

Financial Results Report for the Fiscal Year 2023 (period ending March 31, 2024)



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今日を支え 明日を創る

株式会社 四電五

(TSE Prime Market: 1939)

May. 2024

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Business Environment

- Orders received relatively favorable due to continued signs of recovery in capital investment and public investment
- Need to pay attention to the impact on the decision to win an order, the cost of construction, and the progress of construction work due to a rise in the price of materials and equipment and delays in procurement.

Our group's achievements

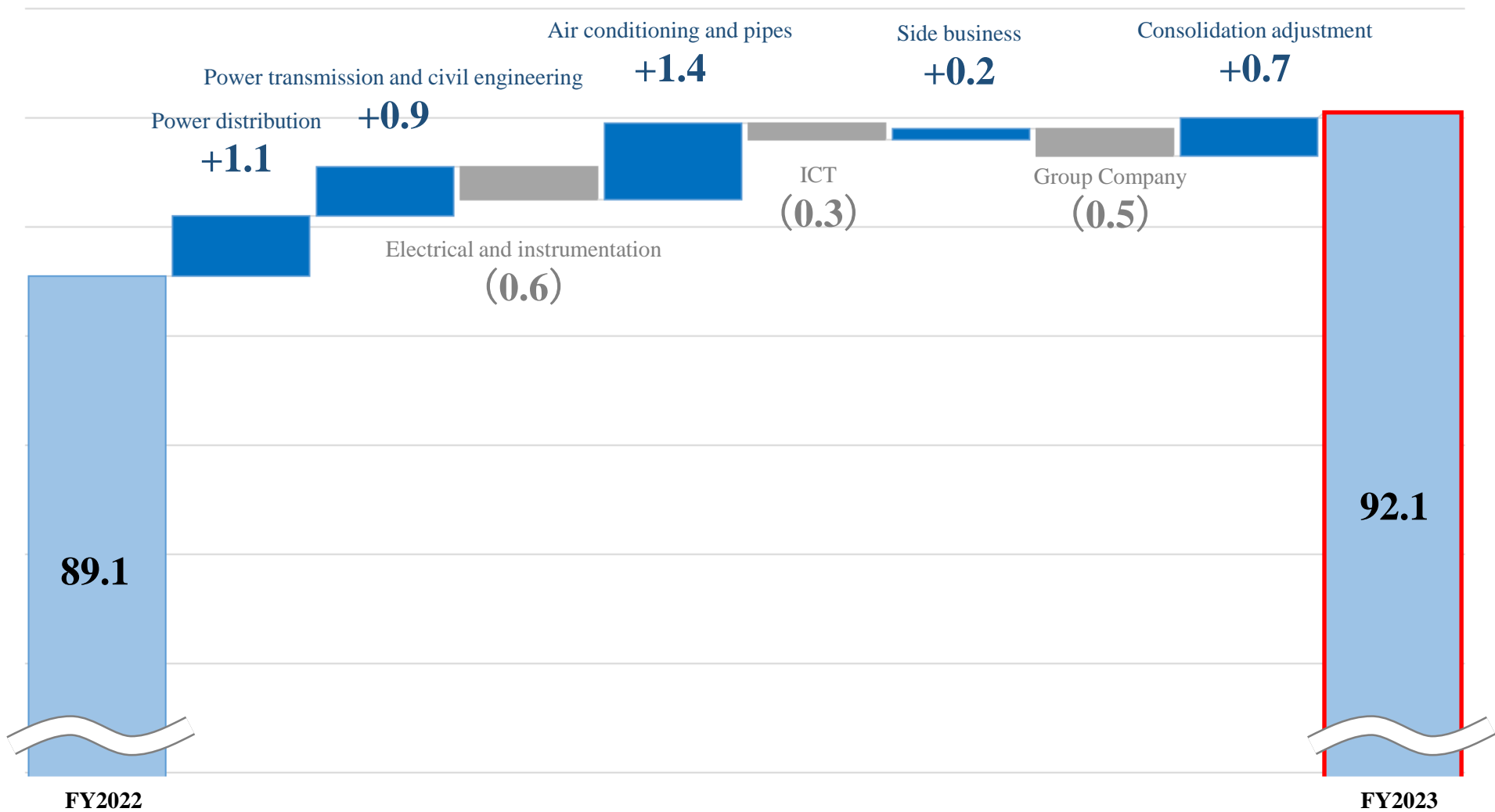
- Orders received reached a record high
- Net sales are the second highest ever, after FY2021, and all profits are record highs
 - Stable purchasing of materials and equipment and thorough cost control contributed

	FY2022	FY2023	YoY change
(Billion yen)			
Orders received	91.2	97.7	+6.5
Net sales	89.1	92.1	+2.9
Operating profit	4.9	6.4	+1.4
Ordinary profit	5.5	7.0	+1.4
Profit attributable to owners of parent	3.7	4.5	+0.8
Basic earnings per share	239.24 yen	290.12 yen	+50.88 yen

Factors behind Changes in Net Sales (Consolidated)

