

# Action to Implement Management That is Conscious of Cost of Capital and Stock Price

April 28, 2026

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Overview of Actions

Towards the Improvement of Corporate Value

1. Profitability Improvement
2. Appropriate Allocation of Management Resources
3. Further Enrichment of IR/SR Activities

## Revision to the Numerical Targets of the Medium-Term Management Plan

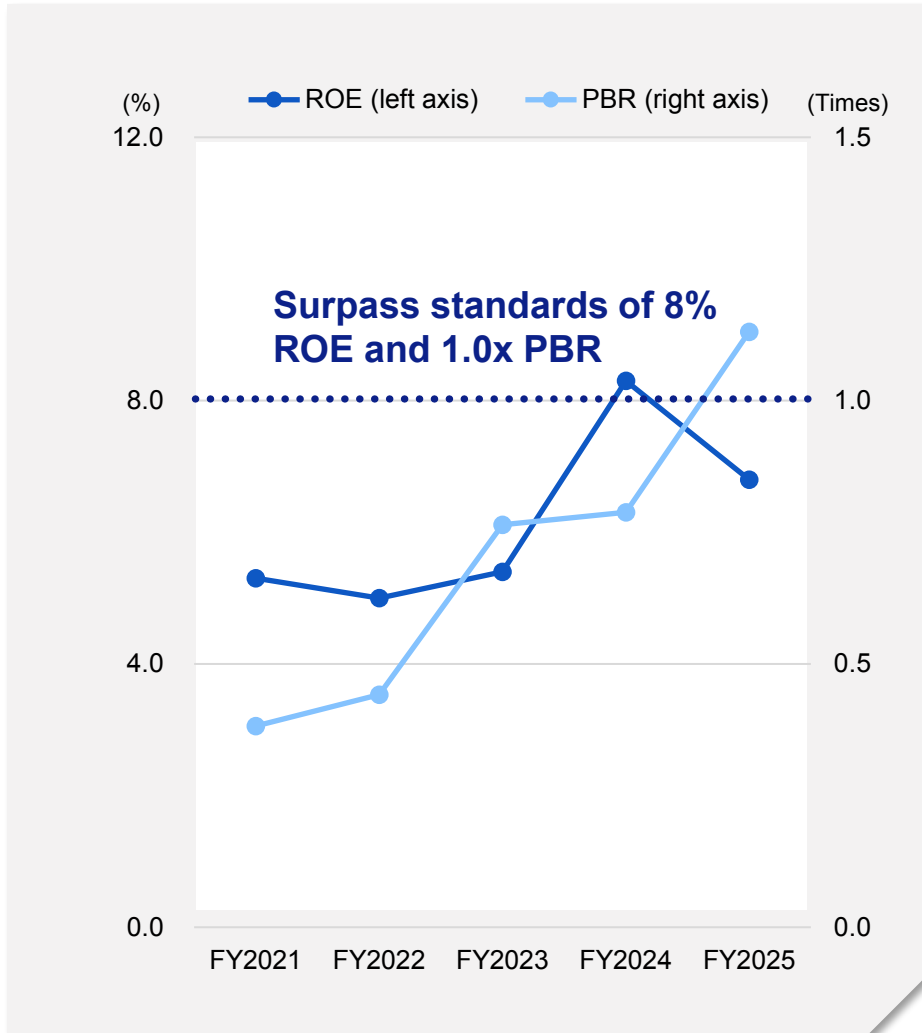
- We have revised the numerical targets of the Medium-Term Management Plan (2024–2028) as shown below to further expand earnings, following partial achievement of the targets (operating profit and ROE)
- We recognize cost of capital to be approximately 5% (based on CAPM) as of October 2025
- We have revised the ROE target to 9.0%, in light of investors' estimate of our cost of capital (in the 6% range) and other factors

	FY2024 Results	FY2028 Initial Numerical Targets	FY2028 Revised Numerical Targets	Change
Net sales	257.2 billion yen	270.0 billion yen	280.0 billion yen	+10.0 billion yen
Operating profit	16.1 billion yen	13.5 billion yen	20.0 billion yen	+6.5 billion yen
(Operating profit ratio)*	6.3 %	5.0 %	7.1 %	—
ROE	8.3 %	6.0 % or more	9.0 %	+3.0 points

\* Operating profit ratio is not a numerical target.

