planning and Proposals

- Planning and proposing the construction of optimal facilities and renovations tailored to specific customer needs
- Provision of facility energy management services

Strengths

Kandenko has built significant technological expertise through numerous construction projects, including large-scale redevelopment and major power grid installations in central Tokyo.

Design and Engineering

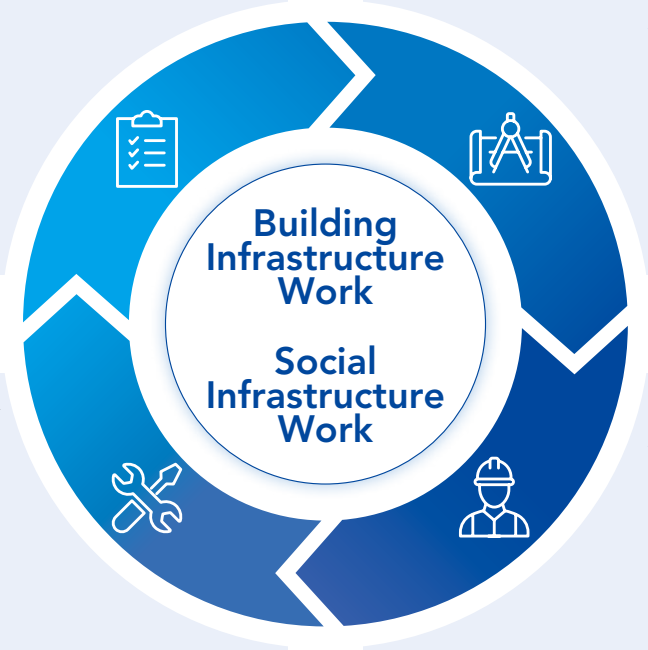
Functions and Services

Basic Design, Detailed Design, and Estimates

- Pursuit of enhanced facility functionality and convenience
- Maximizing cost effectiveness throughout the construction lifecycle
- Exploration of optimal eco-friendly construction methods

Strengths

We integrate our internal engineering expertise with cutting-edge technologies and innovations to strive for facilities and quality that align with customer requirements.



Operation, Maintenance, and Repair

Functions and Services

Maintenance and Renovations

- Facility maintenance
- Executing renovation projects to improve the functionality of customer facilities, focusing on decarbonization, disaster preparedness, and business continuity planning (BCP)

Strengths

We provide comprehensive post-sales services, led by expert professionals and supported by a system that also includes group companies.

Construction Work, Planning, and Execution

Functions and Services

Execution Plans, Procurement, Construction, Operation, and Management

- Proposal of detailed execution plans
- Procurement of optimal materials and equipment
- Joint execution with partner companies
- Thorough safety and quality management

Strengths

We construct optimal facilities for our customers by uniting our advanced technology, expertise, and construction methods.

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 → P.02



KANDENKO GROUP

Group Companies

Stakeholders		The Value We Provide	Major Initiatives and Methods
Customers	**Owners and clients** Individuals who use our facilities and equipment **Customers of customers** Individuals who use the services of our client companies	High-value-added services that anticipate change and customer needs	■ Provide comprehensive solutions throughout the lifecycle of building equipment to solve customer business challenges ■ Secure and utilize technologies for green innovation-related businesses ■ Advance digital transformation (DX) to streamline on-site efficiency through labor reductions and deliver higher-quality services
Employees	**Employees, etc.** Employees, contract employees, temporary employees, etc., and their family members	Workplaces where diverse talent can thrive, grow, and work with confidence	■ Engage in health management and offer work-life balance ■ Practice diversity, equity, and inclusion ■ Develop human resources who possess expertise and organizational skills
Partners	**Supply chain** Partner companies, manufacturers, and agencies **Joint operators** Joint business operators and joint researchers	Mutual growth and shared prosperity with diverse partners	■ Practice the Partnership Declaration ■ Develop technology through alliances, joint research, etc. ■ Expand support and incentives for growth of the business partners
Shareholders, Etc.	**Shareholders** Holders of Company shares **Investors** Investors and institutional investors	Sustainable growth and enhanced corporate value over the medium to long term	■ Engage in active dialogue with shareholders and investors, disclose timely and accurate information ■ Establish and maintain an appropriate governance structure (function execution) ■ Pursue stable and sustainable shareholder returns
Society	**People in society** Local governments and communities	Safe and comfortable social infrastructure that supports a sustainable society	■ Maintain and build power and communication infrastructure, and support restoration and recovery in the event of natural disasters ■ Develop, design, and implement environmentally conscious technologies to reduce environmental impact ■ Contribute to a prosperous social environment through decarbonization and energy-saving solutions

Section

02 Value Creation Initiatives

The medium-term management plan (FY2024–FY2026) marks the first step toward becoming a Green Innovation Company and bringing our value creation story to life. This section presents specific initiatives for value creation, including progress on our medium-term management plan; our financial strategy, capital policy, and other strategies; messages from the chief officers driving the plan; and internal branding initiatives.

21 FY2024–FY2026 Medium-Term Management Plan Progress
22 Financial Strategy and Capital Policy
24 Becoming a Total Partner With WATTMILL®
25 About WATTMILL®
26 Chief Officer System and Management Reorganization
27 Message From the Kandenko CxO Leadership
29 Special Feature: Carrying the Kandenko Identity Into the Future
31 DX Strategy
32 R&D Activities
34 Stakeholder Communication

FY2024–FY2026 Medium-Term Management Plan Progress

In fiscal 2025, amid firm private-sector construction investments, the Company achieved record-high financial results that outperformed performance targets for fiscal 2026—the final year of the current Medium-Term Management Plan—ahead of schedule. Fiscal 2025 results reflected productivity improvements, optimized construction systems, and other factors that contributed to an improved profit structure.

We expect construction demand to remain solid in fiscal 2026 and revised our financial results targets upward accordingly.

2024

Consolidated Net Sales
¥671.8 billion
Consolidated Operating Profit
¥58.3 billion

2025

Consolidated Net Sales
¥742.0 billion
Consolidated Operating Profit
¥83.1 billion

2026

	Published April 2025	Published April 2026
Consolidated Net Sales	¥716.0 billion	¥780.0 billion
Consolidated Operating Profit	¥67.0 billion	¥90.0 billion
ROE (Consolidated)	10%+	Approx. 16%
ROIC (Consolidated)	10%+	Approx. 14%

FY2025 Main Initiatives

Achieve Fulfillment and Growth for Our Company and Our Employees

Human Resources, Investment, Finances

- Develop talent in line with diversified recruitment
- Shift personnel to on-site administrative roles and strengthen training
- Establish a training system to strengthen engineering capabilities
- Review HR and compensation systems and expand employee benefits
- Conduct health management
- Create comfortable workplace environments
- Sell cross-shareholdings to fund investment

Contribute to the Building and Upkeep of Social Infrastructure and Customer Facilities

Building Equipment, Social Infrastructure, Green Innovation, New Business, Overseas

- Make proactive efforts to expand into high-growth fields, including AI and semiconductors and renewable energy
- Expand renovation proposals that address customer energy challenges
- Reliably execute facility upgrade projects under the revenue cap system
- Conduct strategic sales activities using AI and data
- Strengthen capabilities for data center construction
- Strengthen cooperation between group and partner companies

Pursue Green Innovation

- Launch our WATTMILL® energy management system
- Establish sales, construction, and management capabilities for decarbonization consulting
- Explore infrastructure service businesses (PPA and ESP) to expand the Green Innovation business
- Develop demonstration plans for solutions for renewable energy power plants (including storage batteries and smart O&M)

Use all Measures Available to Increase Productivity and Efficiency

DX, Productivity

- Shift routine administrative work to shared services
- Develop DX talent systematically and strategically based on the roadmap
- Build a platform to optimize human capital allocation through centralized management of skills and technical capabilities
- Expand prefabrication and back-office functions to rebuild the on-site production management framework
- Improve productivity by expanding the division of labor for on-site work

Build Solid Relationships Based on Trust With Stakeholders

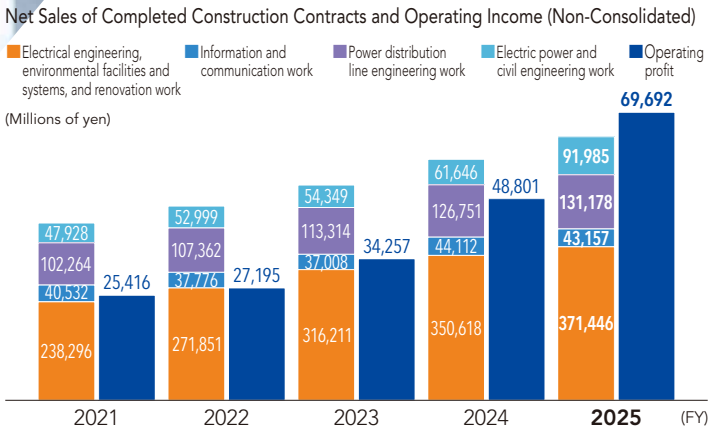
Compliance, Safety and Quality, Environment

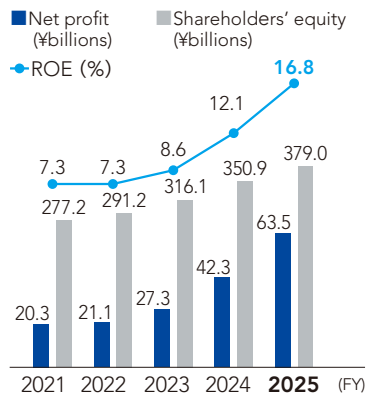
- Foster compliance awareness by expanding training programs
- Have a third-party organization analyze and assess personal injury data and the safety and quality management framework
- Develop a hazard prediction system using AI
- Review greenhouse gas emissions reduction targets (after achieving the original targets ahead of schedule)
- Provide proactive shareholder returns (maintain a dividend payout ratio of approximately 40%)
- Review the capital relationship with TEPCO (secondary offering of the Company's shares and share buyback)

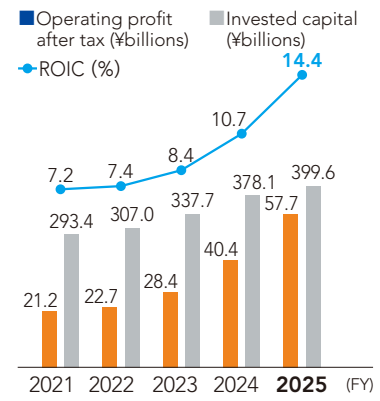
Financial Strategy and Capital Policy



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







FY2025 Review

Favorable market conditions drove sales and profit growth, while revisions to our capital relationship secured greater flexibility

Financial results for the fiscal year ended March 31, 2026, showed a significant increase in both sales and profit year on year. Net sales amounted to ¥742.0 billion and operating profit was ¥83.1 billion. We captured strong demand for large-scale projects in private-sector construction, particularly redevelopment projects in the Tokyo metropolitan area and semiconductor plants. Data center-related demand also remained high, while planned capital investment by electric utilities under the revenue cap system provided another source of sales growth. Profits also improved. We strengthened renovation proposals addressing growing demand for decarbonization, disaster preparedness, and business continuity planning (BCP), while expanded back-office support improved on-site productivity. These efforts drove profit to a record high and strengthened cash generation.

Another major development during the year was the secondary offering of our shares by TEPCO Power Grid, Inc. After extensive discussions on the appropriate capital relationship between both companies, we agreed to reduce the ownership stake held by TEPCO Power Grid to approximately 34%. We expect this change to improve capital efficiency, diversify our shareholder base, increase share liquidity, and give management greater flexibility in strategic M&A, capital policy, and other areas.

Medium-Term Management Plan Progress

We will strengthen management focus on the cost of capital while pursuing disciplined growth investments

We will continue to generate profit through further productivity improvements while optimizing our business portfolio through ROIC management by business segment and reducing low-return assets. These efforts will help achieve and maintain our financial targets of approximately 16% ROE and 14% ROIC under the medium-term management plan. In particular, we raised our three-year reduction target in the medium-term management plan for cross-shareholdings from ¥20 billion to approximately ¥30 billion and intend to accelerate these reductions.

Our plan is to combine these internally generated funds with bank borrowings and flexible bond issuance, supported by credit ratings, to fund approximately ¥125 billion in growth investments during the medium-term management plan. Growth investments will include business investments, capital investment, IT and DX investment, and R&D. We will apply strict investment discipline to these investments, setting hurdle rates for quantitative measures, including net present value and payback periods. We will also apply strict investment discipline, taking a comprehensive view of qualitative factors, including alignment with management strategies and potential business and financial synergies. This approach will allow us to prioritize capital allocation to growth areas including renewable energy, data centers, and semiconductor-related businesses and establish an investment cycle that directly enhances corporate value. We plan to steadily

Financial Strategy and Capital Policy

carry out investments for sustainable growth while maintaining capital efficiency.

Financial Preparation for Becoming a Green Innovation Company

We aim to establish an investment cycle that strategically reallocates capital to new growth areas, including decarbonization consulting

Our long-term goal is to become a Green Innovation Company by 2044. Achieving this goal requires an investment cycle that gives top priority to strengthening the earnings power of existing businesses and strategically reallocates the cash generated to new growth areas, including carbon neutrality-related businesses.

Our immediate focus is on improving productivity through the prefabrication and modularization of on-site work to substantially strengthen the foundations of our existing businesses. We are also considering a phased expansion into new fields, including decarbonization consulting services, while objectively assessing synergies with existing businesses and investment returns. We will steadily execute cash allocation to strike the optimal balance between maintaining sustainable financial soundness and investing for the future.

Shareholder Returns and Communication With Investors

We will continue to provide stable, proactive returns to shareholders and deepen dialogue with investors

Our basic policy on shareholder returns is to maintain stable dividends, with a target dividend payout ratio of approximately 40%. We paid an annual dividend of ¥124 per share for fiscal 2025, an increase of ¥42 from the previous fiscal year, supported by steady profit growth in recent years. We will continue to provide stable and enhanced returns to shareholders.

Another area we place even greater emphasis on is two-way dialogue with stakeholders as we look to broaden our shareholder base following the secondary offering. As part of these efforts, the IR and Public Relations Office, established in April 2025 as an organization reporting directly to the president, works to ensure timely and appropriate disclosure of company information and improve transparency. The office also holds regular financial results briefings for analysts and institutional investors, responds to individual IR meeting requests, and conducts overseas roadshows in light of the growing number of overseas investors. We will continue to build trust with capital markets through constructive dialogue and co-create value.

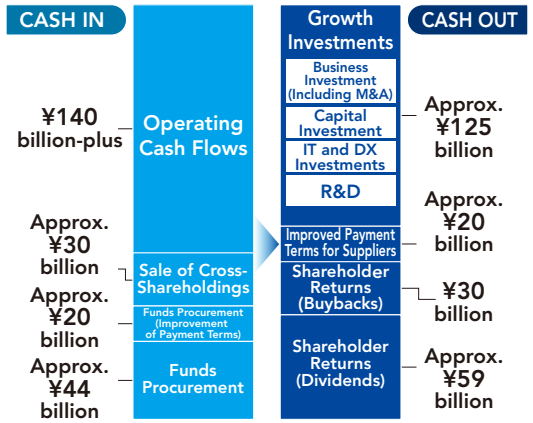
A Message to Our Stakeholders

We will meet stakeholder expectations by improving capital efficiency and sustainably enhancing corporate value

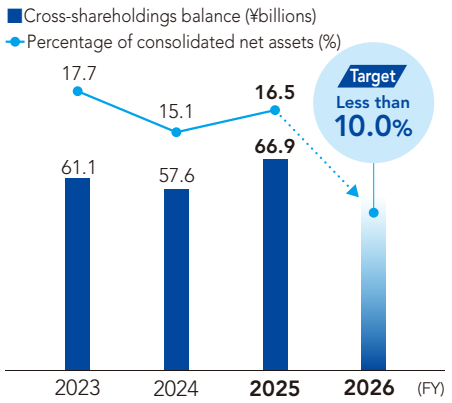
The most important consideration in my decisions as CFO is not maximizing short-term profit, but improving capital efficiency through sustainable growth in corporate value while consistently targeting returns above the cost of capital. My basic approach is to balance future growth investment with maintaining sound finances, rather than simply pursuing higher sales and profit.

The fiscal year ending March 31, 2027, is the final year of the medium-term management plan. Safety and quality will remain the foundation of our operations as we continue to engage in business that addresses social needs for progress toward carbon neutrality, more advanced power transmission and distribution infrastructure, and greater resilience. I remain committed to supporting new challenges and transformation through our financial strategy to meet stakeholder expectations.

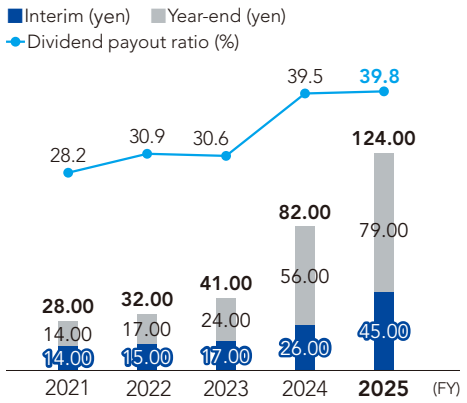
FY2024-FY2026 Cash Allocation



Cross-Shareholdings Balance and Percentage of Consolidated Net Assets

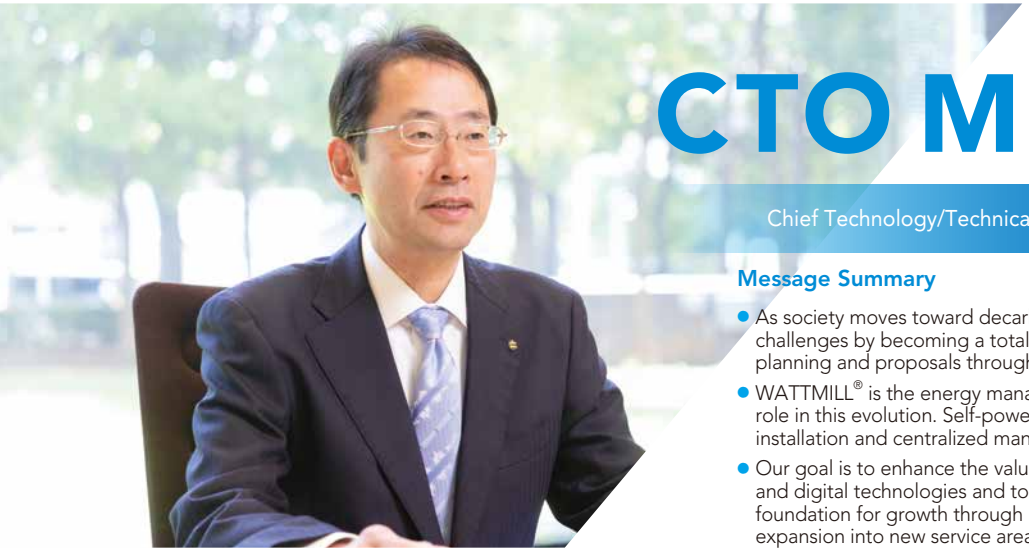


Dividends



Initiatives for Managing With a Focus on Capital Costs and Stock Prices
*Follow link for more information.

