



FYE June 2025 First Half Financial Results

KOZO KEIKAKU ENGINEERING HOLDINGS Inc.

2025.2.20

- 1. Overview of Consolidated Financial Results**
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- 3. Forecast of Financial Results for the Fiscal Year
Ending June 30, 2025**
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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.



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Overview of Consolidated Financial Results

- * As the Company was established as a wholly owning parent company of KOZO KEIKAKU ENGINEERING Inc. through a sole stock transfer on July 1, 2024, year-on-year comparisons have not been made.

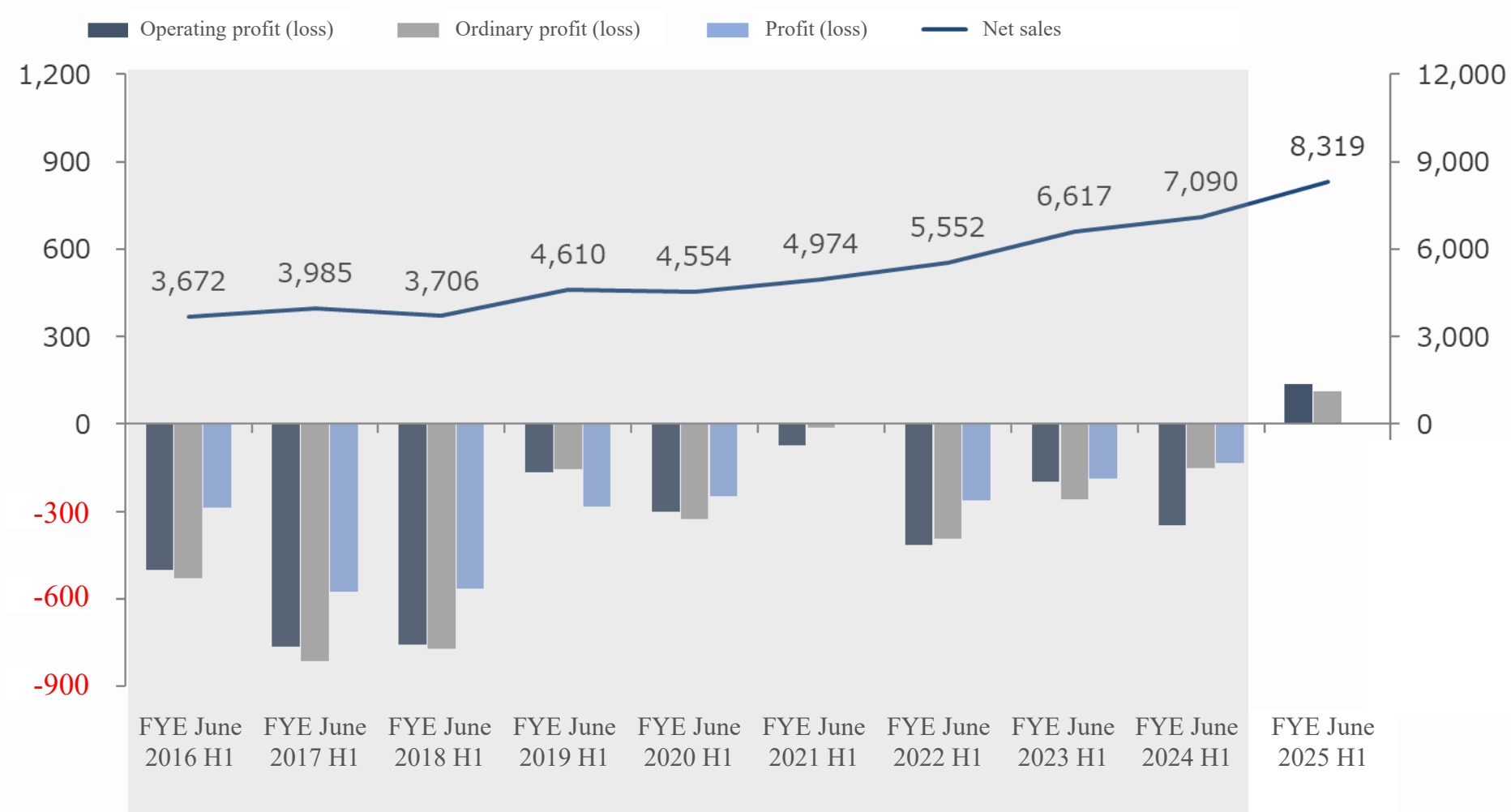


(Million yen)

Item	FYE June 2025 H1 (Consolidated)
Net sales	8,319
Cost of sales	4,608
Gross profit	3,710
(Gross margin)	(44.6%)
SGA expenses	3,573
Operating profit	136
(Operating margin)	(1.6%)
Non-operating income (expenses)	-25
Ordinary profit	111
(Ordinary margin)	(1.3%)
Extraordinary income (loss)	-0
Profit before income taxes	111
Income taxes	107
Profit	3
(Net margin)	(0.0%)
Profit attributable to non-controlling interests	0
Profit attributable to owners of parent	3

Year-to-Year Trend in First Half Financial Results

(Million yen)



Non-consolidated → Consolidated

* Up to H1 of FYE June 2024, figures for KOZO KEIKAKU ENGINEERING Inc. are listed.

Overview of Consolidated Balance Sheet

(Million yen)

	FYE June 2025 H1 (Consolidated)	Item	FYE June 2025 H1 (Consolidated)
Cash and deposits	1,249	Short-term borrowings	1,100
Notes / accounts receivable - trade and contract assets	3,164	Current portion of long-term borrowings	433
Work in process	85	Advances received	1,618
Other	2,650	Accrued expenses	314
		Other	2,146
[Current assets]	7,149	[Current liabilities]	5,612
Property, plant and equipment	5,933	Long-term borrowings	1,317
Intangible assets	322	Retirement benefit liability	2,226
Investments and other assets	4,889	Other	515
Investment securities	2,912	[Non-current liabilities]	4,059
Shares of subsidiaries and associates	35	[Liabilities]	9,671
Investments in capital of subsidiaries and associates	57	Share capital	1,010
Deferred tax assets	1,424	Capital surplus	1,408
Other	459	Retained earnings	6,102
[Non-current assets]	11,145	Treasury shares	-649
		Accumulated other comprehensive income	711
		Non-controlling interests	40
		[Net assets]	8,623
[Assets]	18,295	[Liabilities and net assets]	18,295

Equity ratio: 46.9%

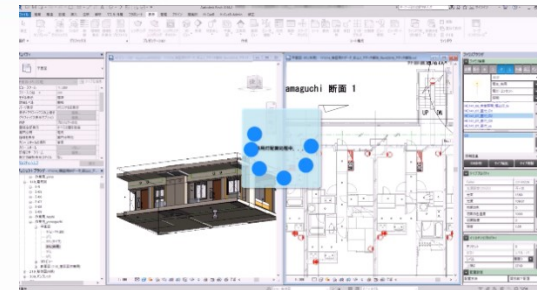
	(Million yen)
	FYE June 2025 H1 (Consolidated)
Balance at the beginning of FY	3,157
CF from operating activities	-1,157
CF from investing activities	-636
Free CF	-1,794
CF from financing activities	-104
Foreign exchange difference	-9
Balance at the end of FY	1,249

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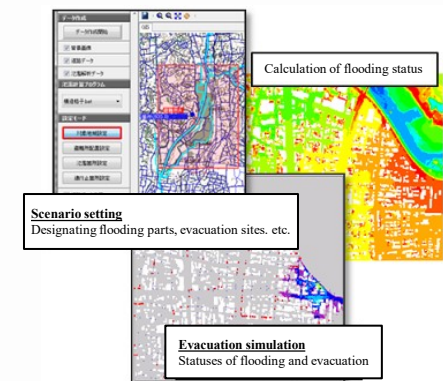
Overview of Results by Segment



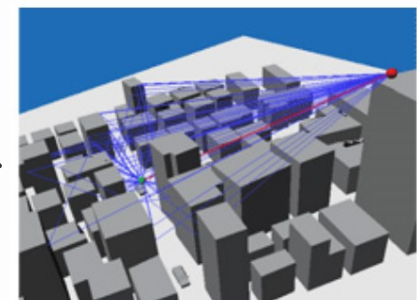
- Structural design and structural analysis consulting
Structural analysis of specialized buildings and structural design of wind turbine foundations and towers
- Environment assessment and disaster risk reduction consulting
Ground motion assessment, wind condition analysis and disaster risk assessment
- IT system development for housing and construction
System development including CAD, BIM and structural calculation
- Decision-making support consulting
Social simulation and optimization
- Information and communication technology consulting
Communication network, radio wave propagation, and electromagnetic field simulation
- Data utilization and consulting for the manufacturing sector
CAE-based design streamlining and optimization of production technologies



Automation of design (automatic disposition)



Evacuation simulation





















Radio propagation analysis

(Million yen)

EC	FYE June 2025 H1
Consolidated orders	6,264
Consolidated net sales	4,528
Consolidated gross profit	2,208
Consolidated gross profit margin (%)	(48.8%)
Consolidated backlog of orders	7,260

Analysis

- ❑ Produced solid results by steadily implementing projects carried over from the previous fiscal year and new orders secured during the fiscal year under review.
- ❑ By segmenting contracts to reduce the impact on posted sales due to external factors such as overall construction delays, and dealing with split orders and partial sales, KKE recorded sales and profit without delay.
- ❑ KKE will continue to ensure quality while steadily executing projects, and strive to secure projects with high added value.

Market 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.	      	
Architecture- and civil-engineering-related markets Architectural building analysis, ground analysis, etc.	 	
Telecommunication-related markets Radio propagation analysis	   	
Others/Cross-industrial markets Social simulation, risk assessment, cloud-based entry/exit control platform, and others	 	 

(Million yen)

PS	FYE June 2025 H1
Consolidated orders	3,310
Consolidated net sales	3,587
Consolidated gross profit	1,447
Consolidated gross profit margin (%)	(40.3%)
Consolidated backlog of orders	1,993

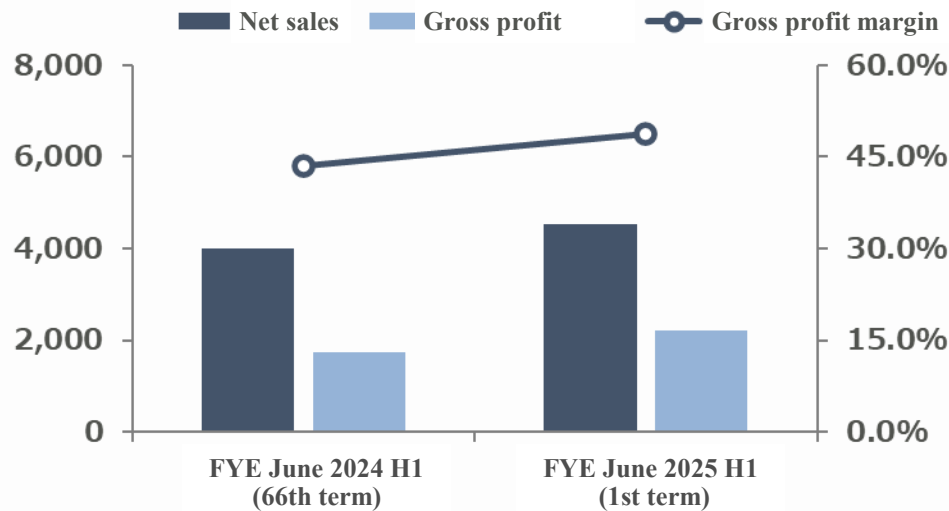
Analysis

- The cloud service provision-type business drove the growth of net sales.
- The RemoteLOCK cloud-based room entry and exit management system has been increasingly adopted by accommodation facilities and local governments.
- NavVis, which accelerates the development of 3D site visualizations, has expanded customer cloud usage, and launched a new hand-held 3D laser scanner product in October.

