

# COMPANY RESEARCH AND ANALYSIS REPORT

## JDC Corporation

1887

Tokyo Stock Exchange Prime Market

3-Feb.-2026

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## Contents

<b>Summary</b>	<b>01</b>
1. Medium-sized general contractor with strengths in civil engineering, also engaged in construction and other businesses.....	01
2. Strengths include mechanical capabilities, disaster recovery and reconstruction, disaster prevention and mitigation, and an integrated value chain .....	01
3. Formulated Medium-Term Management Plan 2027 and aims for operating profit of ¥9.0bn in FY5/28.....	02
4. Start of FY5/26 is in line with the Medium-Term Management Plan 2027 .....	02
<b>Company profile</b>	<b>03</b>
1. Company profile.....	03
2. History .....	03
<b>Business description</b>	<b>05</b>
1. Civil Engineering Business.....	05
2. Building Business.....	06
3. Development Business .....	06
4. Strengths .....	06
<b>Medium-term management plan</b>	<b>09</b>
1. Review of Medium-Term Management Plan 2024.....	09
2. New Medium-Term Management Plan 2027 .....	10
3. Basic policies.....	12
4. Non-financial indicators .....	18
5. Enhancing management foundation.....	18
<b>Results trends</b>	<b>19</b>
1. FY5/26 forecasts.....	19
2. Results trends in 1Q FY5/26 .....	20
<b>Shareholder return policy</b>	<b>21</b>

## Summary

### **Aims to restructure its management foundation under the new Medium-Term Management Plan and achieve operating profit of ¥9.0bn**

#### **1. Medium-sized general contractor with strengths in civil engineering, also engaged in construction and other businesses**

JDC Corporation <1887> (hereafter, also “the Company”) is a medium-sized general contractor with a strong civil engineering business, particularly in large-scale land reclamation projects using heavy machinery. It also develops various other kinds of business, including construction business. Its original business was the promotion of mechanical construction using heavy machinery for the purpose of post-war reconstruction, but it entered the civil engineering business in 1953 and construction project contracting in 1962, thereby expanding its business and becoming a general contractor. Today, its Civil Engineering Business develops social infrastructure projects such as rivers, roads, water and sewerage systems, dams, and tunnels, while its Building Business has a broad track record covering office buildings, condominiums, logistics facilities, and public facilities. The Development Business comprises a real estate business that engages in real estate development and rental (including land readjustment projects), as well as an energy business that operates the Company’s own solar power stations.

#### **2. Strengths include mechanical capabilities, disaster recovery and reconstruction, disaster prevention and mitigation, and an integrated value chain**

The Company’s strengths include mechanical capabilities, disaster recovery, reconstruction, prevention, and mitigation, and value chain. In terms of its mechanical capabilities, it has inherited the DNA of the original business, which was mechanical construction using heavy machinery, thereby reducing construction periods and labor requirements by introducing scrapers\*1 in large-scale land reclamation projects. Furthermore, it is actively engaged in the i-Construction\*2 initiative promoted by the Ministry of Land, Infrastructure, Transport and Tourism, through which it is focusing on technology development that makes effective use of information and communication technologies (ICT) from surveying and measurement through construction, maintenance, and management.

\*1 A type of heavy machinery. One machine is able to perform a series of civil engineering operations, including excavation, loading, transportation, disposal, and leveling.

\*2 An initiative that improves productivity in the construction industry by introducing ICT for various processes in construction projects, including measurement, surveying, design, construction, inspection, maintenance, management, and upgrading

With regards to disaster recovery, reconstruction, prevention, and mitigation, given that the context of the Company’s founding was post-war reconstruction in Japan, the knowledge and expertise it has accumulated serve as strengths in situations such as supporting reconstruction following the 2011 Great East Japan Earthquake. It currently has multiple recovery project contracts after the 2024 Noto Peninsula Earthquake, thereby contributing to the region’s rapid recovery. By leveraging its track record of involvement in recovery and reconstruction work for multiple severe disasters, it contributes to disaster-resilient urban development.

Another significant advantage of the Company is its establishment of a value chain. With the growth of the Development Business, it is going beyond contracted construction work for civil engineering and buildings to provide end-to-end project services covering upstream tasks (planning and proposal, such as development plans) to downstream tasks (operation and management, such as asset management). As a result, it develops initiatives that fall outside the scope of conventional general contractors, such as developing its own land readjustment projects.

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**JDC Corporation** | **3-Feb.-2026**  
**1887 Tokyo Stock Exchange Prime Market** | <https://www.jdc-corporation.com/ir/>

Summary

**3. Formulated Medium-Term Management Plan 2027 and aims for operating profit of ¥9.0bn in FY5/28**

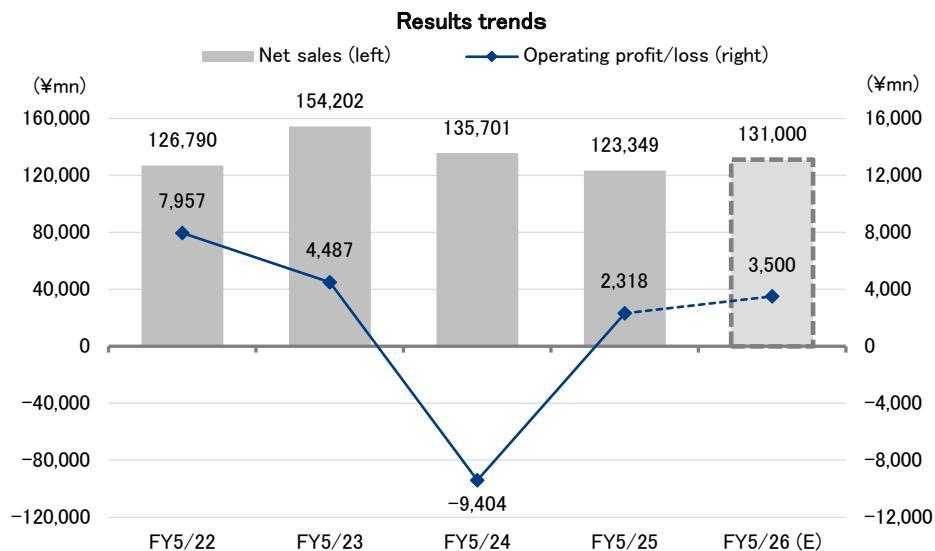
In July 2025, the Company formulated the Medium-Term Management Plan 2027 (FY5/26–FY5/28), drawing on the lessons learned from the previous Medium-Term Management Plan, which did not meet its financial indicators. It outlines the following basic policies: pursuing recovery in the Civil Engineering Business by focusing on profit-focused projects that are stable and sustainable, transforming the Building Business into a growth business that supports the entire project lifecycle, and expanding profit in the Development Business through prudent investment that balances investments and returns. Furthermore, with regards to new businesses, it plans to expand its functional adsorbent business and regional co-creation business. By steadily implementing these basic policies, it will restructure its management foundation, aiming for an ROE of 8.0% (vs. 2.0% in FY5/25) and operating profit of ¥9.0bn (vs. ¥2.3bn) in FY5/28.

**4. Start of FY5/26 is in line with the Medium-Term Management Plan 2027**

Significant improvement is expected in the forecasts for FY5/26, with net sales of ¥131,000mn (up 6.2% year on year [YoY]) and operating profit of ¥3,500mn (up 51.0%). This is because the performance downturn in the Civil Engineering Business bottomed out in FY5/25 and the Building Business has started to recover. The 1Q FY5/26 results were net sales of ¥34,515mn (up 10.2%) and operating profit of ¥1,947mn (down 15.2%). While profit decreased due to the absence of the large sales of real estate for sale recorded in 1Q FY5/25, the start was broadly in line with the Medium-Term Management Plan 2027 due to factors such as the Building Business performing strongly and the Civil Engineering Business returning to profitability. The Company is also considering selling real estate, especially its real estate for sale holdings, during the period of the new Medium-Term Management Plan.