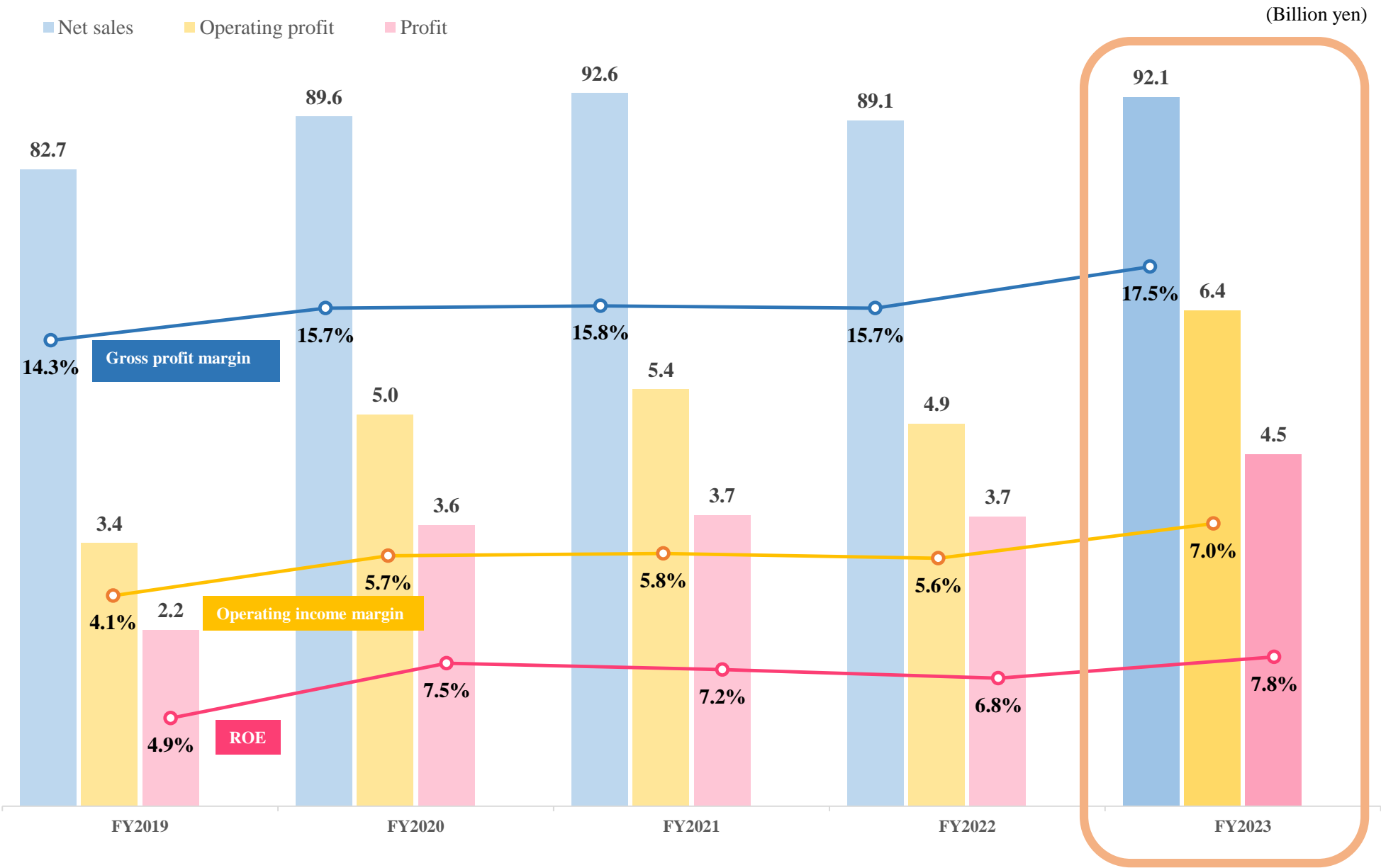
I 2023 fiscal year results

(Billion yen)



Trends in Operating Results (Consolidated)

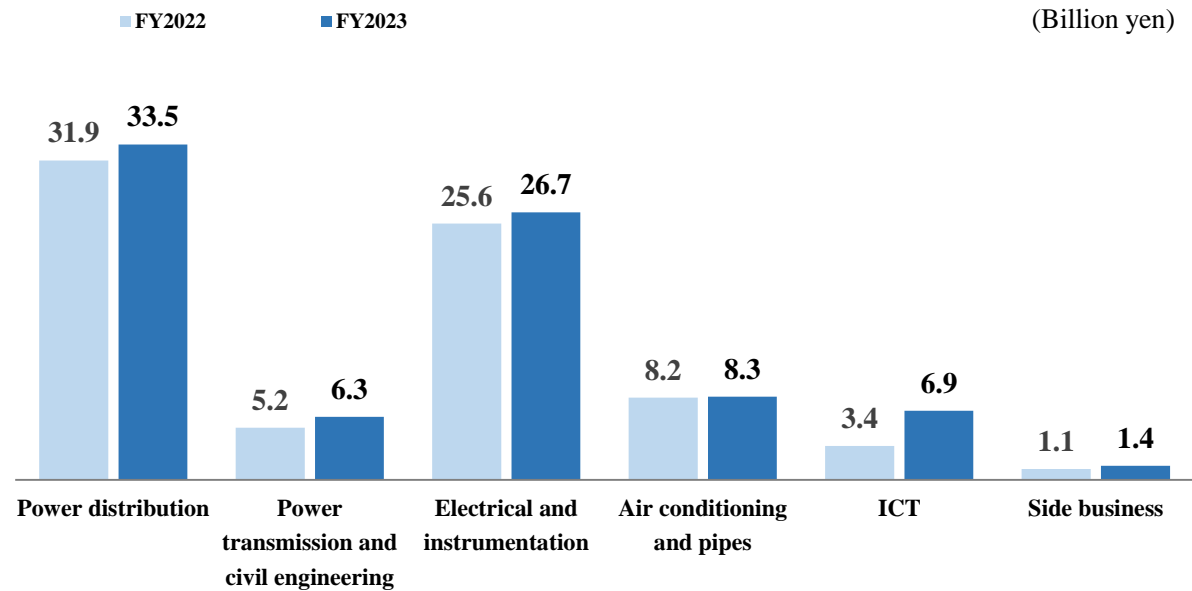
I 2023 fiscal year results



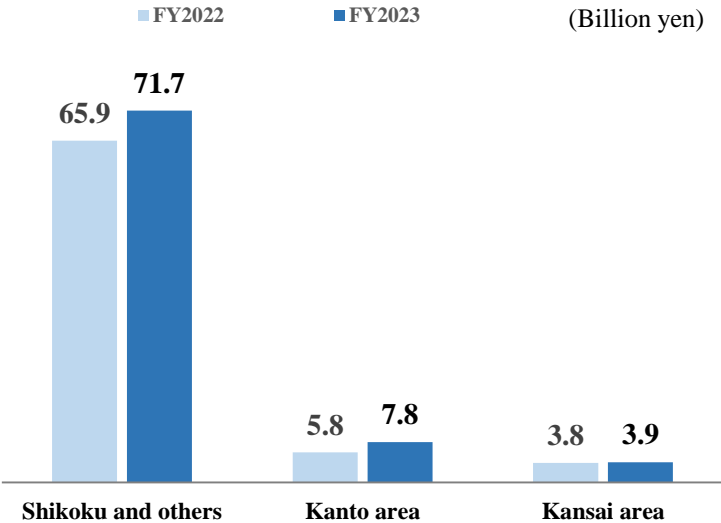
Orders received were ¥83.5 billion, up ¥7.8 billion year on year.
➤ High level of orders received due to contribution from large-scale construction orders