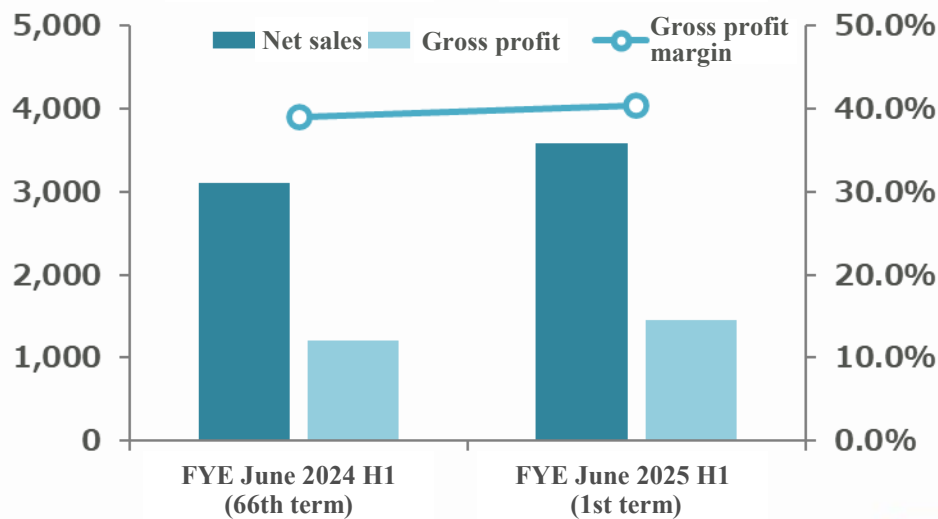
[Reference] Trends in Past Years by Segment

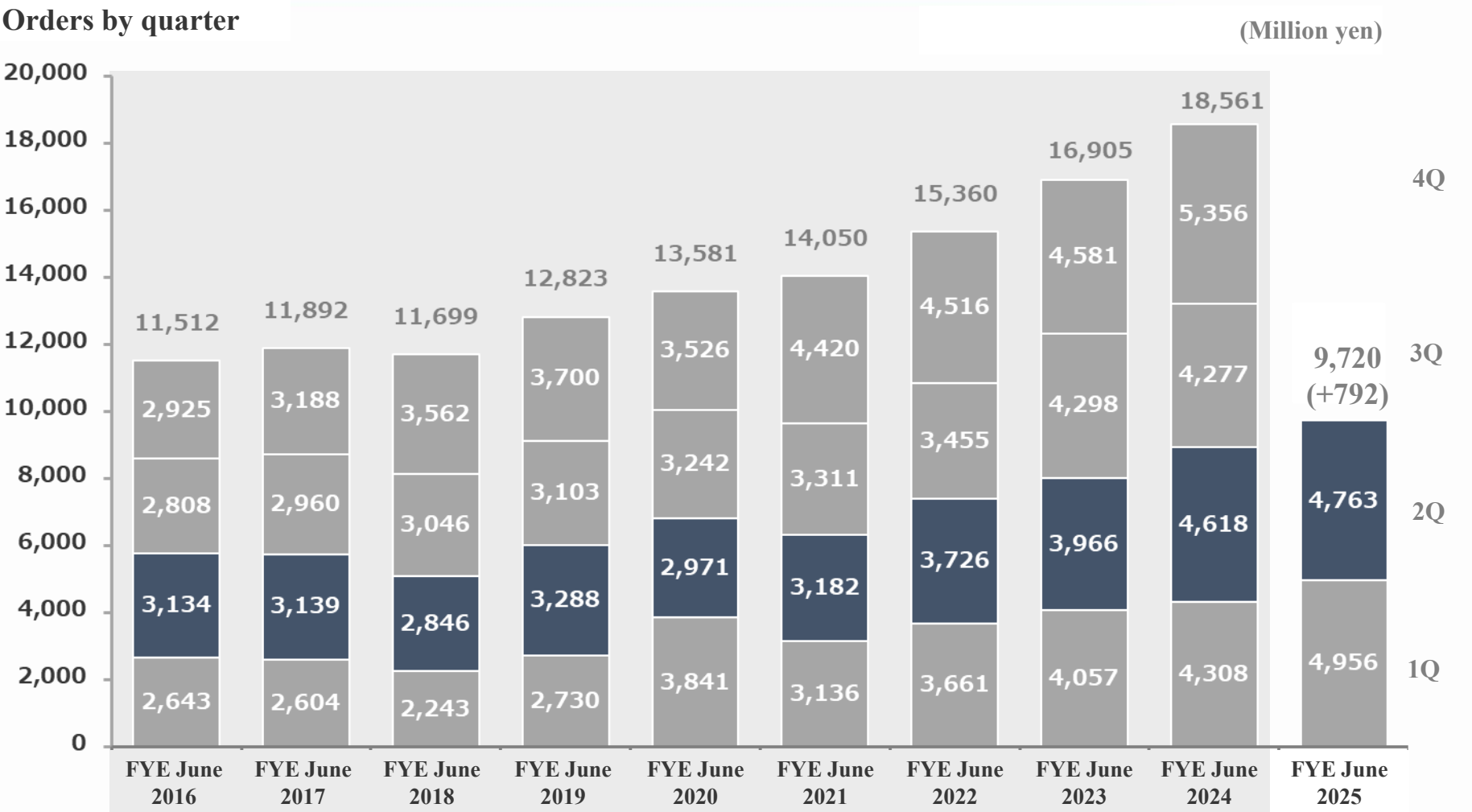
* Figurers from past fiscal years for KOZO KEIKAKU ENGINEERING Inc. are listed

	(Million yen)	
	FYE June 2024 H1 (66th term)	FYE June 2025 H1 (1st term)
EC orders	5,851	6,264
EC net sales	3,987	4,528
EC gross profit	1,732	2,208
(Gross margin)	(43.5%)	(48.8%)
EC backlog of orders	7,134	7,260



	FYE June 2024 H1 (66th term)	FYE June 2025 H1 (1st term)
PS orders	3,076	3,310
PS net sales	3,103	3,587
PS gross profit	1,208	1,447
(Gross margin)	(39.0%)	(40.3%)
PS backlog of orders	1,899	1,993

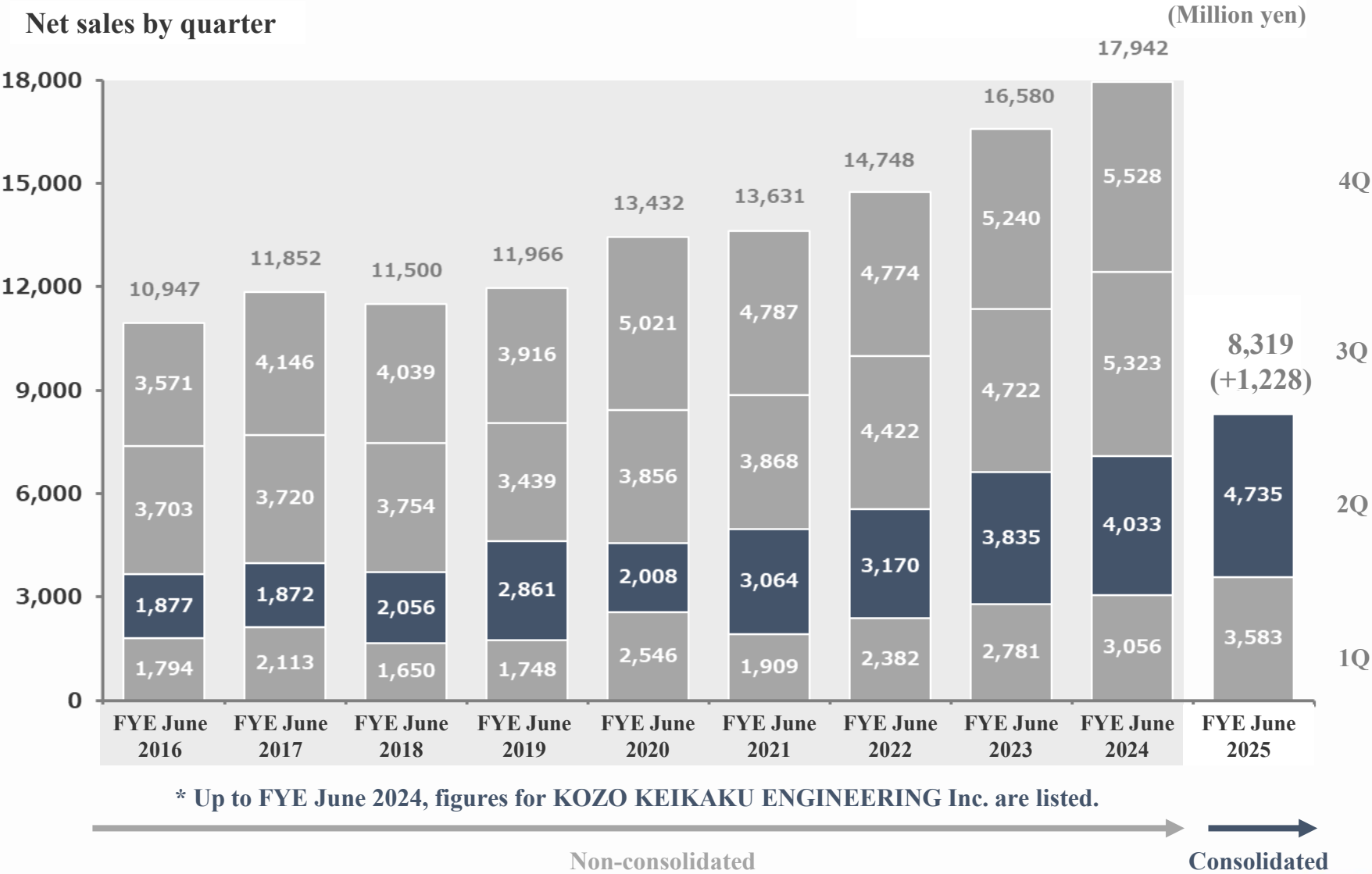




* Up to FYE June 2024, figures for KOZO KEIKAKU ENGINEERING Inc. are listed.

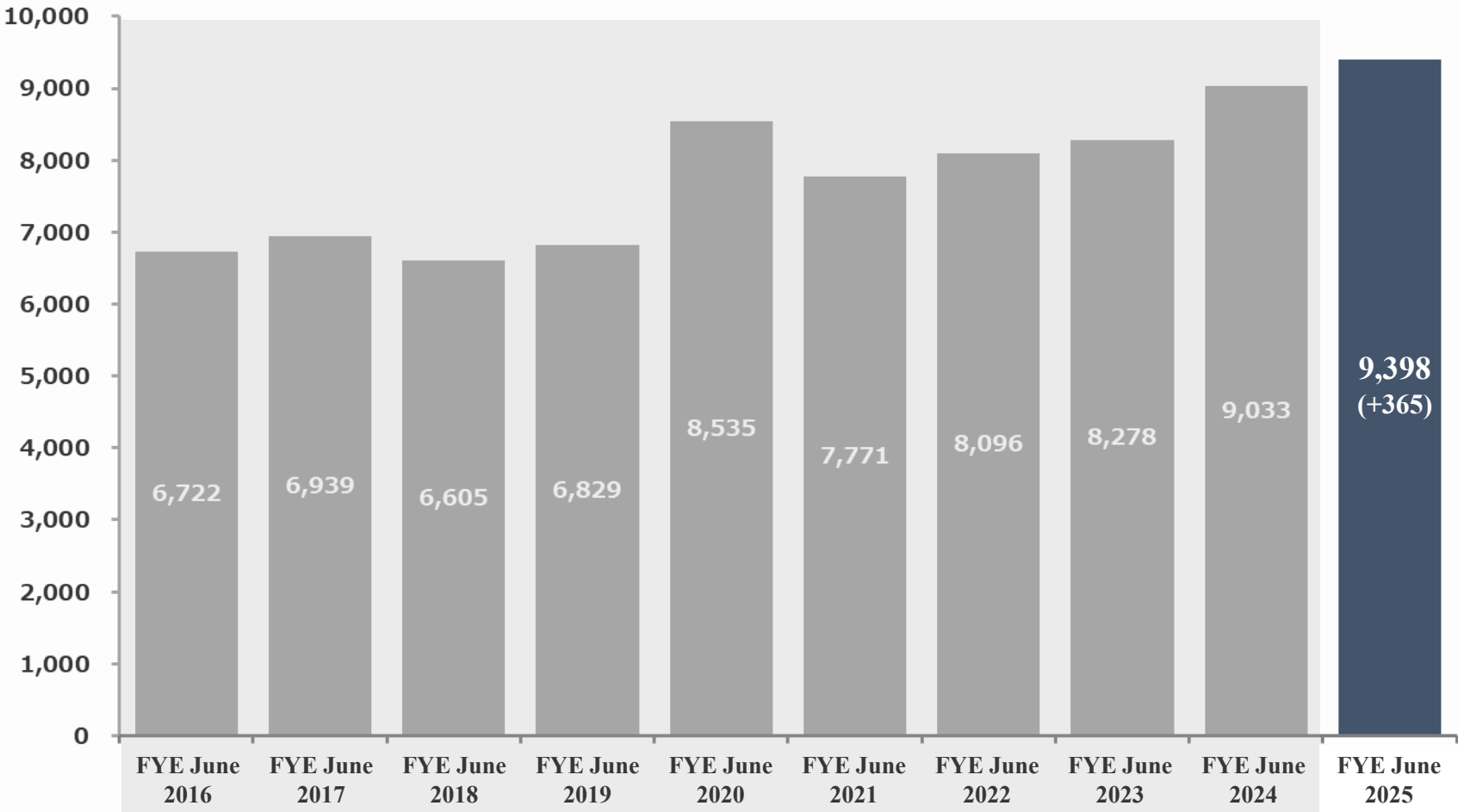
Non-consolidated Consolidated

Consolidated Net Sales by Quarter



Backlog of orders

(Million yen)



* Up to H1 of FYE June 2024, figures for KOZO KEIKAKU ENGINEERING Inc. are listed.