Becoming a Total Partner With WATTMILL®



CTO MESSAGE

Chief Technology/Technical Officer (CTO) **Tomoji Kurama**

Message Summary

- As society moves toward decarbonization, Kandenko will solve customer business challenges by becoming a total partner that provides end-to-end support from planning and proposals through construction, operation, and maintenance.
- WATTMILL® is the energy management system (EMS) developed to play a central role in this evolution. Self-powered sensors that require no wiring enable low-cost installation and centralized management.
- Our goal is to enhance the value we provide to customers by integrating energy and digital technologies and to establish a new competitive advantage and foundation for growth through more sophisticated, data-driven operations and expansion into new service areas.

The Value and Growth Potential of WATTMILL®

	WATTMILL® Growth Potential	Company Growth	Value Provided to Customers and Society
Short Term	**Visualize energy data and identify issues**	■ Create recurring-revenue services ■ Transition from a construction-dependent business to a combination of construction and services	■ Monitor electricity use quickly and at low cost ■ Support reductions in electricity costs and CO_2 emissions ■ Support the first step toward decarbonization
Medium Term	**Conserve energy and optimize equipment through data analysis**	■ Strengthen consulting capabilities ■ Expand equipment upgrades, renewable energy installations, and operational improvement projects	■ Reduce equipment lifecycle costs ■ Enhance decarbonization planning ■ Strengthen responses to environmental regulations and disclosure requirements
Long Term	**Evolve into an equipment management platform**	■ Establish a new business foundation connecting design, construction, and maintenance ■ Build a platform business that generates recurring revenue	■ Optimize the entire equipment lifecycle ■ Achieve integrated energy management ■ Contribute to a carbon-neutral society

Expanding Service Areas Around WATTMILL® Creating Sustainable Value as a Total Partner for Customers

The Kandenko Vision of Becoming a Total Partner

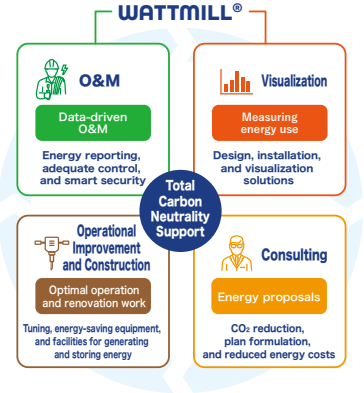
Decarbonization and the rising costs of resources are shifting industry-wide challenges from facility construction to continued facility operation. Kandenko aims to move beyond the role of a construction company and become a partner that provides end-to-end support, from planning and proposals that address customer business challenges through operation and maintenance. Against this backdrop, we work under the goal of becoming a total partner that solves customer challenges. WATTMILL® is central to that evolution.

WATTMILL® is an energy management system (EMS) that helps customers achieve carbon neutrality. Self-powered wireless sensors enable easy, low-cost installation, while an easy-to-read dashboard and cloud-based centralized management support ongoing operation after installation. Use of WATTMILL® is expanding as an energy management platform that also supports future adoption and use of renewable energy. Adoption is growing particularly among real estate companies, medium-sized factories, and educational institutions.

Future Outlook of WATTMILL®

We will evolve WATTMILL® from an EMS that supports energy savings and operational efficiency into an equipment data platform that supports smarter safety management and decarbonization. The growing use of AI and continued electrification will increase the need for more efficient energy use and more sophisticated equipment management. Our goal is to use equipment data from WATTMILL® to deliver value ranging from operational improvements to investment decisions, while building long-term customer relationships and expanding recurring revenue.

Looking ahead, Kandenko will build on our construction capabilities and equipment data from WATTMILL® to expand decarbonization consulting and next-generation operations and maintenance (O&M). We will also leverage the AI and digital transformation (DX) technologies and system development capabilities of group companies to create new services. We will create sustainable value by integrating our construction capabilities, equipment data, and AI and DX technologies to evolve WATTMILL® into an equipment management platform that connects design, construction, operation, and maintenance.



About WATTMILL®

Here, we introduce four key features of WATTMILL®, an energy management system developed by Kandenko.

POINT 1 Easy Energy Monitoring via the Cloud

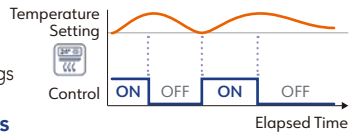
- Collect measured data wirelessly in an IoT gateway
- Transfer the data to the cloud via a communications network
- Centrally manage energy data from multiple buildings remotely

➡**Access data anytime, anywhere from a PC or smartphone**

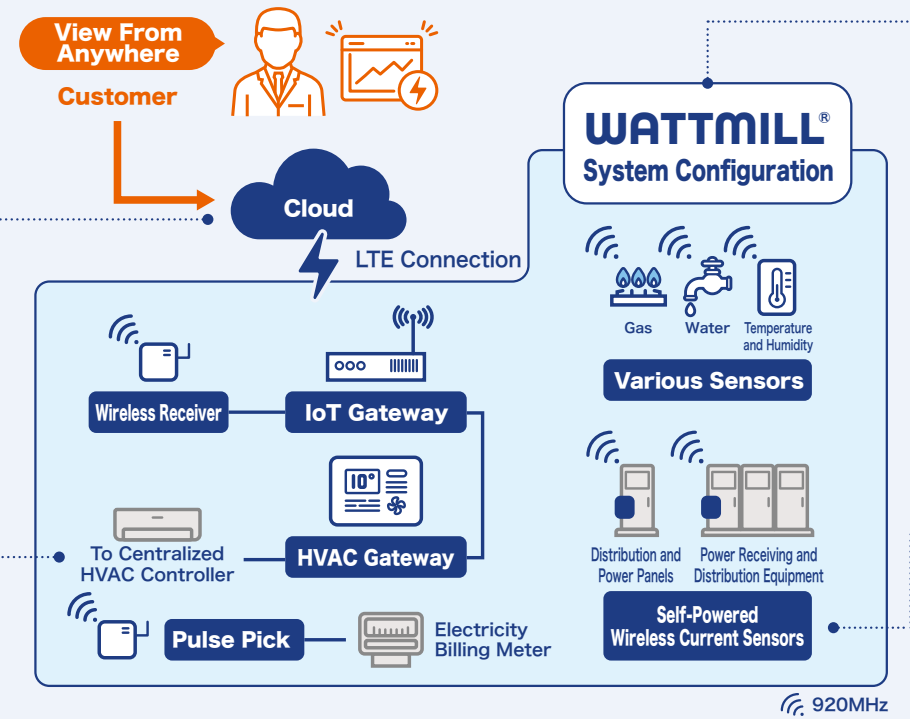
Power Reception Data | Electric Power in Each Circuit | HVAC Temperature Settings | Temperature and Humidity by Room

POINT 2 Reducing Electricity Costs Through HVAC Control

- Automatically control indoor HVAC units via existing centralized HVAC controllers connected to the IoT gateway
- Use peak-cut control to automatically limit output and keep electricity demand below a target set against contracted demand
- Save energy through cyclic control of temperature settings and operating modes



➡**Reduce electricity costs**

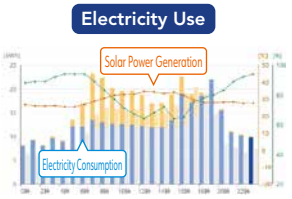


POINT 3 Detailed Energy Data

- Collect energy data at one-minute intervals to visualize equipment issues and problems

➡**Optimize energy use through consulting based on collected data and support the transition to carbon neutrality**

Our proprietary dashboard can be customized to customer needs.

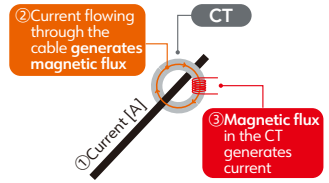


POINT 4 Low-Cost Installation With Minimal Construction Work

- Install self-powered wireless current sensors in power receiving panels, distribution panels, and other equipment, along with gas, water, temperature, humidity, and other sensors inside buildings

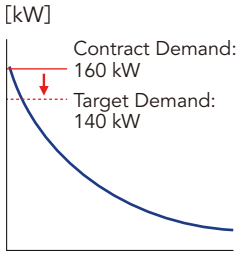
➡**Easy installation in existing buildings enables measurement of electricity, gas, water, and environmental data at low cost**

How a Current Transformer (CT) Generates Current



Energy-Saving Effects Based on Demonstration Results*1 (Estimated using electricity rates in the TEPCO service area as of April 2026)

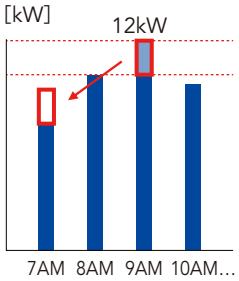
(1) Peak-Cut Control Using a Load Duration Curve



Reduce contract demand by suppressing peak demand during a limited number of hours each year

Contract Demand -20kW
Annual Cost -¥516,000

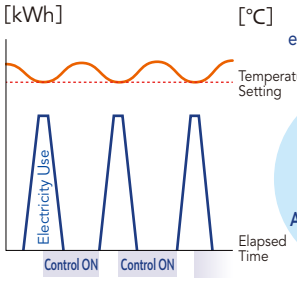
(2) Winter Heating Peak Shift Using a Daily Load Curve



Shift the heating load at the start of the workday through scheduled operation to reduce contract demand

Contract Demand -12kW
Annual Cost -¥309,000

(3) Energy Savings Through Cyclic Control



Reduce HVAC electricity use through cyclic control

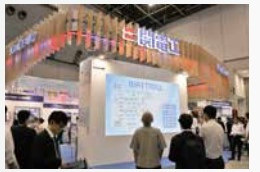
Energy Savings 30.8%
Annual Cost -¥224,000
Annual CO_2 Reduction*2 5.4t-CO_2

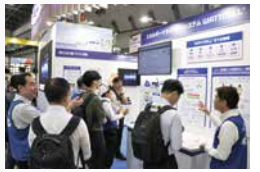
*1 All cases are for office use. Gross floor area is approximately 5,000m² for (1), 8,000m² for (2), and 5,000m² for (3).
*2 Estimated using a CO_2 emissions factor of 0.421kg-CO_2/kWh.

TOPICS Minister of the Environment Award

WATTMILL® received the Minister of the Environment Award at the 65th Product Contest of the JECA FAIR 2026 (74th Electrical Construction Equipment and Materials Fair). The award recognized WATTMILL® for improving building energy efficiency and decarbonization, as well as for the system's ease of installation in existing buildings.



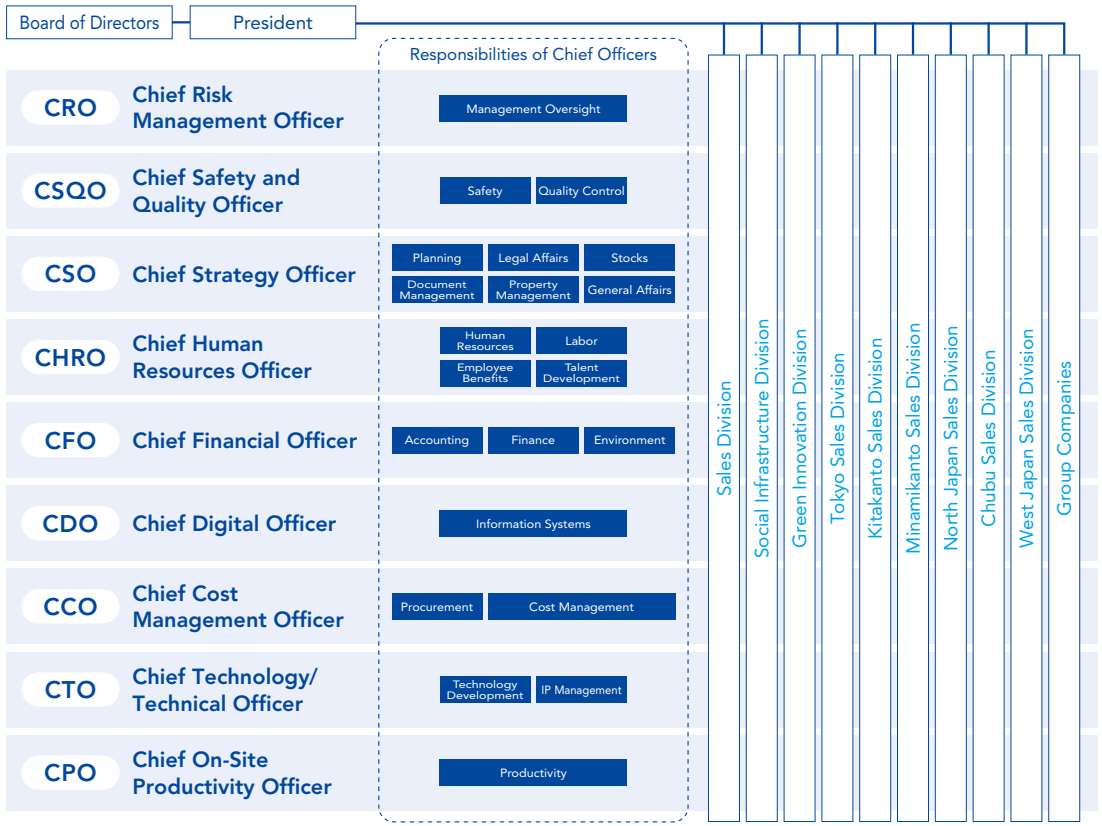




Chief Officer System and Management Reorganization

Chief Officer System

Kandenko introduced the Chief Officer System on July 1, 2023. Chief officers serve as the highest-ranking operating officers directly under the president. We strengthen the authority of chief officers to direct operations across the company by clearly defining the authority and responsibilities assigned to each chief officer. This system enhances operational capabilities and establishes a structure that enables strategic cross-functional coordination.



Management Reorganization

Organization Chart

Kandenko introduced the regional headquarters system in 2014, and we have since made steady progress in strengthening our organization despite facing various changes in the business environment. The regional headquarters system enables rapid allocation of construction capacity within each regional headquarters, faster decision-making through delegation of authority, and more efficient branch operations through the consolidation of indirect functions.

At the same time, we needed to streamline the multilayered structure of the head office and respond to labor shortages in the construction industry, decarbonization, and other external challenges. We also needed to rebuild branch structures and review areas of responsibility in line with market conditions. To address these challenges, we reorganized the management structure on April 1, 2026, to enhance organizational efficiency.

1 Reorganization of Regional Headquarters and Branches in Light of Market Trends and the Business Environment

We reorganized our regional headquarters structure into six regional headquarters to strengthen sales and construction capabilities in line with the characteristics of each market area.

Regional Headquarters	Divisions and Branches
Tokyo Sales Division	Tokyo Main Branch (New Construction), Tokyo Renovation Branch (Renovations), Chiba Branch, Tama Branch, Hokkaido Branch
Kitakanto Sales Division	Saitama Branch, Ibaraki Branch, Tochigi Branch, Gunma Branch
Minamikanto Sales Division	Kanagawa Branch, Yamanashi Branch, Numazu Branch (eastern Shizuoka Prefecture)
North Japan Sales Division	Tohoku Branch (including Niigata Office), Fukushima Division
Chubu Sales Division	Chubu Branch (formerly Nagoya Branch), Shizuoka Branch (central and western Shizuoka Prefecture), Nagano Branch
West Japan Sales Division	Kansai Branch (including Chugoku Office), Kyushu Branch (including Okinawa Office)

2 Strengthening of the Safety and Quality Framework

- We combined the safety department and quality and construction management departments within the Sales Division and Social Infrastructure Division, establishing new safety and quality departments that report directly to executive general managers.
- We also established the safety coordination departments reporting directly to the executive general managers of each regional headquarters.

3 Framework for Improving Productivity

- We established an On-Site Productivity Innovation Group within the Sales Division to improve productivity at project sites.
- We established the Shared Services Center to consolidate routine tasks, support operations at project sites, and create an environment that allows employees to focus on core work.

4 Review of the Corporate Organization to Improve Management Efficiency and Strengthen Governance

- We abolished the head office unit system to accelerate decision-making.
- We established the Partnership Department to strengthen relationships with partner companies and materials suppliers.
- We transferred the CN Department from the Green Innovation Division to the head office administrative functions to strengthen the framework for carbon neutrality and energy conservation.

Kandenko CxO

Message From the Kandenko CxO Leadership

We have appointed chief officers over each area of our business, including finance, technology, human resources, and risk. With these individuals in place, we aim to expedite management decision-making and clarify responsibilities.

In this section, each Kandenko CxO shares their commitment to and enthusiasm for their respective areas of responsibility.

CRO Chief Risk Management Officer

Katsuhiko Kondo



The Kandenko Group ensures the propriety and efficiency of operations across the entire organization by fostering an organic and integrated approach to compliance, risk management, and internal auditing. The mission of the CRO is to identify operational risks associated with business strategies and to implement effective and efficient countermeasures. The CRO also serves as a bridge between departments related to cross-departmental risks, taking dynamic action when necessary. As part of the Group's risk management framework, we evaluate the likelihood of each risk and the potential impact on management annually. We then look closer at risks that require priority management. When accountability is unclear in terms of risk management, it is important to identify the department responsible, take prompt corrective action, and respond appropriately. I also monitor response efforts toward newly emerging risks and coordinate cross-functional responses as necessary. We can expect new risks to emerge in the future, including risks related to advancements in generative AI and escalating international tensions. We will respond swiftly and appropriately to changes in the business environment, contributing to sustainable growth and the enhancement of corporate value.

CSQO Chief Safety and Quality Officer

Kazuhiro Hisakawa



As we continue to fulfill our responsibility to support social infrastructure and protect customer facilities, we can never compromise on safety and quality.

As CSQO, I am committed to building a solid foundation of trust under the watchphrases, *prevent accidents through rigorous compliance with laws and rules and enhanced hazard awareness* and *earn trust with solid skills and professionalism*. The current challenges are (1) the existence of ambiguous rules, (2) a lack of ownership among on-site personnel, and (3) monitoring that is limited to periodic reviews. I intend to resolve these challenges through my role as a bridge between the front lines and management. Specifically, my approach will be to review and establish rules based on actual on-site conditions, strengthen management, devise ways to communicate rules that foster a sense of ownership, visualize risks through data, and enhance monitoring functions, including the potential use of AI. Furthermore, we intend to standardize safety and quality levels across our entire value chain through personnel development in the safety and quality departments and collaborative efforts with partner companies. It is my job to ensure that every employee takes personal responsibility for safety and quality so that Kandenko will continue to be a company that earns lasting trust.

CSO Chief Strategy Officer CHRO Chief Human Resources Officer

Yuichi Sugita



As CSO and CHRO, my mission is to lead the planning and execution of the Group's medium- to long-term strategy, create work environments where the company and employees grow together, and translate these tasks into overall organizational performance. I serve as the link between strategy and execution, ensuring that management's vision is communicated to the front lines and incorporating on-site insights to drive the evolution of business strategy. At the same time, I am responsible for implementing human resources strategies based on business strategy. I do not think the implementation of management strategies on-site is sufficient yet. Therefore, as CSO, I have focused on integrating strategy and execution, ensuring continuous updates, improving key performance indicators to support decision-making, and strengthening our business model and foundation for growth. I help management visualize orders, revenue, and productivity to support decision-making, while also driving the evolution toward a solutions-based business model, creating synergies within the Group, and optimizing our business portfolio. In terms of human resources needed to drive strategic execution, we are battling labor shortages that are only becoming worse. As CHRO, I endeavor to create environments where employees can fully contribute their skills and experience and where a diverse workforce continues to thrive. To this end, I focus on building a talent portfolio and developing human resources in alignment with business strategy, as well as enhancing job satisfaction and engagement.

