

# **TOBISHIMA HOLDINGS Inc.**

**256A**

Tokyo Stock Exchange Prime Market

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## Summary

### Holding company with Tobishima Corporation as its main operating company. Announcement of A Story to Innovate the Future to take on the challenge of innovation

Tobishima Holdings <256A> (hereafter, also “the Company”) was established in October 2024 as a full parent company for Tobishima Corporation via a sole stock transfer. Along with this, the Company formulated and announced A Story to Innovate the Future included in the Medium-Term Management Plan, which gives concrete form to the Medium- to Long-Term Management Vision announced in November 2023 by Tobishima Corporation.

#### 1. Overview of A Story to Innovate the Future

A Story to Innovate the Future is a plan for breaking free of the Tobishima Corporation to date and taking on the challenge of a new form; in other words, it is a plan to put into practice the challenge of innovation. Moreover, as a plan that lays down a path to transformation, the Innovate the Future Plan was formulated, and additionally, a concrete action plan to raise the corporate value of the Group and the Medium-Term Management Plan (to 2027) that indicates quantitative targets were formulated and announced.

#### 2. Group Vision

The Company announced a Group Vision ahead of carrying out A Story to Innovate the Future. This vision, as a goal, sets forth becoming a new business contractor that supports the promotion and development of future industry. A new business contractor means the Company will develop businesses not limited to construction to date and become a company indispensable to society. The main point is not something we can see as of the present; it is to create new businesses that flexibly accommodate diverse social needs, support the creation of businesses by diverse people, and strive to be a business partner that helps make those businesses possible.

The Company’s role is to protect people’s living infrastructure and “Create the future of construction” indispensable to supporting economic development. There is not a concrete something that can be seen now; rather, the Company will constantly search for new ways of thinking and doing and carry out transformation. This stance is expressed in the “future of construction,” which, to put it another way, is the Company’s mission. The Company will pursue three core values: construction innovation (creation), alliance innovation (cocreation), and social innovation (coexistence).

#### 3. Innovate the Future Plan: A path to transformation

The Innovate the Future Plan lays out a path to the transformation of the Group and a management strategy to make it possible. Essentially, it is aware of innovation for the future and is not constricted by convention frameworks and methods; it seeks to create new value and possibilities. As for business categories, the Company will promote business from the three perspectives of the Construction Business (general construction business), Growth Business (construction-related businesses: create synergies), and the Innovation Business (construction DX support business: construction business digitalization). Further, as for timeframes, business will be promoted in three: short term, “Passing the baton” and long term. Short term is a period for overcoming recent problems and issues and for promoting transformation and innovation. The “Passing the baton” is a period for evolving, elevating and further developing these processes. The start is the same as short term. Long term depends on the speed of social and environmental changes, so it is impossible to set a concrete year. By indicating a business strategy direction (vectors), the Company will flexibly accommodate changes in society and the environment; it is the period further into the future. Long term expresses the time of major transformation in society.

Summary

**4. Medium-Term Management Plan (to 2027): Action plans and numerical targets**

In contrast to the path indicated by the Innovate the Future Plan discussed above, the Medium-Term Management Plan (to 2027) (FY3/28 is the final year; same below) sets forth concrete action plans for raising corporate value and quantitative targets. Specifically, the Company will strengthen earnings foundations, raise capital efficiency, rebuild the supply chain, reform the corporate culture and rebuild human resources strategy, strengthen governance, and carry out stable shareholder returns. As for the numerical targets, for FY3/28, the Company is aiming for net sales of ¥160.0bn, operating profit of ¥9.6bn and ROE of 10.0%.

**Key Points**

- Holding company with Tobishima Corporation, a company with a long history, as its main operating company
- A Story to Innovate the Future included in the Medium-Term Management Plan announced, and aiming to take on the challenge of transformation
- By executing the action plans, for FY3/28, aiming for net sales of ¥160.0bn, operating profit of ¥9.6bn and ROE of 10.0%

## ■ Corporate profile

### A major general contractor established as a holding company to take on the challenge of transformation

**1. History**

The Company was established as a full parent company of Tobishima Corporation through a sole stock transfer on October 1, 2024. Tobishima Corporation, its main operating company, has a long history that dates back to 1883. Since then, it has been involved in many national projects and currently is one of Japan's largest general contractors.

Regarding its stock, over-the-counter trading began in 1960 and the next year the stock was listed on the first section of the market. Currently, the holding company, Tobishima Holdings, is listed on the Tokyo Stock Exchange Prime Market.

