



2024

KONDOTEC REPORT

(Year Ended March 31, 2024)

KONDOTEC

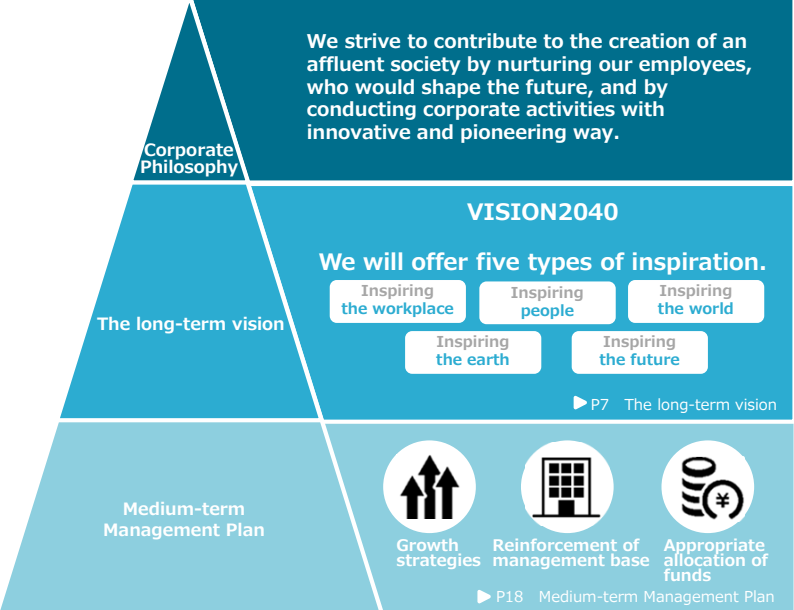
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Corporate Philosophy / Philosophical framework



Editorial Policy of Integrated Report 2024

This year marks the eighth release of our Integrated Report, which we launched in 2017. Behind our launch to create an Integrated Report was the thought that, when considering our business model aimed at achieving a sustainable society, we wished to have stakeholders better understand our efforts in the areas of women's advance into society and environment-related initiatives, which are key factors improving corporate value. To provide a full-fledged integrated report, we update the content of the report every year.

Specifically, we held discussions within the Company and took up themes such as the setting of SDG items regarding our materialities and the enhancement of TCFD recommendations, all of which has led to this year's Integrated Report. This report is designed to include both financial and non-financial data to effectively convey our value creation story.

Disclosure System

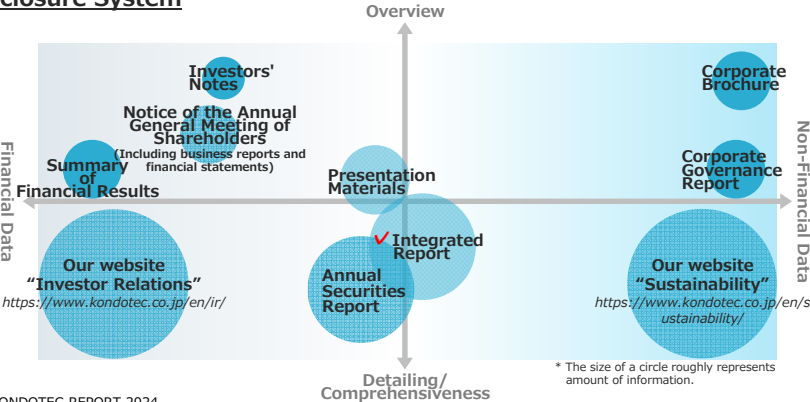


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Integrated Report 2024

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KONDOTEC VISION

Vision of KONDOTEC

Top Message



**President and
Representative Director
Noboru Hamano**

**Chairman and
Representative Director
Katsuhiko Kondo**

*Moving to a new stage with the KONDOTEC Spirit toward
the realization of the Long-Term Vision*

President and Representative Director Noboru Hamano's Career Highlight

Date of Birth / June 12, 1970
 1993 Joined the Company
 1999 Manager of Kitakanto Office, the Company
 2000 Manager of Kanagawa Office, the Company
 2003 Manager of Keiji Office, the Company
 2012 Manager of Sanyo Office, the Company
 2017 Manager of Kansai Branch, the Company
 2018 Executive Officer and Manager of Structural Steel Sales Division and Manager of Kansai Branch, the Company
 2020 Director, Manager of Structural Steel Sales Division, the Company
 2021 Executive Director, General Manager of Sales Headquarters, and Manager of Structural Steel Sales Division, the Company
 2023 Executive Director and General Manager of Sales Headquarters, the Company
 2024 President and Representative Director, the Company (current position)

Chairman and Representative Director Katsuhiko Kondo's Career Highlight

Date of Birth / November 8, 1959
 1984 Joined the Company
 1988 Manager of Saitama Office, the Company
 1991 Manager of Kitakanto Office, the Company
 1992 Director, Manager of Kitakanto Office, the Company
 1999 Director, Manager of Yokohama Branch, the Company
 2002 Director, Manager of Delivery Division, the Company
 2007 Director, Manager of Planning Division, the Company
 2010 Director, the Company
 Vice President and Representative Director, Sanwa Denzai Co., Ltd.
 2011 Director, the Company
 President and Representative Director, Sanwa Denzai Co., Ltd.
 2013 Director, In charge of Planning of the Company
 2013 President and Representative Director, the Company
 2024 Chairman and Representative Director, the Company (current position)

Message from President



We will endeavor to build a new history together with our stakeholders

President and Representative Director Noboru Hamano

■ Thoughts on becoming president

KONDOTEC marks its 77 years of doing business this year. This longevity is thanks to our business partners, shareholders, employees, and all the other stakeholders and I take this opportunity to express my sincere gratitude for their support. I joined the Company in 1993, and so this is my 32nd year. Until I was appointed president, I worked in sales. Over the years, I have thought about how to convince customers to adopt our products and merchandise. Now in my new role, I will seek to carry out management that will deliver satisfaction not only to business partners but to shareholders, employees and society. The KONDOTEC Group consists of KONDOTEC INC. and eight Group companies. To enhance group synergy, we are active in facilitating exchanges of knowledge and expertise among our group companies. We aim to work together as one with a view to growing our business.

■ Towards attaining net sales of 100 billion yen

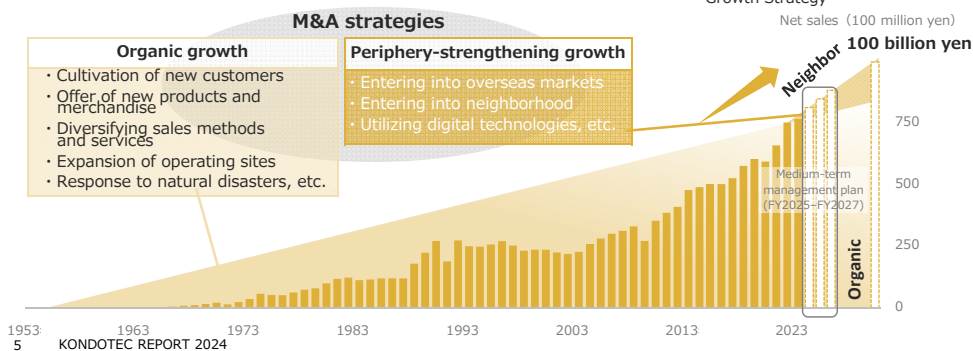
We are aiming for net sales of 100 billion yen in the 2020s. As for growth strategies towards attaining net sales of 100 billion yen, the Company has organic growth strategies for existing businesses and periphery-strengthening growth strategies those other than the existing businesses. Organic growth is the strategy that has established KONDOTEC's earnings to date, while the Company has developed its businesses with the strength of responding flexibly to changes of the time, while broadening the scope of our business. Periphery-strengthening growth is the strategy

We are listed on the Prime section of the Tokyo Stock Exchange. As such, we must also think about increasing our corporate value and incorporating it into our share price as well. I am aware that the share price is based on financial results and also on growth potential, as it implies how the company is expected to perform in the future. We will first strive to bolster our financial results and then to have that reflected in the share price.

We take seriously our 76 years of history built on the basis of our unwavering corporate philosophy, which reads, "We strive to contribute to the creation of an affluent society by nurturing our employees, who would shape the future, and by conducting corporate activities with innovative and pioneering way." We will seek to create a new history together with our stakeholders.

that is a possible new earnings driver, aiming for a further leap forward. Under this strategy, we are engaged in expanding businesses looking for a further leap forward without being constrained by the framework of our organic growth. Under our current Medium-term Management Plan, we will carry out growth strategies including M&A with the objective of attaining growth every fiscal year. We are convinced that in doing so we can achieve net sales of 100 billion yen. In the future, in view of existing businesses, new businesses and expansion of operating sites, we will continue our efforts to attain net sales of 100 billion yen.

▶ P18-21 Medium-term Management Plan, Growth Strategy



■ Formulation of the VISION 2040 long-term vision

Our Group announced the long-term vision, which it called VISION 2040, in May 2024. It describes the ideal form of the Group in 2040. VISION 2040 addresses five subjects of inspiring the workplace, people, the world, the earth, and the future. It embodies our aspiration to evolve into a company that will be needed by not only seeking profit but also giving inspiration to civil engineering and construction operators as our main targets, to all other stakeholders, to the world in view of overseas expansion, and to the global environment. We also aspire to evolve into a company that can be the pride of future generations.

It demonstrates policies related to the environment, digital transformation (DX), human capital, and financial strategies in addition to business strategies for becoming a company that offers inspiration. As for the environment, we have set a greenhouse gas (GHG) emissions reduction target of 30%. As a company providing products, merchandise, and services best suited to environmental measures and holding a manufacturing section, we will work to reduce environmental impacts. Regarding the DX, we will

strive to make active use of digital technologies for two objectives. One is to gain sales opportunities, and the other is to accomplish the business reform. In terms of human capital, our corporate philosophy includes a phrase of "nurturing our employees, who would shape the future." For this purpose, we have long been investing in human resource, for example, in offering regular training for all employees ranging from newcomers to long-serving ones. In the future, we will seek to be an organization that will nurture employees with a commitment to diversity to make sure that anyone can work for the long term, vigorously and without concern. We will strive to improve both our organizational capabilities and personal skills. With respect to our financial strategies, we will operate our business in consideration of a balance between improving profitability and capital efficiency in addition to shareholder returns. The announcement of this vision has made clear what we should aim for. We must all move forward in the same direction and work as one to contribute to the creation of an affluent society, as stated in our corporate philosophy.

▶ P7 The long-term vision
▶ P33-38 DX, Human capital, Financial Strategies

Message from Chairman



Advancing forward towards a new stage on the basis of our past footsteps

Chairman and Representative Director Katsuhiko Kondo

■ Towards a new stage

We started our business manufacturing metal fittings for ships and rigging. We expanded our business domains by selling these products to the construction and civil engineering industries. In recent years, we have expanded our activities to the areas of electric equipment, railways, agriculture, forestry, indirect materials for factories and other businesses. We have evolved by meeting customers' changing needs. We have attained stable results by selling a wide range of products and merchandise to customers in many different business sectors. Have made steady progress until today, our Group announced its long-term vision, VISION 2040, in May 2024 with

a view to advancing forward towards a new stage. To fulfill VISION 2040, we must transform ourselves into a company that changes society while being based on our past footsteps. With the aim of offering the five different types of inspiration stated in VISION 2040, we will supply high value-added products and merchandise that our Group alone can produce to the world. We will otherwise work hard towards becoming a company with presence that will help enrich the social infrastructure without forgetting KONDOTEC's uniqueness. We look forward to the continued support of our stakeholders.

The long-term vision VISION 2040

■ Purpose of formulating the long-term vision

The business environment surrounding the KONDOTEC Group is expected to change drastically, for instance with demographic and other macroeconomic changes, climate change, inflation, and technological advancement. To achieve sustained growth and long-term

improvement in corporate value while adapting to changes in business conditions, we have determined our vision for 2040. And we have taken a backcasting approach to develop a policy for achieving that vision, in the form of VISION 2040.

■ Ideal in the long-term vision VISION 2040

We have determined our ideal form as a company that inspires the workplace, people, the world, the earth, and the future. The vision states, "We will offer five types of inspiration."

As we aim to be a company that offers inspiration, we will strive for a financial target of 300 billion yen in net sales for 2040. We will also work to create social value, such as contributing to the

global environment, contributing to safe and secure communities, coexistence and development with local communities, and creating of an environment where diversity is respected and where all personnel can display their potential. Our strategies for achieving our long-term vision will be explained on page 17 and later pages.

▶ P17-38 KONDOTEC STRATEGY

We will offer five types of inspiration

Inspiring the workplace

We will value human relationships and create new value as a business partner.

Inspiring people

We will do business that delivers happiness to everyone concerned with the KONDOTEC Group.

Inspiring the world

We will deliver safety and security to the world with the use of networks and technologies.

Inspiring the earth

We will help build a sustainable society as a responsible company.

Inspiring the future

We will aim to be a company that can be the pride of future generations.

A pledge for achieving the VISION 2040

We will transform ourselves (functional enhancement and building of foundations)

– We will aim to be a company that will combine human resource with technologies to create innovative value. –

We will make a difference (growth and higher additional value)

– We will carry out business activities that will be conducive to innovation in social infrastructure. –

Creation of social value

□ **Contribution to the global environment**
[Environmental contribution target]
By 2040, reduce GHG emissions by 30%

□ **Contribution to safe and secure communities**

□ **Coexistence and development with local communities**

□ **Creation of an environment where diversity is respected and where all personnel can display their potential**

Creation of financial value

300 billion yen in net sales for 2040

WE ARE KONDOTEC

Profile of KONDOTEC

History

77 Years of the Company's History

- Challenge for Value Creation -

KONDOTEC has been striving to meet the needs of customers since the founding.

We have been able to grow as a manufacturer and wholesale company precisely because we have continued to challenge and create to meet the needs of customers, and because of the support from stakeholders.

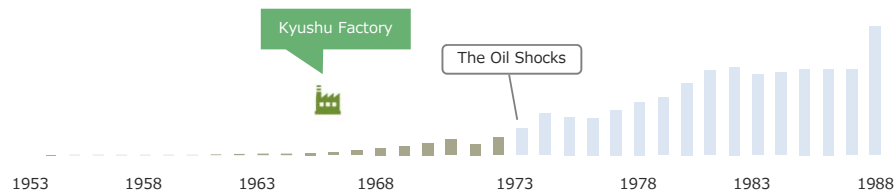
We will continue to challenge and create facing various issues in order to contribute to the development of society going forward.

2024 [Consolidated]

Net sales **76,873** million yen

Network **102** operating sites

Number of Employees **1,373** members



1947 ▶▶ 1972

Established and Gaining ground in Tokyo, "shifting from sea to land", Kyushu Factory Opened

The Company started business from the ashes of the war, entered into Tokyo, developed large-scale production systems by opening the Kyushu Factory, expansion operating sites, and thus strengthened its business base.

- 1947** Founded Kondo Shoten in Izuo, Taisho-ku, Osaka
- 1953** Established Kondo Shoten Co., Ltd.
- 1955** Changed the company name to KONDO IRON WORKS CO., LTD.
- 1956** Began production of shackles.
- 1962** Began production of turn buckles.
- 1965** Began sale of wire ropes.
- 1966** Opened Kyushu Factory.
- 1967** Began production of scaffolding chains.



Kyushu Factory

1973 ▶▶ 1988

From the expansion across Japan and completion of the head office building to the next stage

The Company tackled quality improvement at factories while completing the head office building and expanding merchandise from metal construction materials to overall industrial materials. It expanded customers with the establishment of the New Business Division as a direct sales department.

- 1973** Began manufacturing and sale of hardware and screws for civil engineering and construction use.
- 1974** Relocated the head office to Sakaigawa, Nishi-ku, Osaka.
- 1985** Body of turnbuckle for building was accredited as JIS No. 1
Established the New Business Division (Structural Steel Sales Division).



Shackles



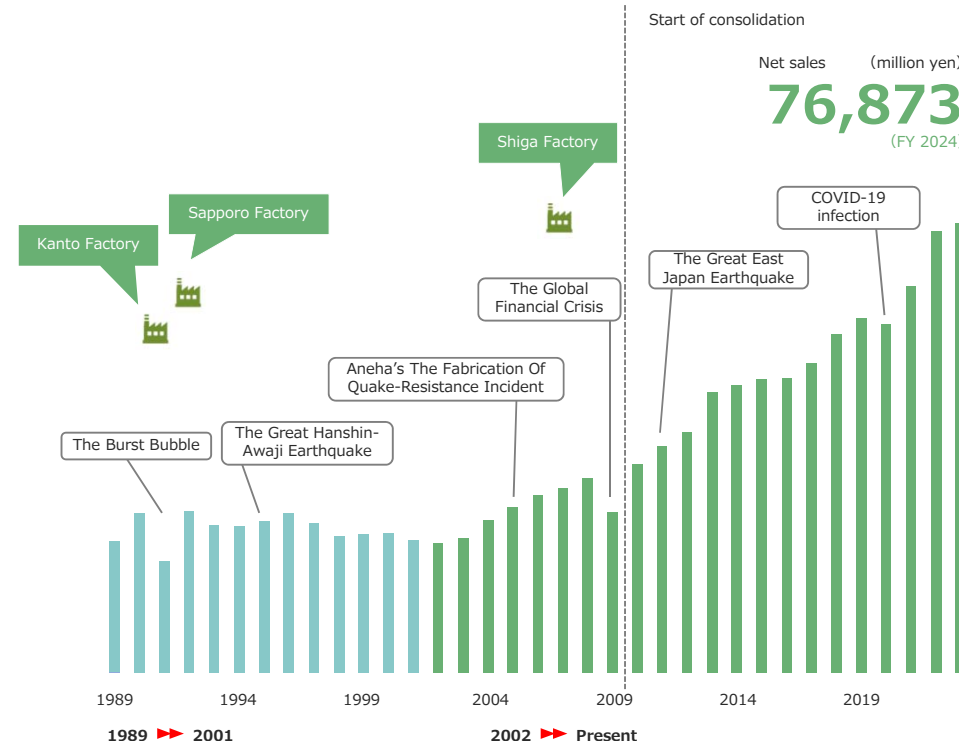
Turn buckles



Wire ropes



Screws



1989 ▶▶ 2001

Reborn KONDOTEC developed the base to leap toward a stock listing

The Company made a fresh start by changing the company name in preparation for the Heisei era. Following the development of the product supply system by establishing factories in Ibaraki and Hokkaido, it changed the internal system for the listing. The Company busily tackled emergencies caused by the Great Hanshin-Awaji Earthquake. Merchandise saw further increases in responding to the needs.

- 1989** Changed the company name to KONDOTEC INC.
- 1991** Opened Kanto Factory.
- 1992** Opened Sapporo Factory.
- 1995** Listed on the Second Section of the Osaka Stock Exchange.
- 1999** Listed on the Second Section of the Tokyo Stock Exchange.
Opened Kanto Logistics Center.
- 2000** Started our website.
- 2001** Started Product Catalogs.

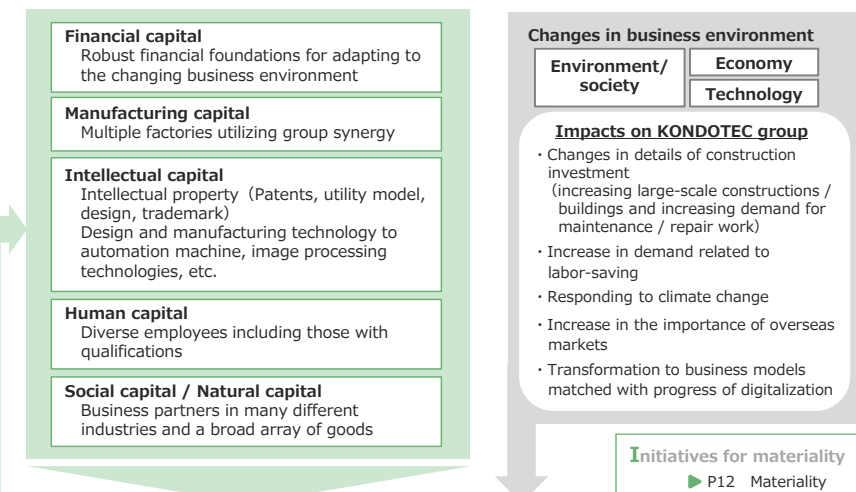
2002 ▶▶ Present

Business Expansion, Entering a new stage by M&A

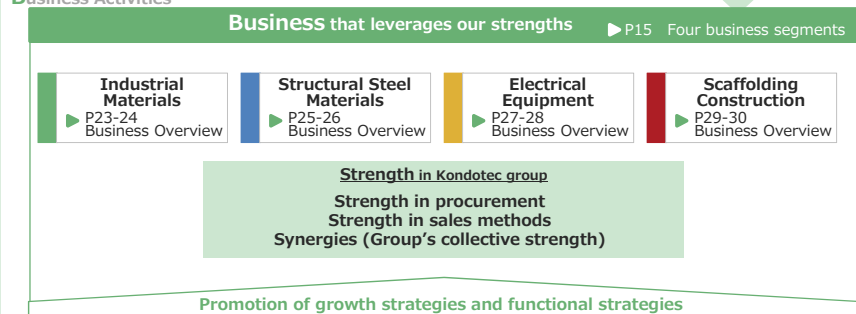
- 2003** Opened Homecenter Division. (currently Homecenter Group)
- 2004** Implemented Yantai Distribution Warehouse based on a contract concluded with a Chinese logistics trading company.
- 2005** Entered into an agency contract with pewag in Austria.
- 2007** Opened Shiga Factory.
- 2010** Acquired shares of Sanwa Denzai Co., Ltd. to make the company a consolidated subsidiary.
- 2011** Designated as the First Section stock by the Tokyo Stock Exchange and the Osaka Stock Exchange.
- 2014** Turned KONDOTEC INTERNATIONAL (THAILAND) CO., LTD. into a consolidated subsidiary.
Acquired shares of CHUOH GIKEN Co., Ltd. to make the company a consolidated subsidiary.
Introduced the shareholder incentive plan.
- 2017** Opened E-commerce Group
- 2019** Purchased the business from Mechatro Engineering Co., Ltd.
Acquired shares of TECBUILD CO., LTD. to make the company a consolidated subsidiary.
- 2020** Acquired shares of TOKAI STEP CO., LTD. to make the company a consolidated subsidiary.
- 2021** Acquired shares of FUKOKU, Ltd. to make the company a consolidated subsidiary.
Established Nippon Scaffolding Holdings Co., Ltd. Acquired shares of KURIYAMA ALUMINUM Co., Ltd. to make the company a consolidated subsidiary.
- 2022** Shifted to the new Prime Market from the First Section under the previous Tokyo Stock Exchange structure.

Value Creation Story

Input



Business Activities



Output

Products, merchandise, services and initiatives that will lead to solution of social issues

Outcome

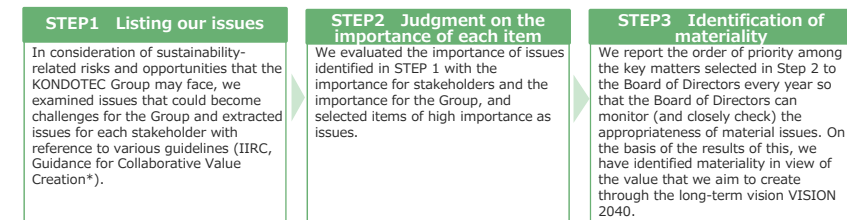


Materiality

In engaging in corporate activities, KONDOTEC recognizes that management that takes social sustainability into consideration leads to the sustainable growth of the Company.

We have hence identified material issues (materiality) that we should focus on for reaching the ideal form in 2040.

■ The process of identifying materiality



* IIRC: Framework within the International Integrated Reporting Council
Guidance for Collaborative Value Creation: Guidance for information disclosure and improving quality of dialogue with investors

TOPICS

We revised the material issues (Materiality).

