



May 12, 2025

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Notice Concerning Formulation of the Medium-Term Management Plan

NIPPON RIETEC CO., LTD. (the “Company”) hereby announces that it has formulated the NR 2027 Medium-Term Management Plan, which is a three-year medium-term management plan beginning in fiscal year 2025. The content of the plan is described below.

Japanese society has reached a major turning point, and even the construction industry is facing numerous challenges such as labor shortages and rising construction costs. In order to achieve sustainable growth and enhance corporate value in these turbulent times, we at NIPPON RIETEC GROUP have established the NR 2035 Vision, a vision for ten years from now, and we will work to implement measures aimed at making it a reality.

The NR 2027 Medium-Term Management Plan, which covers three years, is positioned as Step 1 of achieving the NR 2035 Vision. We will refine the “universal values” that serve as the foundation of NIPPON RIETEC GROUP (safety first, improvement of quality, refining of technology, and compliance). Furthermore, we will steadily and effectively implement a business strategy based on the four pillars of (1) improving profitability, (2) securing human resources and improving engagement, (3) improving productivity through DX and technological development, and (4) contributing to a sustainable society through carbon neutrality and strengthened resilience, along with financial and investment strategies that will serve to accelerate these measures.

In addition, under appropriate governance as a company listed on the Prime Market, we will promote management that is conscious of the cost of capital and stock price, with the aim of being a company that is trusted and chosen by all stakeholders.

NR 2027 Medium-Term Management Plan

I-1. Universal Values

The Group will work toward achieving the NR 2027 Medium-Term Management Plan based on a management foundation of safety first, maintenance and improvement of quality, refining of technology, and compliance.

I-2. Universal Values to Refine

1. Safety First

The Group views safety as the most important management issue, and all board members and employees work to improve health and safety standards with a goal of completely eliminating occupational accidents and serious accidents. In order to achieve a safe and secure workplace environment, we must work with partner companies to enhance the safety education of all employees engaged in construction work. We will strengthen risk assessment, build an organization-wide culture of prioritizing safety, and establish a system that allows each employee to engage in safety activities with a sense of responsibility.

<Priority Implementation Items>

[Safety first]

(1)-1. Establish a culture in which safety is the core of management and prioritized at all times

[Practice of safety management]

(2)-1 Implement hierarchical education and firmly establish safety management

(2)-2 Revitalize accident prevention meetings with proactive thinking of attendees

(2)-3 Improve risk management by carrying out construction planning at the work stage

(2)-4 Improve health and safety levels of group companies and partner companies

[Improvement of safety]

(3)-1 Take the initiative on safety by imagining the unexpected based on essential principles

(3)-2 Use digital technology to support safety

(3)-3 Establish workplace and on-site environments that ensure psychological safety, which creates a foundation for safety

2. Maintenance and Improvement of Quality

Maintaining and improving quality is a permanent theme of the Group, with a focus on the three key areas of construction quality, operations quality, and service quality. Specifically, we will ensure quality through construction precision, conformance with design specifications, and strict process control. Furthermore, we will continue working tirelessly to always provide the highest quality standards by responding to customer requests, providing technical proposals and other added value, improving construction technology, practicing strict quality control, and improving safety awareness.

<Priority Implementation Items>

(1) Maintain and improve construction quality

(2) Maintain and improve operations quality

(3) Maintain and improve service quality

3. Refining of Technology

We aim to achieve sustainable growth and contribute to society by building safe, secure, and sustainable social infrastructure and having each employee work to improve their technical capabilities.

We will strive to refine our technology based on the pillars of strengthening project management skills, technical expertise, and human resource development. By supporting the completion of various training and certifications and promoting OJT, we will contribute to the increased professional awareness of each employee and help them to develop into human resources who are both technically capable and resourceful. This will allow us to provide services beyond customers' expectations and earn their further trust.

<Priority Implementation Items>

- (1) Improve project management skills
- (2) Improve technical expertise
- (3) Strengthen human resource development

4. Compliance

Maintaining and strengthening compliance requires a continuous and tireless effort. Each employee must work strategically with a deep awareness that it will lead to achieving a rewarding and psychologically safe workplace. Specifically, we will promote the three areas of “readiness” by fostering compliance awareness, “knowledge acquisition” by pursuing the essence of internal rules, laws, and regulations, and “behavioral facilitation” by practicing actions and behaviors that will lead to compliance. By doing so, we will maintain and strengthen compliance and achieve management that meets society's expectations in accordance with the Code of Conduct.

<Priority Implementation Items>

[Readiness]

- (1) Further improve the fostering of compliance awareness that meets society's expectations

[Knowledge acquisition]

- (2) Provide board member and employee education that leads to pursuing and understanding the essence of compliance

[Behavioral facilitation]

- (3) Practice active behavior that leads to compliance

II-1 Business Strategy

1. Improving Profitability

(i) Strategy to Improve and Deepen the Profitability of Existing Businesses

In order to ensure the Group's sustainable growth, we will strengthen the profitability of our existing businesses and further expand our business infrastructure. In addition to accurately identifying future market trends and concentrating management resources on growth areas, we will seek to improve productivity and strongly promote the strengthening and deepening of profitability.

<Priority Implementation Items>

- (1) Improve net sales and operating profit margin
- (2) Build a business portfolio that anticipates market trends
- (3) Improve cost management and cost management awareness
- (4) Ensure construction capability by improving productivity and strengthening ties with group companies and partner companies
- (5) Strengthen business infrastructure by expanding and deepening existing businesses

(ii) Diversification Strategy

The Group has highly specialized core knowledge and know-how in areas such as railroads, roads, power transmission lines, and electrical and communications construction for various facilities. We will combine and utilize these in order to contribute to the resolution of new social needs and challenges. Taking the changing times as an opportunity, we will create a new growth story by diversifying our revenue sources through expansion into the peripheral areas of existing businesses and participation in businesses that will create value in the future.