# PBR and ROE for the Most Recent Fiscal Year

● Trends in ROE and PBR



Analysis of current status

**ROE has declined due to temporary factors**

ROE for the most recent fiscal year (FY2025) has fallen below shareholder capital costs (in the 8% range) due to temporary factors (a decrease in profit due to the recording of extraordinary losses) and an increase in shareholder capital costs as a result of changes in the market environment

Moreover, ROE has fallen below 8%, a level considered the lowest in the market

- We continue to improve profitability and appropriately allocate our management resources to increase our capital efficiency, given that performance excluding one-time factors is in line with our expectations and we expect continued solid performance going forward

**PBR has exceeded 1.0x**

PBR has exceeded 1.0x with an increase in the share price, as compared with the previous fiscal year (FY2024) results

- We make continuous efforts to improve profitability
- We enhance our IR activities so that we are evaluated fairly by the market

# Overview of Actions

- Based on our analysis of our current status, we will perform the following actions to implement management that is conscious of cost of capital and stock price
- The actions remain unchanged from those previously announced

## 1. Profitability Improvement

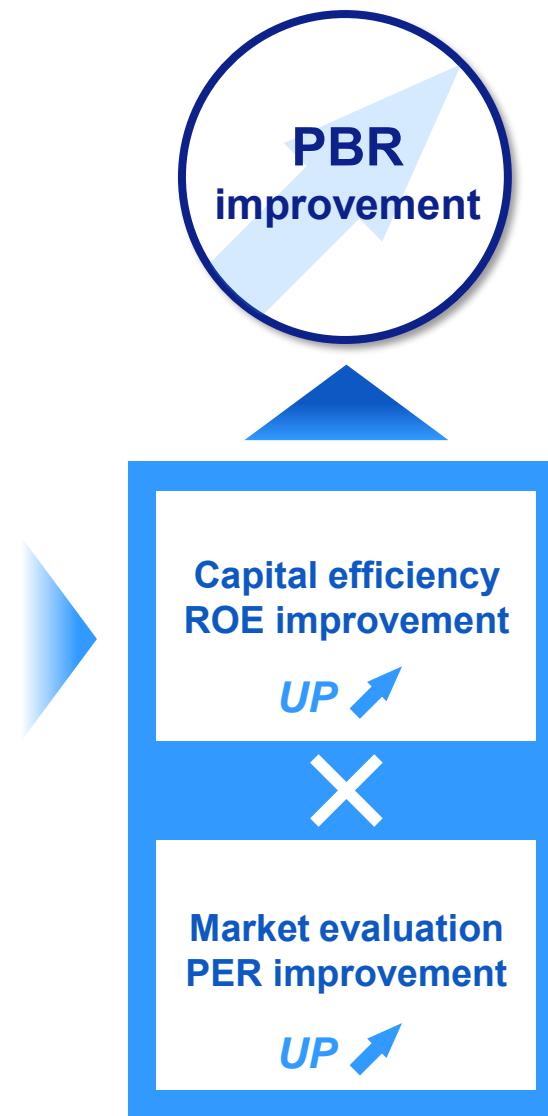
- Implementation of our 2030 Vision and our Medium-Term Management Plan (2024–2028)
- Acceleration of our efforts in priority businesses based on our business portfolio and the premise of finding more business opportunities in existing businesses

## 2. Appropriate Allocation of Management Resources

- Utilization of cash based on capital allocation
- Active growth investment and expanded shareholder returns