I am working to visualize the skills in demand, implement systematic recruitment and placement, and review our training framework. In addition, I promote diversity, including the hiring of non-Japanese human resources and engineers with liberal arts backgrounds, while also improving the work environment and reforming our HR-related systems. Through close dialogue with our field operations and Group companies, and by fostering a virtuous cycle of recruitment, development, and placement aligned with strategy, I hope to establish a management foundation resilient to change that integrates strategy and execution to drive sustainable growth.

CFO Chief Financial Officer

Hitoshi Sugizaki



As expectations for the Kandenko Group's medium- to long-term growth continue to rise, it is becoming increasingly important to achieve sustainable growth in ROE and ROIC, as well as to generate growth prospects whose results are independent of the business environment. As CFO, I work to improve capital efficiency to increase corporate value sustainably, while focusing consistently on achieving returns that exceed the cost of capital and ensuring that the Group's financial health remains sound. To improve capital efficiency further, the Group is striving to shorten the cash conversion cycle, including the optimization of accounts receivable, while also reducing cross-shareholdings and enhancing the quality of invested capital. In addition, we are accelerating profit growth through proactive investments in future growth and ongoing cost reductions. Engaging in ongoing, constructive dialogue with investors and others is a valuable opportunity to learn and gain new insights. I will ensure stakeholder feedback is shared conscientiously with management. The Kandenko Group will drive sustainable growth and enhance corporate value through ongoing improvements in the quality of management.

Kandenko CxO

Message From the Kandenko CxO Leadership

CDO Chief Digital Officer — Tsutomu Kawata



My mission as CDO is to elevate digital transformation from a mere initiative to a standard of business management. To achieve data-driven management by 2030, we must pursue digitization of internal operations, on-site production management, and construction work to maximize productivity. In parallel, we will formulate and execute a digital transformation strategy tailored to the specific circumstances of the Kandenko Group. At the same time, we must oversee information security to support management from both proactive and defensive stances. The next step is to integrate the data accumulated by each organization and expand the range of ways we can use this data. To that end, we intend to construct a Group-wide data infrastructure for data integration across the entire value chain, from design and construction to operations, as well as for Group-wide governance. We will also expand our pool of digital transformation human resources who can take the lead in standardizing and digitizing on-site operations. We will recruit and develop digital transformation human resources who will help us enhance our implementation framework. These human resources will strengthen our specialized organizations, building our expertise and maximizing return on investment. The Kandenko Group and I are committed to implementing data-driven management and fulfilling our responsibility to enhance corporate value.

CTO Chief Technology/Technical Officer — Tomoji Kurama



Amid significant changes in the business environment surrounding energy services, the mission of the CTO is to drive cross-functional technology strategies that will enable our company to evolve into a Green Innovation Company, as well as to translate technology into revenue growth. Our strength lies in construction and on-site capabilities, which provide comprehensive support ranging from power infrastructure to customer facilities. With the convergence of energy and digital technology as a core focus, we will move the entire process forward, from technology development to on-site implementation, as an integrated effort to establish competitive advantage. We will develop technology initiatives that contribute directly to business results and roll these initiatives out company-wide, particularly in key sectors such as energy storage facilities, data centers, and semiconductor fabrication plants. By expanding our energy services through WATTMILL®, we aim to increase recurring revenue while strengthening the foundation for sustainable growth through a virtuous cycle of engineer development and enhanced technical capability.

CCO Chief Cost Management Officer — Hidenobu Nunoya



Currently, the construction industry is facing a combination of challenges, including rising import costs due to exchange rate fluctuations, soaring labor expenses, and increasing energy costs. As CCO, I intend to strengthen our profit-generating capabilities through an appropriate cost management framework and deeper relationships with our business partners. Specifically, the role of the CCO involves ensuring a stable supply of the materials, equipment, subcontracting services, and other resources necessary for business operations and construction projects—all while maintaining appropriate quality, pricing, and delivery times. I also ensure that we share early warning information on potential issues such as delays in the delivery of materials and equipment and price revisions, as well as cost information such as labor unit-rate data for electrical work. In addition, I strive to prevent lost profits through advance price negotiations and risk mitigation. Strengthening collaboration with partner companies to enhance on-site productivity is also an important responsibility of the CCO. I strive to provide timely information on construction projects, strengthen incentives, and offer support for recruiting and training personnel to help improve the productivity of our partner companies. As we endeavor to strengthen our profit-generating capabilities by visualizing and analyzing cost structures while improving collaboration with each department, we also support the growth of partner companies and strengthen relationships in pursuit of our goal to become the industry leader.

CPO Chief On-Site Productivity Officer — Kiyokatsu Ishibashi



The mission of the CPO is to improve on-site productivity and strengthen the Group's business foundation through optimized construction processes. With the increase in on-site work, restrictions on overtime hours, and staffing shortages caused by fewer new hires and an aging workforce, there is a risk that the excessive workload faced by on-site staff could undermine productivity. In response, we are implementing process reforms to diversify risk through organizations that do not operate on-site. With the exception of specific tasks that can only be performed on-site, we are implementing a division of labor that centralizes operations in the back office. Based on advanced technology studies, we are eliminating waste by adding front-loading capabilities to our back-office operations, while digitizing safety, quality, and process management for site-specific operations. Besides these endeavors, we intend to improve work efficiency on-site by expanding the use of prefabrication and modular assembly at off-site workshops. This use of off-site organizations will allow us to respond promptly to on-site developments and improve productivity.

The Kandenko Group is an essential part of society, supporting critical infrastructure. Moving forward, we intend to clearly communicate the appeal of *monozukuri* (construction), create workplaces where everyone works with peace of mind regardless of age or gender, and actively drive productivity improvements on-site through process reforms, thereby contributing to sustainable growth.

Special Feature:

Carrying the Kandenko Identity Into the Future

An Internal Branding Project to Rediscover the Kandenko Identity Amid Growing Diversity

One Denko Project

Kandenko launched the One Denko Project, an internal branding initiative, in November 2025 to achieve our 2044 management vision of becoming a *100-year company supporting society*.

We redefined the Kandenko identity and the value we provide through company-wide surveys and workshops.

We will share these new values across the company and aim for further growth.







Background and Objectives

Kandenko is evolving into an organization that brings together diverse talent as we work toward becoming *a 100-year company supporting society*. Continued sustainable growth requires a common foundation and shared values across all employees. The goal of this project is to share the Kandenko identity and the value we provide across the company and have each employee embody these principles in their daily work. In doing so, we will build an unwavering relationship of trust with society and strengthen unity across the organization.

Activities

❶ Nationwide Employee Workshop Tour (November 2025–February 2026)

We held workshops at 12 locations nationwide with participants selected to represent a diverse range of generations, job types, and workplaces. Participants exchanged ideas on existing value and value that should be strengthened or newly added from the perspectives of society and people, customers, and employees.

❷ Task Force Workshops (March 2026–April 2026)

A task force of 15 mid-career employees, who had participated in the workshops and are expected to help shape the future, consolidated the ideas generated during the workshops.

❸ Activities to Embed the Principles (Beginning May 2026)

We organized our principles based on these ideas and developed a narrative and concept video. We have employees write about specific actions they already take or would like to take, encouraging personal ownership. We will use these and other initiatives to help all employees understand and put into practice the Kandenko identity and the value we provide.

Task Force Members



Meaning Behind the Logo

One Denko

Kandenko brings together people with diverse backgrounds shaped by differences in generation, role, and values. Each person has a unique identity. The logo depicts people in different colors forming a circle, expressing our hope to bring diverse strengths together and build a shared future.

Participant Comments

The workshop brought out a wide range of views on the Kandenko identity and the value we provide. Our discussions also reaffirmed the importance of each employee having their own perspective on Kandenko's future. (20s, Ibaraki Branch, Sales staff)

Listening to everyone's views allowed me to gain insight into what my colleagues think about in their day-to-day work. The workshop reinforced the importance of continuing these conversations about what we should do and what we want to become. (40s, Administrative Division, Office worker)

Regardless of department or role, everyone takes pride in supporting the infrastructure society depends on. I was also reminded that our ability to respond quickly in emergencies, including natural disasters, is a strength unique to Kandenko. (30s, Saitama Branch, Engineer)

The workshop gave me a chance to think again about what is expected of us as employees and what Kandenko should aspire to be. I felt the project could be a catalyst for creating a new future for Kandenko while building on our traditions. (30s, Fukushima Division, Engineer)



Special Feature: Carrying the Kandenko Identity Into the Future



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

CSO/CHRO MESSAGE

A shared understanding of the Kandenko identity will help build a more unified organization and strengthen human capital.

Kandenko is entering a new stage of growth as our market capitalization surpasses ¥1 trillion and our shareholder base continues to expand. We launched the One Denko Project as part of our efforts to strengthen human capital and build the foundation for this next leap forward. The One Denko Project aims to foster greater unity by building a shared understanding among employees of the value we provide and the Kandenko identity.

Our workforce brings together people in a wide range of roles and from diverse backgrounds. Despite these differences, we believed that employees share common ground in their approach to work and in the meaning they find in working at Kandenko. Even so, employees in different positions do not always see or express these ideas in the same way. We worked to bridge these differences by creating a process that helps employees find common ground across generations, roles, and workplaces and build a shared understanding of the value Kandenko provides across organizational boundaries.

The project gives employees an opportunity to reaffirm the value we provide, take pride in Kandenko's work, and recognize our connection with society.

The One Denko Project showed me what the Kandenko identity means to our employees. Many employees define our identity as our extensive construction track record and ability to respond in emergencies, underpinned by a strong sense of mission to protect infrastructure and people's lives. I was also struck by the pride employees take in working for Kandenko.

Protecting infrastructure and people's lives has always been a natural part of how we work. The One Denko Project made me realize that what we take for granted inside Kandenko can look remarkable from the outside and is actually a source of significant value in the work of each employee. Many participants in the project also expressed a desire to communicate our value more actively outside the company. Others said that because safeguarding infrastructure is part of their everyday work, they wanted to be more aware of how that work connects with society.

The project also gave participants a broader understanding of Kandenko as a whole through interactions with employees from other departments and branches whom they rarely encounter in their day-to-day work. I hope that focusing on what is best for our company as a whole will create a virtuous cycle in which the growth of individual employees drives the growth of Kandenko.

We will incorporate the insights gained from this project into our new medium-term management plan to enhance the organizational strength and value of the Kandenko Group as a whole.

The One Denko Project was our first initiative of this kind, and we initially struggled to help employees understand what we were trying to achieve. Participants have since asked us to create more opportunities to interact with colleagues in other departments and branches. These comments are a clear sign that participants recognized the value of internal branding and found the experience rewarding. Encouraged by this positive feedback, we plan to continue developing systems that foster ongoing interaction among employees.

The One Denko Project helped articulate the value Kandenko provides, and we are working to incorporate that value into the new medium-term management plan beginning next fiscal year. We will communicate the insights from the project not as slogans but as authentic stories rooted in the experiences of people across Kandenko and work to ensure these ideas are understood and embraced by each employee. I hope these continued efforts will foster a culture in which employees naturally consider how to enhance the value of the Kandenko Group as a whole.

2027-2030 New Medium-Term Management Plan

Embodying the New Kandenko Identity and the Value We Provide

Taking Employee Engagement to the Next Level

2030 Milestone 2030

A Total Partner Offering Optimal Solutions

Attractive Workplaces, Safe and Comfortable Work Environments

2044 Our Vision

Become a 100-Year Company Supporting Society

Build a Strong Kandenko Brand Through *Humanity First*

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.

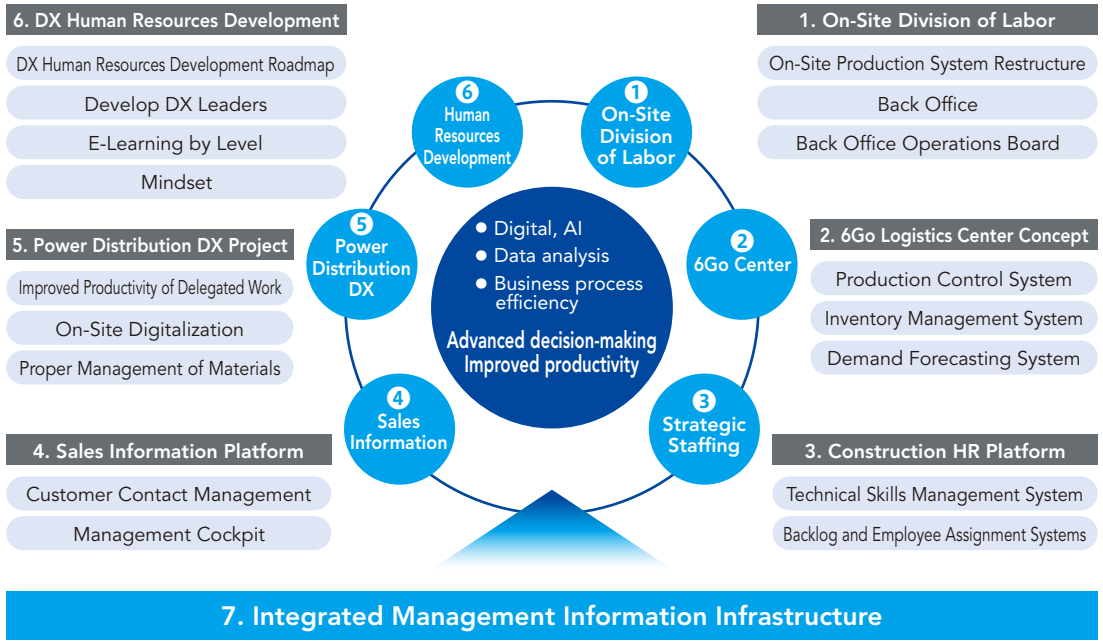
We will share and use knowledge and data accumulated through day-to-day operations across the organization to accelerate and enhance decision-making, from individual employees' daily decisions to management decisions across departments and hierarchies.

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

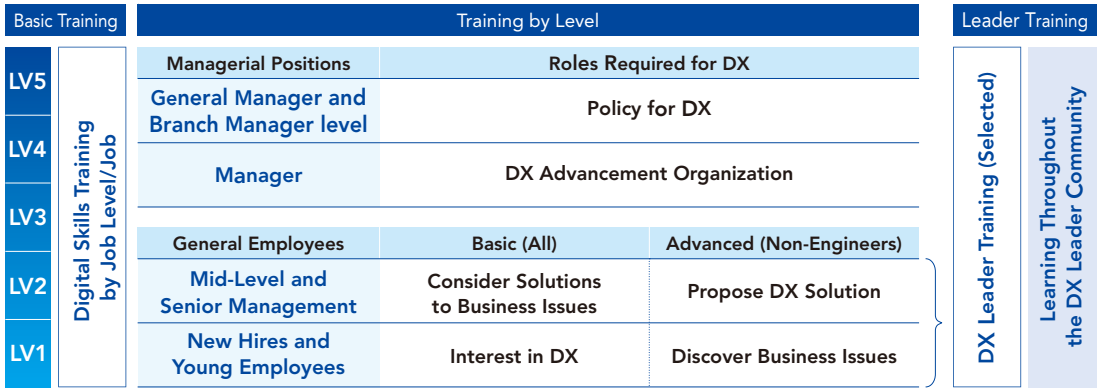


Specific Initiatives

Automated Item Cost Estimation System	We developed a system that uses AI to read PDF project summaries and automatically calculate estimated costs based on similar past projects. The system enables anyone to quickly prepare itemized preliminary cost estimates for new construction projects, reducing reliance on individual expertise and speeding up responses to estimate requests.
DX at Large-Scale New Construction Sites	We develop and introduce various apps and systems based on challenges and ideas identified at large-scale project sites. We consolidate information on a portal and organize these tools into an On-Site DX Set, which we roll out across large-scale sites to improve on-site productivity.

DX Human Resources Development

Talent development plan for DX-driven transformation focused on business reform

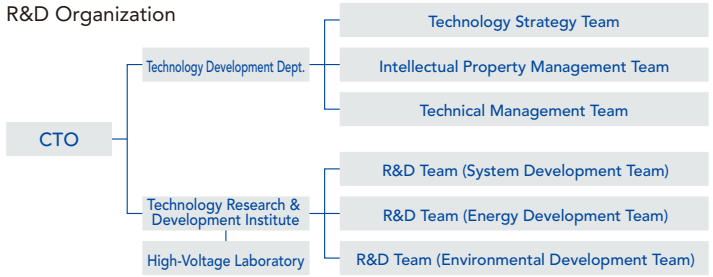


R&D Activities

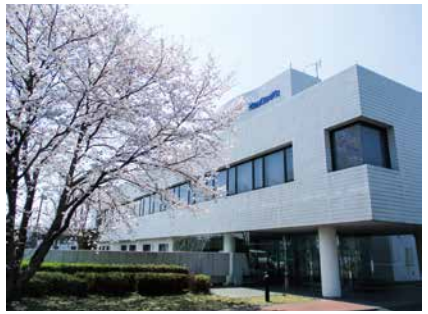
R&D Organization

Kandenko established the position of chief technology officer (CTO), with the Technology Development Department and Technology Research & Development Institute under the CTO, to further advance cross-functional R&D based on management strategy. The Technology Development Department is responsible for formulating plans and policies related to technology development and general management, while 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.

R&D Organization







▲Technology Research & Development Institute
◀1,800kV impulse voltage generator

Intellectual Property Initiatives

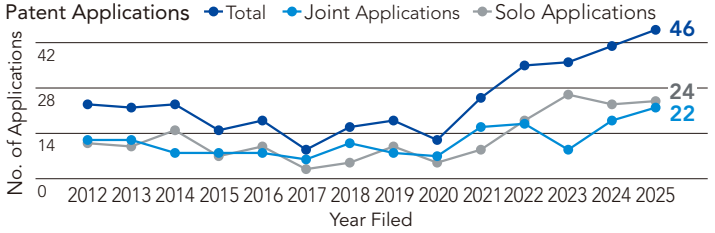
We create, protect, and utilize intellectual property, focusing on technologies that improve construction techniques and ensure safety and quality, particularly in electrical equipment construction. In addition to these efforts, we secure high-value intellectual property that strengthens our business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

In fiscal 2025, we applied for a total of 46 patents (including 24 sole patents), primarily for DX-based technologies in environmental and safety fields, digital technologies for construction and facilities, and technologies for business process innovation.

In addition, technologies related to the SDGs accounted for more than 85% of the total, with many applications focused on reducing environmental impact and supporting safe and reliable social infrastructure.

Looking ahead, we will build an intellectual property portfolio that supports data-driven and service-based businesses that deliver value throughout equipment lifecycles. We will also advance strategic IP management in line with the expansion of our business domains and services.