We determined what to Our Group would aim to be like in 2040 and formulated the long-term vision VISION 2040 as a policy for achieving it. The VISION 2040 was announced in May 2024.
▶ P7 The long-term vision

Following VISION 2040, we defined what we should achieve by addressing the material issues. They specifically mean social value that we strive to create through the VISION 2040 (i.e. contribution to the global environment,

contribution to safe and secure communities, coexistence and development with local communities, and creation of an environment where diversity is respected and where all personnel can display their potential) in addition to creation of a workplace environment ensuring employees' health, safety and security and building a robust management base. On the basis of these, we have reorganized the conventional material issues.

■ Materiality

We decided on materiality as follows after the three steps. We will link this materiality to sustainable corporate growth by incorporating it in the management strategy.

What the KONDOTEC Group is currently engaged in to cope with these material issues and what we will focus on in the future are explained on page 39 and subsequent pages.

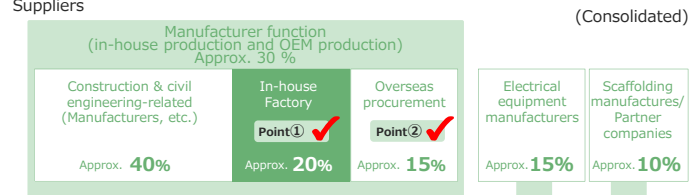
▶ P39-62 KONDOTEC SUSTAINABILITY

The ideal form	Materiality	Relevant SDGs
Contribution to the global environment	(1) Business Activities Paying Attention to the Environment	4, 9, 12, 13
Contribution to safe and secure communities	(2) Procurement and Provision of High-Value-added Products, Merchandise and Services	4, 9, 11, 17
Coexistence and development with local communities	(3) Coexisting with local communities	8, 11
Creation of an environment where diversity is respected and where all personnel can display their potential	(4) Development of human resources and encouragement of diversity, equity and inclusion	4, 5, 8
Creation of a workplace environment ensuring employees' health, safety and security	(5) Promotion of Health Management and Occupational Safety and Health	3
Building a robust management base	(6) Enhancement of corporate governance	16
	(7) Promotion of communication with stakeholders	12, 16

Business Model

Distribution Channels

Suppliers



Point 1 ✓

Manufacturer function in net sales

Approx. 30%
* In-house manufactured products and OEM products

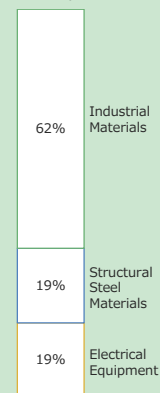
Point 2 ✓

Overseas procurement includes products manufactured in local OEM factories.

Point 3 ✓

Customer breakdown by business segment

Total
Approx. 26,000 customers (2024)



Point 4 ✓

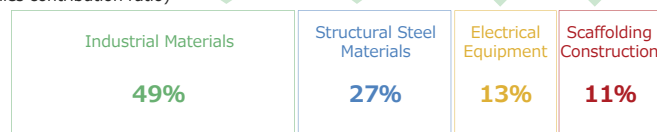
We provide direct sales to some end-users

Point 5 ✓

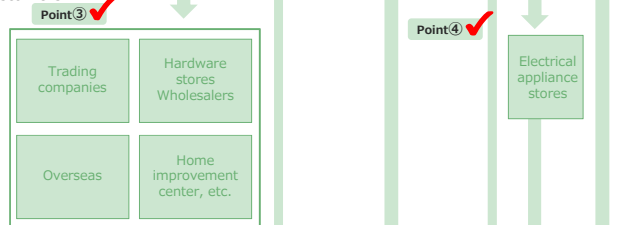
Demand for products and merchandise

Public 21%
Private 79%

Business Segments (sales contribution ratio)



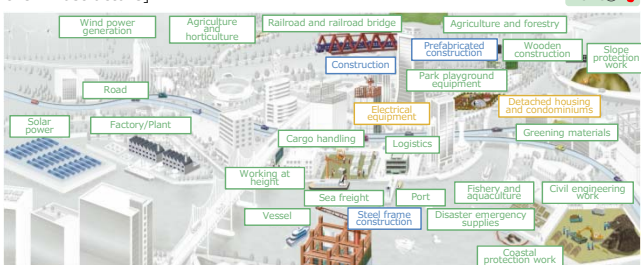
Customers



End-users



Demanders [Entire infrastructure]



Suppliers

Number of Suppliers	Approx. 5,000
Factory	6 (Domestic)
Manufacturer function	Approx. 30 %

(As of March 31, 2024)

- ✓ Capable of stable supply due to not depending on specific suppliers
- ✓ Capable of providing products and merchandise according to needs



Expansion of operating sites

Number of operating sites	102
Number of items	Approx. 50,000

(As of March 31, 2024)

- ✓ Realization of the quick delivery system with all operating sites having inventories
- ✓ Capable of immediately responding to urgent demand for materials in the event of a natural disaster



Customers

Number of customers	Approx. 26,000
Number of new customers	Approx. 1,500

(As of March 31, 2024)

- ✓ Not prone to be affected by conditions of particular industries, by selling to various industries, it is able to generate stable earnings

What are construction sector?

Construction sector account for the largest percentage of our customers. These businesses are roughly divided into two: building and civil engineering. We supply materials related to both categories. The two categories differ as follows.

Builders' business

According to the Building Standards Act, building is to newly construct, add, rebuild, or relocate a building. It also defines a building as a place or space with a roof and columns or walls that humans can safely use. In other words, building is a business which carries on the work of constructing condominiums and other residences, schools, factories, movie theaters, restaurants, shopping malls and others we usually use in everyday life.

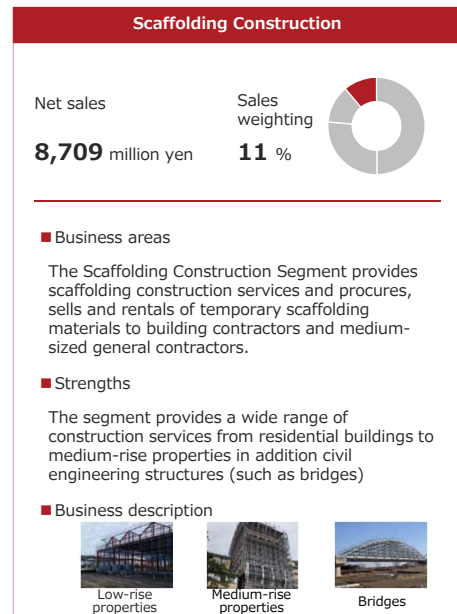
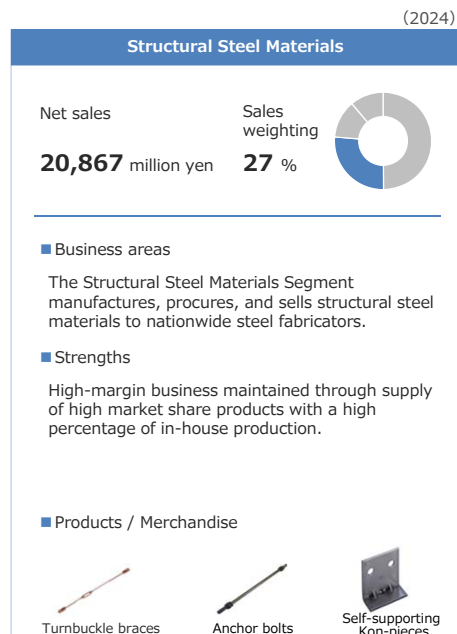
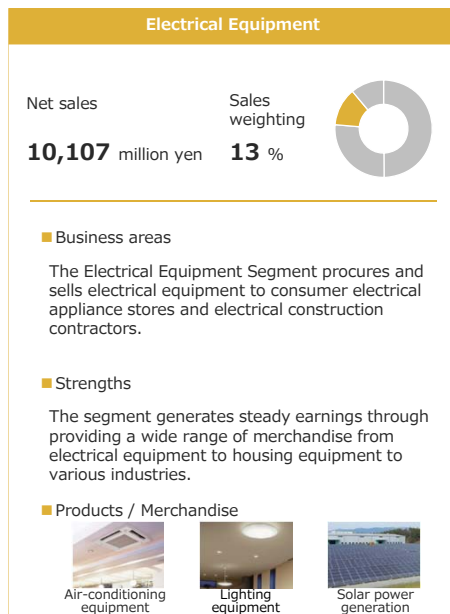
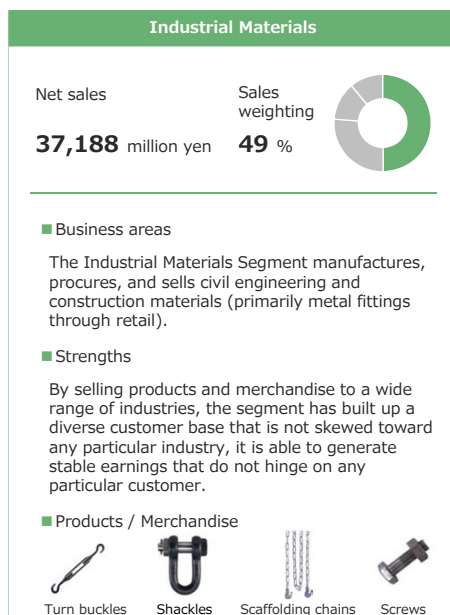


Civil engineers' business

Civil engineering works refer to works and structures other than buildings. Specifically, civil engineers create tunnels, roads, bridges, dams and other structures over mountains, forests, rivers, seas and other forms of nature for facilitating people's life. They support our convenient and safe lifestyles.

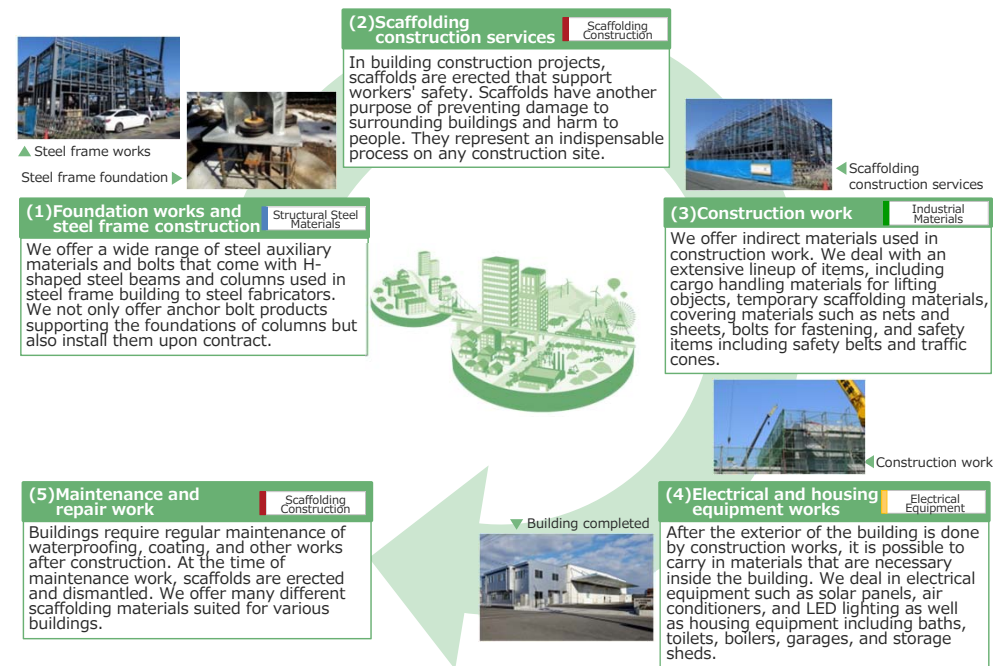


■ Four business segments

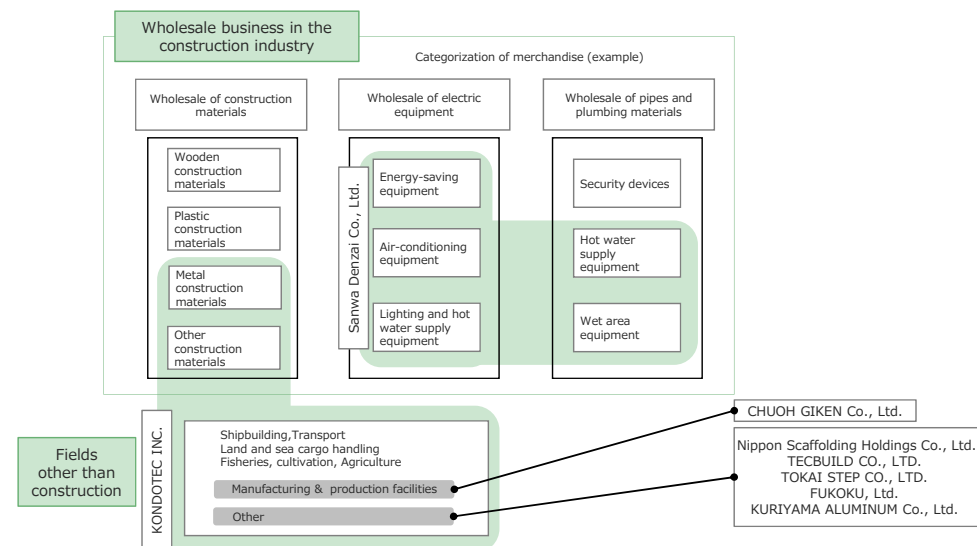


■ Comprehensive services based on synergy

We take advantage of the group energy to provide comprehensive support for all processes from the foundation work to completion in construction projects as well as subsequent maintenance and repair work.



■ Business areas



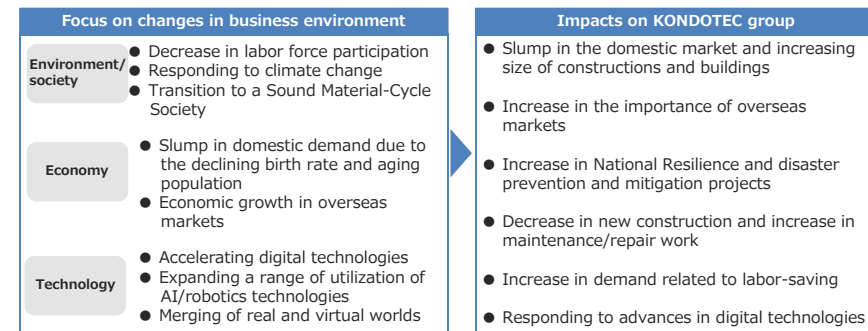
KONDOTEC STRATEGY

Strategy of KONDOTEC

Medium-term Management Plan

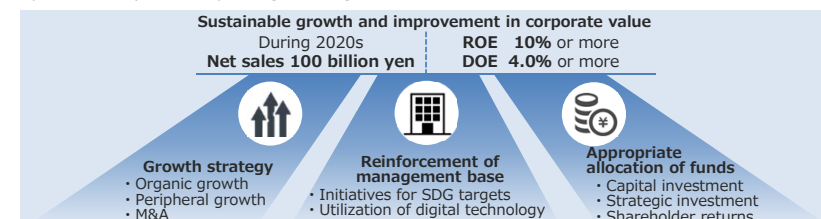
■ Recognition of the business environment

The business environment surrounding the KONDOTEC Group has changed and it has affected the Group in various ways. Need to deal with risks and opportunities accompanying the changes in the business environment to realize sustainable growth and the long-term vision.



■ Basic Policy

Aim for sustainable growth and improvement in corporate value by working to improve profitability and capital efficiency while responding to changes in the business environment.



■ Management Targets

Final year's target in the Medium-term Management Plan					FY2027
Net Sales	Operating income	Ordinary income	EBITDA	ROE	
88 billion yen	5 billion yen	5 billion yen	7 billion yen	10 % or more	
Compared with FY2024 +15.1%	Compared with FY2024 +9.1%	Compared with FY2024 +8.8%	Compared with FY2024 +9.2%	Compared with FY2024 ±0.0%	

■ Financial Targets

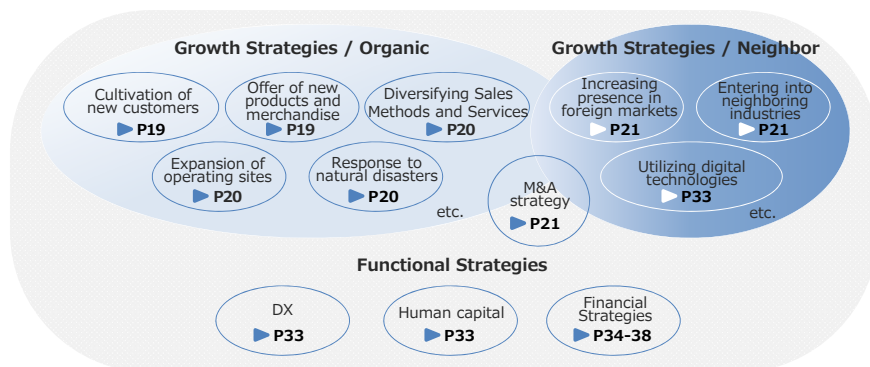
Promote growth strategies and strengthen the management base through the appropriate allocation of funds. Aim to accelerate sales and profit growth to achieve consolidated sales of JPY100.0bn in the 2020s.

Consolidated target (million yen)	2024 (Actual)	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net sales	76,873	81,500	85,000	88,500
Operating income	4,673	4,750	4,950	5,100
Ordinary income	4,872	4,950	5,150	5,300
Profit attributable to owners of parent	3,265	3,300	3,350	3,400
EBITDA	6,503	6,600	6,900	7,100

* The Medium-term Management Plan adopts the rolling method which responds to changes in the business environment while verifying the outcome and issues every year in an effort to realize the long-term vision.

Growth Strategy

Basic structure



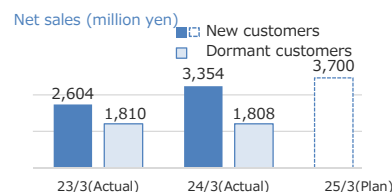
Existing business strategies (organic growth strategies)

■ Cultivation of new customers

Cultivation of new customers · Cultivation of dormant customers

KONDOTEC achieves a monthly average of one new customer per sales representative and a yearly average of 1,500 new customers as a company.

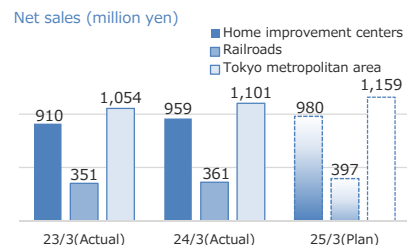
In addition, we exploit a yearly average of 10 dormant customers per sales representative and these activities form the source for 20,000 sales customers.



Cultivation of distribution routes

We are working to expand our business into sectors where growing demand is expected, such as Home improvement centers and railroad companies, in addition to the existing sales routes.

Other initiatives to cultivate distribution routes for business expansion include actions for online sales as an approach to new customers, and the launch of a dedicated team in the Sales and Marketing in the Tokyo Metropolitan area to respond to bulk purchases by headquarters of large trading companies and general constructors, both of which have seen rising orders recently.



■ Offer of new products and merchandise

For the purpose of developing new merchandise, joint New Products and Merchandise Committee meetings are held between the sales division and the manufacturing division periodically to discuss requests from customers and proposals for improvement. As one example, we began selling aluminum square-shaped pipes "Alpaca" (manufactured by KURIYAMA ALUMINUM) in 2022. In 2023, we released the HI TEN CONBRACE manufactured by KONDOTEC. We develop products and merchandise with a focus on reducing weight and achieving labor.

products and merchandise with even higher added value in order to offer such products and merchandise.



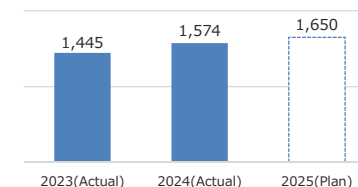
■ Diversifying Sales Methods and Services

Diversifying services

KONDOTEC is actively undertaking provision of high-value-added services, not only sells merchandise but also maintains a structure to enable the undertaking of anchor construction by having construction managing engineers and acquiring a construction business license. By becoming involved in the initial phase of a construction project, we are able to acquire information on necessary construction materials ahead of others and make use of such information on sales activities.

In addition, we operate the TSURIKATA website for the inspection of lifting equipment for users of the equipment we handle.

Net sales from anchor construction work (million yen)



Adoption of flexible sales methods

For sales of products and merchandise, we issue catalogs for specific categories such as lifting equipment and emergency supplies or for specific customers. We have been introducing sales approaches with particular targets. In terms of scaffolding construction, we not only receive orders for scaffolding works, but also provide rental services of scaffolding materials to serve a wider range of customers.



Catalog of lifting equipment



Catalog of emergency supplies

■ Expansion of operating sites

We strive for expansion of operating sites which maintained a local-community-oriented sales structure in order to respond quickly to customer needs. Recently, we opened the Hokkaido Office in April 2024. As of the end of March 2024, we had 102 operating sites in Japan.

We will continue to execute quick deliveries in an effort to realize customer-focused management.

2015	Morioka Office
2016	Nagano Office, Kumamoto Office
2017	<Relocation> Shizuoka Office, Tokai Office
2017	Sanwa Denzai Co., Ltd. Aihoku Office
2018	Okayama Office
2021	<Relocation> Chukyo Branch
2022	Gunma Office
2023	Sanwa Denzai Co., Ltd. Nagoya-Higashi Branch
2024	Hokkaido Office

■ Response to natural disasters

Our products and merchandise support recovery/restoration efforts from disasters and are in demand in the event of abnormal weather conditions, such as extremely heavy rainfall everywhere.

All operating sites have inventories and maintain a structure across Japan that enables us to immediately respond to such urgent demand for products and merchandise and carry out our responsibility to supply.

Examples of merchandise for natural disasters



Tarps



Flexible container bags

Response to the risks

• Credit risk of customers
If bad debt expenses arise due to the bankruptcy of a customer, this may have an impact on operating performance and financial position of the KONDOTEC Group. To mitigate the risk of any impact, we set credit limits for individual customers according to their credit levels in an effort to prevent any unrecoverable receivables from arising.

• Dependence on imported merchandise and FX fluctuation
With the merchandise we handle including imported ones, securing merchandise may become difficult due to unexpected events such as changes in overseas economic situations, including China. In addition, substantial changes in foreign exchange markets may significantly affect earnings and financial position. To mitigate the risk of any impact, we strive to cultivate new suppliers and to conclude forward exchange contracts.

Initiatives for enhancing activities in non-existing business (Periphery-strengthening growth strategies)

■ Increasing presence in foreign markets

KONDOTEC's export business was active prior to the Plaza Accord in 1985 and handled exports worth approximately 2,000 million yen. However, given the currency crisis in 1997, when Asian currencies slumped, the export business became difficult and we shifted from export to import. Subsequently, we resumed exports around 2006 for the purpose of establishing a structure that was less susceptible to the yen's appreciation. To further expand into overseas markets with growth potential, we launched KONDOTEC INTERNATIONAL (THAILAND) CO., LTD. in 2012. Currently, we are moving ahead with activities to expand our business in ASEAN countries with Thailand as our base location. Going forward, we will further strengthen our sales & marketing capabilities by widening our sales network and reinforcing manpower with a view to increasing the ratio of net sales from our overseas business.



KONDOTEC INTERNATIONAL
(THAILAND)



Response to the risks

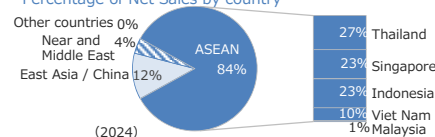
Problems in pursuing business due to unexpected events may occur, such as changes in overseas economic situations, including China and Thailand. In addition, any major change in the foreign exchange market may have material impacts on the KONDOTEC Group's earnings and financial position. To mitigate the risk of any impact, we are working to cultivate new suppliers outside China and Thailand.

Net sales of overseas business (million yen)

*Amounts of inter-company transactions are not included.



Percentage of Net Sales by country



Toward accelerating the growth of the present's KONDOTEC (Organic) and the future's KONDOTEC (Periphery-strengthening)

■ M&A strategy

We view that pursuing corporate acquisitions and capital/business tie-ups is an important strategy to strengthen our business platform. We actively review potential acquisition and tie-up opportunities by analyzing and discussing the growth potential of the relevant business, while taking capital cost into consideration. Going forward, we will continue endeavoring to improve medium to long term corporate value taking into account M&A strategies, such as entering into neighboring industries.

