Professional Design & Engineering Firm

FYE June 2024 (66th Term)
First Half Financial Results

2024.02.22

Agenda

1. Overview of Financial Results
2. Overview of Results by Segment
3. Forecast for Fiscal Year Ending June 30, 2024 (66th term)
4. Innovating for a Wise Future

Note pertaining to this data:
- In principle, monetary amounts included in this document are rounded down to the nearest million yen.
- The forward-looking statements included in this document are based on information currently available to the Company and on certain preconditions that the Company deems reasonable. The Company provides no guarantee that what is stated will actually be realized.
- The names of companies, systems, and products included in this document are, as a general rule, trademarks or registered trademarks of companies, including KOZO KEIKAKU ENGINEERING Inc.

1 Overview of Financial Results

Income Statement

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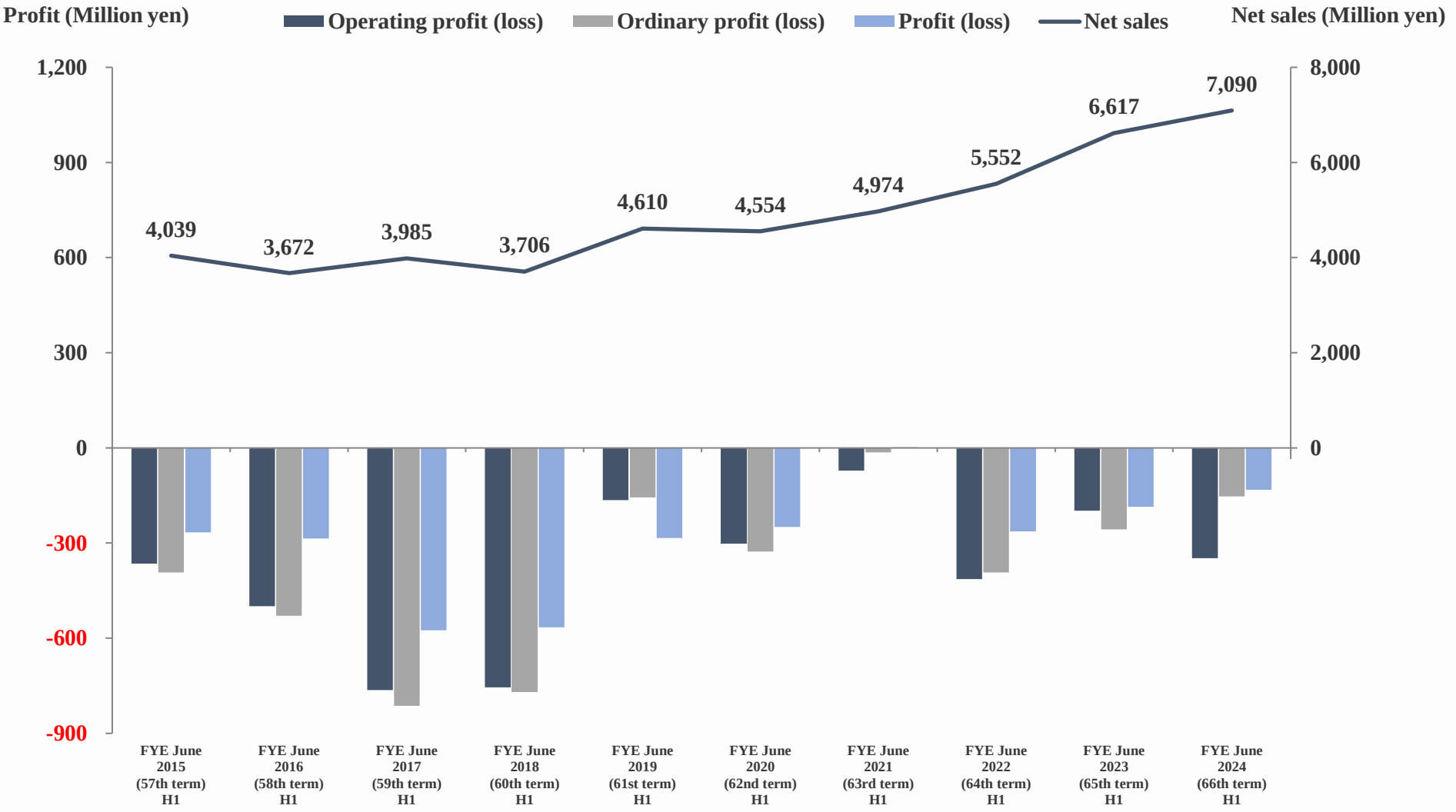
KOZO KEIKAKU ENGINEERING Inc.

(Million yen)

Item	FYE June 2023 (65th term) H1	FYE June 2024 (66tth term) H1	Change from previous FY	Rate of change from previous FY
Net sales	**6,617**	**7,090**	472	7.1%
Cost of sales	**3,811**	**4,148**	336	8.8%
Gross profit	**2,805**	**2,941**	135	4.8%
(Gross margin)	(42.4%)	(41.5%)		
SGA expenses	**3,004**	**3,290**	286	9.5%
Operating profit (loss)	**-198**	**-348**	-150	—
(Operating margin)	(-3.0%)	(-4.9%)		
Non-operating income (expenses)	**-59**	**195**	254	—
Ordinary profit (loss)	**-257**	**-153**	104	—
(Ordinary margin)	(-3.9%)	(-2.2%)		
Extraordinary income (loss)	**—**	0	0	—
Profit (loss) before taxes	**-257**	**-152**	104	—
Income taxes	**-70**	**-19**	50	—
Profit (loss)	**-186**	**-132**	53	—
(Net margin)	(-2.8%)	(-1.9%)		

Trends in H1 Results



Balance Sheet (Comparison with the End of the Previous Fiscal Year)

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(Million yen)

Item	FYE June 2023 (65th term)	FYE June 2024 (66th term) H1	Change
Cash and deposits	2,399	**1,036**	-1,363
Notes / accounts receivable - trade and contract assets	2,780	**2,970**	190
Work in process	22	**57**	34
Other	1,751	**2,133**	381
[Current assets]	**6,954**	**6,198**	**-756**
Property, plant and equipment	5,427	**5,461**	34
Intangible assets	378	**337**	-40
Investments and other assets	5,547	**5,631**	83
Investment securities	2,777	**2,791**	13
Shares of subsidiaries and associates	1,109	**1,109**	—
Investments in capital of subsidiaries and associates	56	**56**	0
Deferred tax assets	1,177	**1,251**	73
Other	425	**421**	-3
[Non-current assets]	**11,353**	**11,431**	**78**
[Assets]	**18,307**	**17,629**	**-678**

Item	FYE June 2023 (65th term)	FYE June 2024 (66th term) H1	Change
Short-term borrowings	—	**1,800**	1,800
Current portion of long-term borrowings	958	**482**	-475
Advances received	1,197	**1,358**	160
Accrued expenses	1,750	**249**	-1,501
Other	1,791	**1,733**	-57
[Current liabilities]	**5,697**	**5,623**	**-74**
Long-term borrowings	650	**430**	-220
Provision for retirement benefits	2,316	**2,387**	71
Other	342	**388**	46
[Non-current liabilities]	**3,308**	**3,206**	**-102**
[Liabilities]	**9,006**	**8,829**	**-176**
Share capital	1,010	**1,010**	—
Capital surplus	1,353	**1,367**	14
Retained earnings	7,121	**6,388**	-732
Treasury shares	-613	**-285**	328
Valuation difference on available-for-sale securities	430	**318**	-112
[Net assets]	**9,301**	**8,799**	**-501**
[Liabilities and net assets]	**18,307**	**17,629**	**-678**

*1 Capital ratio FYE June 2023: 50.8%; FYE June 2024 H1: 49.9%

*2 Impact of introducing ESOP: FYE June 2023: 410 million yen included in treasury shares, and 393 million yen included in current portion of long-term borrowings.
FYE June 2024 H1: 136 million yen in treasury shares, and 42 million yen in current portion of long-term borrowings.

[Reference] Balance Sheet (Comparison with the End of the Previous H1)

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(Million yen)

Item	FYE June 2023 (65th term) H1	FYE June 2024 (66th term) H1	Change
Cash and deposits	746	**1,036**	290
Notes / accounts receivable - trade and contract assets	2,606	**2,970**	363
Work in process	79	**57**	-22
Other	1,904	**2,133**	229
[Current assets]	**5,336**	**6,198**	**861**
Property, plant and equipment	5,495	**5,461**	-33
Intangible assets	360	**337**	-22
Investments and other assets	4,838	**5,631**	793
Investment securities	2,218	**2,791**	573
Shares of subsidiaries and associates	967	**1,109**	142
Investments in capital of subsidiaries and associates	55	**56**	0
Deferred tax assets	1,175	**1,251**	75
Other	420	**421**	0
[Non-current assets]	**10,693**	**11,431**	**737**
[Assets]	**16,030**	**17,629**	**1,598**

Item	FYE June 2023 (65th term) H1	FYE June 2024 (66th term) H1	Change
Short-term borrowings	400	**1,800**	1,400
Current portion of long-term borrowings	690	**482**	-207
Advances received	1,225	**1,358**	132
Accrued expenses	219	**249**	29
Other	1,799	**1,733**	-65
[Current liabilities]	**4,334**	**5,623**	**1,288**
Long-term borrowings	1,568	**430**	-1,138
Provision for retirement benefits	2,339	**2,387**	48
Other	315	**388**	72
[Non-current liabilities]	**4,222**	**3,206**	**-1,016**
[Liabilities]	**8,557**	**8,829**	**272**
Share capital	1,010	**1,010**	—
Capital surplus	1,350	**1,367**	16
Retained earnings	5,539	**6,388**	849
Treasury shares	-716	**-285**	430
Valuation difference on available-for-sale securities	288	**318**	30
[Net assets]	**7,473**	**8,799**	**1,326**
[Liabilities and net assets]	**16,030**	**17,629**	**1,598**

*1 Capital ratio FYE June 2023 H1: 46.6%; FYE June 2024 H1: 49.9%

*2 Impact of introducing ESOP: FYE June 2023 H1: 494 million yen included in treasury shares, and 698 million yen included in long-term borrowings.
FYE June 2024 H1: 136 million yen included in treasury shares, and 42 million yen included in current portion of long-term borrowings.

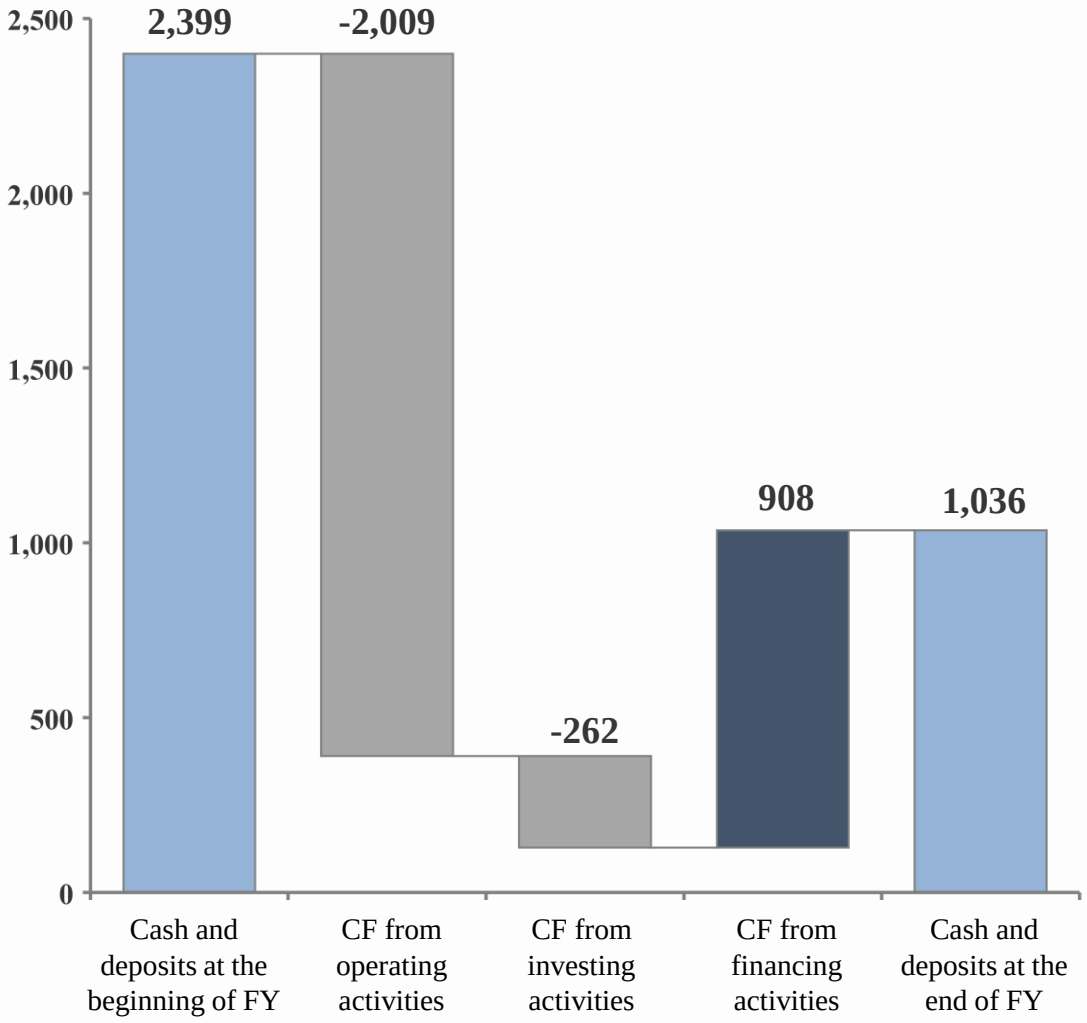
Cash Flow Statement Highlights

(Million yen)

	FYE June 2023 H1 (65th term)	FYE June 2024 H1 (66th term)	Change
Balance at the beginning of FY	2,560	2,399	-160
CF from operating activities	-1,640	-2,009	-368
CF from investing activities	-248	-262	-13
Free CF	-1,888	-2,271	-382
CF from financing activities	74	908	833
Balance at the end of FY	746	1,036	290

Cash Flow Statement - Changes

(Million yen)



Breakdown of CF from operating activities

- Loss before taxes	-152
- Depreciation	153
- Increase in provision for share-based payments	27
- Increase in provision for bonuses	567
- Increase in provision for bonuses for directors (and other officers)	41
- Increase in provision for retirement benefits	71
- Increase in trade receivables	-190
- Increase in inventories	-128
- Decrease in accrued expenses	-1,501
- Increase in prepaid expenses	-188
- Income taxes paid	-215

Breakdown of CF from investing activities

- Purchase of property, plant and equipment	-69
- Purchase of intangible assets	-33
- Loan advances	-143