(Billion yen)	FY2022	FY2023	YoY change
Orders received	75.6	83.5	+7.8

Orders Received by Type of Construction



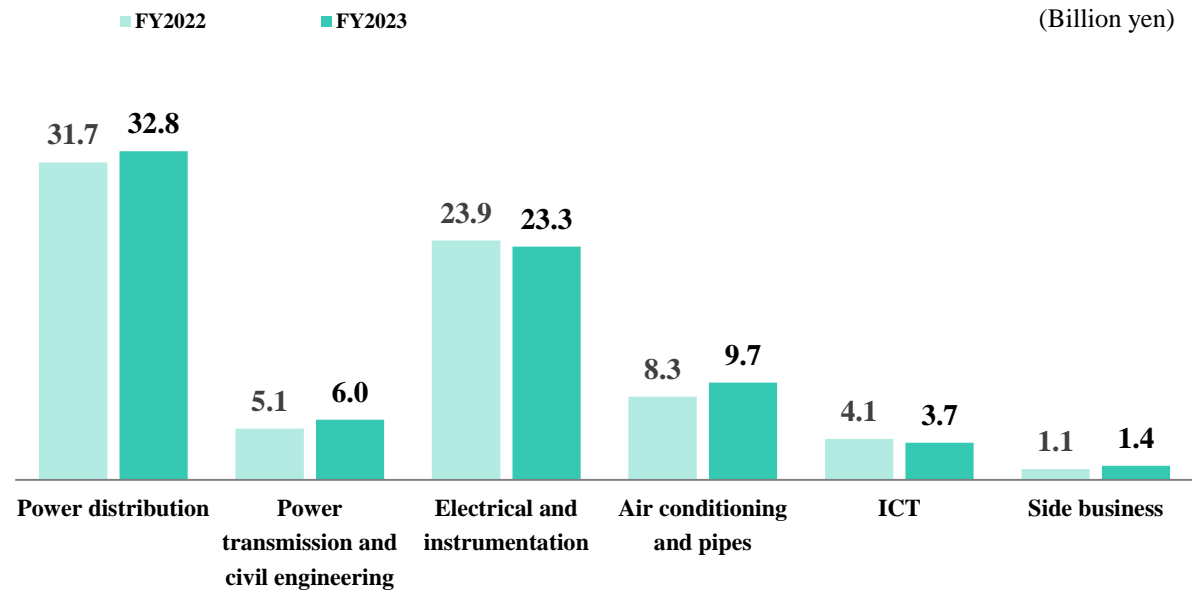
Orders Received by Region



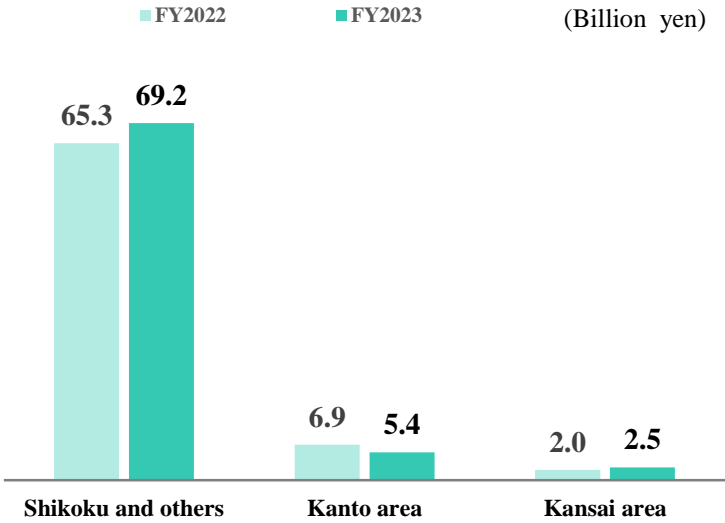
Net sales were ¥77.2 billion, an increase of ¥2.8 billion year on year.
➤ Steady progress in large-scale construction projects due to stable procurement of materials and equipment and detailed process control

(Billion yen)	FY2022	FY2023	YoY change
Net sales	74.3	77.2	+2.8

Net Sales by Type of Construction



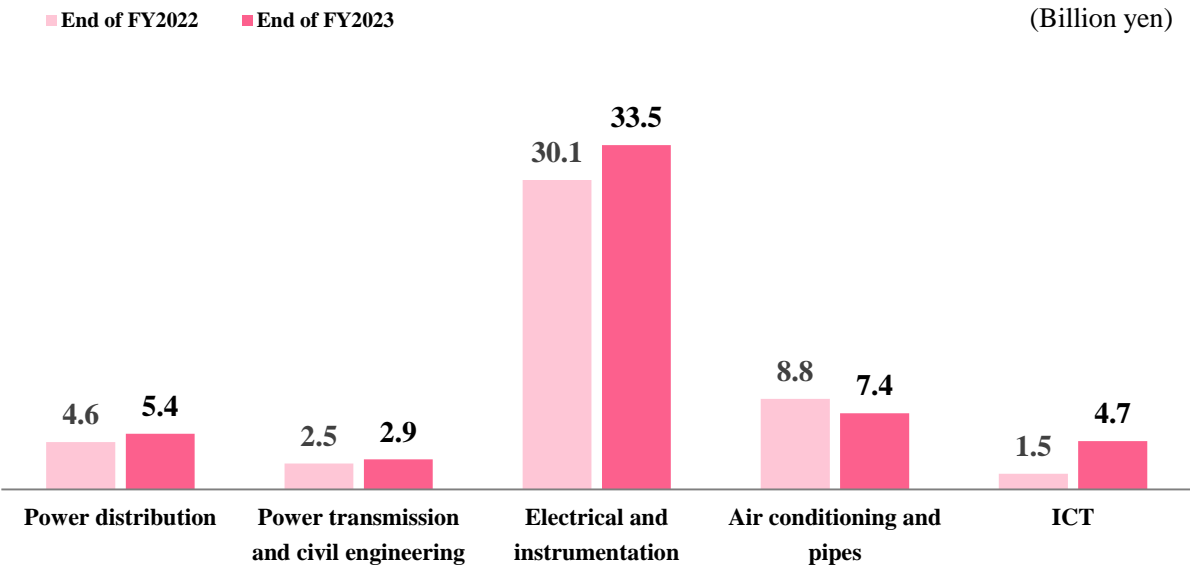
Net Sales by Region



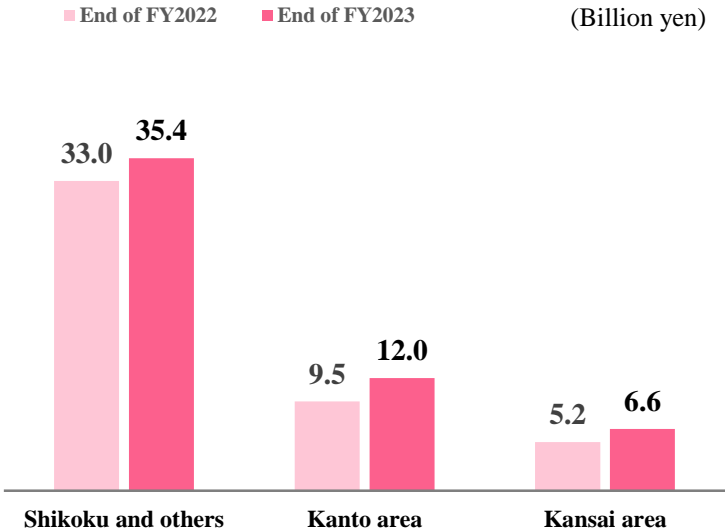
Net sales of construction contracts carried forward were 54.1 billion yen, up 6.3 billion yen from the end of the previous fiscal year.
➤ Secure high level of net sales of construction contracts carried forward