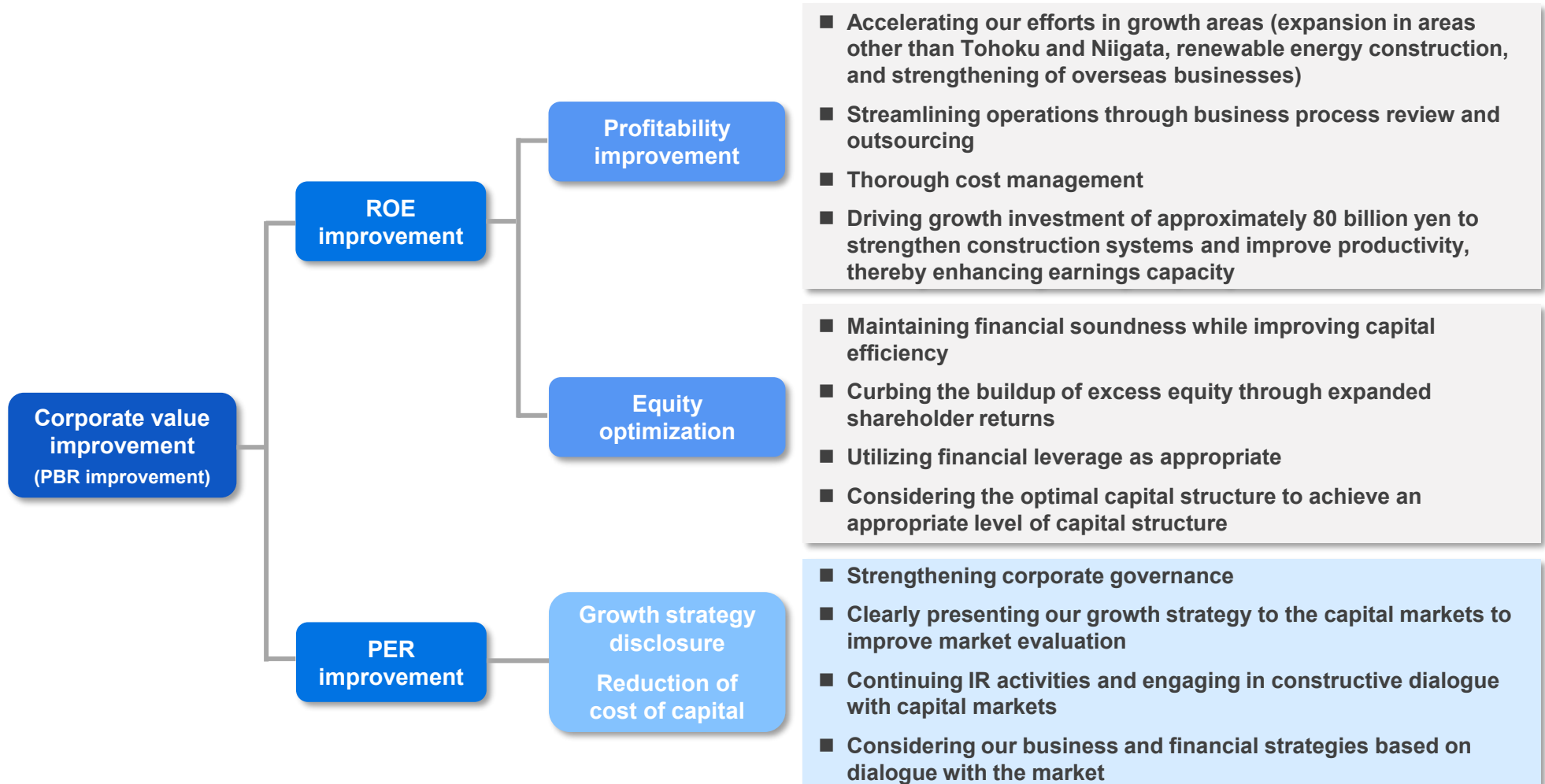
## 3. Further Enrichment of IR/SR Activities

- Promotion of dialogue with shareholders and investors
- Further enhancement of information disclosure