▶ P45, P48

Response to the risks

A substantial change in economic conditions or business circumstances may result in an impairment loss on fixed assets, or otherwise have a serious impact on the earnings and the financial position of the KONDOTEC Group. To mitigate the risk of any impact, we carefully consider the financial standing and business plans of targets for M&As when conducting M&As.



Four perspectives in pursuing M&A

1. Neighboring industry

Pursue M&A with companies associated with industries other than the construction industry and promote business expansion

Actual case:
Sanwa Denzai Co., Ltd.
KURIYAMA ALUMINUM Co., Ltd.

2. Deepening the business

Pursue M&A with material manufacturers, etc.

Actual case:
CHUOH GIKEN Co., Ltd.
TECBUILD CO., LTD.
TOKAI STEP CO., LTD.
FUKOKU, Ltd.

3. Expansion of business area

Pursue M&A with companies that maintain overseas sites to promote business area expansion

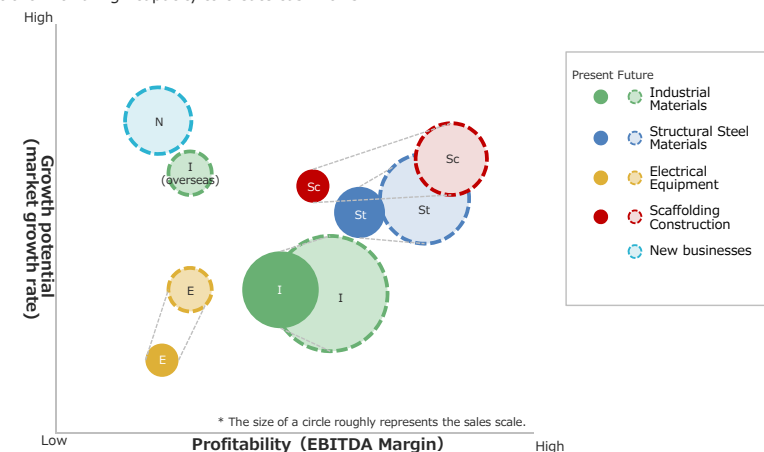
4. Amplifying sales patterns

Pursue M&A with companies that operates different sales patterns from those of KONDOTEC, such as retail, catalog-based selling, and online sales.

Business portfolio

■ Business portfolio for realizing the VISION 2040

The diagram below shows the current positions of our four business segments and the business portfolio we will seek to attain to realize our long-term vision VISION 2040. In the future, we will strive to increase the profitability of our existing businesses and expand their business domains. We will also work to achieve growth of overseas businesses and new businesses in a bid to create a sustainable business portfolio with a high capacity to create cash flows.



Main initiatives

Industrial Materials

- Broaden the lineup of products and merchandise we handle
- Enhance distribution functions and construction and manufacturing capacity
- Develop overseas sales channel

Electrical Equipment

- Broaden the lineup of products and merchandise we handle
- Enhancement of distribution functions and construction capacity
- Cultivate distribution routes other than wholesaling in the direct demand area

Structural Steel Materials

- Developing new products and merchandise
- Advance the design function
- Increase in construction capacity

Scaffolding Construction

- Expand the sales coverage regions and expand the types of construction we can perform
- Continuously invest in scaffolding materials
- Increase in construction capacity

▶ P23-30 Business Overview

New businesses

The KONDOTEC Group will seek to operate new businesses and address social issues in a bid to offer the five types of inspiration specified in the VISION 2040.

The operating circumstances we will address

Transition to a circular economy

Spread of renewable energy

Decrease in labor force participation due to declining birthrate and aging population

Cultivate new markets and serve to resolve social issues

New businesses
2040 Target
Net Sales
60 billion yen

Business Overview

Industrial Materials



From the left	KONDOTEC INC. Manager of Eastern Japan Sales Division	Kazuyuki Asakawa
	Manager of Western Japan Sales Division and Development Sales Division	Tatsuya Takahashi
	Manager of International Sales Division/ Managing Director, KONDOTEC INTERNATIONAL (THAILAND) Co., Ltd.	Soichi Furuta
	President and Representative Director, KURIYAMA ALUMINUM Co., Ltd.	Motoshi Amagishi
	President and Representative Director, CHUOH GIKEN Co., Ltd.	Shinichi Tsuji

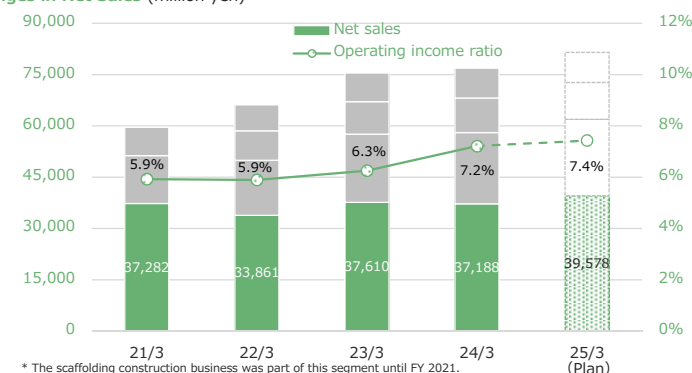
Endeavoring to supply disaster-related materials and to develop new products and merchandise on the basis of our extensive sales fields

The Industrial Materials segment deals with a broad range of products and merchandise used in construction and civil engineering. It has thus long achieved customer satisfaction. We handle products and merchandise for different uses. Among them, we are focusing on supplying disaster-related materials. Even in the wake of a disaster that disrupts the traffic network, we are able to quickly supply large container bags for making sandbags and tarpaulins from the inventory at our operating sites across the country. To cope with torrential rains and earthquake disasters that are becoming more frequent with every year, we are working to broaden our lineup of disaster-related materials and to supply them swiftly to meet our supply

responsibility and expand our business. KONDOTEC is well recognized as a brand of lifting equipment not only in Japan but in ASEAN countries as well. In these market, we will cultivate new customers to achieve business expansion.

We are pursuing a new initiative of introducing aluminum to the construction industry. While many construction materials are traditionally made of iron, aluminum will help to reduce weight. Going forward, we will continue to make use of our technological capacity to design and develop manufacturing lines. The Group will work as one to develop new products and merchandise in a bid for continued growth.

Changes in Net Sales (million yen)



* The scaffolding construction business was part of this segment until FY 2021. It now constitutes an independent Scaffolding Construction segment.

Towards VISION2040

Opportunities and Risks	Focus Fields	Initiatives
<ul style="list-style-type: none"> Decrease in labor force participation due to the declining birthrate and aging population Increase in investment related to national resilience after a rise in the frequency of natural disasters Increase in investment for replacement following an increase in aged buildings and in investment in infrastructure in adaptation to changes in the environment Increase in investment in infrastructure outside Japan 	Labor-saving, weight reduction Repair, Rental sales Foreign Markets, mainly ASEAN	<ul style="list-style-type: none"> Development of new products and merchandise that leverage the Group's strengths Expand products and merchandise lineup Enhancement of distribution functions and construction and manufacturing capacity Sales activities that combine digital and analog approaches Develop overseas sales channel

Overview of the Year Ended March 31, 2024

Despite passing on costs to its sales prices in response to soaring manufacturing and procurement costs, Segment sales came to 37,188 million yen (-1.1 % year on year) as a result of a slowdown in sales volume due to the difference in demand trends between various fields.

New customers

Numbers	1,796	Net Sales	1,484 million yen
---------	-------	-----------	-------------------

(As of end March 2024)
* The number of new customers and of net sales represent the number and net sales of customers exploited this fiscal year and in the previous fiscal year, and for which actual sales were made this fiscal year (non-consolidated).

Response to the risks

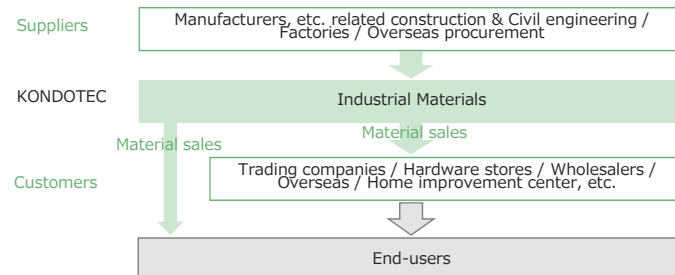
- Dependence on public investments and private capital investments
Since sales associated with public investments and private capital investments account for a considerable percentage of the segment's sales, stagnation in the conditions of the construction industry and a decline in demand caused by such conditions may have a significant impact on the operating performance and financial position of the segment.
To mitigate the risk of any impact, we are conducting growth strategies including the cultivation of new customers, offering of new products and merchandise, expansion into overseas markets and M&A strategies to operate our business in promising fields.
- Dependence on imported merchandise and FX fluctuation
While having been increasing the procurement of imported merchandise from overseas, such as

China, for the purpose of selling competitive merchandise, the segment is currently procuring about 85% of them from China. Accordingly, there is a possibility that securing merchandise will become difficult, because the pursuit of business by the suppliers is greatly influenced by U.S.-China trade friction, changes in statutory regulations in China and others.
In addition, major volatility in the foreign exchange market may have a significant impact on the operating performance and financial position of the segment.
To mitigate the risk of any impact, we strive to cultivate new suppliers and to conclude forward exchange contracts.

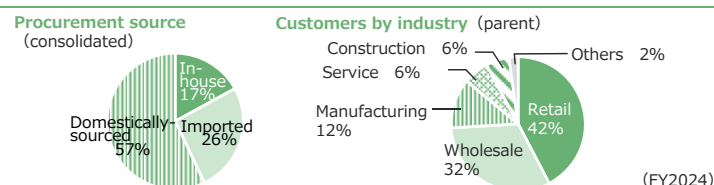
- Credit risk of customers
- Price competition
- Impact of market fluctuations for raw materials, etc.
- Impact of communicable diseases on business activities

P20
P26
P26
P26

Distribution Channels



Ratio of segment sales



Number of operating sites

KONDOTEC INC. 30 operating sites
(Subsidiaries)
KONDOTEC INTERNATIONAL(THAILAND) CO.,LTD.
CHUOH GIKEN Co., Ltd.
KURIYAMA ALUMINUM Co., Ltd. 2 operating sites
(As of March 31, 2024)

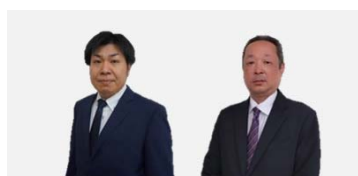
Number of customers

Approximately 16,000 companies

Number of employees

352 (As of March 31, 2024)

■ Structural Steel Materials



From the left

KONDOTEC INC.
Manager of Eastern Japan Structural Steel Sales Division
Manager of Western Japan Structural Steel Sales Division

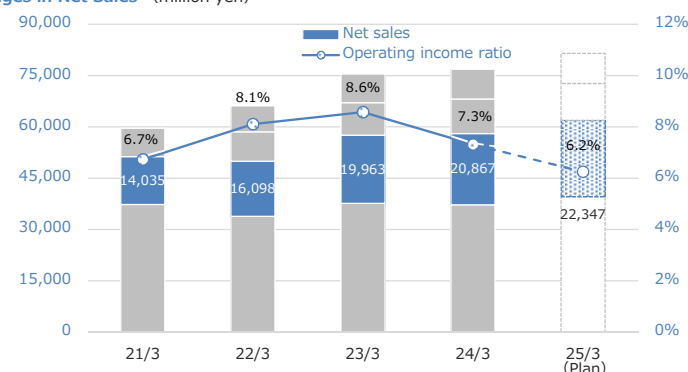
Hiroshi Murakami
Shinya Takahashi

Promoting our products with large market shares and our quick delivery system to capture demand

The Structural Steel Materials segment strives to expand sales of products and merchandise essential to steel frame buildings. They center on products with large market shares that constitute part of the strengths that we have nurtured. Apart from that, we deal with a wide variety of custom-made long products including our mainstay turnbuckle braces. With our logistics network based on operating sites across the country, we are able to deliver products and merchandise swiftly. However, there are some regions where we do not have an operating site. We will launch offices to expand our sales coverage

areas. Meanwhile, we will strive to conduct sales activities in the upstream areas and to win orders including construction works. In addition, we place emphasis on providing new products and merchandise geared to the times, such as products with labor-saving and lightweight characteristics. In 2023, we released the HI TEN CONBRACE with lower weight and higher workability compared with conventional equivalent products. We will pursue these initiatives with the aim of achieving sustained growth.

Changes in Net Sales (million yen)



Towards VISION2040

Opportunities and Risks	Focus Fields	Initiatives
<ul style="list-style-type: none"> Shift to larger private properties and acceleration of concentration in urban areas Decrease in steel fabricators Decrease in labor force participation due to the declining birthrate and aging population Spread of DX in construction 	<p>Upstream areas of the supply chain</p> <p>Acquisition of orders including construction works</p> <p>Labor-saving, weight reduction</p>	<ul style="list-style-type: none"> Cultivation of sales channel in the field of steel trading companies and neighboring fields Developing new products and merchandise Advancement of design functions (support for three-dimensional models) Increase in construction capacity

Overview of the Year Ended March 31, 2024

Segment sales reached 20,867 million yen (+4.5% year on year). While large-scale properties achieved a strong performance, small- and medium-sized properties stagnated and their sales volume was weak. The rises in the ratio of large-scale properties in high demand and in

selling prices led to the positive result. Segment profit was 1,526 million yen (-10.8% year on year) due chiefly to a fall in the gross margin amid an intensifying price race with the competition and a hike in SG&A expenses, especially personnel expenses.

New customers

Numbers	738	Net Sales	1,228 million yen	(As of end March 2024)
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* The number of new customers and of net sales represent the number and net sales of customers exploited this fiscal year and in the previous fiscal year, and for which actual sales were made this fiscal year.

Response to the risks

- Price competition**
If price competition with competitors continues to intensify in each of the product markets and local markets to which the segment belongs and it becomes difficult to maintain fair prices, this may have a significant impact on the operating performance and financial position of the segment. To mitigate the risk of any impact, we are working to improve productivity to increase price competitiveness and to develop and provide high value-added products and merchandise precisely tailored to user needs.
- Impact of market fluctuations for raw materials, etc.**
Procurement prices of main raw materials for the products and merchandise of the segment tend to fluctuate depending on the global demand & supply trends of steel materials, copper and aluminum. Major volatility in the market may have a significant impact on the operating performance and financial position of the segment. To mitigate the risk of any

impact, we are endeavoring to swiftly pass on the cost to selling prices, to work with multiple suppliers and to cut costs related to production technologies to boost profitability.

- Impact of infectious diseases on business activities**
In cases of the spread of communicable diseases without established cures, accompanied by prolonged turmoil in global supply chains, delays in the progress of property projects, and restraints on private capital investments, or in cases of events that affect the continuation of business activities, significant impacts on operating performance and financial position of this segment may arise. To mitigate the risk of any impact, we have created a manual in preparation for the occurrence of the risk, so that we can take the necessary measures and steps for business continuity.

- Credit risk of customers** → P20
- Dependence on public investments and private capital investments** → P24

Distribution Channels	<p>Suppliers: Manufacturers, etc. related construction & Civil engineering / Factories / Overseas procurement</p> <p>KONDOTEC: Structural Steel Materials</p> <p>Material sales / Construction services</p> <p>Customers: End-users (Steel fabricators)</p>
Ratio of segment sales	<p>Procurement source</p> <p>Domestically-sourced 60%, In-house 30%, Imported 10%</p> <p>Customers by industry</p> <p>Wholesale 8%, Manufacturing 5%, Others 6%, Construction 81% (FY2024)</p>
Number of operating sites	KONDOTEC INC. 18 operating sites (As of March 31, 2024)
Number of customers	Approximately 5,000 companies
Number of employees	147 (As of March 31, 2024)

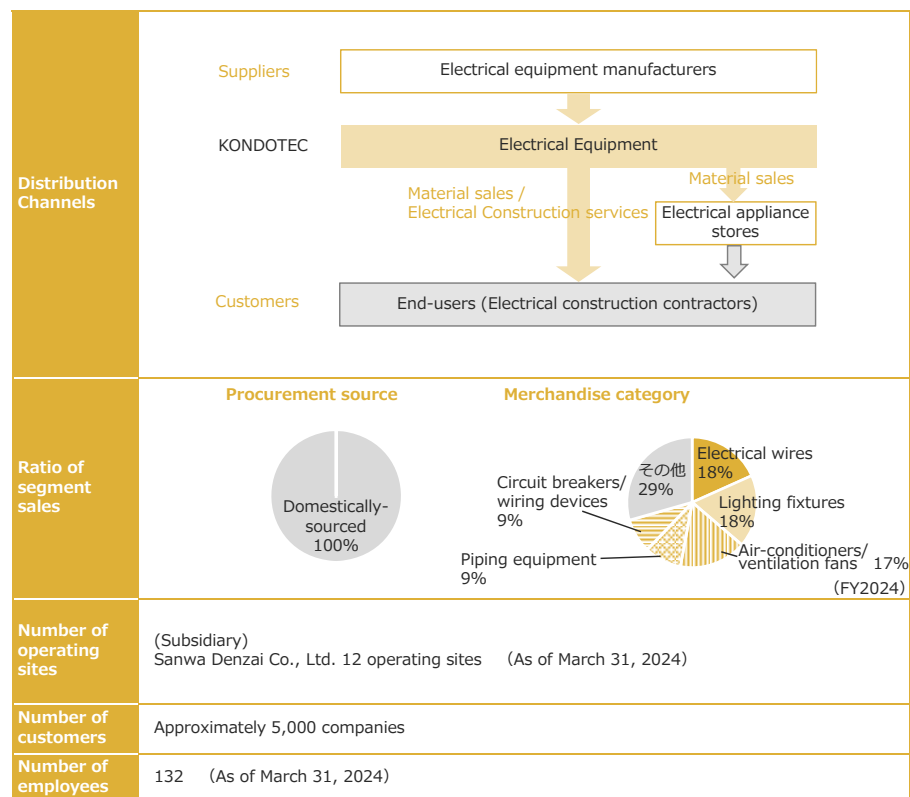
■ Electrical Equipment

President and Representative Director,
Sanwa Denzai Co., Ltd.Akihisa
Yamamoto

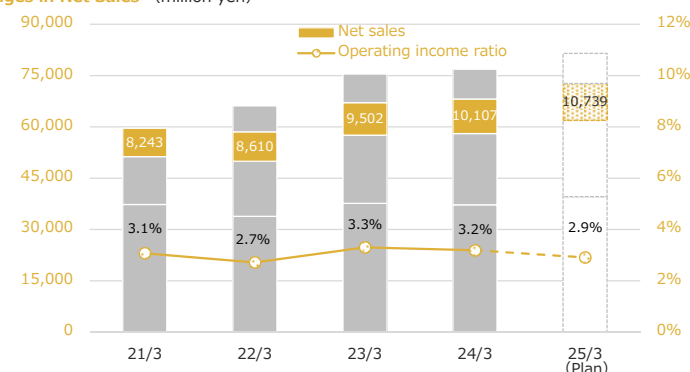
Seeking to expand business into factory automation-related and housing equipment markets and to win orders including construction works while centering on wholesaling to electrical construction contractors

The Electrical Equipment segment deals mainly with electrical equipment and wholesales it to electrical construction contractors to achieve customer satisfaction for a long time. In recent years, we started handling environment-related merchandise including LED lighting and solar panels. We now offer an extensive lineup of electrical and housing equipment. In addition to running offices in a concentrated manner mainly in Aichi and Gifu prefectures, we also maintain a sales base in Osaka

in an effort to expand our sales coverage areas. In the future, we will upgrade our construction functions while capitalizing on the expanded sales coverage areas. We will thus gain orders not only for merchandise but also for piping and light electrical works in order to achieve business expansion. In addition, we will turn our eyes to new domains such as factory automation and equipment engineering in an effort to further growth.



Changes in Net Sales (million yen)



Towards VISION2040

Opportunities and Risks	Focus Fields	Initiatives
<ul style="list-style-type: none"> Growing demand for renovation due to increasing building ages Increasing demand for energy-saving and other environmental products and merchandise Shrinkage in housing investment mainly in new construction of detached houses 	Factory automation-related fields Housing equipment Acquisition of orders including construction works Carbon Neutral	<ul style="list-style-type: none"> Expand our sales coverage areas Expand merchandise lineup Enhancement of distribution functions and construction capacity Cultivate distribution routes other than wholesaling in the direct demand area

Overview of the Year Ended March 31, 2024

Segment sales were 10,107 million yen(+6.4% year on year). This resulted from matching our pricing with costs and from our sales promotion of merchandise related to solar power generation and the introduction of LEDs to stores in line with the trend towards carbon neutrality. We took these steps in a situation where unit prices were rising amid increasing costs of raw materials and logistics and tight supply of electric wires and cables. Meanwhile, we no longer faced the adverse impacts of delays in delivery due to

the semiconductor shortage.

Segment profit stood at 322 million yen(+2.6% year on year), resulting from the effect of sales growth, effective pass-through of increased purchase costs, persistent negotiations to reduce purchase prices and the acquisition of projects including construction works and other sales activities with attention to gross profit margin despite an increase in SG&A expenses, mainly logistics and personnel costs.

New customers

Numbers	269	Net Sales	640 million yen
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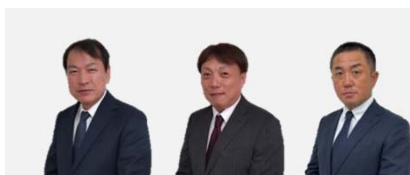
(As of end March 2024)
* The number of new customers and of net sales represent the number and net sales of customers exploited this fiscal year and in the previous fiscal year, and for which actual sales were made this fiscal year.

Response to the risks

<ul style="list-style-type: none"> Credit risk of customers Dependence on public investments and private capital investments (in Tokai area) Price competition 	<p>▶ P20</p> <p>▶ P24</p> <p>▶ P26</p>	<ul style="list-style-type: none"> Impact of market fluctuations for raw materials, etc. Impact of communicable diseases on business activities 	<p>▶ P26</p> <p>▶ P26</p>
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■ Scaffolding Construction

From the left



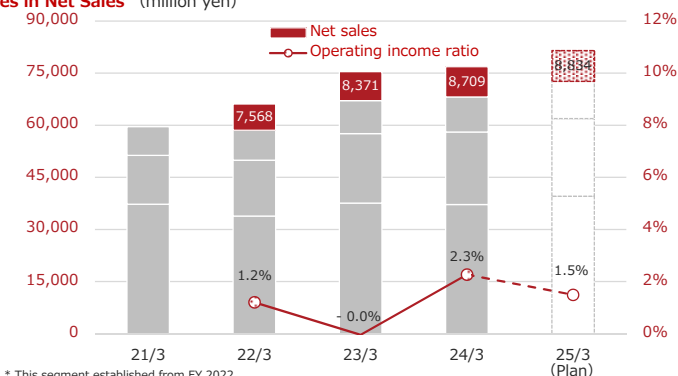
President and Representative Director, Nippon Scaffolding Holdings Co., Ltd.	Tomoyuki Ejiri
President and Representative Director, TECBUILD CO., LTD. and FUKOKU, Ltd.	Chikahiro Mochizuki
President and Representative Director, TOKAI STEP CO., LTD.	Junya Ishino

Expanding the construction business to meet demand in different fields and working intensively on businesses other than construction

Unlike other segments engaged mainly in material sales, the Scaffolding Construction segment has mainly conducted scaffolding construction and dismantling work in an effort to expand its business. These works are required not only at the time of constructing new buildings but also for large-scale repairs of condominiums and other buildings and for bridges and civil engineering domains. Demand in these areas is expected to grow in the future. Individual Group companies have different strengths, such as housing, medium- and high-rise buildings, and bridges and civil

engineering. They exchange technologies and knowledge and share construction workers and scaffolding materials to produce group synergy. We will thus respond to demand in many different fields and strive to expand the construction business. We will also focus on non-construction businesses, including the rental of scaffolding materials and material sales. We will strive for continued growth by making effective use of our strengths in operating construction and non-construction businesses.