(Billion yen)	End of FY2022	End of FY2023	YoY change
Orders carried over	47.8	54.1	+6.3

Orders Carried Over by Type of construction



Orders Carried Over by Region



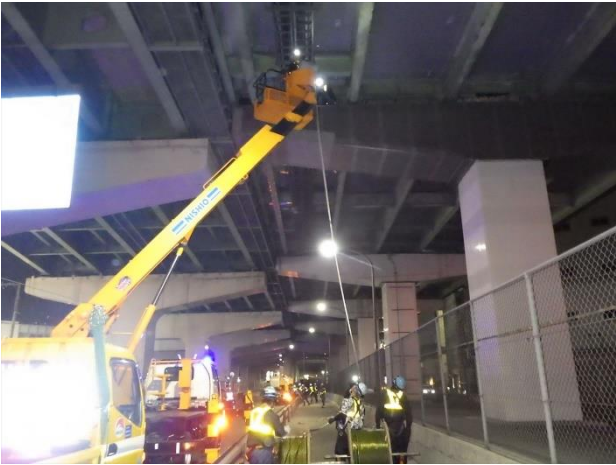
(Billion yen)		End of March 2023	End of March 2024	YoY Change	Main change factors
	Current assets	53.6	58.1	+4.5	Cash and deposits +3.3 Notes and accounts receivable and other +1.2
	Non-current assets	43.4	45.0	+1.5	Investment securities +2.9 Property, plant and equipment (1.0)
Total assets		97.0	103.2	+6.1	
	Current liabilities	29.5	31.4	+1.9	Accounts payable – other +0.8 Income taxes payable +0.6
	Non-current liabilities	11.6	9.9	(1.6)	Long-term borrowings (1.6)
Total liabilities		41.1	41.4	+0.2	
※ Net Assets		55.9	61.7	+5.8	Profit +4.5 Other comprehensive income +3.0 Dividends (1.6)
Total liabilities and net assets		97.0	103.2	+6.1	
Equity ratio		57.5%	59.8%	+2.3	

※ Net assets include "Non-controlling interests."

(Billion yen)	FY2022	FY2023	Details of Fiscal 2023
Cash flows from operating activities	3.8	6.0	Income before income taxes +6.9 Costs on construction contracts in progress (1.1)
Cash flows from investing activities	0.1	(0.5)	Purchase of property, plant and equipment (1.3) Proceeds from sale of property, plant and equipment +0.5 Proceeds from sale of investment securities +0.3
Cash flow from financing activities	(3.1)	(3.1)	Proceeds from long-term borrowings +1.5 Repayments of long-term borrowings (3.0) Dividends paid (1.6)
Net increase (decrease) in cash and cash equivalents	0.8	2.3	
Cash and cash equivalents at beginning of period	19.0	19.9	
Cash and cash equivalents at end of period	19.9	22.3	

Major completed properties

Construction project	Construction type	Region
Sharp Samegawamura Aono Solar Power Plant Electrical Construction	Electric power	Fukushima
Renewal of LED of the Marugame Race Nighter	Electric power	Kagawa
Hanshin Expressway Communication Line Improvement and Other Construction	ICT	Osaka
JR Shikoku Takamatsu Station Building (TAKAMATSU ORNE) New construction, etc.	Air conditioning and pipes	Kagawa
New electric facilities construction at Tohoku University (Aobayama 3)	Electric power	Miyagi



Hanshin Expressway Communication Line Improvement and Other Construction
(Construction: AI Denki Tsushin Co.,Ltd./our group)



JR Shikoku Takamatsu Station Building (TAKAMATSU ORNE)
New construction and other construction



New electric facilities construction at Tohoku University (Aobayama 3)

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■ Both consolidated and non-consolidated forecasts are for higher sales and lower profits. (Non-consolidated operating income increased)

(Billion yen)	Consolidated				(Billion yen)	Non-consolidated			
	FY2023 Actual	FY2024 Forecast	YoY change	From the previous year %		FY2023 Actual	FY2024 Forecast	YoY change	From the previous year %
Net sales	92.1	100.0	+7.8	108.6%	Net sales	77.2	86.0	+8.7	111.4%
Operating profit	6.4	6.0	(0.4)	93.1%	Operating profit	4.1	4.3	+0.1	104.5%
Ordinary profit	7.0	6.5	(0.5)	92.7%	Ordinary profit	4.9	4.9	(0.0)	98.2%
Profit attributable to owners of parent	4.5	4.0	(0.5)	87.5%	Profit	3.5	3.1	(0.4)	88.5%
Basic earnings per share	290.12 yen	254.07 yen	(36. 05) yen	—	Basic earnings per share	222.39 yen	196.90 yen	(25.49) yen	—
Dividend forecast* Payout ratio	140 yen/share 48.3%	140 yen/share 55.1%	—	—	Dividend forecast* Payout ratio	140 yen/share 63.0%	140 yen/share 71.1%	—	—

※FY2023: interim dividend of 60 yen, year-end dividend of 80 yen, FY2024: interim dividend of 70 yen, year-end dividend of 70 yen

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■In August 2023, we announced "Initiatives to Improve Capital Profitability" and have been implementing initiatives based on the following basic policies.

Basic Policy for Improving Capital Profitability

By investing in human resources and other forms of growth, we will achieve sustainable growth in profits and achieve an appropriate capital structure by enhancing shareholder returns and other measures. ⇒ We will promote initiatives focused on improving ROE.