**History**

Date	History
1883	Tobishima-gumi founded by Bunjiro Tobishima. First contracted for the demolition of Fukui Castle
1922	Opened Tokyo office at 2-chome, Iidamachi, Kojimachi-ku, Tokyo, which expanded the business to cover the whole country
1940	Moved the headquarters from Fukui-shi to Kudan, Kojimachi-ku, Tokyo
1960	Shares first traded over-the-counter on the Tokyo Stock Exchange and listed on the first section the following year
1975	Launched full-scale overseas operations with the establishment of offices in various East Asian locations, such as Hong Kong
1986	Won the Excellence Prize for the Second National Theater (New National Theater, Tokyo) International Competition
1993	Celebrated 110th anniversary of the Company's founding (capital of 30.002bn)
2005	Acquired ISO 9001 certification for the entire company
2017	Moved head office to Minato-ku, Tokyo
2024	Established as a holding company, Tobishima Holdings Co., Ltd. (256A), through a sole stock transfer and listed on the Tokyo Stock Exchange Prime Market

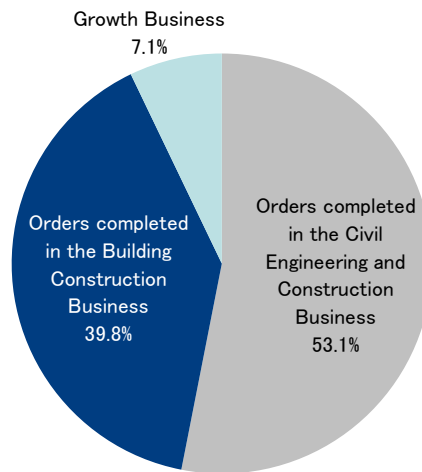
Source: Prepared by FISCO from the Company's website

Corporate profile

**2. Main business**

The Company’s main business is the general construction business, and it numbers among Japan’s 25 major companies. The net sales ratios in 1H FY3/25 were 53.1% for Tobishima Corporation’s Civil Engineering, 39.8% for Building Construction Business, and 7.1% for the Growth Business.

**Net Sales Breakdown (1H FY3/25)**



Source: Prepared by FISCO from the Company’s financial summary

## ■ Outlook

### Aiming to become an indispensable company through the practice of A Story to Innovate the Future

**1. Medium- to Long-term Management vision: A Story to Innovate the Future purpose and summary**

The Company was established as the full parent company of Tobishima Corporation through a sole stock transfer on October 1, 2024. Along with this, the Company formulated and announced A Story to Innovate the Future included in the Medium-Term Management Plan, which makes concrete the Medium- to Long-Term Management Vision announced by Tobishima Corporation on November 13, 2023.

A Story to Innovate the Future is a plan for breaking free of the Tobishima Corporation to date and taking on the challenge of a new form; in other words, it is a plan to put into practice the challenge of innovation. As the Group vision for this, the spirit of the Company’s founding is being redefined in line with changes in the times and society. Taking advantage of this DNA, the goal is to continue to be an indispensable company that supports future industry promotion and development.

Outlook

The Innovate the Future Plan is a plan that lays out a path to this transformation. The plan is aware of innovation for the future and is not constricted by conventional frameworks or methods. It lays out a path (process) to create new value and possibilities (to transform).

Additionally, the Medium-Term Management Plan (to 2027) lays out concrete action plans for raising the Group’s corporate value and sets quantitative goals.

**The Company’s goal is to be a new business contractor that combines construction and innovation**

**2. Group vision: Goals and roles**

**(1) Goal: New business contractor and three core values**

**1) New business contractor**

In the plan, the Company has a future goal of “creating new businesses ourselves and supporting business creation by diverse individuals while being a business partner that promises their realization.” In other words, it plans to become a new business contractor that supports the promotion and development of future industry. A new business contractor means the Company will develop businesses not limited to construction to date and become a company indispensable to society. The main point is not something we can see as of the present; it is to create new businesses that flexibly accommodate diverse social needs, support the creation of businesses by diverse people, and strive to be a business partner that helps make those businesses possible.

**2) Brand narrative and three core values**

What led the Company to adopt this future goal is embedded in the founding spirit of the Group, which is Rita-Riko, compassion and self-interest\*. Inheriting a spirit of coexistence and mutual prosperity, which is in the founding spirit, we will elevate effort and creative ingenuity to innovation, and create the future of construction (details to follow)—this desire is embedded in the Company’s brand.

\* “If you would pursue your own interest, first weigh the interests of others, and sacrifice your interest. Compensate for the sacrifice you made for others using your own effort and ideas. This will make both sides prosper, and in the end will surely bring about your own interests.”

**Founding spirit of Rita-Riko, compassion and self-interest**



Source: A Story to Innovate the Future

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Moreover, the process of aiming to be a new business contractor involves pursuing and continuing the following three core values.

#### Outlook

**a) Construction innovation: Creating the future of construction**

The Company will work to create the future of construction closely aligned with changes in the times and values.

**b) Alliance innovation: Cocreation with diverse partners**

Through cocreation with partners with strengths, innovation is accelerated and the Company will evolve as a platform company.