Non-consolidated

Consolidated

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Forecast of Financial Results for the Fiscal Year Ending June 30, 2025



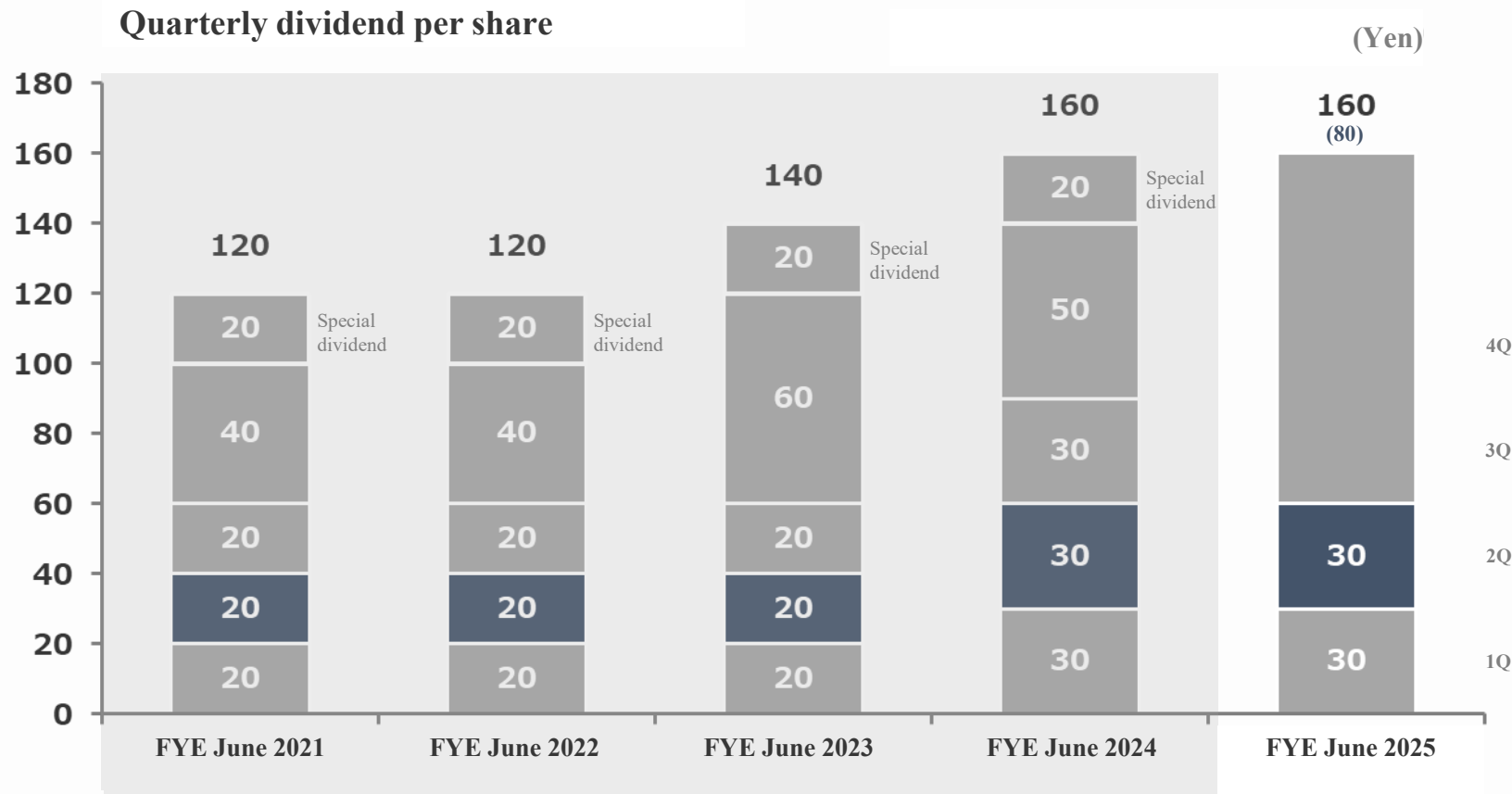
Forecast of Financial Results for the Fiscal Year Ending June 30, 2025

(Million yen)

	FYE June 2024 (Non-consolidated)	FYE June 2024 Forecast (Consolidated)	Change	Rate of change from previous FY
Net sales	17,942	19,500	1,557	8.7%
Operating profit	2,372	2,550	177	7.5%
Ordinary profit	2,534	2,545	10	0.4%
Profit attributable to owners of parent	1,949	1,950	0	0.0%
Annual dividend	160	80 (160)		

* Up to FYE June 2024, figures for KOZO KEIKAKU ENGINEERING Inc. are listed.

* Due to a stock split (split ratio of 1:2) with a record date of February 28, 2025, the forecast annual dividend per share was set to 80 yen. This is a change due to an increase in the total number of outstanding shares. There is no change to the effective dividend amount.



* Up to FYE June 2024, figures for KOZO KEIKAKU ENGINEERING Inc. are listed.

* At the Board of Directors meeting held on January 27, 2025, the Board resolved to carry out a stock split (split ratio of 1:2) with a record date of February 28, 2025. As a result, the dividend per share was set to 80 yen, however, as this is a change due to an increase in the total number of outstanding shares, there is no change to the effective dividend amount. Also note that as the interim dividend for FYE June 2025 has a record date of December 31, 2024, it is not impacted by the stock split.

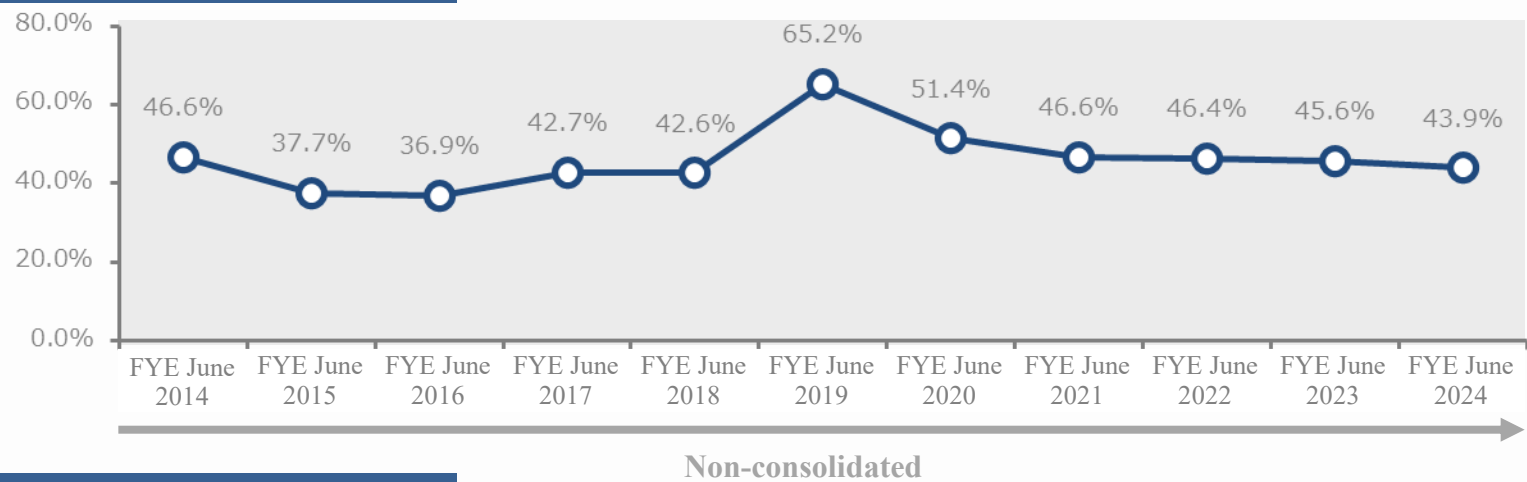
Basic Policy on Profit Distribution

- Paying continuous and stable dividends while taking into account the needs for internal reserves for the strengthening of management base and future business development

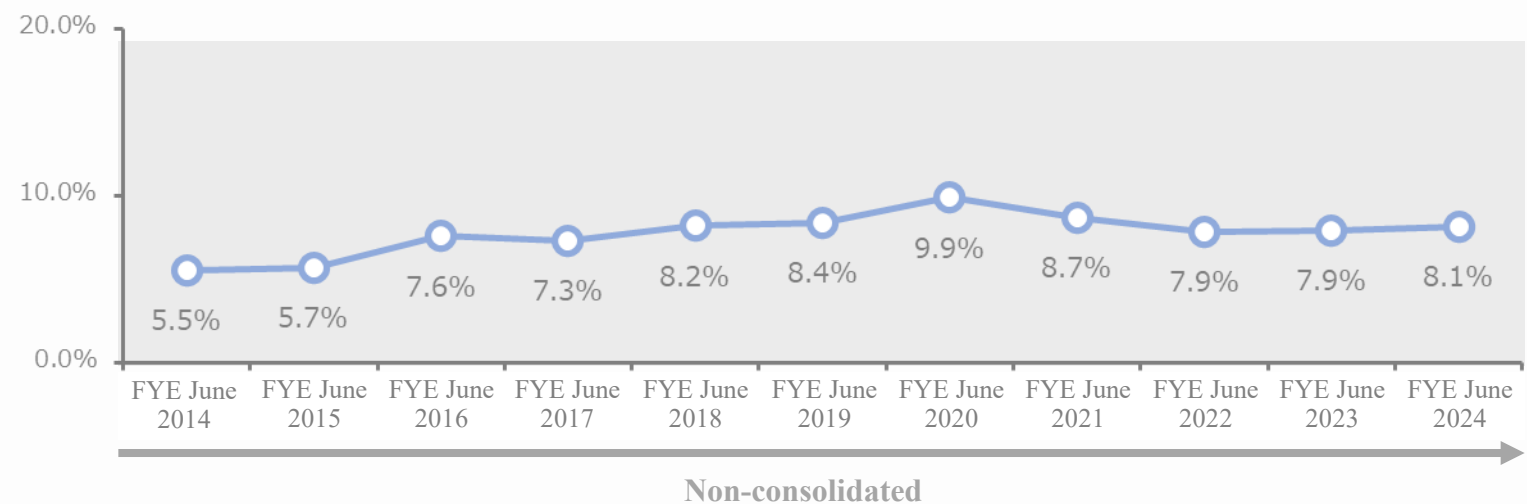
Targets	Consolidated payout ratio	Approx. 50%
	Consolidated DOE (dividends on equity ratio)	Approx. 8%

Formula: Consolidated DOE = $\frac{\text{Dividend per share}}{\text{Consolidated net assets per share}}$

Dividend payout ratio



DOE



Factors that may impact the forecasts

Revenue recognition timing

Possibility that **the timing of revenue recognition will be delayed due to the overall construction delays** caused by rising material costs and increasing labor expenses.



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.

Factors that may impact the forecasts

Difference in the timing of the recording of sales

Possibility of **postponed timing in the recording of sales impacted by overall construction delays** due to sharply rising material prices and personnel expenses

Segmentalize contracts and take other actions to avoid being affected by external factors.

Impact of External Factors on Offshore Wind Power

Overseas: Contraction of plans, etc.

Domestic: Posting of losses due to deteriorating project profitability from rising construction costs

Businesses starting to withdraw from participating in bids

Ensuring the reliable execution of onshore wind projects, which constitute the majority of projects, while maintaining flexibility in response to changes in the offshore wind environment.