Changes in Net Sales (million yen)



Towards VISION2040

Opportunities and Risks	Focus Fields	Initiatives
<ul style="list-style-type: none"> ● Increase in investment for replacement following an increase in aged buildings and in investment in infrastructure in adaptation to changes in the environment ● Increase in investment related to national resilience after a rise in the frequency of natural disasters ● Shrinkage in housing investment mainly in new construction of detached houses ● Decrease in labor force participation due to the declining birthrate and aging population 	<p>Rental sales</p> <p>Civil engineering / Bridges</p> <p>Medium- and high-rise buildings</p>	<ul style="list-style-type: none"> ● Expand the sales coverage regions and expand the types of construction we can perform ● Continuously invest in scaffolding materials ● Increase in construction capacity ● Use digital technologies to increase productivity

Overview of the Year Ended March 31, 2024

Segment sales stood at 8,709 million yen (+4.0% year on year). Public and private-sector building investment remained strong, in addition to strong sales of construction for bridges, civil engineering and large-scale properties that we have recently been focusing on and buoyant rental sales following a price hike of scaffolding materials.

Segment profit turned positive at 197 million yen (while a segment loss of 3 million yen was posted for the previous fiscal year). This is attributable to the sales growth, to a rise in the gross margin after progress in setting selling prices reflecting the cost increase, and to the keeping SG&A expenses to a slight increase.

Scaffolding materials

Capex	264 million yen	Book value	585 million yen
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(As of end March 2024)

Response to the risks

<ul style="list-style-type: none"> • Credit risk of customers • Dependence on public investments and private capital investments 	<p>▶ P20</p> <p>▶ P24</p>	<ul style="list-style-type: none"> • Impact of communicable diseases on business activities <p>▶ P26</p>
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Distribution Channels	<p>Suppliers</p> <p>Scaffolding manufactures / Partner companies</p> <p>KONDOTEC</p> <p>Scaffolding Construction</p> <p>Construction services / Rental sales / Material sales</p> <p>Customers</p> <p>End-users (Building contractors / Medium-sized general contractors)</p>
Ratio of segment sales	<p>Service type</p> <p>Material sales 10%</p> <p>Rental sales 8%</p> <p>Construction services 82%</p> <p>Detached houses / renovations 37%</p> <p>Bridges/civil engineering 4%</p> <p>Large properties 59%</p> <p>(FY2024)</p>
Number of operating sites	<p>(Subsidiaries)</p> <p>Nippon Scaffolding Holdings Co., Ltd.</p> <p>TECBUILD CO., LTD. 17 operating sites</p> <p>TOKAI STEP CO., LTD. 15 operating sites</p> <p>FUKOKU, Ltd. 5 operating sites</p> <p>(As of March 31, 2024)</p>
Number of employees	<p>362 (construction workers: 155)</p> <p>(As of March 31, 2024)</p>

Functions as a manufacturer

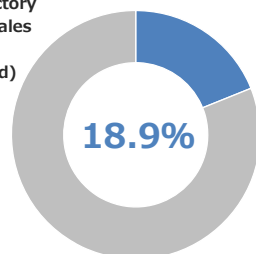
■ Roles of factories

With a view to promoting a local community-oriented sales structure, KONDOTEC, as a wholesale company with a manufacturing function, maintains four factories in Japan (non-consolidated) and makes an effort to pay careful attention to customer feedback in distributing products.

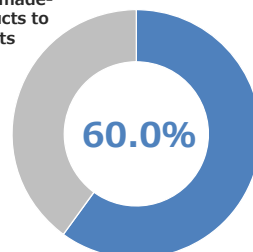
The majority of the Company's products are **made-to-order products** that require high-level precision and short-term delivery. This prevents encroachment from overseas and leads to achieving a high profitability.

Percentage of factory products to net sales of KONDOTEC (non-consolidated)

(2024)

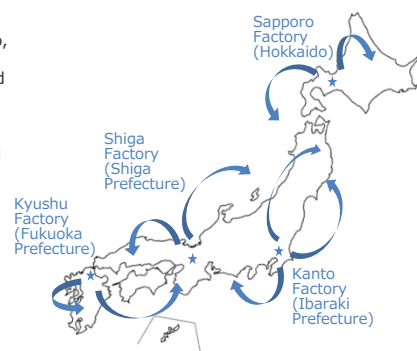


Percentage of made-to-order products to factory products



■ Local community-oriented structure

KONDOTEC maintains four factories in Hokkaido, Ibaraki, Shiga and Fukuoka (non-consolidated). All factories manufacture turn buckle braces and anchor bolts, which are our core products. By having these four factories supply products to our sales network across the country, we are able to realize quick delivery and operate a local community-oriented sales structure. Setting our first priority on responding to customer needs with speed, we have a production structure in place that makes the best of our comprehensively capability that integrates production and sales.



Why are KONDOTEC factory products selected?

While there are differences in size and other specifications for turn buckle braces, which are our core products, we take in their demand by using our sales and marketing capabilities and engaging in made-to-order products at factories and short-term delivery. Moreover, for turn buckle braces, we manufacture a majority of the component parts at Company factories, and by not using outsourced parts, we are expanding our product lineup in an aim to differentiate from other companies.

In terms of deliveries, turn buckle braces and anchor bolts are often long and heavy, incurring high transportation costs. Therefore, we established four factories spread out across Japan to have each factory supply products to the operating sites in their respective regions for addressing the need for prompt delivery in order to reduce costs and risks associated with delivery and reduce GHG emissions.

Pursuing the safety of products

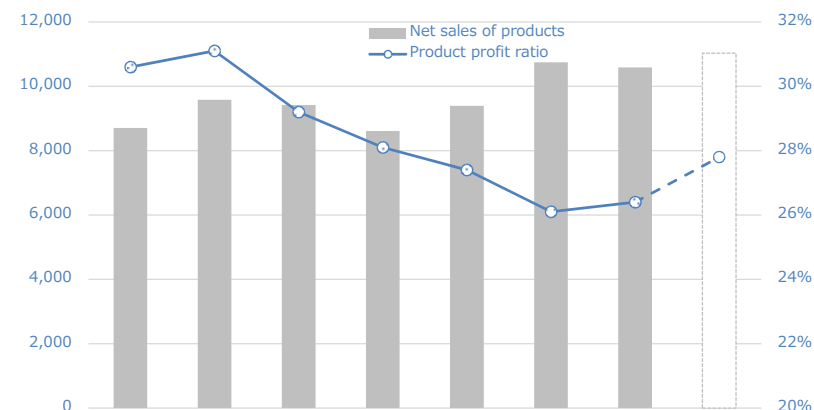
The Company is a brace manufacturer that our factories has acquired JIS from the production of turn buckle bodies to brace products.

Moreover, we are actively acquiring ISO (International Organization for Standardization) certification.

▶ P42, P44

Changes in Product Profit Ratio(non-consolidated)

(million yen)



	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3 (Plan)
Product profit ratio	30.6%	31.1%	29.2%	28.1%	27.4%	26.1%	26.4%	27.8%
Net sales of products	8,705	9,582	9,416	8,612	9,395	10,745	10,586	11,030

■ Initiative to improve productivity and increase our production capacity

To improve productivity, we actively introduce labor saving solutions and optimize the manufacturing process, including digital transformation of production and process management and utilization of robotics at No. 2 Factory on the premises of our Shiga Factory we

started operating in 2019. We also set up a third plant on the premises of our Sapporo Factory in April 2024 in order to meet growing construction demand in Japan. We are thus working to increase our production capacity.

▶ P48

■ Towards the provision of highly value-added products

CHUOH GIKEN Co., Ltd. is actively developing manufacturing lines in our factories. Furthermore, Mechatro Laboratory aims to utilize image processing technologies for manufacturing lines. Furthermore, KURIYAMA ALUMINUM Co., Ltd. is conducting manufacturing development of

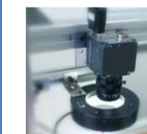
aluminum extrusions that are garnering attention from the construction industry as a lightweight material. We strive to improve productivity of our products by utilizing the know-how of each Group company and provide high value-added products using excellent technologies.

▶ P45, P48

Business areas of the group Company manufacturing-related organization

CHUOH GIKEN Co., Ltd.	Design and manufacture of various machine devices, labor-saving equipment and transport, including industrial machinery and electronic parts for automobiles and household appliances
Mechatro Laboratory	Design and manufacturing of labor-saving, image processing equipment, various inspection equipment, and inspection tools
KURIYAMA ALUMINUM Co., Ltd.	Development and manufacture of aluminum extrusions

Image processing equipment (Mechatro Laboratory)



We propose for the development image to customers and develop equipment.

Factory of KURIYAMA ALUMINUM Co., Ltd.



Development and manufacture

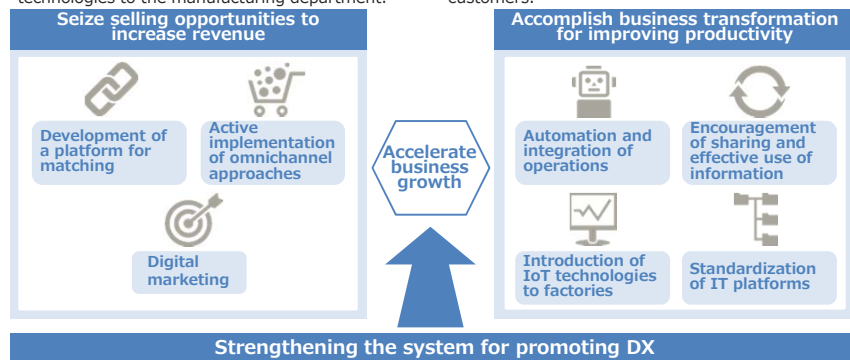
Aluminum extrusions

DX

■ Strengthening the system for promoting DX

The DX Promotion Project Team takes the initiative in combining our know-how we have cultivated with digital technologies in, for example, development using digital technologies and the introduction of Internet of Things (IoT) technologies to the manufacturing department.

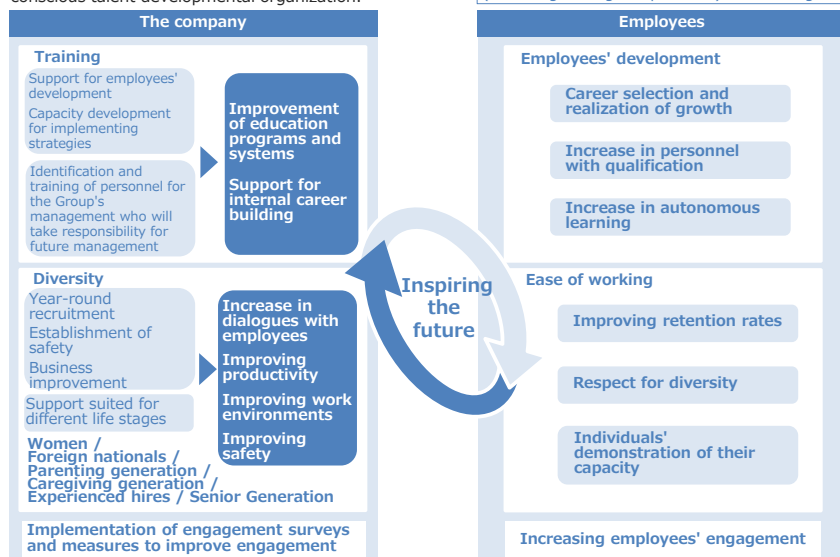
These efforts are aimed at seizing selling opportunities to increase revenue and improve productivity through business transformation. We are thus working to develop a new business model in which we will more closely serve customers.



Human capital

■ Enhancing human capital – Aiming to be a group in which employees create inspiration –

We understand that it is important to ensure the diversity of management executives who play central roles in management for the purposes of personnel development, including ensuring their diversity and improving the workplace environment. We will strive to create a diversity conscious talent developmental organization.



2040 Target	
Ratio of mid-career hires in managerial positions	20-40%
Ratio of women and foreign nationals in managerial positions	5% or higher
Ratio of female employees with job titles (excluding managerial positions)	15% or higher

Financial Strategies

■ Message from Director in charge of Finance



VISION2040, Long-term Vision

Investing in endeavors to reach the ideal

We recently drew a future blueprint of the company using a bottom-up approach to reflect employees' views about what they want KONDOTEC to be like in 2040.

We will work hard to allocate management resources in full consideration of capital costs and efficiency with a view to continuous advancement.

Roles of the Medium-term Management Plan and the long-term vision

The Medium-term Management Plan and the long-term vision VISION 2040 are our corporate stories. They are messages that communicate what the KONDOTEC Group should be like or aspires to be like to our workforce, from veteran employees to younger staff, and to all the personnel in the Group. I also see it as one of the communication tool for dialogues with the capital market and with investors. That is why I believe that they must visualize our business strategies related to our growth potential and profitability, appropriate allocation of funds for this purpose, and strengthen the management foundations that

support continuous growth, shareholder returns and other initiatives in a way that is as plain as possible. I like the phrase of "Promise for achieving the VISION 2040: We will transform ourselves. We will make a difference" in our long-term vision VISION 2040. We will transform ourselves into a company that creates innovative value. As a result, we will operate our business that will help innovate the social infrastructure with the Group's strengths. The Group will work as one to fulfill this promise.

- ▶ P7 The long-term vision
- ▶ P18 Medium-term Management Plan

Management strategy in consideration of business portfolio

In the long-term vision VISION 2040, it demonstrates a business portfolio scheme in a diagram showing the relationship between growth potential (market growth rate) and profitability (ratio of EBITDA to net sales). This scheme represents an improvement in the profitability of existing businesses and an expansion of their business domains, including new businesses. We

will build up our skills to identify opportunities and risks that may occur in separate segments. We will execute our strategy and make effective investment in personnel development and assignments that are suited to expected business growth.

- ▶ P22 Business portfolio

Management that unites the Group's strengths

We embarked on reconstruction of our head office building in a bid to have it completed by the fall of 2025. The current head office building is more than 50 years old. While it has a long history, it fails to meet recent demands for accessibility and environmental performance. We aspire to create a workplace where a wide range of personnel, including those with disabilities, will gather and where employee engagement will improve. The new building has another purpose of

integrating the bases of Group companies in Osaka. The concentration of Group companies in one place will facilitate closer communication and information sharing and will enable faster decision-making. It will improve Group synergy. The entire Group is united in its determination to meet the efficient and ambitious strategy targets and strive to constantly increase its corporate value.

Hiroyuki Yada's Career Highlight

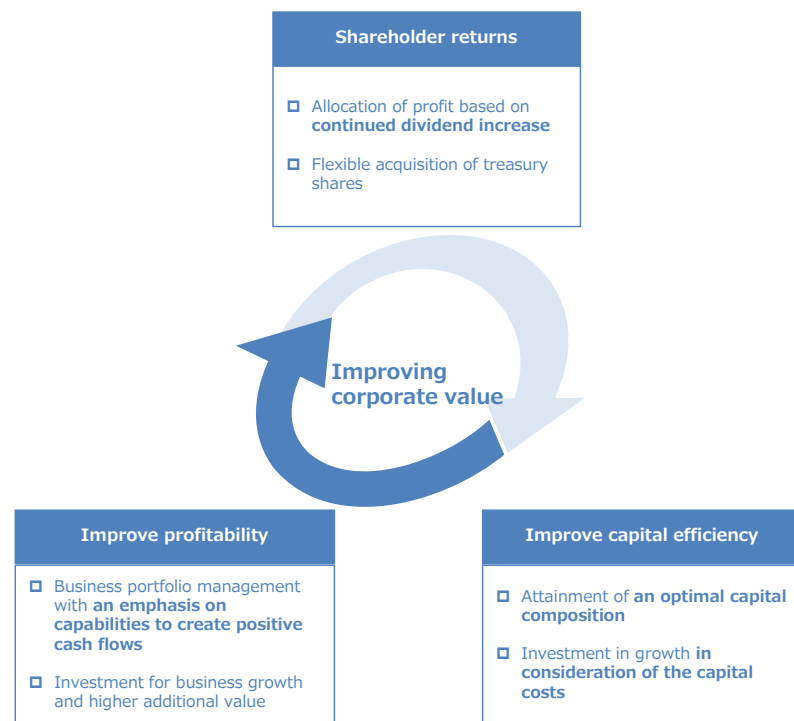
Senior Executive Director and General Manager of Management Headquarters

He joined the Company in 1985. He served as Manager of Yokohama Branch in 2006, Executive Officer, Manager of Delivery Division in 2011, Executive Officer, Manager of Western Japan Sales Division in 2013, Director, Manager of Western Japan Sales Division in 2016, Director, General Manager of Sales Headquarters, Manager of Western Japan Sales Division and Manager of Business Strategy Department in 2019, Executive Director, General Manager of Sales Headquarters, Manager of Western Japan Sales Division and Manager of Business Strategy Department in 2020 of the Company before assuming his current position. He engages in management by which he integrates sales measures and financial strategies through a thorough understanding of the front lines of sales work.

Financial strategy in the long-term vision VISION 2040

KONDOTEC has a financial strategy of seeking improvement in corporate value while keeping the balance between boosting profitability and capital efficiency and the pursuit of shareholder returns, as part of its commitment to achieving the long-term vision VISION 2040. With respect to shareholder returns, we will strive to continually increase dividends and to acquire treasury shares. To improve profitability, we will emphasize our ability to generate positive cash flows in view of

the business portfolio we seek under VISION 2040 in an effort for growth. For improving capital efficiency, we will focus our attention on attainment of an optimal capital composition and investment in growth in consideration of the capital costs. In this light, we will firmly carry out the financial strategy under the Medium-term Management Plan, which will be explained in the next section, in an endeavor to realize the long-term vision VISION 2040.



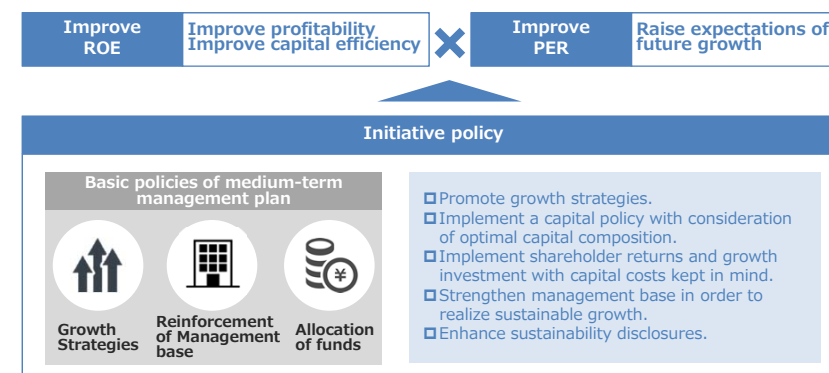
Financial strategy in the Medium-term Management Plan

The medium-term management plan states a policy for taking initiatives based on the growth strategy, reinforcement of management base and fund allocation, as well as efforts to improve return on equity (ROE) and price earnings ratio (PER), in order to realize management that is aware of the cost of capital and share price. Specifically, we will work to raise profitability and capital efficiency to increase ROE. In addition, we will take steps to improve PER by sustainable growth over the medium and long term and promoting understanding of the KONDOTEC Group.

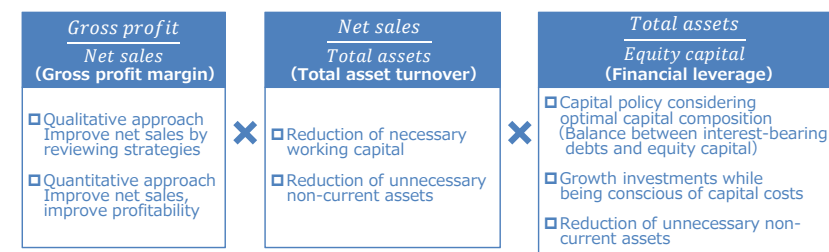
(P36 Figure 1)

It sets an ROE target of 10% or higher. With the perspective reflected in Figure 2 of page 36, which portrays the structural breakdown of ROE, we will work to achieve higher profitability and higher capital efficiency through appropriate fund allocation. Please refer to P36 Figure 3 for the allocation of funds. We will invest in growth by giving consideration to capital costs. Concurrently, we will also attach importance to shareholder returns. We will thus aim to increase both profitability and capital efficiency. In the event of making any new investment, we pay close attention to the point that it surpasses capital costs. The most recent capital cost was 5.8% as of the fiscal year ended March 31, 2024.

(Figure 1 : Initiative policy in the Medium-term Management Plan)



(Figure 2 : Structural breaking down of ROE)



(Figure 3 : Allocation of funds)

3-year		Detail	2027 (Plan)
Cash In	Cash Out		
Operating CF 14,500 million yen	Capital investment 10,000 million yen	Capital investment Opening new locations/ expanding, relocating, rebuilding, and operating sites Update and expand production facilities and scaffolding materials Strategic investment Execution of M&A (take place if certain conditions are fulfilled) Digital transformation-related investment Shareholder returns Dividends(continuous increase in dividends) Acquisition of treasury stock(on a flexible basis)	Operating income 5,100 million yen EBITDA 7,100 million yen ROE 10% or more
New borrowing (as necessary)	Strategic investment 3,000 million yen		
Funds on hand 12,000 million yen	Shareholder returns 3,500 million yen + a		
	Funds on hand 10,000-13,000 million yen		

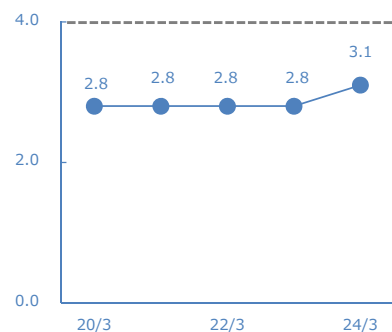
Shareholder return target and capital efficiency target

In terms of shareholder returns, while fully taking into account both consolidated operating results and the consolidated dividend payout ratio, KONDOTEC has the basic policy of distributing dividends to shareholders continuously and increasingly (progressive dividend), targeting a dividend on equity (DOE) ratio of 4.0% or more. DOE represents the ratio of dividend payment to net assets. This indicator allows for the payment of stable dividends without being swayed by temporary fluctuations in profit. The Company has never reduced

dividends since our listing. While we could have reduced dividends at the time of the Lehman Shock, since our profit was stable, we decided not to reduce but to distribute dividends continuously, using DOE as the indicator. In addition to DOE target, we have a capital efficiency target ROE of 10% or more. As a result of increasing net assets, which are the bases to determine dividends by recording above a certain level of profits every fiscal year, we will be able to distribute dividends continuously and increase them constantly.