Expanded profits

"FY 2022 (Consolidated Results)"		"FY 2023 (Consolidated Results)"
Operating profit: ¥4.97 billion		Operating profit : ¥6.44 billion
Ordinary profit: ¥5.56 billion	⇒	Ordinary profit : ¥7.01 billion
Profit※: ¥3.76 billion		Profit※: ¥4.57 billion

※Profit attributable to owners of parent

Capital structure optimization

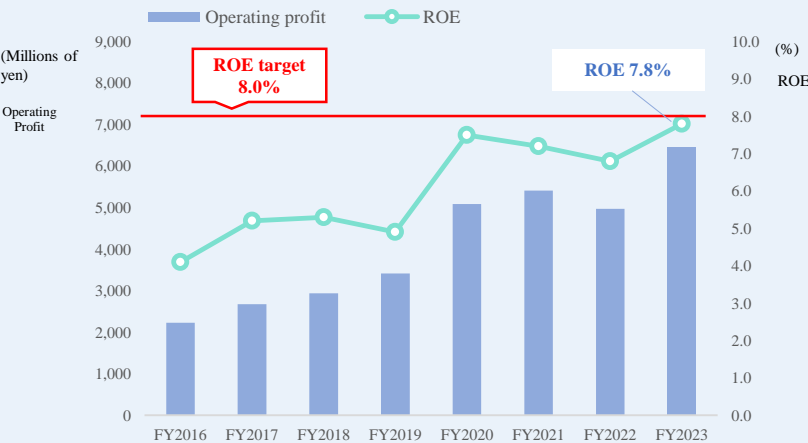
2023.8.31 "Changing the Shareholder Return Policy" and "Adjusting the Dividend Forecasts (Dividend Increase)"

- Consolidated dividend payout ratio: 30% or more ⇒ Raised to 40% or more
- Annual dividend: ¥100 ⇒ ¥120 (up ¥30 year on year)

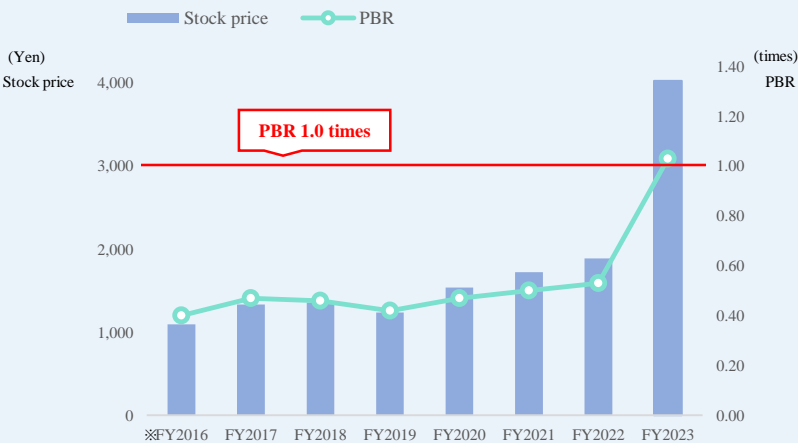
2024.1.31 "Revision of Dividend Forecast (Dividend Increase)"

- Annual dividend: ¥120 ⇒ ¥140 (up ¥50 year on year)

Trends in Operating profit and ROE



Trends in Stock price and PBR



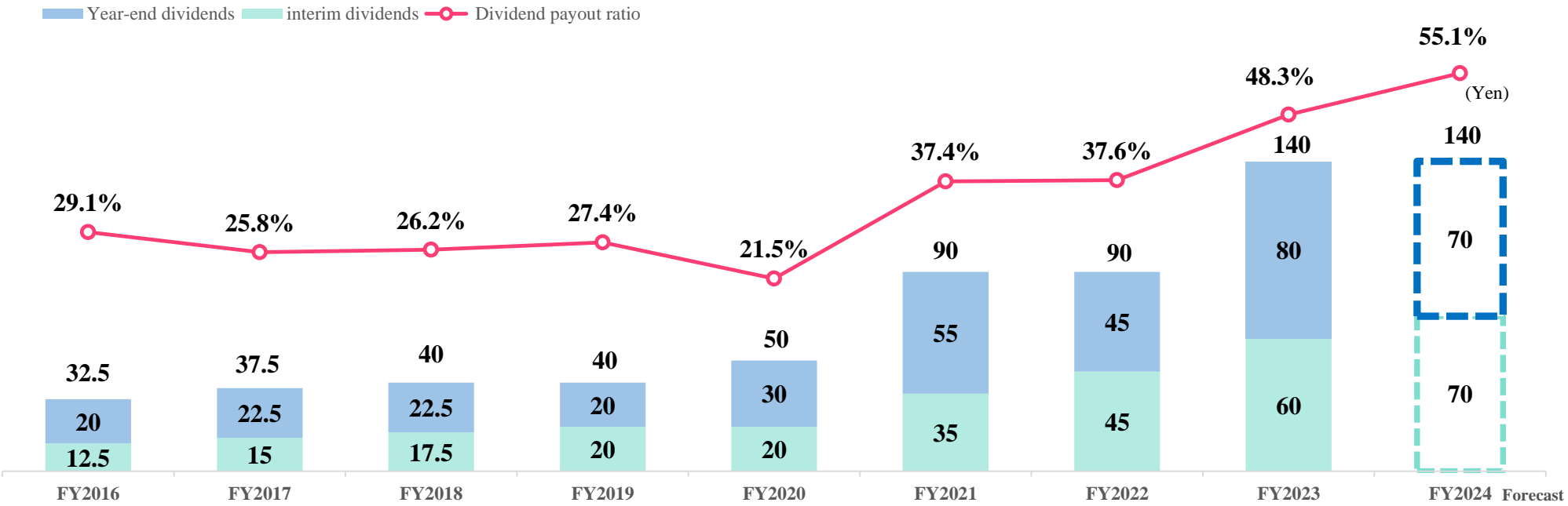
※Represents information as of the end of the fiscal year.

- In the future, we will consider effective methods and scale of share repurchases, keeping in mind that the liquidity of shares will not be reduced as much as possible.
- From the viewpoint of improving stock liquidity and stock price sensitivity, we will also consider lowering investment unit through stock splits at a timely time.

Shareholder Return Policy (from Medium-Term Management Plan 2025)

- For our shareholders, we aim to achieve a consolidated dividend payout ratio of 40% or more.
We will provide returns that are sustainable and in line with business performance.
- Even if profits decline temporarily due to future economic trends and other factors, we will strive to maintain dividend levels as much as possible.

Trends in dividends and dividend payout ratio



※ The Company conducted a 1-for-5 reverse stock split of common stock on October 1, 2017, and conducted a 2-for-1 stock split of common stock on October 1, 2021.
As such, dividends per share represent the amount converted into the current number of shares.