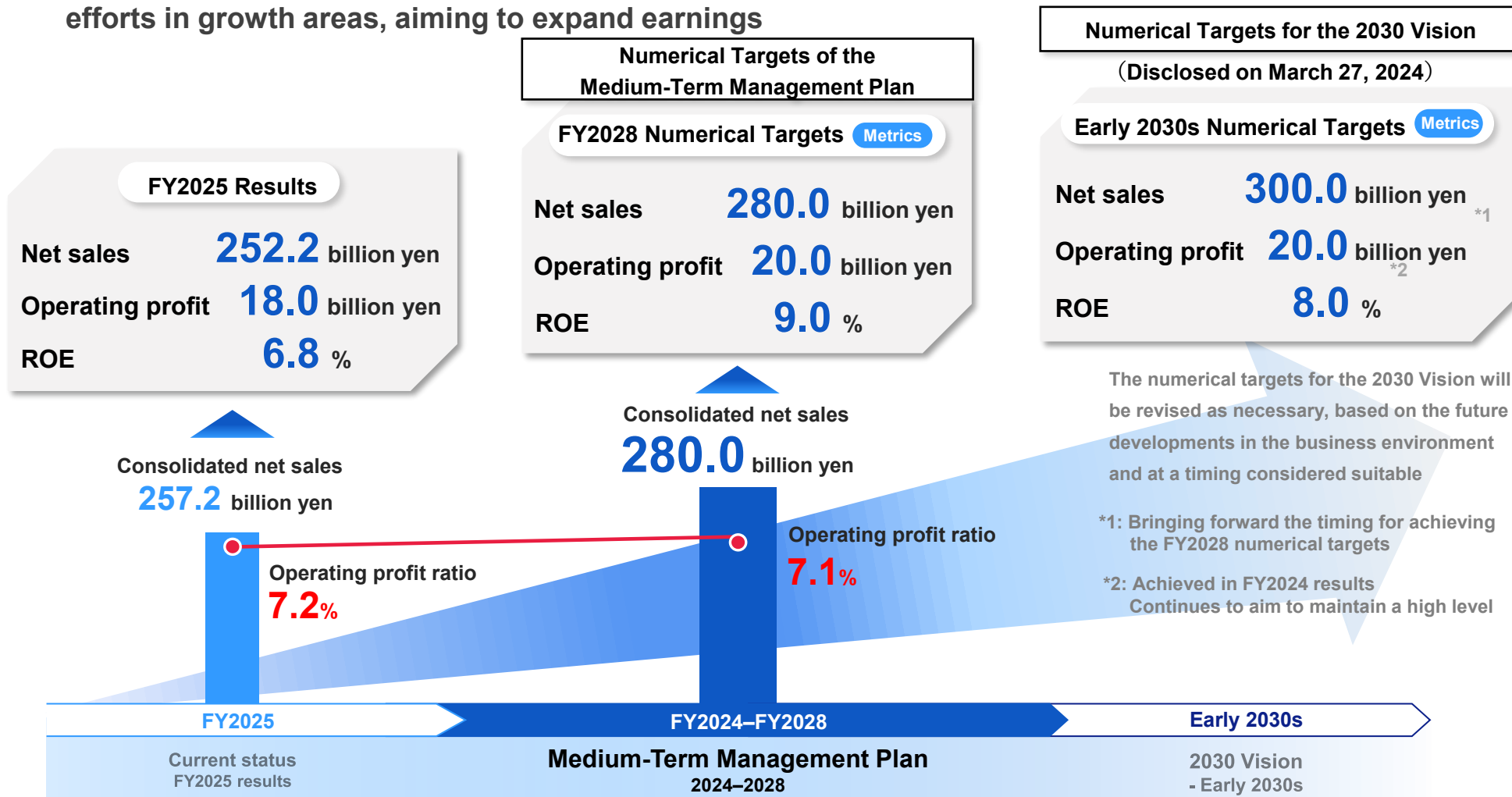
# Towards the Improvement of Corporate Value

- We recognize that improving PBR requires improvements in ROE and PER
- We aim to improve ROE through both profitability improvement and capital control, and improve PER by strengthening governance, continuing IR activities, and enhancing information disclosure



# 1. Profitability Improvement (Progress on the Medium-Term Management Plan)

- We raised the numerical targets of the Medium-Term Management Plan (2024–2028) in October 2025, following partial achievement of the targets (operating profit and ROE) in FY2024
- We will continue to find more business opportunities in existing businesses and accelerate our efforts in growth areas, aiming to expand earnings



## 1. Profitability Improvement (Four Priority Businesses under the Medium-Term Management Plan)

- Under the Medium-Term Management Plan (2024–2028), we have defined four priority businesses and will improve our profitability in these businesses
- Based on the premise of finding more business opportunities in Tohoku and Niigata—our main areas of business since our foundation—we have defined four priority businesses of ① to ④ shown in the table below, considering business scale and growth in major business areas

Business Domains and Areas	Business Analysis Results			Overview
	FY2022 Results (Net Sales)	FY2028 Plan Growth Potential (Net Sales)	(Reference) FY2025 Results (Net Sales)	
Tohoku and Niigata	192.5 billion yen	216.1 billion yen	202.9 billion yen	Strengthen our business foundation by increasing competitiveness in Tohoku and Niigata, areas where we have operated since our founding
① Outside Tohoku and Niigata	16.7 billion yen	28.8 billion yen	23.3 billion yen	Expand businesses in areas other than Tohoku and Niigata, focusing on the Kanto region (a continuing area of focus)
② Overseas business	8.9 billion yen	29.3 billion yen	17.9 billion yen	Expand business with a focus on Vietnam and increase orders for ODA and other projects through social infrastructure development projects
③ Renewable energy-related construction	14.8 billion yen	11.2 billion yen	8.2 billion yen	Growth in the offshore and onshore wind power generation business is expected to take time due to rising costs and delays in permits and approvals associated with tighter regulations. However, we aim to expand our business by leveraging our accumulated expertise and geographical superiority, given the continued strong growth potential of renewable energy-related construction
④ Renewal work	34.5 billion yen	42.8 billion yen	37.7 billion yen	In addition to conventional renewal sales, we intend to expand orders by proposing energy conservation and ZEB projects to customers (based on ZEB expertise through installations in our own business sites)

Priority businesses

\* “Tohoku and Niigata” and “①Outside Tohoku and Niigata” overlap with “③Renewable energy-related construction” and “④Renewal work.” “②Overseas business” includes Group companies.