<Priority Implementation Items>

- (1) Participate in next-generation concepts promoted by major customers
- (2) Participate in electrical construction for high power consumption facilities
- (3) Strengthen stock-based business (design, construction, and maintenance)
- (4) Provide technical support to overseas railroad businesses

(iii) Group Company Strategy

We will promote the strengthening of business infrastructure and profitability by building an optimal business structure utilizing the strengths and expertise of our group companies. Furthermore, we will aim to increase our strength as a Group by promoting the revitalization of interactions and communication among employees, while maintaining the independence of each group company.

<Priority Implementation Items>

- (1) Support the strengthening of business infrastructure and profitability
- (2) Develop human resources and enhance strength as a Group through training and employee interaction

2. Securing Human Resources and Improving Engagement

(i) Recruitment Strategy

We will improve our brand strength by conducting recruitment activities that are not bound by traditional values and implementing measures that will act as strong motivators for working at the Group. By doing so, we will acquire technicians who will lead the Group into the future and achieve organizational revitalization and growth.

<Priority Implementation Items>

- (1) Deploy new hiring methods
- (2) Appeal with brand strength
- (3) Support group companies and partner companies

(ii) Career Path Strategy

We will present clear career paths so that employees can work with pride and achieve self-actualization while experiencing growth. Moreover, in order to maximize individual skills, we will establish mechanisms that allow employees to understand and be aware of their own value and be highly motivated to develop their careers.

<Priority Implementation Items>

- (1) Instill the purpose
- (2) Establish a career design system
- (3) Establish a diverse education system
- (4) Strengthen managerial education

(iii) Multifunctionality Strategy

We will promote the personal growth of our employees by providing a variety of opportunities for work experience based on each employee's career goals, helping them to develop skills and expand their domains while increasing their expertise. This growth will draw out each individual's maximum skills, increase the organization's collective strength through reciprocal interaction, and lead to strengthened profitability.

<Priority Implementation Items>

- (1) Develop human resources by mobilizing internal human resources
- (2) Deepen knowledge and skills and improve literacy
- (3) Provide incentives for handling multiple functions

(iv) Job Satisfaction and Comfort Improvement Strategy

In addition to encouraging career autonomy, we will place importance on supporting employees' growth. We will establish a workplace culture where each employee can work with peace of mind and undergo growth.

<Priority Implementation Items>

- (1) Continuously improve treatment
- (2) Foster a culture that values challenges
- (3) Create a psychologically safe workplace
- (4) Promote work-life balance and health

3. Improving Productivity through DX and Technological Development**(i) DX Strategy**

We will promote DX in all operations, including group company operations, from those related to construction work to those of administrative departments at our headquarters and branches. By strengthening our DX promotion system and improving the digital skills and literacy of all employees, we aim to realize "RICS: RIETEC Innovation & Challenge for Sustainability," a roadmap for the innovation strategy that the Company aims to achieve in the future.

<Priority Implementation Items>

- (1) Strengthen the DX promotion system
- (2) Improve digital literacy and develop digital human resources

[Promotion of RICS]

- (3)-1 On-site DX
- (3)-2 DX for pursuing safety and improving technical capabilities
- (3)-3 Back office DX

(ii) Technological Development Strategy

We will promote technological development more than ever before by improving the on-site development environment. Furthermore, by building a new development system and taking on innovative technological development, we will further improve productivity and safety and achieve a transformation of on-site construction as well as new value creation.

<Priority Implementation Items>

- (1) Transform on-site construction through mechanization, labor saving, and remote operation
- (2) Further revitalize technological development through on-site employee thinking

4. Contributing to a Sustainable Society through Carbon Neutrality and Strengthened Resilience**(i) Strategy for Carbon Neutrality in Business Activities**

In today's society, corporate activities have a severe impact on the environment. Global warming in particular poses threats such as climate change, increased natural disasters, and ecological destruction. The Group will work to reduce the environmental impact of business activities with a goal of achieving carbon neutrality by 2050. Specifically, we will move forward with improving energy conservation, introducing renewable energy, and establishing a reasonable CO₂ emissions calculation and data collection infrastructure.

<Priority Implementation Items>

- (1) Create a roadmap for the Group's environmental management
- (2) Establish a reasonable CO₂ emissions calculation (Scopes 1, 2, and 3) and data collection infrastructure
- (3) Add more renewable energy-based facilities to the Group's power generation facilities
- (4) Contribute to the local community

(ii) Contributing to the Achievement of a Sustainable Society through Renewable Energy-related Construction and Facility Reinforcement Construction

In order to achieve a carbon-free society and contribute to the safety and security of the local community, the Group will promote the renewable energy business and the disaster prevention and mitigation business. In the renewable energy business, we will build on our construction experience and aim to complete work such as installation of facilities in existing buildings and installation of grid-scale batteries. In the disaster prevention and mitigation business, we will participate in the creation of disaster-resistant communities and help strengthen lifelines by promoting our area of specialty, including seismic reinforcement construction and power interconnection line reinforcement construction.

<Priority Implementation Items>

- (1) Participate in the renewable energy business
- (2) Establish new business schemes through ties with PPA business operators, etc.
- (3) Contribute to the reinforcement of lifelines such as traffic, communication, and energy
- (4) Contribute to the reinforcement of facilities through the use of digital technology and other new technology

II-2. Financial Strategy Aimed at Enhancing Corporate Value

In the Action to Implement Management that is Conscious of Cost of Capital and Stock Price that the Company published on December 21, 2023 improvement of ROE and steady implementation of the growth strategy were established as issues to be addressed. Accordingly, we are working to enhance corporate value and market valuation.

Thus far, some success has been achieved, with ROE remaining at a level higher than expected when the plan was formulated. Meanwhile, considering that market valuation (PBR) remains at a low level (1.0x or less) and further efforts are required, we have also established priority implementation items as a financial strategy in the current Medium-Term Management Plan. We will work steadily on each measure in order to become a company that is chosen by all stakeholders.

(i) Improving Capital Efficiency (Total Asset Turnover)

Achieving an efficient balance sheet is an important element of improving ROE. It can also result in an improved cash flow and help achieve stable dividend returns and flexible investments. In light of this, we will aim to secure an adequate cash position.