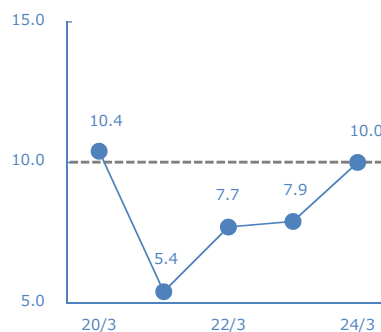
Actual DOE (%)

Target: **4.0% or more**

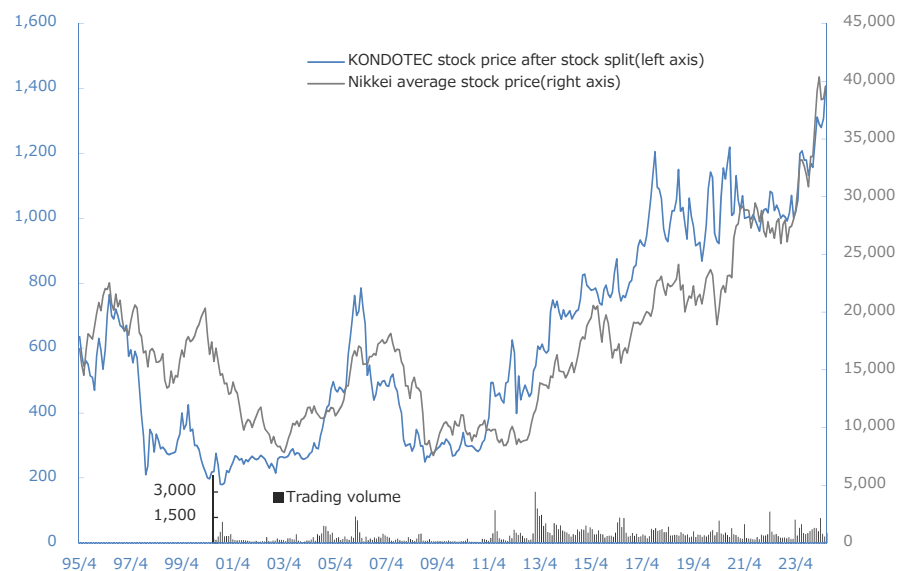


Actual ROE (%)

Target: **10% or more**

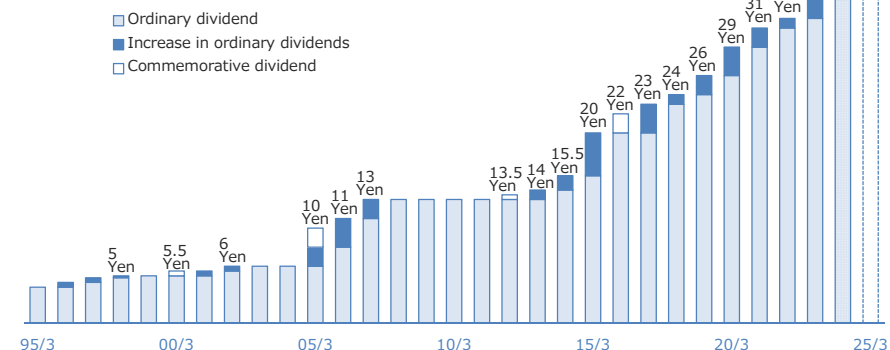


Transition of stock price (Yen)



Transition in dividends

Since the initial listing: **No decrease** in dividends
Plan to **increase dividends** for the **14th** consecutive period



Acquisition of Treasury Stocks

KONDOTEC acquires treasury stocks to implement flexible capital measures in response to changes in the management environment, and considers the cancellation of treasury stocks as necessary to increase shareholders' profit. Recently, the Company has been acquiring treasury stock since January 2022 until July 2022.

Latest acquisition of Treasury Stocks

Acquired number of shares	859 thousand shares
Acquisition price	899 million yen
Acquisition period	January 4, 2022 through July 7, 2022

Dividend yield

Calculated based on closing price on March 29, 2024, **1,290 yen**

Dividend yield	3.6%
Dividend yield including shareholder incentives	4.1%~

Shareholder incentive plan

Reward points are awarded, which can be redeemed for food, electronics, travel, experiences, and more from around 4,000 merchandise from the shareholders-only website based on the number of points required.

Shareholder benefit criteria

The benefit is intended for shareholders who hold at least 5 units (500 shares) of the company's shares, listed or recorded in the shareholder registry as of the end of March each year.

Number of shares held	Reward points
500 to less than 600	3,000 points
600 to less than 700	4,000 points
700 to less than 800	5,000 points
800 to less than 900	6,000 points
900 to less than 1,000	7,000 points
1,000 or more	10,000 points

* 1 point is worth 1 yen.

KONDOTEC SUSTAINABILITY

Sustainability of KONDOTEC

Business Activities Paying Attention to the Environment



■ Environmental contribution target in VISION 2040

With the aim of contributing to the global environment, the KONDOTEC Group defines its environmental contribution target in its long-term vision VISION 2040. The target is for 2040 Scope 1 and Scope 2 greenhouse gas (GHG) emissions to be reduced by 30% from the level in the fiscal year ended March 31, 2024.

Based on our environmental policy, we will operate our business with consideration given to creating future environmental value, coexistence and harmony with the environment. We will thus aim to be a company that inspires our earth planet.

2040 Environmental contribution target

GHG emissions to be reduced by 30%

(From the level in the fiscal year ended March 31, 2024, Scope1 + 2)

Environmental Policy

Since its foundation in 1953, KONDOTEC has created and co-existed with future environmental value and engaged in business activities paying due consideration to the environment for the realization of a sustainable society, while contributing to the creation of an affluent society through the enhancement of social infrastructure by providing products and merchandise to various industries over a half century.

1. We will comply with legal regulations and matters agreed on by the Company for the environment regarding business activities, products and services.
2. We will endeavor to reduce environmental burdens, reduce environmental pollution risks, and protect biological diversity and ecological systems by saving energy and resources, promoting recycling, reducing waste, reducing the consumption of chemical substances and engaging in green procurement.
3. We will continue to improve our activities by utilizing the environmental management system, setting environmental targets to achieve the Environmental Policy, conducting evaluations on environmental performance, and reviewing them regularly.
4. We will thoroughly inform all employees of the Environmental Policy and endeavor to conduct necessary education and enlightenment activities to engage in environment conservation activities.

Main initiatives

- Information disclosures based on TCFD Recommendations
- Provision of products, merchandise and services best suited for environmental measures
- Reduction of environmental impacts by introducing and replacing internal equipment
- Reducing the environmental impact in the supply chains

Becoming a company that inspires our earth planet

■ Response to climate change and information disclosure based on TCFD recommendations

At KONDOTEC, in considering a path for sustainable growth, we do take into account the significant impact issues associated with climate change will have on future business activities. We are currently taking steps to recognize the impact our business activities have on the environment by management of emissions, and other measures.

We view the shift to a low-carbon society as a key opportunity for us, and looking ahead we will look to pursue information disclosure based on TCFD recommendations, while implementing measures addressing climate change. ▶ P43

Risk management system










In collaboration with all divisions Company-wide, SDGs Promotion Department compile, assess, and identify risks and opportunities facing KONDOTEC in relation to climate change. Climate-related risks

and opportunities that have been assessed and identified are reported to the Board of Directors for further supervision.

Main risks and opportunities associated with climate change

Climate-related risks and opportunities currently identified through extensive discussion with each Company division are outlined in the table below. The corresponding SDG targets are sized according to their degree of relevance.

Looking ahead, we will consider not only how to specifically address the issues that arise, but also explore the deeper aspects of them including strengthening current value creation story and tie this back to information disclosure based on TCFD recommendations.

	Item	Risks	Opportunities	Degree of impact	Future issues	Corresponding SDGs
Transition scenarios	Political policy and laws and regulations	<ul style="list-style-type: none"> Increased costs through the implementation of a carbon tax on CO₂ emissions from business activities (mainly the manufacturing process and logistics) 	<ul style="list-style-type: none"> Business expansion related to renewable energy Reduction of CO₂ emissions and transportation costs by developing local suppliers to promote local production and consumption 		<ul style="list-style-type: none"> Bolster procurement capabilities and production system for increased demand for products used in renewable energy facilities 	 
	Tightening of regulations concerning low carbon initiatives	<ul style="list-style-type: none"> Impact on business performance by disrupted supply-demand balance due to reduced production at blast furnace companies and decreased construction demand Increased construction/running costs of energy-saving facilities, rising purchasing prices Possibility of being eliminated from the market if not compliant with regulation related to supporting low carbon Strengthened regulation on existing products and merchandise 	<ul style="list-style-type: none"> Increased demand for low carbon facility development (wooden construction, etc.) Increased possibilities for product ideas and development related to eco and environment through a wide range of commercial channels Enhanced market value via disclosure that promotes environmental measures 	Major	<ul style="list-style-type: none"> Reduction of energy consumption and introduction of energy-saving facilities and equipment at factories Strengthen synergies with Group companies (promoting sales of solar power generation facilities and LED lighting, enhanced facility development capacity) Review changes to environmentally-friendly products and merchandise and packaging materials Inspect low carbon initiatives at partner factories and suppliers 	  
	Market	<ul style="list-style-type: none"> Fluctuations in purchasing prices and the cost of raw materials due to sudden and unexpected changes in energy costs 	<ul style="list-style-type: none"> Increase in orders due to an increase in renewable energy facilities 			
Tangible scenarios	Active	<ul style="list-style-type: none"> The normalization of extraordinary climate events causing massive damage, including frequent typhoons and torrential rainfall Impact on the supply of raw materials and merchandise due to damages to the supply chain 	<ul style="list-style-type: none"> Increased opportunity to sell disaster preparation merchandise Increased demand for repair and reinforcement work on rivers and banks 	Major	<ul style="list-style-type: none"> Expand the lineup and inventory of disaster preparation products and merchandise Expand sales channels for products and merchandise used in civil engineering works Ensure multiple avenues for purchasing Prepare logistics simulations and plans for emergencies Utilization of the logistics network between operating sites 	  
	Chronic	<ul style="list-style-type: none"> Rising in the average temperature Changes in rainfall patterns Extreme variability in weather patterns 	<ul style="list-style-type: none"> Reduced productivity due to heat stroke and other factors brought on by temperature rises Construction delays due to rainfall and strong winds, etc. 		<ul style="list-style-type: none"> Expansion in our seasonal merchandise lineup Promotion of greenery on office and factory premises Setting of break times and drink times during periods of rising temperatures 	

■ Provision of Optimal Products, Merchandise and Services for Environmental Measures

Oil hunter



This is an eco-mark certified oil absorption mat using recycled materials. It is used for the disposing of oil at the time of marine pollution caused by oil spills and at factories which use oil.

Mash up cover



Joints in building materials intentionally create rust to fix building materials to each other through friction bonding. For this reason, masking tape or other means was used on surfaces as covering to prevent paint from coating the joints. Our development of the mash-up cover makes this covering possible without generating tape waste.

TOPICS

The model without metal grommets



Employee Comments



Shizuoka Office
Chief Maekawa

Tarpaulins are used in many different situations for waterproofing, covering and other purposes. In the event of a disaster, they can be used to cover damage to roofs or window panes or to protect outdoor items. In fact, they have many different potential uses. The regular model has grommets so that the tarpaulin can be fixed. Generally, holes are reinforced with metal fittings. These fittings prevent the tarpaulin from being fanned and torn by wind or other shocks. The model without metal grommets has holes reinforced with resin.

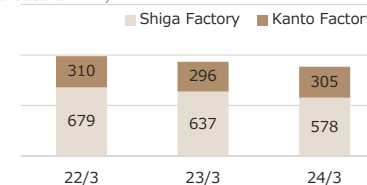
We have heard from some customers that it is troublesome to separate metal grommets from tarpaulins at the time of disposal, and that grommets may at times cause injuries. Other customers say that metal grommets may scratch the floor of gymnasiums and other facilities when tarpaulins are used for covering purposes. We commercialized a model without metal grommets, believing that this would address the trouble of separation. Customers actually purchasing this model were very happy with that, saying that it will not scratch their floor and would reduce the risk of worker injury.

■ Initiatives for reducing of environmental impacts

Installation solar power generation

Our two factories, Sanwa Denzai Co., Ltd. and TOKAI STEP CO., LTD. operate the solar power generation system in our power sales business. In Electrical Equipment and Structural Steel Materials segments, we handle materials related to solar power generation systems and frames respectively, and focus on sales through synergies within the KONDOTEC Group.

Transition of annual power generation
(thousand kWh)



Quick delivery by four-factory structure and inventories at each operating site

KONDOTEC established factories at four locations in Japan (Hokkaido, Ibaraki, Shiga and Fukuoka), with made-to-order products such as braces and anchor bolts produced at and shipped from the nearest factory to the customer. Thanks to the four-factory structure, we reduce costs and risks associated with delivery and GHG emissions and enable to realize quick delivery.

For products and merchandise which can be stored as inventories, in addition to inventories at logistics centers, we keep a certain amount at warehouses established at individual operating sites so that we can respond to abrupt demand while realizing environmental burdens and cost reduction, and quick delivery.

Acquisition of ISO14001

KONDOTEC obtained ISO14001, international standards for environmental management, at all four factories, engaging in environment-friendly operations for factories.



Use this code to access information on the scope of application.

Environmental conservation activities

As part of efforts to reduce GHG emissions, KONDOTEC has begun plans to replace Company cars with EVs, and to switch to renewable energy sources to power Company facilities. Such moves to EVs and renewable energy power sources have already gotten underway at our Head Office in 2021.

In addition, as a component of our initiatives to reduce waste, in the transport of materials from factories and logistics center to operating sites, we are operating a model by which wooden pallets, previously discarded at sites, are gathered at sites and returned to nearby factories or logistics center for reuse.

Procurement and Provision of High-Value-added Products, Merchandise and Services



Product Liability and Quality Assurance

As a wholesale company with a manufacturing function, KONDOTEC strives to provide security and safety to customers through the maintenance of the quality of products and merchandise it handles, as well as the development and improvement of products.

This section presents our quality control system and the education conducted for our employees on the knowledge of products and merchandise regarding safety.

Quality Control of products and merchandise

From the perspective of providing safe, quality products, all of our factories have achieved ISO9001. In addition, to further enhance the quality of products we handle, the Quality Control Section has been established in our factory and the section performs strength testing and inspections on a day-to-day basis in an effort to increase safety of products. Further, the SDGs Promotion Department, acting under the direct supervision of the President, is engaged in auditing quality assurance matters.



Use this code to access information on the scope of application.



ISO9001 certification



Break testing machine in Manufacturing Headquarters

Acquisition of certification of JIS and industry group

Regarding external standards for products manufactured in-house, we are producing products in compliance with the standards of various industries, including the acquisition of the Japanese Industrial Standard (JIS) certification (see table on the right). Scaffolding chains was awarded the first certification from the Scaffolding and Construction Equipment Association of Japan.

Regarding products other than those from KONDOTEC's directly operated factories (OEM products), the Company's technology service staff or procurement section staff visits OEM contractors in Japan and abroad to give technical instruction.

Moreover, the Company's Directors serve as committee members of industry groups such as the Construction Turn Buckle Council of Japan and Anchor Bolt Manufacturer Association, etc., indicating their responsibility to comply with product standards by participating as committee members.

Standard certification list for products manufactured in-house

JIS no.	Product name
JIS A 5540	Turnbuckle for building
JIS A 5541	Body of turnbuckle for building
JIS B 1220	Set of anchor bolt for structures
JIS B 2809	Wire ropes-Grips for rope or wire strand
Standardization body name	Product name
Scaffolding and Construction Equipment Association of Japan	Suspension chain
Scaffolding and Construction Equipment Association of Japan	Suspension chain clamp
Scaffolding and Construction Equipment Association of Japan	Suspension chain adjuster
Japan Housing and Wood Technology Center	Compound screw bolt nut M20
Minister of Land, Infrastructure, Transport and Tourism	High strength brace "HI TEN CONBRACE"

Response to complaints

In the event that a complaint is raised, KONDOTEC first has the sales representative meet with the customer and prepare a report. When there is a need to investigate the cause, if the case pertains to a product manufactured in-house, the Quality Control Section in our factory takes the necessary steps, while if the case pertains to procured merchandise, we take steps

jointly with the supplier. We have a mechanism to share complaints whereby holding a meeting on complaints (irregularly held) and cases that should be shared on a corporate-wide basis are addressed to the entire organization by issuing a sales report or guidance to draw attention in order to share information.

Management of emissions (Material balance)

To meet its GHG emissions reduction target, KONDOTEC has introduced the calculations of GHG emissions from KONDOTEC INC. in the fiscal year ended March 31, 2023 and has enlarged its scope to its group companies in Japan in the fiscal year ended March 31, 2024. The Company calculates GHG emissions in accordance with the GHG Protocol, an international GHG accounting standard.

GHG emissions

	(t-CO ₂)	
	Non-consolidated	Consolidated
Scope1	1,385	3,693
Scope2	2,966	4,601

(FY 2024)

* Consolidated figures do not include overseas Group companies.
* Scope 2 figures are calculated in accordance with the market-based method.

About the GHG Protocol

The GHG Protocol is an international standard for calculating greenhouse gas (GHG) emissions, divided into Scope 1 to Scope 3 as follows.

Scope1:Direct emissions of greenhouse gases by business operators from fuel combustion, industrial processes, etc.

Scope2:Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies

Scope3:Other indirect emissions (emissions by other parties related to the activities of the reporting business operator)

Source: "Guidance for Encouraging Japanese Companies to Address International Initiatives on Climate Change" (March 2021 edition)

Material balance

The following illustrates the overall input-output balance and expenditures and revenues during the course from research and development to manufacturing within the business activities of KONDOTEC.

* Actual results of four factories of the Company are used.

INPUT

Raw materials	Iron and steel	25,540t
	Coating Material	93.6m ³
Energy	Electricity	5,204thousand kWh
	Natural gas	0m ³ ·N or PJ
	LPG	59t
	Diesel fuel	2.1kℓ
	Kerosene	12kℓ
Irrigation Water	Heavy oil	0.9kℓ
	Water	4,929m ³



OUTPUT

Production	Iron & steel products	25,195t
Air emission	CO ₂	2,779t
Industrial waste/byproduct	Recycled Volume	2,361t
	Amount of outsourced disposal	172t
Drainage	Water	4,929m ³

(FY 2024)

<Main expenditure relating to environmental protection>

Kanto Factory : Capital investment for reducing oil leaks (5 million yen)
Disposal expenses of industrial/general waste (3 million yen)
Kyushu Factory : Replacement of LED (15 million yen)
Paint thinner recycling equipment (1 million yen)

<Main revenues relating to environmental protection>

Revenues in business for recycling waste (e.g. steel scraps) generated from major business activities or recycling used products, etc. (104 million yen)

Technical strength through co-creation with group companies

We are engaged in product development and development of labor-saving lines by adding the technological strengths of Mechatro Laboratory as one of KONDOTEC's manufacturing section to CHUOH GIKEN Co., Ltd. which is our group company. Thus far, CHUOH GIKEN Co., Ltd. has developed brace manufacturing lines in the factory and automated chain cutters for chain slings.

We will continue striving to improve the production capacity for the Company's products using synergies with group companies.



Chain cutter



Pewag chain sling

CHUOH GIKEN Co., Ltd.

This company has strengths in design and manufacturing of various machine devices, labor-saving equipment and transport devices etc., realizing labor-saving for the Company's factories.

Mechatro Laboratory

This company has strengths in design and manufacturing of labor-saving, image processing equipment, various inspection equipment, and inspection tools among others. It is expected to improve the confirmation quality of factory products utilizing excellent capabilities for image inspection technologies (color discrimination inspection and appearance inspection).

CHUOH GIKEN Co., Ltd

design and manufacturing of various machine devices, labor-saving equipment and transport devices

Collaboration

Provide high-value-added products

Mechatro Laboratory

design and manufacturing of labor-saving, image processing equipment

■ Stance for Security and Safety

KONDOTEC believes that by providing knowledge about handling when the Company provides products and merchandise to customers, they can use them more securely and safely. For that purpose, we prescribe the handling methods in the comprehensive catalogue and pamphlets, etc., issued by the Company, and clearly describe the matters to note and the standards for disposal. Moreover, for our employees to obtain the correct knowledge about products and merchandise, we offer many opportunities to learn by: conducting training on our core products of lifting equipment and temporary construction materials, steel related materials, and products manufactured in-house, and by holding study groups for new products by inviting suppliers (manufacturers), etc., among others.



↑ Examples of pages on usage method described in the "Lifting equipment catalogue" issued by the Company



Demonstration of assembly at the temporary construction materials training
KONDOTEC REPORT 2024



Welding practice at steel material training



Study group by suppliers



Site visit during Kyushu factory training

Implementing study groups for customers

In order for products and merchandise of KONDOTEC to be used safely, we host study groups across Japan responding to requests from various industry groups including customers. Technical service staff of the Company become lecturers to provide information about safe lifting operations at study groups. We would like to contribute to our customers' efforts to create safe environments by letting as many people as possible understand about safety.



Voluntary quality control activities (QC activities)

We engage in quality control activities (QC activities) at every manufacturing division of factories for the purpose of improving quality control systems. We strive to develop an understanding about quality control throughout the whole factory by hosting presentations of activity results annually, to award divisions which make excellent presentations and share proposals for improvement through presentations among others.



Presentations of QC activities in Kyushu Factory

Internally certified qualification "Lifting equipment advisor"

For the purpose of public relations for its corporate image as a lifting equipment manufacturer and improvement in employee knowledge of products and merchandise and abilities to propose and sell, KONDOTEC introduced the "Lifting equipment advisor" system as an internally certified qualification in 2015. Employees can be qualified as a "Lifting equipment advisor" after external safety/hygiene education, obtaining public qualifications, participating in internal three-day seminars, and

passing the written examination. By the end of March 2024, 63 employees had become qualified as lifting equipment advisors, and engage in not only supplying lifting equipment but also providing their knowledge at operating sites across Japan. Moreover, while Technical service staff at Osaka head offices have been in charge of seminars on lifting equipment for people outside the Company, with lifting equipment advisors coming into existence study groups on lifting equipment can now be held all over Japan.

<Lifting equipment advisor Seminar schedule>

- Internal seminar
- Lectures, practices, and examination at Kyushu factory (three days)
- External seminar
- Slings skill seminar (three days)
 - Slings operator safety/hygiene education (one day)
 - Wire rope safety inspection standards seminar (one day)



Lecture at Kyushu factory

Demonstration of actual lifting operation

Lifting equipment advisor Pass rate **75.9%**

(Including those who passed after retaking the test)

Procurement and Provision of High-Value-added Products, Merchandise and Services

As a manufacturer and wholesale company, KONDOTEC develops and sells products and merchandise which satisfy customers. This section introduces initiatives of the Company to procure and provide products, merchandise and services.

■ Provision of Products, Merchandise and Services responding to Changes in the Times and Needs of Customers

In addition to providing necessary materials for construction, KONDOTEC deals with materials for recovery/reconstruction used at the time of disasters and any other items needed at construction sites.

After its foundation, the Company sold hardware for vessels, and subsequently started dealing with construction materials during the high growth period; we currently provide more than 50,000 products and merchandise. At the New Merchandise Committee held every other month, sales staff propose to deal with new products and merchandise based on the needs of customers, generating numerous hot selling products and merchandise from the adopted proposals.

At present, we also operate the "Tsurikata" inspection site for lifting equipment to simplify the individual management and inspection of merchandise centered on cargo handling equipment.

Moreover, we not only sell products and

merchandise but also proactively disclose information and provide services on the Company website. Along with our online catalog and technical information, we have opened an online showroom to display new products and merchandise, drawings, instruction manuals, and usage videos. We will continue to not only sell products and merchandise but to also provide high-value-added services, such as disclosing software to support the selection of wire ropes according to the weight of lifted loads.



Emergency supplies poster



"Tsurikata" inspection site for lifting equipment

Online showroom

In 2022, we opened an online showroom for new products and merchandise, drawings, instruction manuals, and usage videos. In line with the recent digital shift by companies and consumers, we created the online showroom to provide additional information on products and merchandise that we were unable to convey via our existing website and catalogs, further enhancing convenience. We invite you to visit the showroom as we continue to increase and enhance its content.



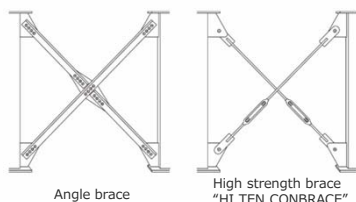
Online showroom URL
<https://www.kondotec.co.jp/showroom/>

TOPICS Development of HI TEN CONBRACE

JIS-compliant turnbuckles for building (M24 to M33) and angle braces require multiple attachment bolts on either side. They are difficult to attach unless gusset plates and holes are set with a high degree of precision. In addition, the process of fastening multiple attachment bolts is needed.

The HI TEN CONBRACE requires one attachment bolt for fastening each strap. It can be installed even if the gusset plate or the hole position is slightly out of place. One attachment bolt is needed for each strap. Fastening a total of two bolts completes the installation. We sell a combination of one HI TEN CONBRACE with two

attachment bolts to save customers the hassle of arranging the bolts separately.



Angle brace

High strength brace "HI TEN CONBRACE"

■ Cultivation of Suppliers and Efficient Purchase, Management and Delivery

To make bulk purchases of merchandise from suppliers, KONDOTEC has logistics center at two bases in Japan (Osaka and Ibaraki) as well as one base in China. We are reducing the cost of purchase by delivering in-demand merchandise to operating sites using in-house delivery systems after purchasing them in bulk from manufacturers in Japan and abroad, and storing in logistics center.