## 2. Appropriate Allocation of Management Resources

- Capital allocation (within the period of the Medium-Term Management Plan 2024–2028)
  - We aim to expand earnings through investments in growth areas totaling **80.0 billion yen**
  - We envision a total return ratio of **50% to 60%** during the Medium-Term Management Plan period
  - We will accelerate growth investments by utilizing operating cash flows as a base, along with financing

Cash inflows	Cash outflows		
<b>Financing</b>  Approx. <b>55.0 billion yen</b>	<b>Growth investment</b> Total of approx. <b>80.0 billion yen</b>	<b>Business investment</b> Approx. <b>28.0 billion yen</b>	<ul style="list-style-type: none"> <li>● Find more opportunities in existing businesses</li> <li>● Accelerate expansion into growth areas</li> </ul>
		<b>Capital investment</b> Approx. <b>27.0 billion yen</b>	<ul style="list-style-type: none"> <li>● Offices and construction equipment</li> <li>● Invest <b>over 13.0 billion yen</b> in environmental investments, including ZEB-specification offices and EV adoption</li> </ul>
<b>Human resources investment</b> Approx. <b>15.0 billion yen</b>		<ul style="list-style-type: none"> <li>● Secure and develop human resources</li> <li>● Improve the working environment and enhance engagement</li> </ul>	
<b>IT/DX investment</b> Approx. <b>10.0 billion yen</b>		<ul style="list-style-type: none"> <li>● Promote IT/DX initiatives that contribute to strengthening corporate competitiveness</li> </ul>	
<b>Operating cash flows</b>  Approx. <b>65.0 billion yen</b>	<b>Shareholder return</b> Total of approx. <b>40.0 billion yen</b> (30.0 billion yen) <small>*2</small>	<b>Dividends *1</b> Approx. <b>27.0 billion yen</b> (20.0 billion yen)	<ul style="list-style-type: none"> <li>● Plan to continue the basic policy of a “dividend payout ratio of 40% or more”</li> <li>● Implement stable dividends</li> </ul>
		<b>Acquire treasury shares *1</b> Approx. <b>13.0 billion yen</b> (10.0 billion yen)	<ul style="list-style-type: none"> <li>● Plan to acquire treasury shares equivalent to approximately <b>10% – 20%</b> of profits during the period of the Medium-Term Management Plan</li> </ul>

\*1. The amount stated is an estimate by the Company as of September 30, 2025 and may vary depending on the amount of future profits.

\*2. Figures in parentheses in the table above represent amounts disclosed as of the announcement in October 2024.

### 3. Further Enrichment of IR/SR Activities

- We will aim to have our company evaluated fairly by the stock market by promoting dialogue with shareholders and investors
- We will strive to further enhance our information disclosure, making us a company of choice for investors

#### Improvement of corporate value

#### Improvement of market evaluation

##### Promotion of dialogue with the market

- Enrichment of opportunities for dialogue with management
- Ongoing implementation of financial results briefings and IR events
- Promotion of management that reflects investor input

##### Further enhancement of information disclosure

- Renewal of IR website
- Incremental enhancement of disclosure in English
- Enrichment of disclosure of non-financial information focusing on sustainability

#### Reinforcement of foundations for IR/SR activities

- Establishment of specialized IR/SR-related bodies (from 2022)
- Implementation of financial results briefings and IR events (from 2022)
- Issuing of sponsored research reports (from 2025)
- Establishment of specialized sustainability-related organization (from 2023)
- Issuing of integrated report (from 2023)
- Implementation of investor intention surveys (from 2025), etc.



#### Important Note

Forward-looking statements presented in this material are based on information available to the Company at present and certain assumptions that the Company has deemed reasonable, and are not intended to be a promise by the Company that they will be realized. Actual business results, etc., are affected by various factors and may differ significantly.