<Priority Implementation Items>

- (1) Rebalance the balance sheet
- (2) Improve operating cash flow

(ii) Enhancing Shareholder Returns (Dividend Policy)

The Company positions the return of profits to shareholders as an important management issue. As our basic policy on shareholder returns, we aim to enhance returns and improve capital efficiency through the continued provision of stable dividends and the flexible acquisition of treasury shares. In the current Medium-Term Management Plan, we will strive to strengthen the level and stability of dividend returns in accordance with this basic policy.

<Priority Implementation Items>

- (1) Dividend returns (DOE = 3.2%)
- (2) Acquisition of treasury shares

(iii) Improving Engagement with Shareholders

In order to achieve management that is conscious of the cost of capital and stock price, we believe that it is important to deepen shareholders' understanding through means such as dialogue with shareholders and disclosure of financial and non-financial information. Accordingly, we will work to actively improve engagement with shareholders.

<Priority Implementation Items>

- (1) Enhance dialogue with shareholders
- (2) Actively disclose non-financial information

II-3 Investment Strategy Aimed at Achieving the Business Strategy

In order to achieve our business strategy, we will actively invest in areas perceived as growth opportunities, such as digitalization, human resources development, and environmental measures, aiming for sustainable growth and strengthened profitability.

In order to conduct flexible growth investments, we will actively utilize debt financing with financial leverage rather than limiting funds to cash on hand. At the same time, we will conduct rigorous profitability assessments for each investment and continuously monitor risk factors such as market trends and interest rate fluctuation, with an aim to achieve steady growth while minimizing risk.

(i) Investments related to Safety

Introduce ICT technology, enhance remote safety patrol and support systems, etc.

(ii) Investments to Strengthen Construction Infrastructure

Enhance the work environment, strengthen relationships with partner companies, etc.

(iii) Investments related to Human Capital

Strengthen hiring, improve job satisfaction, strengthen multifunctionality, etc.

(iv) Investments related to New Technology and DX

Promote R&D and technological development, introduce ICT technology, etc.

(v) Investments related to Environmental Management and GX

Renewable energy-related, activities to reduce environmental impact, etc.

(vi) Strategic M&A, Capital and Business Alliances

Strategic M&A aimed at construction system and area expansion, etc.

III. Numerical Management Targets

[Final Targets for FY2028 (19th Fiscal Year) in the Medium-Term Management Plan]

●Consolidated net sales	77.5 billion yen
●Consolidated operating profit	6.5 billion yen
●ROE	8.0 %

NIPPON RIETEC CO., LTD. 2027 Medium-Term Management Plan

May 12, 2025

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01

Establishment of Purpose

Purpose

NR Group Purpose

“To support infrastructure with outstanding technology and sincere construction work, and connect a safe, secure society and enriched lifestyle to the future”

<Thoughts Behind the Purpose>

With its highly specialized technical capabilities backed by a safety culture and history passed down since our foundation, the Group has contributed to the establishment of social infrastructure that is essential to people's lives.

Our business areas span from railroads and roads to power transmission lines and various facilities, and we safely and stably support facilities that are in continuous operation.

From natural disaster preparedness to environmental response, the roles that the Group plays have evolved with the times, but we will work to develop human resources with even higher safety awareness and expertise, and take steps towards the future with all of our stakeholders as a presence that supports social infrastructure.

Purpose

NR Group Purpose
Our purpose of being

Mission

Management Philosophy
The mission that we must accomplish

Vision

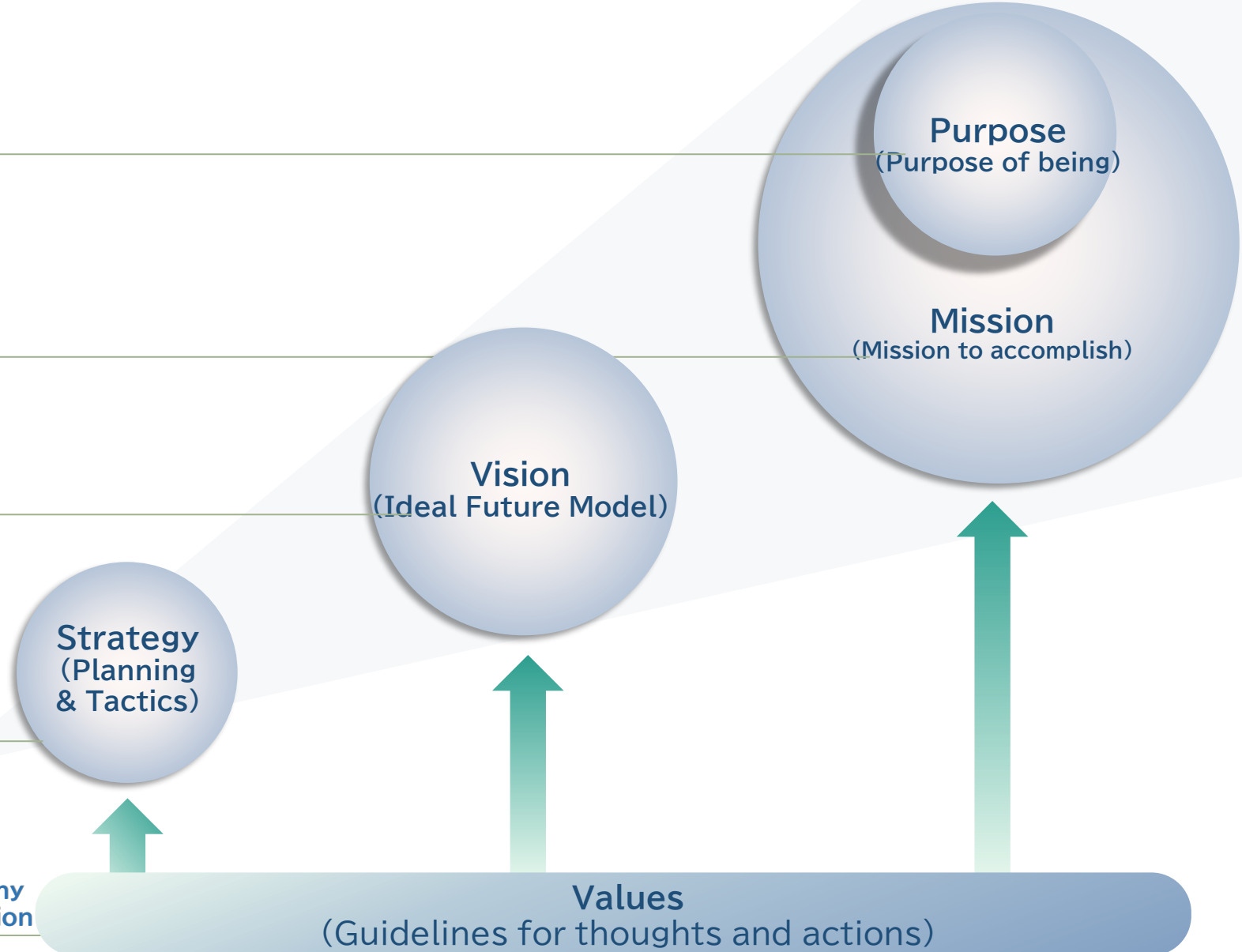
Long-Term Vision, RICS, REACH
The vision that we aim to achieve