Moreover, we always take a stance of reviewing costs by having established the Delivery Division to constantly find better suppliers as well as concluding OEM production contracts with manufacturers.

Furthermore, we can search on our own system for the status of inventories at logistics center or individual operating sites. As a result, by grasping the status of inventories at our own sites in real time, we can measure the timing for our own sites to purchase inventories as well as immediately reply to inquiries from customers. For deliveries, we have a system to deliver to customers safely and quickly by employees of the Company or cooperating companies.

Logistics center in Japan
Delivery Division(Osaka)



■ Entry into the new fields

KONDOTEC is actively undertaking entry into new fields in which it expects growth. To expand our business in the field of maintenance and repair of aging social infrastructure, we have acquired three companies engaged in scaffolding construction (see table below) and established Nippon Scaffolding Holdings Co., Ltd. as an intermediate holding company to oversee them. Working around this core, we will expand the areas we handle by sharing the know-how of the companies, which differ in their business areas and the construction properties in which they specialize, and will otherwise aim to achieve synergies among them.

At the same time, there is a tendency in the construction industry to replace the main material of iron with aluminum, which is suitable for weight saving. Therefore, the demand for aluminum is expected to rise. Given this condition, the Company has acquired KURIYAMA ALUMINUM Co., Ltd., which is involved in the manufacturing and development of aluminum extrusions, in aiming to expand our product and merchandise line up with new materials. Going forward, we will continue striving to enter new fields by utilizing our wide range of business fields as the KONDOTEC Group.

Group companies assumed the maintenance/repair field

	TECBUILD CO., LTD.	TOKAI STEP CO., LTD.	FUKOKU, Ltd.
Location	(Head office) Ota-ku, Tokyo (Business area) Kanto, Hokuriku, Kansai, Chugoku, Kyushu	(Head office) Fujieda-shi, Shizuoka (Business area) Kanto, Tokai	(Head office) Sendai-shi, Miyagi (Business area) Tohoku
Specialty	low to mid-rise buildings / Rental of scaffolding equipment 	mid to high-rise buildings / low-rise buildings 	Bridge / mid to high-rise buildings 
(Intermediate holding company) Nippon Scaffolding Holdings Co., Ltd.			
Location	(Head office) Koto-ku, Tokyo		
Business areas	Management of subsidiaries that provide scaffolding construction services		

Strengthening of collaboration

- Expanding businesses further in the maintenance/repair field
- Sustainable growth and improvement in medium to long term corporate value

■ Production Innovation through Capital Investment in Factories

We invest in production facilities based on the annual plan to improve quality and productivity at factories. In 2019, we newly established a plant on the premises of Shiga Factory which realized labor-saving through the introduction of robots, aiming to promote work style reform and solve labor shortages.

At the plant, we strive to improve productivity by

changing the processes undertaken by workers manually to welding, transportation and assembly by robots.

The Company's Medium-term Management Plan from FY2025 to FY2027 plans to make capital investments of about 10 billion yen for the enhancement / replacement of production equipment and relocation/rebuilding of bases.

Coexisting with local communities



■ Operating site Opening Plan

Currently, KONDOTEC has 48 operating sites (as of March 31, 2024). Among sales activities areas, a precondition for selecting areas for operating site openings is that the area should be far away and have prospects for increased sales. We have expanded areas for operating site openings by way of branching out from relatively large-scale operating sites (branch class).

The Company makes sure to establish warehouses to store inventory at operating sites.

Because we make deliveries, as for the location of operating sites, we select places near expressway ICs, or industrial parks that are unlikely to affect neighboring residents in terms of noise and traffic.

As for personnel, while several employees from branch operating sites are transferred at the time of a new operating site opening, we recruit several local people to help create employment in the community.

■ Response to disasters and contribution to them

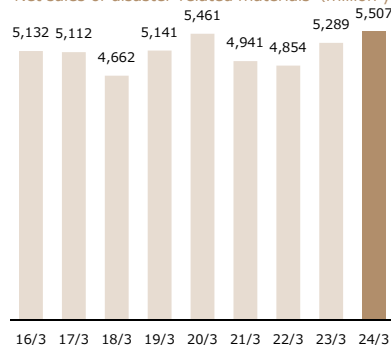
With the inventories of necessary materials at the time of disasters at 48 operating sites across Japan, we have established a system to deliver necessary materials immediately even if the disaster is just local, thereby contributing to the security and safety of local communities.

Examples of disaster-related merchandise
[Flexible Container bag]
[Tarpaulin, sandbag, etc.]
[Net, sheet] and others

Examples for use of container bag

It is used in various scene such as transportation and storage of feed, fertilizer, resin pellets, industrial waste, etc., and as a large-size sandbag for rubble clearing, decontamination, and recovery work after disasters.

Net sales of disaster-related materials (million yen)



Response to "New Stage" Published by Ministry of Land, Infrastructure, Transport and Tourism

The Ministry of Land, Infrastructure, Transport and Tourism recognizes the apparent change in the way it rains as a "New Stage" and recommends taking disaster prevention/mitigation measures with a sense of crisis. To respond to the "New Stage," we will also focus on advance preparations to minimize damage.

Extraordinary climate in recent years

Heavy rains with hourly rainfall exceeding 50mm have increased across Japan, raining locally, intensively and severely

→ Recognized as a "New Stage"

Examples of weather conditions bringing disasters

August 2014 heavy rain	Heavy rainfall in a wide range of areas from west to eastern Japan (Landslide disaster occurred in Hiroshima Prefecture)
July 2018 heavy rain	Record-breaking heavy rainfall in a wide range of areas across Japan centered on western Japan
October 2019 Typhoon No.19	Rain storm centered on eastern Japan
July 2020 heavy rain	Heavy rainfall in a wide range of areas centered on Northern Kyushu

To respond to the "New Stage," we need to **mitigate damage to infrastructures as much as possible** and **make advance preparations for early recovery.**

Development of human resources and encouragement of diversity, equity and inclusion



■ Creation of an environment where diversity is respected and where all personnel can display their potential

Examples of Training Conducted

We carry out educational programs for developing human resources that shape the future, in accordance with KONDOTEC's corporate philosophy. We offer new employee training programs for younger employees, and follow up on new employees by designating a more experienced employee of a similar age at the assigned department to serve as a one-to-one supervisor for new employees. After that,

we will offer training by job level six months, three years, six to seven years, and ten years after joining into the Company. Meanwhile, for mid-management-level employees and next-generation senior managers, we provide education timely to reinforce management skills and hold executive position candidate development training programs according to the purpose.

Training by experience level	Training for new employees training, 6 months after joining the Company, 3rd-year training, 6th or 7th-year training and 10th-year training ,etc.
Purpose-specific training	Training for specific fields, advanced management skills training and candidate training for executive positions candidate, etc.

■ Indicators and targets related to diversity

In hiring employees, we respect the diverse characteristics of individuals, including age, gender and nationality. Moreover, with the introduction of year-round recruitment (for 2008 recruits and after), we have been hiring employees with various careers, experience, etc. Further, we offer support to athletes as well as appoint highly motivated contract workers as regular employees.

We are expanding support for the participation of women in the workplace, and have appointed

three female Directors in order to incorporate diverse values and perspectives into the business management of the Company. Based on our recognition of the need to ensure diversity, particularly among the managerial-position staff who play central roles in management, we have set the following best-effort targets for ratios of mid-career hires, women, and foreign nationals in managerial positions.

Indicators	Actual (As of March 31, 2024)	Target	Achievement period
Ratio of mid-career hires in managerial positions	31.4%	Maintaining a range of 20%-40%	March 31, 2025
Ratio of women in managerial positions	1.0%	5% or higher	March 31, 2030
Ratio of female employees with job titles (excluding managerial positions)	9.6%	15% or higher	March 31, 2030
Number of foreign nationals in managerial positions	1 person	Maintaining of the status quo or higher	March 31, 2025

* Number of foreign nationals in managerial positions only, as an indicator for the Group as a whole. The three items other than number of foreign nationals in managerial positions are indicators for the Company.

Appointment of a female executive members

3 out of 14

As of June 25, 2024



Promotion of Health Management and Occupational Safety and Health



■ For employees' health and safety

Safety measures

We are taking the following initiatives to ensure the safety and health of employees. Representative matters in need of safety measures in conducting business activities include

receiving and shipping operations in warehouses, marketing activities, delivery of products and merchandise, and production activities in factories.

Category	Detail	
Marketing/delivery	Implementation of safety driving training	Upon the increase in traffic accidents involving new employees who were not accustomed to driving company cars, we implemented safety driving training at the time of new employee training, reducing accidents involving young employees.
Marketing/delivery	Implementation of no accident campaign	Sending warning notice to all operating sites when an accident occurs at other sites. Notifying monthly the cumulative number of accidents at all operating sites in the past year even if there was no accident.
Marketing/delivery	Introduction of safety driving device (Telematics) Installation of the drive recorder	When dangerous driving (sudden braking, speeding, etc.) is detected by G Sensor/GPS, immediately give a warning notice by voice guidance to the driver each time while sending a notifying e-mail of dangerous driving to the head office.
Factory/warehouse	Implementation of Safety and Health Committee Implementation of safety patrol	Holding a Safety and Health Committee at head office and factories monthly. Implementing safety patrols by employees to prevent industrial accidents.

Work Style Reform and Work-Life Balance

We aim to create a corporate culture where employees can have "a fulfilling individual life and involvement in society," while promoting work style reform to enable them to do "worthwhile and high-quality work" efficiently.

In 2014, we conducted training for all supervisors aiming for more efficient operations and less overtime work, and have been promoting work style reform since then, on the condition of improved earnings. Since 2017, led by head office, we have been engaged in reform for efficient operations by reviewing various operational rules, decreasing collections by sales staff, reducing internal documents, and reviewing approving authority.

As an indicator to realize appropriate work-life balance, we have set a target for paid vacation acquisition with an acquisition rate of 70% or higher and internally publish the figures for each section to promote the acquisition.

Paid vacation acquisition target for the company

April 1, 2023 – March 31, 2024	
[Target]	[Actual] 80.5%
Acquisition rate of 70% or higher	
April 1, 2022 – March 31, 2023	
[Target]	[Actual] 81.7%
Acquisition rate of 70% or higher	
April 1, 2021 – March 31, 2022	
[Target]	[Actual] 75.1%
Acquisition rate of 70% or higher	
April 1, 2020 – March 31, 2021	
[Target]	[Actual] 74.5%
Acquisition rate of 70% or higher	

Workplace improvement and engagement

With a view to creating an organizational culture with a good work-life balance and high employee engagement, we carried out a workplace improvement project in the form of giving

training to selected employees for an approximate period of six months starting in May 2023. We will continue to conduct measures aimed at increasing employees' engagement.

Number of employees taking childcare leave

In order for employees and spouses to give birth and raise children with peace of mind, we have prepared a handbook compiling child-raising-related laws and various internal systems so that employees can freely view and obtain it from the internal portal site. Furthermore, we present various systems including a shortened working-

time program which can be taken until a child graduates from primary school, which is longer than what is legally mandated, and clarify the contact point for consultation and thus endeavor to have employees engage in childbirth and child-raising with peace of mind.

	Those who newly took childcare leave during the period	Return to work rate after childcare leave during the period	Rate of those currently on childcare leave who started childcare leave during the period
April 1, 2023 – March 31, 2024	5 persons	40%	60%
April 1, 2022 – March 31, 2023	13 persons	100%	-
April 1, 2021 – March 31, 2022	6 persons	100%	-
April 1, 2020 – March 31, 2021	7 persons	100%	-

TOPICS Enhancement of incentive programs and benefits programs

We have introduced many different welfare programs to provide employees with economic support, to create a worker-friendly environment and to enrich employees' private lives. They include the group long term disability (GLTD) insurance program and the company housing program. In addition, we have also introduced the programs listed below for the purposes of helping employees with asset building and to incentivize them.

- Employees shareholders association
- Restricted stock (RS) program for employees
- Corporate-type defined contribution pension plan
- Workplace accumulation-type Nippon individual saving account (NISA) program

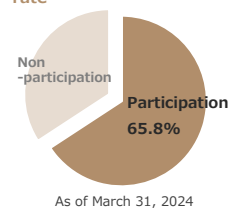
The employees shareholders association offers financial incentives equivalent to 5% of the contribution. As a result, 65.8% of our employees are affiliated with this association. When employees join us, we give them an outline of the association and, in addition, provide them with education on the necessary

costs in life estimated from future life events and on asset building. We have also introduced a restricted stock (RS) program for employees as part of the incentive programs. Our intention is that employees' shareholding through the employees shareholders association and the RS program for employees will give them the perspective of shareholders, encouraging them to not only view the company from inside as employees but also share the goals of management and motivate them to boost corporate value over the medium to long term. We hope that it will also facilitate the sharing of value with shareholders. We introduced the corporate-type definite contribution pension program in 2014 for ensuring employees' income after their retirement. We note that 29.8% of employees make their own additional contributions to the program. Moreover, we introduced a workplace accumulation-type NISA program on December 1, 2019. Under the program, employees may invest the amount withheld from their salaries in their tax-exempt accounts.

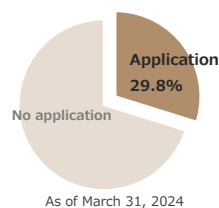
■ Restricted stock (RS) program

Incentives given (December 25, 2023)	
Employees and Executive Officers	
87 persons	15,700 shares

■ Employees shareholding association participation rate



■ Matching contribution utilization rate



Enhancement of corporate governance



■ Basic concept to Corporate Governance

KONDOTEC recognizes that strengthening and enhancing corporate governance through increasing soundness, transparency and efficiency of management and maximizing corporate value is one of the most important management objectives. To realize this objective, our basic concept of corporate governance calls

for reinforcing our compliance and internal audit systems, conducting timely disclosure of management information, operating results and other pieces of information via our website and other means, and strengthening functions for speedy decision-making and management supervision.

■ Corporate governance structure summary table

Type of organizational design	Company with an Audit & Supervisory Committee
Number of directors * excluding directors who are Audit and Supervisory Committee Members (including the number of outside directors)	10 (2)
Number of directors who are Audit and Supervisory Committee Members (including the number of outside directors)	4 (3)
Term of office of directors * excluding directors who are Audit and Supervisory Committee Members	1 year
Adoption of executive officer system	Yes

■ Reasons for adopting the current corporate governance system

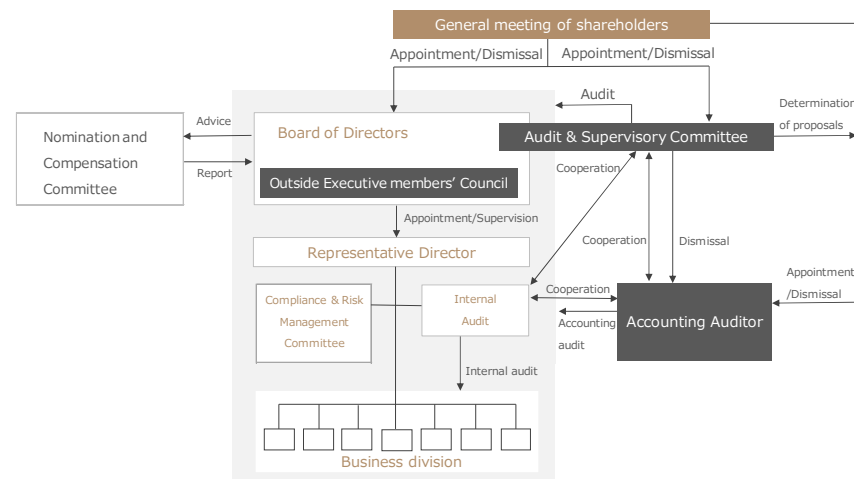
KONDOTEC believes that putting in place an Audit & Supervisory Committee and having an audit system where Directors who are Audit & Supervisory Committee Members supervise management is effective and hence operates as a company with an Audit & Supervisory Committee system.

The Audit & Supervisory Committee comprises four Directors who are Audit & Supervisory Committee Members, including one full-time Director, and three part-time Outside Directors

with specialist knowledge on finance, accounting and laws, as well as experience in corporate management at other companies, and carries out supervision from an objective and fair point of view.

The Board of Directors holds a regular monthly meeting as well as an extraordinary meeting whenever necessary, promotes efficiency of decision-making for the execution of important business activities and reinforcement of the supervision function.

■ Corporate governance system



■ KONDOTEC's managing organ

Board of Directors

KONDOTEC holds a meeting of the Board of Directors at least once a month and complies with the policy of addressing all matters provided in the Board of Directors' Regulations and those corresponding to agenda items to the Board of Directors in making decisions on important matters.

In addition, the Board of Directors receives reports on the status of business execution of the Company and its subsidiaries from each of the respective directors on a periodic basis and carries out supervision, etc. on the reasonableness and efficiency of business execution.

The Company conducts the Board of Directors assessment questionnaire based on self-assessments made by all Directors once a year. The Board of Directors deliberates on and considers the results of the questionnaire and makes necessary improvements to secure effectiveness and increase the quality of the Board of Directors as a whole. The Company adopts an executive officer system and Executive Officers and Directors in charge of business operations promote speedy business execution.

Outside Directors (excluding Directors who are Audit & Supervisory Committee Members)

KONDOTEC appoints two Outside Directors (one lawyer, one Director with experience in management), who supervise management and offer advice from an objective point of view in consideration of the corporate business community on the whole, including laws and regulations, in an effort to increase the transparency and efficiency of the Board of Directors.

Audit & Supervisory Committee / Outside Directors who are Audit & Supervisory Committee Members

KONDOTEC adopts the Audit & Supervisory Committee system. The Audit & Supervisory Committee comprises four members, three of whom are Outside Directors (one CPA, one attorney-at-law and one Director with experience in management). The Audit & Supervisory Committee members exchange opinions on audit methods and audit standards from their professional points of view at the meeting of the Audit & Supervisory Committee, which is held at least once a month in order to improve the appropriateness and efficiency of audits. In this manner, we strive to enhance and reinforce our audit system.

Furthermore, the Members receive a report on the results of the accounting audit from the Accounting Auditor at each financial closing. If needed, Directors who are Audit & Supervisory Committee Members accompany the Accounting Auditor in the audit of an office, exchange information and opinions. Moreover, Audit & Supervisory Committee Members receive reports on financial results for every quarter from internal control sections, as well as reports on other matters related to internal control as necessary.

Internal Audit Department

Our Internal Audit Department is placed as a unit directly under the President. There are three full-time staff members to bolster internal audit operations. These internal auditors audit the status of compliance with laws, regulations and internal rules

and the appropriateness and efficiency of business processes, etc. of each division, provide guidance for improvement and perform follow-ups.

In addition, they conduct audits to continuously verify whether the system to ensure the reliability of financial reporting functions appropriately and makes corrections where necessary.

Further, internal Audit Department holds reporting sessions on the findings of internal audits. These are attended by the Representative Director, Directors in charge of content in the reports, and full-time Audit and Supervisory Committee Members.

In addition, the accounting auditor views the audit results report concerning the internal audit performed by the Internal Audit Department and minutes of the meeting mentioned above to exchange information and opinions as needed. We will facilitate closer collaboration between the accounting auditor and the Internal Audit Department in an effort to heighten soundness and efficiency of audits.

Accounting Auditor

KONDOTEC has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor and establishes an environment in which the Accounting Auditor is able to perform audits from a fair and unbiased perspective, by providing the auditor accurate management information in a timely manner. The Accounting Auditor receives quarterly briefings from the internal control sections on the financial results and standing of the Company, and exchange opinions on accounting-related matters.

Compliance & Risk Management Committee

The Compliance & Risk Management Committee is in place.

The Compliance & Risk Management Committee promotes the dissemination of awareness to comply with relevant laws, regulations, corporate ethical standards and internal regulations among all employees and creates a structure to prevent scandals and other problems by developing plans and measures on compliance, including education and guidance for practicing compliance. The Committee also collects information on various risks surrounding KONDOTEC and its subsidiaries and analyzes the information to develop specific preventive measures. It also puts in place a structure to minimize the impact of risks should any such risk becomes apparent, in an effort to reinforce the corporate platform.

Nomination and Compensation Committee

KONDOTEC has established the Nomination and Compensation Committee as a voluntary advisory organization, composed of Independent Outside Directors (excluding Outside Directors who are Audit & Supervisory Committee Members) and the President & Representative Director to strengthen the transparency and objectiveness of the decision-making process for appointment and remuneration of Directors.

Outside Executive members' Council

The Outside Executive members' Council comprising Outside Directors has been established. The Council meets periodically to promote the exchange of opinions among outside Executive members.

■ Descriptions based on the Corporate Governance Code

Analysis and assessment of effectiveness of the Board of Directors as a whole

KONDOTEC makes decisions on important matters at the regular meeting of the Board of Directors held every month based on discussions by attendees, including Outside Directors who state their opinions. In this way, we make an effort to heighten the effectiveness of the Board of Directors.

Once a year, the Company conducts an analysis and assessment of the effectiveness of the Board of Directors as a whole.

In April 2024, we made an assessment of the effectiveness of the Board of Directors. We discussed and made considerations on the results of the assessment at the meeting of the Board of Directors in May 2024.

1. Period: April 2024 to May 2024
2. Method: Anonymous self-assessment by all Directors (Including Outside Directors)
3. Assessment items :
Structure and operation of the Board of Directors, deliberation, governance system, promotion digital transformation, initiatives for sustainability, general assessment of the Board of Directors
4. Summary of results
While all executive members have rendered the evaluation that the effectiveness of the Board of Directors overall is ensured, we have received comments to the effect that a structure to continuously promote DX should be appropriately supervised and that sustainability initiatives should be appropriately discussed.
We would like to continue to make improvements based on these opinions.

Training policy for Directors

KONDOTEC offers opportunities for Directors to participate in various training programs, including training sessions and lectures by internal and external instructors, external seminars, and web-based seminars, in an effort to have Executive members gain necessary knowledge and understand/promote duties and responsibilities.

Policy concerning cross-held shares

1. Policy on cross-shareholding
KONDOTEC maintains cross-held shares for the purpose of contributing to the improvement of corporate value in the medium to long term by maintaining and reinforcing relationships with important business partners.
The Company will reduce issues deemed to have insufficient grounds to hold after the verification of cross-held shares.
2. Verification on cross-held shares
Each year, KONDOTEC's Board of Directors scrutinizes and verifies the purpose of holdings, benefits from transactions, etc., of individual cross-held shares.
As of March 31, 2024, we held 4 issues of cross-held shares worth 33 million yen in book value and 231 million yen in market value. These are equivalent to 0.1% and 0.6% respectively of net assets of 35,920 million yen, 0.1% and 0.4% respectively of total assets of 60,975 million yen.
For the fiscal year ended March 31, 2024, we reduced cross-held shares by 2 issues and by book value of 6 million yen.
3. Exercise of voting rights on cross-held shares
KONDOTEC respects the management policies, strategies, etc., of investee companies, judges individual proposals based on whether shareholding contributes to sustainable growth and medium to long term corporate value of the Company and investee companies, and exercises voting rights.

■ Risk Management

The Compliance & Risk Management Committee, for which the General Affairs Division acts as an administrative office, monitors risks that the Group may face. It also interviews members of the committee including the president and representative director of KONDOTEC INC. and

representative directors of group companies to identify and review such risks once every fiscal year. Severity of the risks identified by this committee is assessed by the level of impact and by the likelihood of their occurrence.

Information Security Measures

KONDOTEC has Computer System Section in the company that manages the security situation and the status, etc., of system operations for business on a daily basis, and reports to the General Manager, Management Headquarters overseeing the General Affairs Division.

Moreover, we have decided on the internal

regulation "Information System Risk Management Manual" organizing information system operations, and review it when appropriate.