Breakdown of CF from financing activities

- Net increase in short-term borrowings	1,800
- Repayments of long-term borrowings	-645
- Disposal of treasury shares	407
- Dividends paid	-599

2 Overview of Results by Segment

Engineering Consulting (EC)

- Provide society with the power to minimize the damage caused by disasters and get back to our daily lives
- Provide support based on scientific and technological perspectives where data is effectively used
- Accelerate innovation using manufacturing and digital technologies
- Effectively use data to support scientific and reasoned decision-making

Ensuring safety and security

Construction and disaster prevention

Accurate transmission of information

Information and communication

Supporting manufacturing

Manufacturing

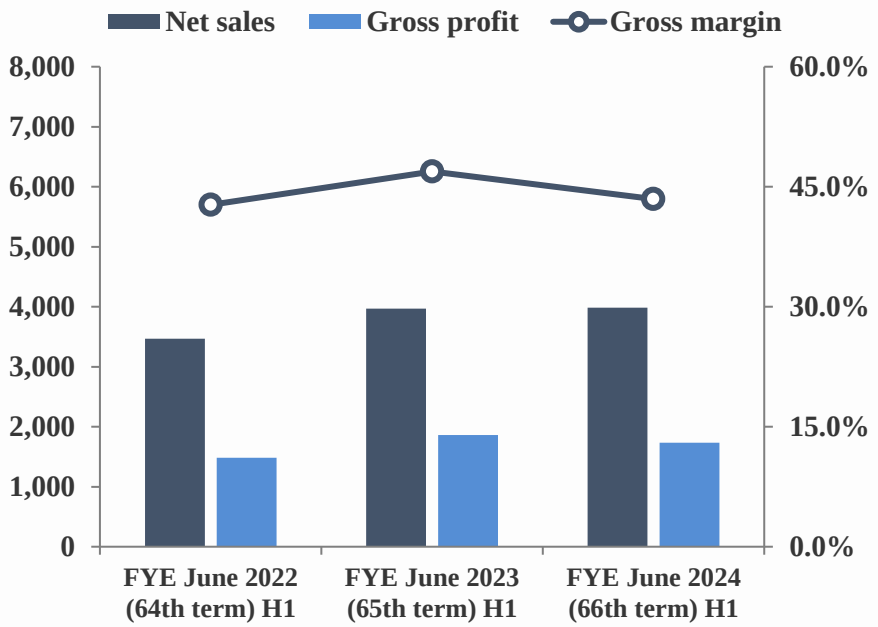
Scientific decision-making

Support for decision-making and consensus-building

Overview by Segment
(Engineering Consulting: Changes over the past two terms)

(Million yen)

	FYE June 2022 (64th term) H1	FYE June 2023 (65th term) H1	FYE June 2024 (66th term) H1	Year-on-year Change
Orders	5,270	5,564	5,851	287
Net sales	3,470	3,968	3,987	18
Gross profit	1,483	1,862	1,732	-129
(Gross margin)	(42.7%)	(46.9%)	(43.5%)	
Backlog of orders	6,838	6,807	7,134	326



Analysis

- Having received many inquiries regarding structural **design and quake resistance examinations**, the Company steadily received an increasing number of orders and fulfilled them.
- Having **impacts such as delay in construction as a whole postponing the** Company's posting of sales to the second half.
- Gross margin dropped due to an increase in projects for which revenue is recognized on a costs-incurred basis. However, the gross margin of projects for which sales have been posted remained nearly the same as in the same **period** of the previous year.

Product Service (PS)

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Industry segment	Examples of package-sales type	Examples of cloud service-provision type
Manufacturing -related markets CAE, thermal flow analysis, particle-based simulation, granular simulation, sales support solutions, etc.	SOLIDWORKS iGRA * ADAP * Particleworks FloEFD KKE/OrderConfig	
Architecture- and civil-engineering-related markets Architectural building analysis, ground analysis, etc.	RESP * STAN *	
Telecommuni-cation-related markets Radio propagation analysis	RapLab * Radio Propagation Laboratory Wireless InSite 免許申請用エリア描画ツール KCAMP * Coverage Area Map for Propagation	
Others/Cross-industrial markets Social simulation, risk assessment, cloud-based entry/exit control platform, and others	Minitab artisoc * Crystal Ball	TWILIO SendGrid RemoteLOCK NAVVIS

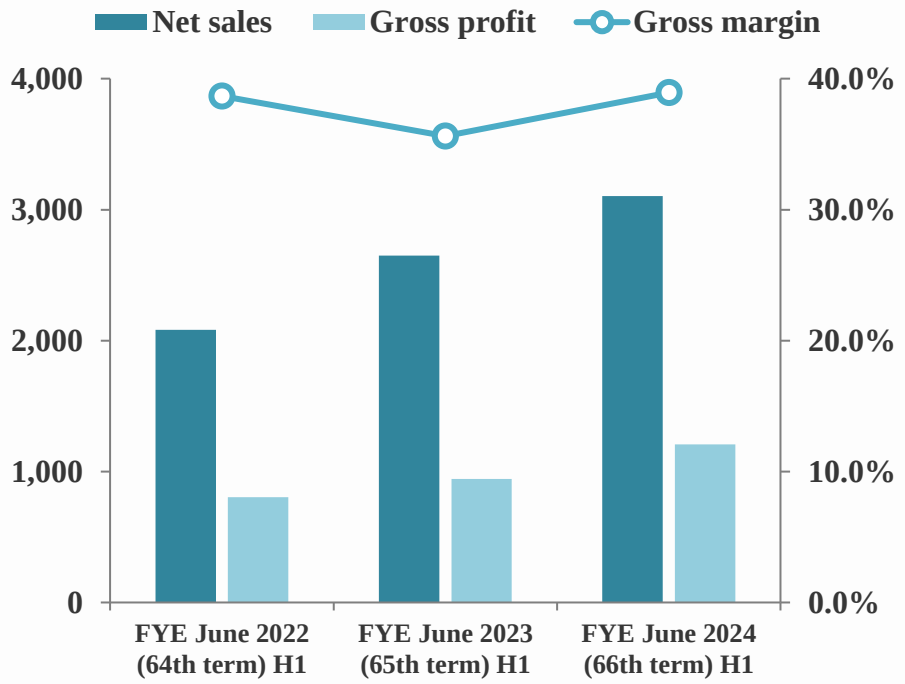
https://www.kke.co.jp/

* Products developed in-house and sold externally

Overview by Segment
(Product Service: Changes over the Past Two Terms)

(Million yen)

	FYE June 2022 (64th term) H1	FYE June 2023 (65th term) H1	FYE June 2024 (66th term) H1	Year-on-year Change
Orders	2,117	2,460	3,076	616
Net sales	2,082	2,649	3,103	454
Gross profit	805	943	1,208	264
(Gross margin)	(38.7%)	(35.6%)	(39.0%)	
Backlog of orders	1,257	1,470	1,899	428



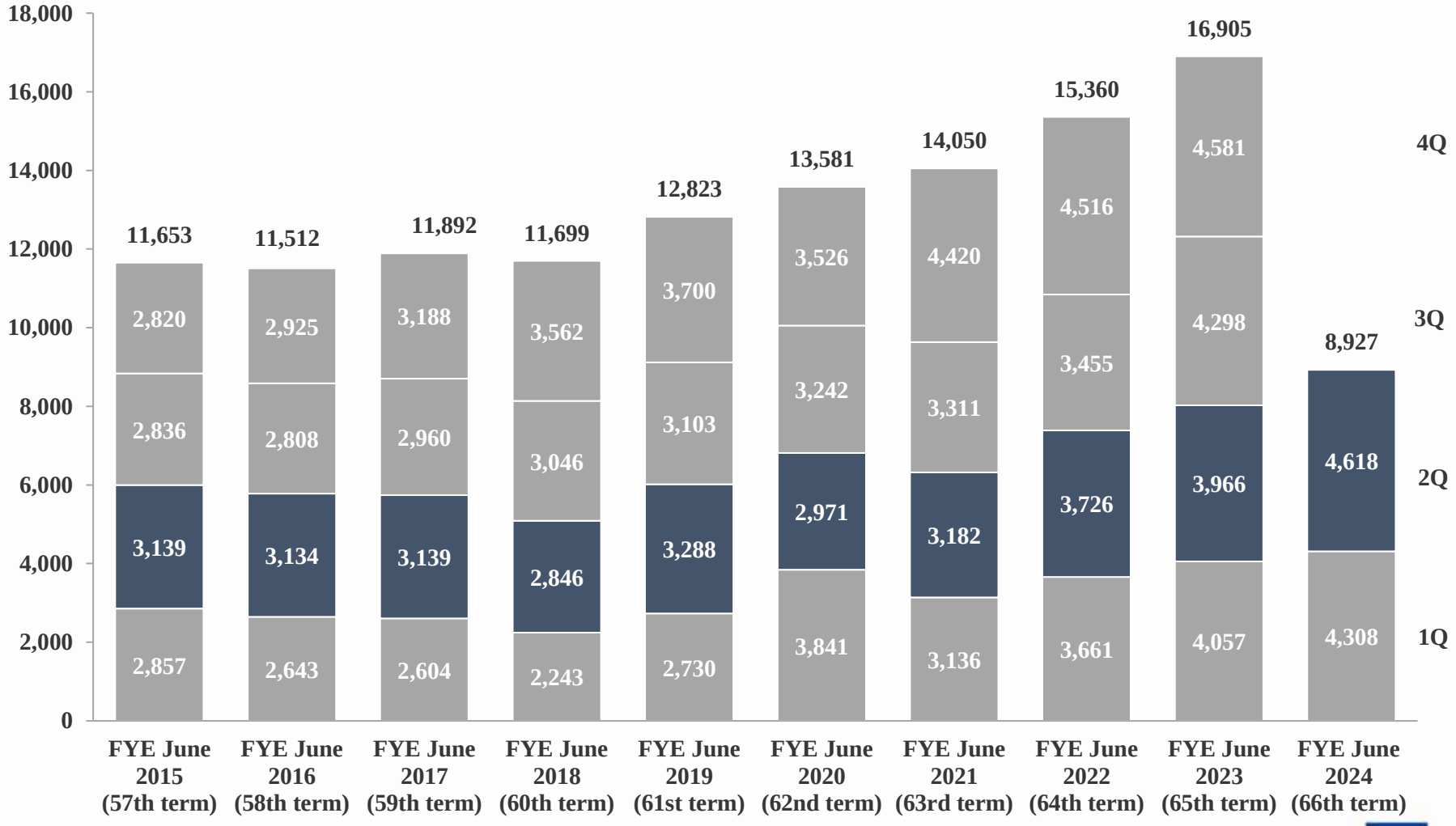
Analysis

- The cloud service provision-type business drove the growth of net sales and increased the gross margin.
- The cloud-based entry/exit control system (RemoteLOCK) was steadily introduced in the hotel market and by local governments. More than 90 local governments have begun using it.
- Package sales to manufacturers were brisk.

Changes in Orders by Quarter

Orders by quarter

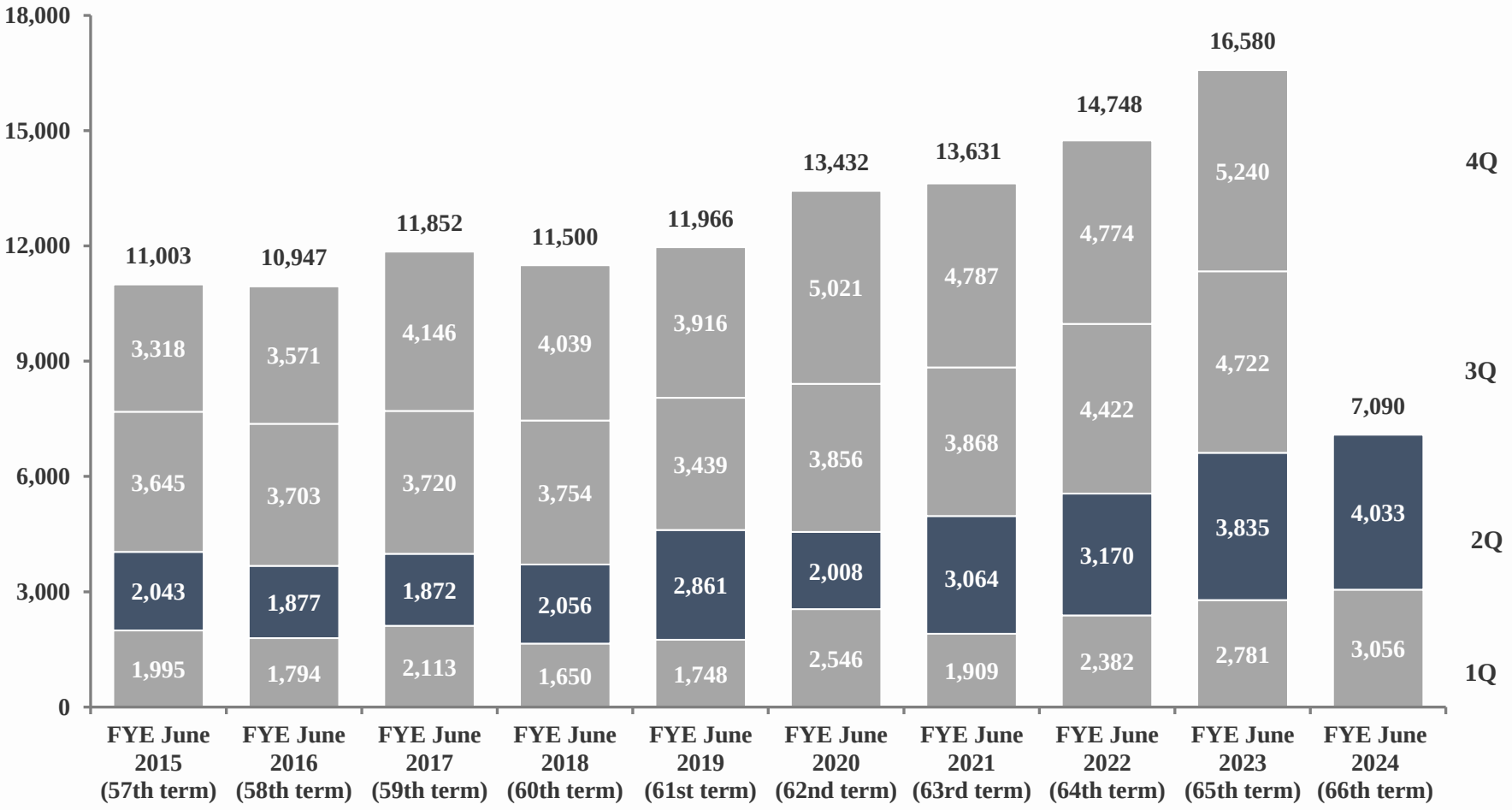
(Million yen)