**c) Social innovation: Coexistence with people and society**

The Company will provide ideals, passion, knowledge, technologies, effort, and creativity broadly to society and will contribute to bringing about a better future to be a company that continues to coexist with people and society.

**(2) Role: Creating the future of construction**

Further, the Company defines its own role in the future to be creating the future of construction indispensable to protecting people's living infrastructure and supporting economic development. The future of construction is not something concrete that can be seen at present; the Company will be constantly searching for new ways of thinking and doing and taking the stance of transformation—this is what is being expressed by “the future of construction,” which, to put it another way, is the Company's mission.

**(3) Corporate logo**

In line with the announcement of the plan and transition to a holding company, the Company created a new corporate logo.

Corporate logo



Source: A Story to Innovate the Future

This new logo unifies diverse individualities for cocreation and expresses the continual pursuit of innovation. The image of the new business contractor spreading its activities and influence in society can be expressed by layering three rings. These three rings also represent the three core values in the process of seeking to be the aforementioned new business contractor.

The first ring expresses the core Construction Business partnering with synergistic businesses; the second ring expresses the organic connection of specialized groups with individuality like a neural network; and the third ring expresses creation, cocreation, and coexistence with people and society that will be brought about by this.

## The Innovate the Future Plan lays out a process and path to transformation. Transformation is promoted in three business categories and three timeframes

### 3. Innovate the Future Plan: A path to transformation

#### (1) About the Innovate the Future Plan

The Innovate the Future Plan in A Story to Innovate the Future lays out the form the transformation of the Group will take (process of transformation) and a business strategy for realizing it (the path). Its main contents are to be aware of innovation for the future, to not be constricted by conventional frameworks and methods and to create new value and possibilities. With solving social problems as a key point and from the perspective of establishing sustainability for both the company and society, the Company will reconceive of the form of the construction industry of the future as the infrastructure longevity industry\*1 and will promote the reskilling business\*2 for the Construction Business.

\*1 To not only provide technologies related to construction, but as a compound industry to provide a series of construction-related services connected to maintaining the safety and reliability of infrastructure against a backdrop of a recycling-based society that will no doubt arrive in the near future.

\*2 A business for the purpose of maintaining functions by providing the Group's management resources to the construction industry particularly locally

As for specific business categories, the Company will promote business from the three perspectives of the Construction Business (general construction business), Growth Business (construction-related businesses: create synergies), and the Innovation Business (construction DX support business: digitalization of the construction industry and other businesses).

#### (2) Management strategy for transformation

Short-term perspective: Pursue more advanced production processes through promoting construction DX to solve immediate problems.

Passing the baton: Promote expansion of the business domain and business scale in order to transform into a next-generation business portfolio.

#### Construction Business

Extend and expand the current general construction business. In particular, deeply cultivate the renewal field.

#### Growth Business

Develop other businesses related to construction and businesses that are synergistic with the construction industry. Increasing longevity, environment-related, and disaster prevention and mitigation are some of the possibilities, and the Company will promote collaboration with specialized companies with a view to transitioning to a recycling-based society. A specific example of collaboration is the establishment of Wood Engineering, Inc., a joint venture with Nice Corporation <8089> in the area of non-residential wood-frame construction.

#### Innovation Business

The Company will expand into new areas like digitalization of the construction industry and other businesses that include non-construction businesses. It will partner with progressive companies with a view to filling the gap in construction supply that could occur in the future.

Moreover, as for the timeframes for each business, they will be promoted by separating them into short term, Passing the baton and long term.



Outlook

Short term: Period for promoting recent strategy and solving current issues and problems  
 Passing the baton: It starts now. The Company will promote business domain and scale expansion for transformation into a next-generation business portfolio  
 Long term: Depends on the speed of social and environmental transformation; a specific year cannot be indicated, only a direction

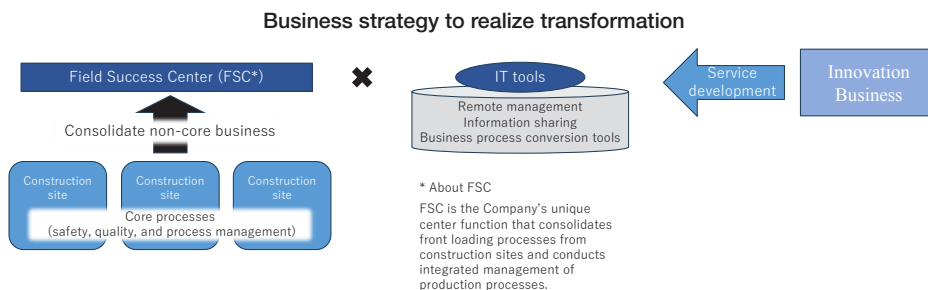
## Construction Business and Growth Business for the infrastructure longevity industry

### (1) Construction Business

#### a) Short-term perspective

The Company will deeply cultivate the Construction Business. Going forward, with the population aging, the Company believes that the economy itself will change to a recycling-based one. Along with this, it believes renewal demand will increase more than new demand. For this reason, for the short term, the Company plans to increase its ratio of renewal projects.