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Common Targets for FY2025
"Challenge to the Next Growth Stage"

Priority Issues to be Addressed

① Strengthening Multifaceted Profitability as a General Facility Construction Company

② Expansion of wide-area business development

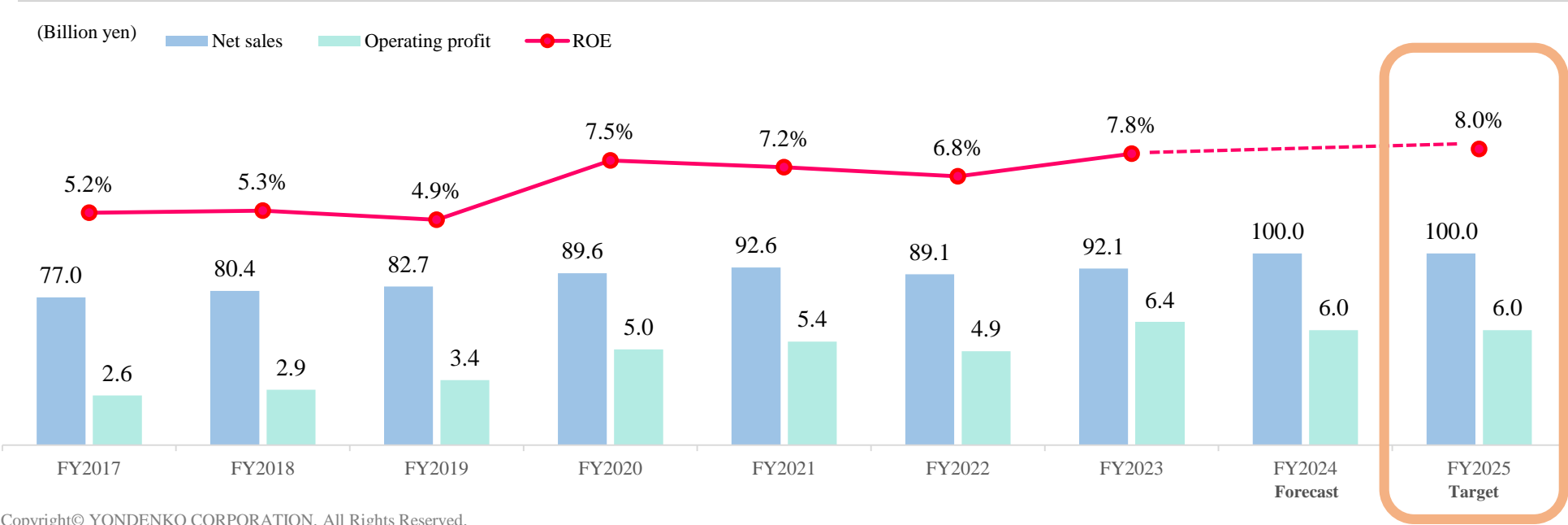
③ Maintain business foundation to ensure the reliability of lifelines

④ Demonstrating the collective strengths of the Yondenko Group

⑤ Commitment to Ensure Sustainability of the Environment and Society

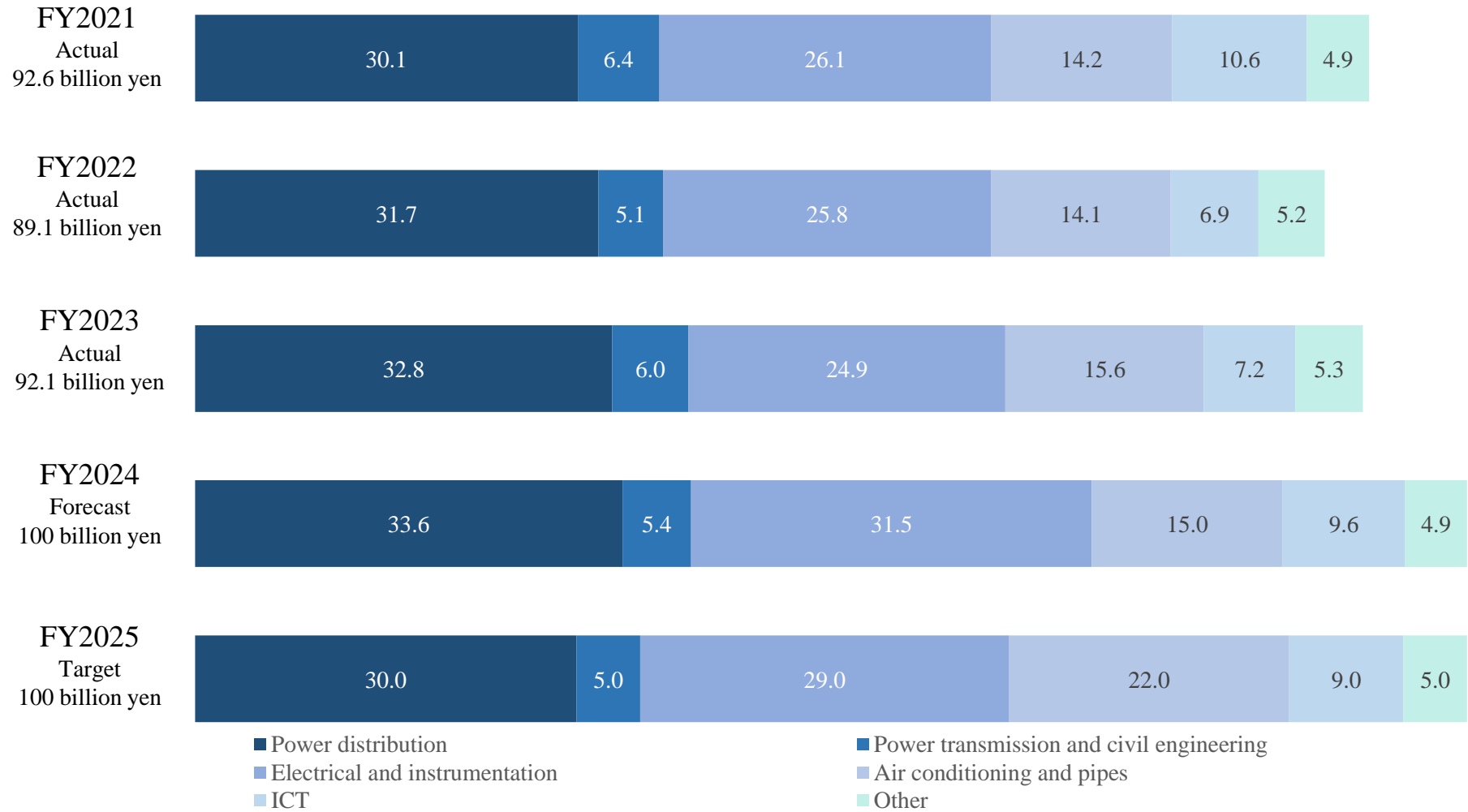
Consolidated Targets for Fiscal 2025	
Net sales	100 billion yen
Operating profit	6 billion yen
ROE	8.0%