Strategy

Medium-Term Management Plan, Annual Plan, Priority Implementation Items
The strategy for achieving our vision

Values

Basic Management Policy, Safety Guidelines, Code of Conduct, Basic Environmental Philosophy
The guidelines for achieving our mission and vision



02

Review of Previous Medium-Term Management Plan

Review of Previous Medium-Term Management Plan <Achievement Status of Numerical Management Targets>

	FY2024 Target*	FY2024 Actual	[Reference] (FY2021)
Net sales (million yen)	57,000	68,669	53,231
Operating profit (million yen)	4,000	5,199	3,068
(Operating profit margin)	7.0%	7.6%	5.8%
Growth investments (million yen)	Annual Total 2,000	3-year Cumulative Total 4,262	Annual Total 882
ROE (return on equity)	1.0% improvement (Compared to FY2021)	7.7%	4.4%

*March 2025 targets are revised as follows from May 2024.

Net sales: 63,700 million yen; Operating profit: 3,500 million yen; ROE: 5.5% by FY2027

<Summary>

- In the final year, the targets for both net sales and operating profit were met, achieving the Company's best performance since its establishment. This is perceived to be a result of expanding operations in growth areas with consideration for market trends as well as ongoing efforts to improve productivity.
- While the growth investment target was not reached, the construction of the NR Construction Support Center and other investments in growth areas are being steadily conducted to promote the establishment of a sustainable management infrastructure.
- The FY2027 target ROE of 5.5% was reached ahead of schedule in FY2024 due to the sale of cross-shareholdings, etc. We will steadily implement various measures in order to reach the target of 8.0% or more set in the 2027 Medium-Term Management Plan.

Review of Previous Medium-Term Management Plan

<Achievement Status of Non-Financial Targets (1)>

ESG	Materiality	Target	Actual (FY2024)
(E)nvironment	◆ Aim for a sustainable society with the combined efforts of NR Group	5% reduction (compared to FY2022) in Scope 1 GHG emissions (direct emissions)	8.7% reduction
		5% reduction (compared to FY2022) in Scope 2 GHG emissions (indirect emissions)	16.7% reduction
	◆ (1) Actively participate in the renewable energy business to achieve a carbon-free society	5.0 billion yen in net sales (3-year cumulative)	(3-year cumulative) 15.2 billion yen
	◆ Participate in facility reinforcement construction and refine the post-disaster BCP in anticipation of large-scale natural disasters	5.0 billion yen in net sales (3-year cumulative)	(3-year cumulative) 19.3 billion yen
(S)ocial	◆ Improve risk management from the planning stage through the implementation stage (“Recognize risks, plan, and build safety”) ◆ Implement education and efforts aimed at prioritizing safety at work sites (“On-site awareness and safe conduct”)	0 serious accidents	(3-year cumulative) 4 accidents
	◆ Implement retraining of hierarchical roles and deepen safety management	0 fatal accidents	(3-year cumulative) 0 accidents
	◆ Promote proactive innovation activities including co-creation with other companies centered around digitalization and mechanization	20 cases/year of technological development and DX	(3-year cumulative) 58 cases
	◆ Promote work style reform	20 hours or less of monthly overtime hours (company-wide average)	(3-year average) 12.3 hours
		10 days or more of annual paid leave taken (company-wide average)	(3-year average) 14.9 days

Review of Previous Medium-Term Management Plan

<Achievement Status of Non-Financial Targets (2)>

ESG	Materiality	Target	Results (FY2024)
(S)ocial	<ul style="list-style-type: none"> ◆ Develop diverse human resources and improve upon various labor measures that provide a sense of pride and job satisfaction ◆ Promote measures to strengthen health management and improve employee satisfaction, and enhance training items that embrace the times and connect to the future 	60 or more hires per year (graduates, mid-career hires, etc.)	(3-year average) 46 hires
		10% or more female employees	9.9%
		80% or more certified First-Class Construction Management Engineers	55.7%
(G)overnance	◆ Strengthen compliance	0 serious compliance incidents	(3-year cumulative) 0 incidents
		100% employee participation in compliance training	100%
	◆ Maintain and improve the corporate governance system	Issuance of an Annual Report that includes environmental efforts	Not issued

<Summary>

- [Environment] As for efforts aimed at reducing environmental impact, installing solar power generation equipment and replacing company vehicles with hybrids resulted in greatly surpassing our targets. This is perceived to indicate that the Company is making steady progress in its efforts to achieve a sustainable society.
- [Environment] As for participation in the renewable energy business and facility reinforcement construction business, we recorded net sales far exceeding the targets, which we believe will contribute to establishing new revenue sources for the Company and diversifying our business portfolio.
- [Social] While no fatal accidents occurred, there were serious accidents as defined by the Company's standards, resulting in a situation where major safety issues remain. We will take this situation seriously and continue working to further strengthen safety efforts and further improve the safety awareness of all employees.
- [Social] The target for number of technological developments was not reached, but developments were made mainly by construction departments that will contribute to improving safety and productivity, accurately reflecting on-site needs. These developments are expected to lead to strengthened competitiveness for the Company.
- [Social] While the target for promoting work style reform was met, the targets were not met for number of hires and percentage of certified First-Class Construction Management Engineers. We will set specific numerical targets and deadlines and work systematically to rectify these issues.
- [Governance] The compliance targets were met by enhancing training content, spreading awareness of the internal whistleblower system, etc. However, the issuance of the Annual Report aimed at improving information disclosure to stakeholders was postponed.