At the same time, the Company will promote energy savings in construction processes by revising business processes using digitalization technologies. Moreover, the techniques and know-how obtained from energy savings will be elevated into the Innovation Business in the future. As one example, currently in the Innovation Business, Next Field Co., Ltd. (a joint venture with Nippon Telegraph and Telephone <9432> (NTT) that handles DX support services) is developing business, and its service will be deployed to the Group's Construction Business. At the same time, know-how from these deployments will be fed back to Next Field to further improve the service.



Source: A Story to Innovate the Future

#### b) Passing the baton

The Company will strengthen its response to the renewal market with an eye on the transition to a recycling-based society. This is positioned as the interim period toward the infrastructure longevity business the Company is pursuing over the long term.

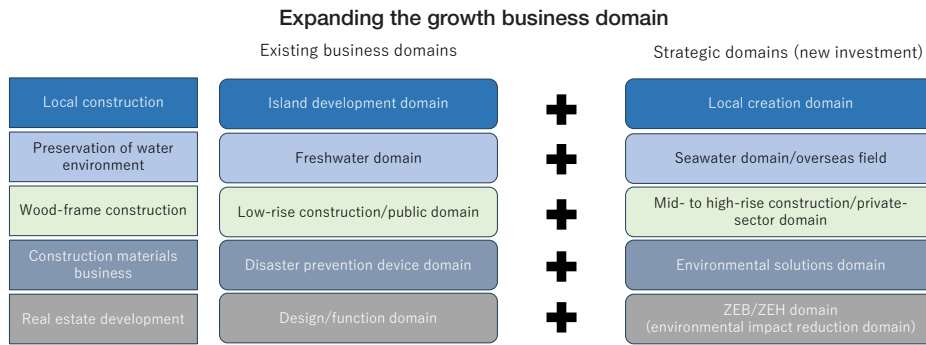
- Promote differentiation from the competition with advanced technologies
- Strengthen cost competitiveness in renewal construction

Outlook

**(2) Growth Business**

**a) Short-term perspective**

From existing business domains, the domain of the Growth Business will be expanded. Specifically, the Company will make new investment in existing business domains and expand into strategic domains.



Source: A Story to Innovate the Future

**b) Passing the baton**

Moreover, in the Passing the baton, the Company is promoting partnerships with companies\* that have infrastructure longevity technologies (for technology development, human resources development, and public-private collaboration) and will expand new domains and technology development.

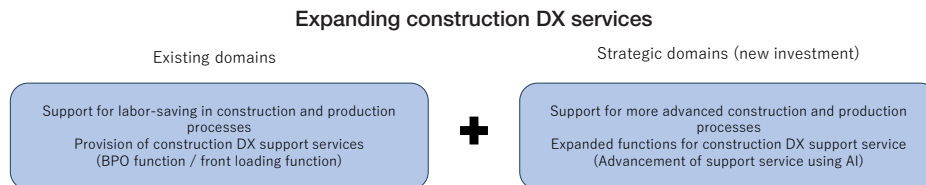
\* Related to construction, companies with technologies and know-how for extending lifespans. In the environmental domain, companies with environmentally conscious technologies, know-how, and products, etc. In disaster prevention and mitigation, companies with disaster prevention technologies and expertise, as well as disaster prevention products, etc.

**Innovation business for construction reskilling**

**(3) Innovation Business**

**a) Short-term perspective**

The Company will expand the construction DX services business from existing domains to strategic domains (new investment). Specifically, the Company will deploy more progressive, advanced versions of currently ongoing digital transformation (for areas done by people). In support services as well, the Company will provide more advanced versions.



Source: A Story to Innovate the Future

Outlook

**b) Passing the baton**

The Company will develop a management value enhancement support services utilizing a construction DX support service for the local construction industry.

This service is for the purpose of maintaining local construction industries, which have functions indispensable to ensuring the safety and security of the locality through not only construction but also emergency response to disasters, by providing DX services, construction technology, human resources, and funds, etc. to companies with the problems of a lack of successor and personnel shortages, etc., the Company will contribute to regional revitalization. Specifically, to support the local construction industry, the Company will deploy a DX support system, support construction technologies through personnel exchanges, conduct capital tie-ups and provide funds, etc.

**(4) Long-term perspective / Form of transformation**

From a long-term perspective, the Company will bring about a transformation by establishing next-generation business portfolios for each of its businesses. Firstly, in the Construction Business and Growth Business, the Company will elevate business to the infrastructure longevity business with an eye on the recycling-based society. In the Innovation Business, business will be elevated to the construction reskilling business.