Changes in Net Sales by Quarter

Net sales by quarter

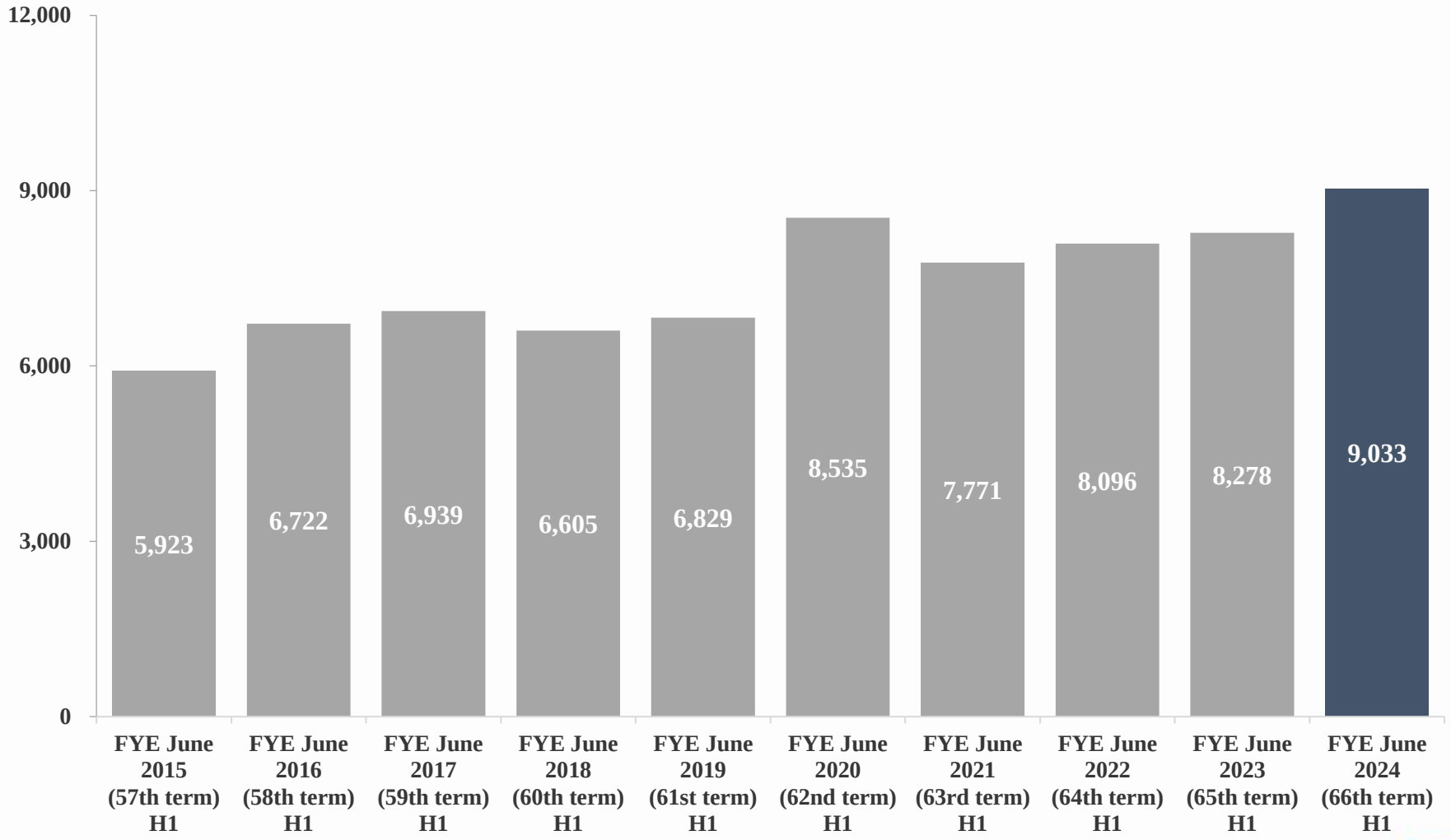
(Million yen)



Trend in Order Backlog

Backlog of orders

(Million yen)



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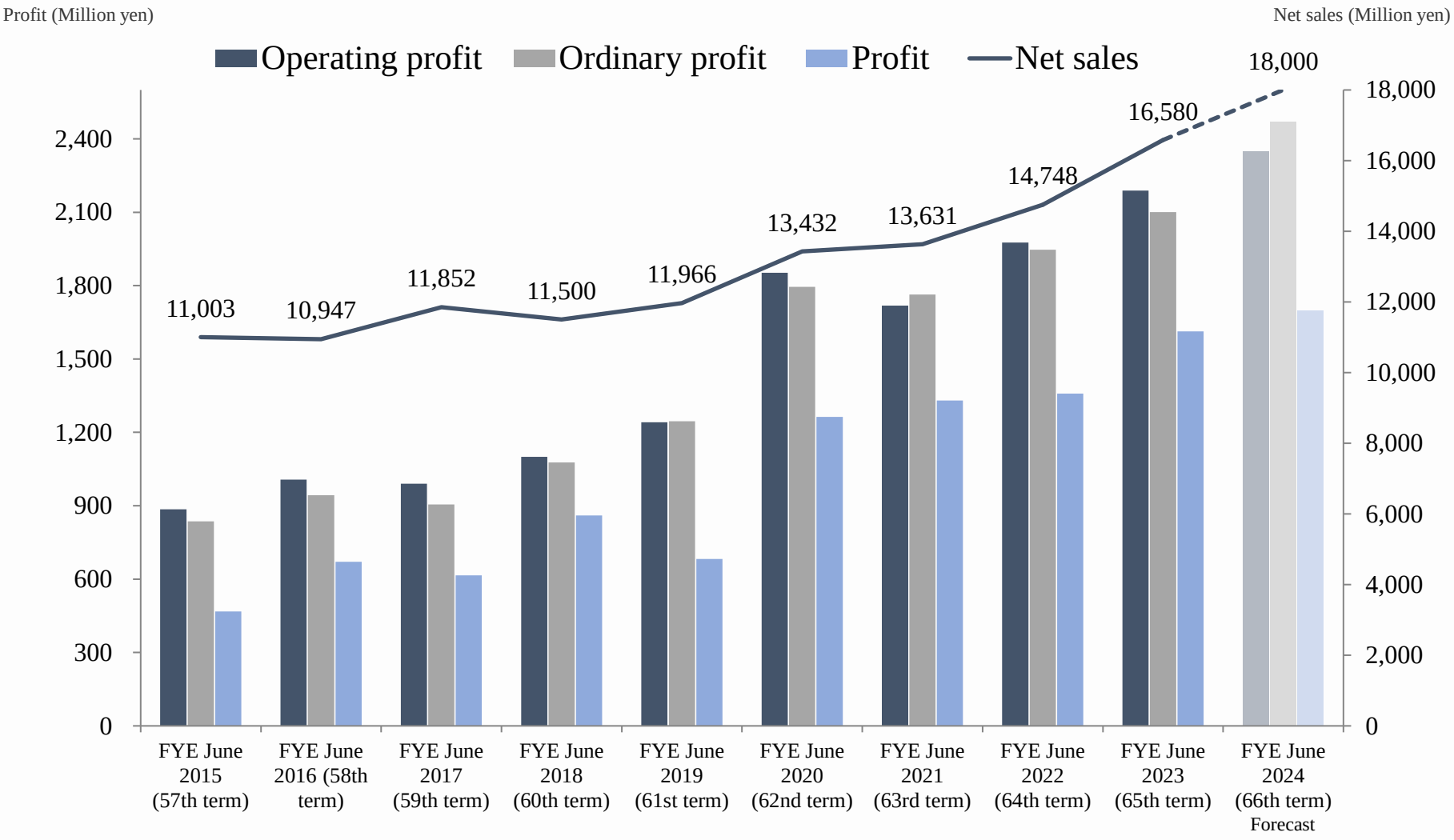
3 Full-Year Forecasts

Trends in Results and Results Forecasts



Forecasts for FYE June 2024 (66th Term)

(Million yen)

	FYE June 2023 (65th term)	FYE June 2024 (66th term) Forecast	Change from previous FY	Rate of change from previous FY
Net sales	16,580	**18,000**	1,419	8.6%
Operating profit	2,189	**2,350**	160	7.3%
Ordinary profit	2,101	**2,470**	368	17.5%
Profit	1,613	**1,700**	86	5.4%
		(Yen)		
Year-end dividend	140*	**140**		

*** Common dividend: 120 yen Special dividend: 20 yen**

Actual Dividends in the Past and Dividends for the Second Quarter of FYE June 2024 (66th term)

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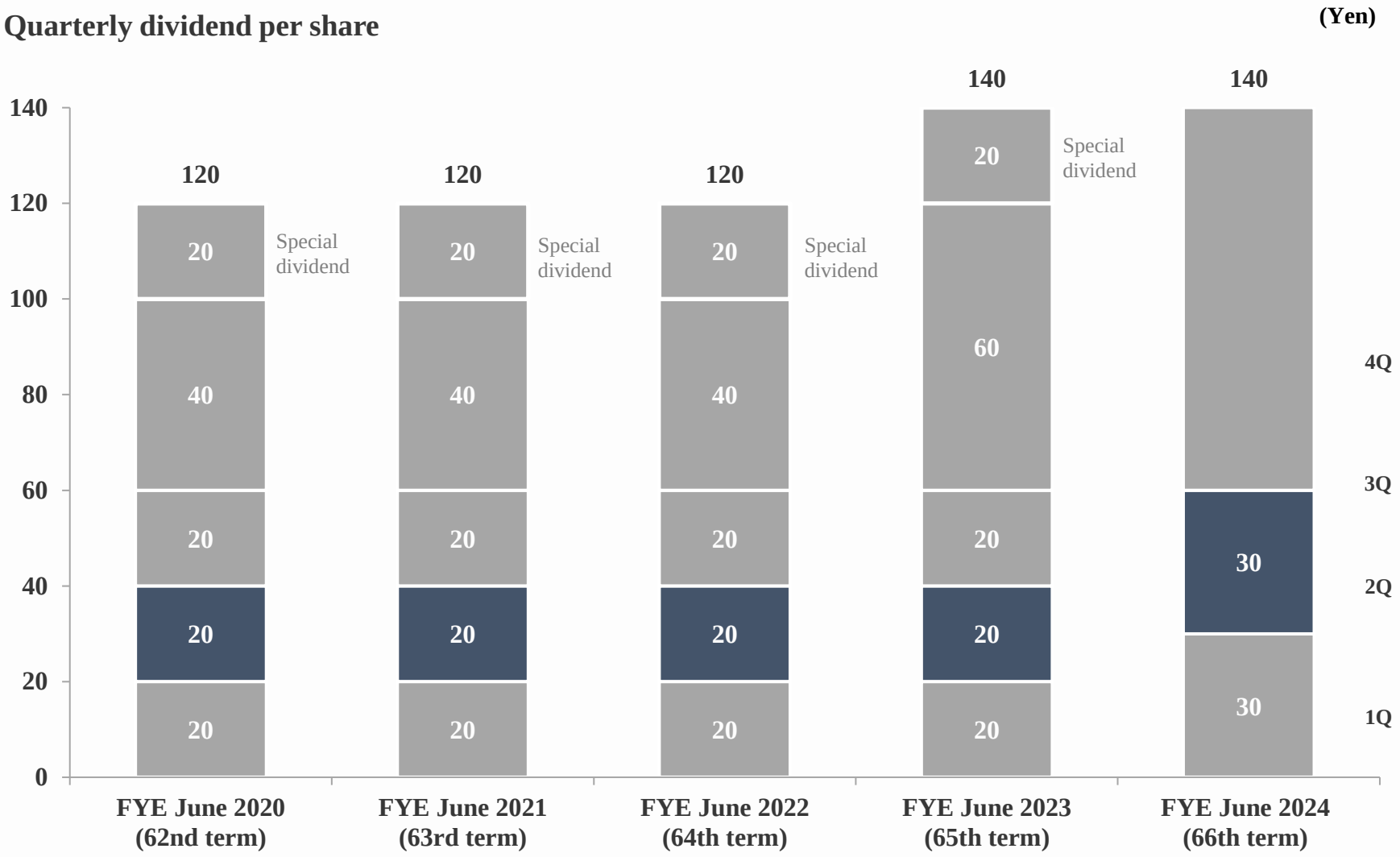
Quarterly dividend per share



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Factors that may impact the forecasts

Difference in the timing of the recording of sales	The Company has been receiving many inquiries regarding structural design and other matters, and it will steadily receive orders, but **an overall delay in construction will postpone the posting of sales**. Segmentalize contracts and take other actions to avoid being affected by external factors.
Unprofitability of projects	An increase in person-hours and the deterioration of quality due to **deficiencies in contract details and project management** may result in a **significant decrease in profitability** or have other impacts. **Carry out companywide quality management for each process** from before the reception of an order for a project to the final deliverables.

4 Creating a Wiser Future

The Future Vision We Aim to Share and Achieve with Society (“Thought”)

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Innovating for a ***Wise Future***

KKE strives to innovate a wiser future together with its stakeholders through dissemination of beneficial engineering-based technologies to society.

Our vision

<u>A knowledge-intensive company</u> that represents Japan in the 21st century

Provision of Diverse Value

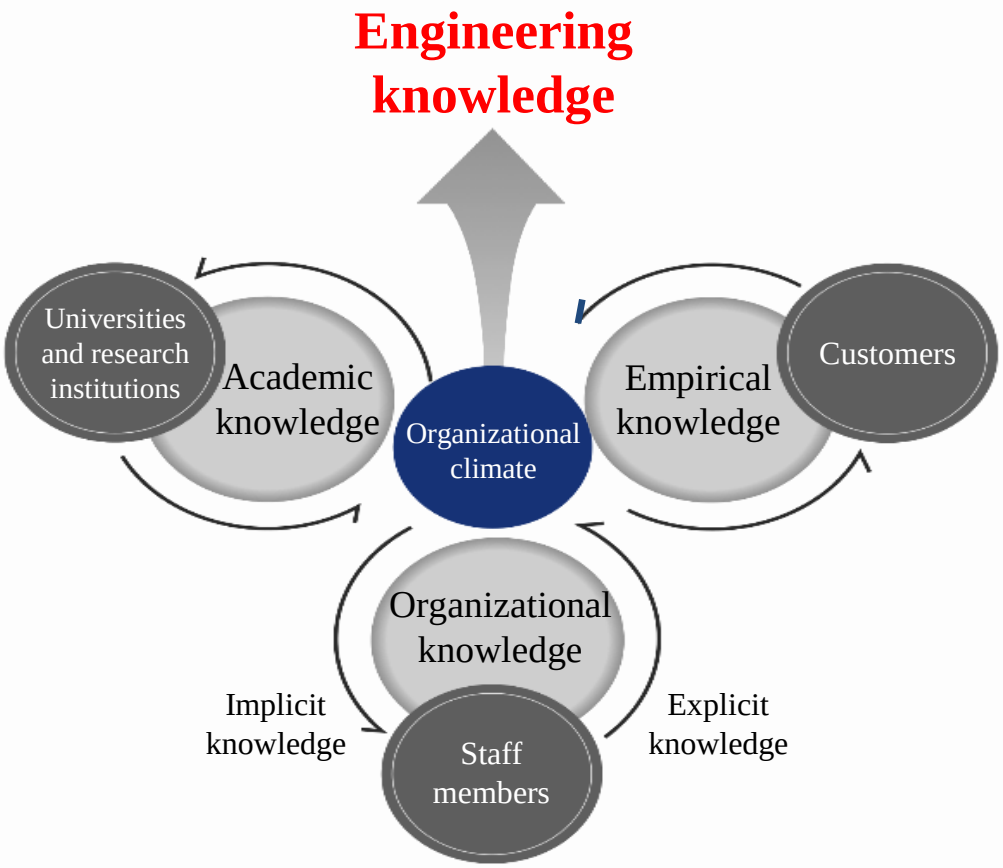
Founding Spirit

1956: Kozo Keikaku Structural Engineering Firm is founded.
1959: KOZO KEIKAKU ENGINEERING Inc. is established.