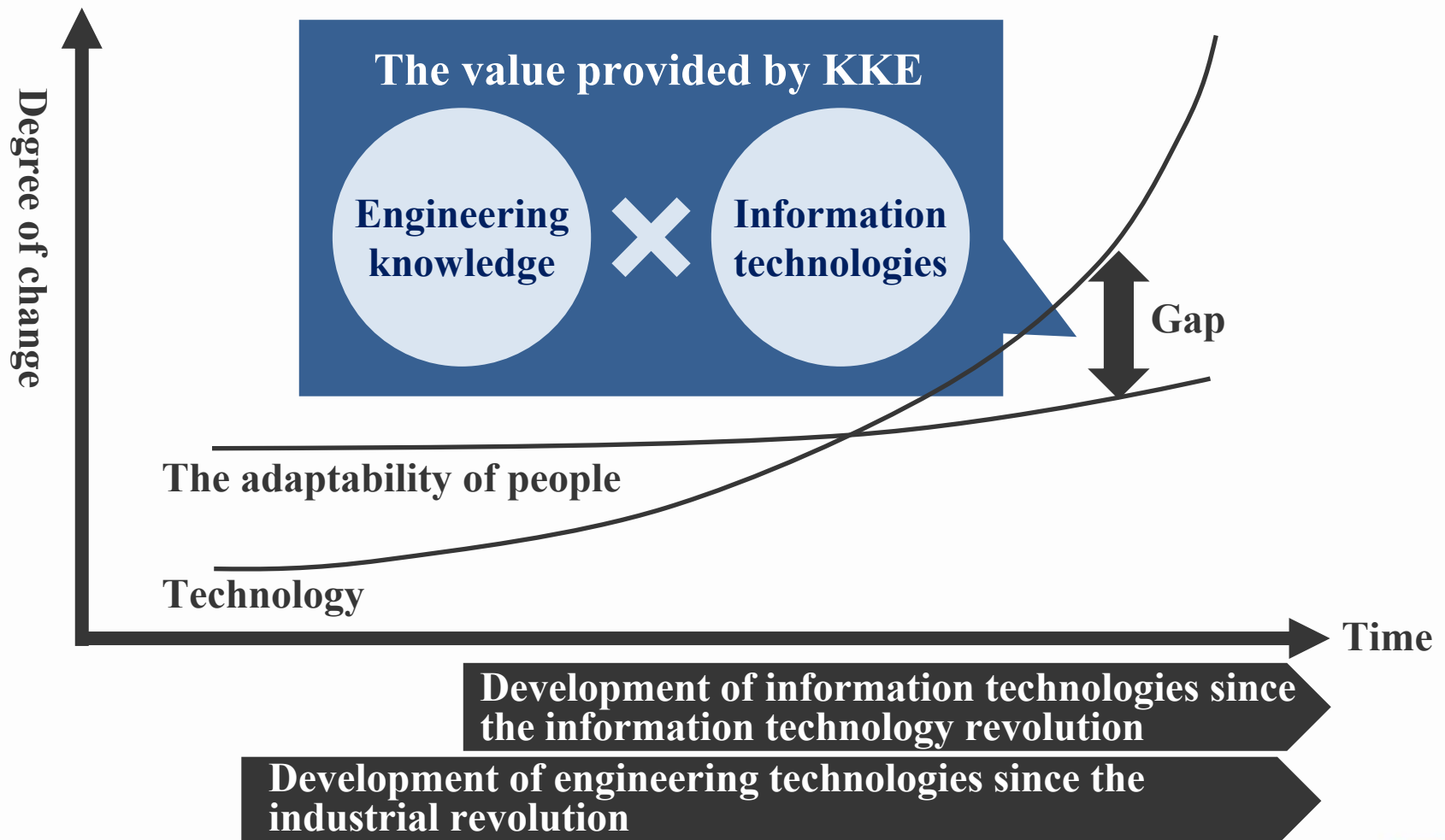
➡ **No impact on financial results forecasts for the fiscal year under review**

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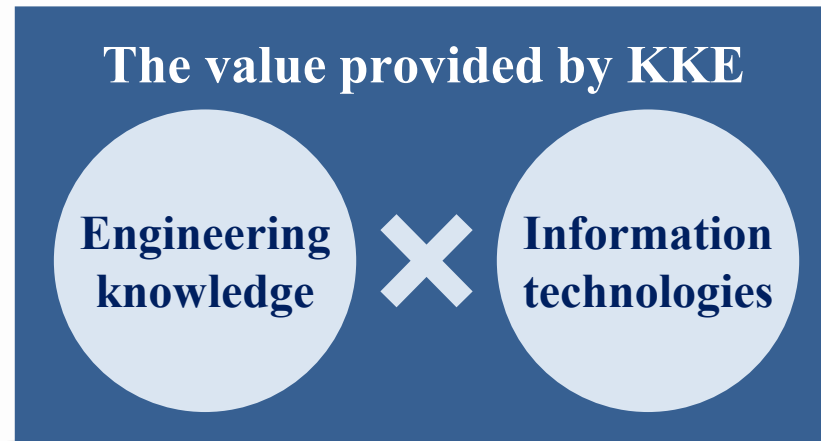
Our Past and Future as a Knowledge-Intensive Company



Since its founding, KKE has combined engineering knowledge with information technologies to provide value that is useful to society



Collaboration with the academic community and the proactive adoption of outstanding international achievements to contribute to a high-value-added society



Collaboration with the
academic community

Collaboration with
overseas partners

- 1956** **Established as a venture company originating at a university**
- 1959**
-1960 **Visit to University of Illinois**
- 1961** **Introduction of the IBM1620**
- 1963** **Participation as part of the Japanese academic delegation at the International OR Conference held in Oslo**
- 1969** **ILC established in San Francisco**
- 1970** **Cooperation with overseas architects at the Osaka Expo**
- 1971** **State-backed Nippon Mini-Computer Corporation established**



IBM1620

From the outset, outcomes from industry - academia collaboration have been announced at academic conferences and similar events

1970 *Chūō Kōron* Special Feature on "12 Architects of Modern Architecture"

Sachio Otani

Takamitsu Azuma

Fumihiko Maki

Hiroshi Hara

Masato Otaka

Makoto Hattori



Kisho Kurokawa

Chiyoji Misawa

Kiyonori Kikutake

Toshio Ojima

Arata Isozaki

Yoshio Higashikata

1970 *Chūō Kōron* Special Feature on "12 Architects of Modern Architecture"

From an early stage Makoto Hattori was known in architectural circles as **a pioneer in introducing computers to the field of structural design in architecture.** Recently, the export of that software to the United States brought public attention to Hattori, making him even more well-known as a computer expert.

His consistent goal has been to treat architecture as a subject of systems analysis. The result has been the STAN project, a large-scale structural design system, and **the exploration of an architectural design system that utilizes computer graphics in an interactive mode.**

The great architects who leave a mark on history have all viewed architecture as unique systems in their own ways, but those views tend to be overshadowed by the magnificent designs they create in the physical space.

Hattori, on the other hand, shed light on the true structural framework of architecture through the ruthless machine that is the computer. Architects now appear to be diverging in two distinct directions: the builders of systems in an abstract world, and the artists who embody those systems through structural expression. The question is which of the two camps will be the true successors to the lineage of architects.

Fujio Shima

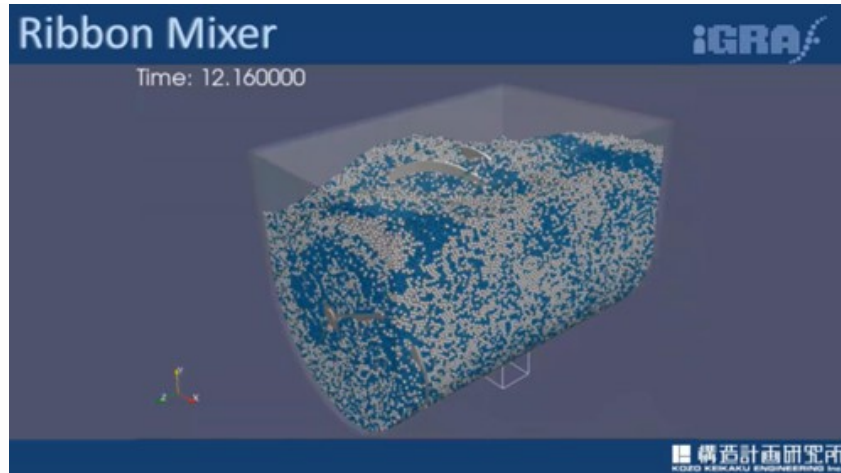


Source: *Chūō Kōron* (August 1970 Special Edition Issue No. 996) Makoto Hattori: <12 Architects of Modern Architecture>
Part 8: The System Designer

<https://www.kke-hd.co.jp/>

Initiatives with the Academic Community Turning the Seeds of Technology Created from Industry-Academia Collaboration into Valuable Solutions

Powder and fluid simulation software



- **iGRAF was developed with Professor Sakai from the University of Tokyo, an authority in the field of powder simulation, as a special technical advisor**



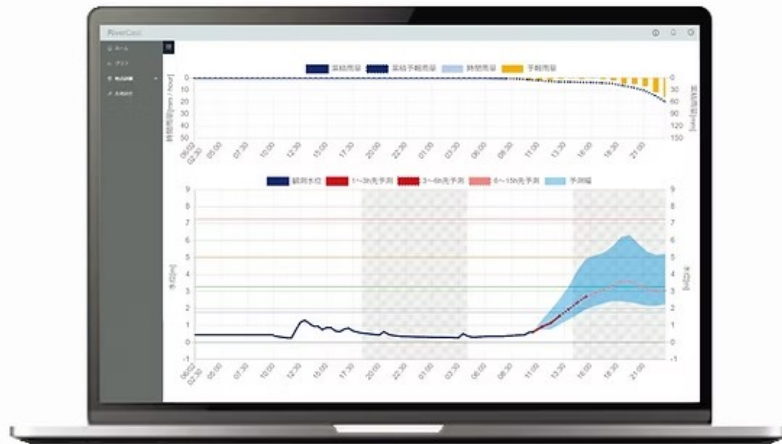
Professor Mikio Sakai, Department of Nuclear Engineering and Management, Graduate School of Engineering, The University of Tokyo

Providing technologies to streamline manufacturing processes based on quantitative analysis

- **Shifting from manufacturing that relies on experience and intuition to manufacturing informed by theory**
- **Shifting from manufacturing that consumes large amounts of energy to manufacturing that reduces environmental impact**

Initiatives with the Academic Community Turning the Seeds of Technology Created from Industry-Academia Collaboration into Valuable Solutions

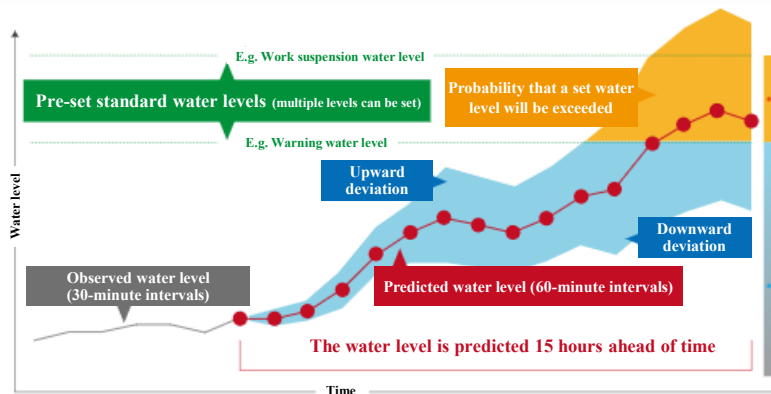
Cloud-based system to predict river water levels



- Water level prediction methods were developed at the Social Collaboration Research Division established with the Institute of Industrial Science at the University of Tokyo, together with professor Kazuyuki Aihara, a leading figure in complex systems and chaos
- RiverCast is an application of these water level prediction technologies



Professor Kazuyuki Aihara, Distinguished Professor, Professor Emeritus, The University of Tokyo



Alert notification email

When the water level is predicted to exceed a chosen **standard water level**, notification of this is sent via email

Notifications are sent at **30-minute intervals** when the prediction results are updated

Regular notification emails

At a chosen time each day, a notification of observed water level and **predicted water level** information is sent via email

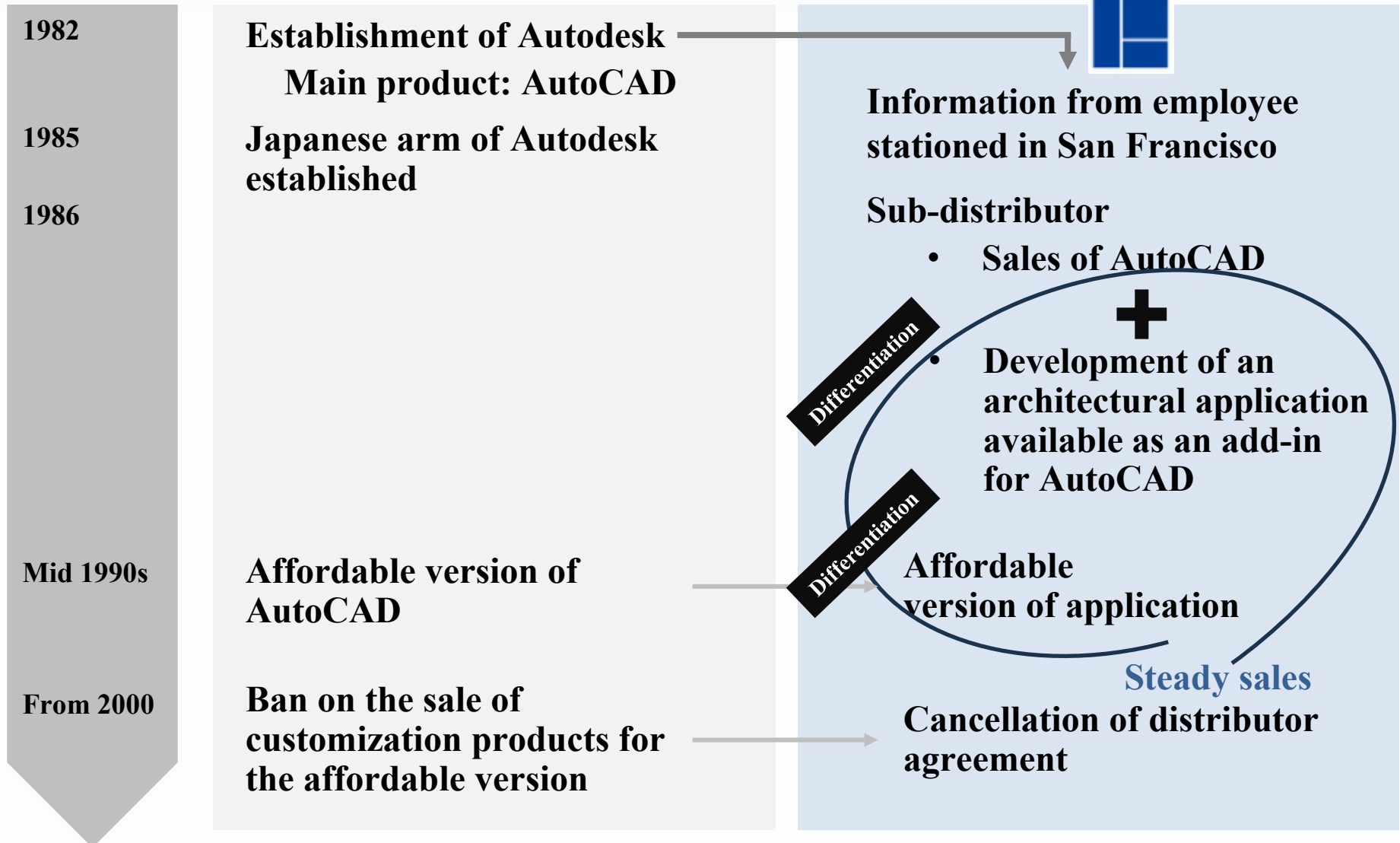
The email delivery time can be specified in **60-minute intervals**