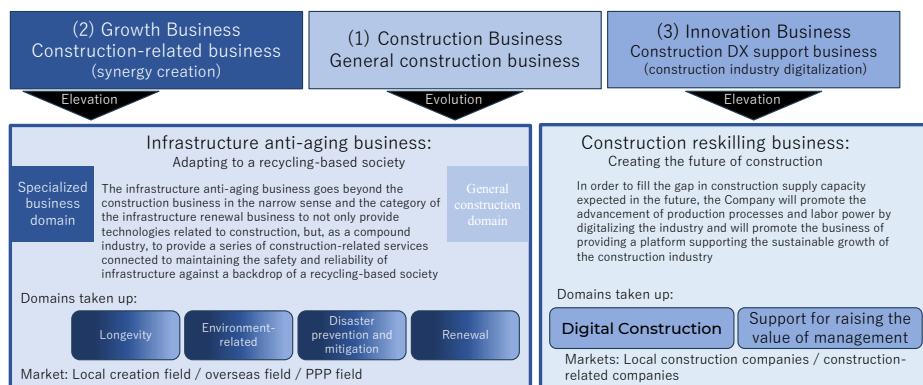
**Infrastructure longevity business: Adapting to a recycling-based society**

The infrastructure longevity business goes beyond the construction business in the narrow sense and beyond the category of the infrastructure renewal business; it aims to be a multifaceted business that provides not only technologies related to construction but also a series of construction-related services related to maintaining the safety and reliability of infrastructure against the backdrop of a recycling-based society. Toward this sort of goal, the Construction Business will expand into the general construction domain and the Growth Business into specialized domain businesses. As for domains the Company will take up, they include increasing longevity, environment-related, disaster prevention and mitigation, and renewal. As far as markets, they will include the local creation field and overseas field/public-private partnership (PPP) field.

**Construction reskilling business: Creating the future of construction (in non-construction fields as well)**

In order to fill the gap in construction supply capacity expected in the future, the Company will promote the advancement of production processes and labor power by digitalizing the industry and will promote the business of providing a platform supporting the sustainable growth of the construction industry. Accordingly, the Company will not necessarily solely focus on the construction industry. The domains it will address include digital construction and support for raising management value. The market will include local construction companies and construction-related companies.

**Long-term perspective: Form of transformation**



Source: A Story to Innovate the Future

## By promoting its Medium-Term Management Plan, which lays out action plans and sets numerical targets, the Company will aim to raise corporate value and realize sustainable growth

### 4. Medium-Term Management Plan (to 2027): Six action plans and numerical targets

#### (1) Overview

Along with promoting and executing the aforementioned Innovate the Future Plan, the Company has detailed action plans and quantitative targets for raising corporate value and realization of sustainable growth that are expressed as its Medium-Term Management Plan (to 2027). This plan seeks to strengthen earnings foundations, conduct management aware of capital costs and the share price as required by the stock market, and enhancing corporate governance to realize this and thereby carry out the Innovate the Future Plan.

In putting into practice the action plans in the Medium-Term Management Plan (to 2027), the Company will utilize its holdings function to bring solutions to the three issues of capital efficiency, business growth, and adapting to sustainability, and thereby continuously revise its business portfolio and seek to raise corporate value and realize sustained growth.

#### (2) Action plans for raising corporate value

The following are set forth as detailed action plans: strengthen earnings foundations, raise capital efficiency, rebuild the supply chain, reform the corporate culture and rebuild human resources strategy, enhancing governance, and conduct stable returns to shareholders. For each of these plans, the Company has set measures and quantitative goals that it intends to execute.

#### Measures for raising corporate value and goals

	Goals	Measures
<b>Strengthen earnings foundations</b>	Sales scale of ¥160.0bn	Create new business and expand corporate partnerships through strategic investment (¥20.0bn)
<b>Raise capital efficiency</b>	Rebuild investment flow aimed at ROE level of 10.0%	Reform management processes based on capital costs
<b>Rebuild supply chain</b>	Build and operate a supply chain management system	Practice supply chain management with an eye on the recycling-based society and economy. Set KPI
<b>Reform the corporate culture and rebuild human resources strategy</b>	Form an organization and culture that generates comprehensive synergies between the company and individuals	Integrated management of human resources policy for the Group as whole through deployment of talent management
<b>Strengthening governance</b>	Greater transparency of management decisions	Switch to holding company structure and company with audit and supervisory committee
<b>Stable shareholder returns</b>	Stable shareholder returns with DOE of 4.0% or higher	Change dividend policy to dividend on equity ratio (DOE)