Create an organization of a wide variety of experts in all domains to operate an engineering business handling all kinds of problems in society

Value We Seek – Engineering Knowledge

Engineering knowledge is created by combining *academic knowledge* produced in collaboration with universities and research institutions with *empirical knowledge* nurtured through practical operations with businesses.



Use of Computers

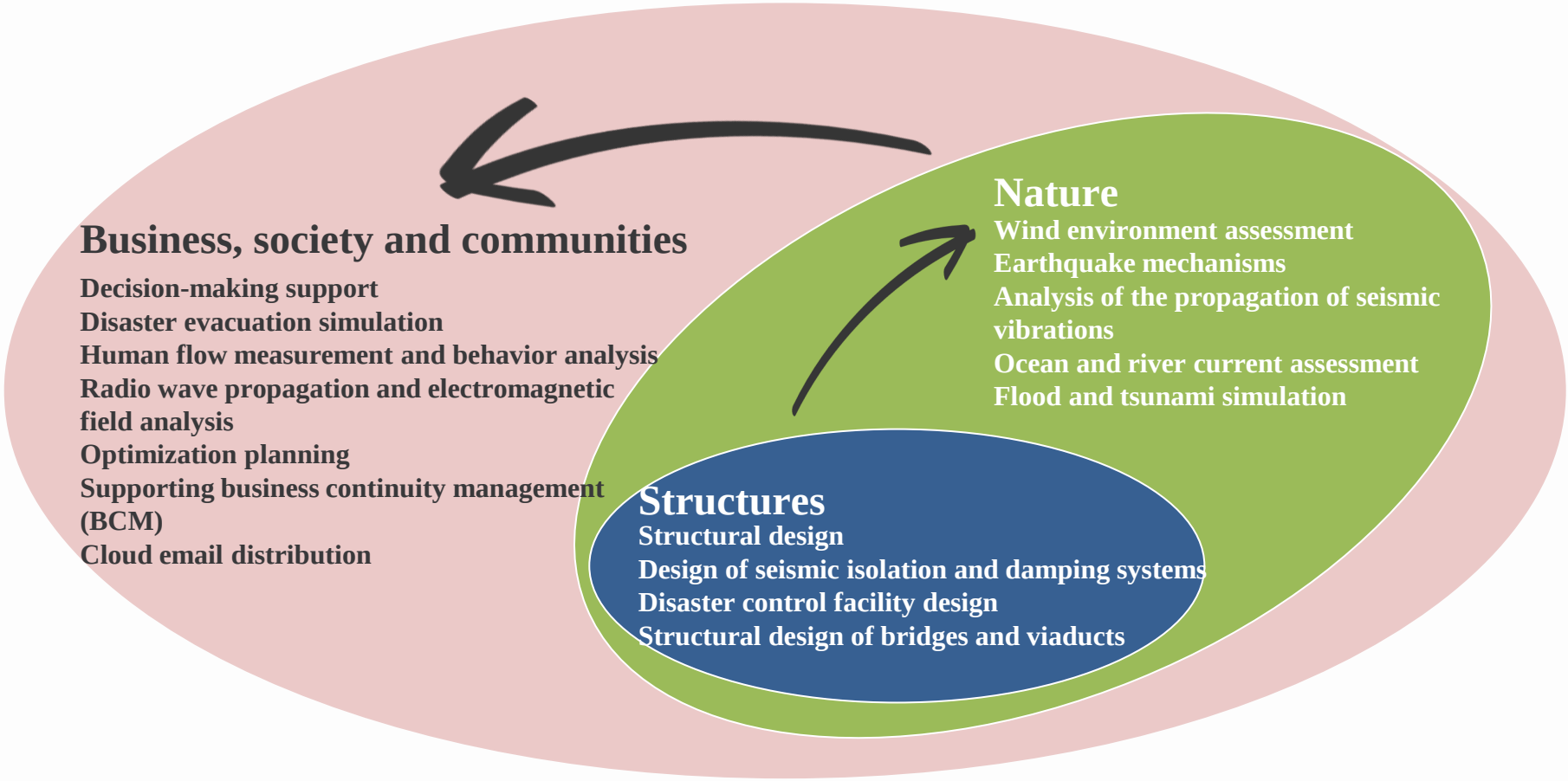
1961: Computers are introduced to the architectural design industry.

Engineering software development business that capitalizes on experience of using computers in the area of structural calculation

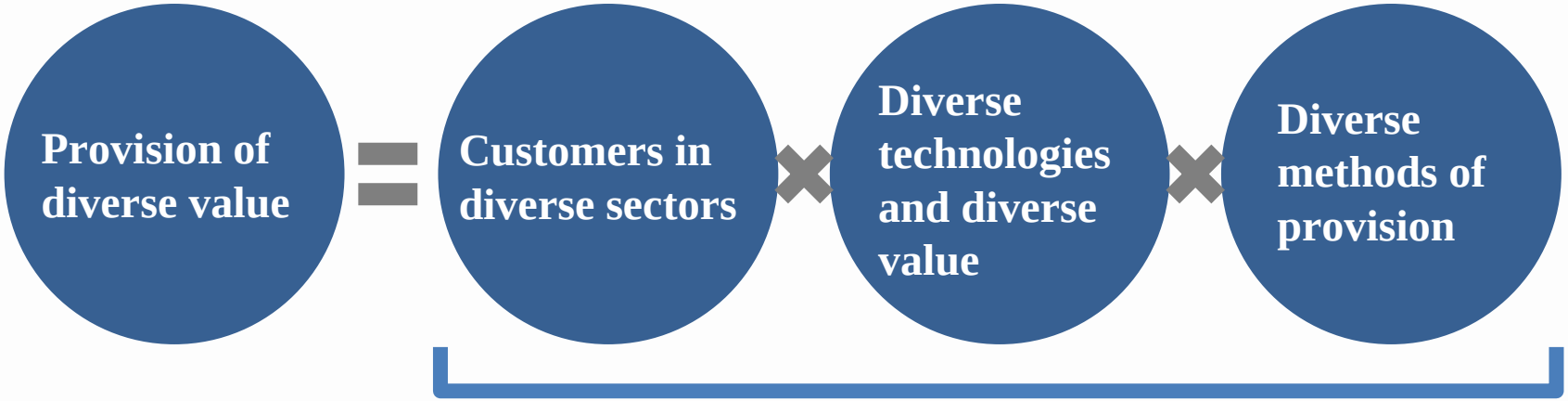
Expansion to the operations research area

Expansion of Business Domains Served

Utilization of information technologies based on engineering knowledge expanded business domains.



Provision of Diverse Value



Diverse partners

Various talent

Business Structure Providing Diverse Value

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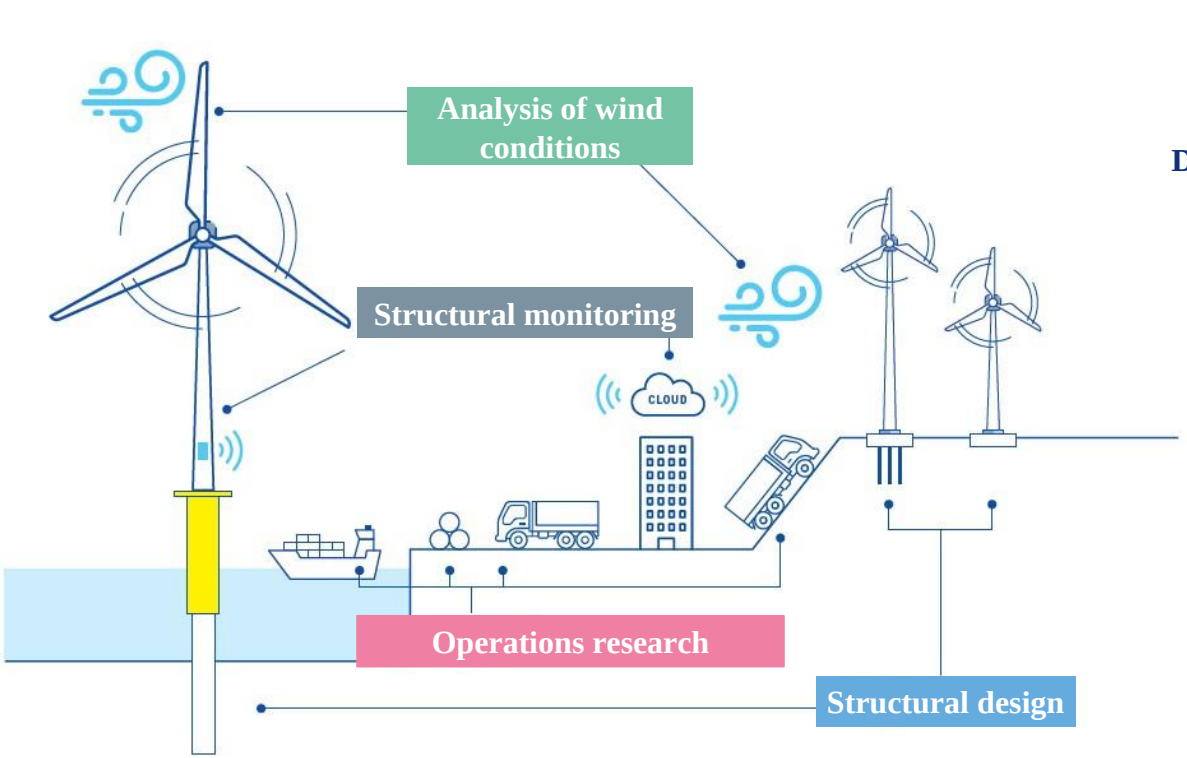
	Construction and disaster prevention	Information and communication	Manufacturing	Support for decision-making and consensus-building
Diverse customers	Developers General contractors Architectural design offices Energy facilities, etc.	Government offices, communication research institutions, communication carriers etc.	Housing manufacturers, automobile manufacturers etc.	Government offices
	Cross-industrial markets			
Diverse technologies and diverse value	Structural design, structure analysis, seismic motion assessment, wind condition analysis etc.	Radio propagation analysis, electromagnetic field analysis, network analysis, email distribution support etc.	Thermo-fluid analysis, powder analysis, optimization and other services	Data mining, optimization and other services
Diverse methods of provision	Consulting			
	System development			
	Product Service			
	Cloud services			