Mitigating the damage from climate disasters

- The first step to achieving this is to encourage its adoption in society

Initiatives with Overseas Partners

Initiatives with Startups - Early Challenges



Pritsker Corp. Led by Alan B. Pritsker, Professor of Purdue University, the US. He developed and marketed the cutting-edge general purpose simulation tool **SLAM** together with engineers who were mostly his students.

1983 Requested by NTT to research simulation tools to evaluate a communication system that can operate on any computer

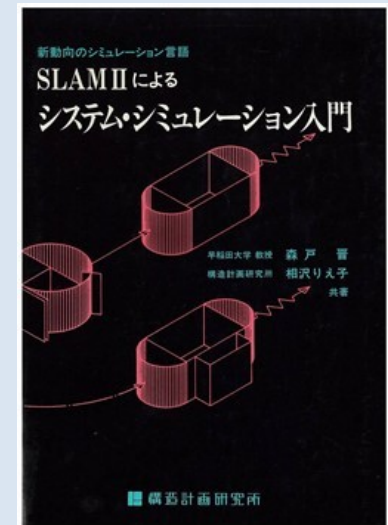
Literary research led to Professor Pritsker

1984 Meeting with Professor Pritsker

1985 Formed an alliance for the exclusive sales of SLAM II and roll-out of the modeling consulting business in Japan, similar to operations in the US

Directly learned SLAM modeling technologies from Pritsker Corp.

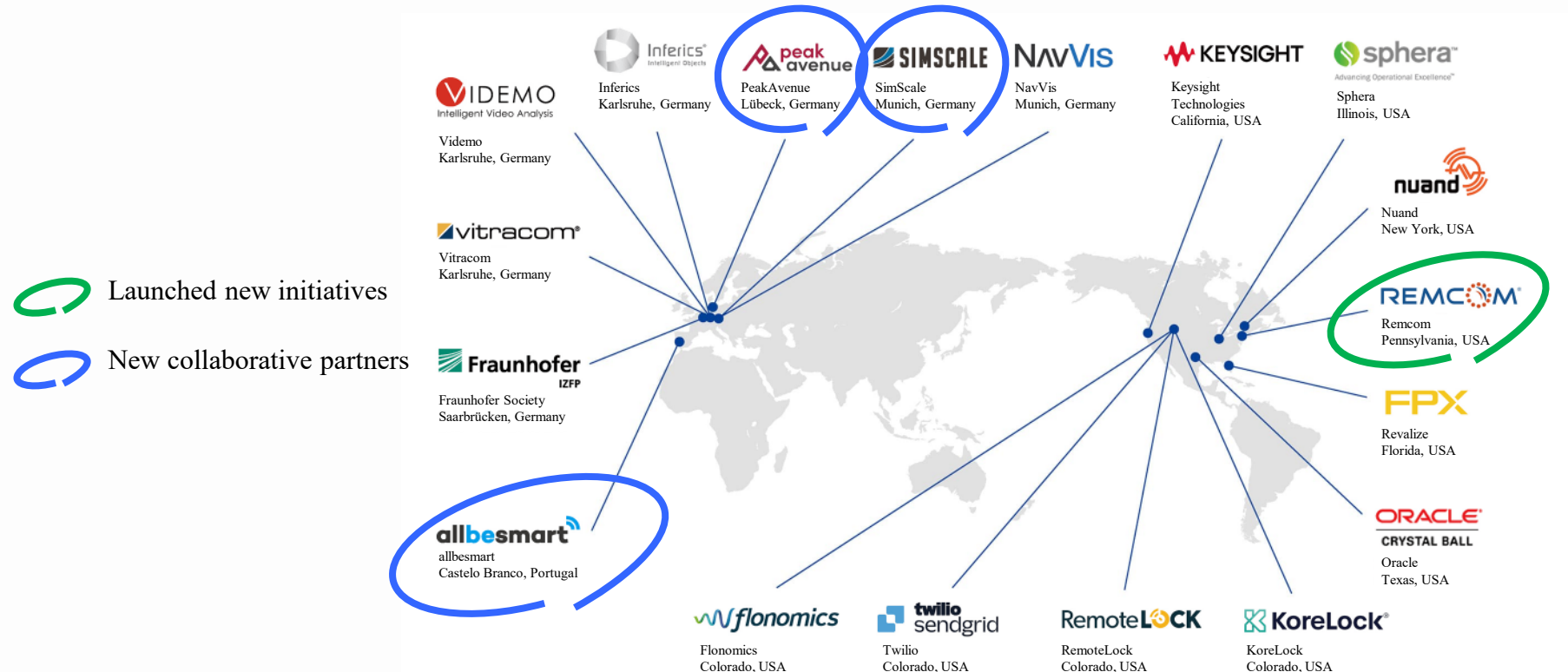
1986 Published an introductory textbook together with Professor Susumu Morito of Waseda University after meeting through OR Society activities



Initiatives with overseas startups

Three effects

- Introduction of new technologies and services not available in Japan
- Risk mitigation through collaboration with overseas startups
- No conflicts with Japanese markets



Initiatives with Overseas Partners

Taking on the Challenge of New Businesses

Joint development



Software company based in Pennsylvania, USA

<Analysis software>



Electromagnetic
fields



Radio wave propagation



Millimeter-wave
scattering

From the mid-2000s

Began distributor sales

- Only distributor in Japan
- Feedback through technological exchange

From 2023

Began joint development

Aiming for the next stage under a relationship of trust cultivated over many years

Collaboration with startups

Began collaborating with two German startups and one Portuguese startup



SimScale
Munich, Germany



The industry's first entirely
cloud-based CAE platform



PeakAvenue
Lübeck, Germany



Software achieving the global
standard in data-driven quality
management



allbesmart
Castelo Branco, Portugal



OAI-based 5G
communications environment
in an all-in package

In addition to collaboration with the academic community and overseas partners, we have achieved high added value by utilizing information technology through the integration of computer hardware and software

1959-1960	Visit to University of Illinois
1961	Introduced the IBM1620
1967	Developed the three-dimensional frame structural analysis software STAN
1970	Introduced the minicomputer
1970	Took part in establishment of the Software Industry Promotion Association Chaired the association from 1972 to 1983
1971	Established state-backed Nippon Mini-Computer Corporation

Utilization of information technologies based on engineering knowledge expanded business domains

Business, society and communities

- Decision-making support
- Disaster evacuation simulation
- Human flow measurement and behavior analysis
- Radio wave propagation and electromagnetic field analysis
- Optimization planning
- Supporting business continuity management (BCM)
- Cloud email distribution

Nature

- Wind environment assessment
- Earthquake mechanisms
- Analysis of the propagation of seismic vibrations
- Ocean and river current assessment
- Flood and tsunami simulation

Structures

- Structural design
- Design of seismic isolation and damping systems
- Disaster control facility design
- Structural design of bridges and viaducts

Evolution of Computers

- **1960s ~ Mainframes**
 - **1970s ~ Minicomputers and Workstations**
 - **1980s ~ Widespread adoption of personal computers**

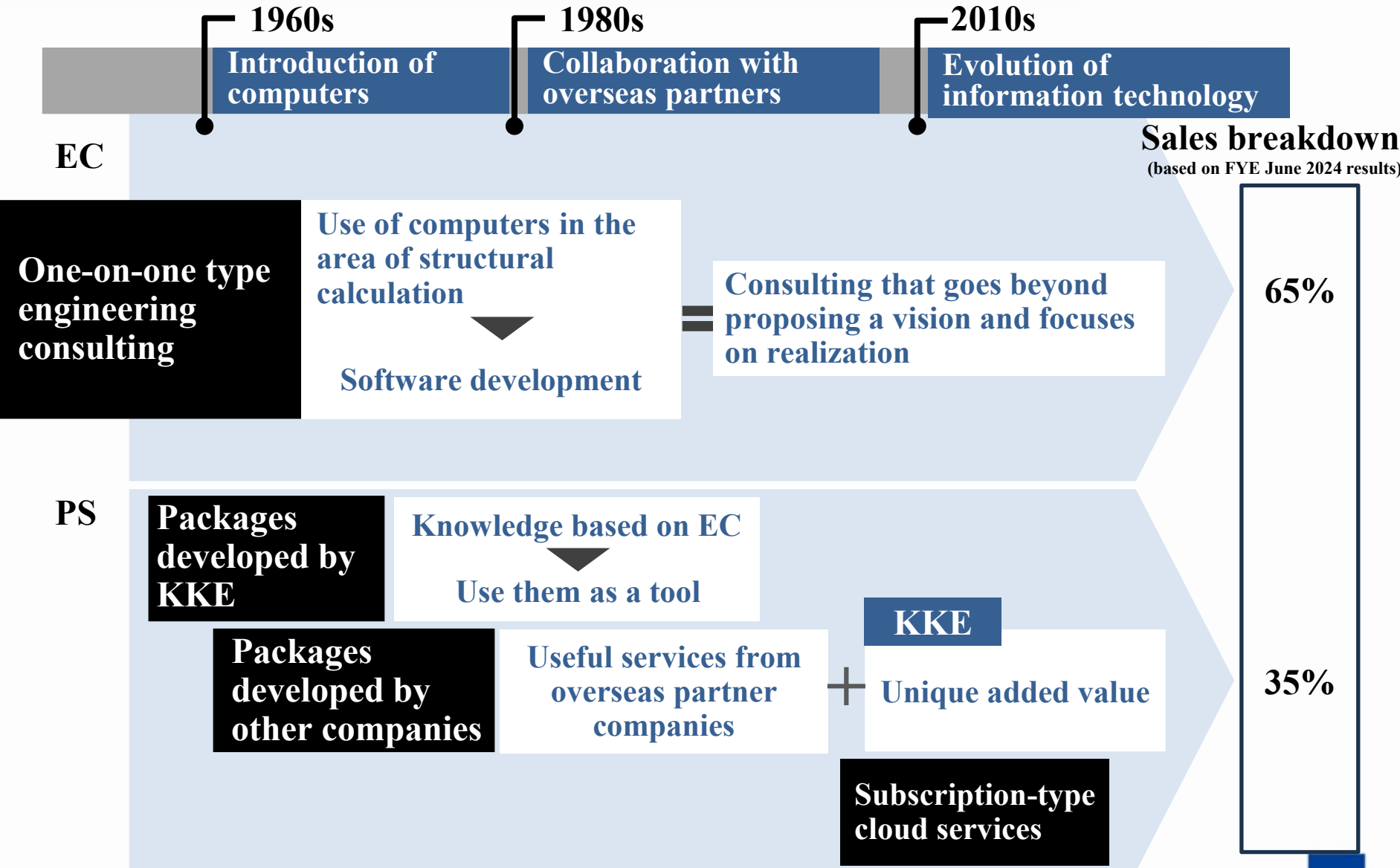
Spread of Networks

- **1970s ~ Ethernet**
 - **1980s ~ Widespread adoption of the Internet**
 - **2000s ~ Widespread adoption of cloud computing**
 - **2010s ~ Widespread adoption of IoT**