**Key Points**

- Medium-sized general contractor that develops Civil Engineering Business, Building Business, and Development Business (real estate business and renewable energy business)
- Strengths include mechanical capabilities, disaster recovery, reconstruction, prevention, and mitigation, and value chain
- Medium-Term Management Plan 2027, which aims for operating profit of ¥9.0bn in FY5/28, has started on track



Source: Prepared by FISCO from the Company's financial results

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## Company profile

### Medium-sized general contractor engaged in Civil Engineering and Building Businesses

#### 1. Company profile

The Company is a medium-sized general contractor that excels in civil engineering projects and also engages in building construction and other related businesses. The Civil Engineering Business, which may be considered its original business, handles social infrastructure development-related projects such as dams, rivers, tunnels, and roads, while the Building Business handles a wide range of construction, including public facilities, office buildings, and logistics facilities. The Development Business develops real estate business, in which it pursues real estate development and land readjustment projects in collaboration with the Civil Engineering and Building Businesses and renewable energy business based on solar power stations. Based on its management philosophy of "Contributing to the creation of a more prosperous society," the Company develops general contracting business via the Civil Engineering Business, which was its starting point, along with the Building Business while developing and providing various solutions that leverage its technical capabilities. Furthermore, by leveraging the extensive experience and track record it has accumulated in the Civil Engineering Business and Building Business, it is pursuing efforts aimed at new business creation and regional co-creation to address various issues facing communities across Japan, and along with solar power generation and real estate development, it is actively engaged in new ventures outside the construction industry.

### Involved in reconstruction following the 2011 Great East Japan Earthquake and decontamination work in Fukushima Prefecture

#### 2. History

The Company was founded in 1951 in response to a proposal by the Japanese Prime Minister at the time, Shigeru Yoshida, for the purpose of contributing to post-war reconstruction. Its main business was renting and dispatching operators for construction machinery such as bulldozers. In 1953, following emergency recovery work on the Katsura River (Kyoto Prefecture), which flooded during Typhoon No. 13 that struck Kyoto and Shiga Prefectures, it was involved in construction of the Yokosuka Thermal Power Station and the third section of the Kurobe No. 4 Dam Omachi Route, pivoting to a business focused on civil engineering project contracts using machinery. In the 1960s and 1970s, it was involved in the development of public infrastructure that represented Japan's high-growth era, such as highways and the Tokaido Shinkansen line. With the expansion of the construction market, it also established a construction division, becoming a general contractor, while expanding its business in other areas, including entering the real estate business. It achieved listing on the Tokyo Stock Exchange (TSE) First Section in 1964 and also on the Osaka Securities Exchange (OSE) First Section in 1970. However, when the bubble economy collapsed, business performance deteriorated as the profitability of construction declined, and due to the subsequent economic slump, it was difficult to collect payments receivable for construction projects and development business funds became non-performing. In 1998, the Company filed for corporate reorganization, and in 1999, it was delisted from the TSE and OSE.

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**JDC Corporation** | **3-Feb.-2026**  
**1887 Tokyo Stock Exchange Prime Market** | <https://www.jdc-corporation.com/ir/>

Company profile

In 2003, it decided to end corporate reorganization proceedings, and it contributed to disaster recovery and reconstruction in regions affected by the 2011 Great East Japan Earthquake, which recalled its involvement in the national reconstruction of Japan at the time of its founding. This led to it once again entering a phase of business expansion. In 2013, the Company entered the renewable energy business with solar power stations that it developed in house. In 2017, it combined the real estate business and renewable energy business to establish a new Development Business Division, with the aim of strengthening its third pillar (after the Civil Engineering Business and Building Business). In 2019, it listed on the TSE First Section again. In the same year, it established the Tsukuba Mirai Center as an R&D base in Tsukubamirai City, Ibaraki Prefecture. Boasting 12 consolidated subsidiaries, including Kokudo Kaihatsu Industry Co., Ltd. and Kokudo BuilACE Corporation, the Company now develops its business around the Civil Engineering Business, Building Business, and Development Business and offers attractive, effective solutions to address various social issues.

**History**

Year	Event
1951	Founded in Chuo Ward, Tokyo, and started construction equipment and operator rental business
1953	Started taking civil engineering project contracts
1956	Started work on the Kurobe No. 4 Dam Omachi Route (access road) project
1957	Started land reclamation project for TEPCO Yokosuka Thermal Power Station (established first ripper method* in Japan)
1961	Listed on Tokyo Stock Exchange (TSE) Second Section
1962	With expansion of construction market, established new construction division and pivoted to general contractor business
1964	Listed on TSE First Section
1970	Listed on Osaka Securities Exchange (OSE) First Section
1973	Turned heavy machinery construction division into a separate company by establishing Kokudo Kaihatsu Industry Co., Ltd.
1974	Acquired license from Minister of Construction under the Real Estate Brokerage Act
1990	Built new technology research laboratory in Aikawa, Kanagawa Prefecture
1998	Filed for corporate reorganization due to the impact of the bubble economy's collapse
1999	Delisted from TSE and OSE
2001	Established Japan Adox Co., Ltd. (now Kokudo BuilACE Corporation) to strengthen the concrete refurbishment business
2003	Decided to end corporate reorganization proceedings
2005	Opened Taiwan Office (now Taiwan Branch)
2011	Involved in reconstruction after the 2011 Great East Japan Earthquake and handled tasks such as decontamination and interim storage
2013	Entered the renewable energy business
2019	Re-listed on TSE First Section
2019	Opened Tsukuba Mirai Center as R&D base
2020	Selected as a Kenko Investment for Health Outstanding Organization 2020 by Ministry of Economy, Trade and Industry and TSE (chosen four times in total through 2025)
2020	Completed large-scale mega-solar project, Matsushima Donguri Solar Power Plant (generation capacity: 50 MW)
2022	Listing changed from TSE First Section to Prime Market
2024	Developed TMSP1800, an autonomous rotary crusher and mixer

\* Method of excavating hard soil and rock layers without relying on blasting by using a "ripper" (hooked/clawed metal part) attached to the rear of a bulldozer

Source: Prepared by FISCO from the Company's securities reports and corporate materials

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## Business description

### Developing social infrastructure and supporting disaster reconstruction

#### 1. Civil Engineering Business

The Civil Engineering Business undertakes construction management for a wide range of projects, including development of social infrastructure (dams, rivers, bridges, tunnels, roads, water/sewerage systems, land reclamation projects, etc.), support for reconstruction after disasters, large-scale land reclamation projects for mega-solar facilities and the like, and land readjustment projects. A feature of this business is that it has developed diverse proprietary technologies and methods that leverage the civil engineering skills it has acquired since its founding and the latest ICT. Proprietary technologies developed in house to date include: a rotary crushing and mixing method (commonly known as the Twister method) that refines and recycles improved soil for use as construction material; Capillary Barrier, a new landfill cover technology that uses natural materials; and a dynamic consolidation method that can also be applied in waste compaction.

In recent years, as a company focused on offering technical solutions, it has also devoted effort to the development of unique, one-of-a-kind technologies that address the needs of society and the times. This includes in-house development and manufacturing of an autonomous rotary crusher and mixer that improves the quality of soil needed for development projects such as reinforcing embankments and a shield machine for excavating sewerage pipes and the like. Furthermore, it employs its strength in scrapers to shorten construction times and save labor on large-scale land reclamation projects. Its subsidiaries have their own characteristics: for example, Kokudo Kaihatsu Industry Co., Ltd. handles civil engineering project construction and manufactures and sells shield machines, etc., while Fukushima Eco-Crete Co., Ltd. manufactures and sells OR crete, a coal ash composite material used for roadbed materials and the like, whose main material is coal ash emitted by coal-fired power plants. Furthermore, Marine Engineering Co., Ltd. mainly handles ground improvement projects using methods such as dynamic consolidation for ground improvement, while ANION Co., Ltd. mainly manufactures and sells ADOX powder, a nitrate-type functional adsorbent used as an additive in resin and concrete for the purpose of preventing salt damage.