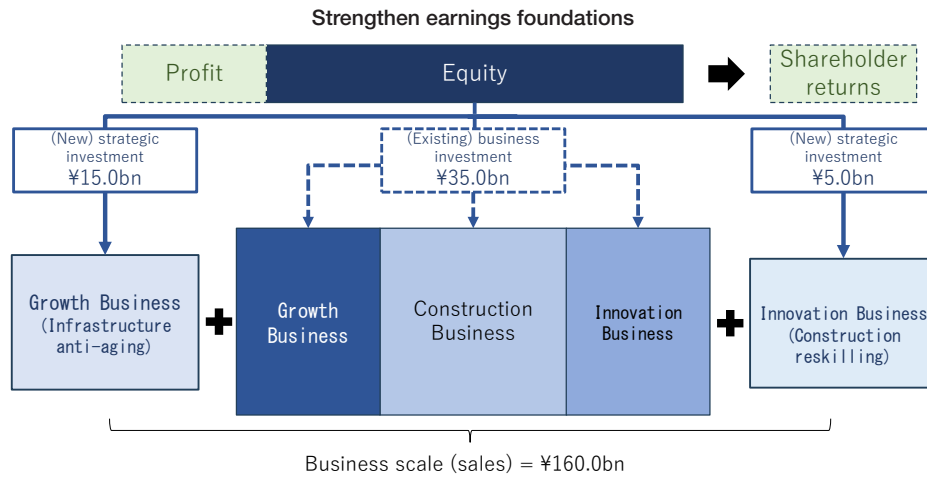
Source: Prepared by FISCO from A Story to Innovate the Future

#### 1) Strengthen the earnings foundation

The Company will raise the Group's return on invested capital ratio and work to expand its business scale while expanding business domains through strategic investment aimed at building a next-generation business portfolio.

Using equity and period profit as funds, the Company will allocate these funds to shareholder returns and strategic investment. A total of ¥55.0bn plans to be invested. As a breakdown of these investments, ¥35.0bn (already executed) is being invested in the existing Construction Business, Growth Business, and Innovation Business, but over the next three years, there will be an additional ¥15.0bn in strategic investment in the new Growth Business (infrastructure longevity) and ¥5.0bn in the new Innovation Business (construction reskilling). Through making these investments, the Company is aiming for business scale (net sales) in the last fiscal year of the plan of ¥160.0bn.

Outlook



Source: A Story to Innovate the Future

**2) Raise capital efficiency: Target ROE of 10.0% (final year)**

Under the plan, the Company will practice management based on capital costs. According to interviews with financial institutions and others conducted by the Company, the Company’s capital costs are estimated to be 6–7%, and assuming an equity spread of 3–4%, the minimum expected return on equity (ROE) is 10.0%. For this reason, the Company has set a goal for ROE of 10.0% for the FY3/28, the last year of the plan.

In order to achieve this goal, the Company will rebuild operational flows against a backdrop of improving capital efficiency. Specifically, in existing businesses, it will consider business content and rebuild its capital structure. The Company will constantly revise its business portfolio and reconsider business and capital structures, including the format of subsidiaries and the business department unit. Moreover, with regard to new investment, decisions will be made on a 10% ROE standard (ROIC standard depending on the project), and investment decisions for each business will have a clarified approval flow based on the 10.0% ROE standard. In addition, the Company will revise its asset holdings and plans to decrease its cross-shareholdings based on this, so that in the final year of the plan cross-shareholdings are down to zero (approx. ¥2.4bn as of the end of FY3/24).

**3) Rebuild the supply chain**

The Company recognizes the fact that its current supply chain relationships are not necessarily aware of sustainability, and it has said, “Going forward, we plan to build and operate management systems that are strongly cognizant of sustainability.” To this end, the Company will execute the following measures and work to rebuild its supply chain.

The Company established the new Sustainability Promotion Office in order to promote the further advancement of sustainable management, and the Company will manage Group companies on an integrated basis. In addition, with respect to supply chain management, it will strengthen operation of PDCA cycles to raise the sustainability of business, including ESG themes.

Outlook

**Rebuild the supply chain**

Supply chain	Resource extraction to production facilities	Manufacturing/processing to product shipment	Distribution and sales to purchasing and consumption to waste and disposal
GHG emissions	Upstream indirect emissions (Scope 3)	Own company emissions (Scopes 1, 2)	Downstream indirect emissions (Scope 3)
Climate change Decarbonization	Procure low carbon materials (ready-mixed concrete, steel frame, etc.)	Raise productivity and promote energy savings Obtain and use biofuels Utilize non-fossil fuel certificates	Strengthen ZEB/ZEH initiatives
	Accurately calculate GHG emissions		
Resource recycling	Initiatives aimed at transitions to a circular economy		
Biodiversity	Construction that is biodiversity-conscious		
Respect for human rights	Strengthen human rights due diligence, use materials that take human rights into account		

Source: A Story to Innovate the Future

Also, the Company will strengthen the following circular economy initiatives for infrastructure longevity.

- Effective utilization of existing structures (renewal)
- Longer life buildings and structures, development of building materials that are reusable
- Promotion of the advancement of design technologies premised on reuse of construction materials

These correspond to everything, materials, building methods, applications, maintenance and more, so given that the sustainability is higher than with scrap-and-build, measures for infrastructure longevity are positioned as an important management strategy of the Company.