03

Long-Term Vision: NR 2035 Vision

- ① Vision Statement
- ② NR 2035 Vision (10-Year Vision)

Vision Statement

We will utilize the Group's strengths of high expertise and a strong customer base to actively develop new business areas and achieve growth. Furthermore, we will support infrastructure with outstanding technology and sincere construction work, and connect a safe, secure society and enriched lifestyle to the future. By continuing to create diverse value in this way, we aim to become "a company that is chosen" by all stakeholders.

Numerical Targets for the NR 2035 Vision

Net sales:
100.0 billion yen

Operating profit:
10.0 billion yen

ROE: 10% or more

Four Business Strategies

Improvement
of
profitability

Securing of
human
resources
Improvement of
engagement

DX and
technological
development
Improvement of
productivity

Carbon
neutrality
Strengthening
of resilience

Financial strategy
aimed at enhancing
corporate value

Investment strategy
aimed at achieving the
business strategy

Universal Values to Refine

Safety first

Maintenance and
improvement of
quality

Refining of
technology

Compliance

Further Refine the Universal Values

- Safety: Achieve a construction environment in which everyone can work safely and securely
- Quality: Provide high-quality products that customers will choose
- Technology: Refine technology and become a professional organization with high technical capability
- Compliance: Achieve management that meets society's expectations in accordance with laws, regulations, and the Code of Conduct

Achieve Net Sales of 100.0 Billion Yen

- Establish business infrastructure that can support a rapidly changing business environment
- Optimize our business portfolio and allocation of management resources
- Expand per-person net sales and profits by improving productivity

Become a Corporate Group where each Employee Shines

- Secure human resources with diverse experiences and values
- Secure human resources with career autonomy
- Secure human resources that boldly take on changes
- Secure human resources with high management capabilities
- Become a company with high employee engagement

Transform through Technology: Safer and Smarter Construction

- Utilize AI assistants to support operations and provide optimal suggestions for any on-site or in-office scenario
- Utilize technology to ensure the active participation of diverse human resources
- Automate construction and work together with robots
- Provide seamless remote "site-to-site" and "site-to-back-office" support

Become an Advanced Company that Supports a Sustainable Society

- Accelerate the reduction of CO₂ emissions by utilizing low-carbon technology and fuels
- Contribute to society as a whole as a trusted partner that meets customer needs
- Promote efforts aimed at achieving a sustainable society and be highly regarded by stakeholders

Become Highly Attractive to Investors

- Achieve earning power and a strong financial structure and attain an ROE of 10% or more
- Achieve continuous stable and progressive dividend returns
- Create optimal capital allocation that continuously supports the achievement of the business strategy and sustainable growth

04

2027 Medium-Term Management Plan

- ① Position of the 2027 Medium-Term Management Plan
- ② Medium-Term Management Plan Targets (By Segment)
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NR 2035 Vision and 2027 Medium-Term Management Plan

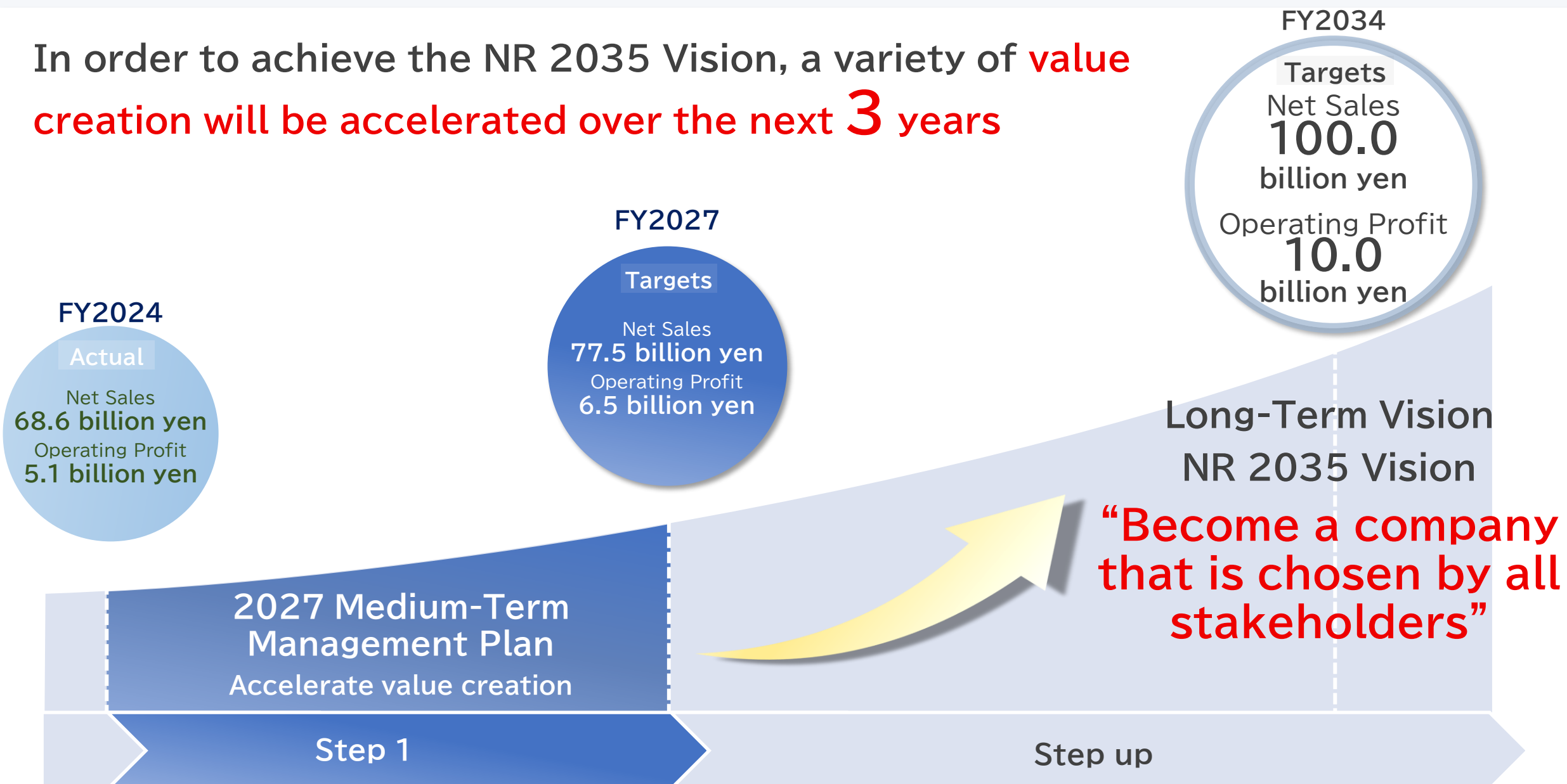
In order to attain sustainable growth, the Group has established the NR 2035 Vision as a compass for business activities over the next 10 years.