#### Civil Engineering Business

Rotary crushing and mixing method



Scraper



Source: The Company's website

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**JDC Corporation** | **3-Feb.-2026**  
1887 Tokyo Stock Exchange Prime Market | <https://www.jdc-corporation.com/ir/>

Business description

## An extensive, diverse track record in building construction

### 2. Building Business

The Building Business has an extensive, diverse track record in the construction of large-scale buildings such as office buildings, condominiums, multi-tenant logistics facilities, public facilities, and stadiums that leverage innovative ideas and cutting-edge technologies. Furthermore, it offers one-stop service with high-level construction management, design, and construction capabilities which meet the management standards required by project owners/clients, including process management, work progress control, and quality control for projects. Along with offering refurbishment technologies such as building inspection, repairs, and reinforcement that meet the needs of a recycling-oriented society, it has a base isolation floor system based on proprietary technology which has been adopted in essential facilities such as server rooms, precision testing rooms, and disaster management centers in regions across Japan. Moreover, year by year, it is expanding its track record in net zero energy building (ZEB) and net zero energy house (ZEH)\* construction, which is attracting interest as a response to global warming. The Company's subsidiary Kokudo BuilACE Corporation carries out construction projects, mainly focusing on refurbishment, and is growing rapidly at the moment.

\* ZEB and ZEH are approaches that combine energy-saving measures and renewable energy so that the annual balance of energy consumed by buildings is zero.

## Development of real estate business and renewable energy business

### 3. Development Business

The Development Business handles business including real estate and renewable energy. Its strength lies in its ability to provide total solutions, from land exploration to project management, by combining its expertise in developing real estate, attracting companies, developing mega-solar projects, etc., best-in-industry land reclamation capabilities, and high-added-value construction technologies. In terms of revenue, the real estate business aims to secure stable revenue through non-recurring revenue\*1 from selling real estate via real estate development and land readjustment projects for which the Company is the business operator, as well as various types of recurring revenue\*2, such as real estate leasing and brokerage. In the renewable energy business, the total generation capacity of projects developed by the Company itself was 127 MW as of May 2025, and it is expected to reach 150 MW in FY5/26. Along with this power station operation business (recurring revenue), the business also sells power stations it has developed (non-recurring revenue).

\*1 Short-term revenue obtained by selling assets, etc.

\*2 Stable, long-term revenue obtained from leasing real estate, selling renewable energy, etc.

## Strengths including civil engineering project expertise and in-house development of machinery

### 4. Strengths

The Company's strengths include its mechanical capabilities, disaster recovery, reconstruction, prevention, and mitigation, value chain, decarbonization initiatives, and addressing challenges facing local communities.

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**JDC Corporation** | **3-Feb.-2026**  
1887 Tokyo Stock Exchange Prime Market | <https://www.jdc-corporation.com/ir/>

Business description

**(1) Mechanical capabilities**

Its mechanical capabilities are the biggest strength of the Company. It has inherited the DNA of its original business, which was founded for the purpose of promoting mechanical construction using heavy construction machinery. It focuses on improving productivity through the use of machinery and promotes the shortening of construction times and labor saving for large-scale land reclamation projects through the introduction of scrapers. It is also actively engaged in the i-Construction initiative promoted by the Ministry of Land, Infrastructure, Transport and Tourism. In earthmoving projects, it has become possible to easily create soil transportation plans by digitizing topographic information obtained via 3-D measurement using unmanned aerial vehicles (UAVs or drones), which helps increase the efficiency of heavy machinery operations. Through the standardization of ICT-based construction, introduction of scrapers, and use of digital twins, the Company is working to reduce personnel and shorten construction times, thereby reducing costs and saving time.

Furthermore, another major strength of the Company is its rotary crushing and mixing method, a proprietary technology used in development projects such as reinforcement of embankments. This method is a soil improvement technique that crushes and refines (breaks down) ground materials using the striking force of multiple chains rotated at high speed inside a cylinder, which also has the effect of evenly distributing added materials. It allows soil recovered from sites where water damage occurred to be recycled as improved soil at the site and used as material for reinforcing river embankments. In the past, plant-type equipment installed on site was the standard approach, but in 2024, the Company developed the proprietary TMSP1800 autonomous rotary crusher and mixer, a compact machine that can be transported with one trailer and can also be operated remotely. It is highly mobile, enabling use on small sites, reduction of transportation costs, and shortening of assembly time.

This autonomous rotary crusher and mixer is a machine developed at the Tsukuba Mirai Center, the Company's R&D base. The Center is also engaged in pursuing digital transformation (DX) and improving the efficiency of construction projects using artificial intelligence (AI) and ICT, along with developing and manufacturing heavy machinery and shield machines for the Group. Some are also sold to other companies. The mechanical capabilities acquired over more than 70 years since its founding are a strength of the Company and can be regarded as one indicator of its advantages over other companies.

**(2) Disaster recovery, reconstruction, prevention, and mitigation**

The Company was founded to contribute to Japan's post-war reconstruction, and its strengths include the knowledge and expertise relating to disaster recovery, reconstruction, prevention, and mitigation it has accumulated through projects such as supporting reconstruction after the 2011 Great East Japan Earthquake. At present, it is undertaking multiple projects following the 2024 Noto Peninsula Earthquake as it works on rapid recovery in the affected region. With regards to restoration projects after the 2011 Great East Japan Earthquake specifically, since 2011 the Company has been in charge of all processes related to decontamination of radioactive materials released in the Fukushima Daiichi nuclear accident, including everything from decontamination operations in Minamisoma City, Fukushima Prefecture, to temporary storage, compaction, and interim storage of removed soil, etc., thereby contributing to the region's recovery and reconstruction. It is also involved in projects such as ground leveling in Otsuchi Town, Iwate Prefecture, which suffered severe damage from the massive tsunami, and river embankment repairs in Minamisoma City. Leveraging its track record of involvement in recovery and reconstruction from multiple major disasters, it is also contributing to disaster-resilient urban development that allows residents to keep living with peace of mind, such as measures addressing anticipated future disasters (floods, landslides, earthquakes, tsunamis, etc.) in various regions.

**JDC Corporation** | **3-Feb.-2026**  
1887 Tokyo Stock Exchange Prime Market | <https://www.jdc-corporation.com/ir/>

Business description

**(3) Value chain**

Another significant advantage of the Company is its establishment of a value chain. With the growth of the Development Business (real estate and energy businesses), it is going beyond contracted construction work for civil engineering and buildings to provide end-to-end project services covering upstream tasks (planning and proposal, such as development plans) to downstream tasks (operation and management, such as asset management). As a result, it develops initiatives that fall outside the scope of conventional general contractors, such as developing its own land readjustment projects. It has previously implemented a land readjustment project in Kashiwa City, Chiba Prefecture, and is currently pursuing construction of the Matsushima Innovation Hills industrial park in Matsushima Town, Miyagi Prefecture. Near Matsushima Innovation Hills, it is constructing a solar power station and planning a microgrid project using the power generated by this station. This initiative involves establishing an independent electricity grid in a specific area and using renewable energy to introduce a self-sufficient energy system in the region.

**(4) Decarbonization initiatives**

In terms of decarbonization initiatives, a strength of the Company is that it has developed its own renewable energy business, and furthermore, with regards to greenhouse gas emission reduction targets (Scopes 1, 2, and 3), it has acquired SBT Net Zero certification from the Science Based Targets initiative (SBTi)\* toward achieving net zero emissions by 2050.

\* An international initiative that sets greenhouse gas emission reduction targets based on scientific evidence (science-based targets [SBTi]) with the aim of achieving the Paris Agreement's targets. Scope 1 covers greenhouse gases that a business emits itself by consuming energy, etc., Scope 2 covers greenhouse gases that other companies emit in order for the business to consume energy, and Scope 3 covers greenhouse gases emitted by other companies in connection with the business's activities.