Business Trends



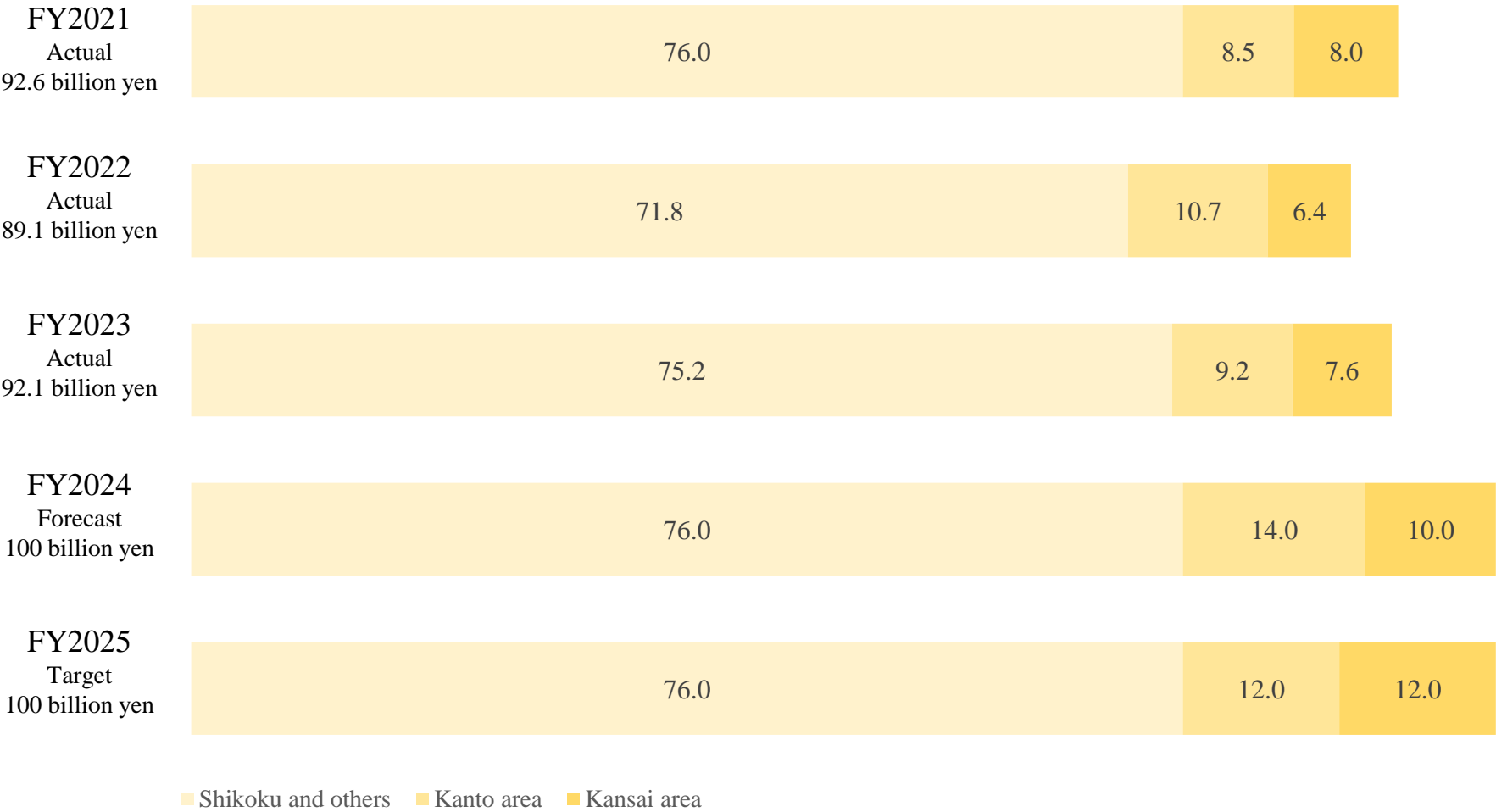
(Billion yen)

Net Sales statistics by Type of Construction (Consolidated)



(Billion yen)

Net Sales statistics by Region (consolidated)



Trends in Personnel by Fiscal 2025

		(People)				
		4/2021 Actual	4/2022 Actual	4/2023 Actual	4/2024 Actual	4/2025 Planning
General facilities division	Electrical and instrumentation	334	356	377	391	420
	Air conditioning and pipes	223	242	259	263	280
	ICT and system control	116	119	117	116	130
Power facilities division		1,280	1,292	1,299	1,297	1,330
Other Divisions		157	160	154	159	160
Yondenko Non-Consolidated Total		2,110	2,169	2,206	2,226	2,320
Consolidated Total		2,531	2,645	2,684	2,715	Approx. 2,800

Outline of main initiatives

Employee engagement survey	An employee engagement survey was conducted in August 2023.
Establishment of Human Resources Strategy Council	In April 2024, the Human Resources Strategy Council was established as a subcommittee to deliberate on key issues related to human resources at ESG Promotion Council with the aim of developing measures to strengthen human capital in order to achieve sustainable growth of our business.
Implemented base pay increase	In April 2024, in addition to regular salary increases, we implemented a base increase of 14,500 per employee. The starting salary will also be increased uniformly by 14,500 yen. This resulted in a wage increase of 6.84% (average for union members), including regular salary increases.
Review of education system	In April 2024, in addition to reviewing the existing training system, the educational system was newly revised, focusing on education for executive candidates, managers, young people, and others. The company also supported self-development through the introduction of e-learning and other means, and worked independently and autonomously to improve skills, and built a system that would provide reskilling and a variety of opportunities to learn.