Provision of Diverse Value – Wind Power Business

Provision of diverse value combining diverse technologies



Structural design

Structural design of foundations for onshore wind turbines

Tower examination based on Japanese standards

Detailed study on earthquakes and the ground

Structural design of foundations for offshore wind turbines

Total load analysis

Analysis of wind conditions

Study on observation tower positioning

Management and organization of observation data

Feasibility assessment

Study on optimal wind turbine layouts

Assessment for certification

Operations research

Submarine cable layout

Support for the development of construction and transport processes

Structural monitoring

Utilization for preventive maintenance

Utilization in remaining life assessment

Basis of Provision of Diverse Value

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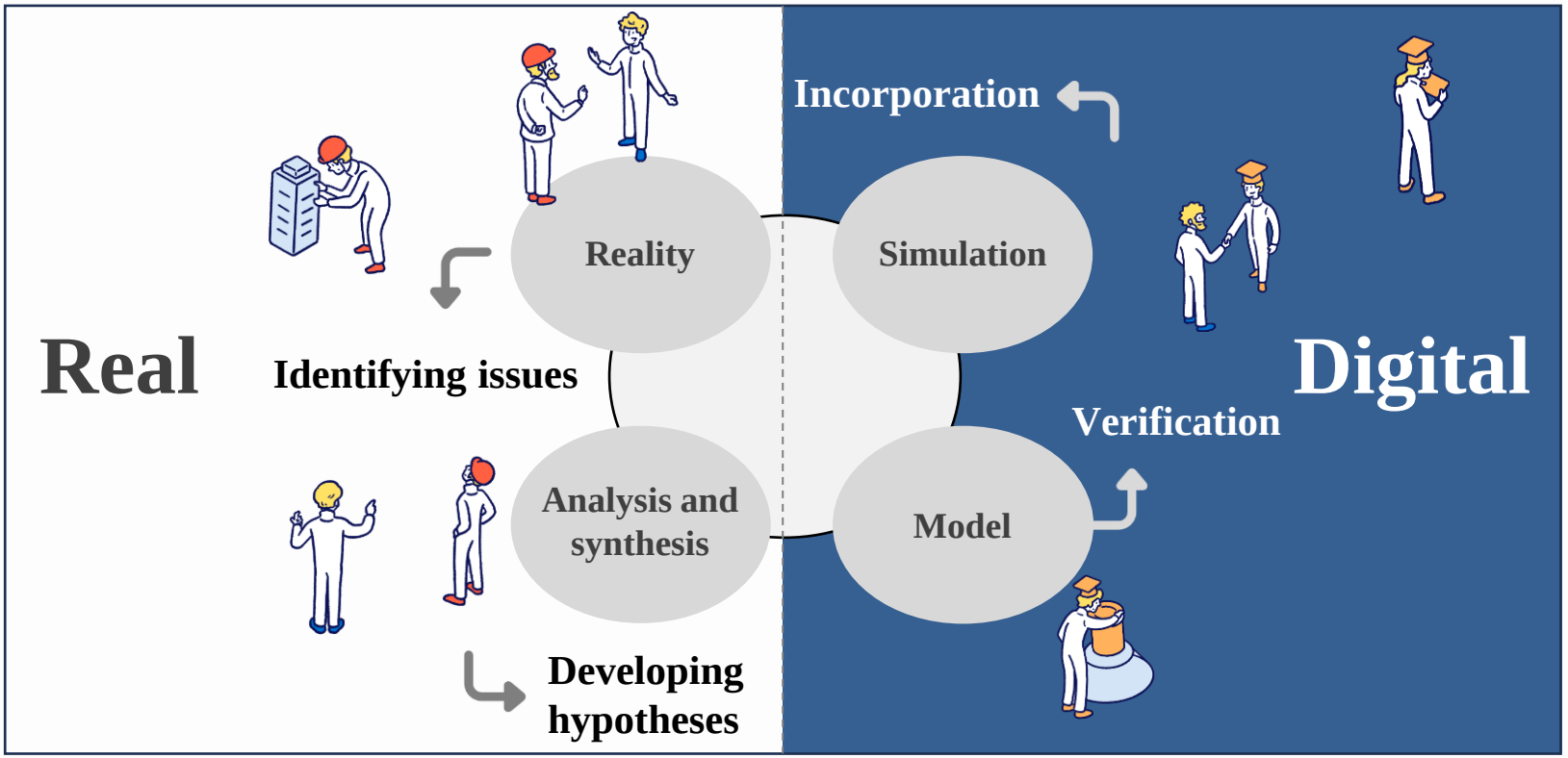
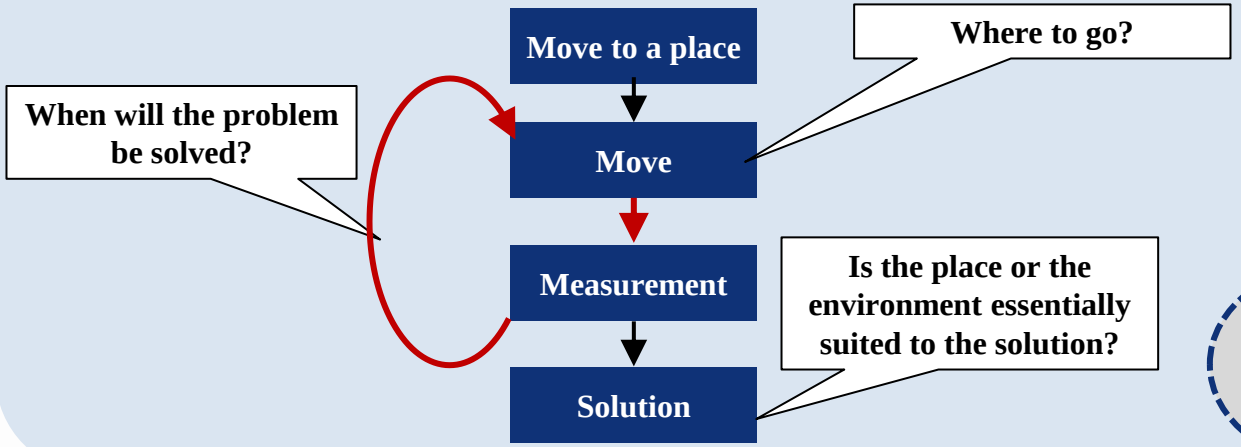
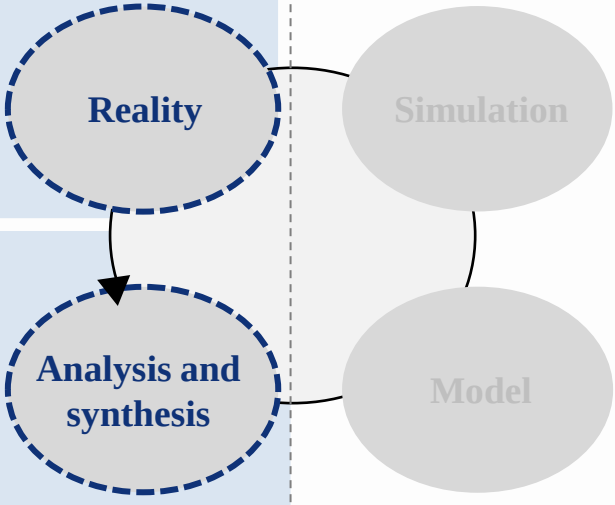
An engineering approach that connects the digital world with the real world (modeling and simulation)



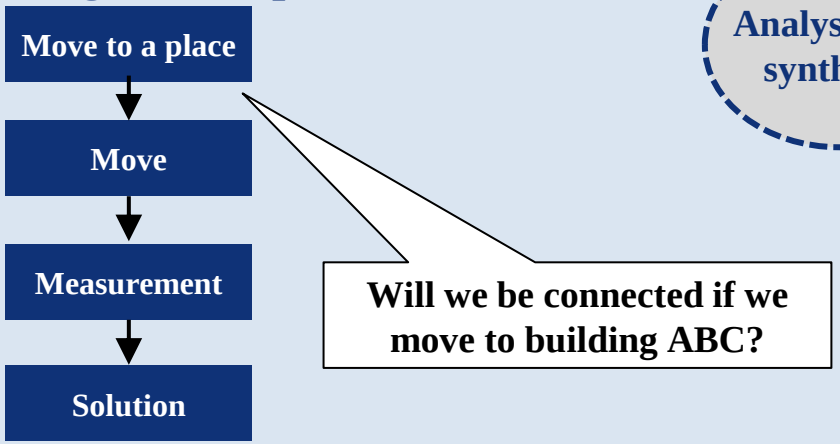
Provision of Diverse Value
➢ Engineering Consulting

A failure to receive radio waves causes problems.





Develop a hypothesis after hearing about the situation based on expert knowledge and experience



Consulting – Radio Propagation

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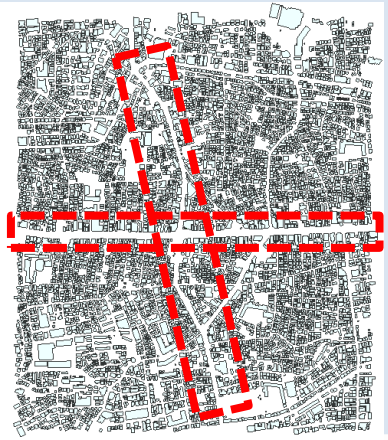
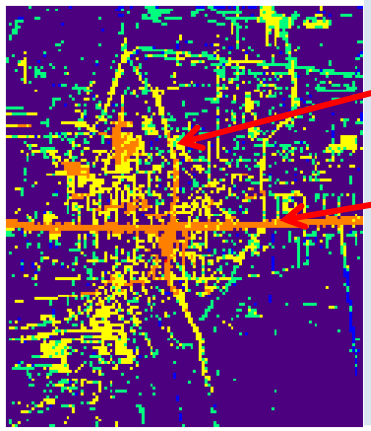
Propose a method for solving the issue together based on the results of simulations





Along roads, radio waves travel a long distance.

Reality

Simulation

Analysis and synthesis

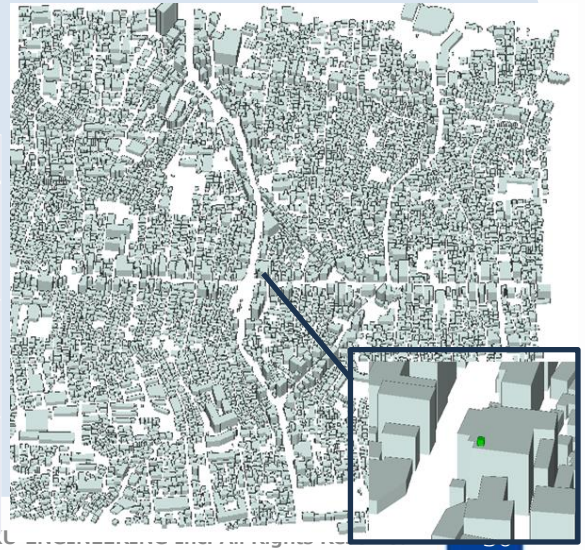
Model

Design optimal simulations suited to customers' purposes

Simulation model

Category	Method (package handled by the Company)	Calculation accuracy	Calculation speed	Scope of calculation
Electromagnetic field analysis	FDTD method, etc. (A method of solving a Maxwell equation with differential and integral equations)	High precision	Low speed	Small areas (Several tens of meters)
Optical approximation	Ray trace method - Imaging method - Ray-Launching method			Several kilometers
Estimated equation	Tow-Ray (two-ray model) Walfish-Ikegami COST-HATA, etc. Wide-area radio propagation simulator	Low accuracy	High speed	Wide area

3D models



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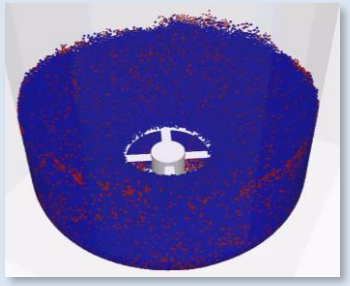
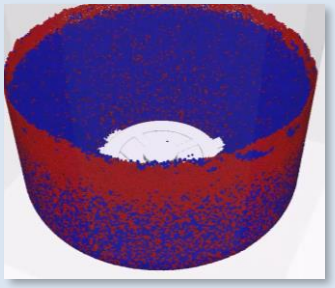
When mixing multiple types of powder with different densities, a higher rotation speed results in a lower degree of mixing.

1,000 rpm

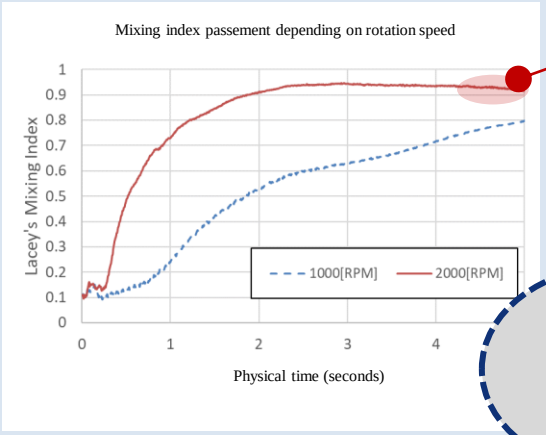


2,000 rpm

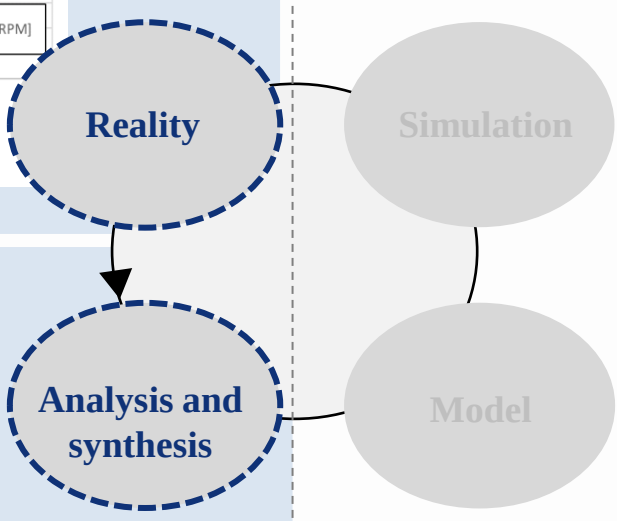


High density

Low density

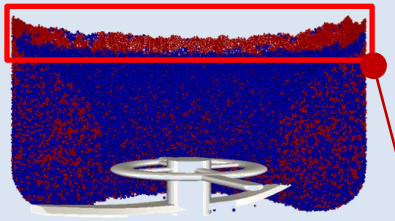


A decline in the mixing index is observed.



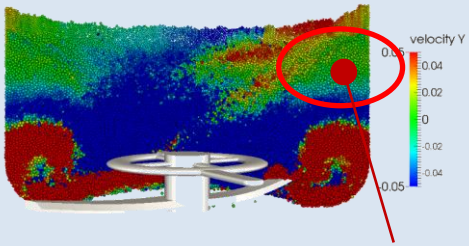
Analysis and speculation of causes of the decline in mixing index

State of mixing



It is observed that low-density powder materials separate in the surface layer.

Speed distribution



A check of the rotation speed in the vertical direction finds that no vertical circulation occurs during high speed rotation.
⇨ Particles in the surface layer stay.

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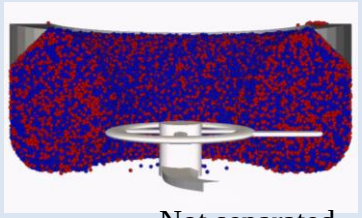
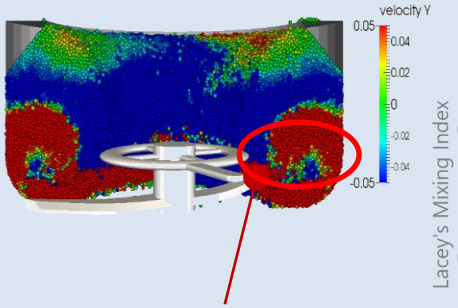
Exploration of the positive effect of adding a ceiling component

State of mixing



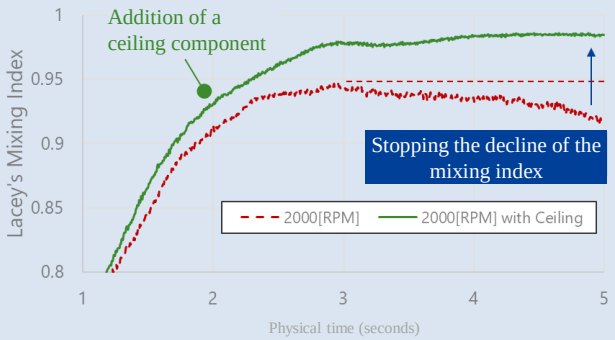
Not separated

Speed distribution



Check of the falling speed

Improvement of the mixing index due to the use of a ceiling component



Reality

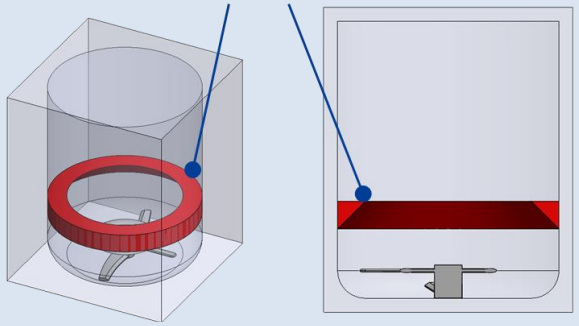
Simulation

Analysis and synthesis

Model

Consideration of a proposal for changing the form of the mixer to increase the mixing index

A ceiling component



Improved model

Improved model (cross section)

Adding a mechanism that brings particles in the surface layer back to the center

Consulting – Social Simulation

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e.g. Support for the development of an evacuation plan

Visualize the state of an evacuation to support the consideration of disaster reduction measures

Input: Collect data necessary for analyzing the actual situation

- **Resident data**
  (population, age distribution, place of residence, offices, family compositions, whether or not nursing care is needed and other data)
- **Map data**
  (roads, buildings, evacuation sites, traffic signals and other data)
- **Means of transportation**
  (Access to private cars, and other information)
- **Information about hospitals and other facilities**
- **Weather**
- **Hours**

⋮

Reality → **Analysis and synthesis** → **Model** → **Simulation** → **Reality**

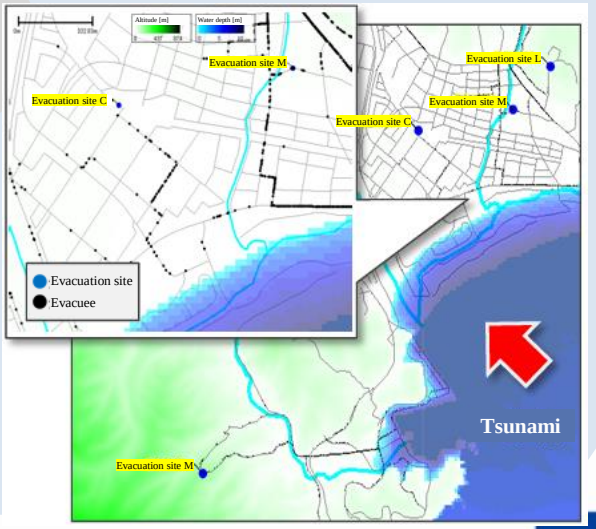
Identify issues

Areas, roads and other congested areas or areas that would require evacuations that take a long time

Study response measures

Widening of roads, changing of evacuation routes and providing instructions on evacuation start times

Different measures are simulated to assess their effects.