**(5) Addressing challenges facing local communities**

In terms of solutions for issues facing communities, the Company aims to become a “partner for solving local challenges” for the 1,700 or so municipalities across Japan and intends to create new businesses and realize regional co-creation by combining its technologies and the knowledge and expertise it has cultivated to date in the areas of environmental preservation, regional revitalization, and disaster response. It is applying the strength of the ties with regions it has cultivated while developing its Civil Engineering Business, Building Business, and Development Business across Japan to regional co-creation initiatives in various communities, such as urban development and decarbonization projects. Specifically, it is currently constructing a solar power station with nighttime connection in Miyako City, Iwate Prefecture, which will supply stable electricity by both day and night using energy storage equipment. In Kamaishi City, Iwate Prefecture, it is planning an environmentally friendly, regional co-creation-type solar power station to preserve biodiversity. Furthermore, in 2022, it opened Izumi Peak Base, an outdoor resort developed on idle land belonging to the Company in Izumi Ward, Sendai City. This fully equipped campground with facilities such as restaurants, outdoor hot spring baths, cottages, and glamping tents has attracted around 100,000 visitors in its 3 years of operation. Since a communication area with free Wi-Fi has been established covering the entire area, some visitors use it as a workation site, enabling them to do work and attend meetings in a natural setting. Izumi Peak Base is an attempt to promote regional revitalization that creates new tourism resources on idle land.

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**1887 Tokyo Stock Exchange Prime Market** | <https://www.jdc-corporation.com/ir/>

Business description



Source: Materials provided by the Company

## Medium-term management plan

**The previous Medium-Term Management Plan was challenging, but the Company rallied in the final year**

### 1. Review of Medium-Term Management Plan 2024

The Company formulated the Medium-Term Management Plan 2024 (FY5/23–FY5/25) in July 2022, which set quantitative indicators such as ROE at around the 10% level and operating profit of ¥11.0bn for FY5/25. However, additional expenses occurred in the Civil Engineering Business in the first year of the plan, FY5/23, due to conducting corrective work at a particular large-scale land reclamation site and in FY5/24 due to conducting catch-up work in order to avoid schedule delays at the same site. As a result, a significant construction loss was recorded (segment loss of ¥6.2bn). The Building Business sought to obtain more orders, but it was unable to allocate enough management resources to meet the high indicators it set, and there were also factors such as project delays due to soaring prices and material shortages, leading to multiple sites being unprofitable. Profitability therefore deteriorated in FY5/24 and a significant loss was recorded (segment loss of ¥3.6bn). As a result, in FY5/24 there were substantial losses: operating loss of ¥9.4bn, ordinary loss of ¥7.3bn, and loss attributable to owners of parent of ¥7.1bn. In light of these circumstances, in July 2024 the Company revised the quantitative indicators for the final year of the Medium-Term Management Plan (ROE revised from 10% to 5% and operating profit from ¥11.0bn to ¥4.0bn). The Company also established a Results Management Task Force HQ, headed by the President, for the Civil Engineering Business and Building Business. In order to prevent the recurrence of significant losses, the Task Force HQ strengthened the management system, adopted stricter criteria for accepting orders, and implemented measures in the order acceptance, design, and construction processes.

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**JDC Corporation** | **3-Feb.-2026**  
1887 Tokyo Stock Exchange Prime Market | <https://www.jdc-corporation.com/ir/>

Medium-term management plan

Based on these measures, in FY5/25, the final year of the Medium-Term Management Plan 2024, the Building Business recovered, recording a segment profit of ¥2.5bn. The Development Business also succeeded in turning a profit thanks to the contributions of non-recurring revenue from selling some of its real estate for sale holdings and recurring revenue from the energy business, mainly solar power stations. However, the Civil Engineering Business recorded a significant loss for the third consecutive fiscal year. As a result, the Company did not meet the forecasts for the financial indicators in the Medium-Term Management Plan even after they were revised (ROE was 2.0% and operating profit ¥2.3bn), as it failed to meet most of its financial quantitative indicators for FY5/25.

With regards to non-financial indicators in the Medium-Term Management Plan 2024, however, as part of its decarbonization efforts, the Company acquired SBT Net Zero certification from the SBTi for achieving carbon neutrality by 2050. It also implemented forward-looking initiatives in the area of health management and was selected as a Kenko Investment for Health Outstanding Organization for the fourth time in total.

## **Aims for operating profit of ¥9.0bn in FY5/2028**

### **2. New Medium-Term Management Plan 2027**

The Japanese economy continues trending toward recovery based on improvement in the hiring and income environment, but the outlook for overseas economies has become uncertain due to geopolitical risks and other factors. The growth of Japanese companies is therefore expected to slow down going forward. The construction market is performing strongly, and investment related to decarbonization and strengthening national resilience are also expected to increase. On the other hand, since there is concern that profitability will decrease due to the shortage of workers, soaring material and labor costs, and decreased investment in residential construction due to the declining birthrate, the Company is making efforts to reduce labor hours and improve productivity by pursuing DX using AI, ICT, etc. Furthermore, with the probability of severe disasters such as major earthquakes and heavy rains rising, the role of the construction industry in recovery and reconstruction in afflicted regions may become larger.

Based on the takeaways from the Medium-Term Management Plan 2024 and its understanding of the external environment, in July 2025 the Company formulated the Medium-Term Management Plan 2027 (FY5/26–FY5/28).

First of all, the Company reasserted its management philosophy of “Contributing to the creation of a more prosperous society.” It identified climate change and the 2030 problem as social issues that it will address, and its long-term vision is to become an innovative construction company to solve these. With the aim of contributing to the creation of a prosperous society, it revised its materiality (key issues) to promote sustainability management aimed at improving corporate value through the mutual interaction of economic value and social value, then formulated the new Medium-Term Management Plan. The long-term vision was formulated in July 2022 and carried over to the Medium-Term Management Plan 2027.

The Company has been promoting sustainability management since 2023, and in October 2021, it revised its specified materiality with the aim of achieving financial indicators, including its business activities, and non-financial indicators. It has defined six new materialities based on three pillars: growing alongside society, pursuing sustainability, and enhancing the management foundation.

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**JDC Corporation** | **3-Feb.-2026**  
**1887 Tokyo Stock Exchange Prime Market** | <https://www.jdc-corporation.com/ir/>

Medium-term management plan

Revised materialities

<b>Grow alongside society</b>	<b>01. Contribute to the creation of a more prosperous society through our business</b> Contribute to the creation of a more prosperous society through our business, by extending the usable life of buildings, modernizing aging infrastructure, addressing natural disasters – which have grown in intensity, etc.
<b>Pursue sustainability</b>	<b>02. Ensuring quality, continuous technical development, and the advancement of DX</b> In order to continue earning our clients' trust, we will further enhance the quality of our services and our proprietary technology. Simultaneously, we will advance DX efforts to improve productivity, save labor, and maximize our value proposition.
<b>Enhance management foundation</b>	<b>03. Work to create a carbon neutral society</b> Address climate change by achieving carbon neutrality and make sure we leave a hospitable environment and society for the next generation.
<b>Enhance management foundation</b>	<b>04. Create a workplace where diverse talent can feel motivated and thrive</b> Train talent with the requisite capacity and aptitude and create an attractive workplace where employees can feel motivated.
<b>Enhance management foundation</b>	<b>05. Create a safe and secure workplace</b> Our top absolute priority is "Safety First," and we will work to eliminate work-related accidents and other disasters to create a safe and healthy workplace.
<b>Enhance management foundation</b>	<b>06. Carry out fair and transparent corporate activities, building trust</b> In order for us to continue living up to stakeholders' hopes, continue earning society's trust and being needed, we will be further enhancing our risk management structure through strict compliance and internal governance, strengthening corporate governance.