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Toward a sustainable society

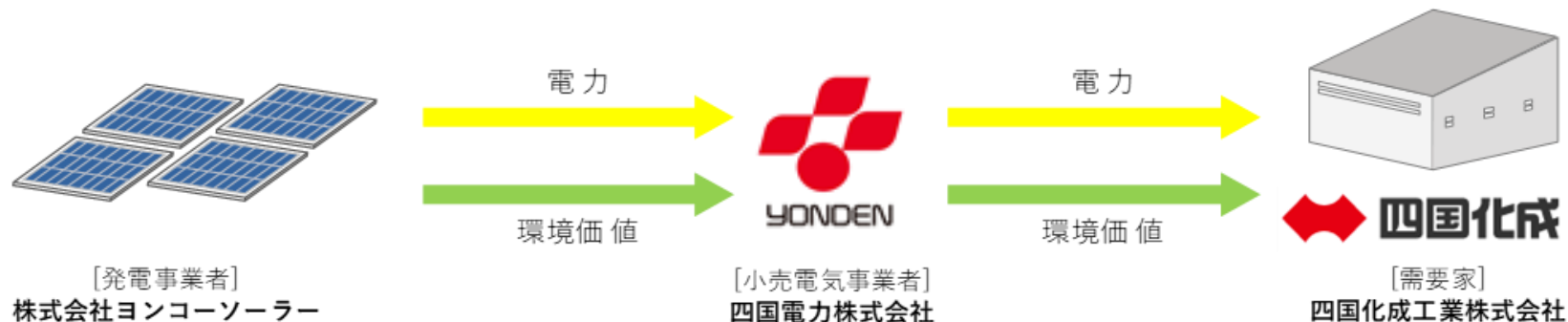


Off-site PPA using solar power

In order to realize a carbon neutral society, construction of the Futatsuike Shitaike Solar Power Plant, which is the Group's first off-site PPA business, has begun.

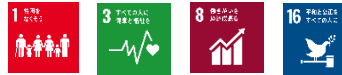
This project involves Yonko Solar Co., Ltd., a wholly owned subsidiary of the Company, becoming a power generator, installing solar power generation facilities in ponds and other places in Miki-cho, Kagawa Prefecture, and supplying the renewable energy power generated to the Tokushima Factory of Shikoku Chemicals Corporation through Shikoku Electric Power Company, Incorporated together with environmental value (non-fossil certificates).

We plan to begin supplying renewable electricity in February 2025, and the total power generated will 2,035kW reduce CO2 by approximately 1,503 tons/year in terms of environmental value.



※An off-site PPA is a contract method whereby power producers, who are the owners of renewable energy sources and users (purchasers of electricity), enter into agreements for the purchase and sale of renewable energy sources at pre-agreed prices and for a predetermined period, and supply electricity generated by renewable energy sources installed at off-site (outside of demand areas) to users via the power system.

Toward a sustainable society



Formulation of human rights policies

The Yondenko Group understood its corporate social responsibility to respect human rights and established the Yondenko Group Human Rights Policy in December 2023. In accordance with this policy, we will endeavor to respect the human rights of all stakeholders involved in our business activities, contribute to the sustainable development of society, and strive to increase corporate value.

Certified as an Excellent Health and Productivity Management Corporation 2024

We were certified as a "2024 Certified Health and Productivity Management Organization (Large-Scale Corporate Division)."

In 2022, we declared our health management policy and aimed to build a "lifelong working society." We are promoting various measures for health management.

In the future, we will continue to work together with the health insurance union, industrial physicians, and the Safety and Health Committee. We will further work to maintain and promote the health of our employees.



Donating tomatoes from our farms to food banks

We donated tomatoes grown at our farm to the NPO Food Bank Tokushima and Food Bank Kagawa, which distributed them to support facilities and children's cafeterias in the prefecture.



Tomato donated to food banks

Toward a stable supply of electricity



Dispatch of support for Hokuriku Electric Power Transmission and Distribution following the Noto Peninsula Earthquake

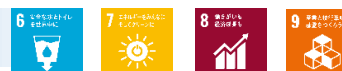
For the 16-day period from January 16 to 31, 2024, we dispatched 76 personnel, including logistics support, to recover from the disaster following the Noto Peninsula Earthquake, mainly in Suzu City, Ishikawa Prefecture. Although it was a large-scale damage, we worked hard to restore the system in cooperation with other companies that supported it nationwide, and worked to eliminate power outages at an early stage.

We will continue to do our utmost to fulfill our mission of protecting lifelines.

The 14 companies of the Yondenko Group have donated a total of 5 million yen to the Japanese Red Cross Society to help those affected by the disaster and to help rebuild the affected areas.



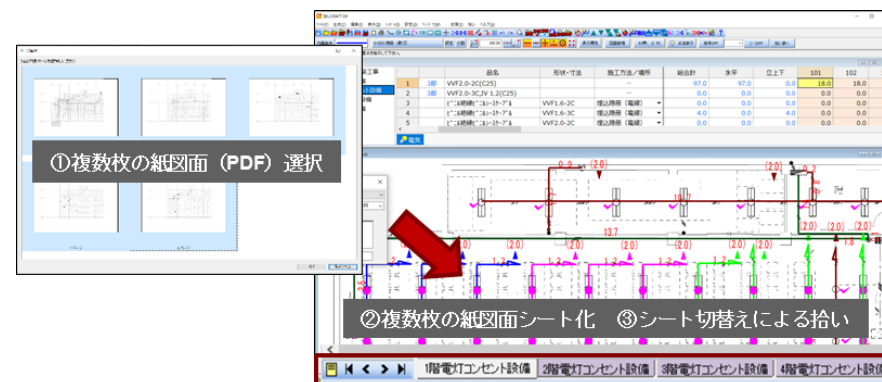
Promotion of DX



Started sales of software CRAFT DX V2 to support the construction of facilities

Sales of the new version ``V2'' of the construction of facilities support software ``CRAFT DX (cost estimation, estimation, CAD software)'' series began in February 2024.

We will continue to develop construction of facilities support software equipped with advanced functions to further improve work efficiency in the construction industry.



Cultivation and technology succession of human assets



Held technology presentations

To respond to the adoption of the latest technologies and methods and the diversification of customer requirements, we hold technology presentation meetings with the aim of sharing technical information within the company. In fiscal 2023, meetings were held at the head office in December, where participants actively exchanged opinions and held question-and-answer sessions.

Funding for Education and Employment Support Funds

In support of the objectives of the program* aimed at supporting young people's enrollment in schools, promoting employment within the prefecture, and creating employment, the fund provided 3 million yen to the funds of Shikoku prefectures.

We started this initiative in fiscal 2021, and this is our third such initiative. We will continue to contribute to the sustainable development of the Shikoku region.

(※ This program provides support for part of the scholarship repayment if a person receives a scholarship and goes on to university, etc. and graduates and works for a certain period of time at a company within the prefecture.)

Promoting Understanding of the Electrical Construction Industry

We provide practical training in electrical construction for students of industrial high schools in Shikoku. In fiscal 2023, a total of 8 schools and 196 students participated in these programs. At the request of a junior high school in Takamatsu City, we also held a "Delivery Class".



Technology presentations



Practical training



Contact Information

YONDENKO CORPORATION Planning Department

E-mail: hnikaku@mail.yondenko.co.jp

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