Patent Applications



Number of SDGs-Related Patents

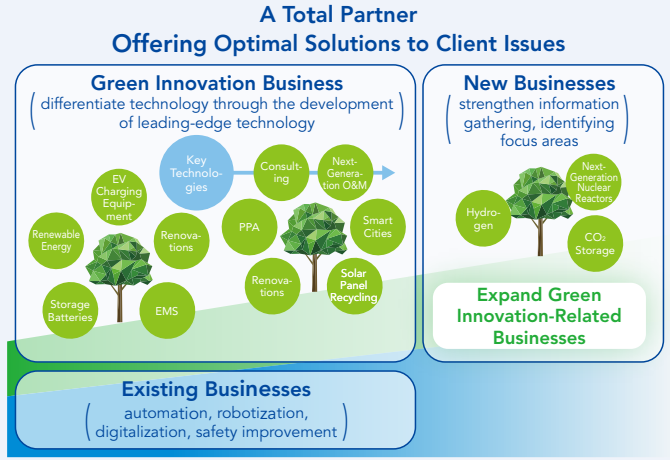
7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	N/A Other	Total
47	43	9	56	26	181

*Created using tools provided by the Japan Patent Information Organization

Specific Initiatives

Basic Policy

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



1 Existing business domains
Areas to strengthen and enhance in existing businesses by improving the efficiency of current processes through automation and robotization

2 Green Innovation-related business domains
Areas that contribute to carbon neutrality (e.g., energy management systems and solar power repowering)

3 New business domains
Areas that gather information on new technologies (e.g., next-generation nuclear reactors) and identify focus areas to quickly power up our technological capabilities toward the creation of future businesses

R&D Activities **Specific Initiatives**

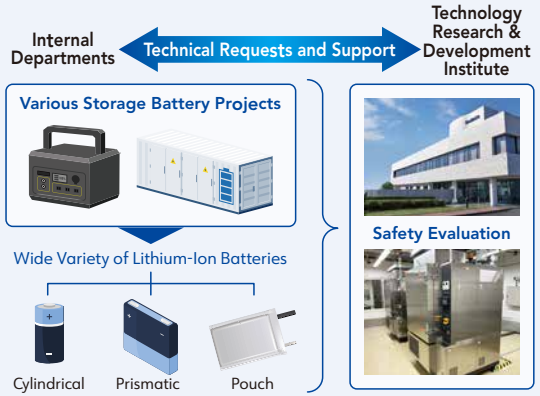
Research Topic ① Storage Battery Safety Evaluation

Kandenko builds highly safe and reliable energy infrastructure in anticipation of wider adoption of storage batteries, which are essential to achieving carbon neutrality.

Storage batteries are a key technology for supporting a distributed energy society, and ensuring safety is critical to widespread deployment.

Establishing an in-house system to evaluate storage battery safety, rather than relying solely on manufacturers, will allow us to manage the entire process from equipment installation through operation.

We are currently enhancing these evaluation capabilities and plan to link them with WATTMILL®, our proprietary energy management system, to support optimal energy control and wider adoption of storage batteries.



Research Topic ② Use of Metaverse Technology

Effective use of spatial data is becoming increasingly important in the construction industry amid growing demand for more efficient skills transfer, more sophisticated construction planning, and faster on-site decision-making. We conduct R&D to apply metaverse technology to training, design, and construction support.

Our initiatives include VR training on power tools for new employees, spatial reconstruction and automated CAD generation using point clouds and 3D Gaussian Splatting, and simulations for moving equipment into and out of facilities. We also create digital archives of facilities using photogrammetry, visualize drawings with AR devices, and develop the necessary viewing and scanning environments. We intend to gradually introduce these technologies into business processes going forward to improve advance verification and construction quality, reduce labor requirements, and strengthen skills transfer.


VR training on power tools


Digital archive of the high-voltage laboratory


Electrical room scanned using 3D Gaussian Splatting


Electrical room scanned using point cloud data

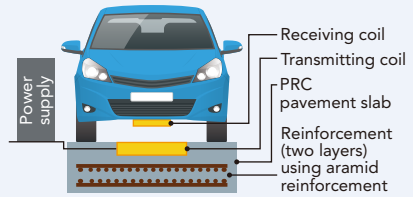
Research Topic ③ Dynamic Wireless Power Transfer

As vehicle electrification accelerates, dynamic wireless power transfer is attracting attention as a way to extend driving range and ease congestion at charging stations. Kandenko conducts joint research on this technology with companies, universities, and research institutions with the goal of creating a more convenient EV society. Dynamic wireless power transfer can supply power to EVs both while driving and while stopped at traffic lights, reducing the risk of running out of charge. The technology can also ease congestion at charging stations and help balance electricity supply and demand, supporting a more stable power infrastructure.

Conventional PRC pavement slabs use steel reinforcement. However, heat generated in the steel by the magnetic field from the power transfer coils can reduce power transfer efficiency. We propose nonmagnetic, high-strength aramid reinforcement, which has a track record of more than 20 years, as an alternative to steel reinforcement and are evaluating the benefits of this approach.


Aramid reinforcement


EV power transfer experiment (Tokyo University of Science)

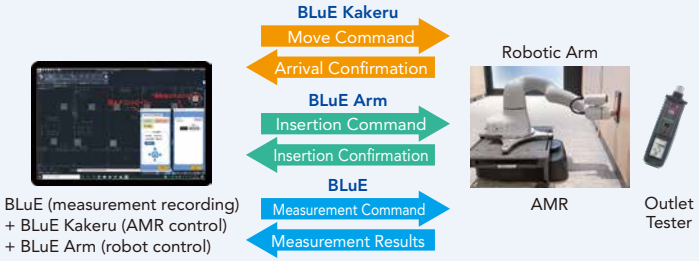


Schematic diagram of the wireless power transfer system

Research Topic ④ BLuE Kakeru

BLuE Kakeru is a control system for autonomous mobile robots (AMRs) that directs AMRs to designated points on a drawing. When linked with BLuE, a measurement recording support system, BLuE Kakeru reduces the labor required for measurement work by automatically measuring illuminance and noise levels, as well as dust levels in clean rooms.

The system currently supports several wheeled AMRs, and we are extending the technology to quadruped robots that can navigate higher steps and obstacles. We are also developing BLuE Arm, a control system for robotic arms, and have completed a prototype automated outlet inspection system that integrates this technology with BLuE and BLuE Kakeru. We will continue developing robotic technologies to automate on-site measurement work.



Stakeholder Communication

IR Policy

Under our Corporate Motto, *Humanity First*, we seek to earn the long-term trust of shareholders, investors, and all other stakeholders. To this end, we not only disclose information but also carefully explain the background and reasoning behind our disclosures and maintain ongoing dialogue with stakeholders.

We disclose corporate information in a timely and appropriate manner in accordance with laws, regulations, and the rules of the Tokyo Stock Exchange. We also actively disclose information that falls outside these requirements when we believe such information will help stakeholders better understand the Company, presenting the information in a clear and accessible manner. Furthermore, we regard the views and interests expressed by stakeholders as valuable input for management. We engage in constructive dialogue to deepen mutual understanding and reflect the outcomes in management, supporting greater management transparency and sustainable growth in corporate value.

To prevent leaks of financial results and ensure fair disclosure, we designate the period from the day after each fiscal period-end through the financial results announcement date as a quiet period. During this period, we refrain from responding to questions about financial results or earnings forecasts. We ask for the understanding of shareholders and investors regarding this policy.

We will continue to engage in open communication and dialogue with stakeholders as we work together to enhance corporate value.

Key IR Activities

Dialogue With Shareholders and Investors	FY2023 Results	FY2024 Results	FY2025 Results	Company Representatives
Domestic investors	29 meetings	53 meetings	57 meetings	CFO, IR personnel, others
Overseas investors	36 meetings	96 meetings	111 meetings	CFO, IR personnel, others
Securities companies	21 meetings	22 meetings	22 meetings	IR personnel, others
Conferences*1	-	-	1	President, CFO, others
Overseas roadshows*2	-	-	1	President, CSO, CFO, others

*1 One-on-one meetings: 5 *2 One-on-one meetings: 37; large- and small-group meetings: 8

Financial Results Briefings (for Institutional Investors and Analysts)

May 2025	Full year	President, CSO, CFO, others	65 institutional investors 15 securities companies
November 2025	Interim	President, CSO, CFO, others	69 institutional investors 12 securities companies





Key Topics in Dialogue With Shareholders and Investors

Business Environment	Overall market and construction industry trends, rising material and labor costs, status of price negotiations, staffing and construction capacity, impact of the share offering on business
Financial Results	Performance by segment, trends in profitability at the time of order, medium- to long-term financial results outlook
ESG	Progress toward carbon neutrality; diversity, equity, and inclusion initiatives; composition of the Board of Directors and the Nomination and Compensation Committee
Capital Policy	Cross-shareholdings, growth investments, shareholder return measures

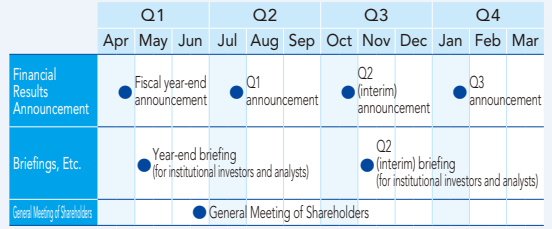
Message From the IR and Public Relations Office

Thank you for reading KANDENKO INTEGRATED REPORT 2026. Rapid changes in the business environment are placing greater demands on companies to communicate clearly about not only short-term performance trends but also approaches to medium- to long-term value creation and relationships with society.

Under our Corporate Motto, *Humanity First*, Kandenko aims to solve challenges facing society and customers by maintaining and building social infrastructure and customer facilities and providing solutions. At the same time, we seek to achieve sustainable growth in corporate value. We prepared this report to give stakeholders a deeper understanding of our philosophy. The 2026 report covers more initiatives for value creation and messages from management, with a focus on telling a clear story rather than simply presenting information. We sought to convey as clearly as possible what makes Kandenko distinctive and the growth story unique to Kandenko.

We hope this report deepens understanding of Kandenko and supports constructive dialogue with stakeholders. We will continue to listen closely to stakeholder feedback and use that input to enhance disclosure and deepen dialogue.

▶Annual IR Schedule



*April, July, October, and January are quiet periods.

Section

03 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.

36 Overview of Our Businesses

Building Infrastructure Work: Business Strategy

37 Electrical engineering, Environmental Facilities and Systems, and Renovation Work

Social Infrastructure Work: Business Strategy

39 Information and Communication Work

41 Power Distribution Line Engineering Work

43 Electric Power and Civil Engineering Work

Overview of Our Businesses

Building Infrastructure Work

Electrical Engineering, Environmental Facilities and Systems, and Renovation Work

→P.37

Sales Composition **¥371.4 billion 58.2%**

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

Work Projects

Social Infrastructure Work

Information and Communication Work

→P.39

Sales Composition **¥43.1 billion 6.8%**

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

Work Projects

Social Infrastructure Work

Power Distribution Line Engineering Work

→P.41

Sales Composition **¥131.1 billion 20.6%**

Customers
Electric power companies, etc.

Work Projects

Social Infrastructure Work

Electric Power and Civil Engineering Work

→P.43

Sales Composition **¥91.9 billion 14.4%**

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

Work Projects



Electrical Engineering, Environmental Facilities and Systems, and Renovation Work



Rapidus Corporation IIM-1 (Hokkaido) *Courtesy of Rapidus Corporation

Medium-Term Management Plan Business Strategy

Electrical Engineering
1. Discover more opportunities in existing businesses
2. Expand business domains

HVAC and Hygiene
1. Secure long-term orders for large projects and enter the industrial HVAC sector
2. Propose upgrades for heat source equipment, etc.

Indoor Networking and Plants
1. Transition to a stock-type business [Indoor Networking]
2. Total engineering [Plants]

Net Sales of Completed Construction Contracts in FY2025

¥371,446 million | YoY 105.9%

Orders Received



¥455,584 million
YoY
+¥73,841million

Backlog



¥471,735 million
YoY
+¥84,137million

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

Business Overview

The electrical engineering, environmental facilities and systems, and renovation work segment creates comfortable indoor environments by installing electrical systems in a wide range of large-scale buildings, including office buildings, factories, and hospitals. The segment also continues to meet a wide range of customer needs for both new construction and renovations, offering services ranging from equipment diagnosis to design, proposals, construction, and maintenance.

Business Environment: Opportunities and Risks

Opportunities/ Tailwinds

- Strong redevelopment activity, particularly in urban areas
- Continued domestic construction investment under semiconductor and digital strategies
- Demand for upgrades to building systems in properties constructed during the bubble era
- Growing demand for energy-saving, energy-generating, and energy-storage systems as society moves toward carbon neutrality

Risks/ Headwinds

- Chronic shortage of construction workers
- Intensifying price competition due to entry by companies from other sectors and economic downturns
- Rising materials and equipment costs and project delays due to heightened geopolitical tensions
- Lower orders due to weaker customer investment appetite

Segment Challenges

- Strengthen earnings base by improving construction productivity and pursuing sales activities based on regional strategies
- Expand business domains by entering growth markets
- Build a foundation for sustainable growth through talent development and stronger construction capacity

Measures

- Improve profitability through measures to expand prefabrication and unitization capabilities, strengthen back-office support, develop BIM design models, and use AI to support design and sales activities
- Develop data-driven sales strategies tailored to local markets as part of our regional strategy
- Broaden our business domains by expanding orders in data centers and other growth areas, building capabilities for recurring-revenue businesses, and entering new fields, including industrial HVAC
- Use IT to improve visibility into partner company information and streamline business processes, while strengthening employee retention measures as part of our workforce initiatives

FY2025 Review

Orders Received

- Orders received increased to ¥455.5 billion (up 19.3% year on year). A major factor was our success in capturing strong demand for large-scale construction projects, including redevelopment projects in Tokyo and data centers.
- Orders for semiconductor-related factories remained above typical levels as construction investment stayed firm, despite a pullback from the sharp increase in the previous year.
- We also successfully captured demand for replacement of aging equipment and capacity expansion investments at tenant buildings and manufacturing factories.
- Overseas, we secured large-scale projects, particularly in Singapore.
- Productivity improvements and persistent sales negotiations boosted orders year on year, even as costs of construction materials and labor rose.

Net Sales of Completed Construction Contracts

- Net sales of completed construction contracts increased to ¥371.4 billion (up 5.9% year on year). This increase reflected continued growth in the order backlog, supported by the steady accumulation of orders received.
- Construction progressed smoothly on large-scale projects in Japan, including semiconductor- and automotive-related manufacturing plants, redevelopment projects in Tokyo, and hospital facilities.
- Steady progress on large-scale overseas projects, particularly government facilities and resort hotels in Singapore, resulted in year-on-year growth.

Key Initiatives Driving Performance

- We gathered information, coordinated construction capacity, and made other preparations before the start of the fiscal year. These efforts contributed to performance amid strong private-sector capital investment demand.
- We improved construction efficiency by drawing on past expertise and used persistent sales negotiations to address rising costs from higher construction material and labor expenses.
- We improved productivity to handle the growing order backlog by strengthening back-office functions, reducing on-site administrative work, and enabling site managers and staff to focus on construction management.
- We also expanded mid-career recruitment to strengthen our construction management workforce.
- We make timely initial proposals and build ongoing customer relationships to capture strong demand for equipment upgrades.

Medium- to Long-Term Vision

Initiatives and Progress Toward Becoming a Green Innovation Company

- We aim to offer proposals that meet customer needs by combining demand for replacement of aging equipment with carbon-neutral proposals for energy conservation, energy generation, and energy storage.
- We will strengthen proposals for energy-efficient equipment upgrades in both electrical and HVAC work, particularly in areas including industrial HVAC.
- We will use WATTMILL® to visualize energy use and strengthen proposals that address customer challenges.
- Renovation orders in the segment continue to increase, and we aim to build on this growth.

Our Mission Going Forward and Areas to Strengthen

- We will earn deeper customer trust by listening closely and proposing solutions to customer challenges.
- We aim to provide integrated solutions spanning design, new construction, renovation, and energy management by combining expertise in electrical equipment construction, HVAC and hygiene, plant facilities, and information infrastructure.
- We will strengthen our ability to handle the full scope of data center construction, from extra-high-voltage receiving and distribution systems to core and shell work and server equipment. We aim to support social development through these projects as AI adoption expands and data centers become more important social infrastructure.

Future Initiatives

We began reforming construction and sales in the first year of the FY2024–FY2026 medium-term management plan, recognizing that process reform is essential to keep divisional operations aligned with rapidly changing social conditions and customer needs. We have delivered tangible results by steadily implementing a wide range of initiatives over the past two years. These initiatives include optimizing on-site workflows, shifting administrative work to the back office, introducing just-in-time delivery to project sites, improving visibility into construction capacity (including that of partner companies), restructuring teams of skilled workers, strengthening remote management, and expanding our HVAC and hygiene operations.

We will build on the results of our medium- to long-term initiatives and move to the next stage through a concerted effort to expand the use of AI, rebuild the framework for recurring-revenue businesses, and develop talent to support our technical capabilities.

For our businesses overseas, we will tailor operations to the characteristics of each region, strengthen governance, and deepen collaboration among locations. In doing so, we aim to expand the scale of our businesses further and strengthen our sustainable earnings base.



QUARTZ SHINSAIBASHI
(Osaka Prefecture)

Social Infrastructure Work: Business Strategy

Information and Communication Work


CATV Installation (Tokyo)

Medium-Term Management Plan Business Strategy

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

Net Sales of Completed Construction Contracts in FY2025

¥43,157 million | YoY 97.8%

Orders Received



¥46,259 million
YoY +¥955 million

Backlog



¥20,430 million
YoY +¥3,102 million

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
- Design and construction of communications and power-related equipment for data centers

Business Overview

The information and communication work segment is responsible for building communications infrastructure, including fiber-optic networks for electric power companies and telecommunications service providers, CATV networks, and mobile communication base stations. In addition, we are expanding the business into growth sectors such as highway communications infrastructure construction and EV charging equipment work. One strength of this business is in integrated services, from design and construction to maintenance and operation. Leveraging this strength, we aim to contribute to the digital transformation and decarbonization of society while pursuing sustainable growth.

Business Environment: Opportunities and Risks

Opportunities/ Tailwinds

- Growing demand for information and communications infrastructure amid the advancement of digital society
- Growth of the data center market amid advances in digital transformation and AI adoption
- Growing capital investment in related facilities to achieve carbon neutrality
- Growing demand for stock-type businesses, such as remote monitoring and maintenance services

Risks/ Headwinds

- Worsening shortage of engineers due to a declining workforce and the increasing risk of a skills gap
- Increased risk of declining profitability due to rising labor and material costs
- Intensifying competition due to selective capital investments on the part of telecommunications service providers

Segment Challenges

- Securing and developing specialist human resources to support expansion into growth sectors
- Strengthening design and proposal capabilities to meet increasingly sophisticated customer needs
- Using data to grow a recurring revenue base
- Transitioning from a construction-based business to a service-based business
- Strengthening solutions capabilities through integrated design, construction, and maintenance services

Measures

- Enhance our ability to respond to growth sectors through the stronger recruitment and development of specialist human resources
- Strengthen our ability to propose solutions that address customer challenges through enhanced collaboration with external partners
- Standardize operational services using data analytics and remote observation technologies
- Establish a high-value-added business model that integrates design, construction, maintenance, and operations

FY2025 Review

Orders Received

- Orders received amounted to ¥46.2 billion (up 2.1% year on year), exceeding plan due to increased orders for communication cable equipment and mobile equipment construction.
- We secured contracts for communication cable equipment installation work related to Tokyo Electric Power Company, which contributed to a growing and stable order base.
- We saw growth in order intake for mobile equipment construction due to an increase in projects related to shared service providers.
- Cable TV equipment construction saw an increase in orders due in part to a large-scale project to convert trunk lines to fiber optics.
- We attracted new customers in the area of EV charging equipment and strengthened our business foundation in this growing sector.