Source: The Company's Medium-Term Management Plan 2027

The mission of the Medium-Term Management Plan 2027 is to rebuild a management foundation capable of generating profits sustainably and to return the Company to a growth trajectory. Furthermore, the Company plans to steadily improve the ROE from FY5/26 onward and achieve a level of 10.0% by FY5/31, the final year of the long-term vision. In pursuit of this target, and based on the revision of its materialities and the establishment of its mission, the Medium-Term Management Plan 2027 formulated basic policies for each business. Based on these, the Company will put in place and strengthen a revised management foundation to generate profits in a sustainable manner and target an ROE of 8.0% (vs. 2.0% in FY5/25), operating profit of ¥9.0bn (vs. ¥2.3bn), three-year investment of ¥74.0bn (vs. ¥33.0bn during the previous Medium-Term Management Plan), and dividend on equity (DOE) of 3.0% to 3.5% (vs. 2.5% to 3.0% in the previous Medium-Term Management Plan) in FY5/28.

At the same time, the Company indicated that it will steadily implement measures to prevent recurrence of the significant losses that occurred during the previous Medium-Term Management Plan. The Results Management Task Force HQ was established in 2024 to review the validity of plans and monitor their implementation status, report on the progress to the Board of Directors, and strengthen monitoring of the progress of processes and costs at priority management sites to prevent the occurrence of new losses or unprofitable projects, thereby achieving a recovery in performance. Specific measures in each process include the following: more rigorous review items, screening of projects, careful examination of contract terms and conditions, and prevention of process delays in the order acceptance process; review of drawings based on customer requirements, more accurate estimates based on enhancement of drawings, and validation of cost-effectiveness and construction efficiency in the design process; and enhancing the construction management system, enhancing the quality control system, and promoting reduction of operational management and work errors in the construction process. For the order acceptance process in particular, the Company intends to hold more in-depth discussions with business owners.

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Medium-term management plan

Quantitative indicators in Medium-Term Management Plan 2027

Financial indicators	MTMP 2024 Initial target	FY5/25 Results	MTMP 2027 Final FY
ROE	≈10%	2.0%	8.0%
Operating profit	¥11.0 B	¥2.3 B	¥9.0 B
Segment profit	¥3.8 B	-¥4.5 B	¥2.3 B
	¥3.8 B	¥2.5 B	¥3.5 B
	3-year avg. ¥4.8 B	3-year avg. ¥5.4 B	¥5.0 B
Investment (3 years)	¥63.0 B	¥33.0 B	¥74.0 B
DOE	2.5~3.0%	2.7%	3.0~3.5%

Source: The Company's Medium-Term Management Plan 2027

## Aims for growth in each business by implementing key measures

### 3. Basic policies

In the Civil Engineering Business, the basic policy for achieving the Medium-Term Management Plan 2027 is to secure stable profits by improving the business structure over the three-year period, thereby returning to a sustainable, stable business. In the Building Business, the Company plans to transform from a stable business to a growth business by offering support across a property's life cycle, including design, construction, and maintenance, while in the Development Business, it plans to increase profits through steady investment that balances investments and returns in growth domains. In terms of new businesses, it aims to grow the functional adsorbent business and expand the regional co-creation business.

#### (1) Civil Engineering Business

In the Civil Engineering Business, the Company will improve the business structure through order acceptance activities that secure adequate profitability and strengthening of the construction management system while also aiming to return to a sustainable, stable business by focusing on projects that leverage its strengths. Based on this, in FY5/28 it plans to achieve net sales of ¥50.0bn (vs. ¥37.7bn in FY5/25) and segment profit of ¥2.3bn (vs. loss of ¥4.5bn). In terms of key measures, it plans to focus on infrastructure modernization, disaster prevention and mitigation, and reconstruction, thereby contributing to the resolution of social issues. Furthermore, the Company intends to focus on projects using the rotary crushing and mixing method that is one of its strengths and expand large-scale land reclamation projects, as well as the efforts to enhance productivity that it has been pursuing since the previous Medium-Term Management Plan.

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Medium-term management plan

In terms of targets, it plans to capture demand in growth domains such as repair and upgrading (e.g., aging infrastructure, preventive maintenance projects), defense (e.g., increasing the resilience of facilities to dramatically enhance defense capabilities), and disaster prevention and mitigation (e.g., countermeasures for increasingly severe wind and water damage and imminent large earthquakes). Furthermore, for government projects, the Company plans to leverage its strengths such as infrastructure modernization and disaster prevention, mitigation, recovery, and reconstruction, while for private-sector projects, it plans to enhance orders by leveraging strengths such as its mechanical capabilities (e.g., use of ICT-based heavy machinery, land reclamation work) and civil engineering work. Besides these, it intends to tackle new technological innovations like mechanical automation and shields, mechanization and DX like full-scale operation of autonomous Twisters, and new areas like overseas projects in Bangladesh and also strengthen its human resources and organizational capabilities. In terms of improving profitability and securing profits, it has been working to enhance project selection by adopting stricter review criteria and improving risk analysis at the order acceptance stage since the previous fiscal year and is already moving forward with replacing projects. It plans to not accept orders if the risks cannot be passed on through pricing. Furthermore, at the construction stage, it is taking thorough steps to improve quality and profitability by improving construction management, primarily through the Results Management Task Force HQ and the Construction Guidance Enhancement Office. In particular, it intends to monitor differences between forecast and actual results as processes progress to identify changes at an early stage.

**Improving profitability and securing profits**

Basic Policy	Initiatives	Evaluation criteria / Monitoring indicators
<b>Order receipt stage</b> <div style="background-color: #0056b3; color: white; padding: 5px; display: inline-block;"> <b>Reflect risks in pricing</b>  <b>Do not accept orders where risks cannot be appropriately priced in</b> </div>	<ul style="list-style-type: none"> <li>■ <b>More granular project selection</b></li> <li><b>More cautious approach at time of order acquisition</b> <ul style="list-style-type: none"> <li>• Large private sector projects → Stricter evaluation by Screening Committee</li> <li>• Public sector projects → Put in place solo &amp; JVSP/JVSB* initiative methods</li> </ul> </li> <li>■ <b>Improve project selection granularity through EPC Department</b> <ul style="list-style-type: none"> <li>• Create risk analysis flow chart/framework (prior to order acceptance)</li> <li>• Build calculation logic for cost ON amounts based on a risk assessment</li> </ul> </li> <li>■ <b>Improve cost estimation system</b></li> </ul>	<ul style="list-style-type: none"> <li>■ <b>All 7 risk factors</b></li> <li>① Credit</li> <li>② JDC borrowing risk</li> <li>③ HQ initiative policy</li> <li>④ Construction processes/methods</li> <li>⑤ Contract policies</li> <li>⑥ Cost estimate competitiveness</li> <li>⑦ Others</li> </ul>
<b>Construction stage</b> <div style="background-color: #0072bc; color: white; padding: 5px; display: inline-block;"> <b>Monitor progress for discrepancies versus plan/budget and quickly identify changes</b> </div>	<ul style="list-style-type: none"> <li>■ <b>Performance Management Task Force HQ Meeting (Once/month)</b>  <b>Manage and monitor the CE Business, especially the following sites:</b> <ul style="list-style-type: none"> <li>• Worksites worth ¥2 B or more, within JDC-only and JV sponsor projects</li> <li>• Worksites for JV subs we started monitoring more carefully in FY 2024-2025 through HQ and branch support</li> </ul> </li> <li>■ <b>Business HQ meeting (monthly) &amp; Regional Head meeting (twice/year)</b> <ul style="list-style-type: none"> <li>• Construction sites that came up in the meeting are candidates</li> <li>• Set up key management worksites, depending on importance</li> </ul> </li> <li>■ <b>Periodic reports of all worksites (quarterly)</b> <ul style="list-style-type: none"> <li>• Review of QA, COGS, and processes by the Construction Instruction Enhancement Office</li> </ul> </li> <li>■ <b>Inspection by Head of Business HQ (ongoing basis)</b> <ul style="list-style-type: none"> <li>• All construction sites / Monthly reports for the first six months of a project</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Construction progress – variances vs. plan</b> <ul style="list-style-type: none"> <li>• Primarily, differences between planned progress and actual progress (amount basis)</li> <li>• Differences vs. schedule (time basis)</li> </ul> </li> </ul> <p style="text-align: center;"><b>Enhance Construction Supervision</b></p> <ul style="list-style-type: none"> <li>• Achieve worksite guidance through regional CE Department working together with the Construction Guidance Enhancement Office</li> <li>• Review QA, COGS, and processes in accordance with our construction policy and execute PDCA.</li> </ul>

\*JV (Joint Venture): A consortium formed by multiple companies to jointly undertake construction projects.  
 The company with the largest investment share is called the Sponsor (SP) with the other companies being called subs (SB).