**4) Reform the corporate culture and rebuild human resources strategy: Practicing human capital management**

The Company will make possible sustainable growth for the company and its employees and maximize synergies through the integrated implementation of personnel measures for the Group as a whole. Specifically, through diversification of recruitment and vitalizing human resources exchanges and transfers within the Group, the Company will build up experience in various business fields and divisions and meet the career-building needs of employees.

In addition, the Company will implement talent management for advancing human resource value and realizing the sustainability of corporate strategy. Regarding the advancement of human resource value, the Company will clarify goal-setting for each specialty based on individual employee specialties and carry out investment in their development. Goals will be set with a focus on advancing the respective specialties of both the Company and its employees. At the same time, the Company will carry out an education and development system that contributes to behavioral changes, execute a succession plan aimed at promotion to management, and build a Group-level personnel system that is matched to raising human resource value and increasing corporate value.

The holding company will carry out personnel exchanges by having diverse recruitment, job types and areas. With regard to talent management, the Company will create a program for behavioral change education and development with the goal of training executive managers, and within this have a specialist training program. This specialist training program will be further divided into an engineering division and corporate division. The programs will develop high-level human resources with a high degree of specialization within their respective areas.

Engineering division: civil engineers, building engineers, frontier engineers

Corporate division: corporate specialists (accounting, finance, legal affairs, business promotion)

Outlook

**5) Enhancing governance**

The Company will rebuild its director system in conjunction with becoming a holding company and become a company with an audit and supervisory board. The audit and supervisory board, a majority of which will be outside directors, will strengthen audit functions and enhance the transparency of decision making.

In addition, the Company will strengthen investor and shareholder relations activities and execute the following measures.

- Establish new IR Promotion Department and enhance disclosures (including in English)
- Hold results briefings (twice yearly) and investor meetings (10 times yearly)

**6) Stable returns to shareholders: DOE of 4.0% or higher by FY3/28**

The Company positions the return of profit to shareholders as one of the important issues of management and recognizes the importance of working to raise capital efficiency and enhance shareholder returns. To this end, the Company has a basic policy on shareholder returns of conducting stable shareholder returns while considering a balance with financial soundness and growth investment to raise corporate value.

In accordance with this policy, the Company's basic policy on shareholder returns was changed to a policy on returns that uses the dividend on equity ratio (DOE) as its indicator. With this change, the concrete goals for FY3/28 are shareholders' equity of ¥55.0bn (¥47.1bn in FY2023) and a DOE of 4.0% or higher (2.9% in FY2023).

**For FY2027, aiming for net sales of ¥160.0bn, operating profit of ¥9.6bn, and ROE of 10.0% or higher**

**(3) Key performance indicators (KPI) and numerical plans**

**1) Performance indicators**

With respect to the aforementioned action plans, the Company has set critical success factors and key performance indicators (KPI) for the respective levels.

**Key performance indicators (KPI)**

Critical success factors				KPI (FY2027)
Raise corporate value	Short-term perspective	Labor savings for construction and production processes	Shorten total annual working hours	Compared to FY2023 = -8%
		Enhance existing domains	Promote corporate partnerships	Business scale of ¥160.0bn
	Baton exchange zone (preparations)	Build next-generation business portfolio	Increase renewal ratio in Construction Business	Strategic investment of ¥20.0bn (3 years)
		Set and implement basic investment profit ratio	Set basic investment profit ratio	On-hand work ratio of 40% or higher
	Raise capital efficiency	Set and implement basic investment profit ratio	Revise asset holdings	ROE of 10% or higher
	Rebuild the supply chain	Climate change/decarbonization	GHG emission reductions	Cross-shareholdings of zero
		Respect for human rights	Implementation ratio of human rights impact assessment within the Group	Scope 1, 2 = -30%
		Resource recycling	Circular economy measures	Scope 3 = -18% (compared to FY2020)
		Supply chain management	Set and implement policies	100%
	Reform the corporate culture and rebuild human resource strategy	Work engagement	Job satisfaction	Related technology development = Investment of ¥0.5bn
	More advanced governance	Diversity and inclusion	Secure diverse human resources	Start of operations
		Enhance investor engagement	Meetings with investors	Start of operations
Carry out stable shareholder returns	Change return indicator to DOE		Deviation value of 51% or higher	
			Diversity ratio of 30% or higher	
			10 times/year	
			DOE of 4% or higher	