Evolution of Interfaces

- **2007 ~ Emergence of the iPhone**

The Expanding Ways Services Are Provided



The expansion of overseas startup businesses in Japan has driven growth since beginning about 10 years ago

Twilio
SendGrid

Cloud-based e-mail delivery service

RemoteLOCK

Cloud-based entry/exit control system

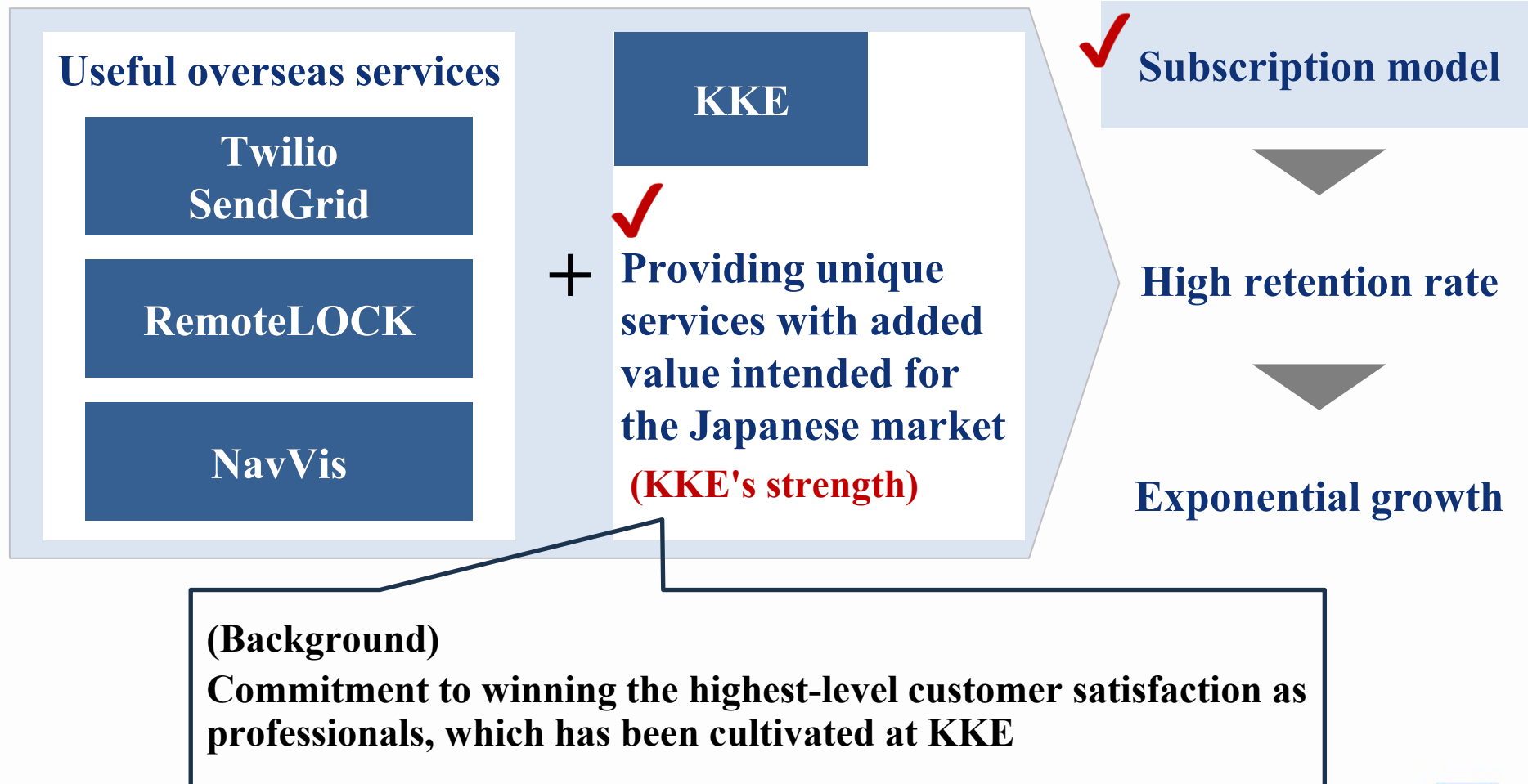
NavVis

3D site data platform

Capital
relationship

Capital
relationship

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.



A platform that manages the facility entry of multiple users over the cloud.
Collaborative creation with many different partners through open innovation.

Customers

Accommodations

Local
governments

Commercial
facilities


Users


At least 100,000
entries per day





Access management solutions
(Open platform)

System collaboration with
different types of services


システム



Reservation
and payment
system



Accommodation
management
system



Unstaffed
reception system


In coordination with more
than 60 open services


Hardware collaboration


Smart lock


Smart key box



Automatic door



エレ



Gate into the
parking place


Enhanced methods of access


PIN code


IC card


QR code

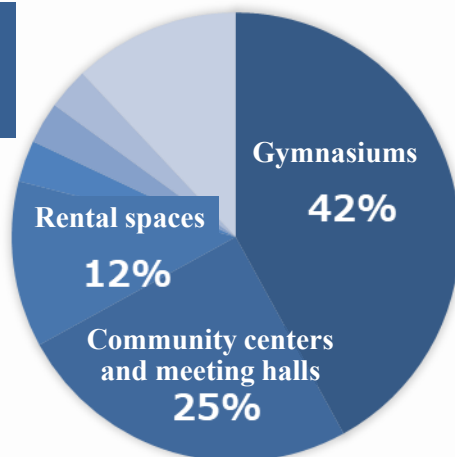

App-based
unlocking


Facial
recognition

Growth of customers

Local governments in Japan

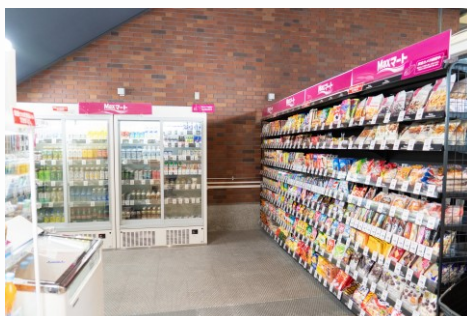
123 local governments



Attributes and percentages of local government facilities introducing RemoteLOCK (based on the number of adoptions)

Commercial facilities

Adoption at unstaffed
Max Mart stores

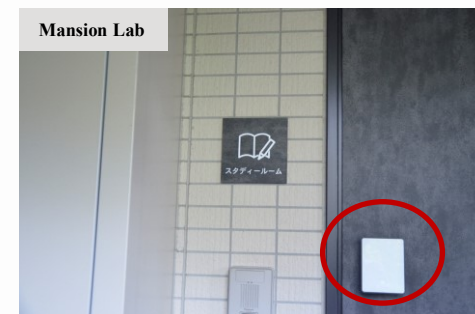


Max Mart Suzuka University of Medical Science
Chiyoazaki Campus branch
(Image credit: Suzuka University of Medical Science)

<https://www.kke-hd.co.jp/>

Service integration

Reservation management for peripheral facilities through integration with the Mcloud dedicated groupware for condominium management associations



RemoteLOCK 8j device installed on a door
(Photo credit: Mansion Lab)

Enhanced methods of access

Addition of features to integrate with Apple Wallet and Google Wallet



From sales of measurement instruments to consulting and system development utilizing 3D data, KKE provides a series of services for the 3D conversion of sites



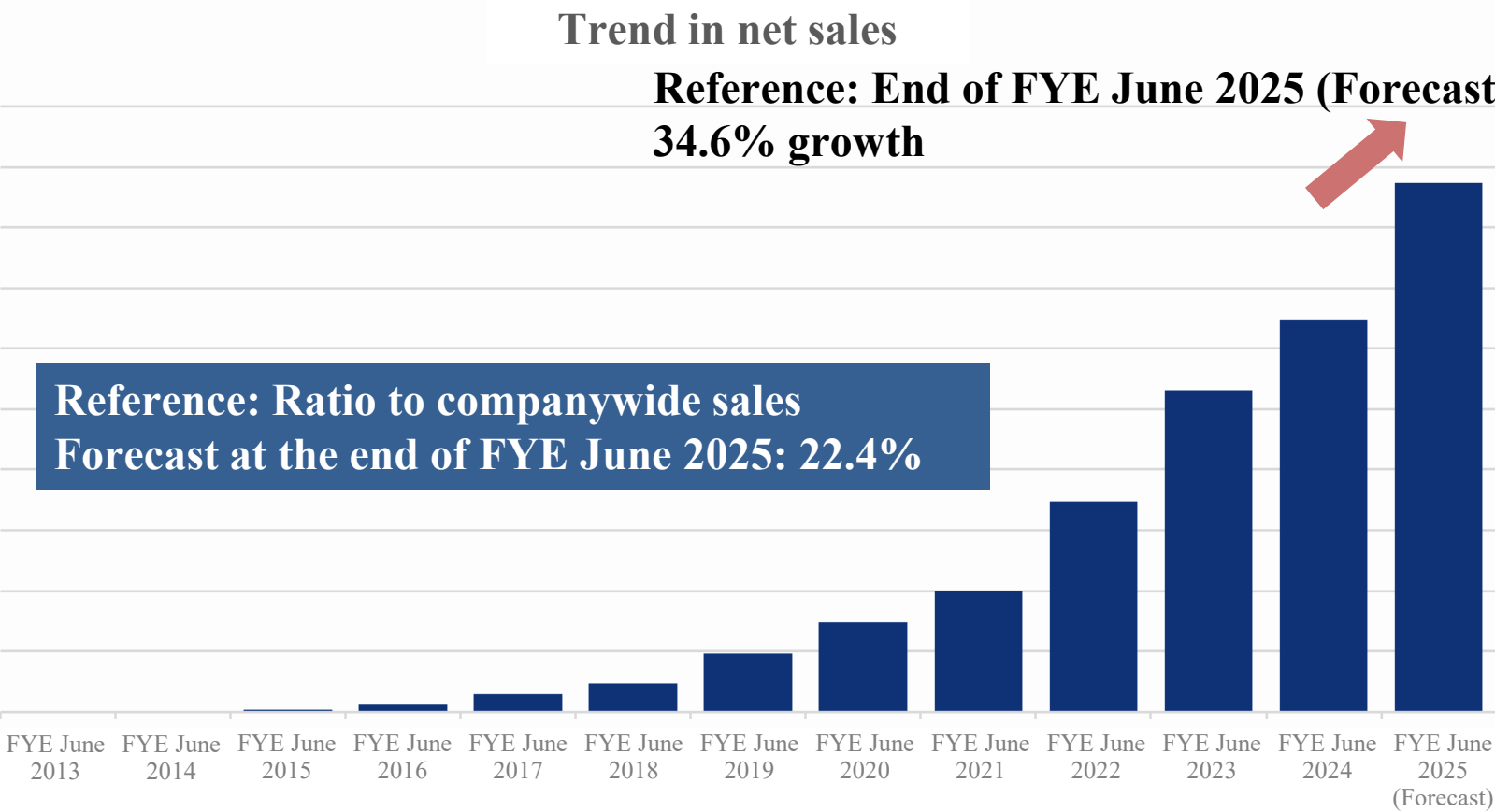
Rolling out a range of services from 3D data acquisition to utilization

- Digitizing sites through the sale of measurement instruments and provision of measurement services
- Supporting the global use of 3D data through cloud services
- Responding to customers' individual needs through consulting
- Developing in-house products based on the knowledge gained from consulting activities