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Example: Support for measures to reduce congestion in an amusement park

Problem: Congestion occurs at one attraction or another.

- State of use of individual attractions
- Visitors' walking speeds
- Duration of visitors' stay at an attraction
- How people tour attractions (order of preference, proximity and other factors)

⋮

Reality → Analysis and synthesis → Model → Simulation → Reality

Reproduction of facts

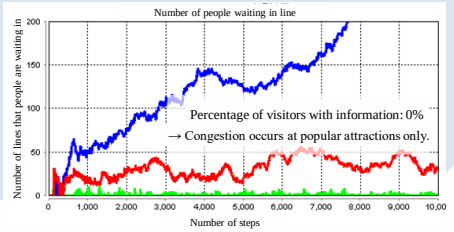
Scenario setting

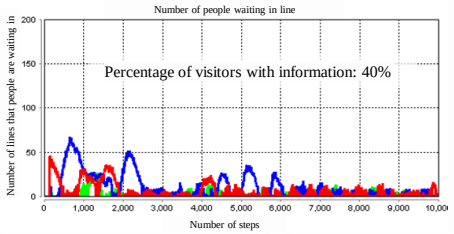
Provide congestion information to reduce it (Scope)

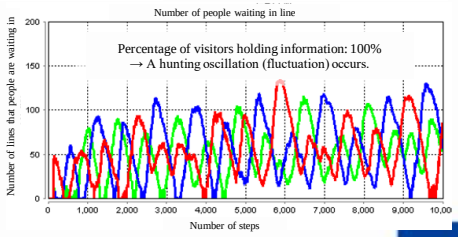
- All visitors
- Some of the visitors (10% or 20% or another percentage)

Effect verification

It is most effective to provide congestion information to around 40% of the visitors.







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Example: Exploration of two passengers standing on the same step of an escalator

Simulations of standing on both sides of an escalator and of standing on either side

Problems: Long waiting lines occur due to the practice of keeping either side clear and there safety concerns regarding walking on escalators

- State of use of escalators
- Escalator data (speed, width, number of steps and other information)
- Train schedule

⋮

Reality → Analysis and synthesis → Model → Simulation → Reality

Scenario setting

Three riding patterns
- Standing on both sides
- Keeping one side clear
- Walking

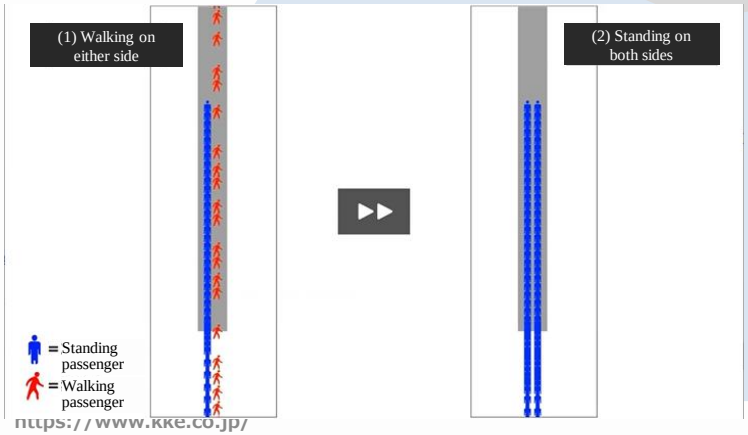
×

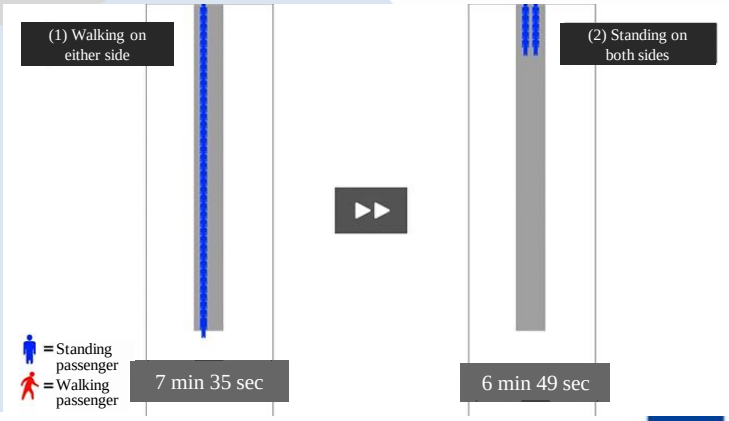
- Average individual travel time
- Total travel time of all passengers

Effect verification

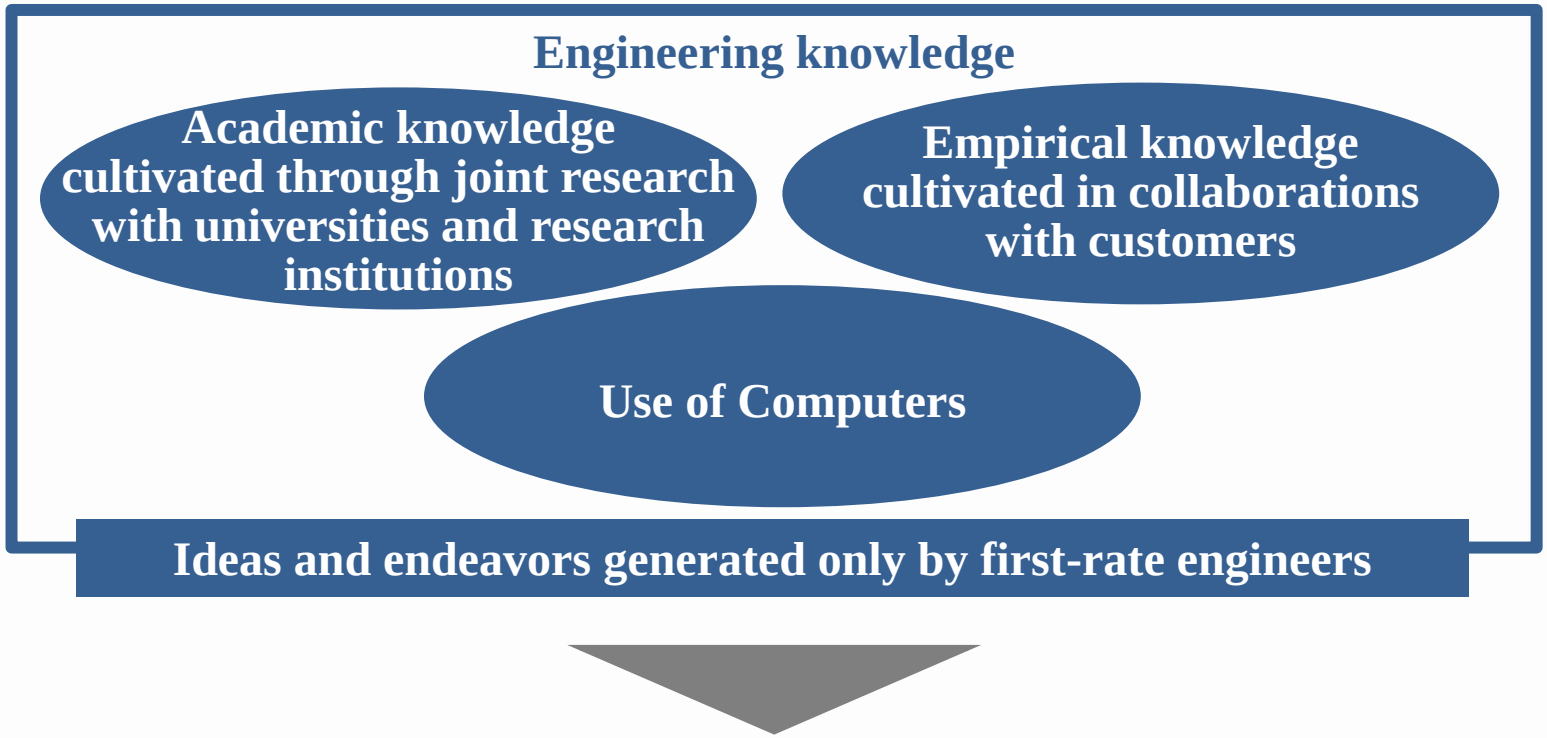
It is safer to stand on both side than to keep either side clear. Standing on both side results in a smaller total travel time for all people.

Reproduction of facts





Uniqueness of KKE



A unique entity providing extensive technological consulting based on its wide-ranging, cross-sectoral new knowledge

Uniqueness of KKE

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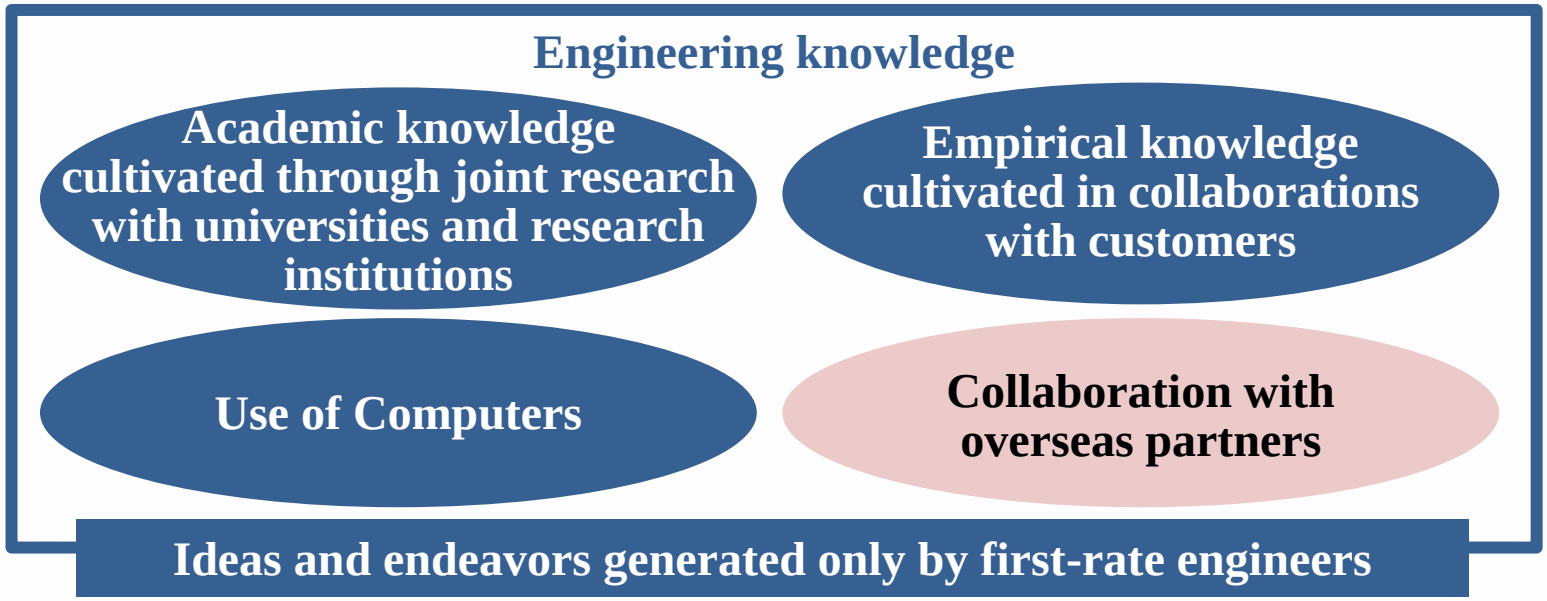