Source: A Story to Innovate the Future

Outlook

## 2) Numerical (quantitative) targets

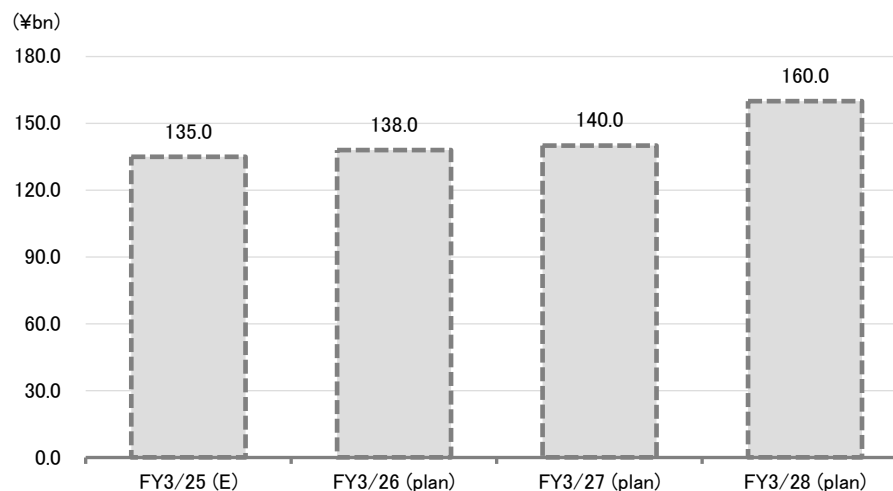
Regarding specific numerical performance targets, for FY3/28, the final year of the plan, the Company is aiming for net sales of ¥160.0bn (including ¥120.0bn from the Construction Business ¥37.0bn from the Growth Business, and ¥3.0bn from the Innovation Business), operating profit of ¥9.6bn (including ¥5.0bn from the Construction Business, ¥3.8bn from the Growth Business, and ¥0.8bn from the Innovation Business), operating profit margin of 6.0%, ordinary profit of ¥8.1bn, net income of ¥5.5bn and ROE of 10.0%. Looking at these numerical targets, the plan is for figures to increase sharply in the final year (FY3/28), but this is because the initial two-year period is for upfront investment, and results are expected to be forthcoming in the final year.

### Numerical targets under the Medium-Term Management Plan (to 2027)

	(¥bn)			
	FY3/25 (E)	FY3/26 (plan)	FY3/27 (plan)	FY3/28 (plan)
Net sales	135.0	138.0	140.0	160.0
Construction Business	116.0	116.0	116.0	120.0
Growth Business	19.0	21.0	22.0	37.0
Innovation Business	0.0	1.0	2.0	3.0
Operating profit	5.5	6.0	6.9	9.6
Construction Business	4.3	4.2	4.6	5.0
Growth Business	1.2	1.5	1.8	3.8
Innovation Business	0.0	0.3	0.5	0.8
Ordinary profit	4.9	5.0	5.7	8.1
Net income	3.1	3.2	3.9	5.5
Operating profit margin	4.1%	4.3%	4.9%	6.0%
ROE	6.3%	6.2%	7.3%	10.0%

Source: Prepared by FISCO from A Story to Innovate the Future

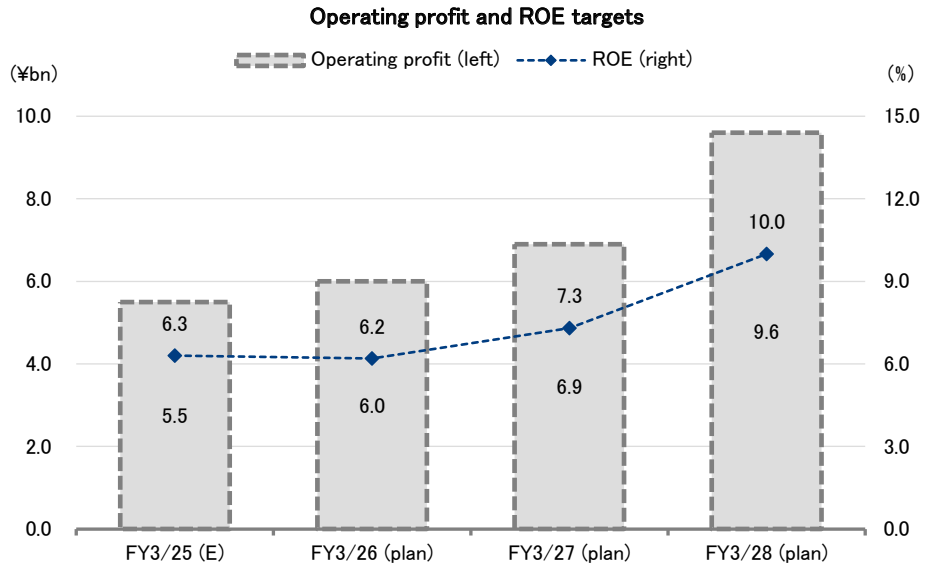
### Net sales plan



Source: Prepared by FISCO from A Story to Innovate the Future



Outlook



Source: Prepared by FISCO from A Story to Innovate the Future



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