Source: The Company's Medium-Term Management Plan 2027

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 | 3-Feb.-2026  
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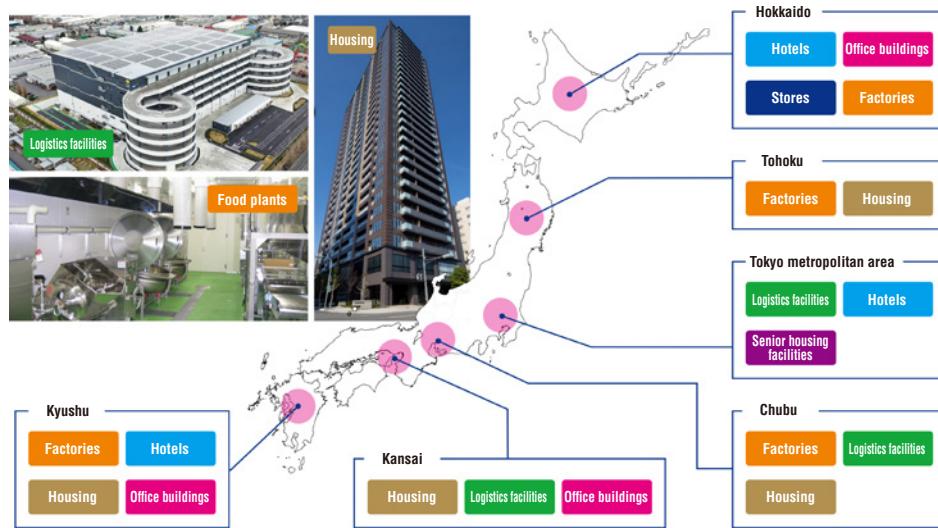
Medium-term management plan

### (2) Building Business

For construction projects, the Company will establish focus markets by area and develop order acceptance activities that enable it to secure adequate profits, while thoroughly implementing worksite management, especially quality control, thereby transforming the Building Business from a stable business to a growth business. Based on this, in FY5/28 it plans to achieve net sales of ¥87.0bn (vs. ¥74.6bn in FY5/25) and segment profit of ¥3.5bn (vs. ¥2.5bn) in the Building Business. In terms of key measures, it plans to establish focus markets by area, mainly in the key fields of logistics facilities, office buildings, and food plants. Furthermore, it will strive to improve design and construction quality, strengthen its estimation and purchasing capabilities, and improve both its own and its customers' profitability, while aiming to provide total building support closely aligned with customer needs, including handling management and maintenance after completion and handover.

In terms of targets, it intends to capture repair and upgrade demand for office buildings, which is expected to maintain its current market size until around 2040, factory construction demand in the manufacturing industry, in which there is a move toward enhancing domestic production sites, and redevelopment demand in the Tokyo metropolitan area, which it is said will remain at a high level until around 2030. Specifically, it plans to establish focus markets by area corresponding to regional characteristics and needs across Japan, leading to business growth. For example, in Hokkaido, using its track record with stores, office buildings, etc. as a stepping stone, it will enter fields on which it has not focused in the past, such as hotels and factories. In Tohoku, it will focus on condominiums and food plants, which enable it to leverage its strengths, and wooden public buildings, with which it has a track record. In the Tokyo metropolitan area, it will tackle various needs, including large-scale refrigerated and freezer warehouses, in which it has an extensive track record, as well as hotels catering to in-bound tourists, Senior housing facilities, etc. In Chubu, it will accept orders for strengthening food plants, at which it excels, and condominiums and logistics facilities, for which it possesses expertise. In Kansai, in light of its track record with offices and condominiums in Osaka Prefecture, it aims to continue focusing on condominium towers while also capturing booming demand for logistics facilities. In Kyushu, it will address demand for condominiums, offices, and factories, for which it has a track record, as well as hotels catering to in-bound tourists. Furthermore, as a company providing total building support, it plans to fully support refurbishment projects handled by Kokudo BuilACE Corporation.

### Focus markets by area



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Medium-term management plan

**(3) Development Business**

Through steady investment that balances investment and recovery to grow recurring revenue, together with the accumulation of non-recurring revenue from timely sales of development real estate, the Company aims to generate total gross profit of approximately ¥14.0bn and segment profit of approximately ¥12.0bn over the three-year period through FY5/28. In the real estate business, the Company intends to expand real estate revenues by combining recurring and non-recurring income, while also moving into real estate-adjacent fields such as establishing an asset management company, and pursuing development of and investment in new real estate businesses with growth potential, including overseas. In the energy business, the Company aims to be certified as a Long-Term Stable Qualified Solar Power Generation Operator\*1 by further developing and acquiring solar power stations. At the same time, it will pursue entry into the grid-scale energy storage business, enhance the value of existing power stations, and promote the sale of high-priced FIT projects. In particular, the Company plans to steadily capture growing demand driven by booming urban redevelopment and Japan's 7th Strategic Energy Plan formulated by the Agency for Natural Resources and Energy. With regards to financing in the Development Business, the Company intends to diversify its funding methods by using project financing\*2 and structured financing\*3.

\*1 Solar power operator that takes responsibility for playing a role in establishing solar power in society in a self-sustaining manner for generations to come through appropriate reinvestment aimed at making renewable energy a stable resource in the long term

\*2 Method of receiving funds for specific businesses and projects by using cash flow as the source of repayment, with assets as collateral

\*3 A method of raising funds based on specific assets or businesses, unlike conventional financing based on borrowing or raising capital

Specifically, in the real estate business, it plans to acquire premium income properties, expand asset types, and pursue land readjustment projects, as well as taking on the challenge of entering new areas. In the development and investment business, it aims to acquire premium income properties, invest in diverse assets, and implement financing using methods such as structured financing, as well as expanding real estate revenue by combining recurring and non-recurring revenue, such as developing an "investment-recovery turnover" business model that enhances the value of invested properties through renovation and leasing to generate returns. In the land readjustment projects, it intends to pursue urban development projects entirely on its own by leveraging the strengths of the Civil Engineering Business and Building Business and is already undertaking urban development in Kashiwa City, Chiba Prefecture, and Matsushima Town, Miyagi Prefecture. In terms of new fields, the Company intends to develop and invest in new real estate with growth potential, including overseas, as well as moving into real estate-adjacent fields to diversify its revenue sources, entering business areas such as asset management of real estate after selling it.

**Key examples**



Conceptual drawing of Matsushima Innovation Hills / Land readjustment project (top image)  
 Fushimi Daichi Building / Domestic real estate investment (center image)  
 Large-scale office building in Brisbane, Australia / Overseas real estate investment (far right image)



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**1887 Tokyo Stock Exchange Prime Market** | <https://www.jdc-corporation.com/ir/>

Medium-term management plan

In the energy business, the Company is aiming for 200 MW in 2030 (the total power capacity of projects developed by the Company itself, including projects whose development is under way, is currently 127 MW). Furthermore, along with newly added secondary projects\*, it aims to receive certification as a Long-Term Stable Qualified Solar Power Generation Business Operator. In terms of the solar power generation business, it plans to pursue further business growth by promoting on-site/off-site power purchase agreements (PPAs) with municipalities and companies, promoting rooftop solar power generation projects, expanding agrivoltaics, using abandoned farmland, acquiring currently operational solar power stations (including small-scale low-voltage projects), repowering, expanding, and introducing storage batteries for existing solar power stations, and promoting sales of high-priced FIT projects, for which it has built up a track record of selling power. In terms of new fields, it intends to establish energy storage facilities at existing solar power stations and is currently constructing a solar power station with battery storage enabling grid connection at night and round-the-clock renewable energy supply. It will also enter the grid-scale energy storage business.