The 2027 Medium-Term Management Plan, which covers the three-year period beginning April 1, 2025, is positioned as Step 1 of achieving our long-term vision. In addition to clarifying the direction of the vision, the plan establishes various strategies for driving growth.

By steadily implementing this plan, we will build a solid foundation that will lead to the achievement of our long-term vision and enhancement of the Group's corporate value.

04 ① Position of 2027 Medium-Term Management Plan

In order to achieve the NR 2035 Vision, a variety of **value creation will be accelerated over the next 3 years**



② Efforts by Each Segment Aimed at Achieving the Medium-Term Management Plan

Net Sales
77.5
billion yen

Railroad electric facilities

- Participate in projects and next-generation concepts promoted by various railroad companies
- Participate in national projects (new Shinkansen bullet train projects)
- Provide technical support to overseas railroad businesses (India high-speed rail)



Road facilities

- Expand business to include ITS-related work (intelligent transportation systems)
- Reinforce highways and take measures against their deterioration
- Take measures to improve the safety and reliability of road infrastructure



Indoor/outdoor electric facilities

- Participate in large-scale redevelopment projects
- Accept more orders for business in train stations and station-based services
- Conduct capital investment in decarbonization and digitalization



Power transmission line facilities

- Strengthen the structure of existing business infrastructure (East Japan and West Japan areas)
- Develop systems aimed at expanding our order area
- Expand businesses through active participation in the renewable energy business



Subsidiary business, etc.

- Expand market share of railroad sign-related business
- Expand market share of electricity and traffic signal-related electrical installation equipment
- Partner with existing customers to enter new markets



By refining our universal values of safety first, maintenance and improvement of quality, refining of technology, and compliance, the Group will establish strong business infrastructure and contribute to society.

Universal Values to Refine

[Safety first]

(Safety first)

- Establish a culture in which safety is the core of management and prioritized at all times

(Practice of safety management)

- Implement hierarchical education and firmly establish safety management
- Revitalize accident prevention meetings with proactive thinking of attendees
- Improve risk management by carrying out construction planning at the work stage
- Improve health and safety levels of group companies and partner companies

(Improvement of safety)

- Take the initiative on safety by imagining the unexpected based on essential principles
- Use digital technology to support safety
- Establish workplace and on-site environments that ensure psychological safety, which creates a foundation for safety

[Maintenance and improvement of quality]

- Maintain and improve construction quality
- Maintain and improve operations quality
- Maintain and improve service quality

[Refining of technology]

- Improve project management skills
- Improve technical expertise
- Strengthen human resource development

[Compliance]

- [Readiness] Further improve the fostering of compliance awareness that meets society's expectations
- [Knowledge acquisition] Provide board member and employee education that leads to pursuing and understanding the essence of compliance
- [Behavioral facilitation] Practice active behavior that leads to compliance

In order to craft a new growth story for the Group, in addition to strengthening the profitability of existing businesses, we will utilize and combine the core technologies held by each business unit to help resolve new social needs and issues. Furthermore, we will aim to increase our strength as a Group by establishing an optimal business structure utilizing the strengths and expertise of each group company.



2027 Medium-Term Management Plan



■ Improve and deepen the profitability of existing businesses

Optimize management resources to be invested, further improve cost management skills and ensure construction capability that will be a source of growth

→ Establish more substantial business infrastructure than before

■ Diversification strategy

Participate in next-generation concepts promoted by major customers, respond to new and increased demand for electrical construction for high power consumption facilities, strengthen stock-based business, and provide technical support to overseas railroad businesses

→ Diversify revenue sources through expansion into the peripheral areas of existing businesses

■ Group company strategy

Support the strengthening of business infrastructure and profitability, and develop human resources through training and employee interaction

→ Promote organic coordination between group companies

KPI	Target
Completed construction volume per technical employee	80 million yen
Operating profit per technical employee	7 million yen
Orders from newly-entered markets [3-year cumulative]	3.0 billion yen



NR 2035 Vision

Creating Earning Power



In addition to hiring diverse employees who identify with the Group's purpose, we will work to maximize individual skills by supporting career autonomy and develop human resources who boldly take on societal changes. In this way, we will implement more advanced human capital measures with an aim to be a company that continues to attract workers.