Net Sales of Completed Construction Contracts

- Net sales of completed construction contracts amounted to ¥43.1 billion (down 2.2% year on year). Although we felt the negative impact of fluctuations in demand in the telecommunications sector, steady maintenance and upgrade projects, as well as projects in growth sectors, supported performance.
- Mobile equipment construction experienced a slowdown in 5G-related capital investments by mobile carriers; however, we continued to drive business operations forward while optimizing construction operations.
- We carried out maintenance and upgrade projects for telecommunications service providers on a consistent basis, contributing to stable sales of completed construction contracts.
- Cable TV equipment construction saw the contribution to net sales of completed construction contracts from projects to convert trunk lines to fiber optics.
- The on-time completion of construction projects for carbon-neutral infrastructure, such as EV charging equipment, led to increased sales in this growth sector.

Key Initiatives Driving Performance

- We have established a stable revenue base by executing communications infrastructure projects and securing additional contracts. At the same time, we capitalized on steady demand for cable TV equipment upgrades, which helped strengthen our business foundation.
- Expanding into growth sectors, such as highway-related construction and EV charging equipment projects, and creating new revenue opportunities to generate greater business scope have built a foundation for growth that will increase corporate value over the medium to long term.

Medium- to Long-Term Vision

Initiatives and Progress Toward Becoming a Green Innovation Company

- We are extending initiatives to EV charging equipment and other carbon-neutrality-related fields, while broadening business scope toward achieving decarbonized societies.
- We are using WATTMILL®, our in-house energy management system, to help customers improve the energy efficiency of their facilities and reduce CO_2 emissions. The system contributes to creating environmental value and optimizing energy use.
- We are pursuing proposals to integrate information and communications technology with energy solutions. We are also looking to provide added value that contributes to the decarbonization efforts and improved energy efficiency of our customers.

Our Mission Going Forward and Areas to Strengthen

- We support social digital infrastructure by building and maintaining communications infrastructure. We also continue to strengthen our comprehensive solution framework for integrated services, from design and construction to maintenance and operation.
- We intend to expand recurring-revenue businesses (e.g., remote observation and facility management) to provide ongoing value to customers and strengthen our stable revenue base.
- We are creating new services in the data center sector. We intend to contribute to sustainable growth and the resolution of social issues through the use of digital transformation and AI, integrating information and communications infrastructures with the energy sector.

Future Initiatives

This business supports social digital infrastructure through communications infrastructure projects. At the same time, we are expanding into carbon-neutral sectors, including EV charging equipment, as part of our efforts to broaden our business scope. The data center sector will be a key growth area where demand is expected to grow amid AI adoption and digital transformation. We will continue to strengthen our capabilities to provide integrated services ranging from the design and construction of related infrastructure—including telecommunications and power facilities—to maintenance and operations support.

We also plan to provide ongoing value to customers and strengthen our revenue base through remote observation and facilities management. Through these initiatives, we will support customer business growth, as well as social digital transformation and decarbonization. At the same time, we will leverage our strength in providing integrated design, construction, maintenance, and operations services to achieve sustainable growth and enhance our corporate value.



Wireless communication antenna installation work (Ibaraki Prefecture)

Social Infrastructure Work: Business Strategy

Power Distribution Line Engineering Work



Main line infrastructure reinforcement and renovation project (Kanagawa Prefecture)

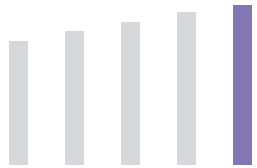
Medium-Term Management Plan Business Strategy

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

Net Sales of Completed Construction Contracts in FY2025

¥131,178 million | YoY 103.5%

Orders Received



¥134,576 million
YoY +¥6,350 million

Backlog



¥40,435 million
YoY +3,398 million

Business Activities

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

Business Overview

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 business also handles restoration work following natural disasters such as earthquakes, typhoons, and lightning strikes. We have established a construction system that allows us to demonstrate our high level of technical expertise while responding promptly and appropriately.

Business Environment: Opportunities and Risks

Opportunities/ Tailwinds

- Growing demand for renovations and reinforcement due to aging power infrastructure
- Increase in investment in electric power infrastructure accompanying the expanded adoption of renewable energy
- Continued growth in demand for power pole-free construction for improved disaster prevention, disaster mitigation, and the enhancement of the urban landscape

Risks/ Headwinds

- Declining construction capacity and increasing risk of a skills gap due to a shrinking workforce in the construction industry
- Increased risk of shortages of specialized engineers and insufficient proposal capabilities due to increasingly sophisticated technical requirements
- Increased risk of deteriorating working conditions and declining productivity due to advancing global warming and an increase in the number of extremely hot days

Segment Challenges

- Securing and developing specialized engineers capable of meeting increasingly sophisticated technical requirements; strengthening the transfer of technical expertise
- Creating productivity improvements and labor savings through the use of digital transformation and robotic technology
- Establishing a sustainable construction framework that includes partner companies and creating a construction foundation to support business expansion
- Creating a comfortable work environment while ensuring safety and quality

Measures

- Strengthen technical expertise through enhanced recruitment and systematic talent development/continuity of accumulated skills
- Use digital transformation and robotic technology to improve construction productivity and labor savings
- Develop specialized human resources and advance technical capabilities in the fields of renewable energy, grid reinforcement, and smart grids
- Improve responsiveness by strengthening collaboration with partner companies and establishing a cross-departmental construction framework
- Establish and enhance safe and comfortable work environments, including measures to prevent heatstroke

FY2025 Review

Orders Received

- Orders received exceeded forecast, amounting to ¥134.5 billion (up 5.0% year on year), driven primarily by projects related to Tokyo Electric Power Company.
- Amid the enforcement of the revenue cap system, we secured steady orders for power pole replacement and transformer replacement work, which contributed to stable order volume.
- We captured steady demand for industrial power equipment installation projects, which led to an increase in orders from general customers.
- We expanded into the road and community infrastructure sector, including power pole-free construction, which contributed to the diversification of our order base.

Net Sales of Completed Construction Contracts

- Net sales of completed construction contracts amounted to ¥131.1 billion (up 3.5% year on year), exceeding the previous year's results thanks to a stable volume of construction work.
- We completed and delivered a substantial backlog of TEPCO-related projects on schedule, which contributed to stable revenue.
- We pursued the optimal allocation of construction resources, achieved efficient project management, and improved construction productivity.
- Work on power pole-free construction and power distribution system installations within factory premises progressed smoothly, contributing to an increase in the net sales of completed construction contracts.

Key Initiatives Driving Performance

- We improved productivity and reduced the risk of project delays, which contributed to stable project progress and profits. We achieved this result through progress management and the optimal allocation of construction resources.
- We strengthened the cross-departmental project management framework and implemented strict process and cost management, leading to improved profitability and construction quality. These improvements strengthened the business foundation that supports sustainable growth.

Medium- to Long-Term Vision

Initiatives and Progress Toward Becoming a Green Innovation Company

- We are reducing the environmental impact of our business operations through a shift to electric-powered aerial work platforms, commercial vehicles, and tools, as well as the transition to paperless design documents.
- Through these initiatives, we strive for a reduction in CO_2 emissions and improved operational efficiency, which lead to sustainable business operations.
- We will strive to achieve more sophisticated levels in construction processes and reduce our environmental impact. Through business activities that support the power infrastructure, we will continue to contribute to the achievement of decarbonized societies and the creation of environmental value.

Our Mission Going Forward and Areas to Strengthen

- We are a key provider of social infrastructure that supports the stable supply of electricity. In this capacity, we are committed to building and maintaining highly reliable power distribution facilities, pursuing safety and quality as top priorities.
- We pursue productivity improvements and more advanced construction capabilities through the use of digital transformation and robotic technology. At the same time, we strive to build a sustainable construction framework by securing human resources and the continuity of accumulated skills.
- We respond to a wide range of social needs, including the wider adoption of renewable energy, power grid reinforcement, and power pole-free construction. We contribute to the creation of sustainable value and the development of social infrastructure that supports local communities and industrial activities.

Future Initiatives

We are strengthening construction capabilities by focusing on both human resources acquisition/development and improved productivity. In addition, we have been working to strengthen the foundation of this business through operations reforms, using digital transformation and streamlining on-site management. We will continue to advance construction processes by leveraging cutting-edge technologies such as AI and robotic technology, while striving to improve construction productivity, ensure safety, and maintain quality.

At the same time, we contribute solutions to social challenges, including expanding the adoption of renewable energy, reinforcing the power grid, and power pole-free construction. We are also reaching into next-generation power infrastructure sectors, such as energy storage systems and smart grids, to create new business opportunities.

Through these initiatives, we fulfill our social mission of ensuring a stable supply of electricity. In conjunction with this social mission, we achieve sustainable growth and enhance corporate value through technological innovation and the expansion of our business scope.



Cable connection work for underground power distribution lines (Ibaraki Prefecture)

Social Infrastructure Work: Business Strategy

Electric Power and Civil Engineering Work



Abukuma South Wind Farm (Fukushima Prefecture)

Medium-Term Management Plan Business Strategy

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

Net Sales of Completed Construction Contracts in FY2025

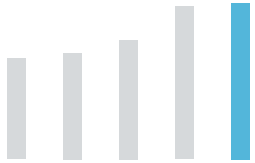
¥91,985 million | YoY 149.2%

Orders Received



¥95,093 million
YoY
+¥3,059 million

Backlog



¥141,080 million
YoY
+¥3,107 million

Business Activities

- Power generation and transformer construction
  Power transformer facility work, renewable energy power generation, overhead power line construction and underground power line construction
- Civil engineering work
  Transmission line conduit construction, foundation and site development work for power facilities, maintenance and upgrade of underground infrastructure facilities
- Nuclear power construction
  Nuclear power plant facility repairs and maintenance inspections

Business Overview

The electric power and civil engineering work segment provides integrated services covering power transformer facility work, power line construction, electrical and instrumentation work at nuclear power plants, and related civil engineering. We also construct wind and solar power plants and grid interconnections, contributing to a stable power supply and high-quality infrastructure.

Business Environment: Opportunities and Risks

Opportunities/ Tailwinds

- Expansion of electric power infrastructure investment as renewable energy becomes a major source of electricity
- Increase in electricity demand and related capital investment driven by growth in data centers and the semiconductor industry
- Expansion of equipment replacement demand driven by national resilience and disaster prevention measures
- Continued replacement demand associated with long-term operation and safety measures at nuclear power plants
- Expansion of social infrastructure investment supported by GX and carbon neutrality policies

Risks/ Headwinds

- Rising prices for materials and equipment and increasing procurement risks
- Longer lead times for key equipment, including power receiving and distribution equipment
- Growing risk to maintaining construction capacity due to engineer shortages and an aging workforce
- Greater construction management burden as projects become larger and more complex
- Greater risk of demand fluctuations as customers become more cautious in investment decisions

Segment Challenges

- Securing construction capacity to meet growing demand
- Strengthening project execution capabilities for larger and more complex projects
- Developing highly specialized talent and securing and developing multi-skilled personnel able to support diversifying business areas
- Strengthening proposal-based sales to improve profitability

Measures

- Strengthen construction capacity through increased recruitment and cross-functional talent deployment
- Improve productivity through DX and business process reform
- Enhance specialized training programs and facilitate continuity of accumulated skills
- Strengthen development of multi-skilled personnel through planned job rotations and cross-functional talent deployment
- Expand solution-based sales by strengthening equipment diagnostics and upgrade proposals

FY2025 Review

Orders Received

- Orders received totaled ¥95.0 billion (up 3.3% year on year), exceeding the previous-year level due to higher orders, particularly in renewable energy and power infrastructure.
- We secured a large-scale project for wind power plant-related work, contributing to growth in renewable energy orders.
- Orders for battery storage facility projects remained firm, contributing to higher orders in growth areas.
- Orders for TEPCO–related construction projects increased under the revenue cap system.

Net Sales of Completed Construction Contracts

- Net sales of completed construction contracts totaled ¥91.9 billion (up 49.2% year on year), increasing significantly as large-scale projects progressed smoothly.
- We completed large-scale renewable energy-related projects as planned, contributing significantly to performance growth.
- The steady completion of large-scale TEPCO–related construction projects contributed to higher net sales of completed construction contracts.
- We improved construction productivity through more sophisticated schedule management and rigorous progress monitoring.
- We also achieved stable project execution by strengthening on-site support and optimizing construction schedules.

Key Initiatives Driving Performance

- We helped ensure reliable project execution and improve financial results by continuously monitoring progress on large-scale projects, sharing information among relevant departments, and coordinating responses across the division.
- We strengthened technical proposal activities to increase value for customers and expand revenue by securing design changes and additional work.

Medium- to Long-Term Vision

Initiatives and Progress Toward Becoming a Green Innovation Company

- We help achieve decarbonized societies and stabilize the power supply by building power infrastructure, including renewable energy facilities, battery storage facilities, and transmission and substation facilities.
- We combine cross-functional capabilities with advanced technical expertise to provide integrated services from design through construction and handle large-scale renewable energy projects.
- We draw on technical and construction capabilities developed in renewable energy, battery storage, and transmission and substation fields to modernize power infrastructure and expand renewable energy adoption.

Our Mission Going Forward and Areas to Strengthen

- We will build transmission and substation facilities, renewable energy facilities, battery storage facilities, and other power infrastructure to support decarbonized societies and more resilient social infrastructure.
- We will strengthen the solutions we provide, including equipment diagnostics and replacement proposals for aging equipment, to enhance the value and reliable operation of customer facilities.
- We will develop highly specialized talent and expand cross-functional use of technical expertise to strengthen our ability to handle larger and more complex projects and support the sustainable development of social infrastructure.

Future Initiatives

The electric power and civil engineering work segment expanded business domains by drawing on our strong track record and specialized technical expertise across a broad range of power infrastructure fields. These fields include transmission and substation facilities, renewable energy facilities, battery storage facilities, and nuclear power-related facilities. We view the growing role of renewable energy as a major power source and the expansion of data centers and semiconductor-related facilities as key growth opportunities. Looking ahead, we intend to bring together our technologies, talent, and expertise across functions to strengthen our integrated engineering capabilities from design through construction.

We will also develop highly specialized talent in each field, ensure the continuity of accumulated skills, and strengthen our ability to handle larger and more complex projects and improve project management capabilities. Through these initiatives, we aim to contribute to the stable operation of social infrastructure and the transition to decarbonized societies while achieving sustainable growth and enhancing corporate value.



Oyama Power Storage Plant
(Tochigi Prefecture)

Section

04 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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Basic Policy on Sustainability

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 Office	Compliance
IR & Public Relations Office	Investor and public relations
Safety & Quality Department	Safety and quality
CN Department	Environment (Internal)
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 (External)
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_2 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

Building on the Kandenko Mission to Preserve Social Infrastructure and Customer Equipment, Outside Directors Bring Diverse Perspectives to Support Appropriate Risk-Taking and Sustainable Growth



Outside Director
Takayuki Konno

Outside Director
Mika Narahashi

Chairman and Representative Director (Chairman of the Board)
Seiichi Fubasami

Outside Director
Miwa Suto

Outside Director
Takaaki Kato

Never Complacent With Strong Results; Carefully Assessing Risks and Supporting the Pursuit of Continued Growth

Fubasami Looking back on the past year, first and foremost, the business performance of Kandenko was exceptionally strong. In the 12 months since April 2025, the stock price has more than doubled, and the company has garnered positive market recognition. We can attribute this performance to two main reasons. The first was an improved business environment and the company's ability to secure appropriate profits through tenacious price negotiations. The second was steady progress in efforts to improve productivity. While net sales grew in response to favorable market conditions, the improvement in profit margins was even more notable, with consolidated operating profit margin rising by 2.5 percentage points from 8.7% to 11.2%. This improvement was by no means an easy feat. As a result, the company achieved the final-year profit target under its medium-term management plan (FY2024-FY2026) one year ahead of schedule. These results have also led to a significant improvement in PBR, and the company views the year as one in which a virtuous cycle took hold.

Suto I've noticed that the better business performance gets, the more the sense of tension within the company seems to increase. I think this attitude is unique to Kandenko. At the same time, the company's ability to reliably manage multiple projects in parallel is being put to the test, while the challenges the company must address are also increasing. These challenges include labor shortages, compliance with caps on overtime work, and safety measures. These are a few of the reasons that there is absolutely no sense of complacency at Kandenko, despite strong financial performance. As outside directors, we have focused on discussing the challenges that arise as performance improves. Failure to do so could undermine the corporate value the company has built to date. Fiscal 2025 was a year in which I once again realized the challenges underlying strong business performance.

Narahashi I was named outside director in 2025, when the company was in a period of steady growth. I have been struck by the fact that there was no sense of complacency or overconfidence in the organization; management remained grounded and level-headed. A prime example of this attitude is the pre-meeting briefings held the day before meetings of the Board of Directors. These meetings involve lively discussions, and we receive detailed explanations in response to every question raised by the outside directors.

What struck me throughout the year was an attitude that went beyond mere attachment to the company. I felt the sincere commitment of every employee to thinking about what is best for the company and applying themselves wholeheartedly to their work. I've heard one person say that they can't sleep after a natural disaster, because they're worried that a power line might have snapped somewhere. I have come to understand that Kandenko is an organization with a deeply ingrained sense of responsibility and mission to protect social infrastructure.

Konno When I was named outside director in June, my very first impression, just as Ms. Narahashi said, was a strong sense of mission toward the work of being the infrastructure that supports society. I have been involved in this field for many years myself. I feel a sense of familiarity, and I can tell that the employees find meaning in their work and take pride in the recognition they receive from customers.

In my previous position, I dealt with numerous issues related to governance and business risks. What has become clear is that many of the problems in these areas do not stem from motives such as corruption or personal gain. In fact, in the vast majority of cases, it is precisely the things people do with the best of intentions that end up causing problems. This tendency is precisely why it is important to have systems in place to ensure that even positive actions do not become counterproductive. I also believe that it is extremely important to regularly review the systems already in place to ensure they do not become mere formalities over time.

Outside Directors Roundtable

Fubasami Each member of the Board of Directors brings a unique background and set of experiences, allowing us to engage in deeper discussions by exchanging views from diverse perspectives. Being a corporate group dedicated to protecting and supporting social infrastructure is part of the Kandenko DNA, and I am very grateful that this stance is something that the outside directors recognize and understand. However, simply being satisfied with that stance will not allow the company to enhance corporate value further. With a rising stock price and an increase in the number of shareholders and investors, Kandenko is under more intense market scrutiny than ever before. How the company responds to these expectations will be the next major challenge.

Kato As profit margins have improved, employees are being rewarded with pay raises that are among the highest in the industry. The company is also steadily increasing shareholder returns through increased dividends and share buybacks. I believe these facts are something we can rightly view as a positive achievement. However, now that profits and equity have accumulated, now may be the time to engage in deeper discussions about where to allocate these resources and the company's approach to capital allocation over the medium to long term. Where does the company see the risks associated with investments, and how much risk should the company be willing to take? The Board of Directors must engage in detailed discussions and make decisions that are commensurate with the risks involved.

Fubasami In that respect, the recent changes in the company's capital structure have marked a symbolic turning point. What led to this change was TEPCO Power Grid, Inc.'s ownership stake in Kandenko having exceeded 46%. The company has been engaged in ongoing discussions with TEPCO regarding the optimal capital structure to enhance corporate value through better capital efficiency and further business growth. As a result of these discussions, the entities reached a mutual agreement that reducing the Kandenko ownership stake would be in the best interests of both parties, leading to the sale of the shares.