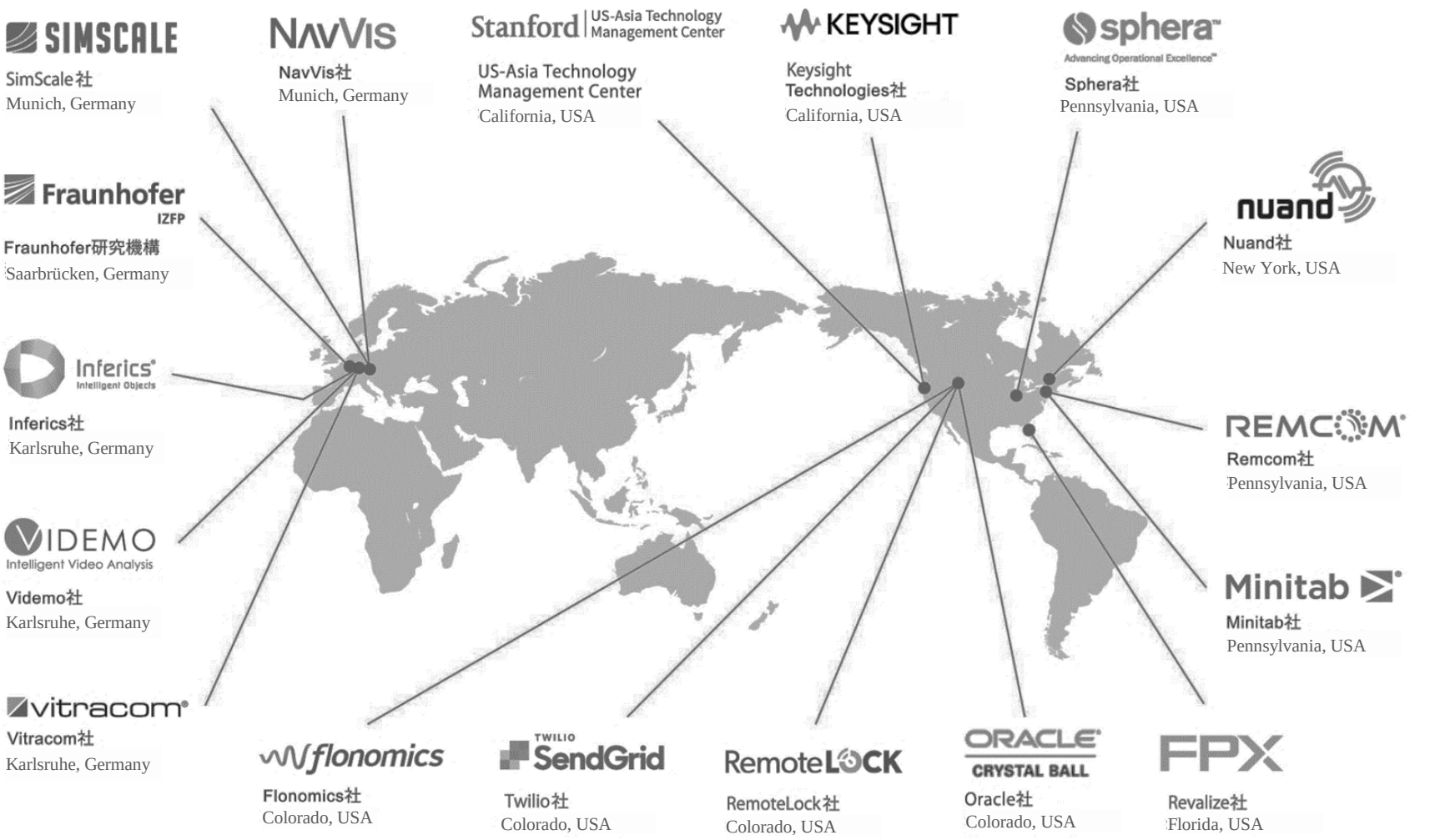
Extensive technological consulting based on its wide-ranging, cross-sectoral new knowledge

- **Product Service**
- **Subscription-type cloud services**

An entity with increasing uniqueness

Provision of Diverse Value
➢ Product Service

Diverse Overseas Partners



Expansion of Products Service

The package business launched in the 1960s and the subscription-type cloud services started in the 2010s now make up one third of the Company's net sales.

1960s — 2010s

EC

PS

The software package business is started in the 1960s leveraging the pioneering introduction of computers.

Cloud services are started in the 2010s.

Packages developed by KKE

Knowledge based on engineering consulting → Use them as a tool

STAN, RESP, ADAP, RapLab, artisoc, iGRA, KCAMP

Packages developed by other companies

Useful services from overseas partner companies +

KKE

Providing unique services with added value intended for the Japanese market

SOLIDWORKS, Particleworks, FloEFD, Crystal Ball, Wireless InSite, Minitab

Subscription-type cloud services

Sales breakdown
(Based on results for the 65th term)

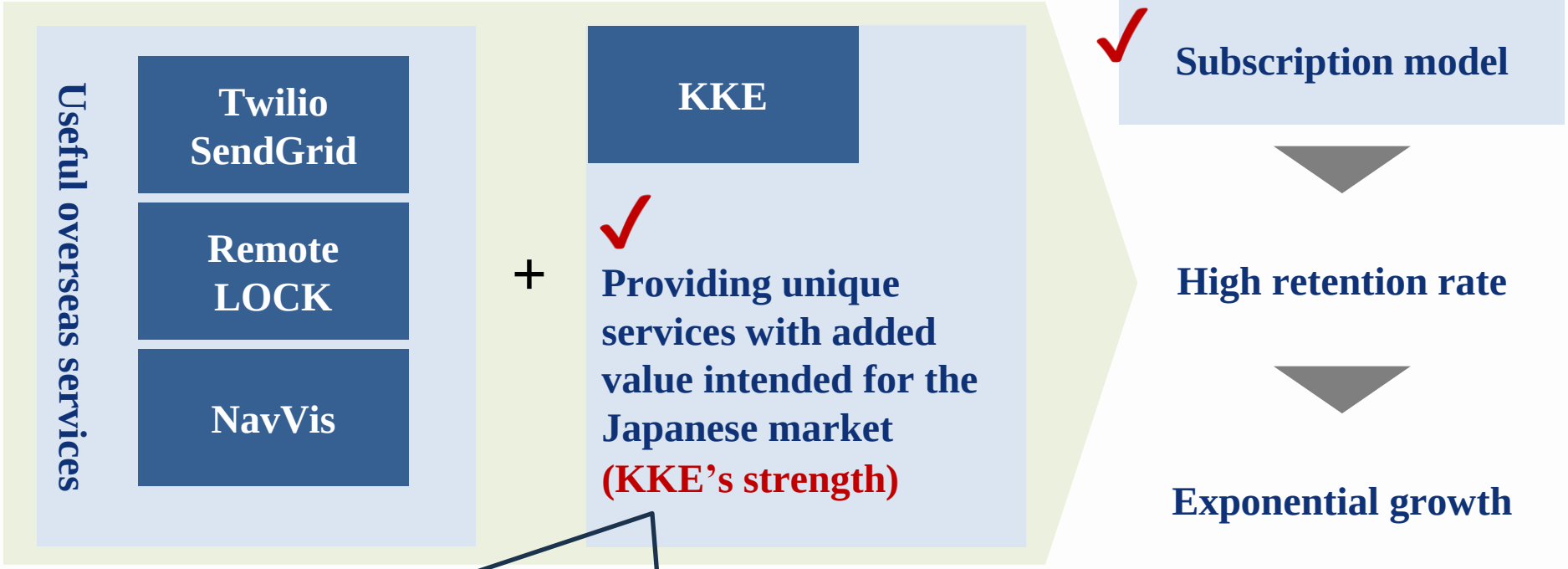
65%

35%

New Businesses

New Product Services

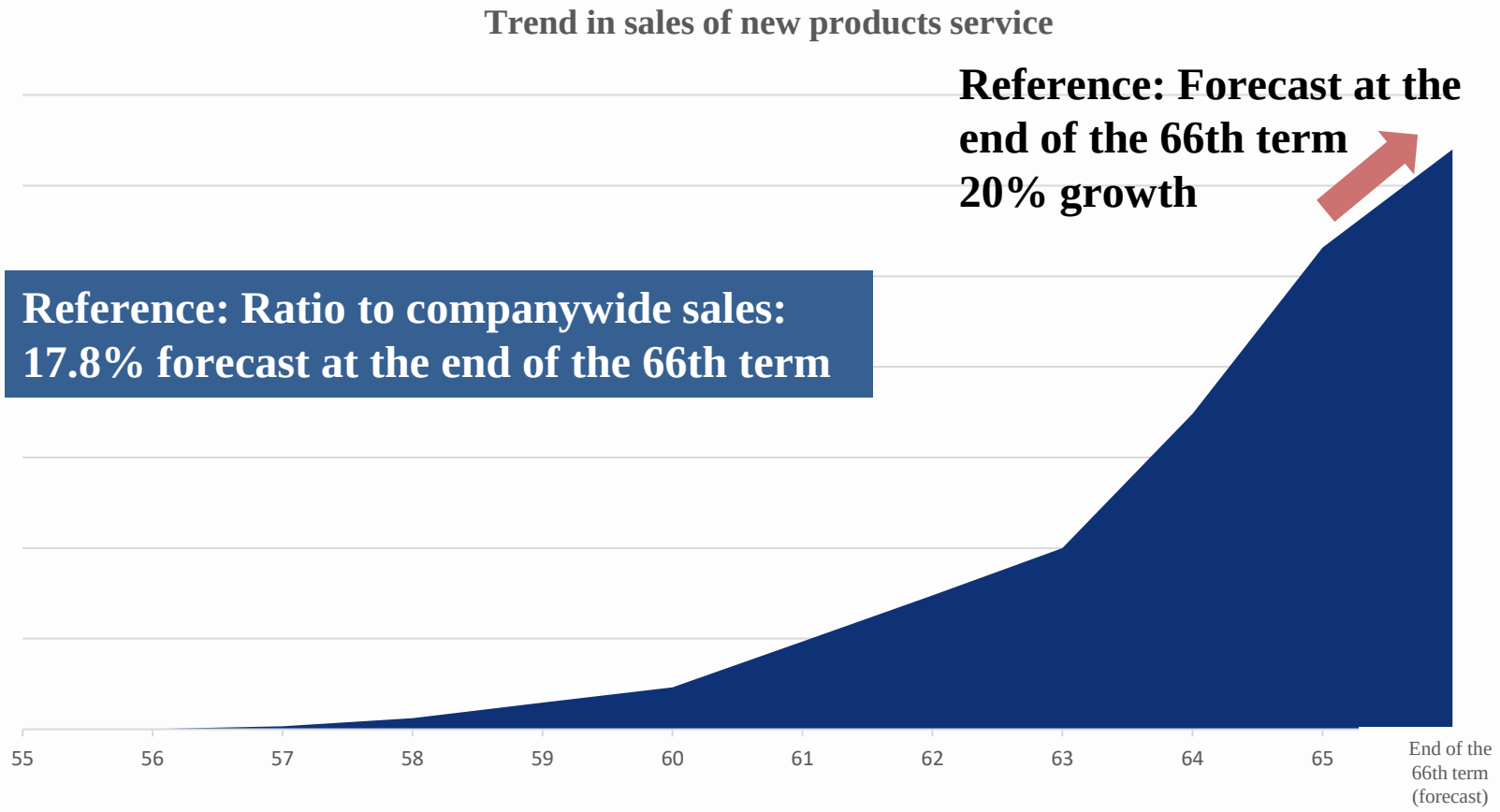
KKE provides unique services with added value intended for the Japanese market. High growth is achieved through synergy between KKE's impressive ability to provide value and subscription model.



(Background)
A long-nurtured spirit of winning the highest-level customer satisfaction as professionals, which has been cultivated at KKE

Growth of New Products Services

The growth of the products services is driven by three new businesses in collaboration with overseas partners, SendGrid, RemoteLOCK and NavVis.



New Product Services

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Form a capital alliance where appropriate.

Twilio SendGrid	Cloud-based e-mail delivery service
RemoteLOCK	Cloud-based entry/exit control system
NavVis	3D site data platform

Investees

Investees

Development of New Businesses: RemoteLOCK

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Collaborative creation with many different partners through open innovation.

Any Brands, Any credential, Any Software

Hardware collaboration

- Our lock system
- Other companies' lock systems
- Gate into the facility
- Gate into the parking place
- Lockers, etc.

Managing at least 100,000 entries per day

Expansion of domain

Remote LOCK クラウド

System collaboration with different types of services

- Reservation system
- Settlement system
- Hotel system, etc.

In collaboration with more than 50 open services

airbnb, AirHOST, INNTO, accommod, suitebook, NASIi, ABC, minpakuIN, HOTELSMART, MujInn, maneKEY, FlexIN, RONT., Reservation, instabase, スタジオル, Repitte, Threes, SmartPaw, SmartInn, SystemGear, Air Profits, iCal, Mcloud, aiPass, SMASSO, FreeLesson, API

BtoBtoC business

Customers

- Accommodation facilities
- Local governments
- Commercial facilities

User

Development of New Businesses: RemoteLOCK

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Featuring remote management and automation, it will be a key to customers' businesses.

Subscription-type cottage
SANU 2nd Home

https://2ndhome.sa-nu.com/

Fully unmanned bookstore
Hontasu

https://hontasu.com/

Fully private saunas
ROKU SAUNA

https://rokusauna.com/

Examples from accommodation facilities

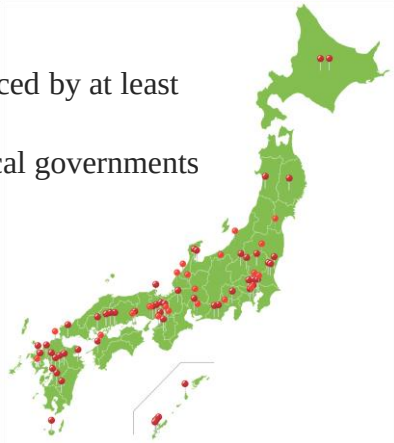
Luxury villa in the Hokkaido Ball Park
VILLA BRAMARE

https://villa-bramare.com/

https://www.kke.co.jp/

Introduced by local governments across the country

Introduced by at least
90 local governments



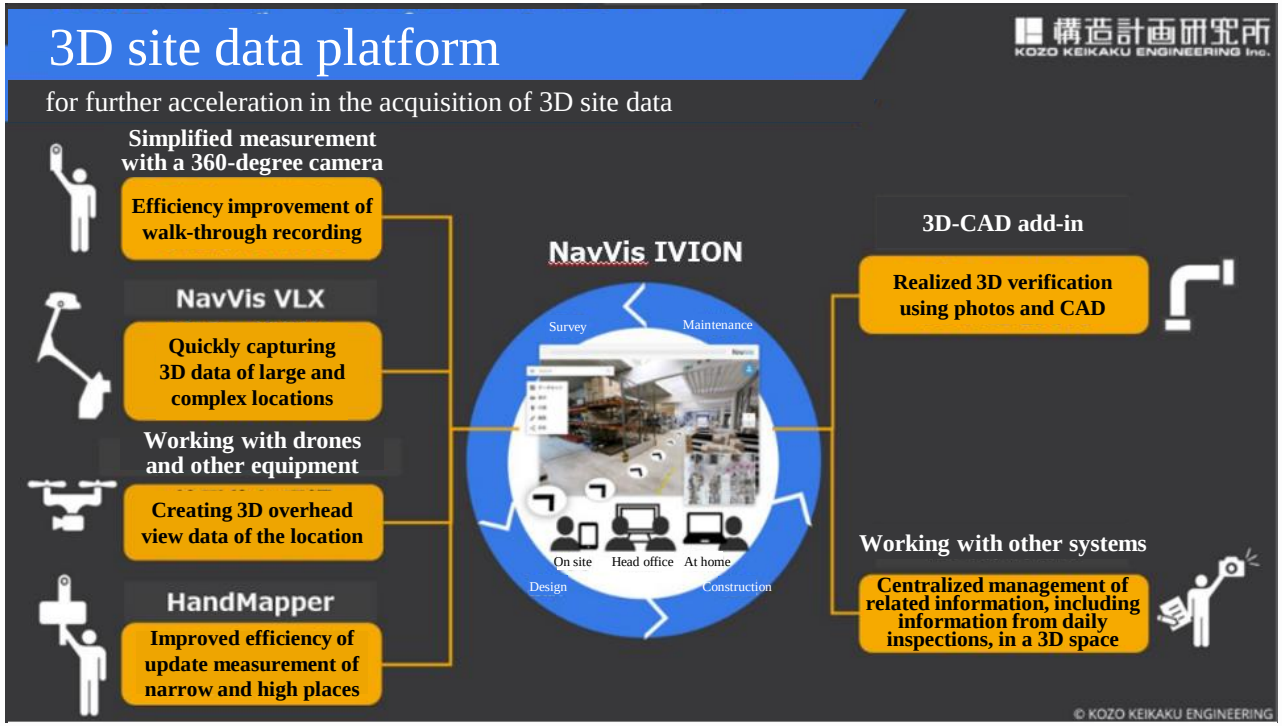
Additional investment

January 2024
In RemoteLock, Inc., which developed RemoteLOCK

Series B
4 million dollars additionally invested

Development of New Businesses: NavVis

Providing unique value of KKE with steady progress in the development of technology to improve convenience and expand applications



Business development	**Hardware**	**Cloud**	**Consulting**
	×		
Customers	**Construction and civil engineering**	**Manufacturing industry**	**Measurement**

Sowing New Business Seeds – RiverCast

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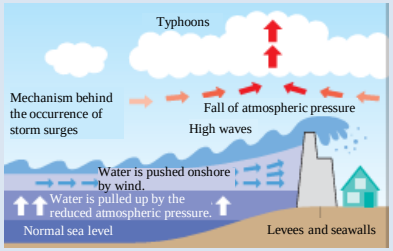
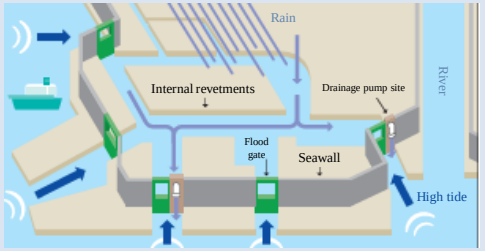
RiverCast is a flood prediction system incorporating a cutting-edge mathematical engineering technology jointly developed with the University of Tokyo. It can also be used to estimate storm surges and an water inflow into a dam.