2027 Medium-Term Management Plan

■ Recruitment strategy

Deploy new hiring methods, improve brand strength, and provide group support

■ Career path strategy

Instill the purpose, establish a career design system, and establish a diverse education system

■ Multifunctionality strategy

(2) Mobilize internal human resources, deepen knowledge and skills, improve literacy, and provide incentives for handling multiple functions

■ Job satisfaction and comfort improvement strategy

Improve treatment, value challenges, improve psychological safety, and promote work-life balance and health

KPI	Target
Number of hires [3-year cumulative]	150
Retention rate 3 years after hire	90%
Certified First-Class Construction Management Engineers [3-year cumulative]	100



NR 2035 Vision

Become a company that is a collection of shining individuality and continues to grow

[Hiring and Development]

People with diverse experiences and values

People with career autonomy

People who boldly take on changes

People with high management capabilities

Identification with the purpose

Maximization of individual skills

[Organizational Culture]

Rewarding

Comfortable

Diverse

Challenging

<Improving Productivity through DX and Technological Development>

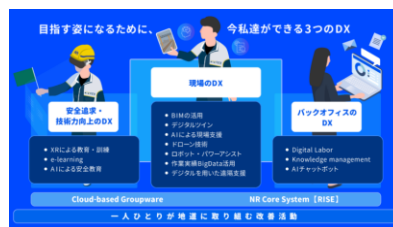
In order to respond to issues such as labor shortages, work style reform, and the sophistication of customer needs, there is an urgent need to improve productivity through DX and technological development. In order to solve these issues and attain sustainable growth, we will work to improve productivity by actively implementing DX and technological development, as well as strengthening external ties.



2027 Medium-Term Management Plan

■ DX strategy

- Strengthen the DX promotion system
- Improve digital literacy and develop digital human resources
- Promote 3 facets of DX to achieve RICS
 - (1) **On-site DX:** Achieve high-quality construction with less people by introducing the latest technology and utilizing data
 - (2) **DX for pursuing safety and improving technical strength :** Improve safety and technical capability at all stages from planning to construction
 - (3) **Back-office DX:** Achieve flexible operations that can be carried out anywhere at any time, and improve efficiency and job satisfaction



■ Technological development strategy

- Transform on-site construction through mechanization, labor saving, and remote operation
- Further revitalize technological development through on-site employee thinking

KPI	Target
New national IT certifications [3-year cumulative]	100
Improvement in construction method aimed at technological development and improved safety and productivity	40/year



NR 2035 Vision

Transform through technology: Safer and smarter construction

Utilize AI assistants to support operations and provide optimal suggestions for any on-site or in-office scenario

Utilize technology to ensure the active participation of diverse human resources

Automate construction and work together with robots

Provide seamless remote “site-to-site” and “site-to-back-office” support



Beyond that...



04 ④ Business Strategy <Contributing to a Sustainable Society>

Global warming and intensifying disasters are becoming serious issues, bringing about the need for environmental measures and reinforcement of facilities. In order to reduce greenhouse gas emissions, we will actively work to promote energy conservation and increase the use of renewable energy. In addition, we will contribute to the development of disaster-resistant cities with methods such as multiplexing and the utilization of digital technology.



2027 Medium-Term Management Plan

Strategy for carbon neutrality in business activities

- Create a roadmap for NR Group's environmental management
- Establish a data collection infrastructure for Scopes 1, 2, and 3
- Add more renewable energy-based power generation facilities at NR Group
- Contribute to the local community

Contributing to society through construction by spreading renewable energy and reinforcing facilities

- Participate in the renewable energy business
- Establish new business schemes through ties with PPA business operators, etc.
- Contribute to the strengthening of lifelines such as traffic, communication, and energy
- Increase the resilience of facilities through the use of digital technology and other new technology



NR 2035 Vision

Become an Advanced Company that Supports a Sustainable Society

Accelerate the reduction of CO₂ emissions by utilizing low-carbon technology and fuels

Contribute to society as a whole as a trusted partner that meets customer needs

Promote efforts aimed at achieving a sustainable society and be highly regarded by stakeholders

Lead the way to a carbon neutral future in 2050

KPI	Target
Reduction of CO ₂ emissions (Scopes 1 and 2 [Compared to FY2022])	20% reduction
Net sales from eco-friendly construction [3-year cumulative]	12.0 billion yen
Net sales from facility reinforcement construction [3-year cumulative]	36.0 billion yen

In order to enhance medium- and long-term corporate value, we will promote management that is conscious of the cost of capital and stock price and work to strengthen engagement with stakeholders. Furthermore, in order to achieve our business strategy, we will actively invest in human resources development, strengthening of construction infrastructure, digitalization, and growth areas, with a view to attaining sustainable growth and further strengthening profitability.

2027 Medium-Term Management Plan

[Financial Strategy Aimed at Enhancing Corporate Value]