Even with this development, the role of the Board of Directors moving forward is clear. We will ask management to propose their vision of the future, and we, as directors, will discuss the associated risks and support appropriate risk-taking. I believe this recent event further clarified the respective roles and responsibilities in enhancing corporate value.

Anticipating Risks, Building Stronger Governance and Organizational Foundations



Kato Kandenko is experiencing a positive cycle where the company is responding to an increase in orders by expanding its workforce and improving employee compensation. What concerns me, however, are the risks lurking behind this strong performance. Often, when the workload surges, even a single problem can tie up resources required to solve the issue, which results in the neglect of core business operations. This tendency is precisely why the company should take steps to prepare for what lies ahead. Another point to keep in mind, from a different perspective, is that the current favorable business environment won't necessarily continue into the future. The company must be prepared for different scenarios and consider in advance what actions to take should the business environment change.

Narahashi Now that business performance is strong, this is the perfect opportunity for management to lay the groundwork for the future. I think we should take this opportunity to strengthen the foundation for governance across the group. One thing that struck me after joining the company was the sheer diversity of subsidiaries within the Kandenko Group, both in terms of businesses and scale. Simply imposing uniform rules in a perfunctory manner will not foster a culture of compliance or instill compliance awareness in the corporate culture. How can the company build a system in which every individual working at companies in different industries and at different scales shares a common set of values? This is an extremely difficult challenge, but exactly why it's a challenge worth tackling. At the same time, I have a strong sense that employees already have a deeply rooted culture valuing the sense of mission and trust placed in the Kandenko Group by society. For this very reason, I think it is important to build on this foundation to strengthen governance further.

Konno Looking at the construction sites, we see that the company faces a shortage of labor. The employees are doing their very best, but it is precisely because of these circumstances that stresses may arise across a number of areas, including safety, quality, and compliance. It is essential that the burden is not placed solely on-site, but supported by headquarters and specialized departments from across our organization. Of course, venturing into new business fields is also a cause of new uncertainties. It is extremely important not to keep these stresses and uncertainties to ourselves within the company, but to properly assess risks by incorporating the insights of outside companies and experts.

Suto Thanks to strong business performance and changes in capital structure, Kandenko is attracting more attention than ever from the market and customers. One of our company's greatest strengths is a highly cohesive organizational culture. On the other hand, there are times when things proceed on the assumption of a tacit understanding among everyone in the company. At Board meetings, I sometimes hear a question about whether certain disclosure materials will make sense to people outside the company. On the other side of the same coin, by consciously incorporating an external perspective, the company can achieve even greater impact in its communications. As the group continues to expand its business in the future, it will form more partnerships with new partners, and as investments increase, so too will accountability. To strengthen its market presence further, the group must take corporate culture and communication strategies to the next level.

Fubasami A common theme across your comments has been the

Outside Directors Roundtable

potential for unexpected risks to arise when operations become overly focused during an economic boom. For Kandenko to continuously enhance corporate value, the company must, at all costs, uphold safety, quality, and compliance. There are limits to how much the company can grow using only existing internal resources. The next critical challenge is how to channel the capital that the company has generated through its business activities into investments for future growth. As one step toward this goal, the group welcomed GCU in June 2026. GCU is a company with expertise in systems development, and the group expects the addition to speed digital transformation on the front lines of the business. We can expect further business process reforms with the use of AI and other technologies. These reforms will not only improve productivity, but also create and expand new services.

As the Company Refines Its Management Foundation, It Will Evolve Into a Company That Creates New Value Through Comprehensive Capabilities.

Suto The company properly shares the details of IR meeting discussions with investors to the outside directors. The Board of Directors holds discussions that take these market expectations into account. In particular, expectations for shareholder returns are higher than ever. Cash allocation will likely be a key issue going forward. At the same time, the company must make a serious commitment to developing new business areas and investing in growth to accelerate the growth of corporate value. How the company achieves this balance will be an important issue for the Board of Directors to address going forward.

Konno In that sense, the formulation of the next medium-term management plan is truly a golden opportunity. I think it is time for Kandenko to take a more concrete step forward in outlining its vision for the future. To specifically detail what kind of company it aims to become from a long-term perspective in 2030 and beyond. Working backward from that vision will clarify the measures necessary, including M&A, talent development, and investments in digital transformation. While my background is in a different industry, I have personal experience in the infrastructure sector, where I've worked as part of senior management on projects to painstakingly chart a vision for a company's future. I understand that my appointment as an outside director reflects the company's expectation that I will provide advice and make proposals from that perspective.





Narahashi It seems there is plenty of room for growth in terms of communications. The Kandenko of today is more than just a construction company. The group aims to be an organization that provides comprehensive solutions to customer energy challenges—from planning and design to construction, operation, and maintenance. At the same time, the general public still tends to view the company primarily as a company that connects power lines. The full range of solutions that Kandenko actually provides has not been adequately communicated to society. In addition to strengths in advanced technical expertise and on-site capabilities, Kandenko must communicate more proactively that it is a company that provides total solutions services.

Kato Kandenko has accumulated a wealth of expertise gained through diverse business operations, and the company aims to be an organization capable of providing not only construction and equipment installation, but also consulting and advisory services. In fact, the company is already moving in that direction, and enhanced services should increase the company's added value further. The chief officer system is one measure that supports these efforts. The company is in the process of establishing a structure for management from a cross-organizational perspective, rather than by region or business unit. I expect this new structure will strengthen the company's capabilities to deliver comprehensive services.

Suto As you say, it will be important going forward to create new value and services across divisions. Cross-division collaboration will be essential as the company strives for Green Innovation. It is also true, however, that as these initiatives progress, responsibilities and authority tend to become less clearly defined. Unless the company clarifies which division is responsible for sales and how incentives should be structured, the organization won't function properly, and projects may come to a standstill when problems arise. For this reason, I believe that the chief officer system and other means to clarify the supporting framework, as well as responsibilities and authority, will become an even more important issue than ever before.

Narahashi Workforce diversity is an issue that cannot be overlooked when envisioning the future of an organization. The need to increase the number of female managers is a topic of ongoing discussion within the Board of Directors. The absolute number of female employees in this industry is still low, and the company is currently working to develop the talent that will shape its future. At the same time, the number of female managers is rising steadily, and we can expect to see more women in the future who are capable of serving as executive officers. Naturally, the company maintains a policy of appointing qualified individuals rather than giving women special preferential treatment. This leadership is fostering an environment in which female employees can thrive with confidence.

Fubasami The construction industry has a deeply ingrained image of the so-called "3D" (difficult, dirty, and dangerous). This image is precisely why Kandenko must become a company that women choose to work for in the future. The company recruits talented and motivated individuals actively, regardless of gender. In fact, while women working on construction sites are still few in number, their numbers are increasing steadily. Kandenko endeavors to create workplaces that offer peace of mind. The company is committed to incorporating the feedback of employees to improve workplace environments and establish flexible work arrangements so employees can build careers while making the most of their individual strengths.

Outside Directors Roundtable

Kandenko Aims to Be a Company That Continues to Be the Top Choice 100 Years From Now by Discerning What Must Be Changed and What Must Be Preserved

Konno If I were asked what the most important thing is for a company that wants to be in business 100 years from now, I would say it's a presence on the front lines. No matter how advanced the use of AI becomes, the skills ultimately required on-site will remain part of the tasks that only humans can perform. The sheer number of on-site personnel with extensive experience and expertise is a strength that other companies cannot easily match. However, rather than relying solely on labor, Kandenko will continue to refine this strength by investing in new technologies such as WATTMILL® and pursuing mergers and acquisitions that bring in new insights. What matters most for Kandenko going forward is to relentlessly hone the unique strengths that cannot be easily replicated by others.

And as the company charts a course toward its long-term vision, the aspirations of the employees who will lead the company in the future serve as the foundation for determining the priorities of future initiatives. If we consider the company's future over the long term, then it is essential to incorporate a wide range of employee perspectives into those discussions.

Kato As Mr. Konno said, I also believe that, ultimately, it all comes down to the power of people. What underpins our safety and quality is the expertise of every skilled employee who makes the best possible decisions on-site. This ability to respond to changing on-site situations, or adaptability, in other words, is a strength that other companies cannot easily replicate. This strength will remain a source of Kandenko's competitive edge for the next 100 years.

No two Kandenko construction sites are alike. Each project is meticulously tailored to the conditions of the day, including the location of utility poles, building structures, and weather conditions. This adaptability cannot be replaced by automation alone. Having worked overseas for nearly 20 years, I feel that the extent to which this kind of nuanced approach is required in the Japanese market is not fully understood from abroad. This nuance is precisely why the role of IR will become increasingly important. The company must actively share information, foster meaningful dialogue, and carefully explain the company's strengths.

Suto In my view, Kandenko's fundamental strength lies in the fact that all employees share a deep commitment to the philosophy and mission, taking pride in their jobs as essential workers who support society. Continuing to attract such people will help the company support social infrastructure in the future. While the company should pursue digital transformation and operational efficiency actively, these efforts must not undermine the capabilities of front-line staff or the power of the organization's people. That said, clinging to traditional methods and failing to improve productivity or advance digital transformation is not desirable, either. Therefore, resilience is essential. This resilience is the ability to adapt to changing times while continuing to evolve what makes Kandenko unique. Outside directors play a role in examining both the company's strengths and challenges from an objective perspective and providing a forward-looking viewpoint. I hope to contribute by continuing to value and apply that kind of thinking myself.

Narahashi I agree with Ms. Suto's thoughts about dealing with change. The external environment is changing at a faster pace than ever before, making it difficult to predict the future. AI is a prime example of this change. The technology has far exceeded the predictions made a few years ago and has now become a force that is transforming the nature of work itself. To remain a company that lasts for 100 years, it is essential to build an organization capable of embracing these societal changes and emerging needs as opportunities for growth. Equally essential is to establish a management structure that quickly identifies early signs of change and makes decisions promptly. As a member of the Board of Directors, I want to play my part by lending my expertise in corporate governance and legal affairs.

Fubasami Listening to these comments, I am reminded once again that while Kandenko must continue to evolve, the corporate motto of *Humanity First* will never change. *Humanity First* is the belief that not only our employees but all stakeholders should lead richer, happier lives. Rewarding work and continuous improvements to human resources systems and compensation are essential to remain a company where employees work happily. However, sustainable growth is what generates the funds to make these improvements possible. To this end, we will provide appropriate oversight of management's strategies and help chart the course forward to ensure that Kandenko continues to enhance corporate value toward 2030 and beyond. This is the kind of Board of Directors we aspire to be.

In a nutshell, the Kandenko vision is to be a comprehensive facilities company with overwhelming competitive strength. Becoming a company recognized as the go-to choice in the field is essential for long-term survival. To achieve this status, the company needs a strategy to address weaknesses and build on strengths. Planning for the next medium-term management plan is underway. The approach to this plan relies on backcasting based on a future vision, used to outline specifically what the company must do over the next four years. It is our desire to continue to engage in grounded, constructive discussions with the executive team and further refine business strategy together.



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

Target

Target Details		2024	2025	2026		2030		2050
Greenhouse Gas Emissions (Market Base) Base Year: FY2020	Scope 1 / Scope 2	-25.1% (Results)	···	-32%	···	-50%	···	Net Zero

Measures

Electrification of Business Vehicles	Scope 1	Electrification of our own business fleet (from fossil fuels to electrification) 100%
	Scope 2	Installation of EV chargers and infrastructure for internal EVs 100%
Energy Conservation Energy Generation Energy Storage	Scope 2	Rationalization of energy use (ongoing energy conservation activities) Over 1% reduction year on year
	Scope 2	Installing Kandenko EMS (visualization)
	Scope 2	Converting to renewable energy for electricity 100%
	Scope 2	Introducing in-house power transfer system* *System that supplies and utilizes renewable electricity generated internally for use at other locations
	Scope 2	Installing PV and storage batteries at internal facilities

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_2 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.

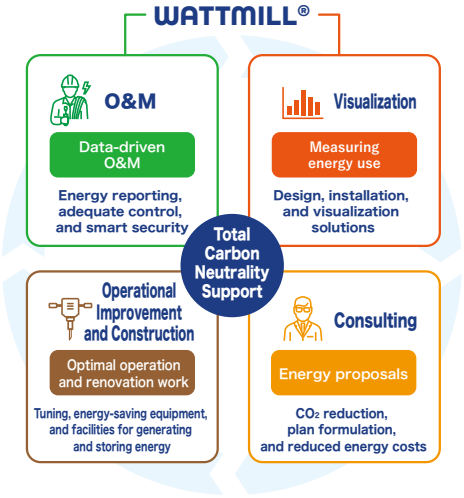
*Excludes aerial work vehicles and other such special vehicles



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 (about 40 locations). WATTMILL® visualizes energy use for air conditioning, lighting, outlets, gas, and district heating and cooling, helping to reduce environmental impact through improved facility operations.

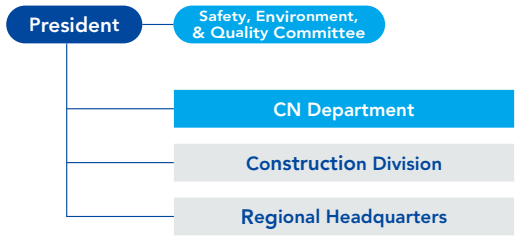
→ P.24
Becoming a Total Partner With WATTMILL®



Environment Environmental Initiatives

Environmental Promotion Framework

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

Environmental Initiatives
*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 Hiratsuka Office Kanagawa Branch and Atsugi Interior Wiring 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.
November 2025	The Tochigi Branch Kennan Interior Wiring Office and Sano Office acquired Nearly ZEB certification.
March 2026	The Tochigi Branch Oyama Office and Oyama Interior Wiring Construction Office acquired ZEB, the highest certification.

Environmental Seminar

Kandenko invites outside lecturers to our annual environmental seminars to raise employee awareness on the environment. In fiscal 2025, we invited Sakana-kun to speak on the marine environment. Sakana-kun is an ichthyologist and artist who holds an honorary doctorate from Tokyo University of Marine Science and Technology and serves as a visiting professor to the university.



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. We will continue to support society by helping people lead safe and secure lives and contributing to the sustainable development of society.



June 1978 Miyagi Offshore Earthquake



March 2011 Great East Japan Earthquake



May 2012 Tornado damage in Northern Kanto



October 2019 East Japan Typhoon



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
- **December 1980** Snow damage within Tohoku Electric Power Company
- **March 1986** Snow damage in Kanto Koshinetsu
- **September 1991** Typhoon No.19
- **January 1995** Southern Hyogo Earthquake (Great Hanshin-Awaji Earthquake)
- **September 1996** Typhoon No. 12 (Miyakejima restoration)
- **October 2004** Niigata Chuetsu Earthquake in 2004
- **March 2011** Great East Japan Earthquake
- **May 2012** Tornado damage in Northern Kanto
- **September 2015** Torrential rain in Kanto and Tohoku
- **September 2019** Boso Peninsula Typhoon
- **October 2019** East Japan Typhoon
- **October 1983** Miyakejima eruption
- **December 1987** Chiba Prefecture offshore earthquake
- **December 1990** Tornado damage in Mobara City, Chiba Prefecture
- **July 2007** Niigata Chuetsu Offshore Earthquake in 2007
- **September 2013** Tornado damage in Saitama and Chiba Prefectures
- **February 2014** Heavy snow damage in Gunma Prefecture
- **April 2016** 2016 Kumamoto earthquakes
- **August 2016** Typhoon No.9
- **January 2024** The 2024 Noto Peninsula Earthquake





September 1959 Typhoon in Ise Bay



December 1990 Tornado damage in Mobara City, Chiba Prefecture



September 2013 Tornado damage in Saitama and Chiba Prefectures



February 2014 Heavy snow damage in Gunma Prefecture

January 2024 The 2024 Noto Peninsula Earthquake



Social Occupational Safety and High-Quality Construction

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.

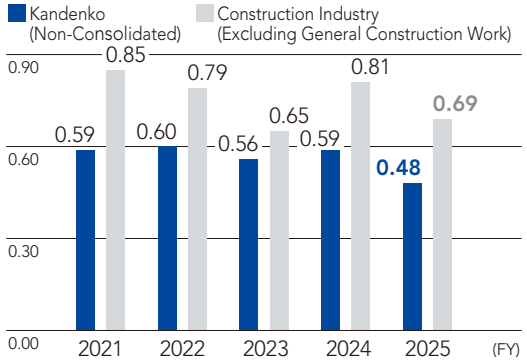
1. Strengthening our on-site risk management capabilities
2. Enhancing safety education
3. Applying digital technologies in on-site risk countermeasures
4. Enhancing communication with affiliated and partner companies and supporting safety activities

Health

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

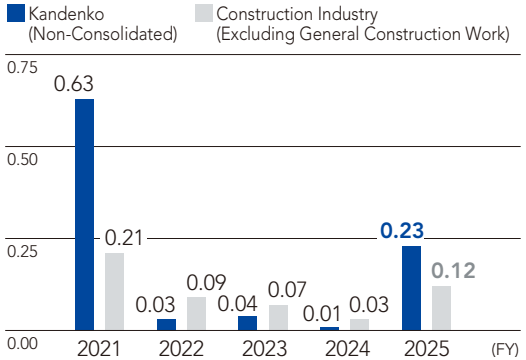
1. Reforming work styles and time off
2. Encouraging mental health initiatives
3. Ensuring good employee health and creating a comfortable work environment

Frequency Rate*1



*1 Frequency rate = Number of injuries and deaths (involving at least one day of lost work) ÷ Total actual working hours x 1,000,000

Severity Rate*2



*2 Severity rate = Total lost workdays ÷ Total actual working hours x 1,000

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 MSA-QS-4734
		Registration date: February 24, 2021 (Expiration date: February 23, 2027)	
	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. RB-Q11039
		Registration date: February 16, 2001 (Expiration date: February 28, 2028)	

Social Occupational Safety and High-Quality Construction

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

FY2026 Priority Initiatives		Main Initiatives
1 Clarification of tasks and duties	Clarification of work procedures, methods, and rules	■ Revised manuals to incorporate lessons learned from past incidents ■ Improved organizational safety levels through analysis and evaluation conducted by third-party organizations
2 Pursuit of initiatives to deepen understanding of on-site operations	Change the mindset among information communicators	■ E-learning for education, training, and safety awareness reform for on-site personnel and supervisors ■ Awareness reform training led by an outside instructor
	Safety awareness improvement	■ Improved safety and quality awareness through summer and winter *point-and-call* campaigns ■ Expanded hazard protection via rollout of the individual hazard prediction apps to partner companies ■ Expanded participation in hands-on safety vehicle training and VR training for group companies and partner companies
3 Creation of environments that ensure strict compliance with the rules	Strict compliance with priority initiatives	■ Compliance self-assessment via app ■ Repeated practice of basic movement drills focused on priority initiatives
	Prevention of human error	■ Adoption of a hazard prediction system using generative AI ■ Adoption of technology designed with fail-safe and foolproof principles in mind
4 Strengthened safety management system functions	Enhanced and strengthened safety management systems	■ Strengthened safety management systems through organizational restructuring (establishment of safety coordination departments and safety departments) ■ Verification and follow-up of safety management systems through safety and quality assessments
	Assessing situations on-site	■ Implementation of the on-site patrol system across all locations, considering AI-based analysis ■ On-site monitoring and early risk detection using generative AI ■ Strengthened safety management through safety patrols conducted by external organizations
5 Other	Prevention of heat stroke	■ Staying hydrated, replenishing electrolytes, and taking regular breaks ■ Checking vital signs using a heat stress monitoring watch and using heatstroke prevention equipment
	Prevention of traffic accidents	■ Understanding the status and supporting safe driving through driving diagnostics (Smart Drive) ■ Expanded deployment of vehicle entry prevention devices (“Stoppy”)
	Disaster prevention for senior and young employees	■ Risk assessments based on measurements of physical and mental function in senior employees ■ Regular follow-up with young employees through videos and animations







VR-based training

TOPICS Technology and Skills Competition

Our Education & Training Center hosts the Technology and Skills Competition every year, with events in four categories: internal wiring; information and communications; overhead power distribution lines; 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 also in the industry as a whole.