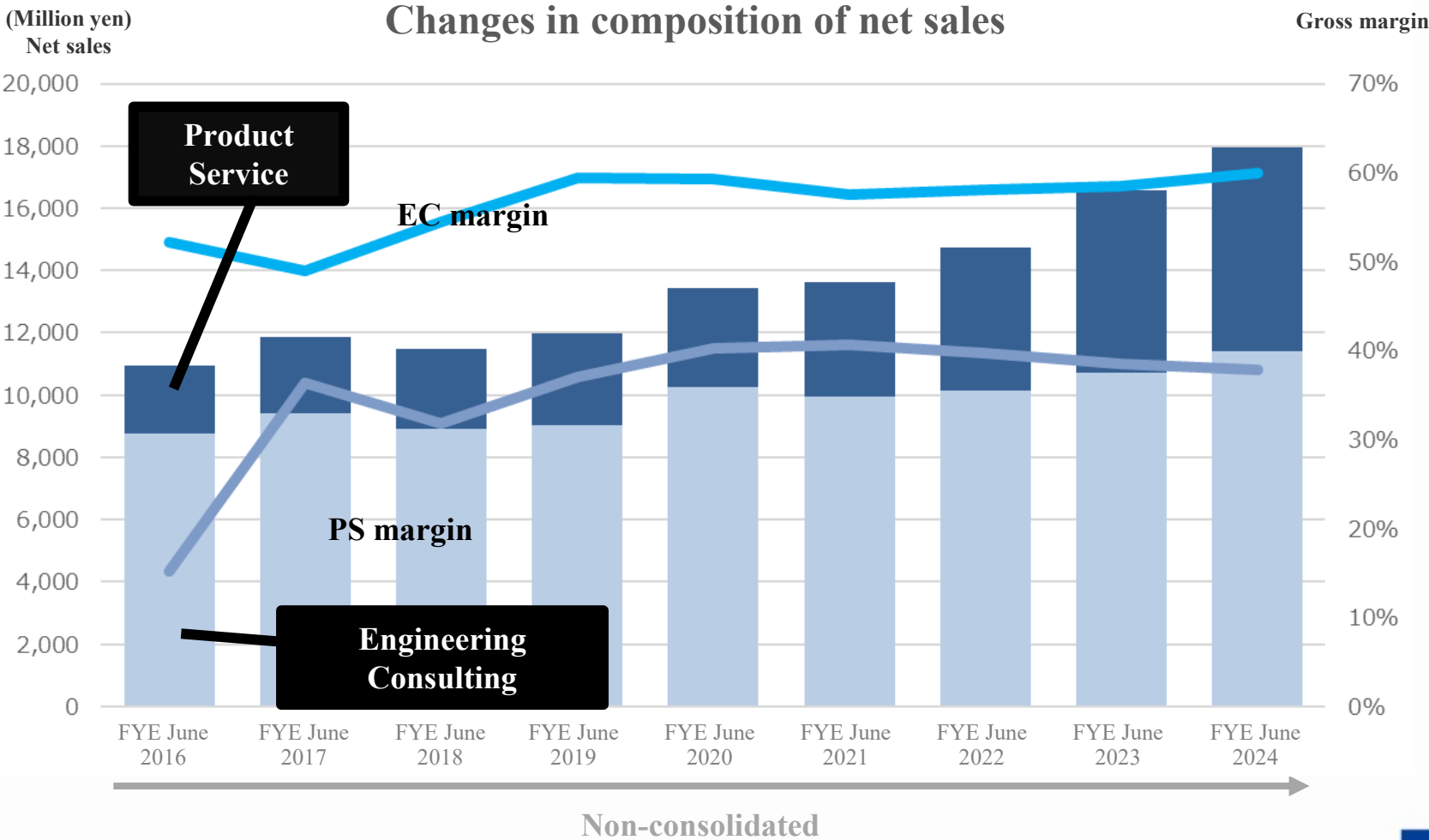
- Release of a new handheld 3D scanner product
- Joint hosting of KKE NavVis Summit Japan 2024 together with Germany-based NavVis. Unveiling of new products and sharing examples of utilization from users.



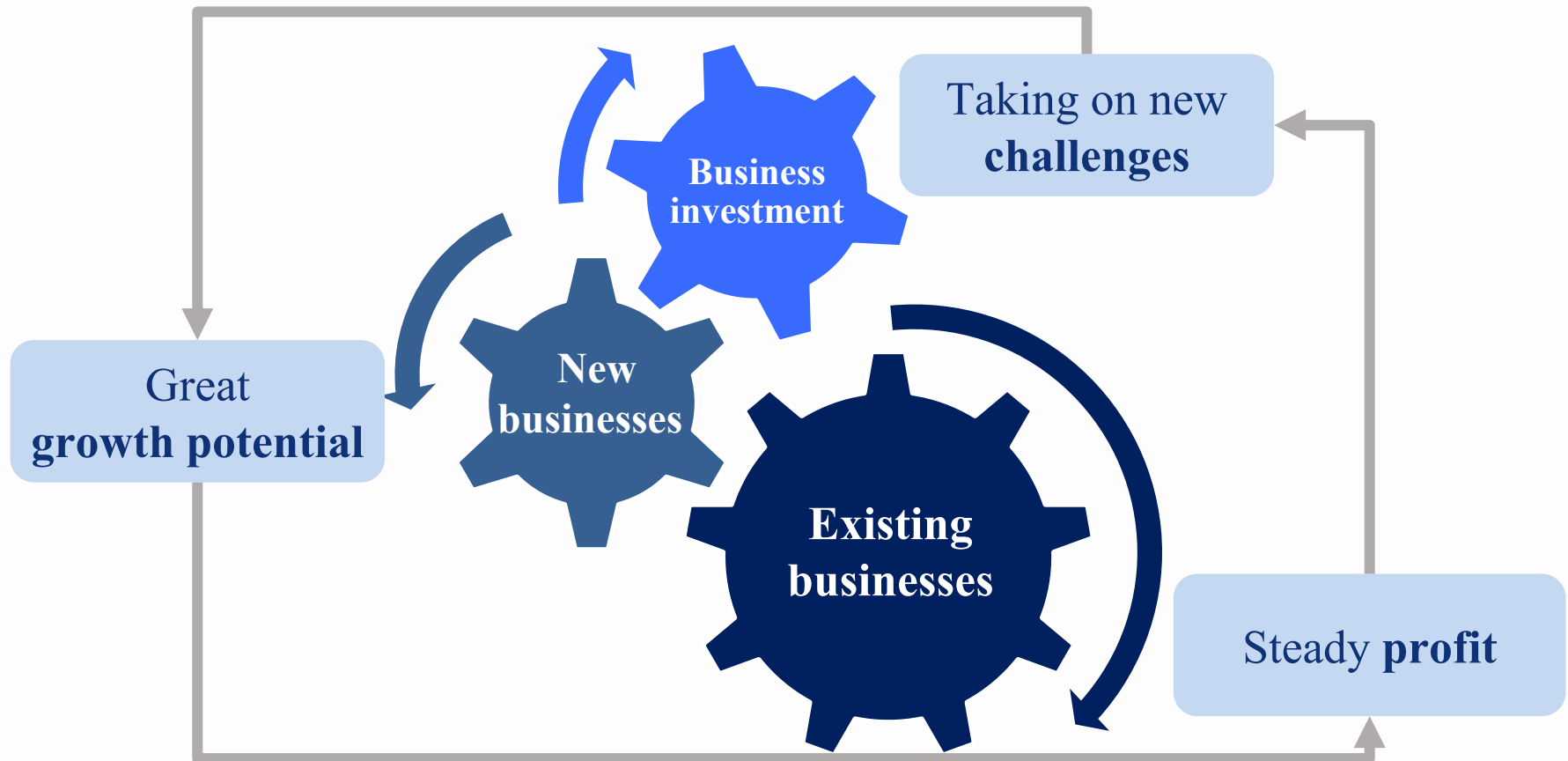
The growth of the products services is driven by three businesses in collaboration with overseas partners, SendGrid, RemoteLOCK and NavVis.



Consistently high profitability from engineering consulting enables the launch of new businesses



Maintaining the high added value of engineering consulting services and ensuring steady growth supports the strong growth of cloud services and exploration of next-generation businesses

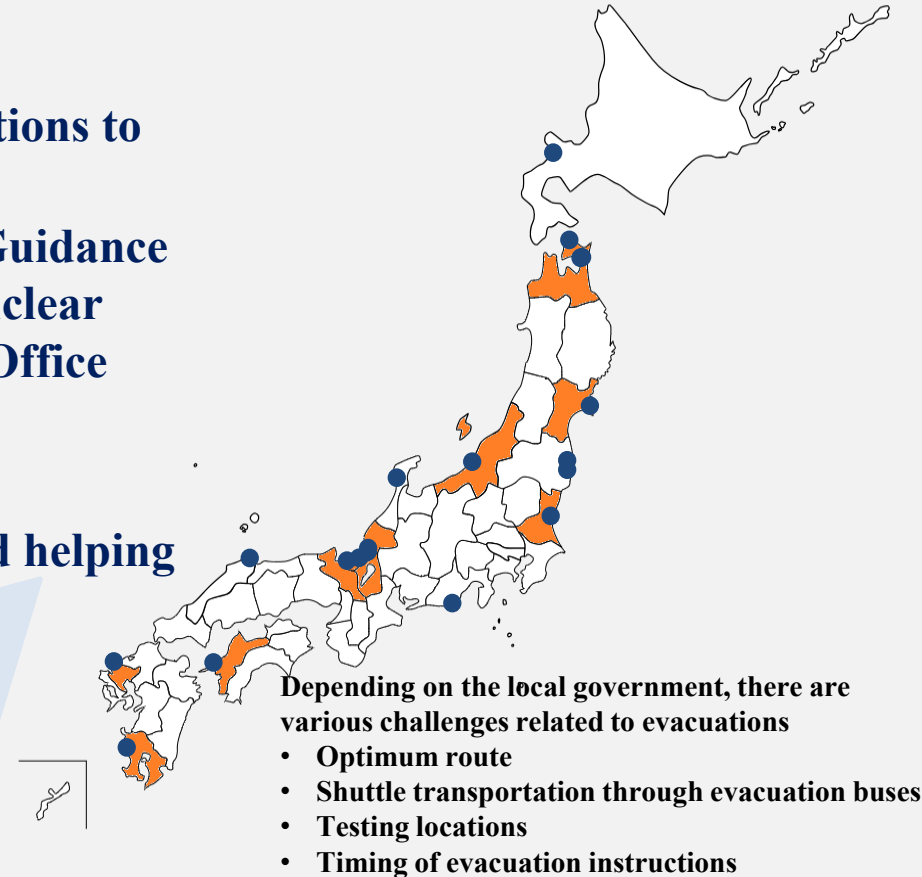


To maintain high added value and ensure steady growth

- ☐ **Thorough commitment to quality**
- ☐ **Experience curve effect**
- ☐ **Making new proposals by improving added value**

Leveraging the knowledge and technologies it has cultivated through people flow, disaster prevention and traffic simulations operations, KKE helps formulate evacuation plans for nuclear disasters and facilitate smooth evacuations

- Providing support for evacuation simulations to multiple local governments
- Providing support for "Formulation of Guidance for Estimating Evacuation Times in a Nuclear Disaster" commissioned by the Cabinet Office and other government agencies
- Identifying issues based on evacuation simulations reflecting concrete plans, and helping verify the effects of countermeasures
- Evaluating projects to facilitate smooth evacuations



Expansion into the formulation of evacuation plans for large-scale and wide-area traffic evacuations, such as when volcanic eruptions occur

The Teachings of Ikujiro Nonaka

Ikujiro Nonaka

Professor Emeritus, Hitotsubashi University, Distinguished Professor Emeritus, University of California, Berkeley, Member of The Japan Academy. Former Chairman of the Academic Association for Organizational Science. The foremost authority on knowledge management who spread the theory of knowledge creation around the world.