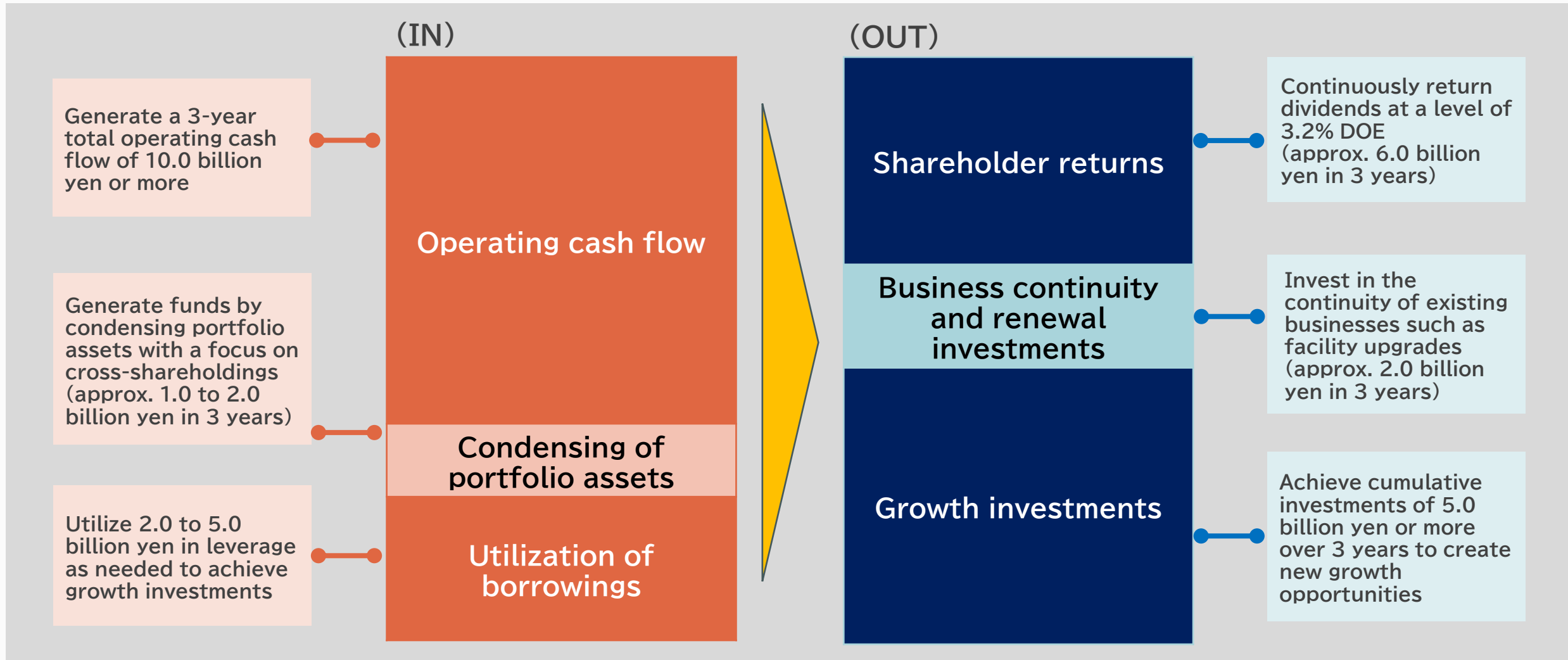
- **Rebalancing of the balance sheet**
Reduce cross-shareholdings, condense portfolio assets, etc.
- **Improvement of operating cash flow**
Shorten accounts receivable turnover period, etc.
- **Dividend returns**
Return dividends at a level of 3.2% DOE, etc.
- **Dialogue with shareholders**
Enhance investor briefings, etc.
- **Non-financial information disclosure**
Enhance disclosure of ESG-related information and human capital information, etc.

[Investment Strategy Aimed at Achieving the Business Strategy]

- **Investments related to safety**
Introduce ICT technology, enhance remote safety patrol and support systems, etc.
- **Investments to strengthen construction infrastructure**
Enhance the work environment, strengthen relationships with partner companies, etc.
- **Investments related to human capital**
Strengthen hiring, improve job satisfaction, strengthen multifunctionality, etc.
- **Investments related to new technology and DX**
Promote R&D and technological development, introduce ICT technology, etc.
- **Investments related to environmental management and GX**
Renewable energy-related, activities to reduce environmental impact, etc.
- **Strategic M&A, capital and business alliances**
Strategic M&A for construction system/area expansion, etc.

04 ⑦ Capital Allocation

We will build an optimal capital allocation system in which capital generated from operating cash flow and rebalancing of the balance sheet is invested in shareholder returns, business continuity and renewal, creation of new growth opportunities, etc.


















04 ⑧ Numerical Targets

Consolidated Management Indicators

Management Indicator	FY2027
Consolidated net sales	77.5 billion yen
Consolidated operating profit	6.5 billion yen
ROE	8.0%

Management Indicators (KPIs)

Item	Main Indicators	Consolidated/ Individual	FY2027
Firm establishment of safety management	Number of serious accidents	Consolidated	0
	Number of fatal accidents	Consolidated	0
Compliance	Serious compliance violations	Consolidated	0
Improvement of profitability	Completed construction volume per technical employee	Individual	80 million yen
	Operating profit per technical employee	Individual	7 million yen
	Orders from newly-entered markets [3-year cumulative]	Individual	3.0 billion yen
Securing of human resources Improvement of employee engagement	Number of hires [3-year cumulative]	Individual	150
	Retention rate 3 years after hire	Individual	90%
	Certified First-Class Construction Management Engineers [3-year cumulative]	Individual	100
DX and technological development	New national IT certifications [3-year cumulative]	Individual	100
	Improvement in construction methods aimed at improving safety and productivity, and technological development	Individual	40/year
Carbon neutrality	CO ₂ emissions (Scopes 1 and 2) [compared to FY2022]	Consolidated	20% reduction
	Net sales from eco-friendly construction [3-year cumulative]	Consolidated	12.0 billion yen
Strengthening of resilience	Net sales from facility reinforcement construction [3-year cumulative]	Consolidated	36.0 billion yen
Balance sheet improvement	Reduction of cross-shareholdings (25% reduction based on acquisition price [approx. 1.3 billion yen]) [3-year cumulative]	Consolidated	25% reduction
	Operating cash flow [3-year cumulative]	Consolidated	10.0 billion yen
Improvement of shareholder engagement	Frequency of IR for institutional and individual investors	Consolidated	Twice each year

ESG Theme	Materiality	Main Efforts	SDGs Addressed through Business
(E)nvironment	Achieving a carbon neutral society	<ul style="list-style-type: none"> ■ Respond to climate change ■ Contribute to the reduction of environmental impact ■ Participate in the renewable energy business 	    
(S)ocial	Achieving a safe, secure, and resilient society	<ul style="list-style-type: none"> ■ Participate in lifeline reinforcement construction ■ Participate in facility reinforcement using ICT technology 	  
	Securing and developing human resources who will support sustainable growth	<ul style="list-style-type: none"> ■ Introduce diverse hiring methods ■ Establish a career design system and a diverse education system ■ Continuously improve treatment and create a psychologically safe workplace 	   
(G)overnance	Strengthening compliance	<ul style="list-style-type: none"> ■ Reformulate the compliance code of conduct ■ Enhance compliance education ■ Practice active behavior that leads to compliance 	  
	Improving engagement with shareholders	<ul style="list-style-type: none"> ■ Increase frequency of IR, etc. for investors ■ Actively disclose non-financial information ■ Enhance English-language disclosure 	