■ Executive members

As of June 25, 2024

Title	Name	Area of responsibility and important concurrent positions	Independent member	Number of shares held (Thousand shares)
Chairman and Representative Director	Katsuhiko Kondo	Representative Director of Towa Kosan Corp. Representative Director of Toto Kosan INC. Representative Director of Tosho Kosan INC.		171
President and Representative Director	Noboru Hamano			28
Senior Executive Director	Hiroyuki Yada	General Manager, Management Headquarters Director, Nippon Scaffolding Holdings Co., Ltd. Director, TECBUILD CO., LTD. Director, TOKAI STEP CO., LTD. Director, FUKOKU, Ltd.		45
Director	Kazuhiro Ishino	General Manager, Sales Headquarters Director, Sanwa Denzai Co., Ltd. Director, CHUOH GIKEN Co., Ltd. Director, KURIYAMA ALUMINUM Co., Ltd.		20
Director	Kazuyuki Asakawa	Manager, Eastern Japan Sales Division and Manager, Tokyo Branch		23
Director	Soichi Furuta	Manager of International Sales Division Managing Director, KONDOTEC INTERNATIONAL (THAILAND) Co.,LTD.		9
Director	Yasushi Ishibashi	General Manager, Manufacturing Headquarters and Manager, Kyushu Factory		23
Director	Tomoyuki Ejiri	President and Representative Director, Nippon Scaffolding Holdings Co., Ltd. Representative Director and Chairman, TOKAI STEP CO.,LTD.		26
Outside Director	Michiko Kanai	Attorney-at-law (Oh-Ebashi LPC & Partners partner) Outside Director, IDEC CORPORATION (Audit and Supervisory Committee Member) Outside Director, AS ONE CORPORATION (Audit and Supervisory Committee Member)	○	6
Outside Director	Yaichiro Fukui		○	—
Director (Full-time Audit & Supervisory Committee Member)	Norio Nishida	Audit & Supervisory Board Member, Sanwa Denzai Co., Ltd. Audit & Supervisory Board Member, CHUOH GIKEN Co., Ltd. Audit & Supervisory Board Member, Nippon Scaffolding Holdings Co., Ltd. Audit & Supervisory Board Member, TECBUILD CO., LTD. Audit & Supervisory Board Member, TOKAI STEP CO., LTD. Audit & Supervisory Board Member, FUKOKU, Ltd. Audit & Supervisory Board Member, KURIYAMA ALUMINUM Co., Ltd.		22
Outside Director (Audit & Supervisory Committee Member)	Kana Yasuda	Certified Public Accountant, Tax Accountant (Yasuda Accounting Firm Representative) Outside Audit & Supervisory Board Member, SUGI HOLDINGS Co., Ltd. Outside Director, GEO HOLDINGS CORPORATION Outside Director, CHUO SPRING CO., LTD. Outside Director, The Monogatari Corporation	○	4
Outside Director (Audit & Supervisory Committee Member)	Taku Tokuda	Attorney-at-law (Managing Principal Lawyer, TOKUDA LAW OFFICE)	○	4
Outside Director (Audit & Supervisory Committee Member)	Minako Yamaoka	Outside Director, NICCA CHEMICAL CO., LTD. Outside Director, St.Cousair CO.,LTD.	○	1

■ Directors and Audit & Supervisory Board Members

Terms of Executive members

KONDOTEC appoints candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) by considering individuals who fulfill respective statutory requirements, who are excellent both in terms of personality and insight, who can carry out their professional responsibilities, and who are capable of making accurate and timely decisions and of cooperating and working with and covering each function and division of the Company. Such individuals are deliberated on by the Nomination and Compensation Committee -- a voluntary advisory organization composed of mainly Independent Outside Directors -- based on whose report the Board of Directors determines a proposal for the General Meeting of Shareholders.

The Company appoints candidates for Directors who are the Audit & Supervisory Committee Members by considering individuals who have expertise in legal, financial and accounting matters, who hold knowledge on the business activities of the Company, and who maintain diverse perspectives concerning corporate management in a comprehensive manner. Such individuals are deliberated on by the Nomination and Compensation Committee, based on whose report the Board of Directors determines, with prior the consent of the Audit & Supervisory Committee, a proposal for the General Meeting of Shareholders.

Further, based on the recognition that diverse values and points of view are essential in

business management going forward, the Company appoints a female director and audit & supervisory board members. When in violation of professional duties of Directors or Directors as Audit & Supervisory Committee Members, or if deemed not suitable for Directors or Directors as Audit & Supervisory Committee Members of the Company due to negligence of their duties, such individuals are deliberated on by the Nomination and Compensation Committee, based on whose report the Board of Directors determines their treatment, and in the case of dismissal it should be resolved by the General Meeting of Shareholders.

The independence standards for Outside Directors

KONDOTEC appoints Outside Directors and Outside Directors as Audit & Supervisory Committee Members who fulfill the requirements under the Companies Act, and the independence standards set forth by the Tokyo Stock Exchange. The former is required to provide advice and proposal for management, and the later is required to offer advice for management and perform management audits.

The Company registers all Outside Directors and Outside Directors who are Audit & Supervisory Committee Members as independent Executive members based on the rules of the Tokyo Stock Exchange with the said exchange.

Status of attendance by Outside Directors/Outside Audit & Supervisory Board Members

72nd term (April 1, 2023 to March 31, 2024)

Position	Name	Board of Directors (12 board meetings)	Audit & Supervisory Committee (18 board meetings)
Outside Directors	Michiko Kanai	Attended 12 meetings (100%)	—
	Takashi Maruyama *Retired as of June 25, 2024	Attended 11 meetings (92%)	—
Outside Directors (Audit & Supervisory Committee Members)	Kana Yasuda	Attended 12 meetings (100%)	Attended 18 meetings (100%)
	Taku Tokuda	Attended 12 meetings (100%)	Attended 18 meetings (100%)
	Minako Yamaoka	Attended 11 meetings (92%)	Attended 17 meetings (94%)

■ Whistle-blowing system

KONDOTEC has formulated internal regulations on whistle-blowing and put in place two points of contact for whistle-blowing inside and outside the company. The Company's whistle-blowing system is such that when whistle-blowing occurs, the Manager of General Affairs Division, which is the internal point of contact for whistle-blowing, reports the matter to the President, General Manager of Management Headquarters, Outside Directors and full-time Directors who are Audit & Supervisory Committee Members, requests that the responsible department investigates the matter; and proposes and notifies the measure for response.

The status of operation for whistle-blowing is reported at the Compliance & Risk Management Committee and the Board of Directors once a year, and the Board of Directors supervises the status of operation.

We also maintain internal regulations and a system to ensure that whistle-blowers are not treated unfairly. The number reported was zero case in FY 2024. If the cases filed, we dealt with them appropriately by conducting internal investigations, while paying due consideration to privacy.

■ Remuneration (April 1, 2023 to March 31, 2024)

Position	Number of persons paid	Total amount by type of remuneration (Million yen)			Amount of payment (Million yen)
		Base remuneration	Stock-based remuneration	Performance-linked stock-based remuneration	
Directors (excluding Audit & Supervisory Committee Members)	12 persons	187	23	20	231
Directors (Audit & Supervisory Committee Members)	4 persons	32	—	—	32
Total	16 persons	220	23	20	263

Skills Matrix for the Board of Directors and the Audit & Supervisory Committee

Position	Name	Managerial experience	Sales & Marketing	Manufacturing & Procurement	Finance & Accounting	Legal affairs & Risk Management
Directors	Katsuhiko Kondo	○	○	○		
	Noboru Hamano		○			
	Hiroyuki Yada		○	○		
	Kazuhiro Ishino		○	○		
	Kazuyuki Asakawa		○			
	Soichi Furuta	○	○			
	Yasushi Ishibashi	○	○	○		
	Tomoyuki Ejiri	○	○	○		
	Michiko Kanai	Outside				○
Directors (Audit & Supervisory Committee Members)	Yachihiro Fukui	Outside	○	○	○	○
	Norio Nishida				○	
	Kana Yasuda	Outside			○	
	Taku Tokuda	Outside				○
	Minako Yamaoka	Outside	○	○		

(Notes) It does not represent all of the expertise and experience possessed by each Director and each Director who is Audit & Supervisory Committee Member.

■ Policy for determining the details of remuneration for Executive members

The Board of Directors reviewed KONDOTEC's Executive member remuneration system at its meeting. At the meeting, the policy for determining the details of remuneration for individual directors was resolved (excluding Directors serving as members of the Audit & Supervisory Committee; hereafter, "Directors"). In addition, at the Board of Directors meeting, it was confirmed that the method of determining the details of remuneration and approved remuneration of individual Directors for the current fiscal year are consistent with this policy, while reports from the Nomination and Remuneration Committee was respected, which was deemed to be in line with the policy of determination. The policy for determining the details of remuneration for Directors are as follows.

(1) Basic policy for determining the remuneration of Directors

The Company's basic approach is as follows, which aims to achieve the Medium-term Management Plan in realizing the management vision of the Group.

- Continued development of the Group and medium- to long-term corporate value enhancement
 - Remuneration system that enables a shared awareness of profit with shareholders
 - Ensure objectivity and transparency in the process of determining remuneration
- Remuneration for Directors comprises fixed remuneration, stock-based remuneration and performance-linked stock-based remuneration offered upon reaching the targets of the Medium-term Management Plan as an incentive reward. The determination of remuneration for each Director is based on the appropriate standard in conjunction with their individual responsibilities.

(2) Policy for determining the amount of fixed remuneration (monetary remuneration) for each individual

The fixed remuneration for Directors of the Company is monthly fixed remuneration that is determined based on comprehensive consideration of the Director's position, duties, length in office relative to the standards at other companies, the Company's performance, and standards of employee compensation.

(3) Policy for determining the details, amount, and numerical calculation method for performance-linked remuneration and Non-monetary remuneration

(i) Stock-based remuneration

The Company offers Directors with stock-based remuneration that clearly highlights the connections between business performance and share value, which not only benefits the Director as the share price rises, but also enables the Director to share the risk with shareholders if the share price falls, in aiming to encourage Directors to contribute to improving medium- to long-term performance and enhance corporate value. The Company's stock-based remuneration is offered in accordance with position and duties. Restrictions on the transfer of restricted stock are generally lifted upon retirement from the position of Director.

(ii) Performance-linked stock-based remuneration

The Company's performance-linked remuneration is provided as performance-linked stock-based compensation that reflects the performance indicators as an incentive reward to encourage awareness towards improving business performance each fiscal year. Shares will be granted at a certain time each year based on the achievement of the consolidated ordinary income target for each business year. Restrictions on the transfer of restricted stock are generally lifted upon retirement from the position of Director.

(4) Policy for determining the ratio of monetary remuneration amount and performance-linked remuneration amount to the amount of remuneration for each Director

The ratio of remuneration composition is based on the remuneration standard in companies of similar size, industry type and format as the Company used as a benchmark, in which the weight of stock-based remuneration is higher for higher ranked positions, while the ratio of stock-based remuneration to the total remuneration amount is set to be approximately 10-15% of the target for consolidated ordinary income for each fiscal year as it is achieved.

(5) Matters concerning decisions regarding the content of individual Director remuneration

Individual Director remuneration is determined by resolution of the Board of Directors based on results of the review by the voluntary Nomination and Remuneration Committee, which consists primarily of independent outside directors, in order to ensure objectivity and transparency as well as enhance accountability for the level and appropriateness of remuneration and the determination process.

Promotion of communication with stakeholders



■ Constructive dialogues with shareholders and investors

KONDOTEC recognizes the importance of having stakeholders gain an understanding of the KONDOTEC Group. We therefore organize General Meeting of Shareholders, briefings for individual investors and financial results briefings and take part in investor relations events as a way to enhance dialogues with shareholders and investors. We endeavor to give careful explanations to stakeholders in accordance with the IR policy and to disclose information quickly in

consideration of fairness, accuracy, and timeliness. In parallel with constructive dialogues with shareholders and investors as mentioned above, we will make strategic investment that will help increase the Group's corporate value through M&A and other initiatives. We will also strive to improve profitability through aggressive expansion of business investment for growth and we will work to improve capital efficiency.

Basic policy concerning constructive dialogues with shareholders

KONDOTEC promotes constructive dialogues with shareholders through holding briefings for individual investors and financial results briefings, in addition to the general meeting of shareholders and participating in IR fairs. We also appoint the Director who manages the General Affairs Division responsible for IR as the Director in charge of IR, and share information with other departments to strengthen cooperation. In order to reflect the opinions of shareholders

on management, when important feedback given from an objective viewpoint arises, we make an effort to report the matter to the Board of Directors as needed. In addition, the Company has put in place its IR Policy, which defines the quiet period and other matters, and Internal Information Management Regulations, which set forth rules on communicating important facts and internal information, and performs accordingly in managing information.

IR policy

1. Basic policy

KONDOTEC will make efforts to have all stakeholders, including shareholders and investors, gain a better understanding about our Company and will disclose important information on the Company by considering fairness, accuracy and timeliness in order to support stakeholders make appropriate assessments.

2. Information disclosure standards

KONDOTEC will conduct information disclosure in accordance with the Financial Instruments and Exchange Act and other relevant laws and also with the timely disclosure rules set forth by the stock exchange on which the stock of the Company is listed. KONDOTEC will also actively disclose information not required to be disclosed under laws, regulations and rules if such information is judged to be useful for shareholders and investors.

3. Information disclosure methods

KONDOTEC will disclose information via the Timely Disclosure Network (TDnet) provided by the stock exchange as well as actively make use of the Company's website in an effort to conduct fair and speedy information disclosure.

4. Future projections

Future operating performance projections that the Company releases are based on data available at the time of making the release. Actual results may differ considerably from projections due to various factors and changes.

5. IR quiet period

In order to prevent leakage of financial results information and ensure fairness, KONDOTEC observes a quiet period which runs for a few weeks up to the release of financial results. During this quiet period, we will refrain from responding to comments, questions, etc. regarding financial results. If, however, we become aware of the possibility during the quiet period that operating performance figures will deviate significantly from the Company's forecasts, we will disclose information as needed.

IR activities

Bearing in mind the need to offer information disclosure that takes into account fairness, accuracy and timeliness, KONDOTEC organizes briefings for analysts by the President and individual meetings, participates actively in IR events for individual investors, and discloses IR materials via the Company's website. Comments, etc. obtained through dialogue with

institutional investors and analysts are shared with the President and General Manager of Management Headquarters and reported to the Board of Directors as necessary. Going forward, we will strive for continued growth and long-term corporate value enhancement as well as actively engage in dialogue with investors as a listed company on the Prime Market.

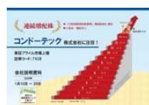
Track records of dialogue with institutional investors and analysts

* Including Online

Event	Frequency
Individual meetings	22 (total)
Company briefings for analysts	2
(FY 2024)	
Main themes of dialogue	Topics for the fiscal year, business environment, Medium-term Management Plan, etc.

Actual participation in IR events for individual investors

Name	Visitors to our booth
Nikkei IR/Investment Fair 2023 (Held in September 1st through September 2nd, 2023)	417
Nomura IR Fair 2024 (Held in January 10th through January 25th, 2024)	5,720
* Online	
(FY 2024)	



Hand out in Nomura IR Fair 2024

Actual coverage

IwaiCosmo Securities	Rating : A
(June 2024)	

Invigoration of the General Meeting of Shareholders

KONDOTEC regards the General Meeting of Shareholders as an important opportunity to communicate with shareholders. In order to invigorate the General Meeting of Shareholders, we strive to have as many shareholders as

possible participate the General Meeting of Shareholders, understand us, and secure a sufficient period for examining proposals for the Meeting.

Earlier dispatch of convocation notice of the General Meeting of Shareholders	Notice is dispatched 22 days before the Meeting (FY 2024) * Date of dispatching : June 3, 2024 Date of the meeting : June 25, 2024
Setting of the General Meeting of Shareholders by avoiding concentrated dates	We schedule our General Meeting of Shareholders by avoiding dates when other companies' equivalent meetings are concentrated in order to enable more shareholders to attend our meeting.
Voting by electromagnetic means	We have adopted a system allowing the exercise of voting rights over the Internet, or through other electromagnetic means.
Participation in electronic voting platforms, and other initiatives to facilitate the exercise of voting rights by institutional investors	We participate in the electronic voting platform for institutional investors maintained by ICJ, Inc.
Provision of the Notice of Convocation (Summary) in English	The English version of the Notice of Convocation of the Annual General Meeting of Shareholders and Reference Documents for the General Meeting of Shareholders is published on our website, and the homepage of the Japan Exchange Group.
Other	For our Company to be fully understood, we visualize the reporting items on power points in the explanation. We also publish a notice of convocation on an early date. FY 2024, we disclosed it on our website on May 28, six days earlier than the date of dispatch on June 3.

Appropriate Information Disclosure

Basic policy on information disclosure

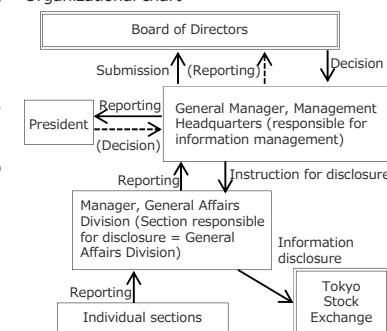
For appropriate disclosure of company information, KONDOTEC has established the Investor Relations (IR) Policy, which provides for an IR silent period and other matters in connection with dialogues with shareholders, and the "Internal Information Management Regulations", which includes provisions for the communication of material facts and internal information among others. In accordance with the Companies Act, the Financial Instruments and Exchange Act and other laws and

ordinances as well as rules established by the Tokyo Stock Exchange (hereinafter referred to as "the Timely Disclosure Rules"), we endeavor to implement swift and fair information disclosures. Moreover, even for information not falling under various laws and regulations and Timely Disclosure Rules, we disclose information quickly and fairly if information is deemed to widely affect the judgment of people in society, including stakeholders.

Method of timely disclosure

- (1) We will disclose the information falling under Timely Disclosure Rules by Tdnet provided by the Tokyo Stock Exchange, as well as disclose to news organizations such as relevant press clubs.
- (2) Even for information not falling under Timely Disclosure Rules, if information is deemed to widely affect the judgement of people in society including stakeholders, we will disclose it by Tdnet provided by the Tokyo Stock Exchange, as well as disclose to news organizations such as relevant press clubs.
- (3) We will upload the disclosed information on our website without delay.

Organizational chart



IR Information Disclosure on the Company Website

Besides timely disclosure materials, KONDOTEC posts the latest IR materials on the Company website, in addition to IR policy, financial and earnings data, stock information, and information on IR event participation.

With the aim of our website being used by more people, we will provide timely information while further enhancing the contents.



TOPICS IR Site Awards

Our IR page was chosen as an "AA Website" in the All Japanese Listed Companies' Website Rankings 2023 hosted by Nikko Investor Relations Co., Ltd., as well as "Excellent Company Bronze Award" in Gomez IR website ranking 2023 conducted by

BroadBand Security, Inc. We will continue to enhance our website and IR materials in an effort to disclose information that will deepen stakeholders' understanding about the KONDOTEC Group.



SUPPLEMENT

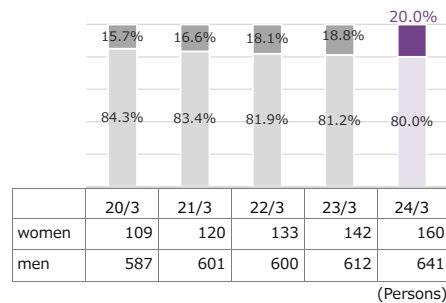
Supporting Materials

Non-Financial Data

(Non-consolidated)

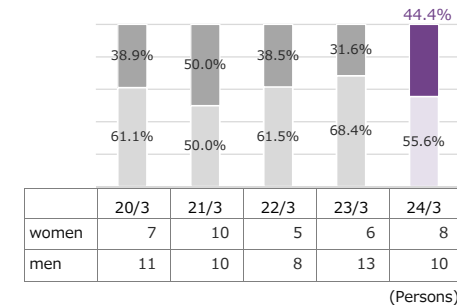
Ratio of male and female employees (%)

Ratio of women 20.0%



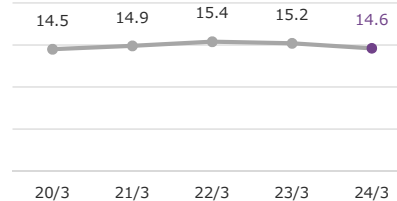
Ratio of new employees with main career track (%)

Ratio of women 44.4%



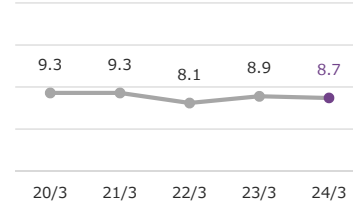
Average length of employment of men (Years)

14.6 Years



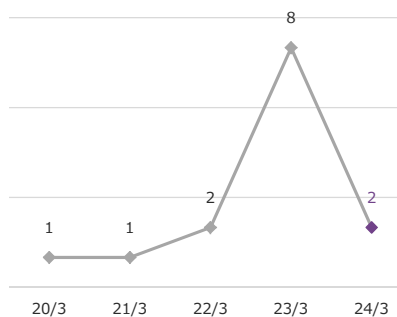
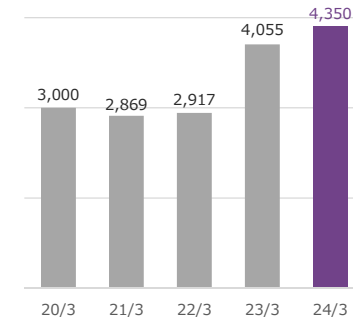
Average length of employment of women (Years)

8.7 Years



Number of male employees taking childcare and similar leave (Persons)

2 Persons

Greenhouse gas (GHG) emissions (t-CO₂)4,350 t-CO₂

* Total of Scope 1 & 2 emissions
 * Figures for FY 2022 and earlier exclude direct emissions from the use of company cars.
 * Figures for FY 2023 and later are calculated in accordance with the GHG Protocol.
 Scope 2 figures are calculated in accordance with market standards.

Financial Data

■ Consolidated Balance Sheet

	(Million yen)		(Thousand U.S. dollars)
	2023	2024	2024
Assets			
Current assets			
Cash and deposits	10,733	11,836	78,178
Notes receivable – trade	3,932	3,254	21,497
Accounts receivable – trade	10,161	10,206	67,412
Contract assets	88	180	1,195
Electronically recorded monetary claims operating	3,695	4,993	32,980
Merchandise and finished goods	6,446	6,051	39,965
Work in process	770	789	5,211
Raw materials and supplies	915	918	6,063
Other	670	545	3,603
Allowance for doubtful accounts	(12)	(11)	(74)
Total current assets	37,402	38,766	256,033
Non-current assets			
Property, plant and equipment			
Buildings and structures (net)	3,664	4,214	27,835
Machinery, equipment and vehicles (net)	1,453	1,461	9,652
Land	9,380	9,737	64,311
Other (net)	905	1,378	9,104
Total property, plant and equipment	15,403	16,792	110,904
Intangible assets			
Goodwill	2,883	2,550	16,841
Customer-related assets	1,286	1,203	7,947
Other	116	249	1,648
Total intangible assets	4,286	4,003	26,438
Investments and other assets			
Investment securities	331	352	2,326
Deferred tax assets	366	342	2,262
Retirement benefit asset	110	410	2,708
Other	283	347	2,293
Allowance for doubtful accounts	(21)	(38)	(253)
Total investments and other assets	1,070	1,413	9,338
Total non-current assets	20,761	22,208	146,681
Total assets	58,163	60,975	402,714

* All financial information presented in Japanese yen has been rounded down to the nearest million. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of exchange at March 31, 2024. U.S. dollar amounts are rounded down to the nearest thousand.