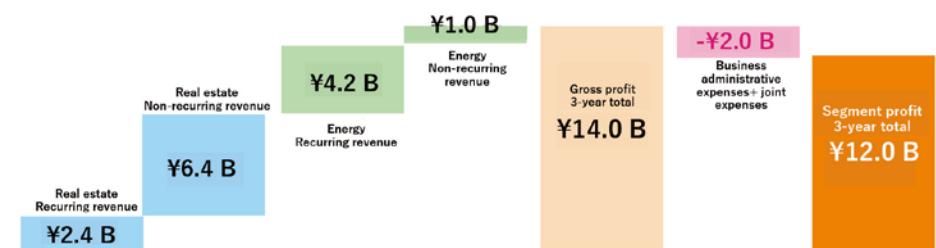
| \* Buying and selling solar power stations that are already in operation |

**Initiatives in energy business**



Source: Materials provided by the Company

**Three-year profit forecasts for Development Business**



Source: The Company's Medium-Term Management Plan 2027

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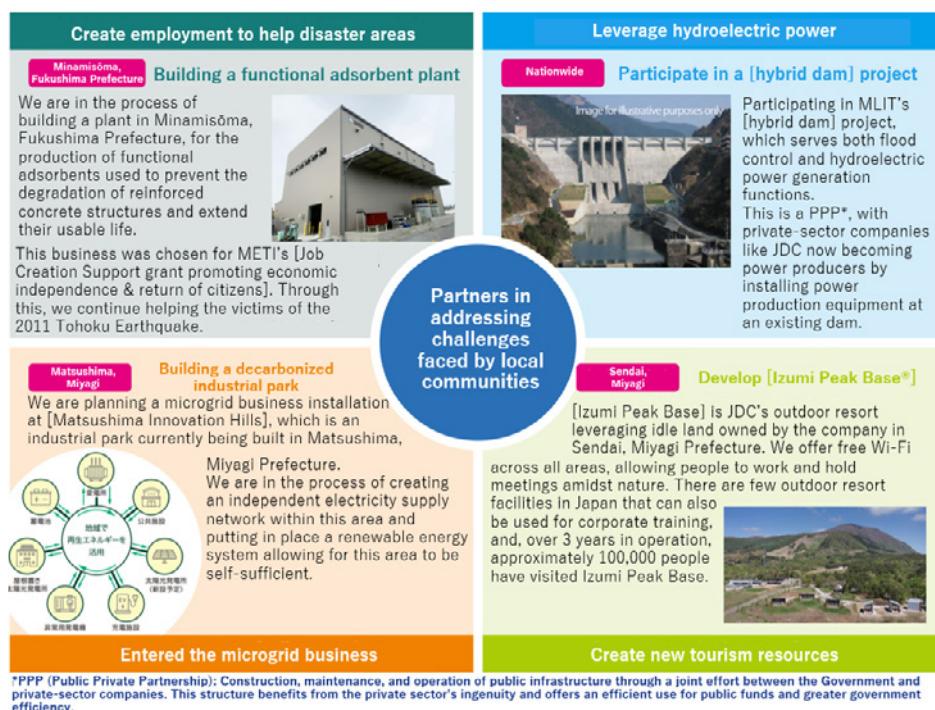
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**(4) New businesses**

In terms of new businesses, the Company plans to continue focusing on addressing challenges facing local communities indicated in the previous Medium-Term Management Plan. As a partner to address challenges facing local communities for the 1,700 or so municipalities across Japan, it will contribute to local economies and communities throughout Japan and support the creation of local revitalization resources. Furthermore, it intends to enter the area of infrastructure modernization, which is a social issue, and also contribute to the widespread adoption of renewable energy in response to the problem of climate change. In particular, the Company plans to offer sustainable solutions by combining its knowledge of and expertise in environmental preservation (e.g., carbon neutral initiatives), regional revitalization (e.g., effective use of idle land), and disaster response (e.g., disaster-resilient urban development) that it has cultivated to date and collaborate in creating new businesses and achieving regional co-creation. In this manner, it has started various businesses, such as constructing a functional adsorbent manufacturing plant in Minamisoma City, Fukushima Prefecture (completed in October 2025), whose benefits include supporting economic independence and the return of citizens and creating jobs in a disaster-afflicted region. Besides this, it plans to enhance its contributions as a partner to address challenges facing local communities, including initiatives such as planning a microgrid business at Matsushima Innovation Hills, an industrial park currently under construction in Matsushima Town, Miyagi Prefecture, and creating new tourism resources by developing Izumi Peak Base, an outdoor resort on idle land owned by the Company in Sendai City, Miyagi Prefecture.

Achieving regional co-creation



Source: The Company's Medium-Term Management Plan 2027

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Medium-term management plan

## **Environment, health and safety, and corporate governance as key issues**

### **4. Non-financial indicators**

Along with the formulation of the Medium-Term Management Plan 2027, the Company announced non-financial targets comprising 12 indicators across 7 categories. Among these, the environment, health and safety, and corporate governance were identified as key issues. In terms of the environment, the Company plans to address climate change-related issues, including achieving carbon neutrality by contributing to the widespread adoption of renewable energy, expanding its renewable energy business, promoting energy-efficient buildings such as ZEB and ZEH, enhancing energy efficiency, increasing the use of renewable energy, and promoting decarbonization-related businesses. With regards to health and safety, it will strive to eradicate labor accidents and public disasters by putting safety first via initiatives such as development of an optimal workplace environment, employee health management, labor accident prevention, and promotion of workplace health and safety, including at partner companies. In the area of corporate governance, it intends to evolve into a company that remains trusted and needed by society through enhancing corporate and group governance, enhancing internal control, enhancing business continuity planning (BCP) (enhancing its response to large-scale disasters, pandemics, and infectious diseases, adaptation to climate change, etc.), enhancing information security and cybersecurity, implementing thorough compliance and corporate ethics, implementing human rights due diligence and responsible procurement, and improving stakeholder engagement.

## **Enhancing management foundation and expanding investment and shareholder returns**

### **5. Enhancing management foundation**

The Company plans to enhance its management foundation in terms of human capital, DX, and finances, leading to expanded investment and shareholder returns. In terms of human capital strategy, it will establish an attractive workplace environment that employees can be proud of working in via workstyle and work engagement reform, which are also part of the non-financial strategy. Furthermore, it will pursue initiatives based on three pillars (hiring, employee retention, and employee training) to maximize human capital, with workstyle and work engagement reform positioned as a dual approach supporting them. The Company plans to implement measures such as promoting a diverse human capital base, developing smart construction sites, reforming its internal relocation system, promoting health management, implementing talent management, offering career path structures, providing opportunities for growth, and improving engagement. In terms of DX strategy, it has moved into the second phase, digitalization. In light of this, it plans to pursue DX in construction through a dual approach focused on introducing and developing systems and tools and transforming human capital and organizations, thereby improving productivity, reducing costs, addressing labor shortages, improving quality and safety, and reducing environmental impact.

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Medium-term management plan

In terms of financial strategy, with a view to strengthening its finances and maintaining financial soundness, the Company plans to keep the capital adequacy ratio at 40% or above and the debt-to-equity (D/E) ratio at 0.7 times or less during the period of the Medium-Term Management Plan 2027. Under the assumption that it will have ¥72.0bn of its own capital in FY5/28, it aims to strategically expand its fundraising capacity through interest-bearing debt. By strengthening the management foundation in this manner, it plans to invest a total of ¥74.0bn over three years to improve profitability and enhance the business foundation. The breakdown is as follows: ¥42.0bn in the real estate business, ¥22.0bn in the energy business, ¥1.8bn in R&D, and ¥8.2bn in new businesses, M&A, DX, etc. With regards to shareholder returns, during the period of the Medium-Term Management Plan 2027, premised on a recovery in profitability, the Company plans to steadily increase dividend payments, with DOE of around 2.5% in FY5/26, 2.5% to 3.0% in FY5/27, and 3.0% to 3.5% in FY5/28. Furthermore, to improve price book-value ratio (PBR), it intends to strengthen its efforts from the perspective of stability, profitability, future, and relationships over the medium to long term.