■ 2012 KKE VISION

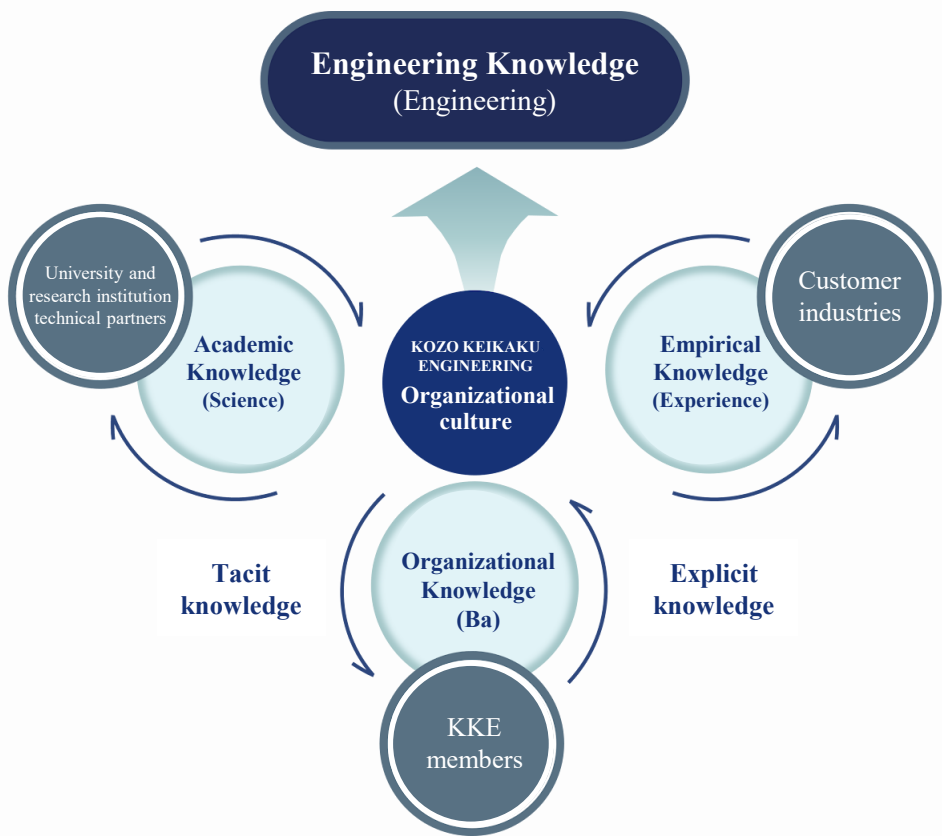
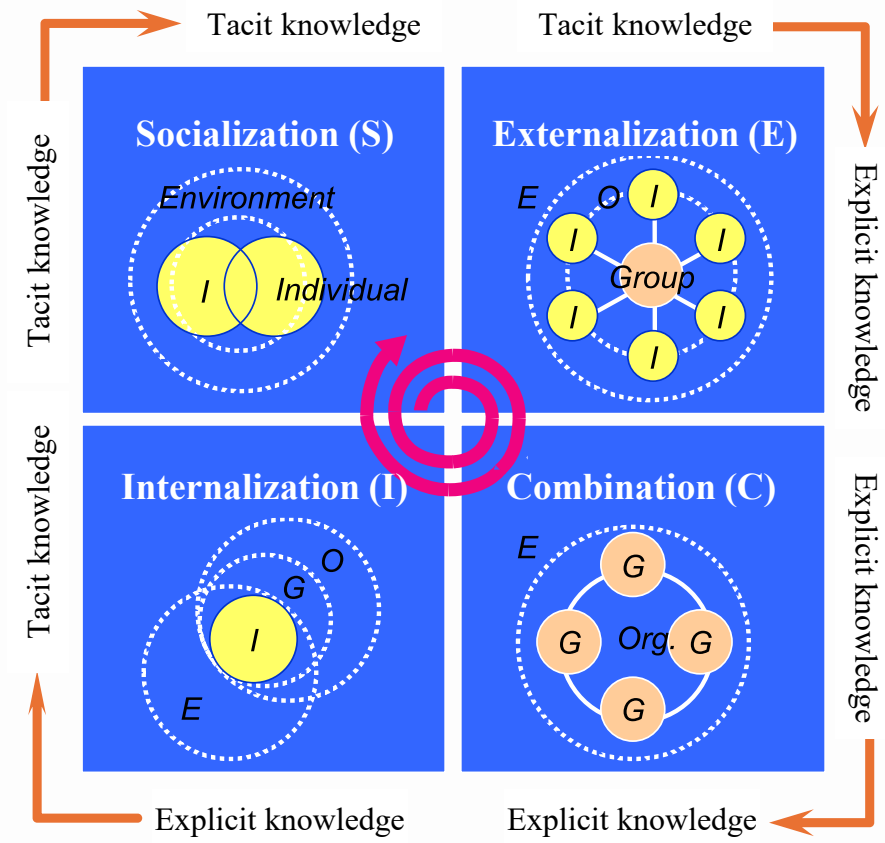
Leadership of a sustainable innovation company

■ 2013 Internal Forum

Practical knowledge leadership to create the future

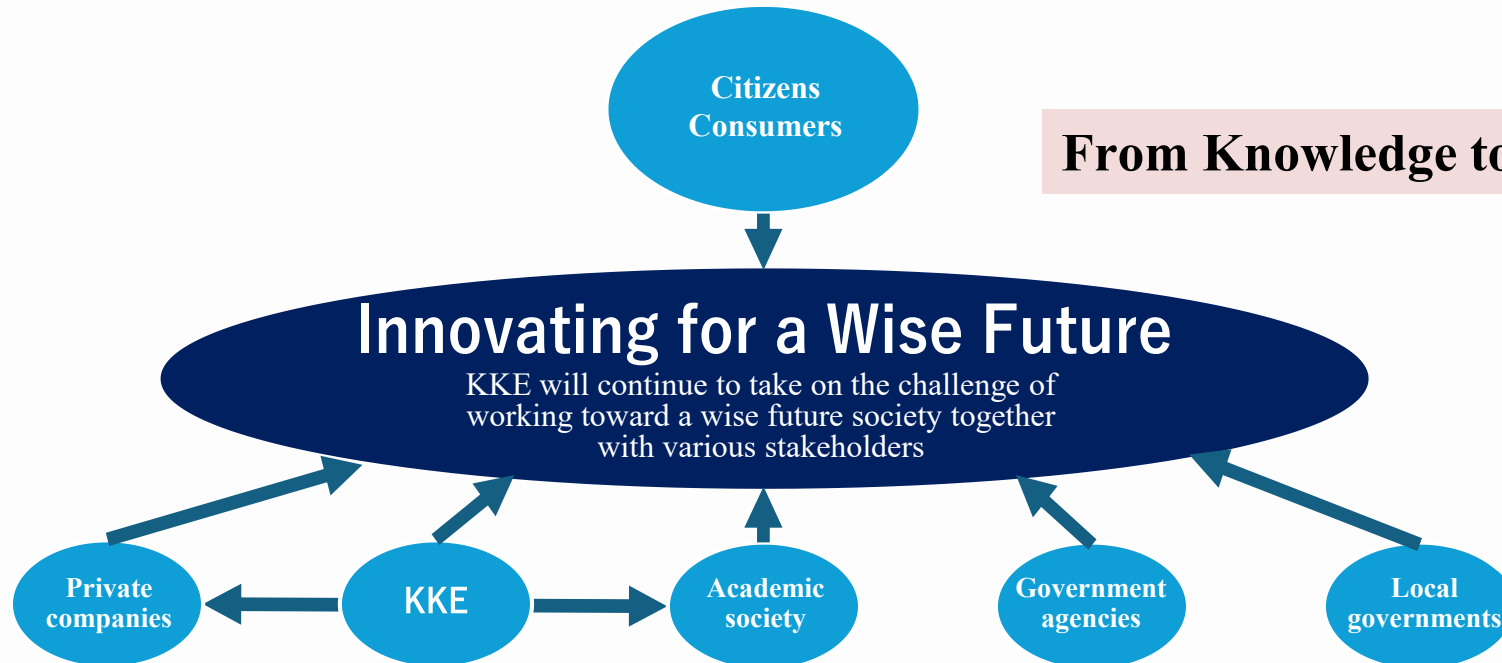
■ 2019 Year-end Party

Innovating for a Wise Future: Becoming a Wise Company

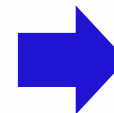


Knowledge is created through relationships.
Through collaboration between industry, government, academia and society,
organizational barriers will be overcome.

From Knowledge to Wisdom



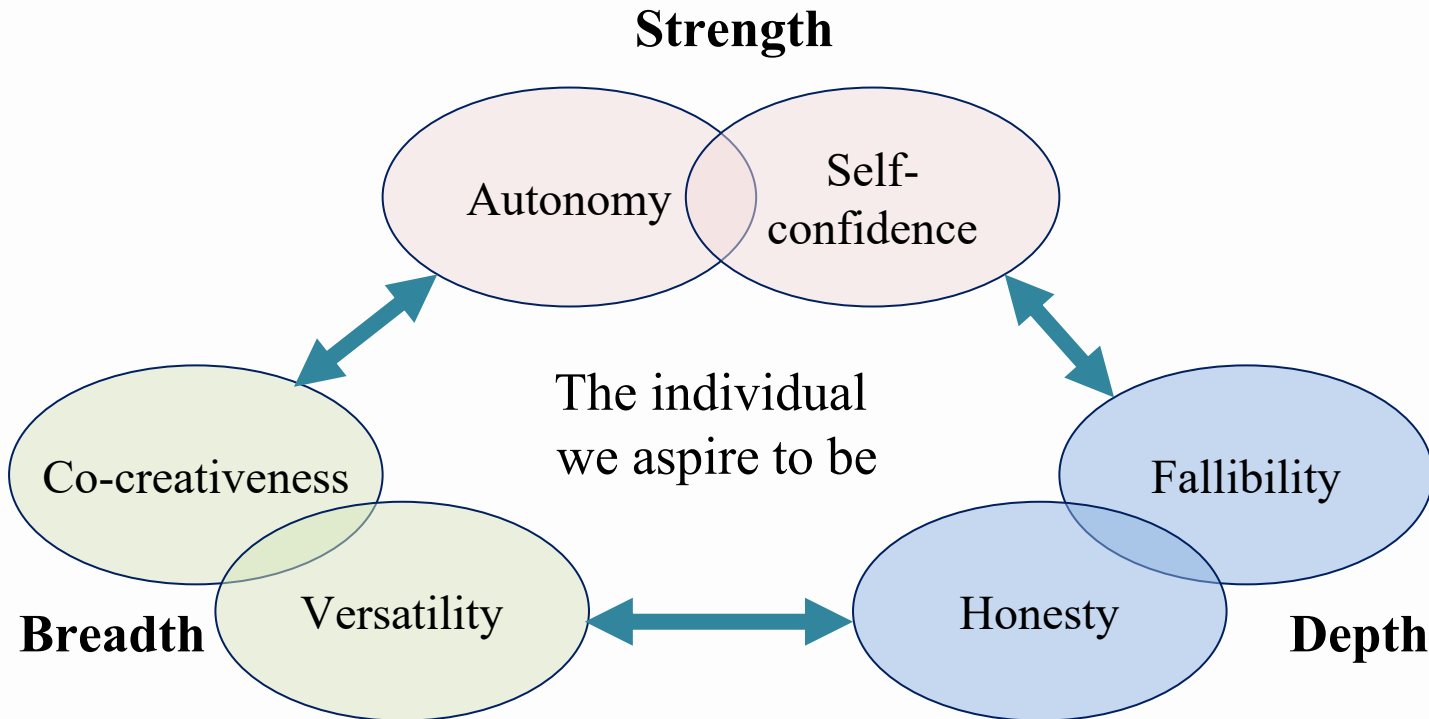
A comprehensive engineering company
that forms a bridge between the academic and industrial
worlds



**A knowledge-intensive
company in the 21st century**

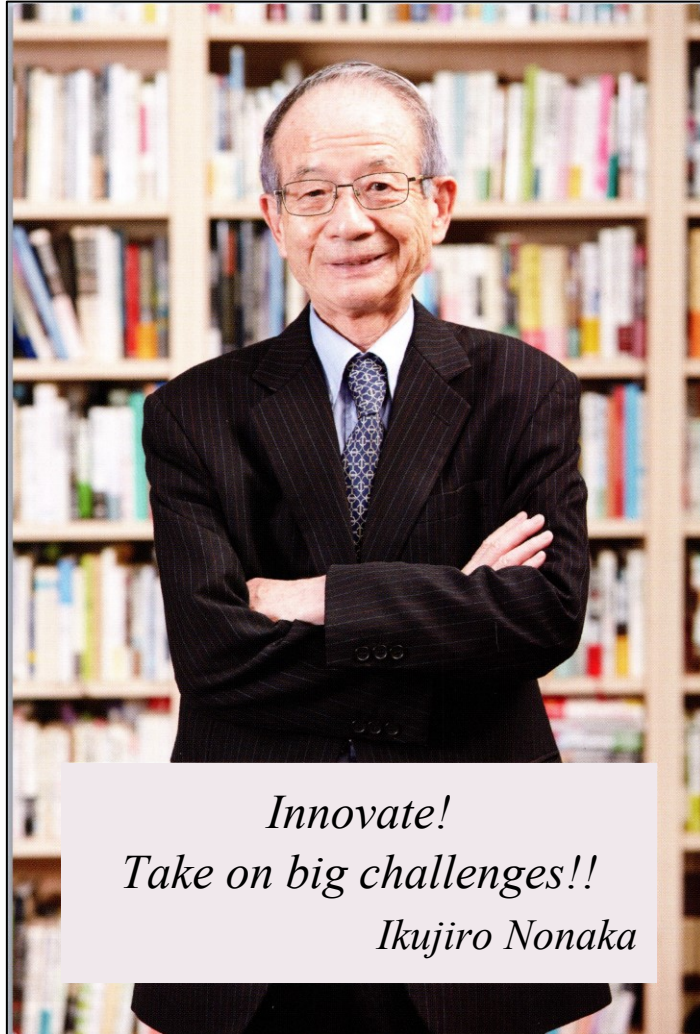
Shifting from Either/Or to Both/And

Rather than viewing things and issues as being in binary opposition, view them as binary dynamics, seeking to strike balances between them and achieve overall harmony



1. **Over-analysis**
2. **Over-planning**
3. **Over-compliance**

**Isn't it now time for us to shift back from
speculative business to real business?**



Ikujiro Nonaka passed away on January 25, 2025.
It is up to us to put the thoughts he left behind into practice.

Management is a way of life.
Innovation will not come about without
questioning its meaning.
Hone your wild instincts! Cultivate wisdom!
Feel, before you think.
Innovation starts with empathy and dialogue.
Intuit the essence in the midst of reality.
People become people through relationships.
Savor encounters with different things.
Never speculate! Enter into intellectual combat
with your whole body and soul.
Form scrums to create collective knowledge.
Let's continually pursue self-transformation.
Be prepared to see things through to the end!
We are a team striving for world peace.
Let's create a narrative together for the common
good of the future.
Let's go wild!

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*Innovating for a **Wise Future***