Social Engaging Our Employees

The Kandenko Group has leveraged human potential to address social issues and support stable livelihoods.
This human potential, which we refer to as *Hito-Ichi Value*, is the absolutely essential force that supports our company motto, *Humanity First*.
Hito-Ichi Value consists of our human capital, our intellectual capital, and our mental capital.
It is the vital driving force that propels our vision into reality and creates value.





Employees as well as business partners, suppliers, and particularly subcontractors

Human Capital

Mental Capital

Intellectual Capital

Hito-Ichi Value

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

The Kandenko identity, supported by our unwavering commitment to addressing societal and customer needs with perseverance, as well as our decisive actions during disasters and other emergencies

Sincerity | Compassion | Professionalism | Sense of Duty

Technology and expertise cultivated through the stable supply of electric power in Japan

Governance

Human Resources
(individual leadership)

- Technology and expertise
- Foresight, originality, and faith

Risk Management

Organizational Capabilities
(individual and organizational partnerships)

- Integration of technology and expertise
- Dialogue and communication

OUTCOME

Ability to ensure stakeholder prosperity and happiness



Hito-Ichi Value
*Follow link for more information.

Social Engaging Our Employees



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

Professionals
who build and create social trust

Ideal Human Resources

Managers
who facilitate and foster connection between people and technologies

Workplace Culture That Fosters Human Resources

Active Workplace Communication
Aligning organizational goals with the drive to succeed

Workplace Culture of Trust and Security
Respecting each other's opinions

Worker-Friendly Environment

1. Avoid long working hours and streamline operations
2. Manage health
3. Ensure appropriate management of working hours
4. Develop human resources
5. Encourage and support diverse human resources
6. Encourage the use of vacations and time off

Number of Training Participants* (Total)

FY2021	FY2022	FY2023	FY2024	FY2025
2,114	2,442	4,081	4,372	4,760

*Training provided by Education & Training Center

Number of Qualified Personnel (as of March 31, 2026)

Professional engineers	194
Assistant professional engineers	364
First- and second-class architects	44
First- and second-class electric work managing engineers	2,571
First- and second-class electric construction managing engineers	198

First- and second-class civil engineering managing engineers	626
Building mechanical and electrical engineers	113
First-class electricians	2,504
First- and second-class chief electricity engineers	46
Third-class chief electrical engineers	705

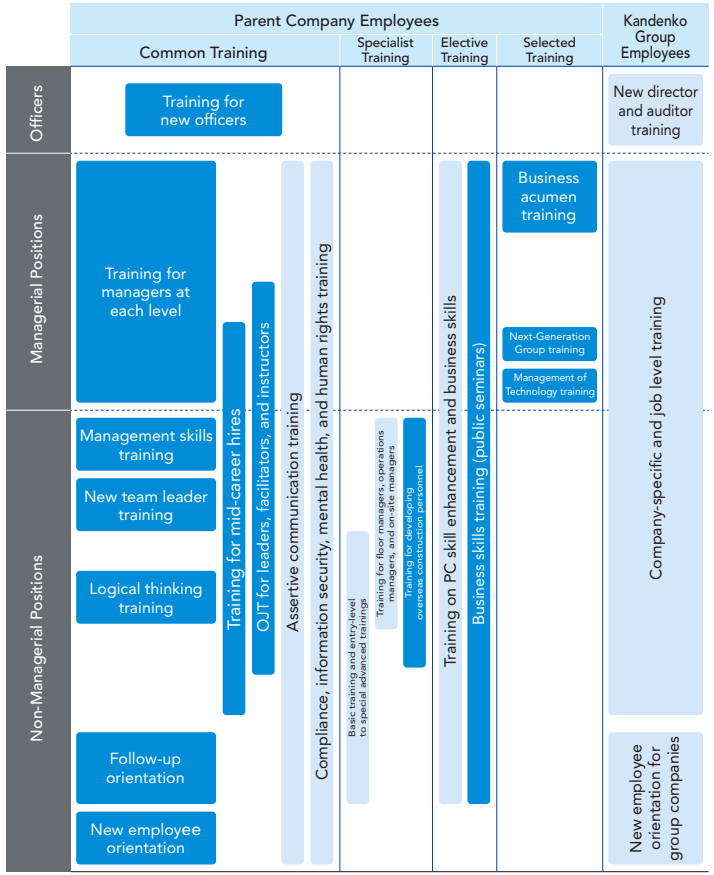
First-class instrumentation engineers	312
Certification for grades 1 and 2 of the Japan Business Law Examination	227
Certification for grades 1 and 2 of Construction Accounting Specialist	401
First-class health officers	850

Social Engaging Our Employees

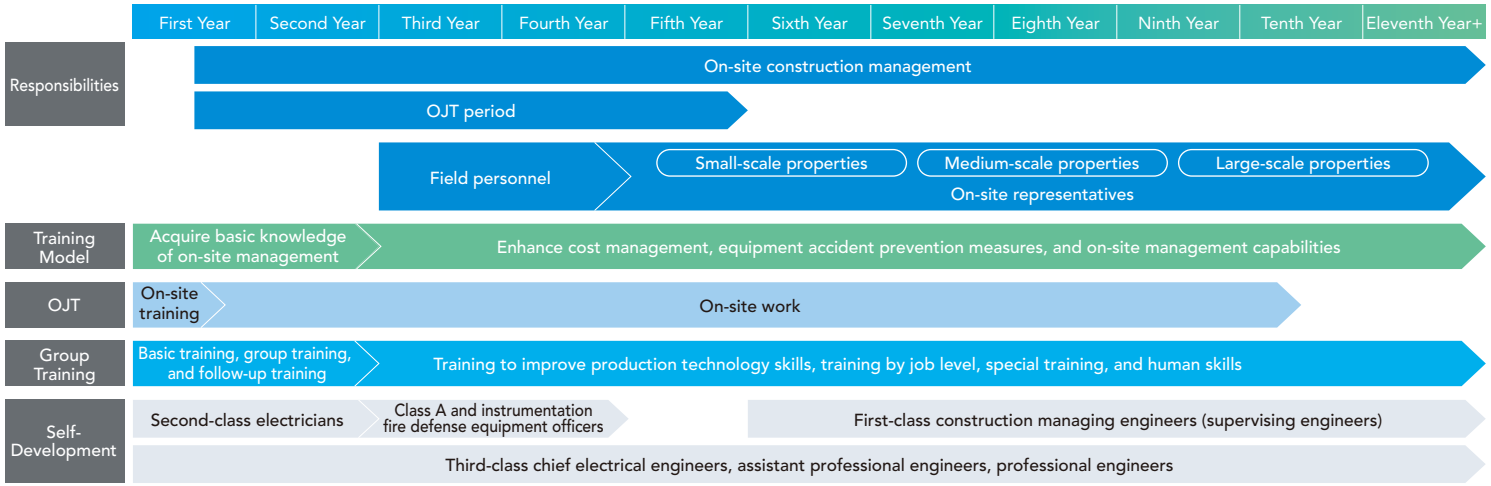
Training Systems

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



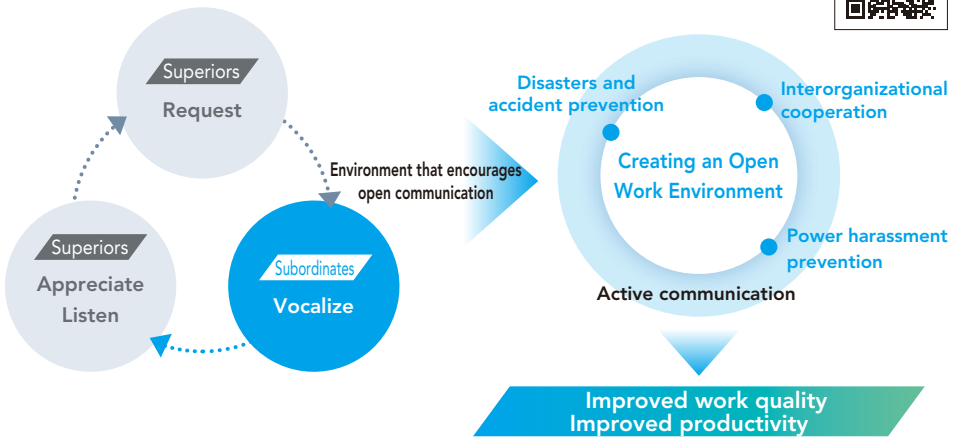
Human Resources Development Roadmap Concept: Engineering (Electrical Engineering)



Human Resources Development
*Follow link for more information.

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.



Social Engaging Our Employees

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.



Health Management

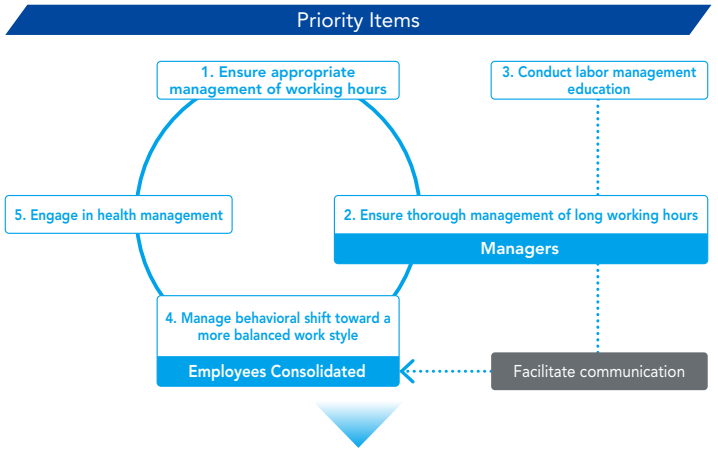
Work-Style and Time-Off Reform

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



Issues to Address

- Avoid long working hours and streamline operations
- Develop human resources
- Manage health
- Encourage and support diverse human resources
- Ensure appropriate management of working hours
- Encourage the use of vacations and time off

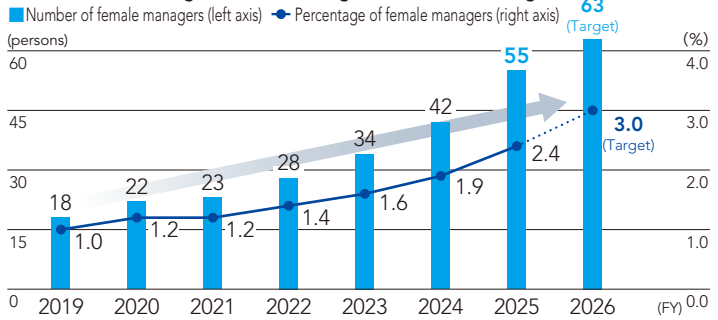
Promoting Women's Empowerment

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

Number and Percentage of Female Managers and Numerical Targets



* 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.



Social Engaging Our Employees

Career Workshop for Female Employees

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





Childcare Leave for Male Employees

Greater participation by men is essential to help both men and women balance work and childcare. We see childcare leave as an important opportunity for men to become more involved in childcare.

Action Plan (Targets and Current Progress)

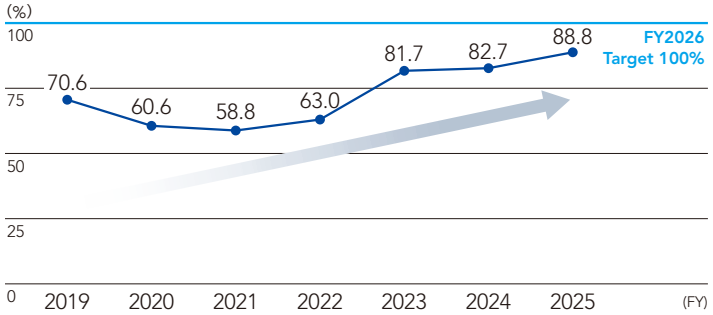
Target: Ensure all male employees utilize childcare leave by the end of fiscal 2026

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

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.

Percentage of Male Employees Taking Leave for Childcare Purposes



TOPICS

Training Tailored to Diverse Recruitment Activities

Kandenko views the contributions of diverse talent as a driver of growth and builds a development framework that reflects greater diversity in hiring. We offer various programs tailored to employee backgrounds and experience, including Japanese-language and specialized training for non-Japanese employees, orientation and OJT support for mid-career hires, and foundational and follow-up training for technical employees with nontechnical academic backgrounds. We provide learning opportunities and practical experience tailored to each stage of development to help employees contribute sooner and continue developing their skills. We also create an environment where diverse talent can perform at full potential, strengthening the talent base that supports sustainable growth.



Family Visitation Events

Kandenko began holding regular family visitation events in fiscal 2019 as part of our efforts to create an attractive company and work-life balance. A total of 101 employees and family members participated in the visitation event held in fiscal 2026. The event featured fun, educational activities around the themes of family and health, including health checks, parent-child exercise classes, workplace tours, electrical craft activities, and environmental learning.

Looking ahead, we will continue creating an environment where each employee can thrive while achieving a fulfilling work-life balance.



Social Respect for Human Rights and Partnership With Suppliers

Human Rights Policy

Since our founding, Kandenko has conducted business to ensure the mutual prosperity of our customers and the communities we serve, finding purpose in this mission.

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

Kandenko Group Human Rights Policy

*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.**
   Prohibit discrimination and unfair treatment, develop work 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 partnerships with our business partners.

Kandenko Group Procurement Policy

*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 (58), new team leaders (121)

Survey period October 2025 - November 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 March 2026

Questionnaire content (overview)

Prohibition of discrimination and unfair treatment; work environment development; local community engagement; compliance with laws, regulations, and social norms; safety and health assurance; quality assurance; environmental considerations; information security; internal systems development

Social Community Engagement and Sports Promotion

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.

Japanese Antarctic Research Expedition
*Follow link for more information.







Photos courtesy of the (Japanese) National Institute of Polar Research

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 will contribute to the growth of the sports community and support the next generation of young leaders through our sponsorship of this tournament, held at the iconic Hanazono Rugby Stadium.



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 × 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*.

Kandenko x Toshiaki Hirose Connection Support Project
*Follow link for more information.



Sponsored Green Future Classroom Junior Golf Lessons

Kandenko has sponsored the Green Future Classroom Junior Golf Lessons, a junior golf lesson program organized by the Japan Golf Association (JGA), since 2017. The event's objective is 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. We will continue to support the future of children through our social contribution activities.



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, planting trees and installing nets to prevent deer from feeding on the saplings. We will continue to pursue business activities that reduce environmental impact to help preserve a healthy and safe global environment for the future.

Social Contribution Activities
*Follow the link to learn more about our other social contributions.



Governance Corporate Governance

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

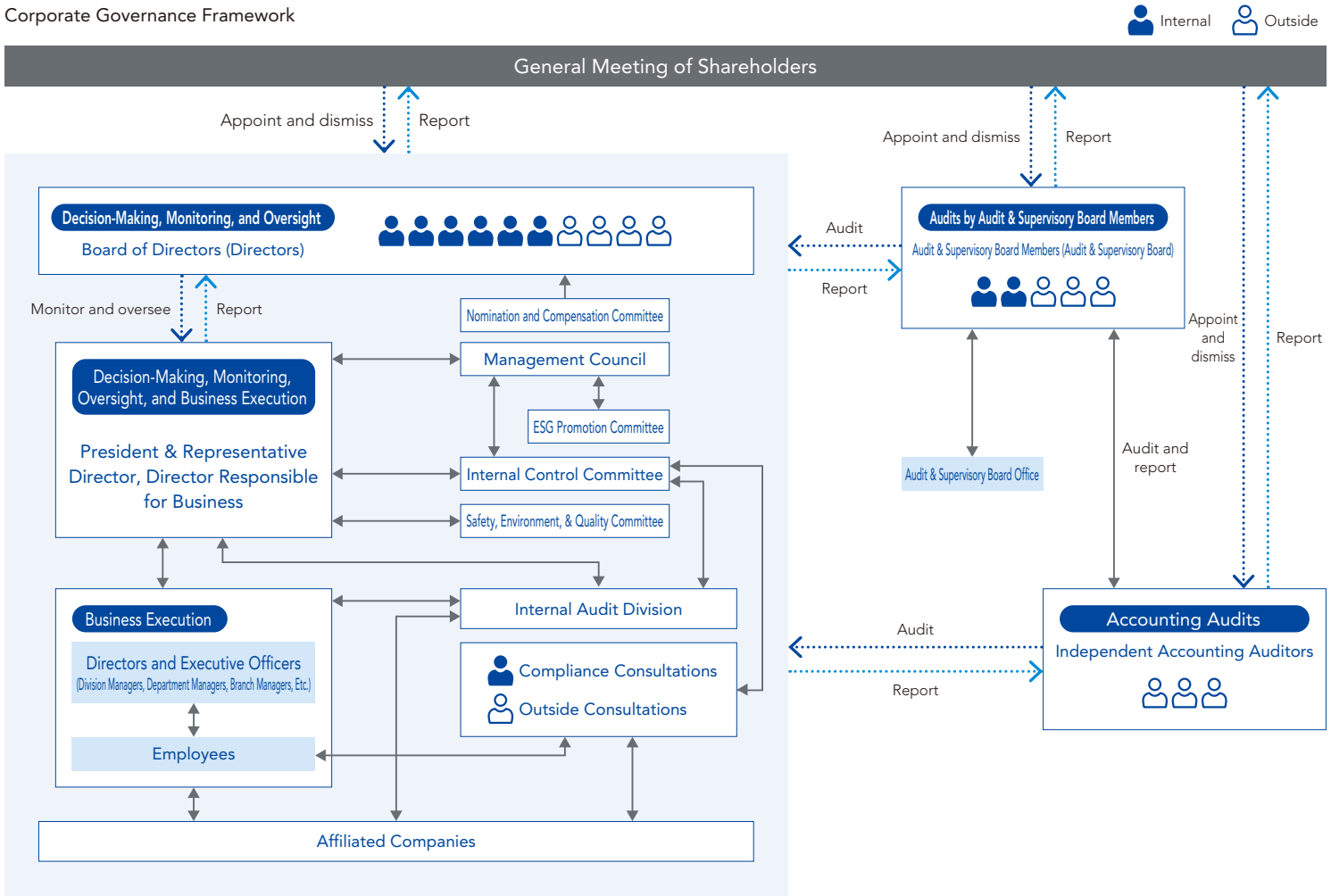
Kandenko adopts a basic corporate governance policy that outlines our fundamental approach to enhancing the practical effectiveness of corporate governance. This policy aligns with the content and essence of the Corporate Governance Code established by the Tokyo Stock Exchange.

*See our website for more information.

Governance Initiatives

Corporate Governance Framework Overview

Corporate Governance Framework



Governance Corporate Governance

Board of Directors

The Kandenko Board of Directors consists of 10 members, including 4 outside directors. The Board holds regular monthly meetings and convenes additional sessions as needed. Members deliberate on important business executions, 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.