## Results trends

### Expects significant improvement in FY5/26, the first year of the Medium-Term Management Plan 2027

#### 1. FY5/26 forecasts

The forecasts for FY5/26 are net sales of ¥131,000mn (up 6.2% YoY), operating profit of ¥3,500mn (up 51.0%), ordinary profit of ¥2,900mn (up 49.1%), and profit attributable to owners of parent of ¥2,000mn (up 50.0%). With the Building Business trending toward recovery and the Civil Engineering Business bottoming out in FY5/25, results are expected to improve considerably in the first year of the Medium-Term Management Plan 2027. During the Medium-Term Management Plan 2027, the Company also plans asset sales commensurate with its investment strategy. In FY5/26, it plans to record gains on asset sales from 3Q onward.

#### FY5/26 forecasts

	FY5/25		FY5/26		
	Result	vs. net sales	Forecast	vs. net sales	% change
<b>Net sales</b>	123,349	100.0%	131,000	100.0%	6.2%
<b>Gross profit</b>	12,193	9.9%	-	-	-
<b>SG&amp;A</b>	9,875	8.0%	-	-	-
<b>Operating profit</b>	2,318	1.9%	3,500	2.7%	51.0%
<b>Ordinary profit</b>	1,945	1.6%	2,900	2.2%	49.1%
<b>Profit attributable to owners of parent</b>	1,332	1.1%	2,000	1.5%	50.0%

Source: Prepared by FISCO from the Company's financial results

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**1887 Tokyo Stock Exchange Prime Market** | <https://www.jdc-corporation.com/ir/>

Results trends

**FY5/26 forecasts by segment**

	FY5/25		FY5/26		
	Result	vs. net sales	Forecast	vs. net sales	% change
<b>Net sales</b>					
Civil Engineering Business	37,727	30.6%	44,600	34.0%	18.2%
Building Business	74,628	60.5%	79,700	60.8%	6.8%
Development Business	12,772	10.4%	8,600	6.6%	-32.7%
<b>Segment profit</b>					
Civil Engineering Business	-4,550	-12.1%	600	1.3%	-
Building Business	2,582	3.5%	2,000	2.5%	-22.5%
Development Business	5,905	46.2%	2,900	33.7%	-50.9%

Note: Both net sales and segment profit are unadjusted.

Source: Prepared by FISCO from the Company's results briefing materials

## FY5/26 got off largely as planned in 1Q

### 2. Results trends in 1Q FY5/26

The 1Q FY5/26 results were net sales of ¥34,515mn (up 10.2% YoY), operating profit of ¥1,947mn (down 15.2%), ordinary profit of ¥1,971mn (down 11.5%), and profit attributable to owners of parent of ¥1,302mn (down 24.6%). Profits decreased due to the absence of gains from the sale of large real estate held for sale, but the quarter got off largely as planned. From 1Q, results are disclosed with the former Development Business split into the real estate business and the energy business.

**1Q FY5/26 results**

	1Q FY5/25		1Q FY5/26		
	Result	vs. net sales	Result	vs. net sales	% change
<b>Net sales</b>					
Net sales	31,317	100.0%	34,515	100.0%	10.2%
Gross profit	4,491	14.3%	4,083	11.8%	-9.1%
SG&A	2,193	7.0%	2,136	6.2%	-2.6%
Operating profit	2,297	7.3%	1,947	5.6%	-15.2%
Ordinary profit	2,225	7.1%	1,971	5.7%	-11.5%
Profit attributable to owners of parent	1,728	5.5%	1,302	3.8%	-24.6%

Source: Prepared by FISCO from the Company's financial results

As a result of replacing unprofitable projects, the Civil Engineering Business increased sales and returned to profitability. In the Building Business, ongoing large-scale projects progressed steadily, exceeding expectations, and some profitable large-scale projects were also added, leading to increased sales and significantly higher profit. In the real estate business, due to the absence of large-scale real estate sales recorded in the previous fiscal year, sales and profit decreased significantly. In the energy business, sales and profit did decrease, but it secured relatively stable earnings in light of recurring revenue.

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**1887 Tokyo Stock Exchange Prime Market** | <https://www.jdc-corporation.com/ir/>

Results trends

**1Q FY5/26 results by segment**

	1Q FY5/25		1Q FY5/26		
	Result	vs. net sales	Result	vs. net sales	% change
<b>Net sales</b>					
Civil Engineering Business	8,995	28.7%	9,564	27.7%	6.3%
Building Business	17,684	56.5%	24,049	69.7%	36.0%
Real estate business	3,739	11.9%	326	0.9%	-91.3%
Energy business	1,006	3.2%	1,003	2.9%	-0.3%
Other	174	0.6%	250	0.7%	43.7%
<b>Segment profit</b>					
Civil Engineering Business	-294	-3.3%	80	0.8%	-
Building Business	484	2.7%	1,793	7.5%	270.5%
Real estate business	2,018	54.0%	38	11.7%	-98.1%
Energy business	577	57.4%	493	49.2%	-14.6%
Other	-91	-52.3%	-37	-14.8%	-

Note: Both net sales and segment profit are unadjusted.

Source: Prepared by FISCO from the Company's financial results

## Shareholder return policy

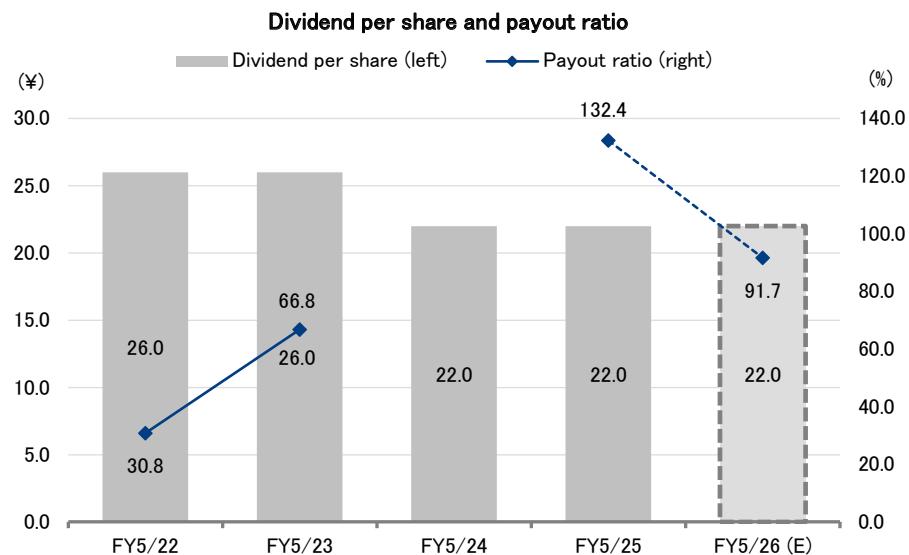
### Plans to pay dividends with target DOE of 2.5% to 3.5%

The Company has positioned returning profits to shareholders as a key management issue, and its basic policy is to maintain stable dividends after taking into account the results and business environment, while ensuring it has internal reserves set aside to strengthen the corporate structure and pursue future business development. For this purpose, in the Medium-Term Management Plan 2027, it will continue to use DOE based on shareholders' equity, which was adopted in the previous Medium-Term Management Plan. Its target is to achieve a DOE level of 2.5% to 3.5% during the Medium-Term Management Plan. Furthermore, to expand opportunities to return profits to shareholders and ensure they continue to hold shares, the Company continues to pay dividends twice a year (interim dividend and year-end dividend). Based on the above, it plans to pay a dividend per share of ¥22.0 (¥10.0 interim dividend, ¥12.0 year-end dividend) in FY5/26.

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Shareholder return policy



Source: Prepared by FISCO from the Company's financial results

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