	(Million yen)		(Thousand U.S. dollars)
	2023	2024	2024
Liabilities			
Current liabilities			
Notes and accounts payable – trade	5,015	4,769	31,497
Electronically recorded obligations – operating	9,738	9,618	63,525
Short-term loans payable	3,610	3,610	23,842
Current portion of long-term borrowings	224	240	1,588
Income taxes payable	946	1,079	7,128
Provision for bonuses	878	983	6,495
Provision for stocks payment	18	20	132
Other	2,198	2,188	14,453
Total current liabilities	22,630	22,509	148,665
Non-current liabilities			
Long-term borrowings	512	464	3,065
Deferred tax liabilities	927	903	5,968
Deferred tax liabilities for land revaluation	178	178	1,180
Retirement benefit liability	316	336	2,222
Other	311	662	4,375
Total non-current liabilities	2,247	2,545	16,812
Total liabilities	24,878	25,054	165,477
Net assets			
Shareholders' equity			
Capital stock	2,666	2,666	17,611
Capital surplus	2,434	2,440	16,116
Retained earnings	28,472	30,794	203,384
Treasury stock	(893)	(837)	(5,531)
Total shareholders' equity	32,679	35,063	231,580
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	124	141	933
Deferred gains or losses on hedges	(11)	10	68
Revaluation reserve for land	(1,510)	(1,510)	(9,978)
Foreign currency translation adjustment	69	95	633
Remeasurements of defined benefit plans	(66)	97	641
Total accumulated other comprehensive income	(1,395)	(1,166)	(7,701)
Non-controlling interests	2,000	2,022	13,358
Total net assets	33,285	35,920	237,237
Total liabilities and net assets	58,163	60,975	402,714

■ Consolidated Income Statement

	(Million yen)		(Thousand U.S. dollars)
	2023	2024	2024
Net sales	75,447	76,873	507,715
Cost of sales	59,194	59,837	395,202
Gross profit	16,253	17,035	112,513
Selling, general and administrative expenses	11,898	12,362	81,649
Operating income	4,355	4,673	30,863
Non-operating income			
Interest income	1	4	27
Dividends income	7	5	37
Purchase discounts	135	140	927
Miscellaneous income	83	75	500
Total non-operating income	228	226	1,493
Non-operating expenses			
Interest expenses	9	14	98
Miscellaneous loss	10	11	76
Total non-operating expenses	19	26	174
Ordinary income	4,563	4,872	32,182
Extraordinary income			
Gain on sales of non-current assets	18	84	558
Gain on sale of investment securities	—	36	242
Total extraordinary income	18	121	801
Extraordinary loss			
Loss on sales of non-current assets	0	2	14
Loss on disposal of non-current assets	13	18	124
Impairment losses	611	—	—
Loss on sale of investment securities	0	—	—
Total extraordinary loss	625	21	139
Income before income taxes	3,957	4,973	32,845
Income taxes – current	1,516	1,773	11,713
Income taxes – deferred	2	(89)	(592)
Total income taxes payable	1,518	1,683	11,120
Profit	2,438	3,289	21,724
Profit attributable to non-controlling interests	23	23	154
Profit attributable to owners of parent	2,414	3,265	21,570

■ Consolidated Statement of Comprehensive Income

	(Million yen)		(Thousand U.S. dollars)
	2023	2024	2024
Profit	2,438	3,289	21,724
Other comprehensive income			
Valuation difference on available-for-sale securities	3	17	117
Deferred gains or losses on hedges	(64)	21	144
Foreign currency translation adjustment	23	26	176
Remeasurements of defined benefit plans	(102)	164	1,083
Total other comprehensive income	(139)	230	1,522
Comprehensive income	2,298	3,519	23,246
(Breakdown)			
Comprehensive income attributable to owners of parent	2,275	3,495	23,084
Comprehensive income attributable to non-controlling interests	23	24	161

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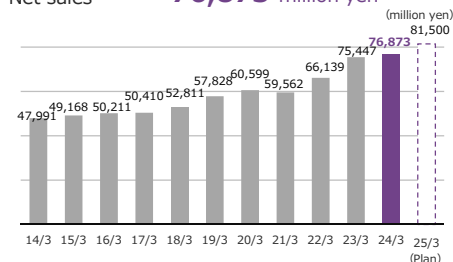
■ Consolidated Statement of Cash Flows

	(Million yen)		(Thousand U.S. dollars)	
	2023	2024	2024	
Cash flows from operating activities				
Income before income taxes	3,957	4,973	32,845	
Depreciation	1,134	1,181	7,805	
Impairment losses	611	—	—	
Amortization of goodwill	381	333	2,203	
Share-based compensation expenses	24	32	217	
Increase (decrease) in allowance for doubtful accounts	20	15	104	
Increase (decrease) in provision for bonuses	57	104	691	
Increase (decrease) in provision for stocks payment	0	2	13	
Decrease (increase) in retirement benefit asset	(116)	(63)	(417)	
Increase (decrease) in retirement benefit liability	33	20	132	
Interest and dividends income	(8)	(9)	(65)	
Interest expenses	9	14	98	
Loss (gain) on sale of investment securities	0	(36)	(242)	
Loss (gain) on sales of non-current assets	(18)	(82)	(544)	
Loss on disposal of non-current assets	13	18	124	
Decrease (increase) in notes and accounts receivable – trade	(1,793)	(670)	(4,426)	
Decrease (increase) in inventories	(949)	374	2,476	
Increase (decrease) in notes and accounts payable – trade	1,292	(367)	(2,429)	
Increase (decrease) in accrued consumption taxes	412	(100)	(662)	
Other	284	123	814	
Sub-total	5,348	5,865	38,739	
Interest and dividends income received	8	9	65	
Interest expenses paid	(8)	(15)	(100)	
Income taxes paid	(1,386)	(1,645)	(10,865)	
Cash flows from operating activities	3,961	4,214	27,838	
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,377)	(2,172)	(14,348)	
Proceeds from sale of property, plant and equipment	24	179	1,184	
Other	(36)	(61)	(405)	
Cash flows from investing activities	(1,389)	(2,054)	(13,568)	
Cash flows from financing activities				
Net increase (decrease) in short-term loans payable	(1,000)	—	—	
Proceeds from long-term borrowings	450	215	1,419	
Repayments of long-term borrowings	(274)	(247)	(1,633)	
Purchase of treasury stock	(291)	(0)	(0)	
Cash dividends paid	(843)	(943)	(6,228)	
Dividends paid to non-controlling interests	(2)	(2)	(18)	
Other	(63)	(105)	(696)	
Cash flows from financing activities	(2,025)	(1,083)	(7,157)	
Effect of exchange rate change on cash and cash equivalents	22	26	173	
Net increase (decrease) in cash and cash equivalents	569	1,103	7,285	
Cash and cash equivalents, beginning of year	10,164	10,733	70,893	
Cash and cash equivalents, end of year	10,733	11,836	78,178	

■ Consolidated Financial Highlights

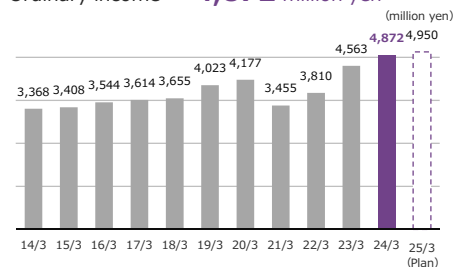
Net sales

76,873 million yen



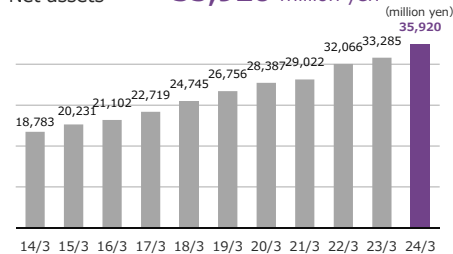
Ordinary income

4,872 million yen



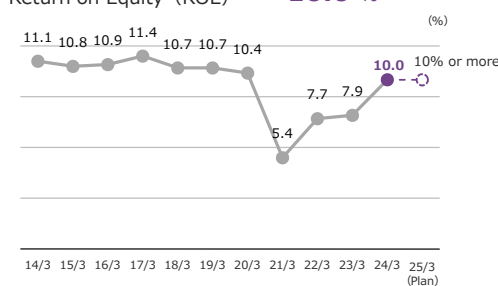
Net assets

35,920 million yen



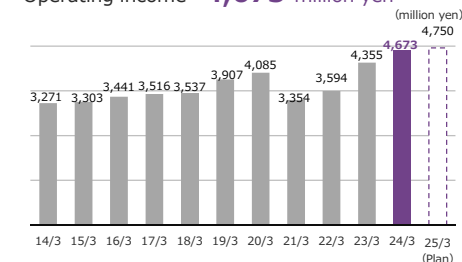
Return on Equity (ROE)

10.0 %



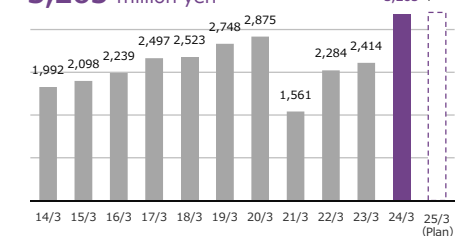
Operating income

4,673 million yen



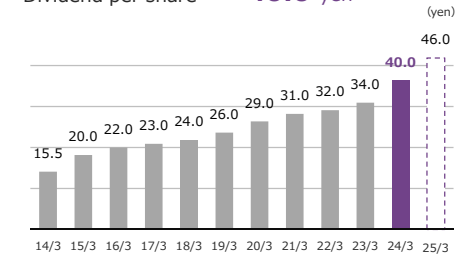
Profit attributable to owners of parent

3,265 million yen



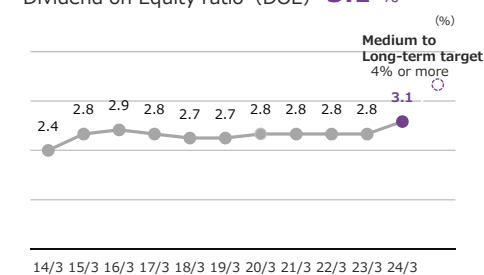
Dividend per share

40.0 yen



Dividend on Equity ratio (DOE)

3.1 %



■ Consolidated Financial Highlights (Over the past 10 years)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024	2025 (Plan)
■ Results of Operations (million yen and Thousand U.S. dollars)													
Net sales	¥47,991	¥49,168	¥50,211	¥50,410	¥52,811	¥57,828	¥60,599	¥59,562	¥66,139	¥75,447	¥76,873	\$507,715	¥81,500
Operating income	3,271	3,303	3,441	3,516	3,537	3,907	4,085	3,354	3,594	4,355	4,673	30,863	4,750
Ordinary income	3,368	3,408	3,544	3,614	3,655	4,023	4,177	3,455	3,810	4,563	4,872	32,182	4,950
Profit attributable to owners of parent	1,992	2,098	2,239	2,497	2,523	2,748	2,875	1,561	2,284	2,414	3,265	21,570	3,300
*1 EBITDA	3,846	3,948	3,910	4,052	4,079	4,425	4,916	3,783	5,095	5,482	6,503	42,952	-
Capital investment	679	403	842	695	423	981	917	1,097	1,694	1,453	2,728	18,019	-
Depreciation	418	449	405	438	423	404	697	897	1,091	1,134	1,181	7,805	-
■ Financial Position (million yen and Thousand U.S. dollars)													
Total assets	¥34,481	¥35,186	¥34,645	¥36,524	¥39,313	¥43,820	¥46,335	¥49,426	¥56,009	¥58,163	¥60,975	\$402,714	-
Net assets	18,783	20,231	21,102	22,719	24,745	26,756	28,387	29,022	32,066	33,285	35,920	237,237	-
Interest-bearing debt	806	636	508	501	500	853	1,106	3,875	5,315	4,513	4,880	32,230	-
■ Cash Flows (million yen and Thousand U.S. dollars)													
Cash flows from operating activities	¥1,887	¥1,818	¥1,945	¥2,737	¥2,429	¥2,699	¥4,385	¥4,196	¥1,227	¥3,961	¥4,214	\$27,838	-
Cash flows from investing activities	(660)	828	(829)	(646)	(506)	(1,551)	(5,205)	(2,264)	(2,373)	(1,389)	(2,054)	(13,568)	-
Cash flows from financing activities	(389)	(699)	(1,092)	(1,032)	(703)	(915)	(992)	1,060	(22)	(2,025)	(1,083)	(7,157)	-
Cash and cash equivalents, end of year	5,636	7,626	7,594	8,660	9,893	10,133	8,305	11,317	10,164	10,733	11,836	78,178	-
■ Per Share Information (Yen and U.S. dollars)													
Profit attributable to owners of parent per share	¥72.13	¥75.91	¥81.01	¥93.29	¥94.25	¥102.65	¥107.46	¥59.60	¥87.26	¥94.75	¥128.02	\$0.84	¥129.24
Net assets per share	679.27	730.49	774.18	846.59	922.62	996.99	1,071.09	1,110.01	1,170.84	1,227.81	1,327.57	8.76	-
Dividend per share	15.50	20.00	22.00	23.00	24.00	26.00	29.00	31.00	32.00	34.00	40.00	0.26	46.00
■ Financial Indicators													
Gross profit margin (%)	21.5	21.1	21.2	22.2	21.5	21.6	22.4	22.8	22.3	21.5	22.2	-	22.5
Ordinary income margin (%)	7.0	6.9	7.1	7.2	6.9	7.0	6.9	5.8	5.8	6.0	6.3	-	6.1
Profit attributable to owners of parent margin (%)	4.2	4.3	4.5	5.0	4.8	4.8	4.7	2.6	3.5	3.2	4.2	-	4.0
*2 Total asset turnover (%)	146.2	141.2	143.8	141.7	139.3	139.1	134.4	124.4	125.5	132.2	129.0	-	-
*3 Financial leverage (Times)	1.8	1.7	1.6	1.6	1.6	1.6	1.6	1.7	1.9	1.9	1.8	-	-
*4 ROE (%)	11.1	10.8	10.9	11.4	10.7	10.7	10.4	5.4	7.7	7.9	10.0	-	10% or more
*5 ROA (%)	6.1	6.0	6.4	7.0	6.7	6.6	6.4	3.3	4.3	4.2	5.5	-	-
*6 Equity ratio (%)	54.4	57.4	60.8	62.1	62.8	61.0	61.2	58.7	53.7	53.8	55.6	-	-
DOE (%)	2.4	2.8	2.9	2.8	2.7	2.7	2.8	2.8	2.8	2.8	3.1	-	-
*7 Current ratio (%)	170.1	187.6	205.8	212.4	219.9	200.9	181.1	167.6	157.6	165.3	172.2	-	-
*8 D/E ratio (%)	4.3	3.1	2.4	2.2	2.0	3.2	3.9	13.4	17.7	14.4	14.4	-	-
*9 Fixed ratio (%)	53.6	48.5	48.0	45.6	42.4	47.1	61.5	61.6	71.0	66.4	65.5	-	-
Ratio of retained earnings to total assets (%)	44.1	46.4	51.9	54.4	55.4	53.3	55.0	53.1	48.0	49.0	50.5	-	-
■ Stock Price Index													
Stock closing price (yen and U.S. dollars)	¥718	¥786	¥834	¥933	¥939	¥1,006	¥929	¥1,069	¥1,017	¥1,002	¥1,290	-	-
Price earnings ratio (Times)	10.0	10.4	10.3	10.0	10.0	9.8	8.6	17.9	11.7	10.6	10.1	-	-

*1 EBITDA = Income before income taxes + Interest expenses + Depreciation + Amortization of goodwill

*2 Total asset turnover = Net sales / Total assets of average two years

*3 Financial leverage = Total assets / (Net assets - Subscription rights to shares - Non-controlling interests)

*4 ROE = Profit attributable to owners of parent / (Net assets - Subscription rights to shares - Non-controlling interests)

*5 ROA = Profit attributable to owners of parent / Total assets of average two years

*6 Equity ratio = (Net assets - Subscription rights to shares - Non-controlling interests) / Total assets

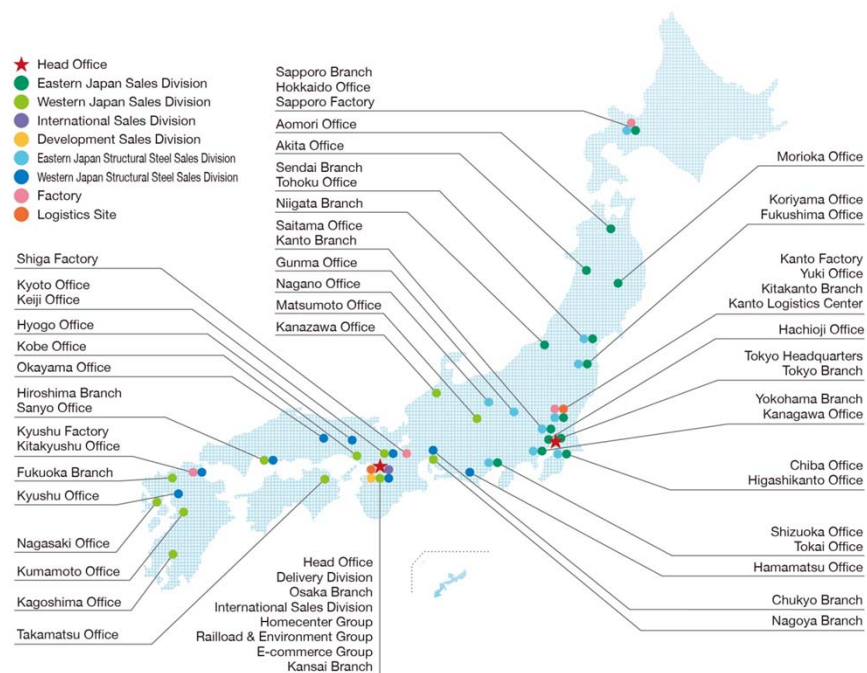
*7 Current ratio = Current assets / Current liabilities

*8 D/E ratio = Interest-bearing debt / (Net assets - Subscription rights to shares - Non-controlling interests)

*9 Fixed ratio = Non-current assets / (Net assets - Subscription rights to shares - Non-controlling interests)

KONDOTEC Network

As of June 25, 2024



Group Companies

As of June 25, 2024

Group company name	Location of head office	Network
Sanwa Denzai Co., Ltd.	Nishi-ku, Nagoya-shi	12 operating sites
KONDOTEC INTERNATIONAL (THAILAND) Co., Ltd.	Bangkok, Thailand	—
CHUOH GIKEN Co., Ltd.	Inukami-gun, Shiga	—
Nippon Scaffolding Holdings Co., Ltd.	Koto-ku, Tokyo	—
TECBUILD CO., LTD.	Ota-ku, Tokyo	17 operating sites
TOKAI STEP CO., LTD.	Fujieda-shi, Shizuoka	15 operating sites
FUKOKU, Ltd.	Izumi-ku, Sendai-shi	5 operating sites
KURIYAMA ALUMINUM Co., Ltd.	Nakamura-ku, Nagoya-shi	2 operating sites 1 factory

Stock Information

As of March 31, 2024

■ Company's stock

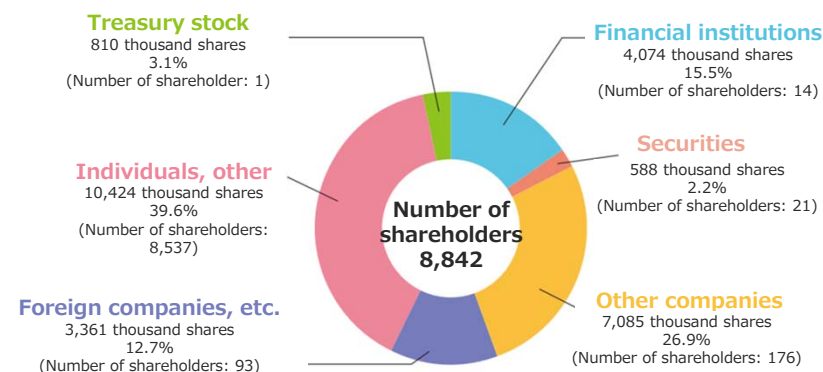
Total number of shares authorized	60,000,000 shares
Total number of shares issued	26,344,400 shares
Shares per unit	100 shares

■ Major shareholders

Name of shareholder	Number of shares held (Thousand shares)	Percentage
Towa Kosan Corp.	3,014	11.8%
The Master Trust Bank of Japan, Ltd. (trust account)	1,832	7.2%
BBH FOR FIDELITY LOW – PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	1,574	6.2%
KONDOTEC employees shareholders association	1,322	5.2%
Osaka Small and Medium Business Investment & Consultation Co., Ltd.	1,247	4.9%
MUFG Bank, Ltd.	753	3.0%
Toto Kosan INC.	676	2.6%
Masahide Kondo	664	2.6%
Custody Bank of Japan, Ltd. (trust account)	614	2.4%
Jun Corp.	535	2.1%

*810 thousand shares in treasury stock is not included in the listing of major shareholders above.
Percentage is calculated by excluding treasury stock.

■ Stock distribution by shareholder category



Company Information

Company name	KONDOTEC INC.
Established	January 1953
President and Representative Director	Noboru Hamano
Head office	2-2-90 Sakaigawa, Nishi-ku, Osaka 550-0024 Japan Tokyo Headquarters: 1-9-3 Minami Suna, Koto-ku, Tokyo
Number of Employees	Consolidated:1,373 Non-consolidated:801 (As of March 31, 2024)
Capital stock	2,666 million yen (As of March 31, 2024)
Listed stock market	Tokyo Stock Exchange (Prime Market)
Securities code	7438
Fiscal year	April 1 through March 31 of the following year
Business areas	<ul style="list-style-type: none"> Manufacturing, procurement and sales of industrial materials primarily in the retail hardware business Manufacturing, procurement, and sale of structural steel materials mainly for steel fabricators Procurement and sales of electrical equipment for electrical construction contractors and electrical appliance stores Procurement, sale and rentals of temporary scaffolding materials and providing scaffolding construction services for building contractors and medium-sized general contractors
Major items handled	<ul style="list-style-type: none"> Products (in-house manufactured products) Turn buckles, braces, scaffolding chains, screws, anchor bolts, die-forged products, construction materials, machinery and equipment, aluminum extrusions, etc. Merchandise (products procured from domestic and foreign suppliers/OEM products) Hardware, chains, wire ropes, screws, construction materials, lighting equipment, panel boards, air-conditioning equipment, eco items, etc.

Official SNS accounts

Official Instagram


https://www.instagram.com/kondotec_official/

Official Facebook


<https://www.facebook.com/kondotec.official/>

Editor's Note

Thank you very much for reading the "KONDOTEC REPORT".

This year marks the eighth release of our Integrated Report. We re-examined our corporate activities to produce this report to cover our initiatives related to climate change and sustainability in addition to our growth strategy, so as to avoid merely referring to our corporate history and businesses. We also held repeated discussions to ensure that we convey our growth potential to readers. In addition, we included our story of value creation with an eye to 2040 and revised the descriptions about our business model in an attempt to make our process of value creation clearly understood.

The project members behind creation of the report consisted solely of employees from divisions including our general affairs section, human resource section, sales section, and SDGs-related sections, without reliance on any outside organizations. It is our hope that, by communicating our corporate value as seen from inside and by expressing it as only our employees can, this report will let stakeholders deepen their understanding of our Company.

We will continue our corporate activities with a view to creating a sustainable society. While striving to increase our corporate value, we will upgrade this report along with our corporate growth.

Senior Executive Director and General Manager of Management Headquarters
Hiroyuki Yada

The KONDOTEC Track & Field Club established in 2016, currently has four members.
Your continued support is greatly appreciated.

Athlete employees (From left)

Name	Competition category	Personal best
Sara Fujimoto	Hammer Throw	63m17
Mika Yamamoto	Discus Throw	50m51
Kiho Kuze	Javelin Throw	59m16
Yuki Noshi	Pole Vault	3m90



The track & field club's activities and blogs by athletes

URL ▶ <https://www.kondotec.co.jp/corporate/track.html>

Notes on forward-looking statements

This document contains forward-looking statements including operating forecasts and business plans. Future operating performance projections that KONDOTEC releases are based on data available at the time of making the release. Actual results may differ considerably from projections due to various factors and changes.

Detailed information on financial results

For details of financial results for the year ended March 31, 2024, please refer to the Annual Securities Report. URL : https://www.kondotec.co.jp/ir/library/asset_securities.html

Reporting coverage period

◆Reporting period : April 1, 2023 through March 31, 2024
(Activities in April 2024 and thereafter are included in part.)

◆Reporting organization :
KONDOTEC INC. and its group companies
◆Accounting standard : Japanese GAAP