RiverCast

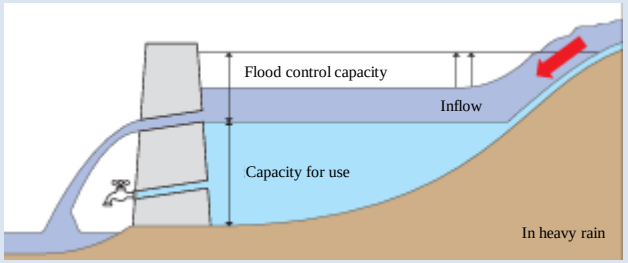
- **Can be used to estimate water levels in the event of unprecedented flooding**
- **The use of historical data makes it possible to quickly introduce the system at a price that is around one tenth of the price of conventional prediction systems.**

✓ **Storm surge estimation: Supporting the operation of flood gates and drainage pumps**





✓ **Dam inflow estimation: Support for discharge operations**



The system is in operation at 50 or more locations across the country.

Various talent

Diverse Collaborative Professionals Supporting Diverse Business Domains

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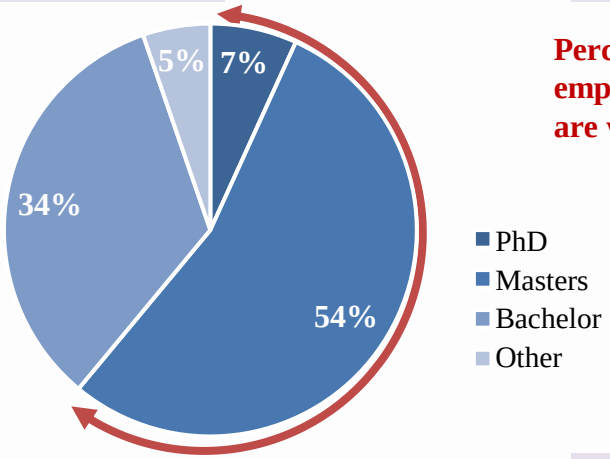
Value the diversity of collaborative professionals to secure the capabilities to address any problem in society

Scope: Existing KKE members at the end of the 66th term H1

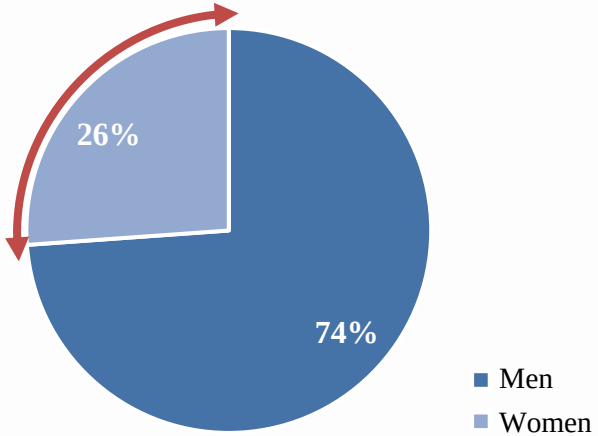
Academic background

Masters and PhD Approx. 60%



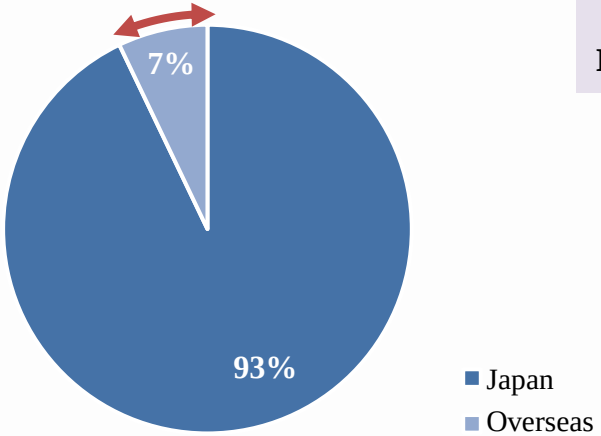
Sex

Percentage of employees that are women 26%



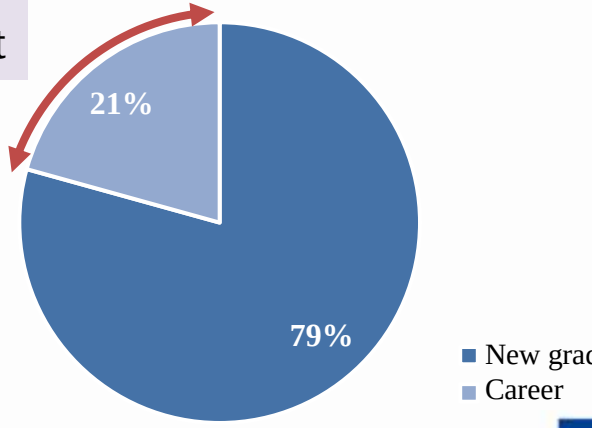
Nationality

Foreign nationals 7%



Type of recruitment

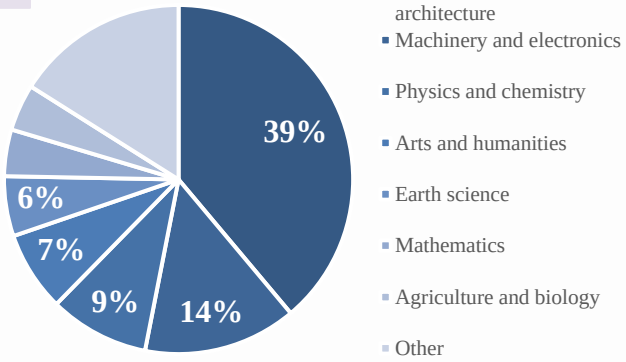
Mid-career recruitment 21%



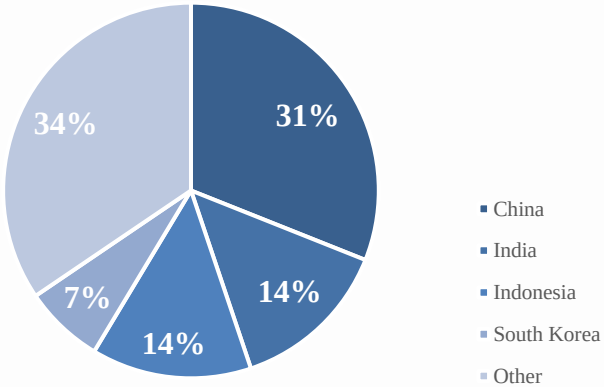
Breakdown of personnel recruited in the past five years

New graduate recruitment

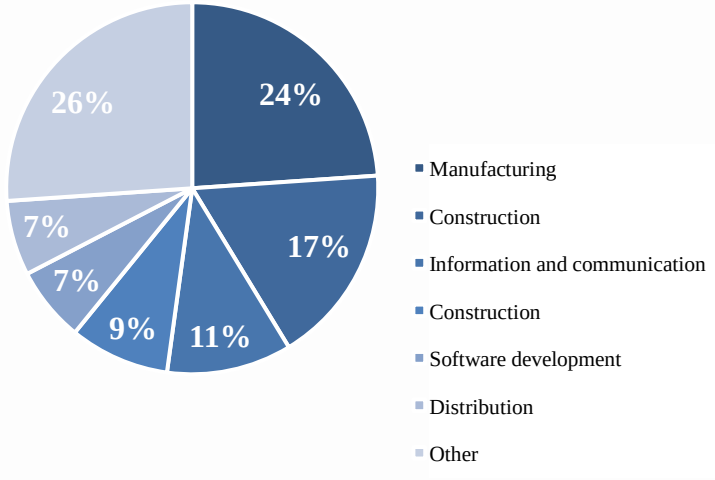
Major



By nationality (excluding Japan)



Mid-career recruitment



Number of new graduate employees expected to join the Company in 2024:

33

https://www.kke.co.jp/

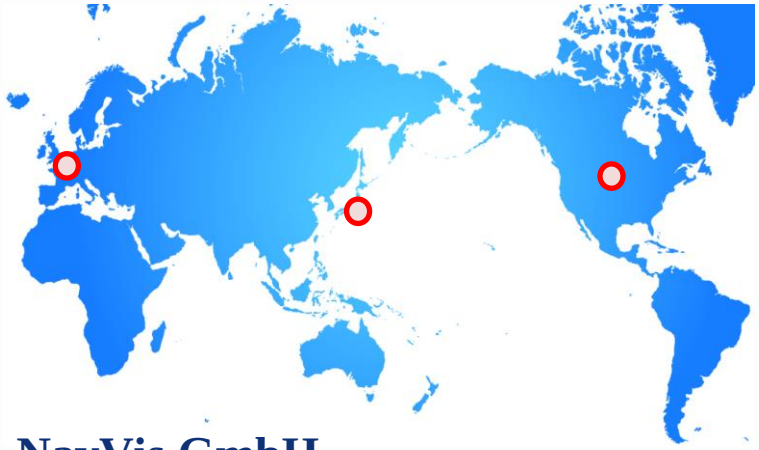
Diverse Opportunities for Growth

Encouraging self-improvement through activities at external organizations

- Activities as lecturers at universities and other institutions:
  26 employees engaged in a total of 41 activities
- Activities at committees, study groups and others of outside associations:
  83 employees participating in a total of 202 groups
- Academic papers presented publicly

Presentations at academic conferences	69
Papers	16
Contributions	13
Publication	4

Transfer on loan to Japanese and overseas locations



- NavVis GmbH
- RemoteLock, Inc.
- Kyushu TLO Company, Limited
- PARA-SOL K.K.
- Electricity and Gas Market Surveillance Commission, Ministry of Economy, Trade and Industry
- Institute of Industrial Science, the University of Tokyo
- AK Radio Design, Ltd.

Transformation into Holding Company

Purpose and Background

1956: Kozo Keikaku Structual Engineering Firm is founded.
1959: KOZO KEIKAKU ENGINEERING Inc. is established.

Commissioned engineering consulting services

1980s **The software package sales business is launched.**

2010s **Subscription-type cloud services are launched.**

Transformation into Holding Company

Actions aligned with the diversification of business:
- **Autonomous and quick decision-making and business operation**
- **Clarification of mission**
- **Appropriate distribution of management resources focused on human resources**

  ⇨ Aim to achieve the continuous growth of the Group

2056 To be a knowledge-intensive company that represents Japan on the 100th anniversary of its foundation

Structure after Transformation into Holding Company Structure (planned)

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Before the transformation

- KOZO KEIKAKU ENGINEERING Inc.
  - PARA-SOL K.K.
  - KKE Smile Support Inc.
  - International Logic Corporation
  - RemoteLock Japan Co., Ltd.

After the transformation (planned)

- KOZO KEIKAKU ENGINEERING HOLDINGS Inc.
  - KOZO KEIKAKU ENGINEERING Inc.
  - PARA-SOL K.K.
  - KKE Smile Support Inc.
  - International Logic Corporation
  - RemoteLock Japan Co., Ltd.

Newly established by independent share transfer (planned)

Missions of Individual Companies

KOZO KEIKAKU ENGINEERING HOLDINGS Inc.

KOZO KEIKAKU ENGINEERING Inc.

Earn stable revenue from the existing consulting business

PARA-SOL K.K. (Kumamoto)

Providing diverse work styles

KKE Smile Support Inc.

Providing diverse work styles

International Logic Corporation

RemoteLock Japan Co., Ltd.

Continuously accelerate growth

https://www.kke.co.jp/

Outline of Share Transfer

✓ **Schedule**

Extraordinary General Meeting of Shareholders	**March 18, 2024 (plan)**
Date of delisting of the Company's shares	**June 27, 2024 (plan)**
Date of registration of establishment of the holding company	**July 1, 2024 (plan)**
Listing date	**July 1, 2024 (plan)**

✓ **Method of share transfer**

Independent share transfer in which the Company will be a wholly owned subsidiary and the holding company will be a wholly owning parent company

✓ **Details of allocation in the share transfer (share transfer ratio)**

	KOZO KEIKAKU ENGINEERING HOLDINGS Inc. (Wholly owning parent company incorporated in a share transfer)	KOZO KEIKAKU ENGINEERING Inc. (Wholly owned subsidiary company resulting from a share transfer)
Share transfer ratio	1	1

To Realize the Future Vision We Aim to Share and Achieve with Society (“Thought”)

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KOZO KEIKAKU ENGINEERING Inc.

Innovating for a **Wise Future**

***Wise Future*: With the aim of creating a future society full of human wisdom**

***Innovating*: We will keep innovating to provide value to society in a sustainable way.**

KKE strives to innovate a wiser future together with its stakeholders through dissemination of beneficial engineering-based technologies to society.

Contact:

Investor Relations Section

E-MAIL: ir@kke.co.jp

Website: https://www.kke.co.jp

Innovating for a ***Wise Future***