No. of Board of Directors Meetings Held in FY2025 **17**

Position	Name	Attendance
Chairman and Representative Director	Seiichi Fubasami	17/17
Representative Director, President and Executive Officer	Hirofumi Tamogami	17/17
Representative Director, Executive Vice President and Executive Officer	Nobuhiro Iida	17/17
Senior Managing Director and Executive Officer	Hiroyuki Enoki	17/17
Senior Managing Director and Executive Officer	Koichi Nakahito	17/17
Managing Director and Executive Officer	Satoshi Takeuchi	12/12
Outside Director	Miwa Suto	17/17
Outside Director	Takaaki Kato	17/17
Outside Director	Mika Narahashi	12/12
Outside Director	Takayuki Konno	—

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

Effectiveness Evaluations

Kandenko conducts 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.

The results of the fiscal 2025 analysis and evaluation by the Board of Directors are as follows.

Evaluation Period and Scope	Board of Directors meetings held from April 2025 through March 2026
Respondents	All directors and Audit & Supervisory Board members
Questionnaire	● 12 scored questions, including comments on low-rated items (Board monitoring and oversight functions, Board composition, roles and responsibilities of outside directors, Board support framework, etc.) ● Free-response comments
Rating	We analyzed the status of initiatives to ensure effectiveness and the self-assessment results and concluded that the Board of Directors was effective overall in fiscal 2025.
Main Comments	● **Discussion of Business Strategy** Board discussions have become more active each year. The Board should engage in more in-depth discussions of medium- to long-term business strategies and related matters from the perspective of enhancing corporate value. ● **Board Monitoring and Oversight Functions** The balance between business execution and management oversight by the Board should be reviewed to strengthen the Board's monitoring and oversight functions. ● **Information Sharing With Outside Officers** Outside officers receive appropriate advance briefings on matters to be submitted to the Board. However, information sharing should be enhanced regarding matters deliberated by executive management.

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.

No. of Audit & Supervisory Board Meetings Held in FY2025 **16**

Position	Name	Attendance
Full-Time Member	Shoichiro Kashiwabara	16/16
Full-Time Member	Naoki Nakamura	—
Outside Member	Takashi Suetsuna	15/16
Outside Member	Nozomu Kano	14/16
Outside Member	Kazuyuki Shiokawa	11/11

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

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
Other matters related to corporate governance, compliance, etc.

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No. of Nomination and Compensation Committee Meetings Held in FY2025 6

Position	Name	Attendance
Chairman and Representative Director	Seiichi Fubasami	6/6
Representative Director, President and Executive Officer	Hirofumi Tamogami	6/6
Outside Director	Miwa Suto	6/6
Outside Director	Takaaki Kato	6/6
Outside Director	Mika Narahashi	5/5
Outside Director	Takayuki Konno	—

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

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. Five CPAs, four individuals who have passed the CPA 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 audit 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	●				●		●			●
	Hiroyuki Enoki	●			●	●					●
	Koichi Nakahito		●				●		●	●	
	Satoshi Takeuchi	●				●	●	●			
	Miwa Suto	●		●						●	
	Takaaki Kato	●	●	●							●
	Mika Narahashi		●		●				●		
	Takayuki Konno	●	●			●			●		
Audit & Supervisory Board Members	Shoichiro Kashiwabara	●	●	●				●			
	Naoki Nakamura		●			●	●	●			
	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.

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Succession Planning

Kandenko regards succession planning for top management, including representative directors, as a key management priority for achieving sustainable growth in corporate value. The Board of Directors formulates and operates the succession plan following deliberation and review by the Nomination and Compensation Committee, a majority of whose members are independent outside directors.

We appoint top management from among individuals who have a deep understanding of Kandenko management and can contribute to our growth and development by putting our Corporate Philosophy into practice. We identify and develop talent systematically through evaluations of performance, qualities, and capabilities; 360-degree surveys and interviews; training and seminars; and personnel rotations. We also manage a talent pool of potential succession candidates.



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 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

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at a fixed time each year.
(a) Set KPIs for consolidated operating income and consolidated net sales (key performance evaluation metrics)
(b) 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
(c) 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.

FY2025 Director and Audit & Supervisory Board Member Compensation Amounts

Category	Number of Recipients	Total Compensation, Etc.
Directors (of which are outside directors)	14 (5)	¥541 million (¥43 million)
Audit & Supervisory Board Members (of which are outside members)	6 (4)	¥87 million (¥33 million)

Category	Total Compensation, Etc. by Type		
	Base Compensation	Performance-Linked Compensation (Bonuses)	Restricted Share-Based Remuneration
Directors (of which are outside directors)	¥293 million (¥43 million)	¥214 million (—)	¥33 million (—)
Audit & Supervisory Board Members (of which are outside members)	¥87 million (¥33 million)	— (—)	— (—)

*The number of recipients and the amount of compensation include two directors and one Audit & Supervisory Board member who retired at the conclusion of the 111th Annual General Meeting of Shareholders held on June 27, 2025.

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 (119 consultations received in fiscal 2025).

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 Office 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 2025.

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 20% of the Kandenko Group's revenue.

Fluctuations in 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.

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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 strengthen the efforts of the Safety and Quality 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 audit 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.

Governance

Management

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



Hiroyuki Enoki
Senior Managing Director and Executive Officer



Koichi Nakahito
Senior Managing Director and Executive Officer



Satoshi Takeuchi
Managing Director and Executive Officer



Miwa Suto
Outside Director



Takaaki Kato
Outside Director



Mika Narahashi
Outside Director



Takayuki Konno
Outside Director

Audit & Supervisory Board Members



Shoichiro Kashiwabara
Full-Time Member



Naoki Nakamura
Full-Time Member



Takashi Suetsuna
Outside Member



Nozomu Kano
Outside Member



Kazuyuki Shiokawa
Outside Member

Section

05 Data Section

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

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Consolidated 11-Year Financial Summary

(Millions of yen)

Consolidated Fiscal Year Ended March 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net sales	447,673	470,943	507,205	563,550	616,143	556,045	495,567	541,579	598,427	671,888	**742,022**
Operating profit	16,416	26,397	29,261	30,012	34,693	30,041	30,643	32,748	40,934	58,326	**83,140**
Operating profit ratio (%)	3.7	5.6	5.8	5.3	5.6	5.4	6.2	6.0	6.8	8.7	**11.2**
Ordinary profit	17,077	27,345	30,031	30,795	35,565	31,043	31,754	34,059	42,648	59,498	**84,981**
Profit (loss) attributable to owners of the parent	9,412	17,591	19,058	19,703	22,515	20,147	20,315	21,167	27,345	42,380	**63,516**
Comprehensive income	7,137	18,422	22,927	20,319	15,685	29,222	19,831	21,024	44,375	45,492	**75,742**
Total assets	407,681	424,874	443,751	459,854	488,701	456,999	470,967	487,828	567,275	603,220	**635,618**
Net assets	197,980	213,356	230,810	245,954	255,821	279,459	293,514	308,457	345,800	380,949	**405,687**
ROE (%)	4.9	8.8	8.8	8.5	9.3	7.8	7.3	7.3	8.6	12.1	**16.8**
ROA (%)	4.4	6.6	6.9	6.8	7.5	6.6	6.8	7.1	8.1	10.2	**13.7**
Equity ratio (%)	47.22	48.72	50.51	51.85	50.62	59.17	60.30	61.17	58.87	60.98	**61.40**
Net assets per share (yen)	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	**1,961.02**
Earnings per share (yen)	46.07	86.11	93.31	96.46	110.23	98.64	99.45	103.59	133.80	207.35	**311.77**
Dividends per share (yen)	14.00	20.00	24.00	26.00	28.00	28.00	28.00	32.00	41.00	82.00	**124.00**
Cash flows from operating activities	18,042	6,751	11,469	28,251	29,155	12,873	27,150	7,455	19,841	18,263	**89,451**
Cash flows from investing activities	(7,101)	(17,867)	(10,015)	(10,131)	(13,481)	(972)	(9,224)	(6,635)	(19,077)	(10,168)	**(4,835)**
Cash flows from financing activities	19,807	(169)	(7,857)	(9,153)	(7,151)	(26,317)	(7,789)	(7,319)	567	(12,625)	**(65,636)**
Cash and cash equivalents at end of period	70,899	59,612	54,099	63,068	71,579	57,187	67,423	61,015	62,438	57,835	**77,151**
Number of employees (persons)	8,915	9,244	9,571	9,818	10,003	10,154	10,264	10,320	10,442	10,558	**10,850**

* 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.

Annual Securities Report, etc.

*Follow link for more information.

Non-Financial Information (As of March 31, 2026)

Item		Unit	Results				
			FY2021	FY2022	FY2023	FY2024	FY2025
Employees (Consolidated)	Total	Persons	10,264	10,320	10,442	10,558	**10,850**
Employees	Total	Persons	7,619	7,682	7,769	7,856	**8,110**
	Male		7,123	7,180	7,244	7,321	**7,543**
	Female		496	502	525	535	**567**
Average Age	Total	Age	41.9	42.1	42.3	42.4	**42.4**
	Male		41.8	42.1	42.2	42.3	**42.3**
	Female		42.6	43.4	43.4	43.8	**43.2**
Years of Service	Total	Years	19.1	19.4	19.6	19.5	**19.3**
	Male		19.3	19.5	19.7	19.7	**19.5**
	Female		16.4	16.9	17.3	17.1	**16.5**
Turnover	Total	%	1.8	2.4	2.6	2.6	**2.0**
	Male		1.8	2.5	2.7	2.6	**2.1**
	Female		1.6	1.9	1.5	2.7	**1.0**
Promotion to Managerial Positions	Earliest age	Age	39	39	38	38	**38**
	Number of male in managerial positions	Persons	1,864	1,932	2,027	2,117	**2,252**
	Number of female in managerial positions	Persons	23	28	34	42	**55**
	Percentage of females in managerial positions	%	1.2	1.4	1.6	1.9	**2.4**
Employment of Persons With Disabilities	Employment rate	%	2.7	2.6	2.7	2.8	**2.5**
Number of Regular Hires	Total	Persons	314	330	330	331	**341**
	Male		303	307	307	315	**317**
	Female		11	23	23	16	**24**
Number of Mid-Career Hires	Total	Persons	79	81	94	113	**179**
	Male		67	73	87	97	**156**
	Female		12	8	7	16	**23**
Ratio of Mid- Career Hires Among Full-Time Employees	Total	%	20.1	19.7	22.2	25.5	**34.4**
	Male		18.1	19.2	22.1	23.5	**33.0**
	Female		52.2	25.8	23.3	50.0	**48.9**

Item		Unit	Results				
			FY2021	FY2022	FY2023	FY2024	FY2025
Number of Employees Using the Nursing Care Leave Program	Total	Persons	5	3	5	5	**4**
	Male		3	3	4	3	**3**
	Female		2	0	1	2	**1**
Percentage of Employees Taking Childcare Leave	Total	%	11.2	18.3	36.7	42.3	**53.4**
	Male		5.6	10.9	31.4	37.5	**50.3**
	Female		100.0	100.0	100.0	100.0	**100.0**
Percentage of Employees Using the Spouse Childbirth Leave Program		%	58.8	63.0	81.7	81.5	**82.1**
Number of Foreign Employees		Persons	14	16	34	42	**63**
Female Technical and Engineering Staff		Persons	105	108	117	128	**151**
Percentage of Employees Rehired After Mandatory Retirement Age		%	89.8	89.1	90.6	93.5	**97.6**
Average Annual Salary	Total	Thousands of yen	7,547	7,449	8,185	9,060	**10,123**
	Male	Thousands of yen	7,694	7,602	8,296	9,177	**10,245**
	Female	Thousands of yen	5,486	5,367	6,340	7,178	**8,180**
	Ratio of Female's Wages to Male's Wages	%	71.3	70.6	76.4	78.2	**79.8**
Paid Leave Usage Rate	Total	%	66.9	72.4	72.9	72.3	**73.6**
Average Total Working Hours Per Person Per Month	Total	Hours	175.4	173.0	174.9	173.1	**170.7**
Ratio of Employees Who Undergo Stress Checks		%	95.6	96.8	96.2	96.0	**95.5**
Work Engagement		%	67.5	66.0	67.0	67.5	**68.0**
Employee Engagement		%	—	69.6	71.5	73.6	**76.7**
Employee Training Hours* (Company-Wide Training, Etc.)		Total hours	26,600	37,658	49,384	54,656	**51,502**
Number of Employee Training Days* (Company-Wide Training, Etc.)		Total days	3,547	5,021	6,585	7,288	**6,867**
Number of Training Participants* (Company-Wide Training, Etc.)		Total number of persons	2,114	2,442	4,081	4,372	**4,760**
Cost of Training Per Person		Thousands of yen	—	54	57	52	**60**

*Training provided by Education & Training Center

Corporate Information (As of March 31, 2026)

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 10,850; Non-Consolidated 8,110

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.

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





Network

Domestic Offices

Head Office	4-8-33 Shibaura, Minato-ku, Tokyo, Japan
Tokyo Main Branch	4-8-33 Shibaura, Minato-ku, Tokyo, Japan
Tokyo Renovation Branch	4-8-33 Shibaura, Minato-ku, Tokyo, Japan
Chiba Branch	2-1-24 Shinjuku, Chuo-ku, Chiba-shi, Chiba, Japan
Tama Branch	2-24-6 Myojincho, Hachioji-shi, Tokyo, Japan
Hokkaido Branch	3F, J&S Resona Building, 4-1-2 Kitaichijo Nishi, Chuo-ku, Sapporo-shi, Hokkaido, Japan
Saitama Branch	8F, Omiya Solamichi KOZ, 1-195-1 Sakuragicho, Omiya-ku, Saitama-shi, Saitama, Japan
Ibaraki Branch	2-7-14 Jonan, Mito-shi, Ibaraki, Japan
Tochigi Branch	91-1 Imaizumicho, Utsunomiya-shi, Tochigi, Japan
Gunma Branch	215-6 Furuichimachi, Maebashi-shi, Gunma, Japan
Kanagawa Branch	1-1-8 Hiranuma, Nishi-ku, Yokohama-shi, Kanagawa, Japan
Yamanashi Branch	4-12-25 Chuo, Kofu-shi, Yamanashi, Japan
Numazu Branch	8-12 Yoneyamacho, Numazu-shi, Shizuoka, Japan
Tohoku Branch	Sendai Dai-ichi Seimei Tower Building, 4-6-1 Ichibancho, Aoba-ku, Sendai-shi, Miyagi, Japan
Niigata Branch	3F, Hokuetsu Daiichi Building, 1-2-25 Higashiodori, Chuo-ku, Niigata-shi, Niigata, Japan
Fukushima Division	15-2, Jokonishi, Ide, Naraha-machi, Futaba-gun, Fukushima, Japan
Chubu Branch	6F, Nagoya Toho Building, 1-2-7 Sakae, Naka-ku, Nagoya-shi, Aichi, Japan
Shizuoka Branch	3F, Mainichi Ezaki Building, 8-20 Shichikencho, Aoi-ku, Shizuoka-shi, Shizuoka, Japan
Nagano Branch	1629-32 Midoricho, Nagano-shi, Nagano, 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

Overseas Offices

Singapore Regional Branch	2 Leng Kee Road #06-05 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.



Work Projects (Japanese Only)
https://www.kandenko.co.jp/works/

Stock Information

The Company's shares are listed on the Prime Market of the Tokyo Stock Exchange. As of March 31, 2026, Kandenko had 32,875 shareholders.

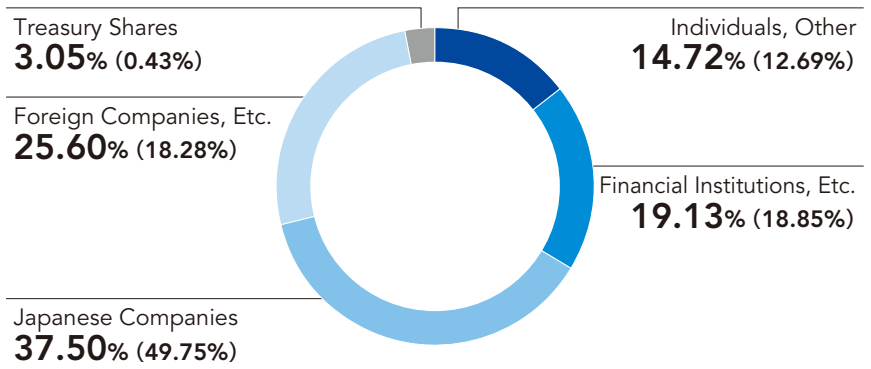
The table on the right side lists our main shareholders.

Main Shareholders (As of March 31, 2026)

	Name	Shares	Ownership Ratio
1	TEPCO Power Grid, Inc.	68,596,352	34.46%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	16,085,100	8.08%
3	The Custody Bank of Japan, Ltd. (Trust Account)	10,756,100	5.40%
4	STATE STREET BANK AND TRUST COMPANY 505001	5,265,937	2.64%
5	Kandenko Group Employees Shareholding Association	5,060,670	2.54%
6	THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	2,114,256	1.06%
7	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,041,766	1.02%
8	JP MORGAN CHASE BANK 385781	1,791,869	0.90%
9	CACEIS BANK, LUXEMBOURG BRANCH / UCITS - FULL TAX	1,763,323	0.88%
10	JPMorgan Securities Japan Co., Ltd.	1,742,710	0.87%
	Total	115,218,083	57.89%

*Ownership ratios are calculated by subtracting 6,274,418 shares of treasury stock from the total number of shares issued and outstanding.

Shares Held by Type of Shareholder (As of March 31, 2026)

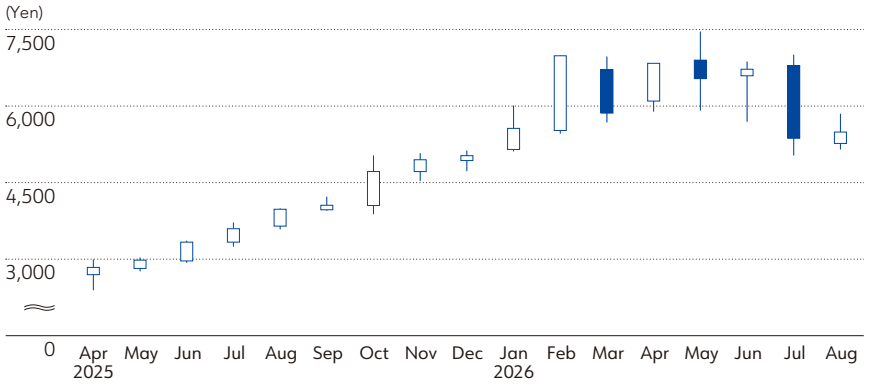


*Figures in parentheses are as of March 31, 2025

Stock-Related Information

Fiscal Year-End	March 31
Ordinary General Meeting of Shareholders	June
Record Date for Dividend Payments	March 31 (year-end dividend) 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. https://www.kandenko.co.jp/english/
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 Tel: 0120-782-031 (toll-free)

Monthly Share Price



KANDENKO

Kandenko Co., Ltd.

4-8-33 Shibaura, Minato-ku, Tokyo 108-8533, Japan
TEL: 03 -5476-2111
https://www.kandenko.co.jp/en/

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.

UD FONT

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